

# 2023 Annual Review

Together, we're greater.

## Chief Executive Update

The Society continued to grow in line with Board expectations in 2023, demonstrating an underlying strength and resilience capable of withstanding the ongoing economic challenges.

### Members, People, and Communities

The Society celebrates its centenary on 27th March 2024, and is the only remaining Stockport-based Society, despite there being 12 societies at our inauguration. As we've researched our history, the secret of our success and longevity appears to be in 'sticking to the knitting' and following the purpose set out in 1924 by our first forefather, TAV Sutton: "Our purpose was to provide facilities for savings and assistance for those seeking to buy a home in Stockport and the surrounding districts".

Members can see a strong set of financial results in which the Society increased mortgage balances by **£37.0m (+10.4%)** and savings balances by **£50.3m (+14.1%)**, thereby helping us grow the Society's total assets to **£461.0m (+10.6%)**, up from £416.6m at the end of 2022.

Times have changed, governments and even eras have changed but our purpose has remained the same, and by always considering what's in the best interest of all our Members and the long-term sustainability of the Society, we're planning for the Society to be here in another hundred years.

We continue to focus on our customers and our communities. We know our customers value friendly, personal, face-to-face contact; for phones to be answered quickly by local people, to see us on their local high street and to make significant contributions to the social and financial prosperity of the communities in which we serve. We also appreciate that time does not stand still. Our customers want us to invest in the future, for times when they may prefer to conduct their business from the comfort of their home.





**Local branches:** In 2023, we embarked upon a 2-year programme to invest in our six high street branches, to provide improved facilities and comfort for Members and, a positive and healthy work environment for colleagues. Reddish, Hazel Grove, and St Petersgate Branch refurbishments are now complete. They include comfortable private interview rooms for customers, as well as traditional counter service. Importantly, when customers come into our branches, they see people not banks of self-service machines. In 2024, we plan to refurbish our Poynton and Marple Branches, and open our new site in Bramhall.

In addition to the investment inside our branches and to further support our local communities, we commenced a programme of installing defibrillators outside branches. As Members will be aware, proximity to a defibrillator can be the difference between life and death for anyone suffering a cardiac arrest.

**Local people:** As the Society grows, so do the opportunities to employ more local people and for existing colleagues to take on exciting new roles. We now employ almost 100 people, who predominantly live in and around Stockport and, in addition to customer-facing roles, we have opportunities in mortgage underwriting, business development, Finance, Marketing, Risk, IT, Data, and Change.

We followed up our Employer of the Year 2022 award, with the equally prestigious Stockport Business Award in 2023. In September 2023, we committed the Society

to be a Real Living Wage Employer, in the belief that all workers should be paid a basic salary which meets their everyday needs. This is significantly beyond the National Living Wage and means that from April, colleagues will earn at least £12 per hour. In addition, we are proud to pay colleagues a competitive range of additional benefits, including generous pension contributions. Our goal is to be Stockport's employer of choice.

**Local Communities:** We're constantly amazed by people and organisations who do so much to support the fabric of our local community and we strive to support them wherever we can. The Society's Community Stars programme in 2023 contributed another £12,000 to a diverse range of 31 support groups and clubs, including sports; arts; parks and gardens; disability; hygiene support; education; and nutritional support.

All colleagues are entitled to two paid volunteering days each year and, during 2023, we contributed over 340 volunteering hours to local groups. Activities ranged from wrapping and delivering Christmas presents and sorting thousands of Easter eggs to planting trees or washing dishes and serving meals at the local Wellspring centre.

During 2023, we partnered with an educational charity 'WizeUp', who deliver financial education to high schools and cover a much-needed gap in the national curriculum. The programme will commence in 2024, and we are delighted to be supporting local high schools, including Stockport Academy, Poynton, and Audenshaw.

In January 2024, after much work and effort during 2023, we were delighted to announce the launch of Vernon Charitable Foundation with over £100,000 in the fund. The creation of this Foundation will ensure ongoing support for local worthy causes for many years to come and will, I am sure, become almost as famous as the Vernon itself!

**Products and services:** Providing value for money for Members is at the heart of all mutuals. In 2023, the Financial Conduct Authority set-out clear expectations for all financial services companies, designed to ensure good consumer outcomes. We have reviewed all our products and continue to believe they represent fair value for their intended audience. We are also happy with how we communicate with customers and the support we give them before, during, and after they have taken out a product or service. At the same time, we have found opportunities to improve our performance and are systematically working through them.

Our goal is to provide a range of mortgage and savings products backed by friendly, personal, and people-first support. We understand some consumers prefer to avoid human interaction and to conduct their business online. We also understand that organisations who market their products and services this way have a 'reduced cost to serve' and may therefore, offer slightly cheaper mortgage rates or slightly higher savings rates than the Vernon. We aim to deliver our products at a similar cost to other high street banks and building societies and provide a superior level of customer service, as our Members have come to expect from the Vernon. We know this approach has been appreciated during the last 100 years.

One of the biggest concerns during the review of our products and services, is our inability to reach all customers as efficiently as we would like. This is easily remedied if Members agree to support us by providing us with their email addresses. Email has so many advantages for the Society and Members, including speed and cost, plus it's much better for the environment than sending letters.

Whilst we have consciously moved the Society onto 'Forest Positive' during 2023, we want to avoid printing and paper usage and reduce costs, which can be better retained within the Society. **Please can you help us by signing up to receive emails see QR code on page 7.**

## The Society is growing stronger.

Amongst all the global and economic uncertainty throughout 2023 and as we move through 2024, we have made and will continue to make decisions by balancing three clear considerations; the best interests of our savings Members; the best interests of our borrowing Members; and the long-term sustainability of the Society for the benefit of all Members. In 2023, Base Rate increased by 1.75%, and we responded by increasing our Standard Variable Rate (SVR) for mortgages by 1.25% and the average deposit rate by 1.04%. Overall, rates have increased by 5.15% from their low in December 2021, and guided by the three clear considerations, we have increased our variable deposit rates by 2.91% and our SVR by 2.90%.

In addition to year-on-year mortgage growth of 10.4% and balance sheet growth of 10.7%, the Net Interest Margin (NIM) was 2.28%. The Common Equity Tier 1 Capital Ratio (CET1) fell slightly but remains strong at 17.9% (18.8% in 2022) and, our Leverage Ratio also reduced slightly to 6.2% (6.5% in 2022). The year-end Liquid Asset Ratio was slightly higher at 15.0% (14.9% in 2022).

The underlying profit for 2023 is £3.17m, which is offset by a loss of £1m against derivatives held to manage interest rate risk, which reflects market volatility. The 2023 Profit Before Tax was therefore, £2.17m. The underlying profit is in-line with expectations to support the Society's long-term sustainability and is comparable to Societies of a similar size and cost base.

## Our second century is underway.

As we celebrate our 100th year and boldly enter our second century serving local people, I personally feel very proud to be a small part of this great story. I thank all our Members and colleagues for making this Society such a special place and assure you the Society's colleagues and Board, together, are committed to keep building better futures.

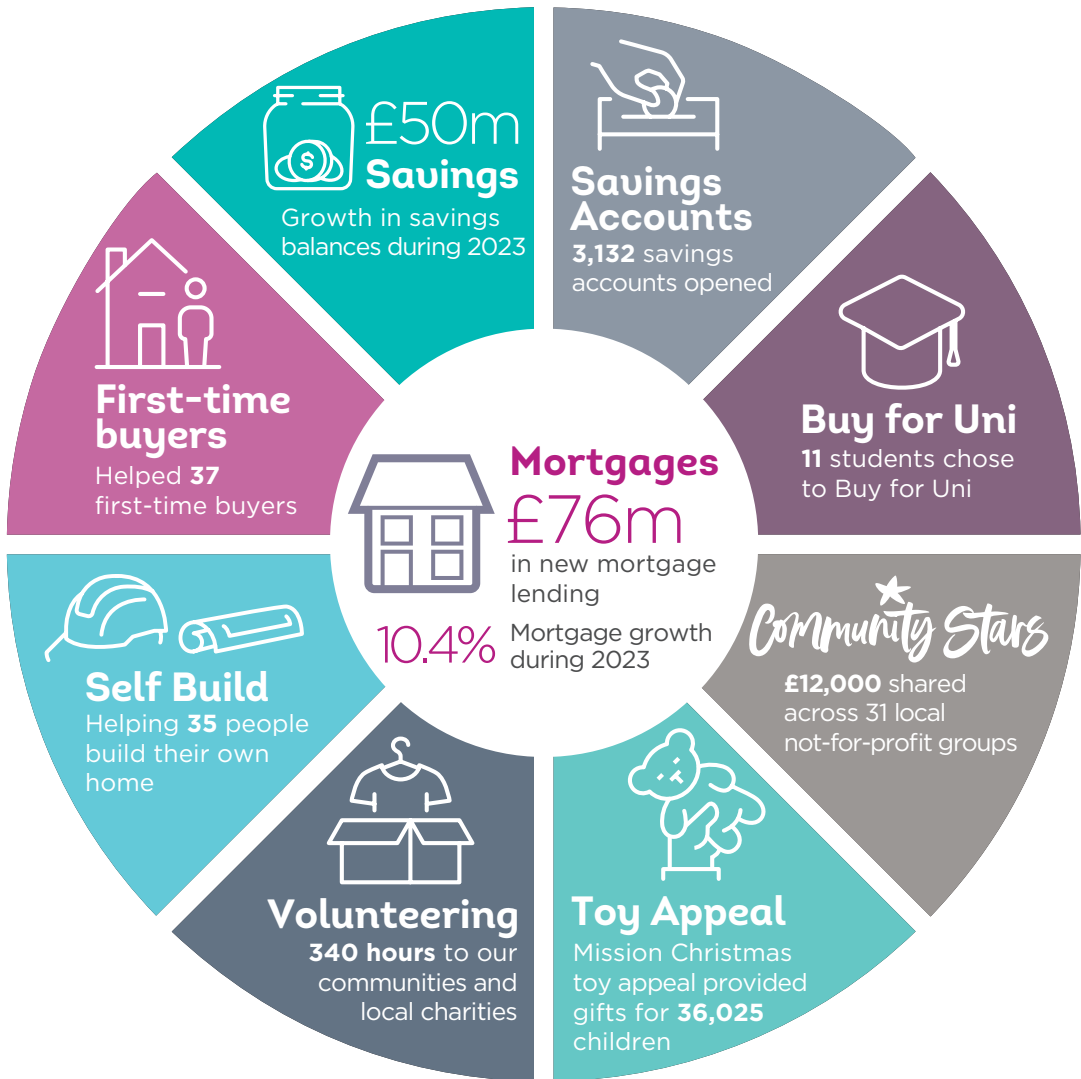


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See QR Code on page 7.**





# Annual Highlights





Mutual and Proud

For 100 years, the Vernon has built its membership, helping people buy their own home - even if their circumstances are unusual, and supporting savers in securing their future. As a mutual building society, we continue to care about Members, not shareholders; supporting the communities we serve, local clubs, charities, businesses and much more. Together, we truly are greater.

Our Vision

To be the preferred choice building society in Greater Manchester and Cheshire by helping Members grow their savings and buy their own home. Building a better future, together.

Our Future

Following the investment into our branch network refurbishment, we continue to work hard to improve our service, communications and online experience. Always delivering products that provide fair value to our Members.

Our 5 Star Member Experience



Source:  
Smart Money  
People 12 Month  
average 2023.

## Here's what our Members say



My face-to-face meeting was perfect. Very friendly and welcoming. I would highly recommend Stockport branch of the Vernon.

Savings Member Feedback,  
August 2023

Felt very welcoming in the building. Helpful, informative, friendly service. Trustworthy and honest. Excellent rates.

Savings Member Feedback,  
April 2023

Nothing to improve upon - outstanding service, friendly, customer focused, excellent interaction and reassurance. A great representation of Vernon Building Society.

Savings Member Feedback,  
July 2023

We contacted the Vernon regarding a RIO mortgage after looking at their interest rates. From the start to the finish, they were brilliant, even our solicitor commented how quick and efficient they were. We would recommend them to anyone.

Mortgage Member Feedback  
February 2023

Reviews from Smart Money People Customer Feedback 2023.



## Always Here for our Members

If you have any worries about paying your mortgage, we are here to help. If you have any concerns, email us at [paymentsupport@thevernon.co.uk](mailto:paymentsupport@thevernon.co.uk) or call us on 0161 519 9319.

## More Help Supporting Vulnerable Customers

We have enhanced our vulnerable customer training programme to ensure that we are well equipped to support our membership.

## Do we have your email address?



Help us reduce paper and print usage by providing your email address. Either follow the QR code or visit: [thevernon.co.uk/greener](https://thevernon.co.uk/greener)

## Stockport's Employer of Choice



### Winners of the Stockport Award

A 2023 highlight was attending the Stockport Business Awards. We were delighted to be awarded the prestigious 'Stockport Award', recognising local businesses that advocate and champion Stockport. As a business born in Stockport, we were delighted to be recognised for our commitment and support for the Borough. It is also testament to the hard work of Vernon colleagues, proudly serving local people. Our goal is to help our Members thrive and our local community to flourish, so that we can build a better future, together.

### Accreditation as a Living Wage Employer

We were proud to receive our Real Living Wage Employer accreditation. This voluntary commitment ensures colleagues at the Vernon receive a minimum hourly wage of £12, higher than the current government minimum for over 23s, currently set at £10.42.

The Society continues to work hard to be an employer of choice. We have been working with the BSA to benchmark salaries for four years. This enables us to compare salaries with over twenty other building societies, ensuring our wages are in line with others from the sector.

### Supporting Our Colleagues

We believe that investing in our people is the key to our success. We pride ourselves on delivering a high-level of personal customer service.

Despite the challenging economy, we are proud to have maintained a performance related pay rise for all colleagues. We also offer support for anyone in need through our

Employee Hardship Fund, where colleagues can apply for up to £1,500. We truly care about our team and are dedicated to making sure everyone feels valued and supported.

Our values guide the behaviours and standards that everyone at the Vernon demonstrates. We are personal, authentic, caring, and empowering. Through these values, we bring the Vernon's culture to life every day.





## Apprentice Update



2023 was a busy year for colleague development, and this includes welcoming several apprentices into the Society.

In IT, Ste Woolhead is studying Level 3 Digital Apprenticeship and Stephen Duncanson is studying Level 3 Junior Data Analyst Apprenticeship.

Our Marketing Team has expanded, with Georgia Goodwin completing her Digital Marketing Level 3. Within our branches, we were joined by Heather Farragher and Olivia Wright, who are both completing Customer Service Apprenticeship level 2. Our Finance Apprentice, Joe Macwilliam, is in his third year of his ICAEW 5-year course – Joe previously passed his level 3 AAT exam via an apprenticeship with us, and we're super proud of his amazing results.

Due to the ongoing success of our apprentices over the last couple of years, we continue to expand our team with new additions. We believe in the power and importance of young people and continue to support young professionals within the Vernon.

## Colleague Development

6 Ce-Map passes.

1 Finance Level 4 AAT

1 IT training (accreditation)

We also completed face to face training with our branch colleagues, which focused on savings. In addition, with the introduction

of Consumer Duty in July 2023 we embarked on a programme of training to the whole Society. This enabled us to be fully prepared for the additional requirements for our existing and prospective Members.

## Volunteering

Our colleagues spent **340.25** hours at local charity community groups.

**48** Colleagues visited **8** community groups, such as:

- Beyond Bea where colleagues helped with their baby loss awareness campaign
- RSPB Tree planting in Dovestones
- Stockport Metro
- Well Spring
- Together Trust-both at their Easter and Christmas campaigns.
- Mission Christmas
- Bare Necessities toiletry bank as part of their Smile campaign
- At Jump Space - Amanda, Dan, and Dale popped over to help decorate their new café.

### Dan said about his day at Jump Space

"It was a great experience to get the new Rest Bite Cafe ready. It's great to see the positive impact made by transforming the room to be a nice space for parents."

It's great that colleagues can help make a difference. In our centenary year, we are committed to completing 100 days volunteering.





## Helping family members get on the ladder

It can be challenging for younger generations to buy their first home. However, we're passionate about finding solutions to make their dream a reality.

Our standard mortgages require just a 5% deposit. Most importantly, we review every request for help on an individual basis and look for ways to say yes to customers, with additional emphasis on people buying locally. We encourage people to talk with our friendly Mortgage Advisers to see if there's something we can do, outside the norm.

## 100% Mortgages with Family Support

We offer two niche mortgage products to specifically help family members support first-time buyers.

## Head Start – Our family-assist mortgage

With a Head Start Mortgage, the Buyer purchases a property in their own name with a mortgage up to 100% of the property's value. This is done with the support of one or more

family Helpers who will be joint borrowers on the mortgage. The Helper(s) also provide additional security in the form of a cash deposit or a charge over their own home.

## Buy for Uni – Our student mortgage

Instead of paying rent to a landlord, with support from their parents the student buys a house with a mortgage up to 100% of the property's value and receives rent from housemates to help cover mortgage payments. The student therefore buys a property near their university, avoids paying student rent, and moves onto the property ladder.

## How family support works

Family Helpers support the borrower by either depositing funds into an interest paying account with the Society or allowing the Society to take a charge against their property. Both the cash deposit and the charge are repayable.

To understand Buy for Uni and Head Start Mortgages, speak to our Mortgage Advisers to see if they would work for you and your family.

**For more information visit:**  
[www.thevernon.co.uk/mortgages](http://www.thevernon.co.uk/mortgages)



## Meet Adrian Brocklehurst our Underwriting Manager...

### Tell us about yourself

Most of my career has been spent in the financial services sector, first role as a specialist mortgage underwriter before embarking on what I see as my vocation, supporting others to succeed, through various operational and underwriting people management roles. Before the Society, I spent 2 years at Pepper Money and 11 years at Aldermore Bank. My life outside work is filled with being a parent, clinging on to the glory and nostalgia of 90s guitar bands and football, either coaching kids for a local team or supporting Everton.

### What's your role at the Vernon?

I am just completing my first year as the Underwriting Manager. I manage both the Underwriting and Mortgage Processing Teams as we work together in progressing mortgage applications from submission through to completion. I support the team both as individuals and as a group to make sure we work as effectively as we can for our customers. I manage mortgage core lending criteria and the affordability calculators and support for our Credit Committee to help the business ensure that new lending and the mortgage book is appropriately managed for risk.

### What's special about how the Vernon handles mortgage cases?

Lenders talk about "dedicated manual underwriting", where a human underwriter makes a decision, is able to override system rules and consider applications outside of criteria. While the Vernon certainly has that dedicated approach, we go one step further and give our underwriters the time to really understand our customers. Our underwriters are given the time to consider the customers circumstances. Our lending decisions are

therefore tailored to individual circumstances which gives every application a real opportunity to progress. With the Vernon, 'computer never says no'.

### What kind of cases are most popular at the Vernon?

We have a broad range of lending types that offer a great variety for the team. Whilst standard residential is most popular, we attract complex mortgages, such as self-employed where each customer has individual requirements. The team are skilled to consider almost any income source and are always prepared to educate themselves if needed; fully consider the taxation considerations, and the sustainability, to ensure that we recognise the income effectively to enable responsible lending.

### What's the most interesting case you or the team have underwritten?

We recently had a case for a retired individual who accumulated plenty of wealth and assets over the years, including multiple residencies as well as significant pension funds and other investment income. This was a complex scenario, where regular income streams were not part of the customer's profile. The underwriter holistically looked at their overall wealth position and understood the drawdown requirement and drawdown ability to verify the mortgage was affordable during the term and beyond. Having the ability and mandate provided by the Society to approach cases like this and find a solution in an "outside the box" scenario is not only interesting but highly rewarding.

### What do you like most about your job?

Sharing my knowledge, experience and abilities as a coach and mentor to support others in achieving their goals, as well as ensuring that the team functions in a way that always supports its customers. I see the growth of others and the customer experience as key drivers of success and motivation.

### What's most challenging about your job?

Time, or lack of. I have multiple ongoing activities, as well as the day to day and managing those everyday surprises that are always sent to test us. So its really important that I am prepared and make the absolute most of it to support the team and the Society's goals.

## Savings



Ian Keeling Product Manager

### Why you should use your ISA allowance.

HMRC figures show that the number of Cash ISA subscriptions dropped from 12.2 million in 2008/9 to just 7.1 million in 2021/22 ([www.gov.uk/government/statistics/annual-savings-statistics-2023](https://www.gov.uk/government/statistics/annual-savings-statistics-2023)).

With years of extremely low interest rates, Cash ISAs lost their appeal. For an interest rate of less than 1%, 20% basic rate tax makes very little difference in cash terms. This was compounded with the introduction of the

Personal Savings Allowance (PSA) in 2016 which meant basic rate taxpayers could earn up to £1,000 interest without tax on a standard savings account, so many savers had no tax liability anyway.

However, this is changing. Rising interest rates mean more savers will have to pay tax on their savings interest. For example, if an interest rate in 2021 were 0.5%, a basic rate taxpayer could have savings of £200,000 before paying tax. With an equivalent rate today of around 4%, a saver would need just £25,000 to earn interest that's equivalent to the basic rate taxpayer tax free amount - a figure that will capture many more people.

The answer to this problem is using your Cash ISA allowance. You can save up to £20,000 each tax year and the interest is free of tax. If you haven't yet contributed for this tax year, then you have until 5th April to do so. After this, a further £20,000 can be deposited for the next tax year.

To learn about the benefits of Cash ISAs and how they work, pop into your local branch, or visit [www.thevernon.co.uk/ISAs-Explained](https://www.thevernon.co.uk/ISAs-Explained).

### Earn tax-free interest with Cash ISAs at the Vernon:

#### Easy Access Cash ISA 3.45% Tax Free / AER\*

Open from £100 deposit. Suitable for savers who want easy access to their money.\*\*

#### Regular Saver ISA Up to 4.15% Tax Free / AER\*

Make regular monthly deposits of £25 to £1,666.\*\*

#### NEW 90-Day Notice Cash ISA 4.25% Tax Free / AER\*

Open from £1,000 deposit. Receive a higher rate than the Easy Access Cash ISA in exchange for committing to 90 days' notice on withdrawals.\*\*

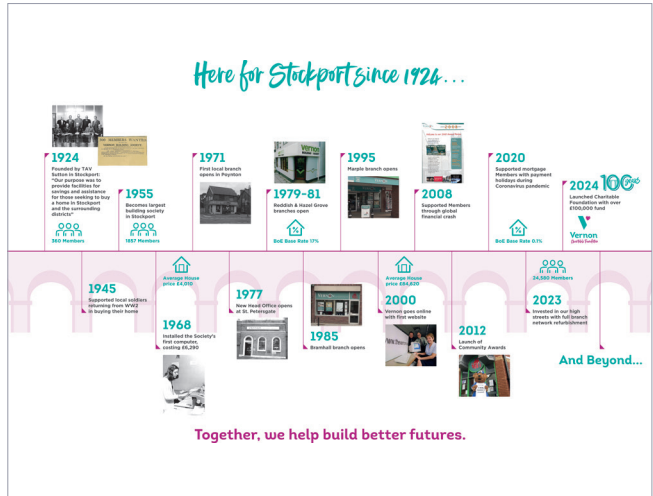
#### Fixed-Rate ISA Subject to availability.

Open from £5,000 deposit. Save funds for a fixed period (usually around one-year) in exchange for a fixed rate of tax-free interest.\*\*

\*\*T&Cs apply. For specific product terms and conditions, view the product at [www.thevernon.co.uk](https://www.thevernon.co.uk) or request information in branch.

\*The AER stands for Annual Equivalent Rate and illustrates what the interest rate would be if interest was paid and compounded once each year. Interest rates correct at time of print.





## Committed to the high street

We're excited to share our investment in refurbishing our high street branches. While other banks and building societies are disappearing from high streets, we've committed to £1.1 million investment into our branch network.

Our goal is to provide reliable and modern services that cater to all our Members' needs. We're proud to say that we're not going anywhere, and we'll continue to serve the communities we love!

We've already modernised Hazel Grove and Reddish Branches, and it was amazing to celebrate their reopening with community events. We had such a great turnout, with Members, local charities, colleagues, and even our beloved Vernon Bear!

We believe in working with local businesses and contractors, and that's why we've engaged Monks Morton Design Interiors and Flexible Office to complete the refurbishment project.

Our flagship branch, St Petersgate, will have its grand reopening event on March 27th, 2024, which marks 100 years since our first meeting back in 1924. As part of our centenary

celebrations, we've teamed up with respected historian, Karen Averby MA PCG Arch Hist (Oxon) CAIFA Director/ Buildings Historian & Heritage Research Consultant, to reveal some of our rich history, with a feature wall depicting a detailed timeline which will take pride of place in the new look branch.

In 2024, Bramhall will move into its new premises in the vacated previous NatWest location, and we'll also refurbish Poynton and Marple Branches. We can't wait to continue supporting our Members and communities in every way we can!

## The future and beyond...

We know that not all Members want to or can pop into branch. We continue to have real people answer our phones from Stockport – we do not believe in annoying automated call systems and know that our customers appreciate this. Plus, we're working hard to improve our online offering, so that Members can access their accounts at times that work for them.

We're here for our Members into the next 100 years and want to continue to provide first rate service for our savers and borrowers.



# Community Stars

In 2023, we completed the second year of Community Stars initiative, which supports local not-for-profit groups. With the help of our colleagues, we distributed the **£12,000** fund across the year.

## Star Highlights

**70 Applicants** with **31 local not-for-profit groups** benefit from a share of the fund. Here's our list of Stars in our community

Walthew House	£650	Read Easy Stockport	£400
Mentell	£650	Defibulous	£400
Keira's Kingdom	£650	Snowdrops Post-Natal Depression Support Group	£300
Jump Space	£650	St Joseph's Catholic Primary School	£300
Smart Works Greater Manchester	£650	Feeding the Community Stockport	£300
Independent Options North West	£650	Beyond Bea	£300
Re-dish	£500	Poynton Pedals for All	£300
Coffee, Chill and Spill	£500	New Horizons Stockport Canal Boat Trust	£300
Community Computers (Renewal North West)	£500	Friends of Reddish South Station	£200
Autisk	£500	Reddish Community Together	£200
PIE: Pursuing Individual Excellence	£500	Bare Necessities Toiletry Bank	£100
Arts for Recovery in the Community (Arc)	£500	Brinnington Big Local	£100
Supportability	£400	Reddish Scorpions	£100
Seashell Trust	£400	Bramhall in Bloom	£100
Charnwood Trust	£400	Red Foxes Under 19s	£100
Poynton Golden Memories Group	£400		



## Here's how the fund made a difference

Jacqui Wood, Chief Executive of Arts for Recovery in the Community said:

“ The support of Vernon Building Society Community Stars fund will help us to offer more creative well-being activities to families, children, young people, and adults in Stockport who are facing real mental health challenges. Through taking part in supportive, welcoming art projects which will boost their confidence and mental health, they will be able to connect with others and realise that they are not alone. ”



We're proud to support Mission Christmas and we had another fantastic response from Members. Mission Christmas helped over 36,025 children wake up on Christmas day with a gift, making a real difference to lots of children. Thank you for your generosity.

Our colleagues stepped up to the challenge again, volunteering to be Santa's helpers at Mission Christmas warehouse, helping to sort and pack gifts.



## Vernon Charitable Foundation Launch

As part of our commitment to giving back to local, great causes, in our centenary year, we're excited to announce the launch of the Vernon Charitable Foundation. For more details visit: [thevernon.co.uk/charitable-foundation/](http://thevernon.co.uk/charitable-foundation/)

# Meet the Directors

“ I’m delighted to have joined the Board of such a fantastic Society. Even just a few months in, I can already see the individual care and passion that our colleagues bring to what is a genuinely personal service that we provide, and I already feel very proud of what we do for both our Members and the community. It’s certainly an exciting time to come on board and I’m looking forward to celebrating our 100th anniversary with you all. ” Steve Wilson February 2024



## Steve Fletcher

Joined the Society in January 2018 to become its 5th CEO. Steve has a broad experience of leadership in financial services having worked for Eagle Star, Birmingham Midshires, Woolwich and Barclays Bank. From 2005 Steve held senior leadership roles at Clydesdale and Yorkshire Bank including Retail Director and Head of Customer Banking Networks.



## Judith Aspin

Joined the Society in September 2016 and became Finance Director. Judith is a Chartered Accountant and an Associate Member of the Association of Corporate Treasurers. She has extensive knowledge of managing financial risk having held senior positions in Treasury and Finance in a high street bank.



## Michael Joyce

Joined the Board in September 2019 and previously chaired the Risk & Compliance Committee. Appointed as Chair from 1 Jan 2023. Mike is a Chartered Certified Accountant and an Associate Member of the Association of Corporate Treasurers. He has extensive experience of managing retail financial services businesses having worked in retail banking for over 28 years, previously CEO of Turkish Bank and Commercial Director of Bank of Ireland in the UK. Mike has also held a wide range of senior roles within finance including as a Finance Director bringing a strong background in financial and strategic risk management.





## Jenny Quirke

Jenny is a Chartered Management Accountant with many years of Board level experience in the financial services sector. Jenny joined the Board in January 2018 and brings experience of managing organisational change and financial risk management to the Board, having held senior level roles both with a major building society and a high street bank.



## Ken Burke

Ken joined the Board in March 2022 and is Chair of the Risk & Compliance Committee. He has over 25 years' experience leading financial services businesses. He held board positions in regulated firms in the UK and Ireland and was previously Chief Executive Officer of Ireland's largest mortgage lender - AIB Mortgage Bank. He runs a successful strategic advisory business and has extensive strategic, commercial and risk skills. Ken is a Certified Director and holds a Master's in Business Administration.



## Steve Nilson

Steve joined in October 2023 and has over 20 years experience in leading digital transformations, sales and marketing and customer communications in large regulated businesses. Steve is currently the CEO of a successful fibre broadband business.



## Paula Dillon

Paula joined the Board in January 2021 and became Chair of Remuneration Committee in Nov 2021. She was a commercial real estate lawyer for over 3 decades, acting for developers, investors and financial institutions. She served on the boards of 2 international law firms as well as being vice chair of Opera North and was the first-ever female President of Leeds Chamber of Commerce. Paula is an independent Non Executive Director of a large accountancy firm, a director of a hotel company and is also a qualified executive coach.

# Remuneration Report

This report is to inform Members of the current policy for the remuneration of the Society's executive and non-executive directors. It provides details of directors' remuneration and explains the basis of its calculation.

## Remuneration Committee

The Remuneration Committee comprises three non-executive directors, with Paula Dillon as the Committee Chair; and Michael Joyce and Ken Burke as members.

## Executive Directors' Remuneration

The Remuneration Committee reviews and recommends to the Board the policy and practice on the remuneration of executive directors and senior managers. It seeks to ensure that executive remuneration levels are fair and reasonable, reflecting market comparatives from similar financial institutions and each individual's personal development and contribution to the Society's performance.

The Remuneration Committee also ensures that executive remuneration policies encourage the prudent identification and effective management of the risks facing the Society and the fair treatment of its Members.

The Remuneration Committee determines the annual incentive scheme that provides non-pensionable rewards linked directly to achieving key performance targets aligned to business objectives.

In light of the UK Corporate Governance Code and the FCA's Remuneration Code, the Remuneration Committee has reviewed the relevance and appropriateness of the executive directors' and senior managers' scheme. Given the prudent culture of the Society, the management structure, and the low proportion of incentive remuneration to total executive directors' remuneration,

the Committee believes it appropriate to continue the scheme in its current form. The Society bonus scheme covers all employees.

Executive directors are employed on rolling six-month service contracts and, unless opted out, are members of the Society's defined contribution personal pension scheme. All pension costs attributable to executive directors are fully disclosed in this report.

## Non-Executive Directors' Remuneration

Non-executive directors have contracts for services. They are remunerated solely by a fee which reflects the time spent on Society affairs including membership of Board committees, preparation for meetings and attendance at external seminars and training events. They do not receive any other salary, pension, incentives or other benefits from the Society.

## Advisory Note

Item 6 in the Notice of the Annual General Meeting invites Members to vote on this Directors' Remuneration Report for the year ended 31 December 2023.



## Directors' Emoluments for 2023

Total Directors' emoluments of £563k (2022: £542k) are analysed as shown in the table below.

NON EXECUTIVE DIRECTORS	2023 FEES (£'000)	2022 FEES (£'000)
<b>M Joyce</b>	49	30
<b>J Quirke</b>	31	28
<b>P Dillon</b>	29	28
<b>K Burke<sup>1</sup></b>	32	23
<b>S Jee<sup>2</sup></b>	29	46
<b>J Hughes<sup>3</sup></b>	-	15
<b>S Wilson<sup>4</sup></b>	7	-
<b>TOTAL</b>	<b>177</b>	<b>170</b>

1 Appointed as Director 24 March 2022

2 Resigned as Director 31 December 2023

3 Resigned as Director 30 June 2022

4 Appointed as Director 1 October 2023

	EXECUTIVE DIRECTORS	SALARY	INCENTIVE SCHEME	BENEFITS	PENSION CONTRIBUTION	TOTAL
		£'000	£'000	£'000	£'000	£'000
<b>2023</b>	<b>S Fletcher<sup>5</sup></b>	192	12	-	-	<b>204</b>
<b>2023</b>	<b>J Aspin</b>	167	9	6	-	<b>182</b>
<b>2022</b>	<b>S Fletcher</b>	179	18	-	-	<b>197</b>
<b>2022</b>	<b>J Aspin</b>	155	14	6	-	<b>175</b>

5 Contract is for 60 days holiday per year

# Summary Financial Statement

This Summary Financial Statement is a summary of our audited Annual Accounts, Directors’ Report and Annual Business Statement; all of which are available to Members and depositors on our website or in branch by request.

Visit [www.thevernon.co.uk/about-us/corporate-information/](http://www.thevernon.co.uk/about-us/corporate-information/) to view our full Report and Accounts.

## Summary Directors’ Report

The Summary Directors’ Report requirements for the year ended 31 December 2023 are in the Chief Executive’s Summary on pages 2 - 4. The Directors consider that the Society has adequate resources to continue in operational existence for the foreseeable future; therefore, a going concern basis has continued to be adopted in preparing the Annual Report and Accounts.

Approved by the Board of Directors on 22nd February 2024.  
M Joyce, Chair.  
J Quirke, Vice Chair.  
S Fletcher, Director & Chief Executive.

RESULTS FOR THE YEAR	2023 (£'000)	2022 (£'000)
Net interest receivable	10,045	8,121
Other income, expenses & charges	(1,043)	659
Administration expenses	(6,439)	(5,616)
Provisions	(392)	72
Profit for the year before taxation	2,171	3,236
Taxation	(537)	(617)
Profit for the year after taxation	1,634	2,619





FINANCIAL POSITION AT THE YEAR END	2023 (£'000)	2022 (£'000)
<b>Assets</b>		
Liquid Assets	64,248	57,885
Mortgages	387,112	345,329
Fixed and other assets	9,661	13,358
<b>Total Assets</b>	<b>461,021</b>	<b>416,572</b>
<b>Liabilities</b>		
Shares	373,625	336,449
Borrowings	55,599	50,852
Other liabilities	2,364	1,480
Reserves	29,433	27,791
<b>Total liabilities</b>	<b>461,021</b>	<b>416,572</b>

SUMMARY OF KEY FINANCIAL RATIOS	2023	2022
<b>Gross capital as a percentage of shares and borrowings</b> Gross capital comprises reserves. The ratio gives an indication of the extent to which the Society is funded by retained earnings. The higher the figure the greater the protection for investors' funds.	6.86%	7.18%
<b>Free capital as a percentage of shares and borrowings</b> Free capital represents gross capital and provisions for collective impairment losses, less tangible and intangible assets as shown within the Statement of Financial Position.	6.48%	6.89%
<b>Liquid assets as a percentage of shares and borrowings</b> The liquid assets as a percentage of shares and borrowings ratio is a measure of the proportion of the Society's total shares and borrowings that are matched by assets in the form of cash or are readily convertible to cash.	14.97%	14.95%
<b>Profit for the year as a percentage of mean total assets</b> Profit for the year as a percentage of mean total assets measures the proportion that profit after taxation bears to the average asset balance during the year. The Society aims to make a sufficient profit to maintain its financial strength and stability.	0.37%	0.66%
<b>Management expenses as a percentage of mean total assets</b> The management expenses ratio measures the proportion that the Society's management expenses bears to mean total assets. Mean total assets are calculated as the average of 2022 and 2023 total assets at the year end.	1.47%	1.41%

### Independent Auditor's statement to the Members and Depositors of Vernon Building Society

We have examined the Summary Financial Statement of Vernon Building Society set out on pages 20 and 21.

#### Respective responsibilities of directors and auditor

The directors are responsible for preparing the Summary Financial Statement in accordance with applicable United Kingdom law.

Our responsibility is to report to you our opinion on the consistency of the Summary Financial Statement within the Annual 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.

#### Basis of opinion

Our examination of the Summary Financial Statement consisted primarily of:

- Agreeing the amounts included in the Summary Financial Statement to the corresponding items within the full Annual Accounts, the Annual Business Statement and the Directors' Report of the Society for the year ended 31 December 2023 including consideration of whether, in our opinion, the information in the Summary Financial Statement has been summarised in a manner which is not consistent with the full Annual Accounts, the Annual Business Statement and Directors' Report of the Society for the 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 information has been omitted which although not specifically prescribed by section 76 of the Building Societies Act 1986 and regulations made under it, in our opinion, is necessary 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 Review 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 describes the basis of our opinions on those annual accounts, the Annual Business Statement and Directors' Report.

#### Opinion

In our opinion the Summary Financial Statement is consistent with the full Annual Accounts, the Annual Business Statement and Directors' Report of Vernon Building Society for the year ended 31 December 2023 and complies with the applicable requirements of Section 76 of the Building Societies Act 1986 and regulations made under it.

#### Use of the statement

This statement is made solely to the Society's members as a body and the Society's depositors as a body in accordance with section 76(5) of the Building Societies Act 1986. Our audit 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 audit work, for this statement, or for the opinions we have formed.

**Mazars LLP, Statutory auditor,  
Manchester, 22nd February 2024**



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# Centenary Celebrations

In 2024, we're delighted to celebrate 100 years of mutuality in Stockport and beyond. Our centenary celebrations will include various initiatives and community events, with activity planned throughout the year.

Here are details of celebrations we'd love to share with our Members. Save the dates and pop along!

**27th March 2024** is our official Centenary date, which is 100 years from the first meeting held by our founders across the road at 26 St. Petersgate. We'll mark this special day with celebrations across all branches.

**18th May 2024** is a planned family fun day with our friends at Pure Innovations. This is a free event held at Vernon Park in Stockport, including lots of activities, a variety of stalls, Poynton brass band will be playing, and a certain well-known Bear will be coming along.

**6th July 2024** we're pleased to be main sponsor for the Together Trust Festival, which is our biggest event of the year. This annual festival is attended by around 2,000 people at their site in Cheadle. It's a full-day event, and we are hoping that lots of our colleagues and Members will come down with their families to enjoy the day.

To help celebrate our centenary, we'd love you to share your memories of the Vernon with #Vernon100.

**Our favourites will WIN £100 John Lewis voucher.**

Visit our social channels or [thevernon.co.uk/vernon100comp](https://thevernon.co.uk/vernon100comp) to learn more.

Closes 27th March 2024. T&C apply.



[www.thevernon.co.uk](https://www.thevernon.co.uk)

Telephone calls may be recorded and monitored for regulatory and training purposes to help maintain service quality. Vernon Building Society is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority (registration number 195475)