



Annual Members' Review 2023



Saffron
Building Society

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Our 2024 AGM

Why is the AGM important?

As a Member, you part-own the Society and it is run on your behalf by the Board and Executive. So the AGM is your chance to hear how your Society has been performing and ask Board members any questions. You can also vote for Board members and therefore shape how the Society is run in the future. It's a key part of being a Member and we encourage you to take part!

This year, the Society will donate £1 to the Saffron Community Fund for every eligible vote cast, so there's now even more reason to get involved. You can read more about the amazing work the Fund does on page 14 of this Annual Members Review.

How do I vote?

It's easy, if you are an eligible Member, you have four different ways to vote. Just choose the one that suits you best (all methods are eligible for the £1 Saffron Community Fund donation).

If you are registered to receive your AGM notice by post, you will receive a form with a return envelope. Simply complete the form and pop it in the post to be received no later than **Monday 22nd April 2024**. Alternatively you can pop into a branch and hand it to a member of staff. It must be received no later than **Wednesday 17th April 2024**.

You can vote online using the Online Voting Codes contained on your paper form or, if you're registered to receive your AGM notice digitally, on the AGM email we send you. Simply head to www.saffronbs.co.uk/agmvote and cast your vote by midnight on **Monday 22nd April 2024**.

You can vote at the AGM by joining the online meeting (see next page for details). You will need your Online Voting Codes printed on your paper form or contained in your AGM email. The system will prompt you when it's the right time to vote.

When is the AGM and how do I attend?

The AGM will be held at 2pm on **Thursday 25th April 2024**.

To make it easier for more members to attend, the AGM will be fully virtual. It will be hosted on an online platform which will allow you to watch the meeting, submit questions for the Board to answer live, and cast your vote.

To join the AGM, simply go to <https://attend.cesjoinin.com> and enter the **Meeting ID 30279** and your Online Voting Codes, which are printed on your paper form or contained in your AGM email. These codes are unique to you and should not be shared with anyone else. The meeting will be accessible one hour before the start time. We recommend that you join at least 15 minutes before the start of the meeting.

For further information on how to use CESjoinIN, please view the quick guide at: www.cesvotes.com/attendeequickguide.

If you need any help, please contact us at agm@saffronbs.co.uk or our customer services team on **0800 072 1100** and we will do our best to help you.

How do I ask questions?

There are two ways to submit questions to be answered at the AGM.

1. We encourage you to ask questions before the AGM to ensure that we can give you the best answer possible. You can submit these to agm@saffronbs.co.uk. Answers to these questions will be provided at the AGM.
2. Ask questions at the AGM.
Please note, we may not be able to answer all questions on the day and may need to answer your question after the AGM.

However you choose to get involved, thank you for playing a part in the future of your Society.



A note from Geoff

Geoffrey Dunn, Interim Chair

A very warm welcome to your Members' Review. Here we provide you, our Members, with information about how your Society performed in 2023 alongside interesting updates from around the business. I encourage you to read it, and of course vote in the upcoming AGM.

Firstly, I'd like to introduce myself, but for many of you, this will be a reintroduction as I previously served as your Chair between 2014 and 2020. I have agreed to become Saffron's interim Chair following the decision by Barbara Anderson to step down from her role as Chair. Barbara has been offered another Chair role to start in the near future and has decided to focus on this

and other developing aspects of her portfolio.

I am very pleased to return to Saffron; it is an organisation I already know well, and I'm very pleased to see the positive position the Society now finds itself in. In 2023, Saffron delivered profitable growth alongside investment in its people and continued to focus on building financial strength. All of this will support the Society's future development and provide even greater security for the future. My role as your interim Chair is to ensure this positive trajectory continues, and support the Society's search for a new permanent Chair over the coming months.

The purpose of the Society is to provide value and service to Members. This is encapsulated in our vision to help Members achieve “money happiness”, and whilst growth and profitability are not goals in themselves they are vitally important to ensure the Society delivers its purpose and vision for years to come. Our success provides the resources required to further invest in our people or in our technology and systems that provide you, our Members, with the service and propositions that you need now, and ensure that the Society remains relevant for Members in the future.

During the year, the Society made some very visible improvements, by upgrading all but one of its branch locations with the final one due in 2024, to provide better facilities for Members and Colleagues.

The Society also made some less visible improvements to its IT systems that will enable it to offer improved service to Members during 2024 and beyond. The changing landscape for financial services means that the levels of investment will need to be higher in future years, as all firms focus on maintaining and developing their place in a competitive marketplace. Saffron has already taken steps to build on its people capability to prepare for this challenge and over the last year we continue to focus on how it will adapt in the coming years.

In the broader economy, the interest rate environment changed sharply in 2022, with the base rising from 0.25% to 3.5%. This year we have seen a continuation of this upward journey, with the base rate standing at 5.25% at the time of writing. The market is uncertain about how long rates will remain at this level, but are increasingly of the view that the next move will be downward.

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In 2023, Saffron delivered profitable growth alongside investment in its people and continued to focus on building financial strength. All of this will support the Society’s future development and provide even greater security for the future.

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Interest rates were increased to fight the elevated levels of inflation that have had a negative financial impact on everyone. For our savings Members, the increase in the corresponding rise of household bills has been partially offset by the returns that we have been able to provide on savings balances. However, we recognise that the impact on our mortgage Members has been compounded by the rise in rates that have rippled through, both to the Society’s Standard Variable Rate (SVR), but also to new

rates available from the Society. Whilst these increased interest rates have impacted our borrowers, it is reassuring that the level of arrears remain low. We continue to be committed to working closely with any of our mortgage holders, who do experience problems, to help them through any temporary difficulties.

During 2024, our Vice Chair and Senior Independent Director, Jenny Ashmore, will retire from the Board, having completed a nine-year term with the Society. I would like to thank Jenny for the service and expertise she has provided on the Board, during an extended period in which the Society has strengthened its capability, returned to growth and demonstrated strong delivery for Members and Colleagues alongside financial returns that compare well to our peers. In anticipation of Jenny’s pending retirement, we have recruited Caroline Cartellieri to the Board. Caroline brings a huge amount of experience across strategy, business operations and digital transformation during an executive career in the retail and hospitality industries.

Through 2024, trading conditions are likely to tighten for most lenders, with firms looking to secure business during a period where demand is forecast to be lower than experienced in recent years. Margin is also likely to see pressure from funding costs that are expected to remain higher for longer, due to the pressures on individuals’ finances caused by the current elevated cost of living and the structural impact of the term funding issued by the Bank of England throughout the pandemic which the Society is due to repay over 2024 and 2025. The tighter trading conditions will mean that the Society’s profitability over the next 12-24 months is anticipated be lower than achieved in 2022 and 2023, but will still support the investment required to enable the strategic journey that the Society is on.

Finally, I would like to thank our Members and Colleagues who continue to support the Society.



A note from Colin

Colin Field, CEO

In what has been another testing year in the economy, I'm pleased to report that Saffron responded well to the various challenges faced during 2023.

As our Members would expect, we continued to help them manage their finances with competitive products and good service. We ended the year with growth in total member numbers, as well as growth in both savings and mortgage balances, which is testament to the strength of Saffron in the market.

The Society owes its success to its Colleagues, and I am very proud of how they responded to 2023's various challenges. Like many customer-facing businesses, the

Society has seen an increase in staff vacancy levels following the pandemic. This, alongside a volatile interest rate environment, has resulted in higher workloads, but teams have pulled together to find new ways of serving Members and support the growth that Saffron has enjoyed.

Our continued focus on Members, alongside our exciting growth and transformation plans, makes me optimistic for the continued success of the Society.

The Society maintained the momentum built in recent years in growing both mortgage lending and savings, which in turn contributed to another strong profit before tax

performance of £7.7m. During the year we originated £266m of lending, which coupled with an increase in the amount of business retained, resulted in total mortgage balances before impairment and fair value impacts increasing by 8.1% to £1.14Bn - another record for the Society.

The growth in lending generated a requirement to increase the amount of retail funding brought into the Society, which was successfully executed by raising rates on both new and existing products. I find it particularly satisfying when our success in lending translates to better value provided to our savings Members, both new and existing.

At a headline level, Profit before tax of £7.7m was a large reduction on the previous year, but on what we describe as an underlying level, (i.e. trading performance excluding fair value movements), the performance was very much in line with last year at £11.1m compared to £11.9m.

The Society increased its savings Membership during the year by over 7% as it expanded its lending and attracted new Members to the Society through its range of attractive savings products.

In 2023 the Society launched its first Members' Month celebration, designed to reward membership and demonstrate our mutual difference. Highlights included a market-leading 9% regular savings product, branch events and a huge tea party exclusively for Members at Down

Hall, near Bishops Stortford. I was delighted by the positive response to the tea party event, which was so strong that we had to book in a second sitting for the day.

During the year, we completed the refurbishment of seven of our eight branches, with the aim of creating a better environment for both Members and Colleagues. We remain committed to our branches and I look forward to the redevelopment of the Ware branch during 2024, to provide a better, more usable space for all. In addition to branches, we improved telephone, online and mobile services this year – and we have plans to release an improved mobile app during the first half of 2024.

I am proud that once again we have received recognition from broader industry groups. We won Savings Champion **"Best Building Society"** and **"Best Children's Account Provider"** for the second year running and once again were awarded with the Money Age **"Building Society of the Year"** award.

In the ten years that I have been at the Society, the contribution to community causes has always been a focus, and I am delighted that we have developed this further in recent years. The Saffron Community Link was opened in February 2022, offering a facility free of charge to community groups in the Saffron Walden area. In 2023, the Community Link was used by groups and charities for a total of 1,517 hours.

Our people continue to volunteer to support good causes, and during the year, we expanded our volunteering policy to allow our branch teams to close their branches to support local causes. During the year, this resulted in 718 hours being volunteered.

The Saffron Community Fund provided £76k of giving to charitable good causes during 2023 having increased its number of grant panel assessments to two per year.

I am very proud of the commitment we make to support our communities and that the momentum is building. In 2024, we will launch a new partnership with MyBnk that will support young people from Essex who are leaving care, to attain the financial skills and confidence to thrive in their lives.

In most of the reports I have written, I have explained that the outlook is uncertain and again this is the conclusion that I have reached for this year. At the time of writing, inflation has abated, but has not continued to reduce as had been anticipated. New inflationary pressures are growing, following the attacks in the Red Sea leading to shipping being diverted to longer routes.

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Throughout the year, the Society continued to help Members to manage their finances, providing competitive products to savers and borrowers.

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This all means that the future direction of interest rates is uncertain. Markets still believe that the path will be downward, but the debate is around the pace of the reductions. Higher interest rates are of benefit to savers but will be a source of worry for those borrowers who are now either making payments at higher rates or anticipating re-mortgaging at a higher rate soon. Your Society is aware of these challenges and is here to support you.

Our focus on our Members, combined with a shared understanding that we must build on our strong foundations and continually strive to develop the Society, makes me proud and also optimistic that the Society can continue to develop its impact and relevance to Members in the future.

Finally, I would like to thank all Members and Colleagues for your continued support of the Society.



Maurice Mills

Meet our new Chief Financial Officer

Maurice Mills has worked at Saffron since 2017, and last year completed his first full year as Chief Financial Officer. Now, with his feet firmly under the executive table, we caught up with him to find out more about his role, as well as his outlook for the Society and broader sector.

Maurice, please tell us a bit about yourself on a professional and personal level.

I started out here as the Financial Controller before being promoted to Deputy CFO in 2020 then CFO in January 2023. While already familiar with a large proportion of the Board, I have been spending time deepening those relationships. Having spent 13 years managing teams across sectors such as financial services, technology, construction and retail, I bring a lot of external perspective and analytical experience to the role.

I am Cambridge-born and have always lived in the area with my family. When I'm not at work, I like to get out of the house with the family for day trips to the coast and country parks, or squeeze in a round of golf. I'm also an Arsenal fan, so I'm hoping to see some trophies delivered this season after a lean period!

How would you describe the role of CFO to our Members?

It's a broad role. On one hand, it's about preserving and growing the business through minimising risks, ensuring controls and regulations are complied with and that the finances are well governed. On the other hand, it's about bringing a strategic and forward-looking view, protecting the Society for the future, whether through investments into technology, reconsidering product needs to support the income needs, or

improving the facilities we offer to our staff. The CFO must keep the business safe and maintain regulator confidence while planning and modelling the future strategy with the Board.

What insights from your time at Saffron have helped you in your new role?

During my time with the Society, I have gained a deep understanding of what works well, but also areas where we can 'and should' do better. This has helped us streamline some of our processes which will support better and faster outcomes for customers while driving small-scale efficiencies in the cost base. That being said, there will be a need for some investment into technology over the coming years – this will be important as it'll help us stay relevant to brokers who provide all of our mortgage business, and support our savings members with better routes to service their savings with us.

What excites you about your role and Saffron as an organisation?

Setting us up for success and ensuring the Society will be around for its Members for another 174 years is very important to me. My focus is to support the business to deliver the growth strategy in this challenging economic landscape. The culture of the Society is such an enabler to this, it has a real can-do spirit and highly skilled people with real drive to do more to support our customers.

What advantages do you think the mutuality of a building society offers to Members and wider society?

From a society point of view, there

are no profit targets set by expectant investors, driving businesses to make more and more risky decisions in order to chase improved dividends for shareholders. Mutuality allows for a more medium-term view of the landscape with an ability to make lower profit but, importantly, take less risk. For Members, mutuality brings with it the ability to focus on building products which support their wants and needs, as well as those of the broader community.

The world seems to be full of headwinds at the moment – what's your assessment of the challenges facing consumers and how should Saffron be preparing to help?

The impact of high inflation on take-home pay is a key challenge. The days of getting a weekly shop for a family for £100 seem a distant memory! This is why improving our savings offerings was one of our main goals last year, and will continue to be a focus for us. For mortgage customers, the knock-on impact of inflation on rates in the mortgage market at a time where take-home pay is tighter causes affordability concerns. This is why, as a Society, we're keen to consider differing sources of income to support mortgage customers (within the limits of our risk appetite). It's about recognising the pressures our Members are under, adapting to meet those changing needs and ultimately weathering the storm together. We're ready to support them in 2024 and beyond.

Thanks for answering our questions Maurice, and all the best for your second year in the CFO hot seat!



Claire Hunnabell & Marcus Buck

Serving Members & Their Communities

Marcus Buck is Head of Marketing, Product & Insight at Saffron, and Claire Hunnabell is our Community Business Partner. They work together to ensure the Society stays close to the people and communities it serves, ensuring Saffron remains a much-loved brand across our heartland. Here Marcus and Claire reflect on some of the highlights from a very busy year focused on making a tangible difference.

Marcus Buck
Getting closer to our Members

"As a Member-owned organisation, listening to our Members has always been in our DNA. In 2023, after a turbulent few years in the economy, we reviewed our approach to Member feedback and committed to getting even closer to their needs, opinions and suggestions.

"To achieve this, we set up a Members' panel that now comprises almost 1,000 actively engaged customers. They kindly provide their feedback and input on everything from products to in-branch experiences. This, coupled with our ongoing Net Promoter Score measurements and customer satisfaction surveys, have enabled us to get a much clearer picture of our customers' outlook.

"Three clear themes emerged for what customers want to see from Saffron: Playing fair by offering good long-term value, rewarding member loyalty, and making a difference in our communities. We've taken all of this on board and encapsulated it in our new brand promise: 'For Years To Come'. In simple terms, the slogan represents our commitment to making decisions with

long-term positive outcomes in mind, ensuring our Members, Colleagues and communities have a better, stronger future.

“This isn’t anything new for Saffron. The Society is 174 years old precisely because of its focus on taking responsible decisions with the best long-term interests of society at heart. However, now feels like the right time to refresh our brand, making it clear what we stand for and showing Members why they can trust us with their money.

“We rolled out fresh new brand designs in our branches to reflect this, and kick-started several new marketing initiatives. We’re particularly proud of the launch of our very first Members’ Month, designed to reward our loyal customers with a variety of attractive products, prizes and events. This included exclusive events with celebrity guest speakers, and money giveaways, with someone winning £100 every day.

“The impact we’ve seen has been amazing. More than 500 Members attended an in-person event, website views were up 190% and almost 3,000 new Members Month exclusive accounts were opened. Members’ Month 2024 is already in the works, we have some really exciting plans - so watch this space!

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As a Member-owned organisation, listening to our Members has always been in our DNA.

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Claire Hunnable

Helping local communities thrive for years to come

“I’m truly proud to reflect on the initiatives we’ve been able to implement in the last 12 months to support our Members and communities in the long-term. In listening to Member feedback, we’ve been able to launch and adapt several key programmes for maximum impact.

“The Saffron Community Fund, run independently in partnership with Essex Community Foundation, is critical to this. Now in its 12th year, around 63,000 people have benefited from its support so far. In 2023, Saffron held two grant awards for the first time in the fund’s 11-year history. Combined, these provided £76,400 for empowering initiatives including; Accuro Care Services, a charity in West Essex, whose mission is to eliminate the social isolation of people with disabilities within their local communities, Colchester CMA Debt Centre who help people find a way out of serious poverty and debt, and Kool Carers who offer vital support to young care givers.

“Not only are these grants seen by community groups and charities as immensely valuable, but we’ve also had a lot of appreciation shown for our ‘no strings attached’ approach. Specifically, we don’t ask for the funding to be ring-fenced for standalone projects such as events or building renovations. Instead, we are happy for the funding to go towards basic running costs.

“Given the pressures of the cost-of-living crisis, paying for basics such as

electricity have become even more of a struggle for many organisations. The unfortunate reality faced by so many charities at the moment is that they literally struggle ‘to keep the lights on’. So, we’re pleased to see that those organisations we’re supporting are benefiting from their ability to use the grant funds more flexibly.

“Building on 2022’s successes, our new Community Link facility has also remained a key hub at the very heart of Saffron Walden. It was pleasing to see that this freely available space for community groups, charities and non-profits was used for more than 1,500 hours in 2023. And we’ve also recently made it fully wheelchair accessible, meaning even more people in the community can benefit.”

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I just wanted to say a big thank you for the use of the Saffron Community Link for our Christmas Wreath Making event and the Festive Fun Run. The venue is such a terrific facility and enhances the events that we put on in Saffron Walden. We would really be lost without it. I am delighted to share that we have raised £3,150 from our Christmas events this year, a large part of that has been due to the availability of the Link. Thank you for making such a tremendous difference to the Saffron Walden community and for local charities and organisations like ours.

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Sue Fishpool, Accuro

“The community means a great deal to us. Knowing that our customers care about the local area and people just as much as we do, every day we’re inspired to find ways to do more.”

To apply for a Saffron Community Grant, or find out more about our other community initiatives, please contact claire.hunnable@saffronbs.co.uk



Christmas Wreath Making, Community Link

Our Community



Volunteering with Essex & Suffolk Rivers Trust, clearing Himalayan Balsam Weed.



Visiting Lighthouse Furniture Project Ltd, seeing how they run their amazing project.



Meeting the lovely four legged friends at REACH (Rehabilitation, Education and Assessment Centre for Hippotherapy).



The Saffron Community Fund panel meeting at Cafe Cornell.



Visiting Dig It Community Allotments, one of our 2023 grant recipients.

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The community means a great deal to us. Knowing that our customers care about the local area and people just as much as we do, every day we're inspired to find ways to do more.
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Laura Bright, Senior Product Manager

Creating The Right Products For You

Laura has been at Saffron for 16 years and is our Senior Product Manager. She looks after our product range across both mortgages and savings, making sure we meet our Members' needs and offer good value. It's a varied role that requires analysis, competitor awareness and a good dose of innovative thinking. Outside of work, Laura enjoys adventurous holidays and coaching football teams to success. Here, she reflects on a successful year for Saffron's product range and looks ahead to future areas we're exploring.

Rewarding loyal Members is always our priority

We're proud to have Member relationships that stretch back decades, so we know how important it is to recognise and reward loyalty. In June 2023, we continued to look out for our customers and place them front and centre of our thinking. We launched our first-ever Members' Month, which gave us the opportunity to celebrate and thank Members with a series of events and promotions.

The headline act was the launch of an exclusive Members-only savings account with a market-leading 9% interest rate that ran for the whole month. We knew it would be popular, and it was – there were almost 3,000 account openings. Elsewhere, we are continuing to put our customers first in 2024 by providing maturity bonds and ISAs which pay a higher rate of interest than their open market counterparts – this allows Members to benefit from transferring maturing savings to a new account on more favourable terms.

Developing products that we're proud of

There is arguably no greater motivator for managing a product portfolio than seeing how it can support people and families through various stages of life. Whether it's accounts designed to help build a savings habit from a standing start, products which can provide a regular income for established savers, or something that lies somewhere in-between, we work hard to offer a wide range of products that lots of customers can count on.

There are a few standouts that immediately spring to mind. Our award-winning Two-Year Children's Bond is designed for those with a lump sum who want the added security of a fixed product – we're one of just two providers offering this type of bond for children. We also recently introduced new monthly income options in the form of a new Savvy Saver Account and Fixed Rate Bonds.

In mortgages, we have extended our loan sizes across our entire range, including Self-Build, and improved criteria for groups such as the Self-Employed – these moves underline how we can offer great solutions to non-traditional borrowers.

I am proud to oversee such a broad product portfolio, one that continues to scoop awards. In 2023, we were named Best Children's Account Provider at the Savings Champion Awards and Overall Mortgage Lender of the Year at The Mortgage Awards. These awards are rightly hard to win, and testament to the popularity of Saffron products in the market.

Supporting local community groups with their savings needs

One of the highlights of my year has been deepening my ties with community groups and charities in our local area. As a member of the community grant panel for the past 12 years, I'm lucky enough to see first-hand the brilliant work they do and the indispensable impact they have on the area, which is why I am passionate about finding ways for Saffron to support their financial management. If we can make it easier for community groups to manage their money, they will be empowered to focus more on what they do best. The time I have

spent behind the scenes, seeing how they operate and what challenges they encounter, has given me invaluable insight into how we can best develop products to support them. Looking ahead, I am incredibly excited to see how our offering for community groups evolves.

Businesses also play a key role in supporting healthy and vibrant communities, and our range of business savings accounts is another important tool which helps companies to operate sound finances. Alongside this, our branches will continue to provide access to cash transactions, something which is important to community groups, charities and businesses. The recent spate of bank branch closures mean there is a role for Saffron to step in and help maintain access to cash for all our customers on local high streets.

Continuing to support those going green

During 2023, we also took more steps to support customers making sustainable choices. With energy prices still high and little indication of how long the uncertainty around the economy and inflation will go on for, energy efficiency has become a big priority for homeowners. To help our mortgage customers work out what areas of their home to focus on improving, Saffron is piloting a free EPC Plus assessment, which is designed to take the guesswork out of making energy-efficient upgrades to homes. We also offer a Green Mortgage for people moving and re-mortgaging their homes which rewards retrofitting. As 2024 gets underway, I am looking forward to seeing how these initiatives translate into Members making sustainable upgrades to their homes.

Our Awards Cabinet

We are always delighted when our hard work is recognised by Members and industry professionals. During 2023 we were thrilled to receive the following awards for our mortgage and savings products:

The Mortgage Awards

Overall Mortgage Lender of the Year

MoneyAge Awards

Building Society of the Year

Savings Champion

Best Building Society

Best Children's Account Provider





Kelly Bixby, Head of Retail

Delivering Service That Stands Out

As Saffron's Head of Retail, Kelly's core responsibility is to ensure the smooth running of our contact centre and branch network. With a lifelong career in financial services beginning straight after she left school, Kelly joined Saffron in 2005 as a Branch Manager. She has since held positions across many different parts of the Society and has become a familiar face to many long-standing members. Kelly lives in Essex with her family and enjoys running and dancing in her spare time. We caught up with Kelly to get her lowdown on 2023, as well as a nod to a few things happening in 2024.

Branch refurbishments – seven down, one to go

When it comes to the service we provide at Saffron, physical branches still have a critical role to play in the hyperconnected digital age. Yes, we can do an awful lot more online now than even a few years ago, but our customers continue to tell us that they

place a lot of value on local branches that are modern, welcoming places to receive face-to-face service. I'm really pleased to say we have built on the progress made in 2022 with branch refurbishments, including our Bishop's Stortford location which has been completely updated inside. By completely updated, I mean more than a lick of paint. Taking inspiration from the community spaces in some of our other branches, we have completely reconfigured the layout at Bishop's Stortford, offering a bigger and better social hub that allows more people to come in and socialise and means we can host more events that support the wellbeing of local people. Seven of our eight branches are now refurbished, and we have big plans for our remaining branch in Ware.

Upgrades to our telephony system

Another important priority last year was improving the telephony system. Similar to our bricks and mortar branch

network, many Members still rely on our phone lines to manage their money, meaning it remains an essential component of our customer service. The process began as a listening exercise, with customers feeding back via a survey to suggest improvements that would really make a difference to them. A key theme that arose was streamlining how the system works. In response, we have reduced the number of options, removed the need to be transferred to another person, and added new features such as queue position updates. We've also given the service a new, more welcoming voice that better aligns with the Saffron brand. It is a familiar tone, too, with a colleague lending their voice to provide the sound bites. Teamwork at its best!

Members' Month goes off with a bang!

Without a doubt, my highlight of 2023 was Members' Month. This new annual celebration is the most ambitious Member-based initiative we have carried out, and I was thrilled to see the buzz it created across the branch network between Colleagues and customers. Key figures from communities came along, including a local mayor. The opportunity for Members to come in and speak informally with us and our CEO was invaluable, as it allowed us to show the more human side of Saffron. Members came in and felt at ease, providing us with some really useful feedback we can now put into practice. Members' Month also opened some new doors. For instance, at our Colchester branch, a Saffron Member who is part of the 'Trusted Money Confidence initiative' offered us a sponsorship opportunity,

an offer which then turned into one of our most valued community efforts last year.

Giving back to the community

Trusted Money Confidence is all about bringing money confidence to the community of Colchester. We sponsored a six-week programme, with two branch Colleagues volunteering to offer free practical advice to participants, including in-depth reviews of their expenditure, finding ways to save by budgeting, and supplier reviews – all designed to make their money go further. Collectively, the people taking part saved more than £31,000, a massive achievement and one we hope to surpass when we do this again in 2024. In total, our staff completed over 700 hours of volunteering in the community during 2023, from decorating local schools and gardening at retirement homes, to helping out with children's charity activities. For me, these are win-win relationships. They provide Saffron with the opportunity to give something back, while our Colleagues get to spend valuable time team building together outside of the usual working environment.



Bishop's Stortford exterior renovation.

Members' Month 2023



Images:

Colin Field and Jessica Pursglove

Members at The Big Tea Party, Down Hall

Branch Roadshow Event, Haverhill branch

The Big Tea Party, Down Hall



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This new annual celebration is the most ambitious Member-based initiative we have carried out, and I was thrilled to see the buzz it created across the branch network between Colleagues and customers.

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Kelly Bixby, Head of Retail



Elliott Meichen, Head of Change

Making Everything Work Like Clockwork

Elliott has been part of Saffron for more than 13 years. He leads the Change Team - also known as project management - and works closely with talented Colleagues in IT to improve our services to Members. Outside of work, Elliott lives a busy life as the dad of his young children, so it's fair to say there are many similarities for him between work and home – although he's not prepared to admit which is more challenging of the two!

Investment in Member and broker services

If there's one thing that's constant in financial services, it's change. My team help all the different departments in Saffron figure out how we can continually adapt to better serve our Members, and then coordinate the improvements we make in the business to ensure the change is seamless for everyone.

What's really exciting is the fact Saffron is on a journey to invest in better services, products and systems for Members – you can really feel

the energy to create an even better building society for current and future Members. Recently the Society made a big investment in our technology platform, so it's fair to say everyone in Saffron has been busy maximising the success of this cross-functional project. It's been great to support Colleagues from lots of different teams on this project, and we're already seeing some really big improvements come from it.

Take for example ISA transfers: Thanks to lots of different departments, we'll now be able to accept transfers into our ISA products, so Members can keep all their tax-free savings together in one place (and take advantage of our competitive rates on more of their money).

Similarly, we made vast improvements to our mortgage service in 2023, focusing on increasing efficiency to enhance the speed of response. As a result, we've seen our average case review timeline come down from 15.25 days in 2022 to just 3.68 in 2023. Brokers have noticed this

improvement, which is reflected in the very strong satisfaction scores we've received from them during 2023.

Technology with a human touch

Technology has obviously revolutionised how people manage their money. Lots of our competitors see digital services as a way to reduce human interactions, but here at Saffron we want to use technology to enhance the human side of our business. We don't want to replace people; instead we want to use technology to allow Colleagues to spend more time helping and supporting our Members in the moments that really matter.

One area Members will notice a difference will be in our savings app. Not all building societies have an app, so we're very proud to give Saffron Members the choice of how they manage their savings. If it's easier for a Member to use the app to check their balance or make transactions, that's great. But we'll never force anyone to use online services if they don't want to, and many members tell us they prefer a blended service: Digital for easy tasks, in-person or on the phone for more guidance and help.

It's the same with mortgages: In the current economic environment, many Members want to keep a close eye on their mortgage balance, and we're pleased to say they are now able to do that online. However, if a Member ever wants to talk to us – perhaps because they would like to borrow more money or discuss an overpayment – we'll always be here for personalised, human advice. It's the best of both Worlds – and something everyone at Saffron is focussed on delivering.

Protecting our customers first, always

We recognise the responsibility we have to our Members, providing them with all the information they need to

make informed financial decisions. In July of last year, the Financial Conduct Authority's new Consumer Duty came into force, introducing a new standard regarding customer communications. These new guidelines reiterated the need to put customers first with clarity, simplicity and transparency, serving as a great opportunity for us to revisit this strategy.

While it's an area we felt we were already performing well in, the Duty has allowed us to make several changes to now ensure we far exceed the minimum expectations laid out in the standard.

Again, my team helped all the other departments in Saffron come together to deliver these improvements seamlessly, and it's been great to see some of the improvements to the Society website which came about as a result of this work.

Our plans for 2024

Looking ahead, we're now extremely excited for 2024. This year, one of our biggest areas of focus will be embedding a new data system into the organisation that provides a single-Member view. In simple terms, this means our customer-facing teams will have access to a lot more information on a Member's relationship with Saffron, meaning they can better help them on the first contact.

We hope to provide several benefits through this initiative. It will enable us to handle Members' needs on a more individual basis; it will make our communications more targeted and relevant; and we'll be able to analyse requests and demands in detail, helping to inform the development of new, relevant products and services. One thing's for certain though: it will always be a team effort here at Saffron.

Meet the Directors

As at the 31 December 2023, the Board is comprised of five Non-Executive Directors and three Executive Directors. All the Non-Executive Directors are considered to be independent under the code; the Chair was considered independent on appointment. During 2024, we have appointed one further Non-Executive Director, Geoff Dunn as the Interim Chair.

The Chair is responsible for leading the Board and ensuring it acts effectively. The Chair must be a different individual to the CEO and there must be a clear division of responsibilities between the two roles.

Jenny Ashmore stands down as the Senior Independent Director during 2024 following her support for the interim Chair.



Geoffrey Dunn – Interim Chair

Appointment: February 2024

Experience: Geoffrey has more than 40 years' experience in financial services and IT services. Following an early career in investment banking he became Group Finance Director of the global financial broker, Exco International plc, which was followed by a move to Brussels, initially as Chief Financial Officer (CFO) of SWIFT and later as CFO of Global One, the global telecoms provider. He returned to the UK as Group FD of Xansa, the FTSE listed IT company before undertaking a number of major interim financial roles including: Finance Director of the Bank of England, Business Finance Director for Co-operative Financial Services and latterly Chief Financial Officer of Northern Rock plc during its reconstruction. Geoff was also a Non-Executive Director (and deputy Chairman) of Citadele Banka SC (the Latvian equivalent to NR). He was a Non-Executive Director & latterly Chairman of Saffron Building Society from 2011 to 2020.

Committee Membership: Board.

External Appointments: None.



Jaz Saggu – Non-Executive Director

Appointed: September 2022.

Experience: Jaz has over 30 years' experience in financial services, with extensive expertise in data, digital and cultural transformation, as an Executive, Main Board and INED, at Aviva, Benfield, GE Money, HBOS, NPG Wealth Management, Prudential, WTW and with PE-backed firms. As an INED and Trustee with RiverStone Insurance Ltd, Network Homes Ltd, British Foreign Schools Society and Council Member of the British Heart Foundation, and previously held a visiting professorship in Digital Change Management.

Committee membership: Board, Risk Committee and Remuneration Committee.

External appointments: Independent Chairman of Watmos Ltd; Independent Non-executive director of A2 Dominion; Independent Non-Executive Director of BHSF Group Ltd, BHSF Management Services Ltd and BHSF Employee Benefits Ltd; and Independent Non-Executive Director and Member of Council at Cranfield University.



Caroline Cartellieri – Non Executive Director

Appointed: September 2023.

Experience: Caroline is a seasoned C-level Executive with over 25 years' experience in retail, consumer goods and hospitality. Leveraging technology to optimise the customer experience, she brings deep expertise in digital transformation, marketing and business strategy. She holds a BSc (Econ) from the London School of Economics and an MBA from the Wharton School of Business.

Committee membership: Board.

External appointments: Non-Executive Director at Europ Assistance; Trustee of Asthma + Lung UK; Non-Executive Director of the Museum of London Trading Board; Director of C-Squared Consulting Ltd.



Robin Litten – Non-Executive Director

Appointed: January 2021.

Experience: Following his early career in consulting and retail Robin has 25 years' experience in senior financial service roles. He has held senior finance roles in Barclays Bank in its credit card and private banking businesses and has served in executive board positions at a number of building societies completing his executive career as CFO at Leeds Building Society.

Committee Membership: Board, Risk Committee and Audit Committee (Chair).

External Appointments: Member of the Risk and Audit Committee of Ripon Cathedral



David Rendell – Non-Executive Director

Appointed: April 2020.

Experience: David has 40 years' experience in financial services across both consumer and corporate lending in the UK and across Europe. His executive career includes both risk management and business leadership roles within Lloyd's Banking Group (1988-2000) and GE Capital (2000-2016) where latterly he was CRO of the European Leasing division, Managing Director of the Green Financing division and CRO and Management Board Member of GE's Dutch bank, Artesia.

Committee membership: Board, Risk Committee (Chair), Remuneration Committee and Audit Committee.

External appointments: Director of Richmond Place Consulting Ltd



Jenny Ashmore – Senior Independent Director

Appointed: May 2015.

Experience: Jenny has over 25 years' experience as a marketing and commercial leader in the consumer goods, media, oil and utilities sectors. Her career has included appointments as Senior Commercial Leader and Chief Marketing Officer at Procter & Gamble, Mars, Yell Group and SSE. She now acts as a consultant across business and charitable sectors with a focus on marketing strategy, innovative propositions and the implications of digital marketing on sales, products and customer service.

Committee membership: Board, Audit Committee, Remuneration Committee (Chair) and Nominations Committee.

External appointments: None.



Colin Field – Chief Executive Officer

Appointed: April 2014.

Experience: Colin has held a number of senior finance positions with Barclays, Caudwell Group and Willis Group having previously qualified with PwC. Colin is a Chartered Accountant (FCA). He joined the Board in 2014 as Chief Financial Officer before being promoted to Chief Executive Officer in September 2015.

Committee Membership: Board and Nominations Committee

External appointments: None.



John Penberthy Smith – Chief Commercial Officer

Appointed: January 2022.

Experience: John is a customer centric commercial leader, with a track record of connecting businesses with their consumers. His executive career spans, retail, telecoms, public sector and financial services including senior roles at Dixons Stores Group, Vodafone, Three, Eircom and the Money Advice Service.

Committee membership: Board.

External appointments: None.



Maurice Mills – Chief Financial Officer

Appointed: July 2023.

Experience: Maurice has been with the Society for 6 years and heads up the finance and property departments. Maurice is a Certified Chartered Accountant (FCCA) and had an extensive career as a practice accountant and auditor pre his time at Saffron, working on various industries such as tech, financial services, retail and construction. He joined the Society in 2017 as the Financial Controller before being promoted to Deputy Chief Financial Officer in 2020 and Chief Financial Officer in January 2023.

Committee membership: Board,

External appointments: None.

Notice of the Annual General Meeting 2024

The 174th Annual General Meeting of the Members of the Saffron Building Society will be held on Thursday 25th April 2024 at The Nucleus, Chesterford Research Park, Little Chesterford, Saffron Walden, CB10 1XL at 2pm for the following purposes:

Ordinary Resolutions

1. To receive the Directors' report, the annual accounts, the annual business statement and the Auditors' report thereon for the year ending 31st December 2023.
2. To re-appoint BDO LLP as Auditors until the conclusion of the next Annual General Meeting.
3. To approve the Directors' remuneration report for the year ending 31st December 2023.

Election of Directors

4. To consider, and if thought fit:
 - (a) elect Geoffrey Richard Dunn
 - (b) elect Caroline Beate Cartellieri Karlsen
 - (c) elect Maurice Leyton Mills
 - (d) re-elect Jennifer Ann Ashmore
 - (e) re-elect Colin Howard Field
 - (f) re-elect John William Penberthy-Smith
 - (g) re-elect Jasvinder Singh Saggu
 - (h) re-elect David Richard Rendell
 - (i) re-elect Robin Stephen Patrick Litten

As a Director of the Society.

By order of the Board.

Harriet Wright
Assistant Society Secretary
7 March 2024

Notes

1. These notes form part of the Notice of Meeting.
2. Under the Society's rules, a Member entitled to attend the meeting and vote may appoint one proxy to attend and vote on his/her behalf. You may appoint the Chairman of the meeting or anyone else as your proxy, and your proxy does not have to be a Member of the Society. Your proxy may vote for you at the meeting but only on a poll. A poll is a formal vote (which includes all valid proxies).
3. You may instruct your proxy how to vote at the meeting. Please read the instructions on the Proxy Voting Form.
4. The voting date is Thursday 25th April 2024 if voting in person and Friday 19th April 2024 if voting by proxy.
5. In order to attend and vote at the meeting, or to appoint a proxy, you must qualify either as a shareholding Member or as a borrowing member (please refer to the voting conditions on the Proxy Voting Form).
6. In addition, you can only vote once as a Member, irrespective of:

(a) the number of accounts you hold and whether you hold accounts in different capacities (for example, on your own behalf and as a trustee), and

(b) whether you qualify to vote as a shareholding Member and as a borrowing member.

If you appoint a proxy to vote on your behalf and your proxy does not attend the meeting, your vote will not be counted.

A donation amount of £1 per vote will be made to the Saffron Community Fund.

Summary Financial Statement

This Summary Financial Statement is a summary of information in the audited annual accounts, the Directors' Report and the Strategic Report, all of which will be available from our website, saffronbs.co.uk. If you need a physical copy of the Annual Report and Accounts, please e-mail agm@saffronbs.co.uk with your details, and we will post this to your address free of charge or send it to your nearest branch for collection.

Performance of Saffron

The Board is committed to balancing the needs of borrowers, depositors and investment in the Society to deliver excellent customer service and continued financial sustainability.

2023 was another year of uncertainty, backed by the challenging economic backdrop of persistent inflation, and interest rates at 15 year highs. Many major economies, including the UK flirted with recession, and the economic volatility was compounded by the failure of a number of US banks and the rescue of a major Swiss bank by its historical rival. Geopolitical tensions were further heightened by the Israel, Palestine conflict igniting following the events of October 7th.

The Society's diligent focus on key elements of its strategy has enabled it to weather this volatility, to achieve

a financial outcome which continues to improve its financial strength and resilience.

Total assets increased by 11.9% to £1,441m due to the mortgage book growth of 9.9% to £1,131m and the managed increase in the funding to prefund lending into 2024 and to further repay the term funding taken from the Bank of England. Net interest margin continued to grow, ending the year at 2.41%, resulting in net interest income growth of 8% in the year, to a total of £32.9m. The income growth was achieved during a period of pricing pressure on savings balances and the continued inflationary pressures on the cost base, resulting in a profit after tax of £5.9m.

A key reason for the fall in the profit from the historic high of 2022 was due to the change in fair value, which represented a charge of £3.3m in 2023 when compared to an income of £6.8m in 2022. This relates to the benefit achieved from the receive leg of the historic derivative portfolio which is receiving significantly higher interest rates following the significant increases to the Bank of England base rate. These historic swaps have started to mature and are now replaced with more expensive instruments which have a much higher pay leg due to the market movements.

Mortgages

Despite the uncertainty in the mortgage market following the persistent inflationary pressures and the small fall in property prices, the lending portfolio ended the year at £1,131m, up from £1,029m in 2022. This included £266m of gross new lending.

The net increase in the book of £102m factors in the attrition relating to legacy mortgages, written at rates which were not possible for the Society to retain at margins which would be viable. Margin has been a strategic focus of the Society, with the aim being to improve the profitability of the Society which translates into capital for the business to use to improve its offering to its Members.

Arrears experience in the book increased slightly in the year with the arrears ratio (number of loans 3 months in arrears as a percentage of the total loan book) increasing to 0.58% (2022 - 0.56%). With the backdrop of a stalling housing market, which has seen some small house prices falls because of the inflationary pressures and the increasing market rates for products, management has reviewed evidence of deteriorating credit scores to better inform any indicators of financial difficulty leading to an additional collective provision requirement of £694k in the year.

Savings

During the year, the rate rises in the market and the Society's desire to commence the repayment of the Bank of England term funding, which is due

to be refinanced in 2025 and is to be replaced with savings balances, has resulted in the Society raising its longer-term fixed and instant access funding rates. Despite this difficult balance of rewarding our savings Members through increased savings rates against the need to balance our own margins to achieve the financial performance required for the investment in the future strategic priorities, the Society has passed on the improved rates in a controlled manner to reflect the mutual values of rewarding its Members for the Society's success.

Liquidity and Capital

The Society's principal measure of liquidity is high quality liquid assets (HQLA) as a percentage of shares and deposits, as this reflects the funds that are immediately and fully available to support the Group's liquidity needs. The level of HQLA increased to 20.8% (2022: 17.8%). The Society has built liquid assets through 2023 in order to facilitate the refinancing of the Bank of England funding while maintaining an appropriate level of liquidity.

The Society holds capital to provide protection for Members' deposits against losses from lending and to protect the Society's operations through difficult times. After regulatory deductions, the Group's total regulatory capital increased from £80.2 million to £86.1 million because of the profit after tax explained above, together with an offset from the amortisation of intangible assets.

A measure of capital strength commonly reported amongst financial institutions is the regulatory Common Equity Tier 1 (CET1) ratio. This ratio represents the relationship between our strongest form of capital (accumulated profits held in reserves) and our assets, weighted by the level of risk they carry. The Group's CET1 ratio remained stable at 15.0% at 31 December 2023 (2022 restated: 15.0%) and is as a result of the increase in the capital required through the increased mortgage book offsetting the benefit obtained as a result of the period's profitability.

Economic Outlook

The ongoing conflict in the Ukraine and the Middle East increases economic uncertainty, and the longer-term financial consequences for Members are unknown. Interest rates look to have peaked in this cycle, inflation continues to ease but remains elevated both in the UK and many western economies. Commodity shortages continue to ease and the falls in wholesale energy prices have supported the easing of inflation. On the domestic front, strong pay growth adds to the inflationary pressures. Uncertainty is likely to continue into 2024 as the UK prepares for a general election, at a point where the economy is in a technical recession and the likely impact this could have on employment.

The Society monitors economic indicators which impact the housing market, with market interest rates and inflation rates being the main factors which affect it directly. Both core markets that the Society operates in

(savings and mortgages) are highly competitive, as more competitors move into niche mortgage markets and as savers increasingly search out better returns.

Notwithstanding the risk factors identified above, the improvement to the Society's capital position against the regulatory capital requirement means that the Society is in a position to grow mortgage and savings balances through 2024 and beyond.

M L Mills
On behalf of the Board
7 March 2024

Summary Financial Statement

Results for the year	2023	Restated 2022
	(£000) Group	(£000) Group
Net interest income	32,897	30,358
Other income and charges	(3,489)	6,366
Administrative expenses and depreciation and amortisation	(20,505)	(18,023)
Operating profit before impairment losses and provisions	8,903	18,701
Impairment losses on loans and advances	(750)	(249)
Provisions for liabilities	-	-
Operating profit	8,153	18,452
(Loss)/Profit on disposal of property, plant and equipment	(404)	226
Profit before tax	7,749	18,678
Tax	(1,898)	(3,070)
Profit for the financial year	5,851	15,608

Profit for the financial year arises from continuing operations. Both the profit for the financial year and total comprehensive income for the period are attributable to Members of the Society.

Statement of comprehensive income	2023	Restated 2022
	(£000) Group	(£000) Group
Profit for the financial year	5,851	15,608
Available for sale reserve		
- Valuation gains/(losses) taken to reserves	548	(421)
- Amount transferred to income statement	-	-
Net actuarial gain/(loss) recognised in the defined benefit pension scheme	(646)	246
Unrealised gain on revaluation of property, plant and equipment	554	-
Tax relating to components of other comprehensive income	(25)	(167)
Total comprehensive income for the period	6,282	15,266

Financial position at the end of the year	2023	Restated 2022
	(£000) Group	(£000) Group
Assets		
Liquid Assets	277,832	212,294
Loans and advances to customers	1,131,298	1,028,579
Fixed assets and other assets	31,600	46,618
Total assets	1,440,730	1,287,491
Assets		
Shares	1,034,139	880,281
Borrowings	300,551	312,235
Other liabilities	18,037	13,418
Subordinated liabilities	9,848	9,682
Reserves	78,155	71,875
Total liabilities	1,440,730	1,287,491

Summary of key financial ratios	2023	Restated 2022
	Group %	Group %
Gross capital as a percentage of shares and borrowings (Note 1)	6.5	6.8
Liquid assets as a percentage of shares and borrowings (Note 2)	20.8	17.8
Profit for the year as percentage of mean total assets (Note 3)	0.43	1.25
Management expenses as a percentage of mean total assets (Note 4)	1.50	1.40

Summary Financial Statement of Financial Results

Notes

1. The gross capital ratio measures the proportion that capital bears to shares and borrowings. Gross capital constitutes the reserves and subordinated liabilities shown in the Statement of Financial Position and includes the profits accumulated since the Society's formation. Capital provides a financial cushion against possible adverse market conditions in the future and therefore protects members.
2. The liquid assets ratio measures the proportion of the Group's shares and borrowings which are held in the form of cash, short term deposits and securities which can be readily converted into cash. Liquid assets are maintained at a level which enables the Group to meet requests from members for withdrawals from their accounts, to make new mortgage loans to borrowers and to fund its general business activities.
3. This ratio measures the proportion which profit after taxation for the year bears to the average balance of the total assets for the year. The ratio is similar to a Group's return on assets. The Group needs to make a reasonable profit each year in order to maintain its capital ratios at a suitable level to protect members.
4. The ratio of management expenses as a percentage of average total assets measures the proportion which administrative expenses (including depreciation and amortisation) bear to the average balance of total assets during the year.

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

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

Opinion

On the basis of the work performed, as described below, in our opinion the summary statement of financial results 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 statement of financial results of Saffron Building Society ('the Society') for the year ended 31 December 2023 which comprises the Results for the year, the Statement of Comprehensive Income and Financial Position at the end of the year, together with the Summary Directors' report.

Basis for Opinion

Our examination of the summary statement of financial results consisted primarily of:

- Agreeing the amounts and disclosures included in the summary statement of financial

results 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 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 statement of financial results 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 Annual Members' Review and consider the implications for our statement if we become aware of any apparent misstatements or material inconsistencies with the summary statement of 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.

Directors' Responsibilities

The directors are responsible for preparing the summary statement of financial results within the Annual Members' Review, 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 statement of financial results within the Annual Members' Review 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.

Ariel Grosberg (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 Directors' Remuneration Report

The purpose of this report is to provide information about the Group's policy for the remuneration of Non-Executive and Executive Directors and to give details of the process for determining the level of remuneration. The Group's remuneration policy meets with the requirements of the Remuneration Code.

The Remuneration Committee exists to make sure remuneration is in line with the Society's values, corporate objectives and ambitions. It also determines the remuneration of Non-Executive and Executive Directors. No Non-Executive or Executive Directors are involved in any decision as to their own remuneration.

The principal aim of the Remuneration Policy is to ensure the remuneration of all Colleagues and executives is fair, reflects individual performance and competence and is competitive within the local financial services market.

Salary

In July 2023 a 5% salary increase was awarded to all Colleagues to account for the impact of inflation on take-home pay, with some further increases in roles/ areas where the external benchmarking showed that

the market had become significantly more competitive. This ensured that the Society was benchmarking competitively within the financial services market and wider sectors for similar roles.

The Society exceeds the statutory National Minimum Wage and meets the voluntary Real Living Wage requirements. The Real Living Wage has risen to £12.00 per hour and accredited employers have until May 1st 2024 to ensure all employees are paid this rate. The Society is already above this figure but intends to maintain Real Living Wage accreditation and will look to increase the salaries of our lower earners further beyond the Real Living Wage to support the recruitment and retention needs of the organisation.

All staff bonus 2023

2023 was another strong year for the Society, following on from the record year set in 2022, with continued strong retained earnings delivered due to a well-managed growth of the mortgage book.

In recognition of another strong set of results, the Society is paying a strong bonus award to Colleagues in March 2024.

This bonus will comprise two components; an ‘Our Contribution’ award of £1,250 paid at a flat rate to all Colleagues (pro-rated) and a ‘My Contribution’ award which is a percentage of base salary reflecting individual performance, with a range of 0% to 17%.

Report on Directors Remuneration

Executive Directors

Exceptional performance is expected of all Executive Directors, with rewards linked to the promotion and support of Society values and behaviours, including appropriate risk management, financial performance, quality customer service, colleague engagement and individual excellence. In line with other Colleagues, the Executive Directors received a salary increase of 5%.

Our Executive Directors have a separate bonus scheme to all other Colleagues. Considering the successful performance year, the Committee agreed that the bonus award for 2023 should be at the upper-half of the approved range to reflect the level of delivery from the Executive Directors and was awarded within a range of 16% to 22% of salary. In line with the Policy, this is paid out in three parts: 60% of the amount in March 2024 and the remaining 40% deferred across the next 3 years.

There were no other changes to the variable pay or pension contributions for current Executive Directors in 2023.

Non-Executive Directors

In determining Non-Executive remuneration, the Committee and the Board take account of fees payable to Non-Executive Directors and Chairs of building societies that are similar in size and complexity to the Society. To ensure that fees are set at a level to retain and attract individuals of the calibre necessary to operate an organisation such as the Society and which reflect the skills and time commitment required, the Committee periodically commissions a review of Non- Executive remuneration.

In 2023 there was an increase to Non-Executive Directors’ fees of 5%, the Chair also received a 5% increase, the same as that awarded to staff, reflecting the wider economic environment. There are no bonus schemes or other benefits for Non-Executive Directors and they are not entitled to any pension from the Group. The recommendation around fees is made by the CEO and Chair, and for the Chair, fees are discussed and approved by the Remuneration Committee.

Full details of individual Director’s remuneration are disclosed below.

	2023 (£)					2022 (£)				
	Salary	Bonus earned in relation to financial year	Other benefits	Pension	Total	Salary	Bonus earned in financial year	Other benefits	Pension	Total
Executive										
C H Field	£225,500	£41,580	£22,550	£30,443	£320,073	£210,000	£61,600	£21,000	£34,350	£326,950
J Penberthy-Smith	£175,480	£39,547	£18,227	£12,857	£246,111	£165,000	£47,936	£16,560	£12,134	£241,630
T Slater - resigned 03/01/2023	-	-	-	-	-	£170,775	£42,372	£17,078	£12,513	£242,738
M L Mills - appointed 11/07/2023**	£78,750	£25,200	£7,875	£10,631	£122,456	-	-	-	-	-
Total	£479,730	£106,327	£48,652	£53,931	£688,640	£545,775	£151,908	£54,638	£58,997	£811,318
Non-Executive										
T G Barr	£13,626	£0	£0	£0	£13,626	£44,505	£0	£0	£0	£44,505
N J Treble	£16,795	£0	£0	£0	£16,795	£54,855	£0	£0	£0	£54,855
N J Holden	£13,626	£0	£0	£0	£13,626	£44,505	£0	£0	£0	£44,505
J A Ashmore	£47,160	£0	£0	£0	£47,160	£44,505	£0	£0	£0	£44,505
D Rendell	£47,160	£0	£0	£0	£47,160	£44,505	£0	£0	£0	£44,505
R Litten	£47,160	£0	£0	£0	£47,160	£44,505	£0	£0	£0	£44,505
J Saggu - appointed 01/09/2022	£36,193	£0	£0	£0	£36,193	£11,770	£0	£0	£0	£11,770
B Anderson - appointed 01/10/2022*	£61,418	£0	£0	£0	£61,418	£14,980	£0	£0	£0	£14,980
C Cartellieri - appointed 01/09/2023	£12,359	£0	£0	£0	£12,359	-	-	-	-	-
Total	£295,497	£0	£0	£0	£295,497	£304,130	£0	£0	£0	£304,130
Grand Total:	£775,227	£106,327	£48,652	£53,931	£984,137	£849,905	£151,908	£54,638	£58,997	£1,115,448

*B Anderson did not meet the Society’s director qualification requirements due to an administrative oversight. Her remuneration is included for completeness.

**M Mills salary within the table covers earnings since appointment to the Board.

Speak to us today

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