

## Summary Financial Statement

For the year ended 31 December 2023

## Contents

Financial highlights	3
Summary directors' report	4
Summary financial statement	6
Explanation of key financial notes	7
Independent auditor's statement	8
Summary report on remuneration	10

**Principal office** Allenview House, Hanham Road, Wimborne, Dorset, BH21 1AG

Firm reference number 156580

### Directors

J Nicholson, Chair of the Board of Directors  
S Beresford, Chief Executive Officer  
R K Patel, Finance Director  
P E Jarman, Legal Director & Secretary  
I Grayson, Non Executive Director  
P Winter, Non Executive Director  
J G Dumeresque, Non Executive Director  
J Anderson, Non Executive Director  
K Malayapillay, Non Executive Director

**Auditor** BDO LLP, London

**Internal auditor** RSM Risk Assurance Services LLP, Leeds

**Bankers** National Westminster Bank PLC

## Summary Financial Statement

For the year ended 31 December 2023

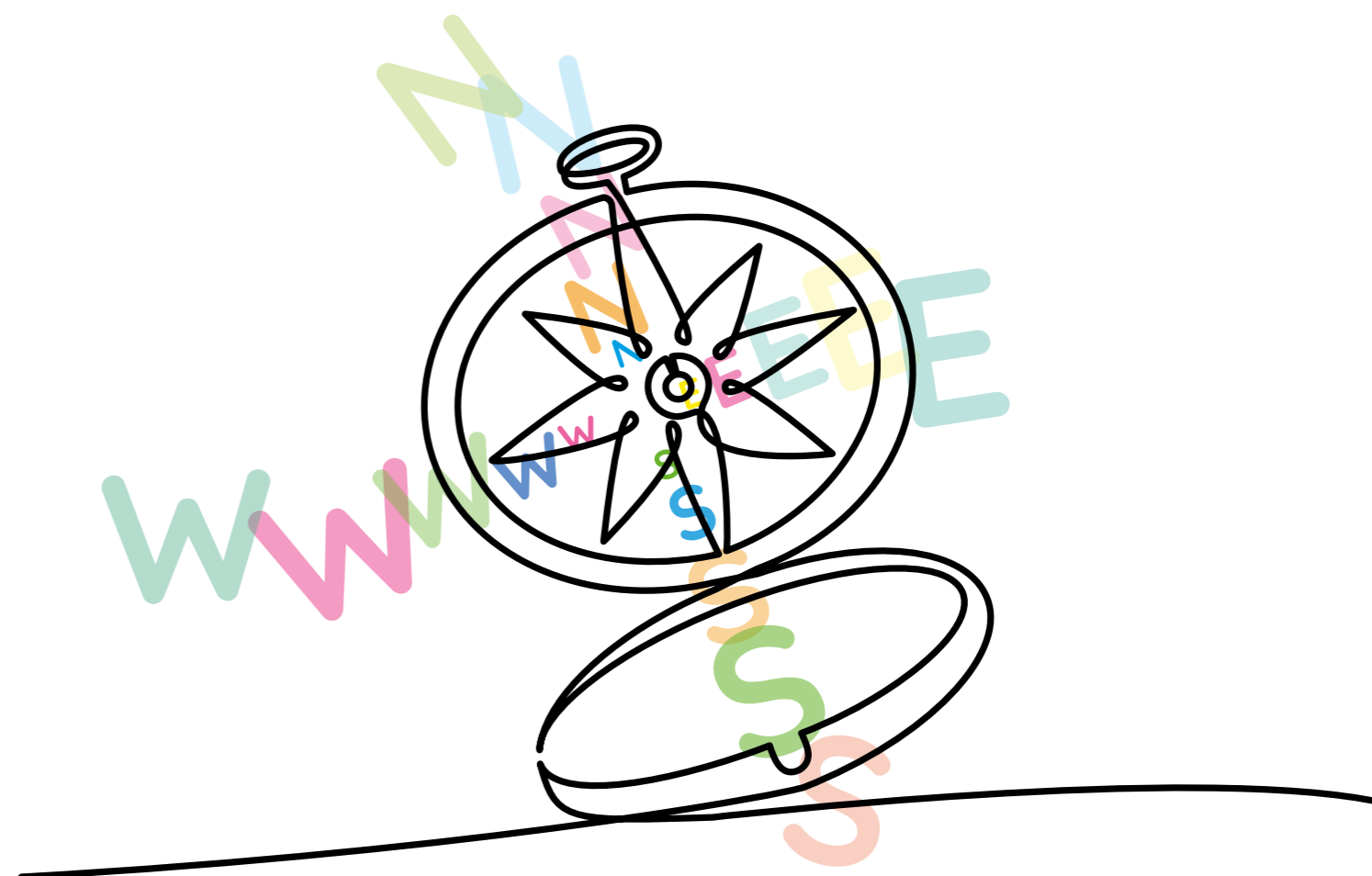
The summary financial statement is a summary of information in the audited Annual Accounts, the Directors' Report and Annual Business Statement, all of which will be available to members and depositors free of charge on demand from the offices of Teachers Building Society from 28 March 2024 or can be downloaded from [www.teachersbuildingsociety.co.uk](http://www.teachersbuildingsociety.co.uk) from 28 March 2024.

The auditor's report in relation to the full financial statements was not qualified in any respect.

The summary directors' report includes information taken from the chair's statement and strategic report as set out in the Society's annual report and accounts.

### Financial highlights:

- Mortgage assets at the year-end of £318.2m (2022 : £303.3m)
- Profit for the year before tax was £1,146k (2022 : £1,874k)
- Shares and customer deposits increased to £354.1m (2022 : £303.3m)
- Gross capital ratio remained strong at 6.5% (2022 : 7.0%)



## Chair's and Chief Executive's Statement

Dear fellow members,

Welcome to our annual report and accounts for 2023.

Before we dive into an update on your Society's results, we want to touch on what a challenging year 2023 undoubtedly was. Since our last AGM we've seen continuing inflationary pressure and increases in energy bills impacting many of us, plus higher interest rates making mortgages more expensive too. The combination of these factors has been a tough economic climate that's tested our personal finances and created a cost of living challenge for many.

As a result, being able to support members, particularly those experiencing financial difficulties, became a natural priority for your Society in 2023. We met this by increasing our capacity to provide a range of support options we'd already offered informally to members who needed them. We signed up to the Government's voluntary Mortgage Charter for lenders, so that existing Society mortgage borrowers struggling financially in the current climate could access well publicised support measures.

In order to best look after our members, ensuring our team of dedicated colleagues felt supported was also a top Society priority in 2023. Our health and wellbeing committee led the charge in making sure that colleagues working from the office and remotely alike had access to a range of resources to look after their own mental and physical wellbeing and that of their families.

### Society performance 2023

Whilst our purpose as a Society has always been to help teachers onto the property ladder, it's our savings members who enable this year after year and we are pleased to report 2023 was no different. We once again performed strongly in pursuit of our objectives, increasing total savings balances by £50.8m, which enabled us to help more teacher first time buyers.

Like all building societies we use the collective value of deposits to fund mortgage lending, meaning saving with us directly supports teachers in buying a first home. We think that's something special, to be proud of, to be celebrated. Whether you save with us or borrow from us, have been a longstanding member or joined us more recently, thank you, you're making a difference.

Despite the ongoing economic challenges mentioned above, we're pleased to report that we delivered robust financial results in 2023. Your Society is both profitable and operationally resilient.

In the following report you'll find a comprehensive update of our performance as a Society. Before you delve in, we'd like to walk you through some key facts and figures.

### Lending

During 2023 the Bank of England base rate continued to rise, climbing from 3.5% in January to 5.25% by the end of the year. These increases put continued upward pressure on mortgage rates, impacting not just first time buyers, but borrowers whose significantly lower fixed rate mortgage deals were expiring. To help borrowers, your Society signed up to the Government's Mortgage Charter (as mentioned above), making a package of measures available to those needing help.

Despite these challenges your Society delivered lending growth of 4.9%. Teacher first time buyers with smaller deposits accounted for the majority of our mortgage lending in 2023, reaffirming our core lending purpose. We again complemented this with higher deposit specialist lending. In total, your Society delivered net lending of £10.6m (2022: £29.7m). This equates to an annual increase of 4.9% to our overall balance, and follows a 9.5% increase in 2022.

### Savings

Existing members continued to benefit from rising interest rates in 2023. A number of our savings accounts featured in the national media and best buy tables and your Society was highly commended in the Savings Champion awards in the 'best notice cash ISA provider' category. As a result we welcomed many new savings account holders in 2023. The deposits of new and existing members alike through the course of the year meant your Society ended 2023 with an additional £50.8m in savings balances, a 16.8% increase on 2022.

### Overall performance

The Society's product and operating strategy resulted in an operating profit (profit before taxation) of £1.15m for the year, down from £1.87m reported in 2022, mainly driven by the continued investment in the society's new technology infrastructure.

Your Society surpassed £400m of assets for the first time during 2023, demonstrating that the Society is growing as planned. At year-end the Society's had around 11,000 members and total assets were £419.7m. This represents a £44.3m increase on 2022 (£375.4m 2022) equivalent to 11.8% year on year growth.

The Society's capital and liquidity, which are two key measures of financial resilience, remained strong in 2023. Your Society's capital, which is predominantly made up of retained earnings, increased to £25.8m (£24.9m: 2022), this level of capital is 34% above the amount the UK financial services regulator requires us to hold. The Society's holding of high quality liquid assets (HQLA) was £92.6m (£55.6m: 2022). The level of HQLA at the end of 2023 was 232% greater than the amount the UK financial services regulator requires us to hold.

### Investing in our future

As a mutual we don't use our profits to pay dividends to shareholders. Instead, we reinvest profits, ensuring your Society remains 'fit for purpose' in the face of the changing needs of our members, and in particular the teachers we were formed to serve. This includes things that are immediately visible, like offering the best mortgage and savings rates we can and being able to support mortgage lending to those with just a 5% deposit. It also includes investment in the longer-term future of the business. We previously announced we were embarking on a multi-year project to change our customer account management systems with the intention of transforming member experiences. In short we want to make it easier and smoother to open and manage mortgage and savings accounts with us. Significant progress was made on this project during 2023, including investment in the skills and technology we need to support the project's successful launch. This programme continues into 2024.

### Clearer communication

2023 was also the year a new piece of industry regulation was launched, called the Consumer Duty. As a Society we already strived to meet the requirements set out by the Duty including offering fair value products, ensuring communications are clear and not confusing. Our teams worked hard to confirm we were meeting all aspects of the Duty during 2023 and will continue to do so throughout 2024.

### People & the planet

Overall in 2023 we welcomed 19 new colleagues to our team to support us in serving more new members to the Society in 2024 and beyond. Our teams once again worked with pride and dedication to support new members choosing to save with us or buy their first home by borrowing from us, and helping existing members who needed to renew a mortgage deal or savings account throughout the year. We're very proud of the family of colleagues we have, and those of you who have interacted with them during the year will no doubt agree that the personal service we're able to offer is something special. Thanks to the whole team for their hard work and dedication.

Environmental sustainability remained a focus for us in 2023. We continued to do the common sense things like cutting down on paper usage, ensuring we recycle, and using energy as efficiently as possible. We also continued to explore future product and service innovations that could support a more sustainable future for you as members and us as an organisation.

### Summary

We ended 2023 in a positive position: financially stable, operationally robust and with a reaffirmed commitment to supporting teachers own their own homes – an achievement we by no means take for granted given the economic challenges being faced by members, colleagues and the wider community.

2023 was an important year for our programme to upgrade our customer account management systems, with strides being made on this project by both your Society and its suppliers. Once completed the experiences of members savings with us and borrowing from us will be significantly improved.

We are hopeful that during 2024 the cost of living crisis will show signs of abating and that the UK will be on a path back to economic stability after the upward economic pressure of recent years.

But, in 2024, as always, we would urge any member feeling overwhelmed by financial pressures (whether a borrower or saver) to access the support of our expert team to understand their options – you are not alone, but part of the Teachers family. Please make contact with us at any time if you would like to understand your options with regards to the products and services you hold with us. We also have information available that you might find useful in the 'tougher times' area of our website.

As a final point, during 2023 we welcomed two new members to our Board, Jonathan Anderson and Kelvin Malayapillay, who were formally elected at our last AGM. This year there is an additional change to our Board. Ian Grayson, who offered a unique perspective to the Board and leadership team as a former teacher, is stepping down as Non Executive Director after 9 years. We thank Ian for his significant contribution to the Society and wish him all the best for the future. Recruitment for a replacement to Ian who can offer the same first hand insight into the profession is underway.

**Julie Nicholson** Chair

11 March 2024

**Simon Beresford** Chief Executive Officer

11 March 2024

## Summary Financial Statement

### For the year ended 31 December 2023

Income Statement	2023 £'000	2022 £'000
Net interest income	10,487	9,529
Other income and charges	(293)	(375)
Fair value gains (and losses)	(313)	83
Operating expenses	(8,699)	(7,205)
<b>Operating profits before provisions</b>	<b>1,182</b>	<b>2,032</b>
Provisions	(36)	(158)
<b>Profit for the year before taxation</b>	<b>1,146</b>	<b>1,874</b>
Taxation	(277)	(369)
<b>Profit for the year</b>	<b>869</b>	<b>1,505</b>

Statement of financial position at year end	2023 £'000	2022 £'000 Restated
<b>Assets</b>		
Liquid assets	97,279	64,761
Mortgages	318,218	303,284
Derivative financial instruments	2,892	5,969
Fixed and other assets	1,343	1,373
<b>Total assets</b>	<b>419,732</b>	<b>375,387</b>
<b>Liabilities</b>		
Shares	238,183	226,363
Borrowings	152,410	122,216
Derivative financial instruments	1,641	431
Other liabilities	2,142	1,890
General reserve	24,621	23,750
Revaluation reserve	735	737
<b>Total equity and liabilities</b>	<b>419,732</b>	<b>375,387</b>

Summary of key ratios	2023	2022
Gross capital as a percentage of shares and borrowings	6.5%	7.0%
Liquid assets as a percentage of shares and borrowings	24.9%	18.6%
Profit for the year as a percentage of mean total assets	0.22%	0.41%
Management expenses as a percentage of mean total assets	2.19%	1.98%
Core equity tier 1 capital ratio	18.6%	18.4%

Approved by the Board of Directors on 11 March 2024 and signed on its behalf by:

**Julie Nicholson**, Chair of the Board of Directors

**Simon Beresford**, Chief Executive Officer

**Rajesh Patel**, Finance Director

## Explanation of key financial ratios

### Gross capital as a percentage of shares and borrowings

Gross capital comprises general reserves (i.e. accumulated profits) and the revaluation reserve. The gross capital ratio measures the relationship between capital resources and the Society's liability to investors and depositors.

### Liquid assets as a percentage of shares and borrowings

Liquid assets consist of cash, balances with the Bank of England and other assets easily converted into cash. Liquid assets enable the Society to meet requests for withdrawals from investors, make new mortgage loans to borrowers and to fund its general business activities.

The liquid asset ratio measures the relationship between liquid assets and the Society's liability to investors and depositors.

### Profit for the year as a percentage of mean total assets

The Society aims to make a reasonable level of profit in order to support growth and maintain capital strength.

The profit to asset ratio measures profit after taxation for the year as a percentage of the Society's average total assets during the year.

### Management expenses as a percentage of mean total assets

The Society seeks to manage its operating expenditure as efficiently as possible in delivering the financial products and services members require.

Management expenses comprise operating expenses, excluding other operating charges, as reported in this document which includes staff costs, depreciation and amortisation of property, plant and equipment and intangible assets, and other administrative costs.

The management expenses ratio expresses the Society's management expenses as a percentage of average total assets during the year.

### Core equity tier 1 capital ratio

Core equity tier 1 (CET1) capital is predominantly made up of the Society's retained profits held in the general reserve and the revaluation reserve.

The CET1 ratio is an expression of this capital as a percentage of the Society's risk-weighted assets.



## Independent auditor's statement to the members and depositors of Teachers Building Society

### Opinion on the summary financial statement

On the basis of the work performed, as described below, in our opinion the summary financial statement is consistent with the full annual accounts, the Annual Business Statement and Directors' Report of the Society for the year ended 31 December 2023 and conforms with the applicable requirements of section 76 of the Building Societies Act 1986 and regulations made under it.

We have examined the summary financial statement of Teachers Building Society ('the Society') for the year ended 31 December 2023 which comprises the Income Statement, Statement of Financial Position at the end of the year and the notes to the summary financial statements.

### Basis for Opinion

Our examination of the summary financial statement consisted primarily of:

- Agreeing the amounts and disclosures included in the summary financial statement to the corresponding items within the full annual accounts, Annual Business Statement and Directors' Report of the Society for the year ended 31 December 2023, including consideration of whether, in our opinion, the information in the summary financial statement has been summarised in a manner which is not consistent with the full annual accounts, the Annual Business Statement and Directors' Report of the Society for that year;
- Checking that the format and content of the summary financial statement is consistent with the requirements of section 76 of the Building Societies Act 1986 and regulations made under it; and
- Considering whether, in our opinion, information has been omitted which although not required to be included under the relevant requirements of section 76 of the Building Societies Act 1986 and regulations made under it, is nevertheless necessary to include to ensure consistency with the full annual accounts, the Annual Business Statement and Directors' Report of the Society for the year ended 31 December 2023.

We also read the other information contained in the Summary Financial Statement and consider the implications for our statement if we become aware of any apparent misstatements or material inconsistencies with the summary financial statement.

Our report on the Society's full annual accounts is unqualified and describes the basis of our opinions on those annual accounts, the Annual Business Statement and Directors' Report.

### Directors' Responsibilities

The directors are responsible for preparing the summary financial statement within the Summary Financial Statement, in accordance with applicable United Kingdom law.

### Auditor's Responsibilities

Our responsibility is to report to you our opinion on the consistency of the summary financial

## Independent auditor's statement to the members and depositors of Teachers Building Society

statement within the Summary Financial Statement with the full annual accounts, Annual Business Statement and Directors' Report and its conformity with the relevant requirements of section 76 of the Building Societies Act 1986 and regulations made under it.

### The purpose of our work and to whom we owe our responsibilities

This auditor's statement is made solely to the Society's members, as a body, and to the Society's depositors, as a body, in accordance with section 76 of the Building Societies Act 1986. Our work has been undertaken so that we might state to the Society's members and depositors those matters we are required to state to them in such a statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members as a body and the Society's depositors as a body, for our work, for this statement, or for the opinions we have formed.

David Gonnelli (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London

11 March 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



## Summary report on remuneration

### Policy on directors' remuneration

The Board aims to follow best practice in its remuneration policy for Directors and has regard to the principles in the United Kingdom Corporate Governance Code relating to remuneration.

### Executive directors' remuneration

Remuneration of executive directors is reviewed annually by the Remuneration Committee. Remuneration is assessed by reference to jobs carrying similar responsibilities in comparable organisations, and other criteria such as expertise, experience and contribution to the Society's performance.

### Non-Executive directors' remuneration

The remuneration of Non-executive Directors (other than the Chair) is reviewed each year by the Executive Directors and the Chair, and a recommendation is made to the Board. The Chair's remuneration is reviewed each year by the Remuneration Committee without the Chair being present. The committee compares the level of fees to those paid in similar financial services organisations and considers the responsibilities of each Director and the amount available determined by the Society's rules.

## Individual director's emoluments

Fees paid to Non Executive Directors		
Director	2023 £000	2022 £000
J Nicholson	40	38
A P Lee (until 28.04.2022)	-	7
I Grayson	30	27
P Winter	30	27
M Himsworth (until 25.04.2023)	9	28
J G Dumeresque	30	26
J Anderson (from 09.08.2022)	30	11
K Malayapillay (from 19.10.2022)	28	11
<b>Total</b>	<b>197</b>	<b>175</b>
Executive Directors' remuneration		
S Beresford		
Salary	211	195
Bonus	39	43
Benefits	1	2
Pension contributions	16	-
Payment in lieu of pension	5	19
Car allowance	5	5
<b>Total</b>	<b>277</b>	<b>264</b>
P E Jarman		
Salary	108	100
Bonus	19	21
Benefits	2	2
Pension contributions	4	4
<b>Total</b>	<b>133</b>	<b>127</b>
R K Patel		
Salary	172	158
Bonus	26	34
Benefits	1	1
Pension contribution	17	16
<b>Total</b>	<b>216</b>	<b>209</b>
<b>Total Directors' remuneration</b>	<b>823</b>	<b>775</b>

