Annual Review

For The Year Ended
31 October 2021

STAFFORD RAILWAY
BUILDING SOCIETY

Incorporating Summary
Financial Statement

Summary Financial Statement For The Year Ended 31 October 2021

Foreword

The Directors have pleasure in presenting the Summary Financial Statement of the Society for the year ended 31 October 2021 being the one hundred and forty fourth 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 25 January 2022.

Approved and signed on its behalf by the Board of Directors on 20 December 2021.

Joanne Hindle
(Chair)

Michael R Smith
(Chief Executive)

Steven Jones
(Deputy Chief Executive and Finance Director)

STAFFORD RAILWAY
BUILDING SOCIETY

Chief Executive's Business Review

The 2021 financial year continued to be dominated by the Covid-19 pandemic, which has challenged us all to adapt to different and new ways of working, living and consuming. Covid-19 has not only been a health crisis, but also has had serious societal and economic consequences, from which both the United Kingdom ('UK') and the world will require time to recover. In recent months we have witnessed many encouraging developments, enabling millions to resume a more normal way of life. The country has entered a new phase of recovery from the pandemic and at The Stafford Railway Building Society we have done so from a position of strength.

The exceptional situation has truly shown our purpose as a mutual Building Society. Throughout the period we have done our utmost to support our members, keep our employees safe and maintain business continuity. As I reflect on the events of the last twelve months and the adaptations we have all made, I have realised more than ever that what we have achieved is what good businesses do. They adapt and evolve to ensure sustainability, providing a strong platform for our members to achieve their financial ambitions.

It is times like these that require us to be an even safer and more trusted partner to our members, staff and suppliers. We, at The Stafford Railway Building Society, remain a strong, member centric, and well capitalised small Building Society, even in these most turbulent of times.

In 2021, we continued to make good progress in implementing our Corporate Plan and have again delivered performance consistent with our key objective of building a sustainable Building Society for the longer term, with our core elements of growth in mortgages, growth in savings, growth in total assets and growth in capital retained, all being achieved. This has ensured a considered and balanced performance across the business, to reinforce our ethos.

We have remained focused on growing revenues faster than costs. Income growth and continued cost disciplines have resulted in an improved cost / income ratio of 74.54% (2020: 76.20%) in line with our desire to improve operational efficiencies. Capital growth increased to 3.96% (2020: 3.92%).

Our credit quality remains good. An individual specific, criteria based underwriting and prudent lending approach ensured we have sufficient resilience to overcome any potential setbacks as we recover from the pandemic. We have not experienced any loan losses nor any significant adjustments to our provisioning.

Our key business areas continue to deliver in line with our growth aspirations.

Retail Deposits: Increased by 11.82% (2020: 3.70%), led by our attractive Notice 90 and Regular Saver offerings. Savings membership also increased by 1.70%.

Mortgages: Gross mortgage lending of £40.48m (2020: £37.56m) represents a deliberately well-paced increase, following the introduction of significant process improvements to our infrastructure. The internal automation of processes should ensure we are equipped for our staff to concentrate on applying relationship driven, criteria led, individual underwriting skills, whilst allowing the technology to provide operational efficiency. I am particularly pleased that we have observed growth in both our Direct and Intermediary offerings.

As I reflect on 2021, I am very pleased with the financial results, in line with our Corporate Plan, but more so take pride in the development behind the scenes. The operational efficiencies we have undertaken shall ensure we are considerably less manual and are positioned for sustainability and considered growth. We have rebuilt the mortgage process, enabling our members to receive both a speedier decision and the important offer documentation. I am particularly proud that we are now able to offer an integrated online savings capability.

We have continued our strategy of investing in our Information Technology ('IT'). In 2021, we have reviewed and further enhanced our cyber security. We have developed our Intermediary Portal, together with enhancements to telephony systems, enabling members to speak directly to staff, consistent with our desire to maximise our personal touch.

We are also well positioned to increase the pace on our technical enhancements, most notably at point of sale, Regulatory reporting and core systems, all of which, in this re-energised and ever more demanding digital world, are areas a modern Building Society must optimise with capability.

Staff and Working Environment

We have not participated in the government Furlough Scheme, ensuring all our staff remained, throughout the pandemic, on full pay and we have continued to invest in staff and the working environment. We are pleased to report that the staff survey, taken in Quarter 3, evidenced ongoing high levels of staff satisfaction and this, coupled with the very high member satisfaction scores, provides great confidence for our continued growth.

Community

We remain committed to supporting the local community by means of donations, sponsorship and our Affinity programme with local organisations. We look forward in 2022, as the pandemic restrictions ease, to a more active involvement.

We have undertaken a review of our Environmental, Social and Governance ('ESG') requirements and will continue to seek ways of working together with both our suppliers and members to help drive a low carbon economy.

The Future

Over the past few quarters, and notwithstanding the uncertainties of both the macro and microeconomic environment, I am pleased to say we have consistently delivered on our key priorities.

It remains a core strength of the Society to remain financially strong and supportive of our members, staff and community, demonstrated as follows:

- Our mortgage impairment provision is more than adequate to cover current mortgage credit risk defaults;
- Our cost / income ratio remains in line with expectation;
- Our profitability is proportionate to fund our growth ambitions, whilst providing good value products for new and existing members;
- Our capital position has continued to strengthen;
- New depositors have been attracted, and importantly existing depositors have remained very loyal, reinforcing their trust in our brand; and
- Our considered inward investment and continuous improvement to provide sustainability for your Society.

New products are to be a feature of 2022, with developments in our Intergenerational and Homesaver aspirations being prioritised. Our ambition in delivering such new initiatives must be to foster personal relations in meeting places such as digital, post or telephony with members and suppliers that are equally as personal as with those members who we meet face to face.

One area which will not change is our view of risk. It has been proven over an extended time period that The Stafford Railway Building Society's prudent approach has contributed to our trusted reputation, highlighted in our low credit losses. This helps provide the solid foundation to our financial stability and provides the platform for great optimism in our future.

In 2021 I could not be more proud of the efforts of our staff. First of all, they have done their utmost to support our members. They have also implemented new ways of working, embracing the technological and process changes, whilst also engaging with local communities. I would like to take the opportunity to thank our dedicated and highly competent staff, who will ensure our future success.

I believe that both our employees and culture are the key to our sustainable value creation. We shall strive to ensure that diversity and inclusivity contribute to better collaboration and engagement, in turn leading to quality decisions and results.

I believe the events of the last eighteen months proved that nothing is certain but the unforeseen. I have no doubts the road ahead will include some setbacks, but I wish to reassure you that as we emerge into the brighter times ahead, your Society does so from a position of strength.

We are well on track and committed to delivering on our Corporate Plan and our financial aspirations. We will continue to focus on our key priorities to create great member experiences, drive income growth initiatives and optimise operational efficiencies. In doing so, we shall adhere to our goal of creating a long term sustainable Society for our members, staff and community.

We enter into 2022, our 145th year, with confidence.

Michael R Smith
Chief Executive
20 December 2021

Summary Directors' Report

The Board is satisfied with the Society's positive performance during the year. This is demonstrated by the 2.22% growth in mortgages (2020: 5.38%), 11.17% growth in total assets (2020: 3.74%), solely funded by the 11.82% (2020: 3.70%) growth in retail funding. The reported retained profit for the year of £0.94m (2020: £0.85m), has further strengthened the Society's overall capital reserves which have grown by 3.96% (2020: 3.92%). This positive performance is all the more creditable given the ongoing challenges and impact of the Covid-19 pandemic which has touched the lives of us all including your Society. Despite this unprecedented backdrop the Society has demonstrated financial resilience as shown by its reported key performance indicators.

Key Performance Indicators

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

	2021	2020	2019
Net interest margin (% of mean total assets)	1.60%	1.68%	1.73%
Management expenses (% of mean total assets)	1.20%	1.28%	1.32%
Cost income ratio	74.54%	76.20%	75.69%
Profit for the financial year	£0.94m	£0.85m	£0.86m
Profit for the financial year (% of mean total assets)	0.33%	0.32%	0.34%
Total assets growth	11.17%	3.74%	2.18%
Gross mortgage advances	£40.48m	£37.56m	£47.62m
Mortgage assets growth	2.22%	5.38%	8.93%
Liquid assets (% of shares and amounts owed to other customers)	35.08%	28.76%	29.95%
Shares and amounts owed to other customers growth	11.82%	3.70%	2.01%
Capital growth	3.96%	3.92%	4.31%
Gross capital (% of shares and amounts owed to other customers)	8.60%	9.25%	9.23%
Total reserves	£23.66m	£22.76m	£21.90m

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 for the financial year of £0.94m (2020: £0.85m) was transferred to reserves, further enhancing the Society's capital strength.

Profit for the financial year of £0.94m expressed as a percentage of the average of total assets at the beginning and end of the financial year was 0.33% (2020: 0.32%).

The Board is satisfied with the reported level of profitability, particularly given the unprecedented social and economic environment that beset the UK during the year.

Total net income

Total net income of £4.56m (2020: £4.43m) represents total interest receivable from mortgage and liquid assets less total interest payable on retail savings and fees and other operating income. The net interest margin of 1.60% (2020: 1.68%) 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 and depreciation

Management expenses and depreciation of £3.40m (2020: £3.38m) represent the Society's administrative expenses and represent the costs of running the organisation.

The management expenses ratio of 1.20% (2020: 1.28%) represents the total of these expenses as a percentage of the average of total assets at the beginning and end of the financial year.

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 key 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 74.54% is a reduction on the 76.20% reported in the prior year indicating that total income has increased to a greater extent than the Society's cost base.

Loans and advances to customers

Mortgage balances have increased by £4.39m in the year to £202.09m (2020: £197.70m) with gross lending (the total value of new mortgage advances) of £40.48m increasing by £2.92m above that achieved during 2020 of £37.56m. This equated to 2.22% mortgage assets growth in the year (2020: 5.38%). Mortgage redemptions during the year of £23.81m were £5.51m above the £18.30m reported for 2020.

The Society is mindful to ensure that the strong mortgage growth is delivered in a controlled and measured way, and 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.

Overall arrears levels have remained at low levels despite the difficulties some Members may have experienced from the onset of the pandemic. This reflects the Society's robust underwriting approach which stress-tests future borrower affordability. As at 31 October 2021, the Society had 1 (2020: 2) mortgage accounts 12 months or more in arrears. There were 3 additional mortgage accounts over 3 months in arrears (2020: 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 2021 the Society had no properties in possession (2020: 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 2021, there were 8 (2020: 28) accounts under forbearance measures. A total of 4 (2020: 3) 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

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.

Total liquid assets as at 31 October 2021 amounted to £96.47m (2020: £70.73m), representing 35.08% (2020: 28.76%) of total shares and amounts owed to other customers. Total liquid assets include £72.13m (2020: £51.40m) 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.

Shares and other investors

The Society aims to attract a level of savings balances that enable funding of both mortgage advances and liquidity requirements.

Shares and amounts due to other customers' balances at 31 October 2021 were £274.98m (2020: £245.91m), an increase of £29.07m or 11.82% (2020: 3.70%) on the previous year. The increase in the overall savings balances was a result of the Society's continued strategy of providing members with a choice of savings products to meet individual needs, which during the year saw the launch of the Notice 90 account, which was favourably received by both existing and new customers.

The strengthening of the retail base during the year was achieved at a time when interest rates were at historically low levels. In line with its strategy the Society focuses 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 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 2021 the CET1 ratio was 25.80% (2020: 26.21%) and the leverage ratio was 7.80% (2020: 8.35%). Tier 1 capital was £23.66m (2020: £22.76m) and tier 2 capital £0.09m (2020: £0.08m), providing total Capital Resources of £23.75m (2020: £22.84m).

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.

The principal risks and uncertainties faced by the Society are included on page 15 of the Annual Report and Accounts.

Charitable and Political Donations

During the year the Society made donations of £6,008 (2020: £13,121) to charities. No contributions were made for political purposes. The Society sponsors, and its staff commit their time, to a range of local charitable and community causes.

Staff

The Directors are extremely appreciative of the contribution made by the staff 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 staff.

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 Annual General Meeting packs online.

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) (appointed 23 March 2021)

Colin C Lloyd, ACIB
(Chairman) (retired 24 February 2021)

Karen E McCormick, ACIS PIIA
(Vice Chair) (resigned 24 June 2021)

James W Dean, FCA
(Senior Independent Director)

Gary C D Crowe,
FCIM CAifs ACIB MCIBS

David J Grant,
MBA FCIB FISMM FRSA

Mary A Kerr,
MA Oxon MBA DipM MIOD

Executive Directors

Michael R Smith, ACIB
(Chief Executive)

Steven Jones, BSc DBA MBA FCA
(Deputy Chief Executive and Finance Director)

Having regard to the United Kingdom Corporate Governance Code 2018 ('the Code'), all Directors will retire and being eligible will seek re-election at the Annual General Meeting. James W Dean will retire from the Board having completed his nine year tenure.

Joanne Hindle
Chair
20 December 2021

"The feedback we have received indicates a high level of satisfaction with the service provided by our staff."


"Throughout the Covid-19 pandemic we have done our utmost to support our members, keep our employees safe and maintain business continuity."
Michael R Smith
Chief Executive

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 Prudential Regulation Authority ('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 Annual General Meeting.

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 and Deputy Chief Executive and Finance Director.

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 staff 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 Deputy Chief Executive and Finance Director is six months to be given by both Society and the individual. As at 31 October 2021 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. 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):

	2021 £'000	2020 £'000
Non-Executive Directors' fees	153.8	148.2
Executive Directors' remuneration	392.5	369.0
	546.3	**517.2**

Non-Executive Directors

	2021 £'000 Fees	2020 £'000 Fees
Joanne Hindle (Chair) (from 23 March 2021)	23.4	-
Colin C Lloyd (Chairman) (to 24 February 2021)	11.2	31.6
Karen E McCormick (Vice Chair) (to 24 June 2021)	18.2	25.1
James W Dean (Senior Independent Director)	22.6	20.6
Gary C D Crowe	27.3	25.1
David J Grant	27.3	25.1
Mary A Kerr	23.8	13.8
Nicholas H J Sandy (to 26 February 2020)	-	6.9
	153.8	**148.2**

Executive Directors

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**

31 October 2020	Salary £'000	Annual Bonus £'000	Pension £'000	Total £'000
Michael R Smith	172.0	30.9	-	202.9
Steven Jones	133.2	17.6	15.3	166.1
	305.2	**48.5**	**15.3**	**369.0**

Mary A Kerr
Chair of Remuneration Committee
20 December 2021

Summary Financial Statement

A summary review of the events and business of the Society during the year and commentary on the financial position at the end of the year can be found on pages 8 to 21.

Results for the year ended 31 October

	2021 £'000	2020 £'000
Net interest receivable	4,554	4,432
Other income and charges	6	(3)
Administrative expenses	(3,399)	(3,375)
Impairment movement on loans and advances	17	-
Profit for the year before taxation	1,178	1,054
Taxation	(236)	(209)
Profit for the financial year	**942**	**845**

Financial position at 31 October

	2021 £'000	2020 £'000
Assets		
Liquid assets	96,468	70,728
Mortgages	202,093	197,695
Fixed and other assets	838	889
Total assets	**299,399**	**269,312**
Liabilities		
Shares	261,285	233,354
Borrowings	13,696	12,553
Other liabilities	762	650
Reserves	23,656	22,755
Total liabilities	**299,399**	**269,312**

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

Summary of Key Financial Ratios

	2021	2020
Management expenses as a % of mean total assets	1.20%	1.28%
Profit for the financial year as a % of mean total assets	0.33%	0.32%
Gross capital as a % of shares and borrowings	8.60%	9.25%
Liquid assets as a % of shares and borrowings	35.08%	28.76%

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 20, which comprises the results for the year ended 31 October 2021, the financial position as at 31 October 2021 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 The Stafford Railway Building Society for the year ended 31 October 2021 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 2021

"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 The Stafford Railway Building Society."

Protected

Stafford Railway Building Society is covered by the Financial Services Compensation Scheme and the Financial Ombudsman Service.

The Stafford Railway Building Society is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority (Registered no 206063).

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STAFFORD RAILWAY
BUILDING SOCIETY

Stafford Railway Building Society, 4 Market Square, Stafford, ST16 2JH
01785 223212* mutual@srbs.co.uk www.srbs.co.uk

**Calls from landlines are charged at the standard rate. Calls from mobiles may vary.*