



Annual Review

Incorporating the Summary Financial Statement
for the year ended 31 October 2025 and
Notice of Annual General Meeting (AGM)



The Stafford
Building Society

Contents



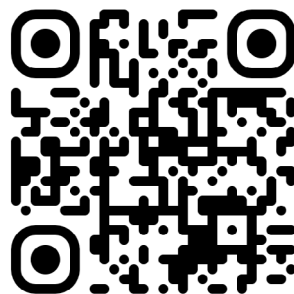
Notice of Annual General Meeting	03
Important Notes About Voting	04
Who You're Voting for	05
Chief Executive's Report	08
Summary Directors' Report	12
Our Charity and Affinity Partners	16
Summary Directors' Remuneration Report	18
Summary Financial Statement	21
Summary of Key Financial Ratios	22
Independent Auditor's Statement	23

This Annual Review and Summary Financial Statement is for the legal entity of The Stafford Railway Building Society, although the trading name of the Society is The Stafford Building Society.

Notice of Annual General Meeting

Notice is given that the one hundred and forty-eighth Annual General Meeting (AGM) of the Members of The Stafford Railway Building Society will be held on Tuesday 17 February 2026 at 6 pm at its Head Office, 4 Market Square, Stafford, Staffordshire, ST16 2JH and virtually.

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 and Auditors and the approval of the Annual Accounts.

We shall continue to follow 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 that 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,

Matthew Rowell

Chief Financial Officer & Society Secretary
18 December 2025

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 13 February 2026.

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 13 February 2026.

Important Notes

About Voting

AGM Agenda

1. To receive the Annual Accounts, Annual Business Statement, the Directors' Report, and the Auditors Report for the year ended 31 October 2025.
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	d. To re-elect Robert Hassall	g. To re-elect Ray Milne
b. To re-elect Jonathan Farrington	e. To re-elect Joanne Hindle	h. To re-elect Matthew Rowell
c. To re-elect David Grant	f. To elect Sean Humphreys	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 13 February 2026.

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 5 pm on Friday 13 February 2026.

Voting conditions

The voting deadline is 5 pm on Friday 13 February 2026 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 17 February 2026; 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 2025 and have a savings account with the Society between 31 October 2025 and the voting date; or
- (d) have owed the Society not less than £100 on your mortgage account(s) on 31 October 2025 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.

Sean Humphreys – Chief Executive Officer



Sean joins the Society bringing over 30 years of experience in the financial services industry, having held senior roles at organisations such as MBNA, Bank of America, Lloyds Banking Group and The Very Group. His experience of running complex and large operations as Chief Operations Officer brings a wealth of experience to the leadership and Board at The Stafford Building Society.

Beyond his professional career, Sean is deeply committed to community service. He serves as the Senior Independent Non-Executive Director for Cheshire FA and as

a Non-Executive Director and Trustee for Cheshire Community Foundation, where he also chairs the Remuneration Committee.

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 and Change Management, Sales and Marketing, Underwriting, Branch, Retail, and Member Operations.

He graduated from Staffordshire University in 2002 and has over 20 years in the financial services sector in a variety of roles including 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 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 the 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. She also sits on the Board of Recognise Bank, focusing on the SME market and chairs their RemCo.

In addition to her financial services experience, Alison is a Non-Executive Director at University Hospital Southampton and is a Trustee of The People's Dispensary for Sick Animals (PDSA), a charity 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 our Board Consumer Duty Champion.

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 continues to share his expertise through his Non-Executive Director appointments with MDDUS and Gamstop. Ian is also deeply committed to charitable work, serving as Board Chair of Willowbrook Hospice and as a Trustee of The Brain Charity, where he leads the organisation's Digital & Technology Committee.

Ray Milne – Non-Executive Director



As well as his role on our Board, Ray serves on the Boards of the Charities Aid Foundation Bank and the Foresters Friendly Society. He is also Treasurer for his local Lions Club charity, which forms part of Lions International. He has experience across more than twenty-five UK and EU Boards.

Ray has held a number of senior positions in banking, insurance, wealth management and financial advice businesses during his forty-two-year career, including Managing Director of Halifax Financial Services and Risk Director for the UK's largest retail bank. As a qualified actuary with more than ten years of senior risk experience, Ray is well placed to contribute to the Board and to the ongoing success of the Society.

Jonathan Farrington – Non-Executive Director



Jonathan is a Professor of Practice at Nottingham University Business School. His professional background includes serving as Group Chief Executive of a large multinational business, Finance Director, Strategy Director, Non-Executive Director, Chair of Audit, Cofounder, and Advisor in sectors including financial services, retail and consumer, pharmaceuticals, and real estate, working both in the UK and internationally.

As well as his role as non-executive Director at The Stafford Building Society, Jonathan is a retained corporate finance adviser to a FTSE-250 business and regularly advises various clients on corporate finance matters, including private equity companies and strategic investors. Jonathan is married with three sons and was born and raised in Staffordshire.



Chief Executive's Report



It is with pride that I can again report a strong performance during the year for your Society, marked not only by our robust financial results but also by the enhancement of our Member engagement, positive progress with our ongoing strategic investment in IT and digital capabilities, and the continued strengthening of colleague expertise through recruitment and ongoing personal development.

This year marks the 250th anniversary of the founding of the first building society, The Ketley in 1775, a significant milestone for the sector. From its origins as a group of individuals pooling resources to achieve home ownership, the movement has grown into a trusted cornerstone of financial services, serving millions of members across the UK. Across the sector we have celebrated this anniversary not only as a reflection on history but as a reaffirmation of our role in shaping a sustainable future for our Members and communities.

As a proud part of this tradition, your Society continues to uphold the principles that have sustained building societies for two and a half centuries, mutuality, fairness, and a commitment to Member value.

As a mutual, we are owned by and run for our Members. Our objective is not to maximise profit but simply to deliver long-term value and positive outcomes for Members, while maintaining financial strength and ensuring that profitability is optimised to support their interests.

The Society operates a clear and focused business model aligned with our purpose. We provide residential mortgages leveraging specialist underwriting expertise to personalised, individual assessment of Member requirements while maintaining prudent standards. These activities are funded through retail savings, ensuring a sustainable and Member-centric approach.

Financial Review

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

Total Assets Growth

During our financial year, the total assets of your Society grew by 6.94% (2024: 5.22%) to £346.54m (2024: £324.06m) the highest reported in the Society's history. True to our purpose, this growth was primarily funded by retail savings and reflects a commendable performance, particularly in the face of heightened competition for both savings and mortgage lending, as well as broader economic challenges we have all experienced, including fluctuating consumer confidence, ongoing pressures on disposable income, and uncertainty around interest rates.

This achievement is more than a numerical milestone; it reflects sound governance, disciplined execution, and a strategic commitment to building a resilient foundation for sustained growth. Looking ahead, this strengthened position enables us to advance our purpose with clarity and confidence.

Mortgage Balances

During 2025, the UK mortgage and housing markets demonstrated signs of recovery and stabilisation following a challenging period of elevated interest rates. Consecutive reductions in the Bank of England Base Rate improved affordability and bolstered borrower confidence, stimulating renewed lending activity, particularly among first-time buyers. House prices also recorded modest growth, although regional disparities continued to persist.

Against this backdrop your Society has again returned a strong performance having grown our mortgage book to £256.01m (2024: £237.10m), an uplift of 7.98% (2024: 6.23%), achieved by our record mortgage advances of £72.46m, again driven by our bespoke product offerings and personalised underwriting.

Throughout the year, our mortgage 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 are committed to supporting those 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 a record £316.40m, represents a 6.98% increase on the previous year's £295.77m. 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 retail savings 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 2025, our capital reserves have increased by 2.54% to £28.15m (2024: £27.45m) and continue to demonstrate the financial health and resilience of your Society.

Profitability

Profit after tax remains the Society's sole source of capital and is reported at £0.66m for the year, compared to £1.01m in the prior period. This reduction reflects our ongoing investment in core IT systems and digital capabilities, which are strategically essential to maintaining operational resilience and delivering enhanced Member service. Underlying profit before tax, representing normal operating performance, stands at £1.14m (2024: £1.49m) and includes the costs associated with recruiting colleagues with the requisite skills and experience to complement and strengthen our existing colleague capabilities.

Looking ahead, the Board remains committed to balancing investment in technology and colleagues with sustainable profitability, to support long-term growth and Member value.

The key net drivers of profitability include:

Net Interest Income

Net interest income for the year was £6.64m (2024: £6.18m), the increase driven primarily by the growth in total assets referenced earlier. During the financial year, the Bank of England Base Rate was reduced to its current level of 4.00%. In responding to these changes, the Board has prudently managed interest margins, thus ensuring a balance between risk, return, and Member value. This disciplined approach reflects our commitment to safeguarding the Society's financial stability while serving the best interests of all Members.

Administration Expenses

The total administration expenses of £5.59m, include £0.28m in respect of IT-related costs and other non-recurring costs. In my 2024 commentary I highlighted the planned strategic investment in our IT capabilities mindful that in today's rapidly evolving digital landscape, success increasingly depends on technological resilience and adaptability. This investment is likely to continue over the next two financial years which, although it will result in a short-term dip in annual profitability, will not compromise the capital strength of your Society.

By way of a progress update, our internal IT change project team are currently undertaking due diligence and user acceptance testing on system releases. Based on our provider's release roadmap, it is envisaged that the first release, which is expected to positively impact on retail savings, will go live during the second half of 2026, with further functionality releases thereafter.



Colleague Engagement and Development

Attracting, developing and retaining exceptional talent remains a strategic priority for the Society. Over the past year, we welcomed 17 new colleagues across the Society, each bringing valuable expertise and fresh perspectives that strengthen our capabilities and enrich our culture. Alongside recruitment, we continue to invest in colleague development, recognising that professional growth is essential to building adaptability and resilience in a rapidly evolving financial services environment.

Key pillars of our Colleague strategy include:

Engagement and Inclusion: The voice of our colleagues is central to shaping a positive workplace. Our Colleague Engagement Forum brings together representatives from across the Society to review peer feedback and guide meaningful action. Equality, Diversity, and Inclusion ('EDI') and wellbeing remain at the heart of our culture, informing

initiatives that foster an inclusive, supportive and high-performing environment.

Commitment to Fair Employment: Building on our recognition as a Living Wage Employer, we are proud to have achieved Living Pension Employer status, reinforcing our commitment to fair and sustainable employment practices.

Community Impact: Our impact extends beyond the confines of our Head Office. We combine financial contributions to local organisations with active participation by colleagues, supported by five paid volunteer days each year, enabling colleagues to make a meaningful difference within our community. I am immensely proud of our team's dedication, expertise, and professionalism. These qualities are integral to our continued success. To every colleague, I again extend my heartfelt thanks and appreciation for their outstanding contributions over the past year.

Member Engagement

Member engagement is fundamental to the Society's success and underpins our mutual purpose. By actively listening to Members and incorporating their feedback into our decision-making, we ensure that our products, services, and strategic priorities deliver meaningful value. Engagement initiatives, including surveys, workshops, and direct communication channels, enable us to understand evolving needs and respond effectively. This commitment to dialogue and transparency supports positive outcomes through competitive savings rates, responsible lending, and enhanced digital services, all of which reinforce trust and strengthen long-term relationships. We similarly remain focused on supporting vulnerable Members and customers, tailoring our approach to meet individual needs where additional assistance is required.

During the year, we partnered with Smart Money People, a leading financial services review platform, to make it easier for Members to share feedback on their experiences, such as opening a savings account or receiving a mortgage offer. In addition, we sponsored a series of independently facilitated workshops involving a diverse cross-section of individuals. These sessions provided valuable insights into expectations of financial service providers and the market outlook across different segments. The feedback gathered has been instrumental in shaping our strategy and ensuring we remain responsive to evolving Member needs.

The Member feedback we received from the survey accompanying the 2025 AGM included a resounding call to retain both our branch and savings passbooks. Our commitment to a high street presence was no better demonstrated than our refurbishment of the branch, the results of which were well received by visiting Members. Similarly, we will retain passbooks, complemented by digital channels for those Members with a preference for the latter.

I would encourage all Members to take an active role in shaping our future by participating in the surveys and engagement initiatives that we conduct. Your input is essential to delivering positive outcomes and sustaining our shared success.

Climate Change

We acknowledge the significant challenge that climate change presents globally and remain committed to addressing its implications for the Society. We actively monitor our carbon footprint and continually seek opportunities to reduce it through initiatives proportionate to our size and operations. Taking a long-term perspective, we regularly assess the potential risks climate change poses to our capital and business model, with particular attention to physical threats such as flooding and coastal erosion. These evaluations inform our strategic planning and ensure resilience in the face of environmental change.

Economic Outlook

Looking ahead to 2026, commentators' forecasts suggest that the UK economy is expected to experience a degree of growth, with inflation continuing to ease toward 2.5%. Against this backdrop, and ever mindful of potential external and domestic downside risks, the Bank of England is likely to adopt a more dovish stance on monetary policy, implementing a gradual, stepwise reduction in the base rate from its current level of 4%. Housing prices are projected to rise at an annual rate of around 2.5%, although transaction volumes may remain subdued due to affordability constraints and the ongoing freeze on tax thresholds. In the short term, housing supply will remain tight, but planned reforms could improve availability over time. For savers, nominal returns should remain relatively attractive, and real returns will improve as inflation declines, though forthcoming tax changes from 2027 may erode net gains.

Overall, 2026 is set to deliver steady yet cautious growth, slightly lower borrowing costs, and improved savings conditions, albeit with persistent fiscal drag and affordability challenges in the housing market.

AGM

I am proud that in 2025, your Society achieved an exceptional Member voting participation rate of 14.32%. I strongly encourage all Members to exercise their right to vote at our forthcoming Annual General Meeting, scheduled for 17 February 2026.

I look forward to welcoming you to this event, where my fellow Directors, colleagues, and I will be available to discuss the Society's performance and address any feedback that you may have.

Leaving Comments with Gratitude and Confidence for the Future

After approaching eight enormously rewarding years with The Stafford, I have, with no small amount of regret, taken the decision to retire. It has been a tremendous honour to serve an organisation with such a proud heritage, founded on mutual values that have endured to this very day.



I am immensely proud of what the Society has achieved during my tenure and would like to take this opportunity to express my sincere thanks to colleagues for their dedication, professionalism and unwavering commitment, and of course to our Members for their continued trust, support and engagement.

As I hand over to my successor, Sean Humphreys, I do so with complete confidence that his experience, leadership and strong community focus will ensure the Society continues to thrive as it embarks on its next chapter.

I look forward to following its progress with great pride and affection.

Steven Jones
Chief Executive
18 December 2025

Summary Directors' Report

For The Year Ended

31 October 2025

The Society's performance against its key performance indicators has been robust in the financial year ended 31 October 2025. The Society has continued to grow retail savings and mortgage balances, doing so with a continued focus on development and its long-term strength and stability.

Key Performance Indicators

The Board uses 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.

Key Performance Indicators	2025	2024	2023
Balance Sheet			
Total assets growth	6.94%	5.22%	5.64%
Gross mortgage advances	£72.46m	£56.52m	£57.09m
Mortgage assets growth	7.98%	6.23%	10.36%
Funding growth	6.98%	5.38%	5.59%
Financial Performance			
Net interest margin (% of mean total assets)	1.98%	1.96%	2.19%
Administrative expenses - recurring (% of mean total assets)	1.61%	1.54%	1.46%
Underlying cost / income ratio	81.24%	78.71%	66.18%
Statutory profit for the financial year	£0.66m	£1.01m	£1.60m
Underlying profit for the year	£1.14m	£1.49m	£2.23m
Financial Strength			
CET 1 Ratio	23.24%	25.96%	27.13%
Liquid assets (% of shares and amounts owed to other customers)	28.24%	29.11%	29.92%
Total reserves	£28.15m	£27.45m	£26.46m

Total assets

Total assets have increased by 6.94% (2024: 5.22%) to £346.54m (2024: £324.06m). This is a combination of mortgage growth coupled with maintaining a suitable level of liquidity.

Loans and advances to customers

Following record gross mortgage advances in the year of £72.46m, which exceeded our previous record set in 2023 by £15.37m, mortgage balances increased by £18.91m during the year to £256.01m (2024: increase of £13.90m). This equates to 7.98% mortgage assets growth in the year (2024: 6.23%).

All our mortgage cases are individually assessed by our internal Underwriting Team, based on the specific circumstances of each case. This personalised approach means we can lend to people with complex income profiles or on complex properties, such as mixed-use properties, which other lenders that rely on credit scoring are unable to do.

We have also had a record year for our self-build lending portfolio, which continues to perform strongly and allows us to demonstrate how we can flex our lending approach to meet the requirements of our Members.

Liquidity

The Society maintains a portfolio of liquid assets to manage its liquidity risk in accordance with the Board's risk appetite and regulatory requirements. These assets are invested very conservatively and are available to meet the Society's payment obligations as they fall due.

Total liquid assets as at 31 October 2025 amounted to £89.64m (2024: £86.10m), as liquidity increased by 4.12% (2024: 2.53%). Total liquid assets include £56.79m (2024: £64.44m) 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. This reflects the proactive investment of an element of this surplus liquidity into fixed-rate bonds to protect interest margin as the Bank of England base rate falls.

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 28.24% (2024: 29.11%), in line with the Society's target.

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 2025 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 the measures introduced by the Prudential Regulation Authority ('PRA') in 2015. The key measure is the Liquidity Coverage Ratio ('LCR') which for the Society was 351.08% as at 31 October 2025 (2024: 447.67%), significantly above the regulatory minimum of 100%.

Funding

The Society aims to attract a level of savings balances that enables the funding of both mortgage advances and liquidity requirements, whilst offering a mix of products that 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 against the marketplace to monitor trends and, most importantly, to ensure our Members remain at the heart of any decisions that we make.

Retail funding balances at 31 October 2025 were £316.40m (2024: £295.77m), an increase of £20.63m, or 6.98% (2024: increase of 5.38%) on the previous year. This level of increase was 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.

During the year, the Society also completed its first wholesale funding deal from the money markets since 2012, so as to diversify the funding sources available to the Society.

Capital

The Society's capital position is one of the key indicators of its financial strength and security. Total capital as at 31 October 2025 stood at £28.15m (2024: £27.45m) and consists of reserves built up from the accumulation of profits, plus the balance on the Available for Sale reserve.

The Society has grown its assets as set out above, which increases its regulatory capital requirement. The Common Equity Tier 1 ratio has therefore fallen from 25.96% to 23.24% but still remains well in excess of regulatory minimums. Capital is also stress tested at least annually via the Internal Capital Adequacy Assessment Process (ICAAP), this shows that the Society has significant capital surpluses, over and above that which would be sufficient to absorb losses in a range of severe but plausible stresses.

Capital is an area of regulatory change, in the form of the new Strong and Simple framework for small deposit takers. The Society has applied for, and been accepted into, the framework, which is due to come into effect from 1 January 2027. The Society has undertaken an assessment of the capital impacts of the new framework, based upon the current proposals, and is satisfied that there should not be a negative impact on its capital position.

Profitability

As a mutual organisation, the Society does not seek to maximise profit in order to pay a dividend to shareholders. Instead, the focus is on balancing attractive rates for both borrowing and savings Members with a level of profit managed to maintain the Society's capital strength against possible losses and to provide the basis for future investment.

Given the non-recurring nature of the additional expenditure on the core system and CEO recruitment, we have considered it appropriate to report on both underlying and total profit this year. We will continue this approach in FY2026 and FY2027 as the core system project completes. This allows us to show the operational performance of the Society without it being clouded by non-recurring items. This will be particularly important next year, when we expect the overall result to be a loss for the year, given the additional investment planned in your Society.

This represents a strategic decision by the Board to use capital resources built up over a number of years to invest in the future of your Society, so that we can continue to meet the needs of our Members in a rapidly changing marketplace.

The table below shows the underlying profit of the Society and how it compares to overall profit before tax:

Reconciliation of underlying profit to Statutory Profit	2025 £'000	2024 £'000
Total net income	6,658	6,192
Underlying administrative expenses	(5,315)	(4,803)
Depreciation	(94)	(71)
Underlying operating profit before impairment losses and provisions	1,249	1,318
Impairment provisions on loans and advances	(109)	174
Underlying profit before tax	1,140	1,492
Non-recurring administrative expenses	(279)	(144)
Statutory profit before tax	861	1,348
Tax Charge	(204)	(343)
Statutory Profit after tax recorded in the income statement	657	1,005

Reconciliation of underlying profit to Statutory Profit: Two years to 31 October 2025



The Society has delivered a robust performance this year, with underlying profit before tax of £1.14m (2024: £1.49m) and statutory profit after tax of £0.66m (2024: £1.01m). The decline in statutory profit compared to the prior year was due to further investment in the core system project and additional costs associated with the appointment of the new CEO. Underlying profit before tax fell compared to the prior year, in line with expectations following the investment we made in our team last year to enhance the service we provide for our Members.

Total net income

Total net income represents net interest income plus the net amount earned through fees and commissions. Net interest income is by far the main source of income for the Society and is the amount of interest the Society receives on its mortgages and liquidity balances, less the interest it pays savers and other depositors for funding.

Net interest income increased during the year and represents an interest margin of 1.98% (2024: 1.96%) which expresses net interest income as a percentage of the average of total assets at the beginning and end of the financial year.

More proactive management of the Society's liquidity portfolio has contributed to the net interest margin increasing slightly, despite considerable and ongoing competition for retail funds. This has also allowed new and existing Members to take advantage of some excellent savings rates. 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. Last year also saw the commencement of our core system 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 £5.32m (2024: £4.80m). 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 1.61% (2024: 1.54%).

Non-recurring administrative expenses of £279k (2024: £144k) relate to the ongoing investment in our core IT system and recruitment costs relating to the appointment of the new Chief Executive. This IT investment will provide considerable benefit to our Members through the enhancement of online account capabilities and the launch of a mobile savings app, and we are hopeful that Members will start to see the benefit of these developments in the coming year.

Joanne Hindle,
Chair

18 December 2025

Our Charity and Affinity Partners

A Child Of Mine

A Child of Mine is a Stafford-based charity dedicated to supporting families across Staffordshire and working alongside healthcare professionals when a child has died. They are a small charity, but work passionately to deliver local services for families who have lost a baby or child at any age or in any circumstance.

They provide confidential emotional support, practical information, and guidance to families, as well as training and education for healthcare professionals. The charity also run support groups for bereaved parents, and for both younger and older children who have lost a sibling. These groups offer a safe and friendly environment where people can meet others who understand.

'Our partnership with The Stafford Building Society has grown year-on-year, and we are incredibly grateful for the invaluable support they give. Volunteer hours provided by their staff, the successful fundraising campaigns, and their seasonal generosity including the donation of Easter eggs and Christmas selection boxes for our families, and their sponsorship of our Christmas tree at St. Mary's Tree Festival provide a vital platform for public awareness. We look forward to continuing our partnership, which allows us to reach and support more families every year.'



Gayle Routledge,

Chief Executive and Founder at A Child Of Mine

Support Staffordshire

Support Staffordshire empowers communities to be the best they can be. They support Staffordshire communities, individuals, and organisations to work collaboratively to bring about positive change in their area by actively encouraging social action.

The community support group provide free, vital support to more than 1,500 charities, voluntary groups, community organisations and social enterprises (VCSEs) across the whole county. They offer valuable advice to both start-up organisations and established charities, supporting all areas of development. This includes guidance on bid writing, signposting to funding opportunities, and volunteer recruitment, including a brokerage service that matches prospective volunteers with roles within Staffordshire communities.

'As one of our valued and trusted Corporate Business Partners, The Stafford Building Society is, like us, passionate about empowering communities to thrive. The generous donations we receive each year courtesy of your Affinity Account members provide us with unrestricted funds that enable us to offer even more support to our members, helping to create a stronger Staffordshire.'



Emily Guy,

Communications and Events Officer at Support Staffordshire



Katharine House Hospice

Katharine House Hospice provides care and support for patients and their families living with incurable illnesses. They help people with neurological conditions, major organ failure, and many other illnesses, including cancer. Their support can begin from the very first day of diagnosis.

There expert, compassionate care is provided wherever it is needed — in the home, within the community, or at the hospice itself. The charity also offer a 24/7 telephone advice line, ensuring help is always available.

All of these services are provided free of charge. As a charity, they rely on the kindness and generosity of the local community to raise two-thirds of the funds they need almost £4 million each year to continue their care.

Since opening in 1989, Katharine House Hospice has cared for more than 30,000 patients and their families, and they now support almost 2,000 people every year. Their vision is simple: for people to live well and die with dignity, in a place of their choice.

'Katharine House Hospice is extremely grateful for the support it has received from The Stafford Building Society since 1995, including more recently the generous donations from the Affinity Savers Account. This regular income helps ensure the continuity of our specialist care services for the future.'

Andrea Pugh,

Community and Corporate Fundraiser at Katharine House Hospice



World Land Trust

World Land Trust (WLT) is an international conservation charity that has been dedicated to protecting some of the world's most biologically significant and threatened habitats since 1989. Working with a global network of local conservation partners, WLT funds conservation actions that benefit wildlife and local communities while also helping to combat climate change.

Since 1999, The Stafford Building Society has been a valued and long-standing corporate partner in support of WLT's mission. Through its Affinity Account, the Society continues to support WLT's Action Fund, enabling urgent conservation efforts around the world, and has previously contributed to their landmark Buy an Acre programme, helping to bring land under the protection of their partners' reserves.

'We are very grateful for The Stafford Building Society's commitment to Carbon Balanced, through which they address their unavoidable emissions by supporting the protection and restoration of carbon-rich forest habitats for biodiversity and climate.'

World Land Trust

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 that describes how it has complied with the requirements of both the supervisory statements issued by the PRA and FCA relating to remuneration and the Corporate Governance 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 overarching 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 considers 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 discussions 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 that 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, the 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 are 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. In order to provide an incentive to remain with the Society and deliver our current strategy, the Chief Financial Officer and Chief Operating Officer have also been paid a retention bonus of 25% of salary. This is repayable by the Executive to the Society if the Executive leaves the Society within a pre-agreed time period.

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. The 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 the Society and the individual. As at 31 October 2025, the Chief Executive, Steven Jones, had served notice of his intention to retire and so will step down as Chief Executive on 31 December 2025.

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 Board Chair, and Chairs of 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.

	2025 £'000	2024 £'000
Non-Executive Directors' fees	234.8	229.0
Executive Directors' remuneration	641.6	539.0
Total	876.4	768.0

Non-Executive Directors

Fees	2025 £'000	2024 £'000
Joanne Hindle (Chair)	45.4	44.1
David J Grant (Senior Independent Director)	36.7	35.6
Gary C D Crowe (to 18 February 2025)	11.0	35.6
Mary A Kerr (to 19 February 2024)	-	9.3
Alison Tattersall	36.7	35.6
Ian A Craig	36.7	35.6
Jonathan G Farrington (from 1 May 2024)	36.7	17.8
Raymond J H Milne (from 1 May 2024)	31.6	15.4
Total	234.8	229.0

Executive Directors 31 October 2025	Salary £'000	Benefits Including Bonus* £'000	Pension £'000	Total £'000
Steven Jones	193.0	31.4	22.2	246.6
Robert I Hassall	113.3	48.8	13.0	175.1
Matthew D Rowell	141.7	61.9	16.3	219.9
Total	448.0	142.1	51.5	641.6

* Includes retention bonuses for both Robert I Hassall and Matthew D Rowell.

Executive Directors 31 October 2024	Salary £'000	Benefits Including Bonus** £'000	Pension £'000	Total £'000
Steven Jones	188.1	38.0	21.7	247.8
Christopher I Reid (To 30 August 2024)	113.6	2.6	12.7	128.9
Robert I Hassall (From 1 November 2023)	110.0	18.9	12.4	141.3
Matthew D Rowell (From 7 October 2024)	9.7	10.2	1.1	21.0
Total	421.4	69.7	47.9	539.0

** 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.

The comparative disclosure has been amended to include benefits available to all Society colleagues.

Alison Tattersall,
Chair of Remuneration and Engagement Committee
18 December 2025

Summary Financial Statement

This financial statement is a summary of information contained 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 18 December 2025.

A summary review of the events of the business and Society during the year, together with commentary on the financial position at the year end, can be found on pages 12 to 15.

Results for the year ended 31 October	2025 £'000	2024 £'000
Net interest Income	6,658	6,192
Administrative expenses	(5,315)	(4,803)
Administrative expenses - Non-recurring	(279)	(144)
Depreciation	(94)	(71)
Impairment movement on loans and advances	(109)	174
Profit for the year before taxation	861	1,348
Tax expense	(204)	(343)
Profit for the financial year	657	1,005

Statement of Financial Position at 31 October	2025 £'000	2024 £'000
Liquid assets	89,641	86,095
Loans and advances to customers	256,011	237,101
Fixed and other assets	887	868
Total assets	346,539	324,064
Shares	304,183	281,354
Deposits	12,216	14,411
Amounts owed to credit institutions	1,006	-
Other liabilities	985	847
Reserves	28,149	27,452
Total reserves and liabilities	346,539	324,064

The Summary Financial Statement was approved by the Board of Directors on 18 December 2025 and signed on its behalf:

Joanne Hindle,
Chair

Steven Jones,
Chief Executive

Matthew Rowell,
Chief Financial Officer and
Society Secretary

Summary of Key Financial Ratios

	2025 %	2024 %
Administrative expenses as a % of mean total assets	1.61	1.54
Profit for the financial year as a % of mean total assets	0.20	0.32
Gross capital as a % of share and borrowings	8.87	9.28
Liquid assets as a % of share and borrowings	28.24	29.11

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 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 the proportion that the Society's assets held in the form of cash, 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 pages 21 to 22, which comprises the results for the year ended 31 October 2025, the financial position as at 31 October 2025 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 Annual Review 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, Summary Directors' Remuneration Report and the other items listed on the contents page.

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 2025 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
Birmingham
18 December 2025



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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