

# Annual Review



Incorporating the Summary Financial Statement  
for the year ended 31 October 2023, Notice of AGM  
and Financial Services Compensation  
Scheme Notification.



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# Notice of Annual General Meeting

Notice is given that the one hundred and forty sixth Annual General Meeting (AGM) of the members of The Stafford Railway Building Society will be held on Tuesday 20th February 2024 at 6pm at its Head Office, 4 Market Square, Stafford, Staffordshire, ST16 2JH and virtually using Microsoft Teams. To register for an electronic invitation please email [agm@srb.co.uk](mailto:agm@srb.co.uk).

The AGM is your opportunity to engage with your Society and to use your vote on such matters as the appointment of Directors, Auditors and the approval of the Annual Accounts. We shall continue with the principles of the 2018 UK Corporate Governance Code ('The Code'), with all Directors submitting themselves for annual re-election and election. Details of voting are provided in the attached form, the Board recommends you vote in favour of all the resolutions. Should you wish to do this, the simplest way is to use the 'Quick Vote' option. You may, of course, cast your vote on each resolution individually.

Thank you for choosing to be a Member of the Society.

## By order of the Board,

### Martin N Davies

Secretary  
19 December 2023

## AGM Agenda

1. To receive the Annual Accounts, Annual Business Statement and the Directors' Report for the year ended 31st of October, 2023 and the Auditors' Report.
2. To consider and, if thought fit, pass the following Ordinary Resolutions for the election / re-election of Directors:
  - a To re-elect Ian Craig
  - b To re-elect Gary Crowe
  - c To re-elect David Grant
  - d To elect Robert Hassall
  - e To re-elect Joanne Hindle
  - f To re-elect Steven Jones
  - g To re-elect Christopher Reid
  - h To re-elect Alison Tattersall
3. To consider, and if thought fit, pass an Ordinary Resolution to approve the Directors' Remuneration Report.
4. To consider, and if thought fit, pass an Ordinary Resolution to appoint PricewaterhouseCoopers LLP as Auditor.

### Online

To vote online please visit  
**[www.mysrbvote.co.uk](http://www.mysrbvote.co.uk)**

Enter both parts of the code printed on the enclosed voting form.

### By Post

Use the voting form overleaf and the prepaid envelope provided. We must receive your postal vote no later than 5pm on Friday 16th February 2024.

### Voting ends

Postal and online votes to arrive by  
**5pm on Friday 16th February 2024**

# Important Notes About Voting

## How do I vote?

You can vote online or by post: see the blue box on page 3 for more details.

## How do I return my voting form?

Post it in the pre-paid reply envelope enclosed. We must receive your vote no later than 5pm on Friday 16th February 2024.

## Online Voting

You can also vote online at [www.mysrbsvote](http://www.mysrbsvote) – you will need the security codes (part 1 and 2) printed on the form enclosed, then simply follow the online instructions.

The online votes must be received by 5pm on Friday 16th February 2024.

## Voting conditions

The voting deadline is 5pm on Friday 16th February 2024 if you are using this inserted form to vote by post or voting online.

To be able to vote (either in person or by your proxy) you must be a Shareholding or a Borrowing Member.

In addition, you must:

- (a) be at least 18 years old on 12th February 2024; and
- (b) be a sole or first named account holder in our records; and
- (c) have a balance of at least £100 in your share account(s) with the Society on 31st October

- 2023 and have a share account with the Society between 31st October 2023 and the voting date; or
- (d) have owed the Society not less than £100 on your mortgage account(s) on 31st October 2023 and owe not less than £100 in respect of a mortgage on the voting date.

No matter how many savings or mortgage accounts you may have, you are only entitled to vote once. As you have to be a sole or first named account holder in the Society's records, the form and the AGM pack have only been addressed to the first named account holder of joint accounts.

## Power of attorney

If you are the holder of a power of attorney of a Member and wish to vote, you must attend the meeting in person (subject to the meeting allowing external visitors). You cannot appoint a proxy.

## Appointing a proxy

By using the enclosed form, you can choose the Chair of the meeting to attend the AGM on Tuesday 20th February 2024 or any adjournment and vote as your proxy on your behalf.

# Who You're Voting For

Our Annual General Meeting is where you can vote on key decisions about how we are run. One important part of the AGM is the election of the Board of Directors.

## Who are you voting for?

There are eight candidates eligible for your vote at this year's AGM. They've provided a brief outline of who they are and the skills and experience they will bring to the Board. For more information on the candidates, visit: [www.srbs.co.uk/about-us/the-board/](http://www.srbs.co.uk/about-us/the-board/)

### Steven Jones – Chief Executive



Steven joined the Stafford Railway Building Society Board in June 2018 as Deputy Chief Executive and Finance Director, in August 2022 he was appointed as the Chief

Executive Officer. He is a Fellow of the Institute of Chartered Accountants and has a strong background in the financial services sector having spent over 30 years in a variety of senior positions. These have covered Corporate Planning, Strategy, IT, Underwriting, Risk, Secretarial, and General Operations. Outside of the Society he is a Corporation Member of Newcastle and Stafford Colleges Group, where he also holds the position of Vice Chair of the Audit Committee. He brings a wealth of experience, from a wider context having served as a trustee and Chair of two regional charities and a Housing Association.

### Christopher Reid – Finance Director



Chris joined the Society in May 2022 as Finance Director. He is a Member of the Chartered Institute of Management Accountants with 18 years post qualified

experience across a broad range of financial services companies, including 9 years within the mutual sector.

In addition to finance responsibilities, Chris is also leading the Society's environmental activities and is passionate about the positive impact that the Society can have through its engagement with Members and its community.

### **Robert Hassall – Chief Operating Officer**



Rob joined The Society in June 2019 as Head of Product Strategy and Communications. In November 2022 he was appointed as Chief Operating

Officer and was co-opted to the Board in November 2023. He has responsibility for the Society's IT & Change Management, Sales & Marketing, Underwriting, Branch, Retail and Member Operations.

He graduated from Staffordshire University in 2002 and has 19 years background in the financial services sector in a variety of roles include Operations, Sales, and IT.

Outside of the Society he is the Chair of Trust for a Multi-Academy Trust (MAT) and has previously held other voluntary roles including parish councillor and Chair of a school governing body.

### **Joanne Hindle – Chair**



Joanne Hindle trained as a lawyer specialising in commercial law. She has worked in a variety of roles in the financial services industry for over 30 years ending her

executive career as Corporate Services Director for the disability insurer, Unum.

Since 2008 she has held a range of Non-Executive roles and today is Chair of the Co-op Funeral Plans Ltd and a Non-Executive at The Bank of London and The Middle East as well as chairing the Board of Stafford Railway Building Society.

### **Gary Crowe – Non-Executive Director**



Gary is Chair of the Audit Committee. He is a Chartered Banker with over thirty years' experience in Financial Services. Gary previously held senior commercial positions in

strategy, business transformation and Risk & Business management as well as expertise as a university professor of innovation and leadership. Gary is a passionate believer in the mutual building society model and the long term benefits of Member ownership. He has lived locally for over forty years.

### **David Grant – Non-Executive Director & Senior Independent Director**



David currently works as a business consultant across several different industries, both in the UK and overseas.

He is also serves on the Board of a Mortgage and Protection Network business. He previously held a wide variety of senior positions in Banks, Building Societies, Insurance and Pensions organisations.

David joined the Board in 2017 and became Chair of the Risk Committee in May 2019 and became our Senior Independent Director on 24 February 2022. He has considerable experience of First and Second line Risk responsibility including the management of regulated product sales.

The combination of a strong depth and breadth of experience with contemporary knowledge enables David to make a strong contribution to the Board.



### Alison Tattersall – Non-Executive Director



Alison is a customer focused leader, with significant financial services experience, having headed up commercial marketing teams across the Barclays Group.

This experience includes Retail, Wealth, Financial Planning, Business and Corporate Banking, together with the Barclaycard payments business. In addition to her financial services experience,

Alison is a Trustee of The People's Dispensary for Sick Animals (PDSA), a charity with 48 veterinary hospitals across the UK providing care for sick and injured pets. Alison brings strong marketing, digital transformation and customer experience to the Stafford Board. She is committed to delivering for customers, and is delighted to be joining a mutual business focused on building long term value and benefit for the community it serves.

### Ian Craig – Non-Executive Director



Ian is an experienced Financial Services executive who joined the Stafford Board in February 2022 and is Chair of the IT Committee. Prior to his retirement in early 2021, Ian

was a Divisional Director at Nationwide Building Society and has previously held executive roles at both Barclays and Bank of America where he led large operational and technology functions, both in the UK and internationally.

Ian has also served as a Non-Executive Director for an NHS Hospital Trust and currently serves as Chair of Willowbrook Hospice in St Helens and as a Trustee and Board Member for The Brain Charity in Liverpool where he is Chair of their IT Committee.

Given his previous experience of operating as both a COO and CTO with Financial Services, he brings a wealth of relevant experience to the Stafford Board.



# Chief Executive's Report



I am pleased to report on yet another successful year for your Society, which continues to grow and thrive for the benefit of its Members. Our financial achievements are particularly noteworthy considering the prevailing economic conditions throughout the year and underscore our unwavering commitment to fulfilling our purpose of being 'a community and service led Society, helping to make saving and home ownership a reality'.



## Financial Review

Throughout the year, our Society has exhibited a robust financial performance, notably marked by the 5.64% growth in total assets, surpassing the £300m threshold, for the first time. Similarly, our growth in mortgage and retail savings have outperformed our budgeted expectations, again achieved despite a challenging market backdrop.

### Mortgage Balances

At £223.21m, our mortgage balances have grown by 10.36% during the year, fuelled by record gross advances of £57.09m. This was achieved through our bespoke product range and the appeal of a personalised underwriting approach that recognises the individual needs and circumstances of borrowers whilst ensuring all lending observes our credit risk appetites. This personalised service continues to appeal to those existing borrowers who, on the maturity of their existing product, have preferred to remain with the Society.

During the year we have not experienced any significant uplift in arrears, although we remain constantly alert to the challenges faced by borrowers, particularly the inflationary pressures on household income, and continue to support any borrower experiencing financial difficulty with a personalised approach offering a range of forbearance measures.

### Retail Savings

At £280.68m, our overall retail savings balances grew by 5.59% - achieved predominantly through the continued expansion of our retail savings range. This has provided our Members with a choice to suit their personal circumstances.

### Profitability and Capital

Retained profit is the Society's sole source of capital, and at £1.60m has been achieved through the prudent management of net interest margin and overall operating costs. During our financial year the Bank of England Base Rate continued its upward trend, with seven individual increases, from 2.25% to 5.25%. Our response has been unwavering, balancing the competing needs of our savers and borrowers alike. To support our borrowers, we have delayed any rise in mortgage interest rates for as long as possible.

Capital of £26.46m is held to ensure the Society has the financial resilience to weather any unforeseen future challenges, faced by all firms, and to allow the ongoing re-investment in your Society. A good example of this is colleague recruitment, technology, and infrastructure. Our capital ratios at 31 October continue to demonstrate our financial strength, with significant headroom over both regulatory and internal appetite limits.

### Member Engagement

I am delighted to report growth in membership numbers over the past year, a significant indicator of both confidence in your Society and the alignment of our products and services with your requirements. The importance of Member feedback cannot be overstated, serving not only to validate the positive outcomes we strive to deliver but also to identify areas for improvement in our service proposition, product range, and the preferences governing your interaction with the Society.

During the year, we initiated a number of independently facilitated forums to solicit feedback on how your Society is perceived by both existing and prospective Members, evaluating the extent to which we meet their expectations as a local Society. The outcome from the sessions provided invaluable feedback in terms of understanding how we can continue to enhance our product and service proposition. It was very gratifying to receive the independent assessors view that 'It's hard to imagine a financial organisation being more popular, even loved, amongst its Members than Stafford Railway Building Society.'

We will continue to take every opportunity to capture our Members feedback, for example, the customer feedback terminal sited in the branch which since its introduction has reported a credible average satisfaction of 96%. To reach out to those Members who do not regularly visit the branch we issue a simple questionnaire, which has proved inciteful, with responses well received, and I would encourage all Members to participate.



## Community Engagement

In addition to making donations to several locally recognised charities, that support our communities, we actively encourage and support colleagues in providing volunteering assistance. This dual approach, reflects our commitment to making a meaningful difference within our community.

## Environmental Climate Change

Climate change is an ever-increasing challenge facing us all. We are aware of our current carbon footprint and continue to take practical steps in reducing our exposure. Most certainly flexible home working continues to benefit not just colleagues, but in reducing emissions in travelling to work. Other simple steps taken include, but not limited to, ensuring IT hardware automatically shuts down when not in use, introduction of smart heating controls, switching from traditional to LED lighting and trialling the use of refurbished IT hardware, instead of always using newly manufactured.

We leverage independently sourced data on various environmental metrics to evaluate the impact on our mortgage portfolio. This approach not only allows us to assess the long-term capital implications associated with identified environmental risks but also provides valuable insights into practical ways we can assist both existing and new borrowers in understanding and enhancing the energy efficiency of their homes.

## Colleague Engagement

Throughout the year, we have persistently invested in our colleague team, welcoming new members to enhance the strength of our collective Society. Maintaining high levels of staff engagement is a paramount focus, and we are committed to consistently ensuring that their voices are heard. A noteworthy illustration of this

commitment is our internal Environmental, Social and Governance (ESG) forum, which not only sponsored our adoption of the United Nations Sustainability Framework but also played a pivotal role in shaping our robust commitment to Equality, Diversity and Inclusion (EDI). Additionally, the forum provided a practical response to our environmental initiatives and actively supported the well-being of our fellow colleagues.

Our colleagues are the heart of your Society, and I wish to extend my appreciation for their dedicated hard work and unwavering commitment that has led to the demonstrable achievements made during the year. I acknowledge their talent, resilience, and dedication, and eagerly anticipate another year of collaborative accomplishments as we persistently work together for the benefit of our Members.

### Economic Outlook

Following the incremental increases in Bank Base Rate during 2023, and the ongoing inflationary impact on household incomes, the outlook for the UK economy remains uncertain, with a period of low growth expected.

Competition for mortgages and retail savings is likely to continue, which will put pressure on interest margin, a factor we acknowledge in our growth objectives during 2024. Despite these challenges, your Society is well-placed to navigate these obstacles with resilience.

### AGM

I look forward to welcoming you to our AGM on 20th February 2024, where I, alongside fellow Directors, and colleagues, would value the opportunity to discuss our performance and any other feedback you may have.

### Steven Jones, Chief Executive

19 December 2023



# Summary Directors' Report For The Year Ended 31 October 2023

The Society's performance against its key performance indicators has been strong in the financial year ending 31 October 2023. The Society has met or exceeded each of its targets and has done so with a continued focus on investment and the long term strength and stability of the Society.

The brought forward mortgage pipeline meant that the Society was well placed to deliver on its lending target for the current financial year. Levels of advances were consistent throughout the year, with the total amount of £57.09m (2022: £43.40m) representing a record for the Society.

Redemption levels were lower than anticipated which contributed to the overall growth in the mortgage book.

The nature of the Society's activities means there is an inherent relationship between the mortgage balances, the amount of liquidity held and the level of retail funding. In the year Mortgage Assets grew by 10.36%, (2022: 0.08%), there was a controlled reduction in liquidity of 5.07% (2022: reduction of 8.30%) and retail funding grew by 5.59% (2022: reduction of 3.33%).

The Society's total net income has increased to £6,594k (2022: £5,570k), due to a combination of additional growth and the Society's net interest margin improving to 2.19% (2022: 1.88%). Costs have been controlled in line with budgeted levels, with the cost income ratio reducing to 66.18% (2022: 69.34%) due to the growth in income.

The reported retained profit for the year of £1.60m (2022: £1.17m) further strengthens the Society's overall capital reserves which have grown by 6.72% (2022: 4.80%) to £26.46m (2022: £24.79m).

The Society enters the forthcoming financial year well positioned with regards to mortgage pipeline, with a controlled level of growth planned for the mortgage book, consistent with our current approach and risk appetite.



## 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 Performance Indicators	2023	2022	2021
Net interest margin (% of mean total assets)	2.19%	1.88%	1.60%
Management expenses (% of mean total assets)	1.46%	1.31%	1.20%
Cost / income ratio	66.18%	69.34%	74.54%
Profit for the financial year	£1.60m	£1.17m	£0.94m
Profit for the financial year (% of mean total assets)	0.53%	0.40%	0.33%
Total assets growth	5.64%	(2.63%)	11.17%
Gross mortgage advances	£57.09m	£43.40m	£40.48m
Mortgage assets growth	10.36%	0.08%	2.22%
Liquid assets (% of shares and amounts owed to other customers)	29.92%	33.28%	35.08%
Shares and amounts owed to other customers growth	5.59%	(3.33%)	11.82%
Capital growth	6.72%	4.80%	3.96%
Gross capital (% of shares and amounts owed to other customers)	9.43%	9.33%	8.60%
Total reserves	£26.46m	£24.79m	£23.66m

## 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 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 £1.60m (2022: £1.17m) increased by 36.75%, which represents 0.53% (2022: 0.40%) of the average total assets at the beginning and end of the financial year. As at 31 October 2023 the Society's reserves amounted to £26.46m (2022: £24.79m) and are at a level considered by the Board to offer adequate support for the business.

## Total net income

Total net income of £6.59m (2022: £5.57m) 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 2.19% (2022: 1.88%) 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. In the current financial year there has been a focus on the competitiveness of retail savings accounts held on notice or fixed rate, this has included the promotion of some market leading products which has increased the proportion of retail savings accounts on notice or fixed rate to 23.79% (2022: 12.54%).

## Management expenses

Management expenses of £4.36m (2022: £3.86m) 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 1.46% (2022: 1.31%).

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 an 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 66.18% is



a reduction on the 69.34% reported in the prior year, indicating that total income has increased to a greater extent than the Society's cost base.

The cost base of the Society has been subject to inflationary increases, which have affected a number of areas including IT costs, professional services and colleague costs. The Society remains focused on developing its people to continue to meet the evolving needs of our Members and has invested in the team in the current financial year to further strengthen its capabilities and experience.

The investment in systems, infrastructure and colleagues will continue, our current Corporate Plan includes the addition of further roles in the coming financial year, combined with additional IT costs and a resulting expectation that the cost / income ratio will be increased as a result.

### Loans and advances to customers

Mortgage balances have increased by £20.95m (2022: £0.17m) in the year to £223.21m (2022: £202.26m). Gross lending (the total value of new mortgage advances) of £57.09m is a record for the Society and £13.69m higher than the £43.40m achieved during the previous financial year. This equates to 10.36% mortgage assets growth in the year (2022: 0.08%). Mortgage redemptions during the year of £24.24m were £7.70m below the £31.94m reported for 2022.

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, Joint Borrower Sole Proprietor, Buy to Let, Self-Build and Lending into Retirement. The Society has also successfully issued a small amount of fixed rate mortgage lending during the financial year and expects to undertake further tranches in the forthcoming year.

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 ongoing cost of living challenges may present and stands ready to engage with and support our Members. We remain in a period of global instability and economic uncertainty, with high levels of inflation, a projected period of low growth, continued pressure on household incomes and a reduction in year on year house prices.





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 2023, the Society had nil (2022: nil) mortgage accounts 12 months or more in arrears. There were 10 mortgage accounts over 3 months in arrears (2022: 10). The Society pro-actively 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 2023 there were no properties in possession (2022: 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 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 2023, there were 7 (2022: 4) accounts under forbearance measures, with those accounts assessed individually for impairment.

Other criteria alongside forbearance are used as triggers for inclusion in individual impairment modelling, with a total of 4 (2022: 4) individual impairment provisions required. This resulted in an individual impairment total of £306k (2022: £226k) where the Society's model indicated a potential shortfall in collateral compared to the outstanding balance.

In addition to individual impairment modelling, which is subject to specific criteria being met, the Society regularly undertakes an assessment on a collective basis across its full mortgage book. There has been an increase in the level of loan impairment provisions applied using this methodology, driven predominantly by movements in the House Price Index ('HPI') with the collective provision increasing to £325k (2022: £244k).

This results in a total provision of £631k (2022: £470k) which represents a modest increase in relation to the overall ratio of provisions to the Society's gross mortgage book, increasing to 0.28% (2022: 0.23%).

## Liquidity

Total liquid assets as at 31 October 2023 amounted to £83.97m (2022: £88.46m), as liquidity reduced by 5.07% (2022: 8.30%). Total liquid assets include £68.92m (2022: £68.23m) 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 ratio of total liquid assets to total shares and amounts owed to other customers was subject to a controlled reduction during the financial year to 29.92% (2022: 33.28%), in line with the Society's target.

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

The Society conducts an Internal Liquidity Adequacy Assessment Process ('ILAAP') at least annually and the resulting KRIs are embedded in the Society's ongoing monitoring of its liquidity position. This enables the Board to identify and monitor 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 2023 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 2023 was 541.37% (2022: 554.67%); 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 2023 was 190.12% (2022: 192.91%).

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

*The Society actively pursues environmentally friendly initiatives with the aim of mitigating the environmental impact of the business it undertakes.*

**STAFFORD RAILWAY Savings & Mortgages**   
BUILDING SOCIETY



## 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.

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.

Shares and amounts due to other customers' balances at 31 October 2023, were £280.68m

(2022: £265.83m), an increase of £14.85m or 5.59% (2022: reduction of 3.33%) on the previous year. This level of increase has been targeted to support the higher levels of growth in the mortgage book during the financial year and to ensure sufficient ongoing funding to support the mortgage pipeline.

It is notable that during the 2023 financial year there has been an increase in the balance of the Society's retail savings accounts held on notice and fixed rate products rather than on instant access (moving from 12.54% to 23.79%). This has been promoted by the Society and has included some market leading notice products particularly in the latter stages of the financial year.

The Society successfully offered its first 2 year fixed rate bond during the financial year and plans to offer this product again periodically in the coming year. The Society will continue to offer a broad range of savings accounts to meet the needs of Members and assess ways in which to further enhance the range of products available, ensuring a suitable ongoing level of retail growth to support mortgage advances.

## Capital

The Directors ensure that a satisfactory level of capital is maintained to protect the Society against adverse market movements or changes in economic conditions.

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, mortgage impairments and a proportion of mortgage pipeline commitments.





As at 31 October 2023 the CET1 ratio was 27.13% (2022: 27.16%) and the leverage ratio was 8.44% (2022: 8.39%). Tier 1 capital (Total reserves attributable to Members of the Society) was £26.46m (2022: £24.79m) and tier 2 capital (Collective impairment losses on loans and advances) £0.33m (2022: £0.24m), providing total Capital Resources of £26.79m (2022: £25.03m).

The Board complies with the Capital Requirements Directive IV (CRD IV), 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'). Monitoring of capital adequacy is embedded in the Society's regular management information and in the planning process.



This is an area of regulatory change with consultation underway for both an update to the Basel regulations (known as Basel 3.1) and a proposed 'Strong and Simple' approach being considered by the Prudential Regulation Authority for smaller building societies. The Society has undertaken an assessment of the capital impacts of Basel 3.1, based upon the current proposals, and are satisfied that should adoption be required there would not be a negative impact on the capital position. The Society also remains hopeful that the 'Strong and Simple' framework could introduce a welcome degree of simplification for organisations of our size.

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](http://www.srbs.co.uk).

## Charitable and Political Donations

During the year the Society made donations of £5,348 (2022: £5,542) 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.

## 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.

## 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)  
 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  
 Ian A Craig

### Executive Directors

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)

**Joanne Hindle, Chair**  
 19 December 2023

# 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 PRA and 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 and Engagement 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 the alignment of incentives and rewards with the values of the Society. 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 Alison Tattersall as Chair and is responsible for making recommendations to the Board in respect of remuneration for the Chair of the Board, Executive Directors, together with oversight of Senior Management and wider Society remuneration, to ensure the alignment of incentives and rewards with culture. 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 the Chief Executive Officer and with a maximum of 15% for the 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.

### 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 2023 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):

	2023 £'000	2022 £'000
Non-Executive Directors' fees	210.5	186.0
Executive Directors' remuneration	386.0	563.4
<b>Total</b>	<b>596.5</b>	<b>749.4</b>

### Non-Executive Directors

Fees	2023 £'000	2022 £'000
Joanne Hindle (Chair)	41.8	40.0
David J Grant (Senior Independent Director) (from 24 February 2022)	33.9	32.3
Gary CD Crowe	33.9	32.3
Mary A Kerr	33.1	32.3
Ian A Craig (from 24 February 2022)	33.9	21.5
Alison Tattersall (from 24 February 2022)	33.9	18.6
James W Dean (Senior Independent Director) (to 23 February 2022)	-	9.0
<b>Total</b>	<b>210.5</b>	<b>186.0</b>

Executive Directors 31 October 2023	Salary £'000	Benefits Including Bonus £'000	Pension £'000	Total £'000
Steven Jones	177.8	32.1	20.4	230.3
Christopher I Reid	125.5	15.8	14.4	155.7
<b>Total</b>	<b>303.3</b>	<b>47.9</b>	<b>34.8</b>	<b>386.0</b>

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	60.0	10.5	6.9	77.4
<b>Total</b>	<b>431.8</b>	<b>107.5</b>	<b>24.1</b>	<b>563.4</b>

\* Includes payment in lieu of holiday not taken during the pandemic M Smith £15.3k and S Jones £16.7k.

\*\* Includes £512k relating to a long-term incentive plan for M Smith

## Alison Tattersall, Chair of Remuneration and Engagement Committee

19 December 2023







# 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 12 to 28.



<b>Results for the year ended 31 October</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
Net interest Income	6,554	5,562
Other Income and charges	40	8
Management expenses	(4,364)	(3,862)
Impairment movement on loans and advances	(161)	(272)
<b>Profit for the year before taxation</b>	<b>2,069</b>	<b>1,436</b>
Taxation	(467)	(263)
<b>Profit for the financial year</b>	<b>1,602</b>	<b>1,173</b>

<b>Financial position as 31 October</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
<b>Assets</b>		
Liquid assets	83,968	88,457
Mortgages	223,206	202,257
Fixed and other assets	814	821
<b>Total assets<sup>3</sup></b>	<b>307,988</b>	<b>291,535</b>

<b>Liabilities</b>		
Shares	266,499	251,663
Deposits	14,176	14,164
Other liabilities	856	916
Reserves	26,457	24,792
<b>Total liabilities</b>	<b>307,988</b>	<b>291,535</b>

<sup>3</sup>The Society's financial statements have been prepared in accordance with FRS 102 and IAS 39.

Approved by the Board of Directors on 19 December 2023

**Joanne Hindle,**  
Chair

**Steven Jones,**  
Chief Executive

**Christopher I Reid,**  
Finance Director

# Summary of Key Financial Ratios

	2023 %	2022 %
Management expenses as a % of mean total assets	1.46	1.31
Profit for the financial year as a % of mean total assets	0.53	0.40
Gross capital as a % of share and borrowings	9.43	9.33
Liquid assets as a % of share and borrowings	29.92	33.28

## Assets at the start 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 and end of the year.

# Independent Auditors' Statement On The Summary Financial Statement To The Members Of Stafford Railway Building Society

We have examined the Summary Financial Statement of Stafford Railway Building Society (the 'Society') set out on pages 27 to 28, which comprises the results for the year ended 31 October 2023, the financial position as at 31 October 2023 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 2023 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  
19 December 2023

# 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](http://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](mailto: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 <sup>1</sup>
- Public authority, other than a small local authority.

<sup>1</sup> 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](mailto:ICT@fscs.org.uk)

For further information about exclusions, refer to the FSCS website at [www.fscs.org.uk](http://www.fscs.org.uk)

4 Market Square, Stafford  
Staffordshire, ST16 2JH  
Tel: 01785 223212  
[info@srbs.co.uk](mailto:info@srbs.co.uk)  
[srbs.co.uk](http://srbs.co.uk)

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4 Market Square, Stafford, ST16 2JH.

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

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