



# Suffolk Through and Through – Review of the Year 2022.

Including Summary Financial Statement  
for year ended 30 November 2022

**Suffolk**

**Building**

**Society**

# We're in the (Suffolk) pink to have won!



**BEST  
BUILDING  
SOCIETY**  
WINNER 2022



**BEST SPECIALIST  
MORTGAGE PROVIDER**  
HIGHLY COMMENDED 2022

Thank you for voting for us!

**Suffolk**

**Building**

**Society**

# Contents.

- 4 Chairman's Review
- 6 Chief Executive's Review
- 8 Community, Membership and Accessibility
- 10 Environmental, Social and Governance
- 12 Summary Financial Statement
- 16 Directors' People, Wellbeing  
and Remuneration Report
- 19 A Year in Pictures
- 20 Our Branches



## You are invited.

AGM and Evening with Dr Amir Khan  
22 March 2023  
At Trinity Park, Ipswich, Suffolk  
[suffolkbuildingsociety.co.uk/agm-2023](https://suffolkbuildingsociety.co.uk/agm-2023)

# Chairman's Review.

It is with great pleasure that I write this, my first Chairman's report, having previously served for seven years on the Society's Board. I thank the outgoing Chairman Alan Harris for his dedication with eleven years on the Society's Board, five as Chairman. I join all at the Society in wishing Alan an enjoyable retirement.

The successes of the past year can surely be summed up in the award revealed at the British Bank Awards in May 2022 - Best Building Society - as determined by those who matter most: our members. We continue as a fiercely independent mutual Society, with face-to-face customer service at the heart of our savings model and an excellent reputation and positioning within the intermediary market.

## Financial Performance

The backdrop to our successful financial performance has been arguably the most eventful economic year since 2008. Global factors such as post-pandemic recovery and the conflict in Ukraine have seen high inflation and low growth. Domestically, a mini-budget caused market volatility and there were successive increases in the Bank of England Base Rate.

Given the volatility in the mortgage market, the Society made the decision to withdraw temporarily from the market from mid-August to mid-September. The eight successive Bank of England Base Rate changes from 1 December 2021 to 30 November 2022 saw that rate rise by a total of 2.9 percentage points. During this period the Society increased its Standard Variable Rate (SVR) by 1.7 percentage points on mortgages, and on each occasion where SVR rose, variable rate savings rates were increased, on a product-by-product basis.

The Society extended its mortgage proposition with the following product

types: expat holiday let borrowing, a self-build large loan (£1m - £2m) and increased maximum loan sizes to £1m up to 80% Loan to Value. A green Further Advance range is planned for this year.

Within the savings business, the first few months of the year saw relatively modest growth. Interest rate rises enabled the Society to offer more attractive rates to savers and significant growth in balances has been observed as a result. The Society attracted 1,522 new savings members (2021: 935).

## Environmental, Social and Governance (ESG)

We believe that economic growth is closely connected with the wellbeing of the Society and the protection of our planet. This isn't a new concept for us. Since 1849, the Society has been committed to improving the social position of the people in our communities, so I am proud that this central mission continues to this day.

With strategic charitable partners, ESG Champions across the business, a relaunched volunteering programme and two distinct campaigns centred around Safe Homes for Suffolk and Saving Suffolk, we set ourselves apart from our competitors, invest in our communities and do the right thing. More information about ESG and what it means for the Society can be found on page 10.

## Transformation

There continues to be significant investment in the Society, including in technology. This Society's digital journey commenced with a refresh of our websites (for members and for brokers) and the planned implementation of a new mortgage origination system to support digital customer onboarding and a faster

application process. For saving members, we are pleased to give an update on our digital offering. A contract with a strategic supplier has now been signed, with the build of the new eSavings platform taking place throughout the first half of 2023. The Society is aiming to introduce online savings capability later this year.

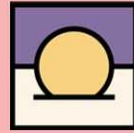
In addition to being awarded Best Building Society, the mortgage business was Highly Commended for Best Specialist Mortgage Provider at the British Bank Awards and the Society was Highly Commended for Regional Lending Provider at the Moneyfacts Awards. It has been a hugely successful year, in challenging conditions, while achieving an excellent rate of growth.

We will continue to deliver award-winning service; the feedback that we receive from our members highlights how our staff go above and beyond to deliver a service that we should all be proud of.

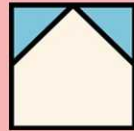


**Peter Elcock**  
**Chairman**

A stylized, handwritten signature of Peter Elcock in black ink.



**Pre-tax Profits**  
**£5.9m (£2.9m in 2021)**



**Mortgages**  
**Assets £655m**  
**(2021: £615m)**



**Savings**  
**£681m (up £34m)**



**£42m**  
**Total Regulatory**  
**Capital**



# Chief Executive's Review.

Our first full year as Suffolk Building Society has seen us win awards, develop new propositions for our members and embark on a sweeping strategy of environmental and social purpose, all managed with robust governance.

We've supported our staff members with the increased cost of living, and given increased returns to our savings members whilst balancing the impact on our borrowing members.

## Membership

2022 saw a return to live member events and it was a delight to once again meet members of the Society at our Annual General Meeting in March. For the first time, the Society live-streamed the event enabling those watching from home to experience it.

Member engagement has always been at our heart. We are investing more in engaging with new members to seek feedback and insight into their experiences with us. Every person in our brand photography is a member of the Society and it is incredibly humbling to see our members become advocates for the Society, proud of their association with us.

In December 2022, a Payment Shock Taskforce was created within the Collections Team, to proactively contact maturing customers whose monthly payment may increase by more than £200 per month.

## People at the Society

Our collaborative approach to working has resulted in a positive and inclusive culture and is very much part of our people strategy. This is evidenced by our improving employee engagement score (this is shown on page 7). Staff performance is now measured not just on competence

and outcomes, but also the behaviours demonstrated.

Our people play a crucial role in supporting our strategic charity partners. This goes beyond fundraising and awareness. We want to match our personal and professional skills to meet the needs of our strategic partners, from practical volunteering to becoming trustees and providing support to the charitable organisations.

## Accessibility

Our future focus is very much on accessibility. We will continue to adopt our 'bricks and clicks' approach, with digital access working in tandem with face-to-face branch access. Research conducted in 2022 affirmed this approach and our Smart Money People reviews confirm that our friendly, helpful, knowledgeable staff set us apart from online-only competitors. We are fully committed to our branch network, appreciating the vital service it provides on high streets for members who prefer face-to-face interaction.

The planned introduction of an online savings platform in 2023 will enable the Society to widen its appeal. This additional service will provide members with an alternative method of managing their finances.

## Industry

It was a huge honour to go up on stage with some of our team in May 2022 to collect the trophy for Best Building Society at the British Bank Awards in London, and be Highly Commended for Best Specialist Mortgage Lender on the same evening. The mortgage business was also Highly Commended for Regional Lending Provider at the Moneyfacts Awards the following month.

Despite a challenging year on many fronts, financial performance has been carefully managed across all areas of the Society.

Our strategy of embedding ESG throughout the Society, together with our member proposition and our digital transformation, stand the Society in good stead ahead of another year of economic uncertainty.

I look forward to seeing you at our 173rd AGM. It is a privilege to lead this organisation and I thank you for being a member of Suffolk Building Society.



**Richard Norrington**  
Chief Executive

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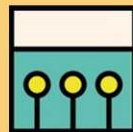
**4 Strategic  
Charitable  
Partnerships**  
**£100,000 committed  
over three years**



**Colleague  
Engagement Score**  
**76.6% (2021: 74.6%)**



**4.81/5 Smart Money  
People Score**  
**(All Reviews)**



**Trophies**  
**1 win, 2 highly commended**



## Community, Membership and Accessibility

The Society has established a clear mission statement and a set of values which articulate our commitment to be a safe home for savers and to provide safe homes for our communities. We put members at the heart of what we do and place an emphasis on personal customer service.

Member engagement continues to be a priority and this year we were able to return to a live Annual General Meeting and live member events. Real members feature in all of our brand photography and we interviewed some for 'member stories' to find out why they save with us and what membership means to them. Other events such as the 'behind-the-scenes' visits to the Suffolk Wildlife Trust and an electric vehicle exhibition reflected our commitment to climate change. Our choice of speaker at our Annual General Meeting, Terry Waite CBE (President of Emmaus) was one of our first steps into supporting 'homelessness' as a cause where we could have a big impact. It also takes us firmly back to our 1849 original purpose of providing Safe Homes for Suffolk.

Our heritage resonates strongly with members, and over 800 people came through the doors of our flagship branch, Mutual House in Ipswich, for Heritage Open Day. In addition to tours of this historic building, our archivist Margaret Hancock took guests on walking tours of Ipswich, to highlight the homes we built nearby.

When the conflict in Ukraine started in February 2022, we immediately used our branch network to collect £2,995 in donations from members, to be distributed via the Red Cross. When Suffolk Community Foundation launched its Surviving Winter fundraising campaign we once again gave our full support with marketing and by receiving donations in branch.

**“We put members at the heart of what we do and place an emphasis on personal customer service.”**





In addition to our strategic charity partnerships, local charities have benefitted from over £19,000 donated across nine charities – one for each branch. Our branch teams supported both the Hadleigh and Haverhill Shows by taking exhibition stands to meet and greet members and potential members. Teams also attended careers fairs in local schools and have been fully involved within their local communities.

The Queen's Platinum Jubilee offered an opportunity for members and non-members alike to visit branches to reminisce. We invited them to bring in their photographs of previous jubilees and visits to the county by Her late Majesty Queen Elizabeth II over the years, and scrapbooks were created in each branch.

## Charitable Donations.

**£25,000**

**Strategic Charity Partners – Suffolk Wildlife Trust, Emmaus Suffolk, Ipswich Housing Action Group (ihAg) and Lighthouse Women's Aid**

**£19,241**

**Mutual Advantage Account – nine local charities\***

**£7,882**

**We-Care Account – St Elizabeth Hospice, Suffolk Wildlife Trust and East Anglian Air Ambulance\***

**£5,000**

**Suffolk Giving Fund – administered by Suffolk Community Foundation**

**£4,264**

**Other causes**

**Total: £61,387**

*\*This account is now closed.*



## Environmental, Social and Governance

Since 1849, the Society has been committed to improving the social position of the people in our communities – with well-built homes, land ownership and the vote.

Today, the Society continues to be a trailblazer in the area of ESG. ESG can seem quite a complex concept, but it is at its heart sustainability; taking into consideration the environmental, social and economic impact of our actions, and ensuring that there is a balance between environmental protection, social equality and economic prosperity, or the 3 Ps (Planet, People, Profit). An embedded strategy, supported by an expert advisor in the corporate sustainability space, has seen charity partners established. Twelve dedicated ESG Champions (some of whom are photographed above) work from within all areas of the Society to progress our sustainability and corporate stewardship. We have seen a volunteering programme relaunched, and two distinct campaigns launched. These are: Safe Homes for Suffolk and Saving Suffolk – protecting local nature and wildlife.

Across the Society, we have support for our approach. 91% of staff who responded to our 2022 ESG survey said they were supportive of the Society's efforts to take a leadership role within its sector around ESG issues by promoting ESG principles throughout its operations.

Our member proposition research found that 'conserving wildlife and the natural world' was the key issue of concern for the majority of members and non-members across the Eastern region (91%). We know there is an appetite for and a growing movement towards sustainability.

## Saving Suffolk Campaign

Through our partnership work with the Suffolk Wildlife Trust, we will support projects that aim to decarbonise Suffolk, and provide a safe home for nature.

We will begin by sponsoring the Martlesham Wilds project, 289 acres of arable land purchased by the Suffolk Wildlife Trust, which will be given back to nature through a wilding project. In collaboration with Suffolk Wildlife Trust, we launched a Nature Reserve Regular Saver account which offered discounted membership of the Trust, and a Suffolk Young Saver account which also offered the discount.



## **“We will support projects that tackle the housing crisis.”**

We'll continue to launch products for homeowners and self-builders to fund projects that can help to make their homes more energy efficient – to keep the bills down and contribute to a greener housing stock.

### **Safe Homes for Suffolk Campaign**

Through our partnership work with Emmaus Suffolk, Ipswich Housing Action Group and Lighthouse Women's Aid, we will support projects that aim to tackle the housing crisis in the region, deliver help to those who are in debt and at risk of homelessness, and provide safe spaces for women under threat of domestic violence. We will donate funds that the charities can use for basics such as food, shelter and essential belongings, as well as the support of professionals. Staff from the Society will work on a financial education programme that can provide vulnerable people with the budgeting life skills they need to support themselves to avoid homelessness.

## **Our own carbon footprint.**

We continue to be holders of the Silver Suffolk Carbon Charter Award, which is awarded to Suffolk organisations who are making significant and measurable progress on carbon reduction. We have continued to build on actions to reduce our carbon footprint, with several initiatives. These include:

- The continued use of solar photovoltaic panels in our head office
- Signing up to the lease of an electric vehicle to replace our current pool car used by Society staff for business travel
- Installation of car charging points for our staff at our Freehold House head office. These are powered by our solar panels
- The installation of additional roof insulation in all our premises to aid energy efficiency
- Installation of window film in head office to improve energy efficiency of our air conditioning
- Identification of process changes and increased use of technology to reduce the need for paper. We have also installed new software which has resulted in a reduction of printing
- Encourage as much recycling as possible amongst our staff. We maintain recycling collections at all our sites for paper, card, plastics and cans
- LED lighting in branches to reduce energy consumption
- New member packs – replaced plastic wallets with a reusable branded tote bag. New members are also encouraged to receive their welcome pack by email wherever possible

The data capture for measuring the management of our carbon emissions is currently a journey. During 2023, we will develop our carbon monitoring and identify actions to work towards our carbon neutrality goal.

# Summary Financial Statement.

This Financial Statement is a summary of the information included in the audited Annual Accounts, the Strategic Report and Annual Business Statement, all of which will be available to members and depositors free of charge, at every office of Suffolk Building Society and online from 17 February 2023.

The Summary Financial Statement was approved by the Board of Directors on 31 January 2023.

## Summary Strategic Report

Since 1849 the Society has been bringing together savers and borrowers for mutual gain. The Society's mission continues to be offering simple and straightforward savings products to investing members and to provide mortgages so that borrowing members can buy a home.

The primary strategic intent for 2021/22 was unchanged from the prior year, with the desire to steadily grow membership, mortgage balances and the savings book, whilst maintaining asset quality and increasing Tier 1 capital.

The Society attracts savings deposits from members and other retail customers, and uses the funding received to offer a range of mortgage products through its extensive broker network and direct sales team. The Society operates through nine full-service branches across Suffolk and one agency.

The eight successive Bank of England base rate changes from 1 December 2021 to 30 November 2022 saw that rate rise by a total of 2.9 percentage points. During the same period the Society increased its Standard Variable Rate (SVR) on mortgages by 1.7 percentage points. The Society increased the rates payable on variable rate savings (on a product-by-product basis) with each SVR rise.

## Mortgage Assets and Mortgage Advances

The Society's lending proposition is to provide mortgages through a network of approved mortgage brokers, as well as directly from the Society. The Society does not rely solely upon credit scoring as all loans are individually underwritten by our underwriters.

The Society had a strong and consistent mortgage performance across the year and its mortgage book increased by £39.3m.

## Arrears

The Society arrears levels currently remain low. The Society has a dedicated arrears team which aims to support members with payment difficulties sympathetically. We seek to agree sensible and affordable payment arrangements with those borrowers wherever possible to enable them to manage their payments.

With the cost-of-living crisis, and successive Bank of England base rate rises, this year the work carried out by our Collections Team has been more vital than ever to ensure we support our borrowing members who may have been experiencing payment difficulties.

In December 2022, a Payment Shock Taskforce was created within the Collections Team, to proactively contact maturing customers whose monthly payment will increase by more than £200 per month.

At 30 November 2022 there were 11 (2021: 17) mortgage accounts where the arrears were the equivalent of 12 months' payments or more. The total amount of principal outstanding in these cases was £1.7m (2021: £2.3m). The total amount of arrears was £226k (2021: £467k). At 30 November 2022, the Society had 3 (2021: 2) properties in possession. We had 17 accounts in 2022 that were able to exit forbearance measures and either resume normal payments or redeem the account.

## Retail Savings Balances

Our proposition has continued to be based on competitive products and on the excellent face-to-face member experience.

The 305 Smart Money People customer reviews we received specifically for our savings business have produced a rating of 99% with a Net Promoter Score (NPS) of 92.\*

*\*A Net Promoter Score, often referred to as 'NPS', is a measure of customer loyalty and satisfaction based on the likelihood they would recommend a company, product or service to others. The NPS score is calculated from member reviews and scores provided via the Smart Money People platform.*





Changes to our savings portfolio this year included increasing the maximum balance in fixed rate bonds from £150k to £200k. We introduced a new 120-day notice account, a new regular saver account, and increased the maximum monthly deposit from £250 to £500 on our standard regular saver account. We introduced two accounts in collaboration with Suffolk Wildlife Trust: a Nature Reserve Regular Saver and a Suffolk Young Saver account, both of which offered discounted membership of the Trust. The Society is pleased to note that retail savings balances have increased by £33.6m since last year (2021: £23.5m) and the Society opened 3,743 new accounts during the year (2021: 2,772). The Society attracted 1,522 new members who opened 1,529 new accounts (2021: 935).

### **Profit for the Financial Year**

The Society achieved a profit before tax of £5.9m (2021: £2.9m). Increased profit levels mean we can add to capital and reinvest into the Society for the benefit of members. Achieving a profit is important for the long-term sustainability of the Society because it enables the Society to add to its capital

reserves and grow further. It has also enabled us to give generously to local good causes and invest strategically with our charitable partners.

The Board remains confident the Society can remain profitable over the three-year corporate plan period which will build the capital required to support increased lending to grow revenue at a rate faster than the rate of growth of management expenses, whilst still investing in the future of the Society.

### **Management Expenses**

In 2022 management expenses were £11.9m (2021: £10.8m). Continued focus and management attention on costs is vital this year, particularly as the Society continues its digital improvement journey.

### **Capital**

The Society's total regulatory capital is £42m, an increase of £4m from the previous year. The capital position therefore remains strong, giving the Society a sound platform from which to grow further. The Tier 1 Capital Ratio was 14.6% at 30 November 2022 (2021: 14.1%).

# Summary Financial Statement.

For the year ended 30 November 2022

	2022 £000	2021 £000
<b>Results for the year</b>		
Net interest receivable	17,001	13,494
Other income	90	68
Net income from financial instruments at fair value	749	371
Management expenses	(11,920)	(10,809)
(Increase) in provision for impairment losses on loans and advances	(45)	(187)
Profit for the year before taxation	5,875	2,937
Taxation	(1,204)	(809)
Profit for the financial year	4,671	2,128
<b>Other comprehensive income</b>		
Actuarial (loss)/gain recognised in the pension scheme	(552)	72
Movement in related deferred tax	138	(17)
Movement in fair value of debt securities	(123)	(4)
Movement in related deferred tax	30	(1)
Revaluation gain on freehold property	144	-
Movement in related deferred tax	(27)	(68)
Total comprehensive income for the year	4,281	2,110
<b>Financial position at end of year</b>		
<b>Assets</b>		
Liquid assets	121,577	122,763
Derivative financial instruments	15,484	2,641
Mortgages	654,719	615,388
Fixed and other assets	7,577	6,537
Total assets	799,357	747,329
<b>Liabilities and reserves</b>		
Shares	637,932	608,043
Borrowings	98,658	94,737
Derivative financial liabilities	1,217	340
Other liabilities	17,762	4,935
Net pension liability	233	-
Reserves	43,555	39,274
Total liabilities and reserves	799,357	747,329
<b>Summary of key financial ratios</b>		
	%	%
Gross capital as a percentage of shares and borrowings	5.91	5.59
Liquid assets as a percentage of shares and borrowings	16.51	17.47
Profit for the year as a percentage of mean total assets	0.60	0.30
Management expenses as a percentage of mean total assets	1.54	1.50

## Notes to the Summary Financial Statement for the year ended 30 November 2022

1. The gross capital ratio measures the proportion that the Society's capital bears to the Society's shares and borrowings. Capital predominantly consists of the Society's general reserves which are the profits of the Society accumulated over the last 173 years. Society capital provides a financial buffer.
2. The liquid assets ratio measures the proportion that the Society's assets, held in the form of cash, short-term deposits and Government securities, bear to the Society's shares and borrowings. As liquid assets are by their nature readily realisable, this assists the Society in its cash management and enables the Society to meet requests by investors for withdrawals from their accounts, to make new mortgage loans to borrowers and to fund its general business activities.
3. The ratio of profit for the year as a percentage of mean total assets measures the proportion that the profit after taxation for the year bears to the average balance of the total assets during the year. A reasonable level of profit must be generated each year by the Society to maintain its capital ratios, thereby protecting investors' funds.
4. The ratio of management expenses as a percentage of mean total assets measures the proportion that administrative expenses as reported in this document (which include depreciation and amortisation) bear to the mean of total assets.

## Independent auditor's statement to the members of Suffolk Building Society

### Opinion

We have examined the Summary Financial Statement of Suffolk Building Society ('the Society') for the year ended 30 November 2022 which comprises the Results for the year, the Other Comprehensive Income, Financial Position at end of the year, summary of key financial ratios and notes to the summary financial statements.

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 30 November 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 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 30 November 2022, 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 30 November 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 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 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  
31 January 2023

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

# Directors' People, Wellbeing and Remuneration Report.

## For the year ended 30 November 2022

The purpose of this Report is to inform members of the Society about our approach to the remuneration and financial wellbeing of all staff members, including the Executive and Non-Executive Directors, and how this is balanced with financial sustainability of the Society.

All members who are eligible to vote at the Society's Annual General Meeting will have the opportunity to approve the Directors' People, Wellbeing and Remuneration report, through an ordinary resolution (non-binding). The 2021 Report received a 90.4% positive vote.

This Report explains how the Society considers the principles of the UK Corporate Governance Code relating to remuneration, as far as they are applicable to a mutual organisation of our size. The Society has adopted a Remuneration Policy, which complies with the relevant elements of the FCA's Remuneration Code and the PRA's Remuneration Policy. Directors are designated as "Code Staff" under the Regulator's Remuneration Code due to their material impact on the Society's risk profile.

The Society's overall approach to remuneration is a key part of the Society's people strategy and governance. Decisions relating to basic pay and performance-related pay are always intended to align with our commitment to the long-term business sustainability, values and objectives, and culture of our Society.

The Society's remuneration policy and practices are overseen by the Society's Remuneration Committee. The role of the Committee (under the delegated authority of the Board) is to make recommendations on the general remuneration policy of the Society and specifically on the remuneration of the Board and Executive Team.

The Committee ensures that remuneration is in line with the Society's values, corporate objectives, and performance. It also oversees the Society's implementation of key values relating to diversity and inclusion. The Committee carefully monitors the Society's gender pay gap and implements any required actions.

### 2022 - Pay Decision

When determining the approach to remuneration throughout 2022, the Committee continued to be

mindful of the performance of the Society and the individual responsibilities of Directors, and the pay and employment conditions across our workforce and externally. The Committee was mindful that the Society must continue to compete to attract and retain team members against other employers in both the local area and now, with the increase of remote working, further afield. The Society pays at least the Real Living Wage to all employees including Saturday employees and apprentices. The ratio between our highest paid permanent member of staff and our lowest paid regular permanent member of staff is 9.4:1 (2021: 9:1).

Since February 2022, households across the country have experienced unprecedented economic pressures due to rising home energy bills, fuel and food costs. This has been compounded by rising mortgage costs due to eight successive interest rate rises since December 2021. These combined factors have led to enormous strains on finances and have had a significant influence on pay decisions this year. In June the Board approved the Executive recommendation that salaries for all employees should be increased by 4% with effect from 1 June 2022. This was the largest annual increase awarded by the Society in recent years and reflects the Society's acknowledgement of the increased cost of living.

Other salary adjustments were made for career progression or significant changes in responsibilities. Executive Directors were subject to these same terms.

### Additional Cost of Living Payment

By the autumn of 2022 it was clear that with inflation rising to double figures, employees were experiencing increases in housing, energy and food costs. In October 2022 the Board decided to make a one-off payment to the majority of employees (grades A-D) of £1,000. Part-time and full-time staff received the same amount, with Saturday Member Assistants receiving a flat amount of £100.

Results at the end of the year indicate that the Society achieved a strong financial performance and we also achieved positive customer experience scores. The Society paid a bonus for grades A-D employees, paid to individual employees based on their individual performance throughout the year, as measured via the Society's performance appraisal process. This process



has been changed with the introduction of the Behaviours Framework, ensuring a higher bonus weighting to those employees who demonstrated our core behaviours.

## **Health and Wellbeing Support**

The emotional and physical health and wellbeing of our employees is vitally important to us, and this is especially true in challenging times. In the autumn staff were reminded of the wellbeing support on offer which includes an Employee Assistance Programme (EAP) via MetLife Wellbeing. MetLife Wellbeing offers help to employees dealing with personal problems that might impact work performance, life outside of work, health and wellbeing. This includes a wide range of support, including online resources, counselling, legal support and referral services, on what to do if they are struggling with their finances. MetLife Wellbeing offers financial assessments in partnership with the Money Advice Service, which provides helpful tools, calculators and advice on how to keep finances on track and improve financial wellbeing.

Society staff are also eligible for Medicash, a benefit which helps employees with cashback on day-to-day health treatments which include prescription charges, dental and optical costs, along with special discounts on various purchases. The Society also announced in the autumn it would consider additional support in exceptional circumstances, and where it is appropriate to do so (for example, advancement of wages, interest free loan) for those employees experiencing hardship.

## **Non-Executive Directors**

The level of fees payable to Non-Executive Directors is assessed using information from comparable organisations (building societies of a similar size). Remuneration comprises a basic fee with a supplementary payment for holding the position of Chairman of a Committee, Deputy Chairman or Senior Independent Director. This fee reflects the additional responsibilities and time commitments of these positions. Fees for Non-Executive Directors are not pensionable and Non-Executive Directors do not take part in any incentive scheme or receive any other benefits. Non-Executive Directors do not have employment contracts with the Society.

Annually the Executive Team together with the Chairman are responsible for setting the Non-Executive Directors' fees. The Board, with the exception of the Chairman, agrees the Chairman's fee.

## **Executive Directors**

The remuneration of Executive Directors reflects their expertise, responsibilities and roles within the Society. The Executive Directors' benefit package is designed to

motivate decision making in the long-term interests of the Society and members as a whole. This year it comprised basic salary, participation in a three-year performance-related pay scheme and various benefits. Further details of these are set out below. The Society has no share option scheme and none of the Executive Directors has any beneficial interest in, or any rights to subscribe to, any instruments, or shares in or debentures of the Society.

## **Basic Salary**

Salaries are reviewed by benchmarking against jobs carrying similar responsibilities, using external salary benchmarking data from the building society sector and the financial services sector as a whole, as well as other UK and regional salary data. This encompasses consideration of the responsibility and complexity of the role, market conditions and demands, and the Society's very high quality standards.

The Society's approach is not to compromise on quality standards, and to seek to secure the best and most appropriate people for any particular role at a rate of remuneration consistent with the Society's financial, business and member objectives.

## **Three-year performance-related pay scheme**

A performance-related pay (PRP) scheme operated during the year for Executive Directors. This was carefully designed to encourage achievement of targets that maintain the financial strength and integrity of the Society, the embedding of the Society's risk management framework and to recognise performance factors that contributed to the Society's overall business and member objectives.

The PRP currently allows a maximum of 20% of salary earned for achievement of all targets set, which for 2022 were cost management, capital and member and broker satisfaction metrics. These are subject firstly to meeting defined financial performance and risk management criteria.

In addition, criteria for achievement also included the Society's progress in relation to diversity and inclusion and the progress and embedding of its Environment, Social and Governance agenda. At least one third of this payment is deferred for up to a three-year period to ensure consistent performance is delivered over the longer term.

As part of the process, the Remuneration Committee sets targets and assesses whether any payment should be made prior to recommendation for Board approval. In 2022, the committee recommended that the variable award should be 20%. This acknowledges the commitment of the Executive Directors and the financial performance of the Society during the year.

## Pensions

The Society makes a contribution of between 17.5% and 20% of salary for Executive Directors' pension arrangements. For Richard Norrington and Paul Johnson this is in the form of a cash equivalent payment.

## Benefits

Executive Directors receive other taxable benefits including a car allowance, travel and accommodation allowance when on Society business and a private health care scheme, which covers the Directors and their families. The Society does not provide concessionary home loans to Directors.

## Contractual terms

The Executive Directors are employed on open-ended service contracts; they require 12 months' notice to be given by the Society and six months' notice by the individual.

## Non-Executive Directors

	2022 Fees £000	2021 Fees £000
P Elcock (Board appointed 30 June 2022) (Chairman appointed 22 December 2022)	11.3	n/a
A Harris (Resigned 22 December 2022)	48.5	47.5
S J Reid	34.0	33.5
S Hill	29.5	29.4
E Lenc	31.5	31.0
S Liddell	31.5	31.0
F Ryder	29.5	29.0
<b>Total</b>	<b>215.8</b>	<b>201.4</b>

## Executive Directors 2022

	Salary £000	Performance related pay Payable now £000	Deferred £000	Benefits £000	Sub Total £000	Pension Entitlements £000	Total £000
R Norrington (Chief Executive Officer)	182.2	24.8	12.4	29.4	248.8	36.4	285.2
P Johnson (Chief Financial Officer)	152.2	20.7	10.3	15.9	199.1	26.7	225.8
I Brighton (Chief Operating Officer) (resigned 30 April 2022)	49.1	5.3	2.7	7.1	64.2	8.6	72.8
R Newman (Chief Operating Officer) (appointed 1 May 2022)	72.9	9.7	4.9	7.9	95.4	12.8	108.2
<b>Total</b>	<b>456.4</b>	<b>60.5</b>	<b>30.3</b>	<b>60.3</b>	<b>607.5</b>	<b>84.5</b>	<b>692.0</b>

## 2021

R Norrington (Chief Executive Officer)	177.2	17.9	8.9	23.9	227.9	35.4	263.3
P Johnson (Chief Financial Officer)	148.1	7.5	3.7	13.2	172.5	25.9	198.4
I Brighton (Chief Operating Officer)	116.8	11.8	5.9	10.3	144.8	20.5	165.3
<b>Total</b>	<b>442.1</b>	<b>37.2</b>	<b>18.5</b>	<b>47.4</b>	<b>545.2</b>	<b>81.8</b>	<b>627.0</b>

Richard Norrington and Paul Johnson have elected to receive cash payments in respect of pension entitlements.

Benefits include health care, car allowance and subsistence allowance.

Total Directors' remuneration amounted to £907.8 (2021: £828.4).

Ian Brighton resigned as Chief Operating Officer to become Head of Credit Management and Mortgages.

# A Year in Pictures.



# Our Branches.

## **Aldeburgh**

103 High Street  
Aldeburgh  
IP15 5AR  
Tel: 01728 453840

## **Hadleigh**

94 High Street  
Hadleigh  
IP7 5EL  
Tel: 01473 827373

## **Halesworth**

61 Thoroughfare  
Halesworth  
IP19 8AR  
Tel: 01986 875133

## **Haverhill**

16a High Street  
Haverhill  
CB9 8AR  
Tel: 01440 710720

## **Ipswich (Town Centre)**

Mutual House  
2 Princes Street  
Ipswich  
IP1 1QT  
Tel: 01473 230211

## **Ipswich (Ravenswood)**

46 Hening Avenue  
Ipswich  
IP3 9QJ  
Tel: 01473 273736

## **Saxmundham**

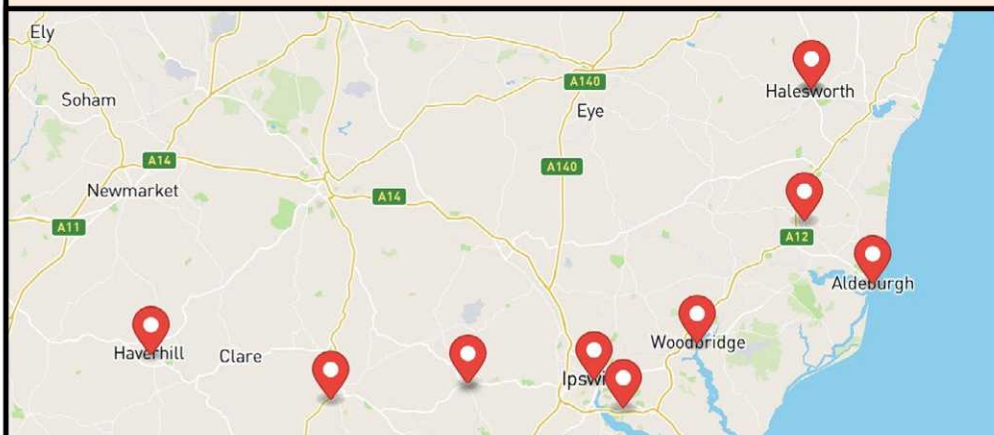
10 High Street  
Saxmundham  
IP17 1DD  
Tel: 01728 603876

## **Sudbury**

10 Market Hill  
Sudbury  
CO10 2EA  
Tel: 01787 375388

## **Woodbridge**

24 Thoroughfare  
Woodbridge  
IP12 1AQ  
Tel: 01394 380537



**Suffolk**

**Building**

**Society**

## **Suffolk Building Society Head Office**

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