STAFFORD RAILWAY
BUILDING SOCIETY

Annual Review

Incorporating the Summary Financial Statement for the year ended 31 October 2022 and Financial Services Compensation Scheme Notification.

Contents

Summary Financial Statement

For the year ended 31st October 2022

Foreword

The Directors have pleasure in presenting the Summary Financial Statement of the Society for the year ended 31 October 2022, being the one hundred and forty fifth Annual Report. This Financial Statement is a summary of information in the audited Annual Accounts, the Directors' Report and Annual Business Statement, all of which will be available to Members and Depositors free of charge on demand from the Society from 23 January 2023.

Approved and signed on its behalf by the Board of Directors on 20 December 2022.

Joanne Hindle
Chair

Steven Jones
Chief Executive

Christopher I Reid
Finance Director

Chief Executive's Report

May I begin by extending my thanks to you, our Members, for the continued support and loyalty you place in our Society. It is a privilege to have the opportunity to lead the Stafford Railway Building Society having served as your Finance Director and Deputy Chief Executive since June 2018. I, together with colleagues, will continue our ethos and values which place you, our Member, at the heart of everything we do.

On a personal level, I would like to thank Mike Smith, who retired in October, for his support and guidance which has been invaluable. Mike leaves your Society in robust financial health, offering a wider range of mortgage and savings accounts, reinforced by a strong capital base and continued appetite to ensure that everything we do is focused on you, our Member.

Financial Review

We emerged from the pandemic with cautious optimism and hopes of a gradual return to normality, which was reflected in our expectations for the year. Overall, despite the unexpected global and political uncertainty, and the deteriorating economic outlook, our financial performance has lived up to those expectations, and continues to demonstrate the ongoing strength and resilience of your Society.

In terms of mortgage activity, gross mortgage balances of £202.26m surpassed those of £202.09m reported in 2021. Advances in the year of £43.40m (2021: £40.48m) have been achieved through our tailored approach to addressing Members' individual needs and circumstances. Our experienced Underwriting Team ensures that all lending observes agreed credit risk appetites through its individualised and flexible approach to assessment.

Redemptions during the year of £31.94m (2021: £23.81m), have been fuelled, particularly in the last 6 months, in the main by borrowers' responses to the prospect of future rises in the Bank of England's Base Rate. Our Member Services Team actively engage with all Members to discuss available options in anticipation of their existing mortgage products reaching maturity.

Reduced retail savings balances at £265.83m (2021: £274.98m) again reflect the prevalent interest rate uncertainty. Our suite of retail products continues to widen, and currently comprises a selection of Instant Access, Notice, ISA and a Regular Saver account, providing Members with a choice to befit their personal circumstances.

Retained profit is our sole source of capital and provides the foundation for strengthening the financial resilience of your Society, as well as supporting the ongoing inward investment necessary to enhance our proposition to you, our Members. At £1.17m (2021: £0.94m), our profit for the financial year has increased by 24.47%. Our capital ratios demonstrate our financial strength, with significant headroom over both regulatory and internal appetite limits, whilst ensuring that we are well placed to face the challenges on the horizon.

Income growth and continued cost disciplines have resulted in an improved Cost / Income ratio of 69.34% (2021: 74.54%), reflecting our desire to improve operational efficiencies and providing evidence of our team's hard work and dedication to the process improvements undertaken during the year. Looking forward investment in your Society's infrastructure and people will be a continued feature.

Bank of England Base Rate Changes

Over the course of the Society's financial year the Bank of England increased the Bank Base Rate on various occasions, translating to a cumulative of 2.15%, with the rate moving from 0.10% to 2.25%. In determining our response to each of the increases, we remained acutely aware of the need to balance the competing needs of borrowers and savers alike. To ensure the financial stability of your Society, we recognise nonetheless that we cannot ignore market trends, nor continually offer market leading rates. We have not passed on the full extent of the increase to borrowers, and on occasions delayed implementing the rate increase, in recognition of the impact of inflation and the current pressures on households' disposable income. In terms of retail savings, we continue to monitor market rates.

Ongoing Society Investment

The Society continues to invest in improving and enhancing it's service to Members. During the year this ongoing investment included:

- The launch of our Member Services Team offering a single point of contact to our Members. The Team are available to resolve any Member enquiry relating to their accounts. They share in my ambition to demonstrate our commitment to strengthening Member engagement. Looking forward they will be hosting a series of initiatives, including a Member forum, to ensure Member feedback and opinion are captured in our assessment of products and ongoing services.
- The Underwriting Team has undertaken a mortgage process review, culminating in operational improvements, efficiencies, and the implementation of measurable and reportable Service Level Agreements ('SLA's). This work has enabled your Society to better engage with new applicants and mortgage intermediaries.
- Our online savings platform continues to attract support, with an increasing number of Members registering to use the facility to open their account online or simply view their mortgage and savings balance.
- We continue to embrace technology to support our regulatory reporting and Risk Management Framework. On a wider point, I wish to congratulate our IT Team who successfully migrated our legacy systems to an operationally resilient Cloud hosted solution.

Community Engagement

Our colleagues share in the commitment to support our local community, and the relaxation of restrictions post-Covid has allowed a greater demonstration of that support.

During the year total charitable donations amounted to £5.54k. Our colleagues have supported several community events including, 'Stafford Walking Street', and participated in activities from gardening to stocking charity warehouses, as well as serving as trustees to local organisations.

We have welcomed charities to our training sessions including Andy's Man Club Stafford, Child of Mine, Katharine House Hospice, to note a few. These charities are at the heart of our community in Staffordshire and our intention is to continue to make a positive contribution to our local community.

Environmental Climate Change

The Society recognises the importance of its duty towards societal responsibility, which rightly features in our corporate objectives by way of our commitment to Environmental, Social and Governance ('ESG') issues. We have introduced an ESG Forum, comprising colleagues representing all teams across the Society. The forum will lead our practical response to the ESG agenda.

Climate change is an ever-increasing challenge we all face, and your Society fully acknowledges its role in meeting that challenge. We are aware of our current carbon footprint, and are pragmatically seeking further reductions to this exposure. Our aspirations are widening as we begin to understand the needs of our Members. As a first step we have engaged with a third party to help us recognise how we can assist Members to understand and improve the energy efficiency of their homes as part of the collective journey towards the UK's Net Zero pledge by 2050.

Colleague Engagement

During the year we have continued to invest in our colleagues, recognising that training and personal development are vital to ensure that their skills support our Member service proposition, as well as enhancing their career aspirations.

Our colleagues are both the heartbeat and backbone of your Society, and I would take this opportunity to express my sincere thanks for their continued support, diligence and enthusiasm.

Economic Outlook

The current economic outlook for the UK can only be described as one of uncertainty, with the prospect of a prolonged recession, set against a backdrop of worldwide events, rising inflation and cost of living challenges.

This is likely to impact on mortgage activity, with a reduced number of housing transactions, potential fall in property values, and the prospect of borrowers facing personal financial hardship. Earlier in my review, I highlighted the capital strength and resilience of our Society which will provide the protection sought by our Members against such a bleak outlook.

Similarly, we have tempered our growth expectations for 2023, and I also encourage any borrower facing financial difficulty or hardship to contact the Society, where a colleague in our Member Services Team can empathetically assist with guidance and support.

Conclusion

We place our Members at the heart of everything we do. As a Member owned organisation, we need to ensure that your needs and interests are central to everything that we do, so that looking forward we can meet, if not exceed, those expectations and can ensure that we continue to offer you a personalised service.

I look forward to welcoming you to our AGM on 21st February 2023, where I, alongside Board and colleagues, would value the opportunity to discuss our performance and any other feedback you may have.

Steven Jones, Chief Executive
20 December 2022

Celebrating our 145th birthday with Shirley, our longest serving Member

Summary Directors' Report

For the year ended 31 October 2022

The Society's performance during the year has been positive across a number of areas, with continued development and investment providing a strong foundation in the coming financial year. There have also been challenges – our mortgage volumes at the start of the financial year were affected by a reduced pipeline which impacted on the subsequent level of advances. Despite this we achieved a level of advances in excess of the previous financial year. Redemption levels also increased towards the end of the financial year, with an overall level of mortgage growth of 0.08% (2021: 2.22%).

The Society enters the forthcoming financial year well positioned with regards to mortgage pipeline, with a planned level of growth in the mortgage book overall which includes an expectation that higher levels of redemptions may continue for a period of time.

There was a controlled reduction of liquidity during the financial year, with balances ending the year at £88.46m (2021: £96.47m). Since this reduction is in excess of the mortgage growth this resulted in a reduction in the total assets of 2.63% (2021: growth in total assets of 11.17%).

The nature of the Society's activities means there is an inherent relationship between the mortgage balances, the amount liquidity held and the level of retail funding. The overall balance of retail funding reduced in the year by 3.33% (2021: increase of 11.82%).

The reported retained profit for the year of £1.17m (2021: £0.94m), this further strengthens the Society's overall capital reserves which have grown by 4.80% (2021: 3.96%).

Key Performance Indicators

The Board use a number of key performance indicators to monitor the development, performance and position of the Society. These are included to allow Members to gain a more comprehensive understanding of the Society's performance over the last three years.

Key Peformance Indicators	2022	2021	2020
Net interest margin (% of mean total assets)	1.88%	1.60%	1.68%
Management expenses (% of mean total assets)	1.31%	1.20%	1.28%
Cost / income ratio	69.34%	74.54%	76.20%
Profit for the financial year	£1.17m	£0.94m	£0.85m
Profit for the financial year (% of mean total assets)	0.40%	0.33%	0.32%
Total assets growth	(2.63%)	11.17%	3.74%
Gross mortgage advances	£43.40m	£40.48m	£37.56m
Mortgage assets growth	0.08%	2.22%	5.38%
Liquid assets (% of shares and amounts owed to other customers)	33.28%	35.08%	28.76%
Shares and amounts owed to other customers growth	(3.33%)	11.82%	3.70%
Capital growth	4.80%	3.96%	3.92%
Gross capital (% of shares and amounts owed to other customers)	9.33%	8.60%	9.25%
Total reserves	£24.79m	£23.66m	£22.76m

Key Peformance Indicators: Three years to 31 October 2022

Profitability

The Society seeks to make sufficient profits in order to invest in and grow the business for the benefit of its current and future Members. Profit enhances the Society's financial strength and is necessary to meet the levels of capital, including protection buffers, required under the Capital Requirements Directive.

Financial strength is imperative in protecting the Society against the principal risks and uncertainties it faces and in safeguarding Members' funds.

Profit for the financial year of £1.17m (2021: £0.94m) increased by 24.47%, and represents 0.40% (2021: 0.33%) of the average of total assets at the beginning and end of the financial year. As at 31 October 2022 the Society's reserves amounted to £24.79m (2021: £23.66m) and are at a level considered by the Board to offer adequate support for the business.

Total net income

Total net income of £5.57m (2021: £4.56m) represents net interest income (total interest receivable from mortgage and liquid assets less total interest payable on retail savings, fees and other operating income). Net interest Income has increased during the year and represents an interest margin of 1.88% (2021: 1.60%) which expresses net interest income as a percentage of the average of total assets at the beginning and end of the financial year. The Board is ever-minded that the Society manages the interest margin by balancing the risks, rewards and value both to borrowing and retail Members.

Management expenses

Management expenses and depreciation of £3.86m (2021: £3.40m) comprise colleague costs and overheads necessary in the running of the Society. Together with depreciation they represent the total operating costs of the Society and, expressed as a percentage of the average of total assets at the beginning and end of the financial year, represent a management expenses ratio of 1.31% (2021: 1.20%).

The Board consider the cost / income ratio, which represents the aggregate of administration expenses and depreciation expressed as a percentage of total income less other operating charges, to be a important measure in its assessment of returning 'value for money' which is a key ongoing financial objective. During the year the reported cost / income ratio at 69.34% is a reduction on the 75.54% reported in the prior year indicating that total income has increased to a greater extent than the Society's cost base.

The Society has seen inflationary cost increases during the year and these are included in the forward projection of costs. In addition, The Society will continue to invest in its systems, infrastructure and people. As a result, the absolute level of management expenses in the next financial year is expected to increase further, which may result in an increase in the cost / income ratio for the coming financial year.

Loans and advances to customers

Mortgage balances have increased by £0.17m in the year to £202.26m (2021: £202.09m) with gross lending (the total value of new mortgage advances) of £43.40m increasing by £2.92m above that achieved during 2021 of £40.48m. This equated to 0.08% mortgage assets growth in the year (2021: 2.22%). Mortgage redemptions during the year of £31.94m were £8.13m above the £23.81m reported for 2021.

The Society continues to closely monitor all lending decisions, adopting a common-sense and responsible approach to new lending in order to maintain a high-quality loan book. All mortgage cases are fully assessed by the internal Underwriting Team in preference to automated credit scoring. This personalised approach enables each case to be individually assessed on its own merits, which includes the assessment that borrowers have adequate repayment affordability, allowing for the impact of potential future interest rate increases.

Key market segments for mortgage lending include Residential house purchase and re-mortgages, First Time Buyer, Buy to Let, Self-Build and Lending into Retirement. Looking forward the Society will continue to widen the product portfolio to meet demand, whilst monitoring internal limit exposures to ensure no over-reliance on a particular segment.

The Society is mindful of the potential impacts that the cost of living challenges may have and stands ready to engage with and support our Members. As we enter a period of recession, with continued high levels of inflation and economic uncertainty there has been an increase in the level of loan impairment provisions applied. This has been increased by £272k in the year to a total of £470k.

Overall arrears levels remain at low levels, this reflects the Society's robust underwriting approach which stress-tests future borrower affordability. As at 31 October 2022, the Society had nil (2021: 1) mortgage accounts 12 months or more in arrears. There were 10 additional mortgage accounts over 3 months in arrears (2021: 3).

The Society proactively contacts all borrowers whose mortgage accounts have gone into arrears to enable a mutually acceptable action–plan to return the account to a fully performing status. Despite the Society's best efforts to help borrowers in such circumstances there are occasions when properties are repossessed. As at 31 October 2022 the Society had nil properties in possession (2021: nil).

In certain circumstances the Society uses forbearance measures to assist those borrowers who are experiencing financial difficulty, for example, agreeing a temporary transfer to interest only payment in order to reduce the borrower's financial pressures. At all times an individual assessment is made to ensure forbearance is in the best interests of both the borrower and the Society. It is expected that the borrowers will resume normal payments once they are able. The Society's Credit Committee, chaired by the Chief Executive, assesses the impact of forbearance and monitors whether there is a possibility of loss, in which case an impairment provision is made in accordance with the Society's policies. As at 31 October 2022, there were 4 (2021: 8) accounts under forbearance measures. A total of 4 (2021: 4) individual impairment provisions were required in those cases where the Society's model indicated a potential shortfall in collateral compared to the outstanding balance.

Liquidity

Total liquid assets as at 31 October 2022 amounted to £88.46m (2021: £96.47m), representing 33.28% (2021: 35.08%) of total shares and amounts owed to other customers. Total liquid assets include £68.23m (2021: £72.13m) deposited in the Bank of England Reserve Account, which is classed as a high-quality liquid asset and qualifies for the Society's liquidity buffer.

The Society maintains its liquidity in a range of assets which are highly liquid and realisable at short notice, with counterparties whose external credit rating meets the Society's Board Risk Appetite. This is a key indicator that a counterparty can meet its financial obligations as they fall due under normal and stressed scenarios. The Society has no exposure to any counterparty outside of the UK.

The Society conducts an Internal Liquidity Adequacy Assessment ('ILAAP') at least annually. This enables the Board to identify the potential liquidity-related risks and risk drivers it may face under both normal and stressed conditions. The level of liquidity held at 31 October 2022 is significantly in excess of the Board's internal assessment of minimum requirements.

The Society monitors and reports its levels of liquidity in relation to measures introduced by the Prudential Regulation Authority ('PRA') under the Capital Requirements Directive IV ('CRD IV'). Specifically the:

- Liquidity Coverage Ratio ('LCR') which measures unencumbered high quality liquid assets as a percentage of net cash outflows over a 30 day stress period. The LCR is reported monthly and as at 31 October 2022 was 554.67% (2021: 577.63%); and
- Net Stable Funding Ratio ('NSFR') measures the stability of the Society's funding beyond 30 days. The NSFR is reported quarterly and as at 31 October 2022 was 192.91% (2021: 194.91%).

Both the LCR and the NSFR were comfortably in excess of the minimum regulatory limit of 100%.

Shares and amounts due to other customers

The Society aims to attract a level of savings balances that enable funding of both mortgage advances and liquidity requirements, whilst offering a mix of products which meet the needs of our Members.

Shares and amounts due to other customers' balances at 31 October 2022 were £265.83m (2021: £274.98m), a reduction of £9.15m or 3.33% (2021: increase of 11.82%) on the previous year. This reduction is related to the overall balance of mortgages and reduction in the level of liquidity during the financial year.

The Society continues to offer a broad range of savings products and has plans for the forthcoming financial year to further enhance the range of products available to Members and a level of retail growth in order to support mortgage advances.

Our core approach remains to focus on operating fairly, with simple product design, attractive terms and conditions and delivering long-term Member value. Current interest rates are benchmarked to the marketplace to monitor trends, and most importantly, ensure our Members remain at the heart of any decisions that we make.

Capital

The Directors ensure that a satisfactory level of capital is maintained to protect the The Common Equity Tier 1 ('CET1') ratio expresses tier 1 capital as a percentage of risk weighted assets. The leverage ratio expresses tier 1 capital as a percentage of total assets plus mortgage impairments plus a proportion of mortgage pipeline commitments.

As at 31 October 2022 the CET1 ratio was 27.16% (2021: 25.80%) and the leverage ratio was 8.39% (2021: 7.80%). Tier 1 capital (Total reserves attributable to Members of the Society) was £24.79m (2021: £23.66m) and tier 2 capital (Collective impairment losses on loans and advances) £0.24m (2021: £0.09m), providing total Capital Resources of £25.03m (2021: £23.75m).

The Board complies with the Basel IV Capital Requirements Directive which requires the Society to assess the adequacy of its capital strength through an Internal Capital Adequacy Assessment Process ('ICAAP'). Through the ICAAP the Board is satisfied that the Society holds a level of capital more than sufficient to satisfy the Capital Requirements Directive's Pillar 1 minimum capital requirements and additional Pillar 2 capital to mitigate the principal risks to which the Society is exposed. The Board approves the ICAAP on an annual basis, and it is reviewed by the Society's Regulator in setting the Society's Total Capital Requirement ('TCR').

Further details of the Society's approach to risk management can be found in the Society's Pillar 3 disclosures, required by the Capital Requirements Directive, on the Society's website, www.srbs.co.uk.

Charitable and Political Donations

During the year the Society made donations of £5,542 (2021: £6,008) to charities. No contributions were made for political purposes. The Society sponsors, and its colleagues commit their time to, a range of local charitable and community causes.

Charity fundraising 'wear it pink' for Breast Cancer Now

Colleagues

The Directors are extremely appreciative of the contribution made by its colleagues to the Society's successful performance. The Society obtains feedback from both borrowers and investing Members throughout the year in order to monitor our performance and make improvements where appropriate. The feedback we have received indicates a high level of satisfaction with the service provided by our colleagues.

The Society in the Community

The Society remains firmly committed to conducting all its affairs in an ethical and socially responsible manner. In particular, it is recognised that the major part of the Society's business and Membership is drawn from the local community in which it operates. Consequently, the Society actively endeavours to identify with and support the community. The Society actively sources purchases and services locally if possible, and provides support in terms of both finance and practical assistance to local charities, worthwhile causes and community-based organisations.

The Society actively pursues environmentally friendly initiatives with the aim of mitigating the environmental impact of the business it undertakes. Members can play their part by registering to receive future AGM packs on-line.

Supporting Stafford walking street


Working with Staffordshire Women's Aid, and Andy's Man Club (Stafford)

Directors

The following persons were Directors of the Society during the year and up to the date of signing the Annual Report and Accounts:

Non-Executive Directors

Joanne Hindle, LLB (Chair)

James W Dean, FCA (Senior Independent Director) (Resigned 23 February 2022)

Gary C D Crowe, FCIM CAifs ACIB MCIBS

David J Grant, MBA FCIB FISMM FRSA (Senior Independent Director)

Mary A Kerr, MA Oxon MBA DipM MIOD

Alison Tattersall BA DipM (appointed 24 February 2022)

Ian A Craig (appointed 24 February 2022)

Executive Directors

Michael R Smith, ACIB (Chief Executive) (Retired 31 October 2022)

Steven Jones, BSc DBA MBA FCA (appointed Chief Executive 1 November 2022, previously Deputy Chief Executive and Finance Director)

Christopher I Reid, ACMA CGMA (Finance Director, appointed 1 May 2022)

Having regard to the United Kingdom Corporate Governance Code 2018, all Directors will retire and being eligible will seek re-election at the AGM.

Joanne Hindle, Chair
20 December 2022

Summary Directors' Remuneration Report

The purpose of this Report is to inform Members about the current policy on the remuneration of Executive and Non-Executive Directors. The Report provides details of the different elements of the Executive Directors' remuneration and explains the process for determining them.

The Society has adopted a Remuneration Policy which describes how the Society has complied with the requirements of both the supervisory statements issued by the PRA and the Financial Conduct Authority ('FCA') relating to remuneration and the Code. The Board is committed to best practice in corporate governance and will ask Members to vote, on an advisory basis, on the Directors' Remuneration Report at the forthcoming AGM.

The Remuneration Committee

The over-arching purpose of the Committee is to ensure that remuneration policies and the reward structure are in line with the Society's business strategy, risk appetite and long-term objectives. This ensures that effective risk management is a key component of remuneration and incentive structures. The Committee is satisfied that the basis of remuneration is consistent with sound and effective risk management and does not encourage excessive risk taking.

The Committee takes account of the Code, as far as it is relevant and appropriate to an organisation of the Society's size.

The Committee comprises of three Non-Executive Directors with Mary A Kerr as Chair and is responsible for making recommendations to the Board in respect of remuneration for the Chair of the Board, Executive Directors and other Members of the Leadership Team. The Chief Executive attends by invitation only and takes no part in the discussion relating to his remuneration. The remuneration of the Chair of the Board is set at a meeting of the Board where the Chair of the Board is not present. The remuneration of all other Non-Executive Directors is set by the Chief Executive and Chair of the Board.

The Committee meets at least annually to consider the remuneration and other terms of service of the Executive Directors and make recommendations to the Board where appropriate.

Executive Directors' Remuneration

The Society's policy is to set remuneration levels which will attract and retain Executive Directors with appropriately high levels of skill and expertise and to reward the achievement of stretching objectives in line with the Society's Corporate Plan. It comprises:

Basic Salary

This takes into account the role and position of individuals including professional experience, responsibilities, complexity of the role and market conditions. Basic salary is reviewed annually and includes external benchmarking against data from within the building society sector.

Incentives

A bonus scheme is determined and recommended to the Board by the Remuneration Committee. This is based on a range of financial and non-financial corporate performance objectives including appropriate risk management objectives. Bonus payments are payable annually and set at a maximum of 20% of contractual gross salary for both the Chief Executive Director, Deputy Chief Executive and Finance Director and 15% for the Finance Director appointed in the year.

Pensions

The Society contributes to the personal pension arrangements of its Executive Directors. The Society does not have a Defined Benefit / Final Salary Pension Scheme. The Chief Executive has opted out of the defined contribution pension scheme.

Benefits

Executive Directors receive other benefits as afforded to colleagues including private medical insurance, death-in-service and income protection. The Society does not provide concessionary home loans to Directors.

Contractual Terms

The Executive Directors are employed on open-ended service contracts. Notice period for the Chief Executive is twelve months, to be given by both the Society and the individual. The notice period for the Finance Director is six months to be given by both Society and the individual.

As at 31 October 2022 no notices had been served by any of the parties.

Non-Executive Directors' Remuneration

All Non-Executive Directors are remunerated by fees which are reviewed annually, with periodic external benchmarking against data from within the building society sector. The Chair of the Board, and each of the sub-committees also receive additional payments reflecting the additional duties and responsibilities of their roles.

There are no bonus schemes for Non-Executive Directors and they do not qualify for pension entitlement or other benefits. Non-Executive Directors do not have service contracts but are entitled to claim reimbursement of expenses incurred on behalf of the Society.

Total emoluments of the Society's Directors are listed below (excluding national insurance):

	2022 £'000	2021 £'000
Non-Executive Directors' fees	186.0	153.8
Executive Directors' remuneration	563.4	392.5
	749.4	**546.3**

Non-Executive Directors

	2022 £'000 Fees	2021 £'000 Fees
Joanne Hindle (Chair) (from 23 March 2021)	40.0	23.4
Colin C Lloyd (Chairman) (to 24 February 2021)	-	11.2
Karen E McCormick (Vice Chair) (to 24 June 2021)	-	18.2
James W Dean (Senior Independent Director) (to 23 February 2022)	9.0	22.6
Gary CD Crowe	32.3	27.3
David J Grant (Senior Independent Director) (from 24 February 2022)	32.3	27.3
Mary A Kerr	32.3	23.8
Alison Tattersall (from 24 February 2022)	18.6	-
Ian A Craig (from 24 February 2022)	21.5	-
	186.0	**153.8**

Executive Directors

31 October 2022	Salary* £'000	Benefits Including Bonus** £'000	Pension £'000	Total £'000
Michael R Smith	205.4	74.9	-	280.3
Steven Jones	166.4	22.1	17.2	205.7
Christopher I Reid (from 1 May 2022)	60.0	10.5	6.9	77.4
	431.8	**107.5**	**24.1**	**563.4**

* Includes payment in lieu of holiday not taken during the pandemic M Smith £15.3k and S Jones £16.7k. ** Includes £51.2k relating to a long term incentive plan for M Smith.

31 October 2021	Salary £'000	Annual Bonus £'000	Pension £'000	Total £'000
Michael R Smith	181.5	29.0	-	210.5
Steven Jones	143.0	22.0	17.0	182.0
	324.5	**51.0**	**17.0**	**392.5**

Mary A Kerr, Chair of Remuneration Committee
20 December 2022

Summary Financial Statement

A summary review of the events of the business and Society during the year and commentary on the financial position at the year-end can be found on pages 7 to 16.

Results for the year ended 31 October	**2022 £'000**	**2021 £'000**
Net interest income	5,562	4,554
Other income and charges	8	6
Administrative expenses	(3,862)	(3,399)
Impairment movement on loans and advances	(272)	17
Profit for the year before taxation	1,436	1,178
Taxation	(263)	(236)
Profit for the financial year	**1,173**	**942**

Financial position as 31 October	**2022 £'000**	**2021 £'000**
Assets		
Liquid assets	88,457	96,468
Mortgages	202,257	202,093
Fixed and other assets	821	838
Total assets	**291,535**	**299,399**
Liabilities		
Shares	251,663	261,285
Deposits	14,164	13,696
Other liabilities	916	762
Reserves	24,792	23,656
Total liabilities	**291,535**	**299,399**

The Society's financial statements have been prepared in accordance with FRS 102 and IAS 39.

Summary of Key Financial Ratios

	2022	2021
Management expenses as a % of mean total assets	1.31%	1.20%
Profit for the financial year as a % of mean total assets	0.40%	0.33%
Gross capital as a % of share and borrowings	9.33%	8.60%
Liquid assets as a % of share and borrowings	33.28%	35.08%

Gross capital as a percentage of shares and borrowings

The gross capital ratio measures the proportion that the Society's capital bears to the Society's liabilities to holders of shares, depositors and other providers of funds (investors). The Society's capital consists of the profits accumulated over many years in the form of general reserves.

Capital provides a financial cushion against difficulties that might arise in the Society's business and therefore protects investors.

Liquid assets as a percentage of shares and borrowings

The liquid assets ratio measures how the proportion that the Society's assets held in the form of cash and short term deposits and marketable securities bear to the Society's liabilities to Members and other investors. Liquid assets are readily realisable, enabling the Society to meet requests by investors for withdrawals from their accounts, to make new mortgage loans to borrowers and to fund its general business activities.

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

The profit to mean total assets ratio measures the proportion which the profit for the financial year bears to the average of total assets at the start and end of the year. The Society needs to make a level of profit each year which maintains its capital ratio at a suitable level to protect investors.

Management expenses as a percentage of mean total assets

The management expenses to mean total assets ratio measures the proportion which the Society's administrative expenses (including depreciation) bears to the average of the Society's total assets at the start and end of the year.

Independent Auditor's Statement

On the Summary Financial Statement to the Members of The Stafford Railway Building Society

We have examined the Summary Financial Statement of The Stafford Railway Building Society (the 'Society') set out on page 15, which comprises the results for the year ended 31 October 2022, the financial position as at 31 October 2022 and the summary of key financial ratios.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Summary Financial Statement, in accordance with the Building Societies Act 1986.

Our responsibility is to report to you our opinion on the consistency of the Summary Financial Statement with the full Annual Accounts, the Annual Business Statement and the Directors' Report and its compliance with the relevant requirements of Section 76 of the Building Societies Act 1986 and the regulations made under it.

We also read the other information contained in the Summary Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Summary Financial Statement. The other information comprises only the chief executive's business review, summary directors' report and summary directors' remuneration report.

This statement, including the opinion, has been prepared for and only for the Society's members as a body in accordance with Section 76 of the Building Societies Act 1986 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this statement is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Basis of opinion

Our examination involved agreeing the balances in the Summary Financial Statement to the full Annual Accounts. Our report on the Society's full Annual Accounts describes the basis of our audit opinion on those Annual Report and Accounts, the Annual Business Statement and the Directors' Report.

Opinion

In our opinion the Summary Financial Statement is consistent with the full Annual Report and Accounts, the Annual Business Statement and the Directors' Report of Stafford Railway Building Society for the year ended 31 October 2022 and complies with the applicable requirements of Section 76 of the Building Societies Act 1986, and the regulations made under it.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory
Auditors Manchester
20 December 2022

Financial Services Compensation Scheme

Only applicable to members with Saving Account(s)

Scheme responsible for the protection of your eligible deposit.

Your eligible deposit is covered by a statutory Deposit Guarantee Scheme. If insolvency of your bank, building society, or credit union should occur, your eligible deposits would be repaid up to £85,000 by the Deposit Guarantee Scheme.

General limit of protection

If a covered deposit is unavailable because a bank, building society, or credit union is unable to meet its financial obligations, depositors are repaid by a Deposit Guarantee Scheme. This repayment covers at maximum £85,000 per bank, building society or credit union. This means that all eligible deposits at the same bank, building society or credit union are added up in order to determine the coverage level. If, for instance a depositor holds a savings account with £80,000 and a current account with £20,000, he or she will only be repaid £85,000.

In some cases eligible deposits which are categorised as "temporary high balances" are protected above £85,000 for six months after the amount has been credited or from the moment when such eligible deposits become legally transferable. These are eligible deposits connected with certain events including:

1 Certain transactions relating to the depositor's current or prospective only or main residence or dwelling;

2 A death, or the depositor's marriage or civil partnership, divorce, retirement, dismissal, redundancy or invalidity;

3 The payment to the depositor of insurance benefits or compensation for criminal injuries or wrongful conviction.

More information can be obtained under www.fscs.org.uk

Limit of protection for joint accounts

In case of joint accounts, the limit of £85,000 applies to each depositor.

However, eligible deposits in an account to which two or more persons are entitled as members of a business partnership, association or grouping of a similar nature, without legal personality, are aggregated and treated as if made by a single depositor for the purpose of calculating the limit of £85,000.

Reimbursement

The responsible Deposit Guarantee Scheme is the Financial Services Compensation Scheme, 10th Floor Beaufort House, 15 St Botolph Street, London, EC3A 7QU, Tel: 0800 678 1100 or 020 7741 4100, Email: ICT@fscs.org.uk. It will repay your eligible deposits (up to £85,000) within 20 working days until 31 December 2018; within 15 working days from 1 January 2019 until 31 December 2020; within 10 working days from 1 January 2021 to 31 December 2023; and within 7 working days from 1 January 2024 onwards, save where specific exceptions apply.

Where the FSCS cannot make the repayable amount available within 7 working days, it will, from 1 June 2016 until 31 December 2023, ensure that you have access to an appropriate amount of your covered deposits to cover the cost of living (in the case of a depositor which is an individual) or to cover necessary business expenses or operating costs (in the case of a depositor which is not an individual or a large company) within 5 working days of a request.

If you have not been repaid within these deadlines, you should contact the Deposit Guarantee Scheme since the time to claim reimbursement may be barred after a certain time limit. Further information can be obtained under http://www.fscs.org.uk.

Other important information

In general, all retail depositors and businesses are covered by Deposit Guarantee Schemes. Exceptions for certain deposits are stated on the website of the responsible Deposit Guarantee Scheme. Your bank, building society or credit union will also inform you of any exclusions from protection which may apply. If deposits are eligible, the bank, building society or credit union shall also confirm this on the statement of account.

Exclusions List (B) from January 2017

A deposit is excluded from protection if:

1 The holder and any beneficial owner of the deposit have never been identified in accordance with money laundering requirements. For further information, contact your bank, building society or credit union.

2 The deposit arises out of transactions in connection with which there has been a criminal conviction for money laundering.

3 It is a deposit made by a depositor which is one of the following:

- Credit institution
- Financial institution
- Investment firm
- Insurance undertaking
- Reinsurance undertaking
- Collective investment undertaking
- Pension or retirement fund 1
- Public authority, other than a small local authority.

[1] Deposits by personal pension schemes, stakeholder pension schemes and occupational pension schemes of micro, small and medium sized enterprises are not excluded.

Contact

If you have any questions regarding the compensation limits, please contact the Financial Services Compensation Scheme (FSCS) at:

FSCS

10th Floor
Beaufort House
15 St Botolph Street
London
EC3A 7QU

Tel: 0800 678 1100
Email: ICT@fscs.org.uk

For further information about exclusions, refer to the FSCS website at www.fscs.org.uk

STAFFORD RAILWAY
BUILDING SOCIETY

4 Market Square, Stafford,
Staffordshire, ST16 2JH.

Tel: 01785 223212
info@srbs.co.uk
srbs.co.uk

JD2407