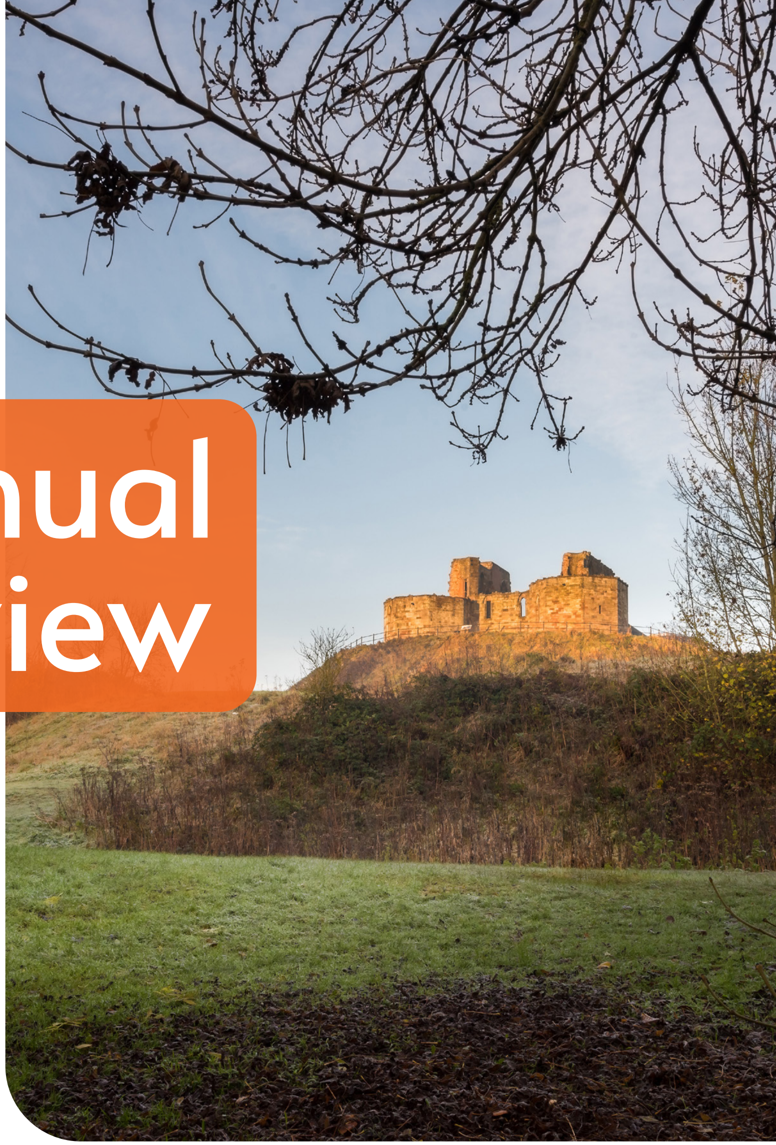


Annual Review

Incorporating the Summary Financial Statement for the year ended 31 October 2024, Notice of AGM and Financial Services Compensation Scheme Notification.

The Stafford Building Society

The Stafford Building Society is the trading name of The Stafford Railway Building Society.

Contents


The Stafford
Building Society
Mortgages
for you
Meet Gemma
Branch Manager

Notice of Annual General Meeting

Notice is given that the one hundred and forty seventh Annual General Meeting (AGM) of the Members of The Stafford Railway Building Society will be held on Tuesday 18 February 2025 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@srbs.co.uk.

Scan me to vote now.

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 on the voting form. You may, of course, cast your vote on each resolution individually. Thank you for choosing to be a Member of The Stafford Railway Building Society.

By order of the Board,

Martin N Davies
Society Secretary
17 December 2024

Online
To vote online please visit:
www.mysrbsvote.co.uk
Enter the User ID and Password printed on the enclosed voting form. You must cast your online vote no later than 5pm on Friday 14 February 2025.

By Post
To vote by post, complete the enclosed voting form and return using the prepaid envelope to our scrutineers no later than 5pm on Friday 14 February 2025.

Important Notes About Voting

AGM Agenda

1. To receive the Annual Accounts, Annual Business Statement and the Directors' Report for the year ended 31 October 2024 and the Auditor's 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 elect Jonathan Farrington
c. To re-elect David Grant
d. To re-elect Robert Hassall
e. To re-elect Joanne Hindle
f. To re-elect Steven Jones
g. To elect Ray Milne
h. To elect Matthew Rowell
i. 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 reappoint PricewaterhouseCoopers LLP as Auditor.

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 envelope enclosed. We must receive your vote no later than 5pm on Friday 14 February 2025.

Online voting

You can also vote online at www.mysrbsvote.co.uk To do this you will need the User ID and Password printed at the top of the voting form enclosed, then simply follow the online instructions.

Online votes must be received by 5pm on Friday 14 February 2025.

Voting conditions

The voting deadline is 5pm on Friday 14 February 2025 if you are using the enclosed voting form to vote by post or voting online.

To be able to vote (either in person or by proxy) you must be a Savings or a Mortgage Member.

In addition, you must:
(a) be at least 18 years old on 18 February 2025; and
(b) be a sole or first named account holder in our records; and
(c) have a balance of at least £100 in your savings account(s) with the Society on 31 October 2024 and have a savings account with the Society between 31 October 2024 and the voting date; or
(d) have owed the Society not less than £100 on your mortgage account(s) on 31 October 2024 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, this 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 attached form, you can appoint the Chair of the meeting to be your proxy and vote 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 nine candidates eligible for your vote at this year's AGM. They've each provided a brief outline of who they are and the skills and experience that they will bring to the Board. For more information on the candidates, visit **www.srbs.co.uk/about-us**

Steven Jones – Chief Executive Officer

Steven joined the Board in June 2018 as Deputy Chief Executive and Finance Director. In August 2022 he was appointed to the role of Chief Executive Officer.

He is a Fellow of the Institute of Chartered Accountants in England and Wales 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, Steven is a Corporation Member of Newcastle and Stafford Colleges Group, where he also holds the position of 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.

Matthew Rowell – Chief Financial Officer

Matthew joined the Society as Chief Financial Officer in October 2024 having spent over 20 years with one of the Big 4 accounting firms including eight years leading the audits of banks, building societies and other lenders. He is a Fellow of the Institute of Chartered Accountants in England and Wales.

During his career to date, Matthew has worked with entities of varying levels of size and complexity across the UK financial services sector. This has included advising financial services entities on mergers and acquisitions, regulatory investigations, corporate restructuring and funding. In this way, he has built up considerable knowledge and experience of the building society sector, financial reporting, risk, compliance and treasury management.

Outside of the Society, Matthew is Chair of Trustees at one local Multi-Academy Trust and sits on the Board of another. He has lived in Stafford his whole life and is married with three sons.

Rob 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 20 years of experience in the financial services sector in a variety of roles including Operations, Sales and IT.

Outside of the Society, Rob is the Chair of Trust for a Multi-Academy Trust and has previously held other voluntary roles including Parish Councillor and Chair of a school governing body.

Joanne Hindle – Chair

Joanne 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, Joanne has held a variety of Non-Executive roles and today, as well as being Chair of The Stafford Building Society, chairs the Board of Cooperative Funeral Plans and sits on the Board of Bank of London and Middle East. She has also recently joined the Board of Guaranty Trust Bank UK.

David Grant – Non-Executive Director & Senior Independent Director

David currently works as a Management and Business Consultant across a number of different industries, both in the UK and overseas.

He is also a Non-Executive Director of a Mortgage and Protection Network business and 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. 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.

In addition to her financial services experience, Alison is a Non-Executive Director at University Hospital Southampton, a large NHS teaching hospital, and 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 Board. She is committed to delivering for customers, and is delighted to be a part of a mutual business focused on building long term value and benefit for the community it serves.

Ian Craig – Non-Executive Director

Ian joined the Board in 2022 and is Chair of the IT Committee and a member of the Audit Committee. Immediately prior to his retirement, Ian was a Divisional Director at Nationwide Building Society and has previously held executive roles at both Barclays and Bank of America, leading large operational and technology functions, both in the UK and internationally.

Ian is also a Non-Executive Director with MDDUS and a Trustee for two charities; Willowbrook Hospice in St Helens where he is Board Chair and The Brain Charity in Liverpool where he also chairs their Digital & Technology Committee.

Given his previous experience of operating as both a COO and CTO within financial services, he brings a wealth of relevant experience to the Board.

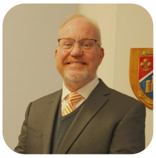
Ray Milne – Non-Executive Director

Until recently, Ray was Chief Risk Officer for Schroders Personal Wealth, a joint Venture between Lloyds Banking Group and Schroders, and was Executive Sponsor of their Disability Awareness Network as well as being the Executive sponsor for Vulnerable Clients.

He has held over 25 Board roles in the UK and EU and is currently on the Board of Horton Housing, a not-for-profit housing association in Bradford supporting socially disadvantaged people across Yorkshire including Afghan and Ukrainian refugees. Ray is Chair of the Group Audit and Risk Committee and a member of the Policy and Resources Committee at Horton.

Ray has held a number of senior roles in Banking, Insurance, Wealth Management and Financial Advice businesses during his 42 year career including Managing Director of Halifax Financial Services and Risk Director for the UK's largest retail bank. As a qualified Actuary and with over 10 years' experience of senior risk roles, Ray is well placed to contribute to the Board and the success of the Society.

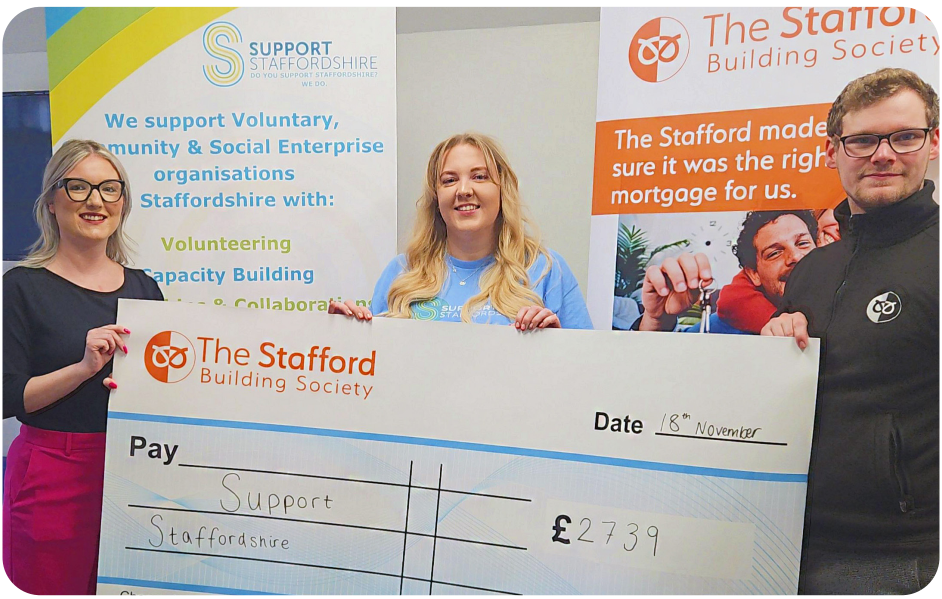
Jonathan Farrington – Non-Executive Director



Jonathan's professional background includes serving as Group Chief Executive of a large multinational business, Finance Director, Strategy Director, Non-Executive Director, Chair of Audit, Co-founder and Advisor in various sectors including financial services, retail, pharmaceuticals and real estate, working both in the UK and internationally.

As well as his role as Non-Executive Director of The Stafford Building Society, Jonathan is a Professor of Practice at Nottingham University Business School, an advisor to a FTSE 250 business and regularly advises various clients on corporate finance matters, including private equity companies and strategic investors. He holds two degrees in mathematics and an MBA.

Jonathan was born and bred in Staffordshire and is married with three children.



Chief Executive's Report

It is with pleasure that I can report another successful year for your Society, not just in terms of our satisfying financial performance, but also in terms of our engagement with you, our Members, and our ongoing journey of investment in the Society's IT infrastructure and colleagues. All of which underscore our purpose of being a 'community and service led Society helping to make home ownership and saving a reality'.

I recognise that our financial performance would not have been possible without you, our Members, and therefore extend my sincere gratitude for the trust and support you consistently place in us.

Brand

At the beginning of March, the Society launched its improved website, offering simplified navigation, a modern design, and new Member-focused features, more fitting to the digital era in which we live. That coincided with the official unveiling at the AGM of the new reinvigorated brand, namely 'The Stafford Building Society', and accompanying colour scheme, subsequently widely promoted to Members by email, on social media, and in the branch. I am grateful for the overwhelmingly positive reception from you, the Members. As your Society embarks on this new chapter of its proud history, rest assured our commitment to you, our Members remains undiminished.

Financial Review

Our financial performance is considered in detail in the accompanying Summary Directors' Report, but I would like to personally take this opportunity to share several highlights in the paragraphs that follow.

Overall, the total assets of your Society grew by 5.22% (2023: 5.64%) to £324.06m (2023: £307.99m), wholly funded by retail savings. Our balance sheet growth reflects a commendable performance, particularly in the face of heightened competition for both retail deposits and mortgage lending, as well as broader economic challenges, including fluctuating consumer confidence, ongoing pressures on disposable income, and uncertainty around interest rates.

Mortgage Balances

We entered our 2024 financial year with subdued mortgage and housing markets, but it is pleasing that latterly we have seen a degree of improvement and growing confidence in both. During the year we have grown our mortgage book to £237.10m (2023: £223.21m), an uplift of 6.23% (2023: 10.36%).

Mortgage advances of £56.52m (2023: £57.09m) were achieved through our tailored product range and the appeal of our personalised underwriting approach reflecting the unique needs and circumstances of borrowers, whilst adhering to our credit risk parameters.

Throughout the year, arrears have remained low, evidencing the effectiveness of our responsible lending practices and rigorous underwriting standards. Nevertheless, we remain attentive to the challenges that borrowers may encounter and we are committed to supporting those borrowers who are facing financial difficulties by offering a range of tailored forbearance options.

Retail Savings

Thanks to the continued support of our Members, we have achieved strong growth in our savings balances which at £295.77m, represent a 5.38% increase on the previous year's £280.68m. This has been achieved by offering a flexible product portfolio designed to suit a range of individual circumstances, including instant access, notice, and ISA accounts. Looking forward, we remain committed to further enhancing our portfolio and refining the ways we deliver value to our Members.

Capital

Capital is fundamental to the Society's ability to operate securely, grow responsibly, and protect our Members' interests over the long term. During 2024, our capital reserves have increased by 3.76% to £27.45m (2023: £26.46m), demonstrating the financial health of your Society.

Profitability

Profit for the year, the Society's only source of capital, was £1.01m (2023: £1.60m), in line with budgeted expectations. The reduction on the previous year was due primarily to:

Net Interest Margin

In my 2023 report, I commented on the likely squeeze on our interest margin as we entered the 2024 financial year. That expectation is reflected in the £395k reduction in net interest. This stems from our desire to meet the needs of both our borrowing and retail Members alike. Looking ahead, the Board remains vigilant about interest margin management, maintaining a careful balance of risk, return, and value to serve the best interests of all our Members.

Administration Expenses

Reported administration expenses of £5.02m includes £0.14m of costs relating to the investment made by the Society into the project to transform our core IT operating platform.

Underlying, business as usual, costs equate to £4.87m which is a year on year increase of 11.69%. This increase relates to prevailing inflationary pressures and the recruitment of new colleagues.

The significant investment allocated to the three-year duration of the transformation project has received comprehensive oversight from the Board, mindful that in today's rapidly evolving digital landscape, success ever more depends on technological resilience and adaptability. Although the one-off project costs will temporarily reduce annual profitability, they will not compromise the capital strength of your Society.

Colleague Engagement and Development

We are deeply committed to fostering a culture that values colleague retention, attracts top talent, and actively supports the growth and development of our team. Over the past year, we had the pleasure of welcoming 16 new colleagues to our Society, each bringing unique skills and experiences that have enriched our capabilities and team dynamic.

Our commitment extends to the continued investment in the personal and professional development of our existing colleagues. We believe that nurturing growth strengthens adaptability, particularly in the ever evolving financial services landscape. To this end, we prioritised colleague engagement and launched an engagement survey to identify areas for improvement while celebrating our successes.

Building on the insights gained, we established the Colleague Engagement Forum, composed of representatives from across the Society. This forum meets regularly to review feedback, provide recommendations, and drive continuous improvement. Through its efforts, we proudly achieved accreditation against the United Nations Sustainable Development Goals, with a focus on three key goals: Good Health and Wellbeing, Quality Education, and Decent Work and Economic Growth. Notably, we are now an accredited Living Wage Employer, underscoring our commitment to being a responsible and fair employer.

Promoting Equality, Diversity, and Inclusion ('EDI') and prioritising colleague wellbeing remain at the core of our culture. These principles are central to the Forum's agenda and reflect our unwavering dedication to maintaining a positive and inclusive work environment.

Our impact extends beyond our workplace, reflecting our shared commitment to supporting local communities. Feedback from last year's AGM notice survey highlighted the importance of this priority to both colleagues and Members. In response, we not only contribute financially but also encourage active participation. Many colleagues volunteer their time to local charities and not-for-profit organisations, taking advantage of the five paid volunteer days provided annually. These initiatives further strengthen our community engagement and impact.

I am immensely proud of our team's dedication, expertise, and professionalism. These qualities are integral to our continued success. To every colleague, I extend my heartfelt thanks and appreciation for their outstanding contributions over the past year.

Member Engagement

I am pleased to report a notable increase in membership over the past year, reflecting both our Members' confidence in the Society and the attraction of our products and services.

Our relationship with you, our Member, is built on a commitment to understand and anticipate your needs.

Your feedback is invaluable, serving both as a confirmation of our positive impact and a tool for identifying areas where we can further enhance our service, product portfolio, and your experience with us. I would therefore encourage you to take an active role in shaping our future by participating in the various surveys initiated by the Society, as your input is essential to our shared success.

Climate Change

We recognise the significant challenge that climate change presents to us all. We remain attentive to your Society's carbon footprint, consistently striving for opportunities to reduce it through initiatives scaled to our size. Taking a long term perspective, we regularly evaluate the risks that climate change poses to our capital for the purposes of our future strategic reviews, with particular focus on threats such as flooding and coastal erosion.

Economic Outlook

Looking ahead, the geopolitical landscape remains uncertain, with the full implications of the recent Budget Statement and broader political developments still unfolding. Nevertheless, the outlook for the UK is positive, characterised by GDP growth, stable employment levels, and anticipated reductions in the Bank Base Rate, the timing of which will hinge on continued progress in reducing inflation. Together, these factors are expected to stimulate consumer confidence and provide additional momentum to the housing market.

AGM

I am particularly proud that in 2024 your Society achieved the highest Member voting percentage within our sector. I look forward to welcoming you again to our AGM on 18 February 2025, where I, alongside fellow Directors and Colleagues, will welcome the opportunity to discuss our performance and any other feedback regarding your Society that you may have.

Steven Jones, Chief Executive
17 December 2024

Summary Directors' Report For The Year Ended 31 October 2024

The Society's performance against its key performance indicators has been robust in the financial year ended 31 October 2024. The Society has continued to grow retail savings and mortgage balances and has done so with a continued focus on investment and its long term strength and stability.

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 below to allow Members to gain a more comprehensive understanding of the Society's performance over the last three years.

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 £1.01m (2023: £1.60m) represents 0.32% (2023: 0.53%) of the average of total assets at the beginning and end of the financial year. As at 31 October 2024 the Society's reserves amounted to £27.45m (2023: £26.46m) and are at a level considered by the Board to offer adequate support for the business.

Key Performance Indicators	2024	2023	2022
Net interest margin (% of mean total assets)	1.96%	2.19%	1.88%
Management expenses (% of mean total assets)	1.54%	1.46%	1.31%
Management expenses - Including IT costs (% of mean total assets)	1.59%	1.46%	1.31%
Cost / income ratio	78.71%	66.18%	69.34%
Cost / income ratio - Including IT costs	81.04%	66.18%	69.34%
Profit for the financial year	£1.01m	£1.60m	£1.17m
Profit for the financial year (% of mean total assets)	0.32%	0.53%	0.40%
Total assets growth	5.22%	5.64%	(2.63%)
Gross mortgage advances	£56.52m	£57.09m	£43.40m
Mortgage assets growth	6.23%	10.36%	0.08%
Liquid assets (% of shares and amounts owed to other customers)	29.11%	29.92%	33.28%
Shares and amounts owed to other customers growth	5.38%	5.59%	(3.33%)
Capital growth	3.76%	6.72%	4.80%
Gross capital (% of shares and amounts owed to other customers)	9.28%	9.43%	9.33%
Total reserves	£27.45m	£26.46m	£24.79m

Total net income

Total net income of £6.19m (2023: £6.59m) 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 decreased during the year and represents an interest margin of 1.96% (2023: 2.19%) 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 savings Members. Recognising that our Standard Variable Rate (SVR) remains amongst the lowest in the industry, we decided to support retail savings Members by passing on the reduction in bank base rate in August 2024 to selected products only. At the same time, we issued two new savings products (Cash ISA 60 and the Pullman Triple Access account) which have both proved very popular. Going forward, as base rates change, we will continue to balance the needs of saving and borrowing Members alongside the requirement to run a sustainable business.

Administrative expenses

As we noted in last year's Annual Report, we have continued our investment in your Society through the addition of new roles. This year also saw the commencement of our core system transformation project which will result in enhanced capabilities once completed.

Coupled with continued inflation and additional spend on recruitment, this has resulted in core administrative expenses of £4.81m (2023: £4.30m). 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 1.54% (2023: 1.46%).

We have also incurred expenditure in relation to the core system transformation of £144k, which takes our overall management expenses ratio to 1.59%. This investment will continue with our corporate plan including the completion of this project alongside the addition of further new roles as we continue to invest in our team so as to provide the best possible experience for our Members. As a result, our management expenses ratio is likely to temporarily increase over the next few years, as we complete our Core Transformation Project.

Loans and advances to customers

Mortgage balances have increased by £13.90m in the year to £237.10m (2023: increase of £20.95m). Gross lending (the total value of new mortgage advances) of £56.52m is the second highest on record. This equates to 6.23% mortgage assets growth in the year (2023: 10.36%).

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 our 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. Following the successful issuance of a small amount of fixed rate mortgages in 2023, we expect to undertake further tranches in the forthcoming year, should markets permit.

Looking forward, the Society will continue to widen its 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. Whilst it has declined from recent highs, the path for inflation remains uncertain against a backdrop of global instability. On the other hand, house prices have continued to rise and unemployment remains low by historical standards, meaning that there is cause for optimism in economic expectations.

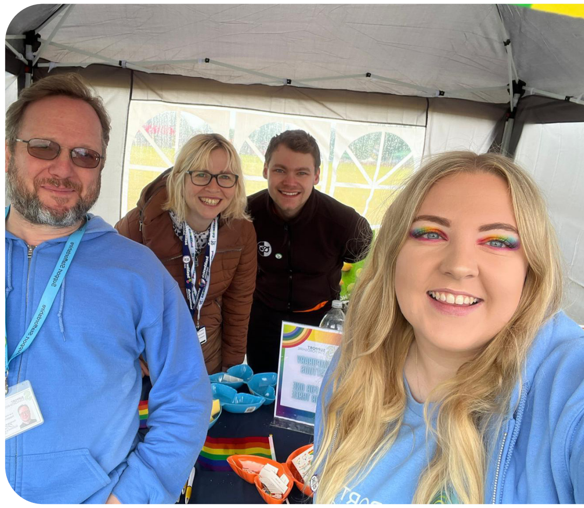
Overall arrears remain at low levels, reflecting the Society's robust underwriting approach which stress tests future borrower affordability. As at 31 October 2024, the Society had no (2023: nil) mortgage accounts 12 months or more in arrears. There were five mortgage accounts over 3 months in arrears (2023: ten).

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 2024 the Society had nil properties in possession (2023: 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 payments 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 Operating Officer, 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 2024, there were five (2023: seven) 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 three (2023: four) individual impairment provisions required. This resulted in an individual impairment provision total of £173k (2023: £306k) 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 a decrease in the level of loan impairment provisions applied using this methodology, with the collective provision decreasing to £256k (2023: £325k).

This results in a total provision of £429k (2023: £631k) which represents a decrease in relation to the overall ratio of provisions to the Society's gross mortgage book, to 0.18% (2023: 0.28%).

Liquidity

Total liquid assets as at 31 October 2024 amounted to £86.10m (2023: £83.97m), as liquidity increased by 2.53% (2023: reduction of 5.07%). Total liquid assets include £64.44m (2023: £68.92m) deposited in the Bank of England Reserve Account and invested in Government Treasury Bills, which are 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 29.11% (2023: 29.92%), 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 counterparties whose external credit ratings meet 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 Process ('ILAAP') at least annually and the resulting key performance and key risk indicators 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 2024 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 2024 was 447.67% (2023: 541.37%), which is 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.

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 2024 were £295.77m (2023: £280.68m), an increase of £15.09m or 5.38% (2023: increase of 5.59%) 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.

The Society successfully offered its first 2 year fixed rate savings bond in 2023 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 ('Basel III/Capital Requirements Directive IV basis') (Unaudited)

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 2024 the CET1 ratio was 25.96% (2023: 27.13%) and the leverage ratio was 8.33% (2023: 8.44%). Tier 1 capital (Total reserves attributable to Members of the Society) was £27.45m (2023: £26.46m) and tier 2 capital (Collective impairment losses on loans and advances) was £0.26m (2023: £0.33m), providing total Capital Resources of £27.71m (2023: £26.78m).

The Society's CET1 and leverage ratios have fallen during 2024, driven by increased risk weighted assets following growth in mortgage balances combined with lower profits, reduced interest margin and increased administrative expenses. It should be noted that the Society remains well above the regulatory minimums set by the PRA of 7.00% for CET1 and 3.25% for the leverage ratio.

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 in the form of the new Strong and Simple framework for smaller firms including the Society. We have applied for, and been accepted into, the framework for which consultation is ongoing in respect of the capital aspects. The Society has undertaken an assessment of the capital impacts of the new framework, based upon the current proposals, and are satisfied there should not be a negative impact on the capital position. The Strong and Simple framework has already introduced beneficial simplifications in the Society's liquidity approach and has removed the requirement to produce Pillar 3 disclosures. The Society also remains hopeful that the framework could introduce further simplification for firms of our size.

Charitable and Political Donations

During the year the Society made donations of £5,258 (2023: £5,348) 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 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 goods 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 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

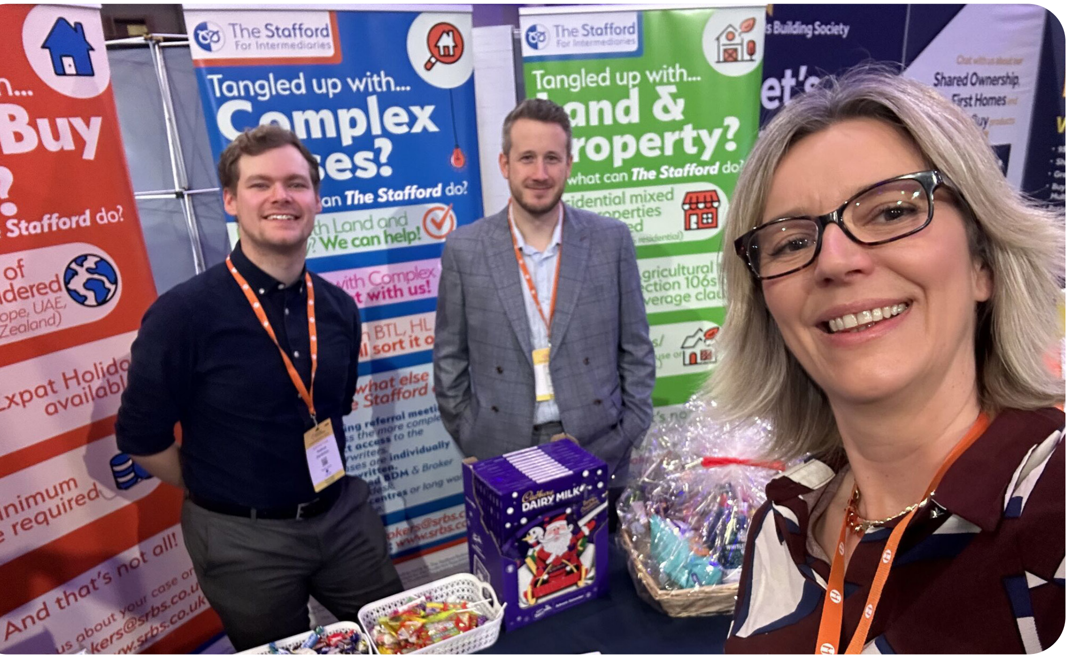
Joanne Hindle (Chair)
Gary C D Crowe
David J Grant, (Senior Independent Director)
Mary A Kerr (resigned 19 February 2024)
Alison Tattersall
Ian A Craig
Jonathan G Farrington (appointed 1 May 2024)
Raymond J H Milne (appointed 1 May 2024)

Executive Directors

Steven Jones (Chief Executive)
Robert I Hassall (Chief Operating Officer, appointed 1 November 2023)
Christopher I Reid (Chief Financial Officer, resigned 30 August 2024)
Matthew D Rowell (Chief Financial Officer, appointed 7 October 2024)

Joanne Hindle, Chair
17 December 2024

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, with its broadened engagement scope, also looks at the overarching culture of the Society together with its performance in attracting and retaining the best colleagues to serve Members. This includes oversight of the key people risks, ensuring these are effectively mitigated.

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 and 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 Chief Financial Officer and Chief Operating Officer.

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 Chief Financial Officer and Chief Operating Officer is six months to be given by both Society and the individual. As at 31 October 2024 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):

	2024 £'000	2023 £'000
Non-Executive Directors' fees (note 6)	229.0	210.5
Executive Directors' remuneration	529.5	386.0
Total	**758.5**	**596.5**

Non-Executive Directors

Fees	2024 £'000	2023 £'000
Joanne Hindle (Chair)	44.1	41.8
David J Grant (Senior Independent Director)	35.6	33.9
Gary CD Crowe	35.6	33.9
Mary A Kerr (to 19 February 2024)	9.3	33.1
Ian A Craig	35.6	33.9
Alison Tattersall	35.6	33.9
Jonathan G Farrington (from 1 May 2024)	17.8	-
Ray J H Milne (from 1 May 2024)	15.4	-
Total	**229.0**	**210.5**

Executive Directors 31 October 2024	Salary £'000	Benefits Including Bonus* £'000	Pension £'000	Total £'000
Steven Jones	188.1	33.7	21.7	243.5
Christopher I Reid *(To 30 August 2024)*	113.6	-	12.7	126.3
Robert I Hassall *(From 1 November 2023)*	110.0	16.5	12.4	138.9
Matthew D Rowell *(From 7 October 2024)*	9.7	10.0	1.1	20.8
Total	**421.4**	**60.2**	**47.9**	**529.5**

* Matthew D Rowell succeeded Christopher I Reid as Chief Financial Officer on 7 October 2024. The Society agreed to compensate Matthew for the forfeiture of variable pay awards from his previous employment. This replacement award was not more generous in terms or amounts than he would otherwise have received.

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
Total	**303.3**	**47.9**	**34.8**	**386.0**

Alison Tattersall, Chair of Remuneration and Engagement Committee
17 December 2024

Summary Financial Statement

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 at every office of The Stafford Building Society after the 17 December 2024.

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 11 to 15.

Results for the year ended 31 October	2024 £'000	2023 £'000
Net interest Income	6,184	6,579
Other Income and charges	8	15
Administrative expenses	(4,874)	(4,364)
Administrative expenses - IT	(144)	-
Impairment movement on loans and advances	174	(161)
Profit for the year before taxation	**1,348**	**2,069**
Tax expense	(343)	(467)
Profit for the financial year	**1,005**	**1,602**

Financial position as 31 October	2024 £'000	2023 £'000
Assets		
Liquid assets	86,095	83,968
Mortgages	237,101	223,206
Fixed and other assets	868	814
Total assets	**324,064**	**307,988**
Liabilities		
Shares	281,354	266,499
Deposits	14,411	14,176
Other liabilities	847	856
Reserves	27,452	26,457
Total liabilities	**324,064**	**307,988**

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

The Summary Financial Statement was approved by the Board of Directors on 17 December 2024 and signed on its behalf:

Joanne Hindle,
Chair

Steven Jones,
Chief Executive

Matthew Rowell,
Chief Financial Officer

Summary of Key Financial Ratios

	2024 %	2023 %
Administrative expenses (% of mean total assets)	1.54%	1.46%
Administrative expenses - Including IT costs (% of mean total assets)	1.59%	1.46%
Profit for the financial year as a % of mean total assets	0.32	0.53
Gross capital as a % of share and borrowings	9.28	9.43
Liquid assets as a % of share and borrowings	29.11	29.92

Administrative expenses as a percentage of mean total assets

The administrative 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.

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.

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.

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 19, which comprises the results for the year ended 31 October 2024, the financial position as at 31 October 2024 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 report, 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 2024 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
17 December 2024

Financial Services Compensation Scheme

Only applicable to members with Saving Accounts

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

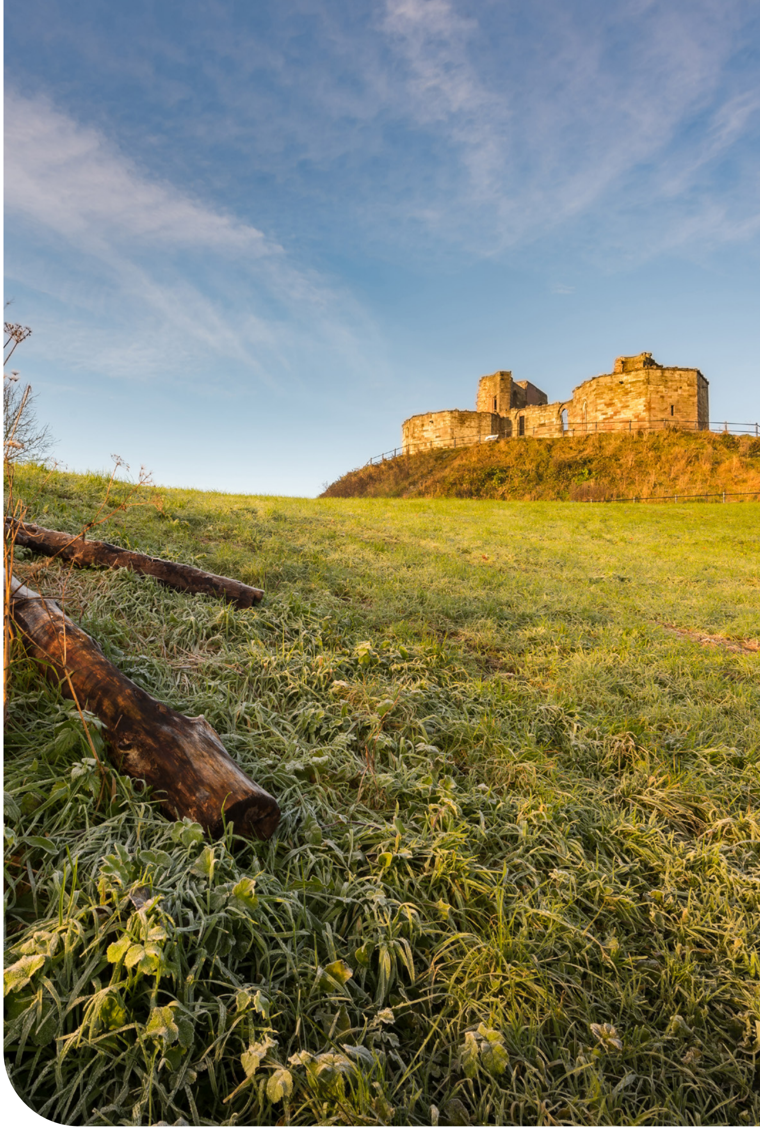


Image Credits: Front and back page images are of Stafford Castle taken by Noel Bennett Photography.

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).

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

The Stafford
Building Society