



Summary Financial Statement
 For the year ended 31 December 2022

Teachers Building Society, Allenvie House, Hanham Road, Wimborne, Dorset BH21 1AG.
 Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct
 Authority and the Prudential Regulation Authority (Register no 156580).



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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
M Himsworth, 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 2022

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 30 March 2023 or can be downloaded from www.teachersbuildingsociety.co.uk from 30 March 2023. 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 £303.3m (2021 : £277.0m)
- Profit for the year before tax was £1,874k (2021 : £1,373k)
- Shares and customer deposits increased to £303.3m (2021 : £284.7m)
- Gross capital ratio remained stable at 7.0% (2021 : 7.0%)

Summary directors' report

As we celebrate another successful year here at Teachers Building Society we'd like to extend a very warm welcome to members old and new. Whether you've supported us for many years or just a few months we're grateful for your loyalty and support.

As a mutual organisation we work only for you, our members. That work - our core purpose - has remained unchanged since we were formed in the 1960s: we exist to help teachers, especially with smaller deposits, buy their first home. We do that by offering savings accounts that help fund our lending and we offer mortgages to select other groups that in turn facilitate low deposit teacher mortgages. So whether you borrow from us, save with us, are a teacher or not, you're part of something special, something you can be as proud of as we are.

Against a backdrop of difficult economic circumstances, including rising inflation and a cost of living crisis we're pleased to be able to report that your Society has achieved strong financial results.

2022 Business performance

Once again in 2022 we delivered against two important measures of business performance: financial strength and operational resilience. We kept your money safe and kept the Society strong.

Lending

2022 was another year of very strong lending growth for the Society, despite the rising Bank of England base rate putting upward pressure on mortgage rates that has been unseen in recent years. Teacher first time buyers with smaller deposits accounted for a significant portion of our mortgage lending in 2022, reaffirming our core lending purpose. We complemented this with higher deposit specialist lending. In total, the Society delivered net lending of £29.7m (2021: £25.7m). This equates to an annual increase of 9.5% to our overall mortgage balance, and follows a 9.4% increase in 2021.

Funding

Having endured a period of low interest rates in recent years, our members benefitted from rising rates in 2022 and a number of our savings accounts featured in the national media and best buy tables. As a result we welcomed many new savings account holders in 2022 and the deposits of new and existing members alike through the course of the year meant the Society ended 2022 with an additional £19.9m in savings balances, a 6.1% increase on 2021.

Overall performance

The Society's product and operating strategy resulted in an operating profit (profit before taxation) of £1.87m for the year, up from £1.37m reported in 2021, mainly driven by additional lending and a rising interest rate environment.

Having eclipsed £350m of assets for the first time during 2021, the Society grew again in 2022, reaching total assets of £375.4m. This represents a £22.6m increase on 2021 (£352.8m 2021) equivalent to 6.4% year on year growth.

The Society's capital and liquidity which are two key measures of financial resilience remained strong in 2022. The Society's capital, which is predominantly made up of retained earnings increased to £24.9m (£23.2m: 2021), this level of capital is 40% above the amount the UK financial services regulator requires us to hold. The Society's holding of high quality liquid assets (HQLA) was £55.6m (£65.8m: 2021), the level of HQLA at the end of 2022 was 171% greater than the amount the UK financial services regulator requires us to hold.

Investing in our future

As a member owned organisation, we reinvest profits we make back into the Society, ensuring it remains 'fit for purpose' in the face of the changing needs of our members. Last year we announced we were embarking on a multi-year investment project to change our customer account management systems with the intention of transforming member experiences. Work on this continued throughout 2022 and included investment in specialist skills to support the project's successful delivery.

Overall in 2022 we welcomed 28 new colleagues to our team to support us in welcoming more new members to the Society in 2023 and beyond. We want to help even more teachers take their first steps on the ladder and to do that we'll need to welcome many more savers. Whether you know a teacher looking to get a mortgage or a saver ready to open a new account with a social feel good factor please do help us spread the word.

Environmental sustainability will naturally remain a focus for us in 2023. We're doing the common sense things like cutting down on paper usage, ensuring we recycle, and using energy as efficiently as possible. We're also exploring future product and service innovations that will support a more sustainable future for you as members and us as an organisation.

Summary

We ended 2022 in a very positive place: 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.

We are hopeful that the current cost of living crisis will soon show signs of easing and that the UK will be on a path back to economic normality after a turbulent couple of years. In the short term we are ready to support our members who are struggling. If you are finding the current climate financially difficult, please visit our website to access resources or reach out to us directly, we are here to support you.

It only remains for us to say a few heartfelt thank yous. Firstly to the frontline teaching and education sector professionals amongst our membership who continue to make us proud with their dedication and commitment to our young people: you are amazing.

Secondly to our team of colleagues who have adjusted to hybrid working: thank you for continuing to deliver exceptional member service, the Society's success is a result of the whole team.

Thirdly to Malcolm Himsworth who steps down as Non Executive Director. We thank him for his significant contribution to the Society and wish him all the best for the future. We're pleased to welcome two new Non Executive Directors, Jonathan Anderson who will act as Chair of the Audit Committee and Kelvin Malayapillay who will act as Consumer Duty champion for the Board.

Finally to you, our wonderful members - thank you for your trust, loyalty and support.

Julie Nicholson

Chair of the Board of Directors

Summary Financial Statement For the year ended 31 December 2022

Income statement	2022 £'000	2021 £'000
Net interest income	9,529	7,354
Other income and charges	(375)	(195)
Fair value gains (and losses)	83	64
Operating expenses	(7,205)	(5,832)
Operating profits before provisions	2,032	1,391
Provisions	(158)	(18)
Profit for the year before taxation	1,874	1,373
Taxation	(369)	(290)
Profit for the year	1,505	1,083

Statement of financial position at year end	2022 £'000	2021 £'000
Assets		
Liquid assets	64,761	72,943
Mortgages	303,284	277,005
Derivative financial instruments	5,618	1,514
Fixed and other assets	1,724	1,364
Total assets	375,387	352,826
Liabilities		
Shares	226,363	222,770
Borrowings	122,216	105,936
Derivative financial instruments	431	71
Other liabilities	1,890	1,067
General reserve	23,750	22,243
Revaluation reserve	737	739
Total equity and liabilities	375,387	352,826

Summary of key ratios	2022	2021
Gross capital as a percentage of shares and borrowings	7.0%	7.0%
Liquid assets as a percentage of shares and borrowings	18.6%	22.2%
Profit for the year as a percentage of mean total assets	0.41%	0.32%
Management expenses as a percentage of mean total assets	1.98%	1.70%
Core equity tier 1 capital ratio	18.4%	19.5%

Approved by the Board of Directors on 28 February 2023 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

We have examined the Summary Financial Statement of Teachers Building Society ('the Society') for the year ended 31 December 2022, which comprises the Income statement and the Financial Position at the end of the year, together with the Summary Directors' report.

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 2022 and conforms with the applicable requirements of section 76 of the Building Societies Act 1986 and regulations made under it.

Basis for Opinion

Our examination of the summary financial results 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 2022, including consideration of whether, in our opinion, the information in the summary statement of financial results 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 2022.

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 results.

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

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

Directors' Responsibilities

The directors are responsible for preparing the summary financial results 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 results 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.

Daniel Taylor (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
28 February 2023

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

Summary report on remuneration

Policy on directors' remuneration

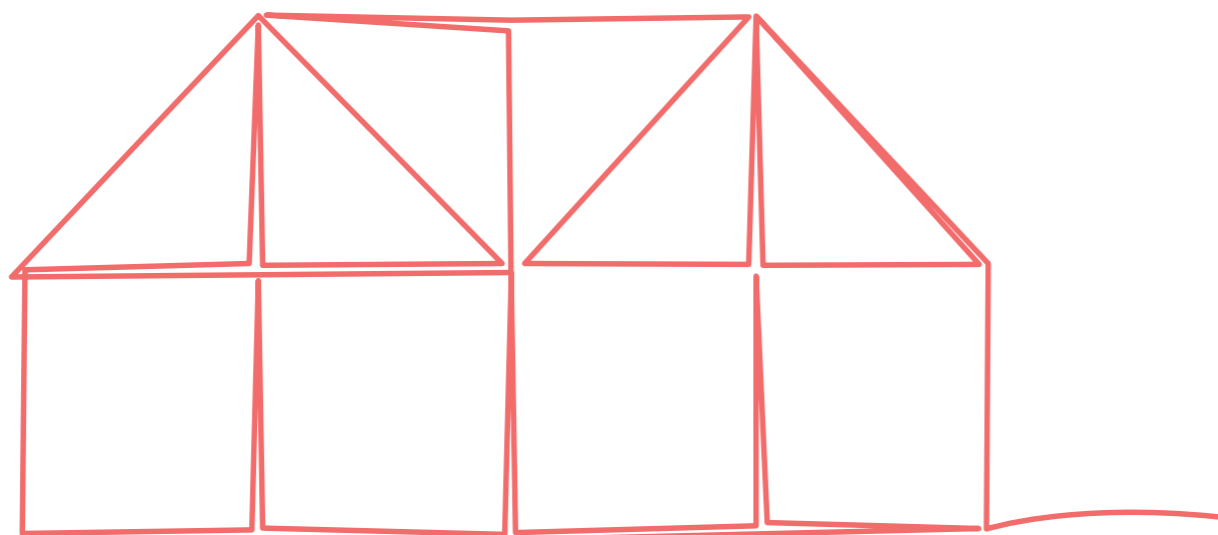
The Board aims to follow best practice in its remuneration policy for Directors and has regard to the principles in the United Kingdom Corporate Governance Code relating to remuneration.

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	2022 £000	2021 £000
J Nicholson	38	35
A P Lee (until 28.04.2022)	7	22
I Grayson	27	23
P Winter	27	23
M Himsworth	28	25
J G Dumeresque (from 28.10.21)	26	4
J Anderson (from 09.08.2022)	11	-
K Malayapillay (from 19.10.2022)	11	-
Total	175	132
Executive Directors' remuneration		
S Beresford		
Salary	195	175
Bonus	43	38
Benefits	2	-
Pension contributions	-	4
Payment in lieu of pension	19	13
Car allowance	5	4
Total	264	234
P E Jarman		
Salary	100	91
Bonus	21	19
Benefits	2	-
Pension contributions	4	4
Total	127	114
R K Patel		
Salary	158	151
Bonus	34	30
Benefits	1	-
Relocation allowance	-	20
Pension contribution	16	15
Total	209	216
Total Directors' remuneration	775	696