MANSFIELD
BUILDING SOCIETY

For you | With you | Always

Summary Financial **Statement**

For the year ended
31 December 2024

THE DIRECTORS ARE PLEASED TO PRESENT THEIR SUMMARY FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2024.

This financial statement is a summary of information in the audited Annual Accounts, the Directors' Report and the Annual Business Statement, all of which will be available to members and depositors free of charge on demand at every office of The Mansfield Building Society and on our website from 24 March 2025.

STATEMENT FROM THE BOARD CHAIR

Looking back over the last year, it is encouraging to see that the economy has performed somewhat better than many predictions. The UK's GDP growth was expected to be modest, with many forecasting stagnation or even slight contraction in the wake of post-pandemic adjustments and ongoing supply chain disruptions. However, the economy has shown resilience, outperforming the most conservative projections. Economic activity has remained relatively stable, with consumer confidence and spending slightly stronger than anticipated.

Nonetheless, the global economy has remained volatile, with geopolitical tensions, particularly in Ukraine and the Middle East, a significant factor. While the Bank of England's monetary policies have helped control inflation, interest rates have remained elevated, putting continued pressure on borrowing costs. This has led to a more cautious approach among consumers and businesses alike, particularly in the housing market, where high mortgage rates are still a significant concern for borrowers.

Although cost of living pressures have eased slightly, many of our members are still feeling the pinch from rising energy costs, higher mortgage payments, and overall price increases on everyday items. It remains clear that the financial squeeze on living standards has continued. Year after year, regardless of the economic backdrop, I continue to believe that our mutual set up, where we have no corporate shareholders, is immensely helpful in enabling us to balance the needs of our mortgage and savings customers as well as the financial health and sustainability of our business.

For the Society, 2024 was another record year, with more new members joining than ever before and our highest level of new lending. Our financial position is supported by strong liquidity and levels of capital which are significantly in excess of those needed to weather severe stresses.

I am extremely proud of the team for delivering the excellent results laid out in this report, and I am even more excited that this was achieved during a year in which we embarked on the build phase of Project Sherwood, our digital transformation. That we not only focus on financial soundness, but also on the long-term viability of our business and its ongoing ability to meet your needs as members and customers, is central to the way we run the building society.

During the year, we appointed Tata Consultancy Services (TCS) as the technology provider for the banking software that will be implemented as part of Project Sherwood. This followed a rigorous tender process, which looked at a full suite of critical factors. We are pleased to be working with a partner that we have assessed as having the quality of technology, depth of experience and ethical approach which TCS demonstrated. Our core value of "Customer at Heart" is central to this important project and we are looking forward to delivering efficient, digitally enabled solutions that benefit our customers, colleagues and stakeholders. Going forwards we remain committed to providing the excellent service and personal approach which we pride ourselves on through our branches as well as online and on the phone.

Having served on the Society's Board now for 12 years, I am planning to hand over my position as Chair to Jeff Picton as part of the upcoming Annual General Meeting (AGM). During these 12 years, we have modernised our branches which continue to offer a personal service against a market backdrop of bank branch closures. We have also seen the sizes of our savings and mortgage portfolios grow by 89% and 111% respectively. We have modernised our brand and strengthened the governance and controls to a standard I feel very proud of. We have continued to make a difference in our local area through our Charitable Trust, Community Support Scheme and colleague volunteering. We have also invested in hiring the right talent on the Board and Executive Team, which means that I feel confident the Society will continue to grow from strength to strength going forwards. Importantly, many years of strong profitability during this time has more than doubled our capital reserves, and it is this capital, retained as members' funds rather than distributed in dividends to corporate shareholders, that enables the Society to afford the vital investment in Project Sherwood.

By way of introduction, Jeff joined us during 2024 and the experience he brings from nearly 30 years as a partner at PwC is already proving invaluable. I know Jeff is as committed as I am to the values we live by and the role we play in serving our members and our community. I am confident I will be leaving the Society in the safest of hands.

Alison Chmiel
Board Chair
6 March 2025

CHIEF EXECUTIVE'S REVIEW

I am delighted to be able to present another year of excellent results in our Annual Report. These have been achieved against a backdrop of continued economic and political change. 2024 brought a new UK government, interest rates which began to fall, but came up against stubbornly persistent inflation and a slow, though improving, housing market. Coupled with an extremely active savings market and the launch of our digital transformation programme, Project Sherwood, this has kept my colleagues at the Society very busy, balancing market changes, customer demand and the needs of this large change programme.

Helping to support our members, our people and our community simultaneously has been a key priority and I'm extremely proud that the Society not only successfully navigated through these challenges, but did so with strong mortgage lending, strong financial performance, and significant progress on Project Sherwood. My colleagues have worked exceptionally hard to provide you, our members, with the level of care and attention you expect and deserve and I would like to thank each of them for this dedication.

It has been a year focussed on change and in May, after a strategic review of the mortgage market, the Board decided to focus our mortgage new business sales resources on the intermediary market only and to cease providing mortgage advice directly. The Society will still provide advice via a local third-party broker and can continue to service all existing customers wishing to renew their deals. The domination of the mortgage market by intermediaries has continued to gather pace post Covid 19 and we believe that providing advice via a broker gives our customers a wider choice.

After an extensive period of due diligence, the Society signed a contract with TCS in June 2024 to provide our future core banking systems and we started implementation of their BaNCS and Digihome software immediately afterwards. These software applications will form the core of our digital transformation programme, which will continue throughout 2025 and into 2026, delivering the digital technology that members have been asking for as well as improving the efficiency of the processes that exist in our branches and mortgage centre. We have called this programme Project Sherwood and it will implement systems and processes that will improve the customer journey for our members and provide a more modern and efficient service to everyone that we deal with. To ensure its success, we have recruited specialist contractors to work alongside our product and customer experts as well as engaging TCS to drive the software implementation at its core.

BUSINESS PERFORMANCE

Despite the challenges faced by our teams, I'm pleased to report that the Society continues to grow with record mortgage lending of £125.3m leading to 6.5% growth in mortgage assets and underlying profit before Project Sherwood costs of £3.2m.

The Society's mortgage lending proposition is based on the provision of a competitive range of fixed and discounted mortgages, mainly for owner occupiers but also for Buy-to-Let landlords and a small tranche of development finance. The Society's purpose is *"Providing homes for people and their savings"* and our lending is therefore to private homeowners, those providing homes as rental properties or small developers who are building new homes. In recent years we have developed our capabilities to allow lending where appropriate returns for risk can be made, and this has led to an increasing number of self-build mortgages as well as supporting First Time Buyers with shared ownership properties and high loan to value first homes.

2024 has also seen the growth of our range of Credit Repair products to assist those that have struggled during these difficult economic times to continue with home ownership. We also believe that it is important as a mutual, to offer products to people at all stages of life and therefore we continue to offer mortgages to people with credible repayment plans who require interest only mortgages and to those seeking mortgages beyond normal retirement dates.

We had planned for a slowdown in our mortgage business as the demands of Project Sherwood were expected to utilise key resources. However, we were able to recruit additional processing resource that allowed us to take advantage of an improving market. Our volumes were particularly strong in the 2nd half of the year with July being a record month, delivering new lending of £14.4m. This strong performance was seen in particular within the First Time Buyer market and also within our Versatility lending range which utilises common sense manual underwriting to find solutions for customers. Our lending volumes during 2024 were therefore much improved on 2023 being £125.3m (2023: £109.7m); and a strong performance retaining existing borrowers coming to the end of a deal also assisted in providing mortgage book growth of 6.5% (2023: 5.4%).

Despite the challenges of the economy and the very real squeeze on household budgets, our arrears levels have remained low. Whilst we have seen an increase in the value of individual arrears cases during the year, as cases are now reflecting higher house prices, many of these customers are managing to get back on track quickly with support from our Collections Team. The number of cases two months or more in arrears has decreased slightly to 63 (2023: 64) and the value in arrears has fallen to £430k (2023: £444k) on mortgage balances of £8.09m (2023: £6.59m). With a book of nearly £447m, this remains a very small portion of the lending and gives us a good base from which we will be able to manage any future rises in arrears that could still arise as the remaining borrowers come to the end of historic low interest deals during 2025. To date, it is comforting that borrowers have been collectively able to withstand recent cost of living stresses created by the wider economy, and we had only one repossession during the year (2023: two).

Our book has the benefit of being underwritten against a prudent lending policy and we have a low average loan to value of 43.8%, which will give us significant headroom if house prices do not continue with their slow increase.

In summary, 2024 has been a year of strong growth and one in which we have not seen the adverse mortgage arrears which might be expected in such an uncertain economy. What I'm most proud of, is that these successes have been achieved by colleagues who continue to operate with a positive attitude and a desire to do their best for our customers, which includes keeping good relations with third party brokers, who are also key to the experiences of our borrowing customers. This positive culture was once again highlighted by the fact that we achieved a 1-Star accreditation in the Best Companies awards as an employer providing a very good commitment to employee engagement. We also continued to attract excellent talent to the Society during the year.

While we continue to grow, it's important that we harness our success to develop our services for our members, to help and support our local community, and to operate in a way that demonstrates the real benefits of being a modern building society.

We recognise that our digital capabilities are not at the level expected by current and future members and these will be replaced as part of Project Sherwood. In the meantime, our Customer Service Teams are continually looking for ways to improve our processes and give our members the best service possible with the existing systems. Improvements made during 2024 have led to our customer satisfaction score increasing to 4.74 out of 5 (2023: 4.40) as independently measured by Smart Money People and we will continue to look for further improvements during 2025.

2024 has seen the savings market continue to be highly competitive with more new players entering and fixed rate products being particularly popular. The level of interest rates has also made customers more aware of the tax implications of savings and therefore ISAs have become a very popular product again. We have had very well priced ISA products throughout the year and they have been responsible for a large proportion of the strong growth that we have seen in customers opening accounts. In fact, 2024's level of new savings account openings was the highest the Society has ever seen, and this was a key factor in driving a 6.67% increase in members. This highlights the continued popularity of our building society.

As a mutual building society, we are always keen to ensure that our savers and borrowers are receiving and paying competitive rates. When the Bank of England Base Rate first fell in August 2024, we reduced mortgage customers' interest rates to help them with the challenges of continued cost of living pressures, but this required us to also reduce our savings rates to ensure that we take a balanced approach. We will continue to regularly assess the competitiveness of our rates for both groups of customers and ensure that they offer good value in a market where volatility appears to be commonplace.

The Society's strategy is to ensure that we continue to evolve into the Modern Mutual that our members need and demand. We will continue to support underserved populations in the financial services market in both our mortgage and savings product offerings and will develop our technology to ensure that our customers receive a choice in how they interact with the Society, whilst maintaining our high standards of customer service and our human interaction.

Over the next two years, the Society will be continuing its significant investment in technology that will transform our digital offering and provide a more efficient service to our members, in a way that supplements our existing branch network. This programme has made good progress in 2024, having selected a partner and signed a contract with TCS, completed the discovery phase of the software implementation and embarked on the build stage. This investment will impact our reported profitability over the next two years, but we will continue to be very well capitalised as we deliver this important transformation.

Paul Wheeler
Chief Executive
6 March 2025

FINANCIAL REVIEW

RESULTS FOR THE YEAR	2024 £000	2023 £000
Net Interest Income	12,745	13,249
Other Income and Charges	(258)	(791)
Recurring Administrative Expenses	(9,318)	(9,056)
Non-recurring Administrative Expenses	(1,624)	(928)
Impairment Provisions	(33)	(83)
Non-recurring Impairment Losses	(131)	-
Other Provisions	(41)	22
Profit before Tax	1,340	2,413
Tax Expense	(330)	(598)
Profit for the Year	**1,010**	1,815

FINANCIAL POSITION AT END OF YEAR

ASSETS		
Liquid Assets	97,776	102,065
Mortgages	446,698	418,940
Derivative Financial Instruments	851	1,578
Fixed and Other Assets	2,928	2,796
Total Assets	**548,253**	525,379

LIABILITIES		
Shares	434,420	396,342
Borrowings	72,528	88,925
Derivative Financial Instruments	516	1,091
Other Liabilities	2,600	1,842
Reserves	38,189	37,179
Total Liabilities	**548,253**	525,379

SUMMARY OF KEY FINANCIAL RATIOS	2024 %	2023 %
Gross Capital as a % of Shares and Borrowings	7.53	7.66
Liquid Assets as a % of Shares and Borrowings	19.29	21.03
Profit for the Year as a % of mean Total Assets	0.19	0.36
Management Expenses as a % of mean Total Assets	2.04	1.98

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 the proportion that the Society's assets held in the form of cash and short-term deposits bear to the Society's liabilities to investors.

Most of the Society's assets are long term mortgages which cannot be converted quickly into cash, while many of its liabilities to investors are repayable on demand. Liquid assets are generally readily realisable, enabling the Society to meet requests by investors for withdrawals from their accounts, to make new mortgage loans to borrowers and to fund its general business activities.

PROFIT FOR THE YEAR AS A PERCENTAGE OF MEAN TOTAL ASSETS

The profit to assets ratio measures the proportion that the Society's profit after taxation for the year bears to the average of the Society's total assets during 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. However, a building society does not have to pay dividends to equity shareholders as a company does.

MANAGEMENT EXPENSES AS A PERCENTAGE OF MEAN TOTAL ASSETS

The management expenses ratio measures the proportion that the Society's administrative expenses bear to the average of the Society's total assets during the year.

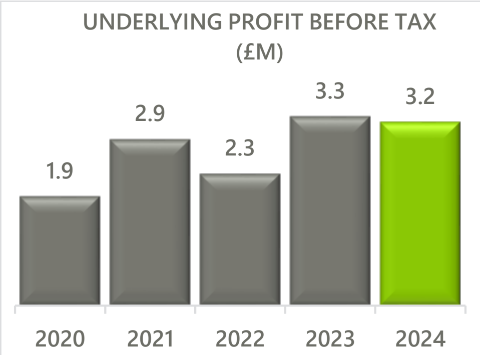
Management (or administrative) expenses consist mainly of the costs of employing colleagues and running the branches, systems and other office costs, advertising and depreciation, etc. The management expenses included in this calculation also include non-recurring items relating to the Society's digital transformation project. Expenses need to be controlled to enable the Society to operate as efficiently as possible whilst providing the service that members require.

BUSINESS MODEL

As a mutual, the Society exists for the common benefit of its borrowing and savings members, who are collectively its owners. Members' interests remain at the heart of everything that we do and the Board continues to balance and serve those interests through operating in markets that deliver a sustainable financial performance within an agreed appetite for risk, while supporting the continued need to invest in the business for the benefit of future members.

The Society's principal activity is the provision of a range of long-term residential mortgages so that borrowing members can buy a home funded by personal savings from members through straightforward savings products.

PROFITABILITY



The Society has delivered strong financial performance in the year, recording an underlying profit before tax of £3.2m (2023: £3.3m) and profit after tax of £1.01m (2023: £1.82m). This was a better result than budgeted, supported by strong growth in the mortgage book. This year and for the period during which we are driving forward Project Sherwood, we will report our underlying profit, which excludes the costs of the project as well as any write offs of legacy software, as well as our overall profit after tax.

This is important because the costs of Project Sherwood are being written off directly to the income statement rather than being capitalised. This explains why the year-on-year overall profit after tax has dropped but the underlying profit remains much higher and indeed, we expect the overall financial result to be a loss over the next two years as a consequence of this. This is no cause for alarm and represents a strategic choice to invest members' reserves in modernising the Society. Our stress tests show that these reserves, which have been built up through many years of profits, significantly exceed the levels needed to protect the Society through severe stresses, and they also significantly exceed regulatory minimums. Given the pace with which technology is changing the landscape for banks and building societies, we believe that investing these reserves in modernising the Society's customer platforms is the best use of members' resources, and they will be pleased with the improvements this delivers to the customer experience, as well as the fact that it will protect the Society's ability to compete and thrive in to the future.

UNDERLYING PROFITABILITY

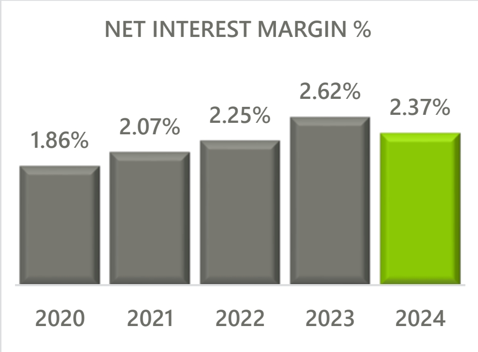
The Society began its Digital Transformation journey (Project Sherwood) in 2023, and to enable members to better understand financial performance over the coming years as we execute this, Underlying Profit Before Tax is stated before netting off the non-recurring costs related to this transformation. The below table shows this underlying profit and how it compares to overall profit before tax.

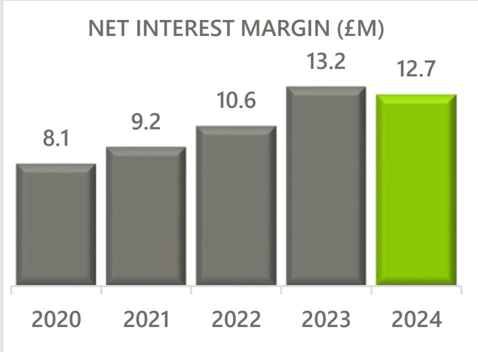
	2024 £000	2023 £000
Net Interest Income	12,745	13,249
Fees, Commissions & Other Income	(258)	(791)
Total Underlying Income	12,487	12,458
Underlying Administrative Expenses	(9,000)	(8,776)
Underlying Depreciation & Amortisation	(261)	(280)
Underlying Operating Profit before Impairment & Other Provisions	3,226	3,402
Impairment Provisions on Loans and Advances, Properties & Other Provisions	(74)	(61)
Underlying Profit before Tax	3,152	3,341
Non-Recurring Administrative Costs	(1,624)	(928)
Non-Recurring Impairment Losses	(131)	-
Non-Recurring Accelerated Amortisation	(57)	-
Profit before Tax recorded in the Income Statement	**1,340**	2,413

During 2024, Project Sherwood moved on from its discovery phase in to the build phase. A project team with experienced programme management skills was mobilised within the Society, harnessing contractors with wider industry knowledge, as well as internal subject matter experts. The appointment of TCS as our technology partner also means we have begun paying implementation costs to them. TCS bring with them their own core banking platform as well as digital user interfaces which will be used by customers, brokers and branch colleagues. TCS have also provided a team of experienced technology specialists to deliver the implementation. Included within the above non-recurring administrative costs are also fees to external legal counsel and procurement specialists and fees to Partners in Change who are our external assurance advisers for the work.

The decision to implement new software means shortening the useful economic life we assume when amortising the software assets that relate to the existing legacy banking software. It is these costs that make up the non-recurring amortisation costs shown above and an impairment review was also carried out on related software assets that will no longer be in use and give rise to the above impairment losses.

NET INTEREST MARGIN





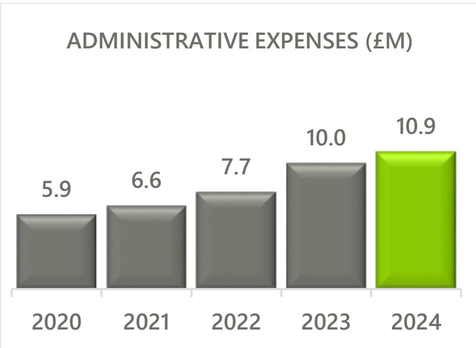
Net Interest Margin is primarily the interest income from the mortgage and liquidity portfolios, minus the interest payable on the savings portfolio and treasury funding. The net margin is divided by mean Total Assets across the year to calculate the margin percentage.

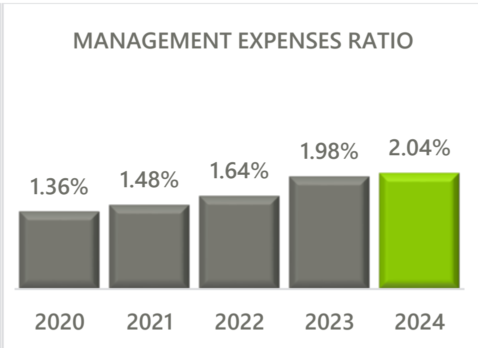
During 2022 and 2023, when Bank Base Rate and other market rates moved higher rapidly, the income from interest rate swaps which are used to hedge against interest rate risk was also driven higher. This rising trend in rates ended in 2024, and indeed began to fall slightly. This partly explains the settling of the net interest margin % in 2024 and the year-on-year drop in the £ Net Interest Income. We did not expect the Net Interest Income % to remain at 2023 levels; in fact the 2024 figure of 2.37% is close to what the Society had budgeted for at the beginning of the year.

The savings market has also been very competitive during 2024 and new and existing members have been able to take advantage of some excellent savings rates. This has been the other main factor in moderating the net interest margin figures.

The Society continues to maintain a very healthy margin from which it is able to cover administrative costs, any credit losses and any increases it needs to make in its provisions. In its management of net interest margin, the Society seeks to maintain a strong margin, by maintaining a diversified mix of mortgage types which include niches that command a higher interest rate. It does this, while also ensuring that it pays a competitive rate of interest to its savings customers.

ADMINISTRATIVE EXPENSES (INCLUDING DEPRECIATION)



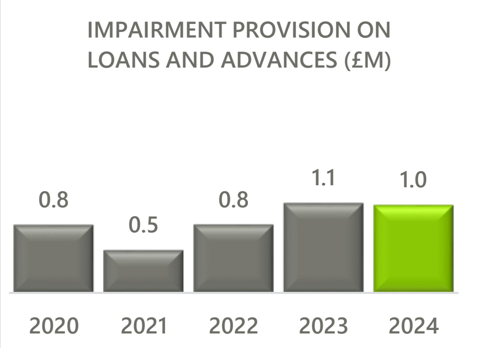


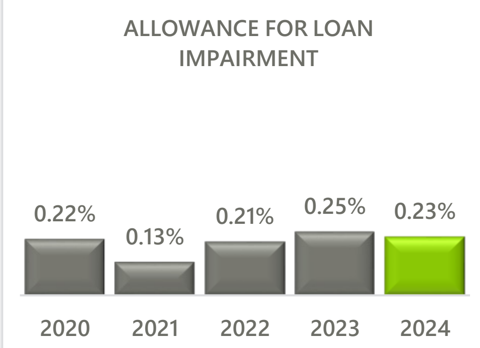
In 2024, Administrative Expenses include £1,624k (2023: £928k) of non-recurring costs relating to the Society's digital transformation. Aside from this, increases in the underlying administrative expenses were very modest by comparison to previous years. The decision to no longer sell mortgages directly, but instead to work via brokers was one measure which helped to moderate the year-on-year cost increases. The Board assessed that the expense of running a direct sales team was no longer justified by the revenues it was possible to generate this way. c.90% of mortgages were already sold via brokers prior to this decision.

As well as ongoing price inflation, our administrative expenses are impacted by the requirements from regulation, which continue to grow. These regulations seek to further strengthen the resilience of the financial sector and protect its consumers, all of which is positive, but it does drive cost into the business. In the last year, work was carried out ensuring compliance with the new Consumer Duty, as well as analysing changes to Basel 3.1 and the Strong and Simple Regime, so that the Society is ready for these changes that will come in to force in future years. We seek to comply with the requirements in a proportionate and efficient way, but over time, they are certainly a factor in the ongoing increases to the Society's headcount.

Underlying cost / income ratio, excluding costs related to Project Sherwood, rose modestly in the year to 74.2% (2023: 72.7%).

IMPAIRMENT PROVISIONS ON LOANS AND ADVANCES



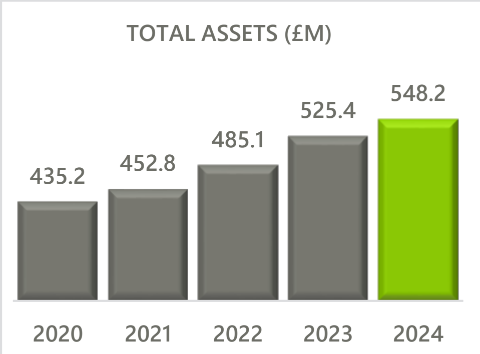


Allowance for Loan Impairment is shown as a percentage of the total mortgage book

Also referred to as the 'Bad Debt Provision', the Society is required to account for the losses that arise if borrowers are unable to repay, and the Society is not able to recover the funds via either forbearance or repossession. The Society conducted one repossession in 2024, but made no loss. The provision stood at £1,034k at 31 December 2024 (2023: £1,059k). The level of arrears on the book remains low with the number of cases 12 months or more in arrears totalling 6 (2023: 17), comprising arrears of £125k (2023: £219k) on mortgage balances of £1,148k (2023: £1,600k). All of these cases are included in the calculation of individual loan impairment provisions and one of these cases which is more than 12 months in arrears has a specific provision of £177k included within the above provision total. It is a residential property and we are in the process of repossessing it.

We account for provisions under FRS 102, which is a so-called 'incurred loss' model, and so requires evidence of potential loss behind the provision. We make a specific provision for accounts where there are conditions at the balance sheet date that indicate potential impairment, such as arrears on the account or forbearances in place. We make a further collective provision for the remainder of the mortgage book on the basis of industry data to inform what a typical loss rate might be for our mortgages, which is also further informed by obtaining credit bureau data for each mortgage.

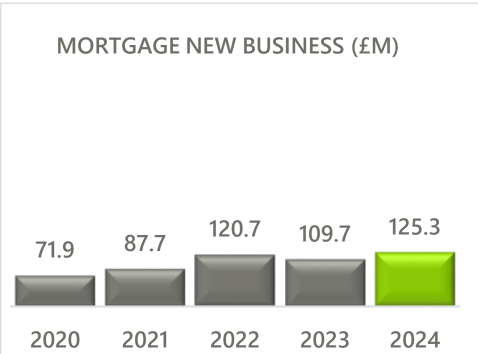
The calculation of the loss amount for any loan which is provided against is informed by applying a forced sale discount assumption, where we assume that the amount that can be recovered from the sale of a property in repossession may not be the value that an owner would obtain in the normal course of events.

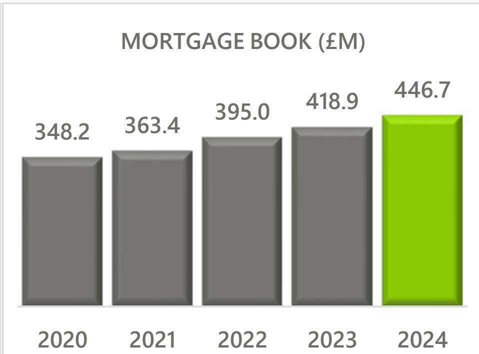


TOTAL ASSETS

Total assets increased by £22.8m to £548.2m (2023: £525.4m) during the course of 2024. This was largely the result of increases in the mortgage book, which grew by £27.8m to £446.7m (2023: £418.9m). Cash and cash equivalents, which would normally be expected to increase proportionately with the overall size of the balance sheet, decreased by £27.0m to £65.8m (2023: £92.8m). In 2023, the Society began to raise funding from savers ahead of replacing the funding it has from the Bank of England Term Funding Scheme (TFSME). In 2024 it has begun making these repayments, thereby using these funds. The Society also moved some of its cash equivalents into short dated government treasury bills (2024: £9.8m, 2023: £4.9m) and gilts (2024: £10.1m, 2023: £nil) which are high quality liquid assets. The movement of some of its liquidity in to fixed rate government instruments helps to balance interest rate risks as the market has moved from a period of increasing rates to one where they may fall.

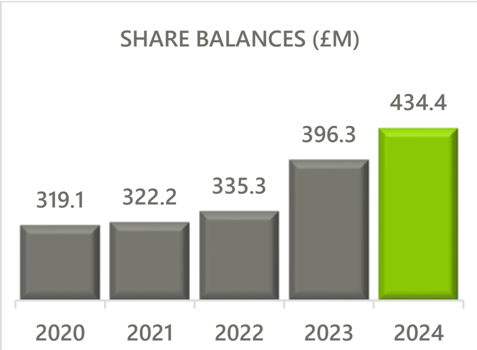
MORTGAGES

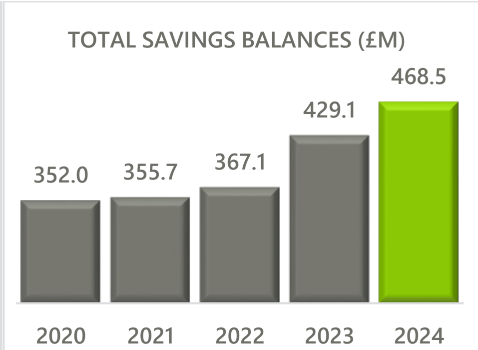




It was another successful year for new mortgage business, with strong consumer demand for our products, despite a broader market in which mortgage demand has continued to be suppressed. Mortgage completions increased by £15.5m to £125.3m. This surpassed our previous record level of £120.7m in 2022. The Chief Executive discusses more detail on the kinds of mortgage business we are involved in, in his report on page 3.

FUNDING



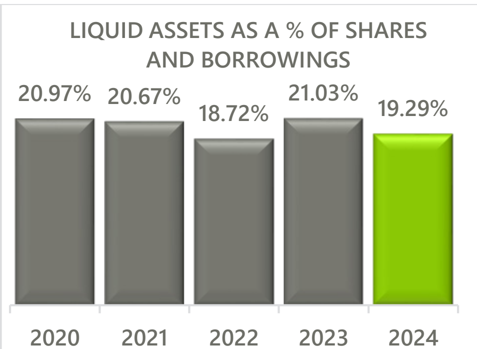


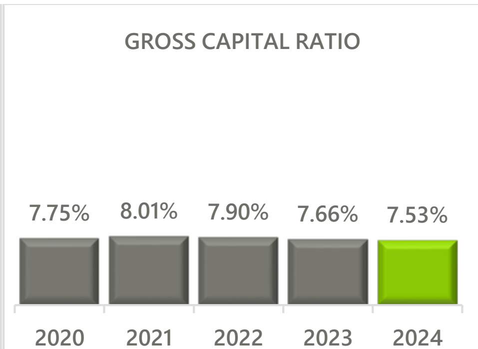
Savings make up the largest source of funding for the Society and most savings balances are held by members of the Society. These comprise a diversified mixture of products, including notice accounts and fixed term bonds, ISAs, regular saver products and those with easy access. As at 31 December 2024, these member balances were £434.4m (2023: £396.3m) and rose £38.1m during the year. Some savings, where the saver is not a formal member of the Society, include business and SIPP balances and those held by community organisations. In total savings balances rose by £39.4m to £468.5m (2023: £429.1m) during the year.

The Society also accesses funding from other credit institutions, including the Bank of England. Amounts owed to credit institutions decreased by £17.5m to £35.3m (2023: £52.8m). The largest element of this funding is £30.0m (2023: £50.0m), which the Society has borrowed under the Bank of England TFSME Scheme. The remaining amounts largely comprise wholesale loans from financial institutions or local authorities.

The Society's strategy for repaying TFSME involves settling the individual tranches ahead of their contractual repayment dates. Accordingly, the £20m repaid during 2024 was not immediately due to mature. The remaining £30m of TFSME funding has maturity dates spread across 2025, and the Society has a robust strategy for replacing this funding source. The Society also deliberately raised more funding from savers in 2023 and 2024 than it needed to fund mortgage growth, in readiness for these repayments. Since the balance sheet date, the Society repaid a further £16m during January 2025.

LIQUIDITY AND CAPITAL





The Society's Liquid Assets as a percentage of Shares and Borrowings decreased over the course of 2024 from 21.03% to 19.29% but remains significantly above the levels needed to pass its own stress tests. This was part of a managed strategy to be ready to repay TFSME funding. We expect liquidity levels to be lower again in future as we make the TFSME repayments. The appropriate level of liquidity is determined by the Executive and approved by the Board via its Internal Liquidity Adequacy Assessment Process (ILAAP). This process assesses the liquidity and funding risks faced by the Society and chooses a level of liquidity that the Executive are targeted to maintain, and which provides the Society with enough liquid assets that it can withstand a severe stress and continue to cover its liabilities as they fall due. The mix of funding is an important consideration in this assessment. The Society has a well-diversified mix of funding sources, including access to the Bank of England's Sterling Monetary Framework, wholesale funding markets and a wide range of savings products targeted at a broad array of customer types.

At 31 December 2024, gross capital, which is represented by reserves, amounted to £38.2m (2023: £37.2m), being 7.53% of total shares and borrowings (2023: 7.66%). Free capital, which comprises gross capital and the collective loan impairment allowance less tangible and intangible fixed assets, amounted to £36.8m (2023: £35.8m). The leverage ratio, which represents Tier 1 Capital as a % of Total Assets including post offer pipeline mortgages was 6.51% (2023: 6.56%). Common Tier 1 Capital as a % of Risk Weighted Assets (where assets have risk weightings applied using the standardised approach outlined in the Basel II framework) continued to be strong at 18.23% (2023: 18.01%). Good levels of post-tax profit have allowed the Society to maintain its strong capital position in 2024. Capital is also stress tested at least annually via the Internal Capital Adequacy Assessment Process (ICAAP) and this shows 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.

Successive years of strong performance have bolstered our capital reserves to levels which, members can be assured, comfortably exceed the regulator's minimum requirement.

FUTURE DEVELOPMENTS

The Society is committed to managing its finances in such a way as to protect its capital strength, and ensure it has access to a diversified range of funding sources, that enable it to manage its liquidity risks appropriately, while also funding growth. Strong margins and growth in both mortgage and savings balances are needed over the long term to protect the Society's ability to offer competitive savings rates, while also enabling it to make investments that maintain its ability to attract mortgage and savings business and service customers in the fashion they would expect.

Protecting these abilities requires digital transformation via Project Sherwood and this will involve significant investment, some of which has already been made in 2023 and 2024, and this will continue. The Society started this process in 2023, investing recent strong profits in this project. In 2024, the chosen technology provider was appointed and over the coming two years, this project will continue. We plan to use capital reserves to fund the remainder of the project, because the costs for it will be written straight to the income statement rather than being capitalised. What this will mean in practice is that the Society will not expect to make profits during the remainder of the project, and is likely to make losses measured at an overall post-tax level for the next two years. During this period, to help readers better understand performance, we are also reporting underlying pre-tax profit (page 9) with the expenses of this project excluded. The Executive and the Board remain sharply focussed on the financial health of the Society, while also believing it is the right strategy to use the significant capital surpluses held to make investments that will protect the long term ability of our Society to thrive in a market where technology is changing the competitive landscape at speed.

Readers should note that as well as the investment itself, the work required is likely to impact short-term growth rates, which have a knock-on effect to short-term growth in income. Both factors are accounted for when providing the Board with forward-looking plans for the Society's capital.

In assessing the likely forward view for the Society's finances, capital strength rather than year-on-year profits, will be of most importance. The Society has significant capital surplus, as assessed by its annual ICAAP process, and the Society's capital strength means it can afford a period of net losses, caused by the Project Sherwood re-investment, without affecting its long-term viability. The Board have reviewed long-term projections of the Society's capital position in assessing its strategy of digital transformation, and it will require the Executive to regularly refresh these as it progresses this piece of work.

DIRECTORS

Those named below were Directors of the Society during the year:

NON-EXECUTIVE DIRECTORS	
Alison Chmiel, FCMA	Chair
Nick Baxter, DipM, DipMAN (open)	Vice Chair and Senior Independent Director
Rachel Haworth, FCIM	
Lucy McClements, FCCA	
Jeff Picton, ACA	
Keith McLeod, FCA	
Colin Bradley, ACA, ACIB	

EXECUTIVE DIRECTORS	
Paul Wheeler, ACA	Chief Executive
Daniel Jones, FCA	Finance Director and Secretary

All current Directors stand for election or re-election (unless they are retiring) in accordance with Rule 26 (retirement by rotation).

At 31 December 2024 no Director held any interest in the shares or debentures of any connected undertaking.

Approved by the Board of Directors on 6 March 2025 and signed on its behalf by:

Alison Chmiel
Board Chair

Daniel Jones
Finance Director

Paul Wheeler
Chief Executive and Director

INDEPENDENT AUDITOR'S STATEMENT TO THE MEMBERS AND DEPOSITORS OF THE MANSFIELD BUILDING SOCIETY

We have examined the Summary Financial Statement of The Mansfield Building Society (the "Society") set out on pages 1 to 15.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The directors are responsible for preparing the Summary Financial Statement, in accordance with applicable United Kingdom law.

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

BASIS FOR OPINION

Our examination of the Summary Financial Statement consisted primarily of:

- Agreeing the amounts included in the Summary Financial Statement to the corresponding items within the Annual Report and Accounts, the Annual Business Statement and the Directors' Report of the Society for the year ended 31 December 2024 including consideration of whether, in our opinion, the information in the Summary Financial Statement has been summarised in a manner which is not consistent with the full annual accounts, the Annual Business Statement and Directors' Report of the Society for the year;
- Checking that the format and content of the Summary Financial Statement is consistent with the requirements of section 76 of the Building Societies Act 1986 and regulations made under it; and
- Considering whether information has been omitted which although not specifically prescribed by section 76 of the Building Societies Act 1986 and regulations made under it, in our opinion, is necessary to ensure consistency with the Annual Report and Accounts, the Annual Business Statement and the Directors' Report of the Society for the year ended 31 December 2024.

We also read the other information contained in the Directors' Remuneration Report and consider the implications for our statement if we become aware of any apparent misstatements or material inconsistencies with the Summary Financial Statement.

Our report on the Society's Annual Report describes the basis of our 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 Annual Report and Accounts, the Annual Business Statement and the Directors' Report of The Mansfield Building Society for the year ended 31 December 2024 and complies with the applicable requirements of Section 76 of the Building Societies Act 1986 and regulations made under it.

USE OF THE STATEMENT

This statement is made solely to the Society's members as a body and the Society's depositors as a body in accordance with section 76(5) of the Building Societies Act 1986. Our audit work has been undertaken so that we might state to the Society's members and depositors those matters we are required to state to them in such a statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members as a body and the Society's depositors as a body for our audit work, for this statement, or for the opinions we have formed.

Forvis Mazars LLP
Statutory Auditor, 30 Old Bailey, London, EC4M 7AU
6 March 2025

DIRECTORS' REMUNERATION REPORT

The purpose of this report is to inform members of the Mansfield Building Society about our policy on the remuneration of Executive and Non-Executive Directors. In providing such information to members, the Society has adopted a Remuneration Policy which describes how the Society also complies with the applicable principles within the FCA's Remuneration Code. A resolution will again be put to the AGM, inviting members to vote on the Directors' Remuneration Report. The vote is advisory, and the Board will consider what action is required.

THE REMUNERATION COMMITTEE

This report has been prepared by the Remuneration Committee, which is made up entirely of Non-Executive Directors and met twice during 2024. The membership of the Committee during 2024 was:

Nick Baxter
Alison Chmiel
Rachel Haworth - Committee Chair

The makeup of the Committee complies with the Corporate Governance Code requirements for smaller organisations to have at least two members who are Independent Non-Executive Directors.

Meetings of the Committee were also attended by Paul Wheeler, Daniel Jones and Head of HR Vickie Preston, who withdrew from the meeting when their own remuneration was being considered, or on request.

The primary responsibility of the Committee is the determination of the terms and conditions of employment of the Executive Directors (and other members of senior management as appropriate) and the fees payable to Non-Executive Directors.

The Committee is responsible for the Remuneration Policy for all Directors of the Society and makes recommendations to the Board regarding remuneration and contractual arrangements. The Committee reviews supporting evidence, including external professional advice, if appropriate, on comparative remuneration packages. The Committee also reviews proposals by the Chief Executive for senior management remuneration and any bonuses.

POLICY FOR EXECUTIVE DIRECTORS

The remuneration of Executive Directors is reviewed annually by the Remuneration Committee, using data from other comparable building societies, and by a performance review process which, in the case of the Chief Executive, is undertaken by the Society's Board Chair. The Board's policy is to set remuneration levels in order to attract and retain high calibre Executive Directors and to encourage excellent performance through rewards directly linked to the achievements of the Society's strategic objectives. The main components of Executive Directors' remuneration are:

BASIC SALARY - this takes into account the job content and responsibilities, individual performance (assessed annually) and salary levels for similar positions in comparable organisations.

BONUS - the two Executive Directors are entitled to a medium-term bonus which is a non-pensionable, performance related cash bonus, payable on achievement of Board specified key performance indicators and personal objectives which include risk management objectives. Performance is based on a one-year period with a portion of the payment being deferred equally over the following two years. The deferred payment is subject to additional medium-term performance objectives. Payment is not guaranteed, and the maximum bonus is 20% of basic salary. The two Executive Directors have earned 17% of basic salary as reward under this scheme during 2024.

PENSIONS - the Executive Directors are entitled to a Group Personal Pension Plan which is available for all colleagues. The rate of contribution from the Society differs between the Executive Directors and other colleagues which is not in line with the most recent corporate governance guidelines. The contributions paid are 12% for the Chief Executive and 10% for the Finance Director. The pension contributions for all colleagues are regularly benchmarked against other organisations in the local area and in the building society sector as part of our review of the total package paid to all colleagues. The Board is currently satisfied that the total packages are set at a level which allows the Society to attract a high quality of colleague at all levels. In 2024, the Society introduced an improved pension contribution for colleagues which paid up to 9% from the Society. This reduced the gap between contributions made for Executives and other colleagues. The Society has been committed to reducing this gap over time and from March 2025 it will pay up to 10%, which will make for closer alignment between the Executive Directors and other colleagues.

OTHER BENEFITS - notably the provision of a car allowance to each Executive Director and private medical insurance. Benefits are reviewed annually by the Remuneration Committee.

The Committee are satisfied that the Remuneration Policy has achieved the desired performance and behavioural outcomes during 2024.

SERVICE CONTRACTS - The Chief Executive has a service contract with the Society dated 30 April 2020. The Chief Executive's notice period to the Society is six months. The Society's notice period to the Chief Executive is 12 months. In the event of amalgamation, transfer of engagements or transfer of business where the Executive Director's employment is to be terminated, the Society shall give not less than 12 months' notice.

The Finance Director has a service contract dated 5 November 2019. The Finance Director's notice period to the Society is six months. The Society's notice period to the Finance Director is 12 months. In the event of amalgamation, transfer of engagements or transfer of business where the Executive Director's employment is to be terminated, the Society shall give not less than 12 months' notice.

POLICY FOR NON-EXECUTIVE DIRECTORS

The remuneration of Non-Executive Directors is reviewed annually by the Remuneration Committee, using data from other comparable building societies, and by a performance review process undertaken by the Society's Board Chair. The remuneration of the Board Chair is reviewed by the Remuneration Committee and ratified by the Board and is informed by a performance review conducted by the Senior Independent Director.

Non-Executive Directors are remunerated solely by fees which reflect time spent on Society affairs including membership of Board committees. They do not have service contracts and do not receive a salary, pension, bonus incentives or other taxable benefits, although a notional amount is included within their fees which is intended to cover travel expenses. Non-Executive Directors serve under letters of appointment following election by the Society's membership.

DIRECTORS' REMUNERATION

Details of Directors' emoluments for the financial year ended 31 December 2024 are shown below:

	2024 £000	2023 £000
Non-Executive Directors' fees	207	193
Executive Directors' remuneration	469	426
TOTAL	**676**	619
NON-EXECUTIVE DIRECTORS' FEES		
Alison Chmiel	43	40
Colin Bradley (retired 28.03.24)	11	31
Nick Baxter	35	33
Lucy McClements	32	27
Keith McLeod (resigned 01.11.24)	29	33
Rachel Haworth	33	29
Jeff Picton (appointed 18.03.24)	24	-
TOTAL	**207**	193

Fees include an allowance for travel and expenses.

2024 EXECUTIVE DIRECTORS	Salary £000	Annual Bonus £000	Deferred Bonus £000	Benefit £000	Pension £000	**TOTAL £000**
Paul Wheeler (CEO)[1]	173	17	15	23	43	**271**
Daniel Jones (FD)[2]	131	13	11	21	22	**198**
TOTAL	**304**	**30**	**26**	**44**	**65**	**469**

2023 EXECUTIVE DIRECTORS	Salary £000	Annual Bonus £000	Deferred Bonus £000	Benefit £000	Pension £000	TOTAL £000
Paul Wheeler (CEO)[1]	161	10	10	30	38	249
Daniel Jones (FD)[2]	122	10	8	16	21	177
TOTAL	283	20	18	46	59	426

The highest paid Director in the Society is Paul Wheeler (CEO).

(1) The Chief Executive receives a 12% employer's pension contribution from the Society but also chooses to use salary sacrifice to increase this amount by a further 8% (20% in total) and this higher value is included within the pension contributions disclosed above.

(2) The Finance Director receives a 10% employer's pension contribution from the Society but also chooses to use salary sacrifice to increase this amount by a further 5% (15% in total) and this higher value is included within the pension contributions disclosed above.

On behalf of the Board of Directors

Rachel Haworth
Chair of the Remuneration Committee
6 March 2025

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