



**MANSFIELD**  
BUILDING SOCIETY

For you | With you | Always

**Report and  
Accounts**

**2025**

5.84%  
LEVERAGE RATIO



TOP 50  
EMPLOYER

BASED ON BEST  
COMPANIES SURVEY



£1.5M  
UNDERLYING PROFIT  
BEFORE TAX\*



£34.4M

NET INCREASE IN  
CUSTOMER SAVINGS  
BALANCES



10.6%  
MORTGAGE ASSET  
GROWTH



4.78 / 5  
CUSTOMER  
SATISFACTION



£144,900  
IN LOCAL  
COMMUNITY  
DONATIONS



# 2025 KEY HIGHLIGHTS

\*Underlying profit is an alternative performance measure; see reconciliation on page 2 and statutory profit on page 20.

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## KEY PERFORMANCE INDICATORS

The following table provides an overview of the key performance indicators (KPIs) over the last five years:

KEY AREA	SIGNIFICANT STATISTICS	2025	2024	2023	2022	2021
BALANCE SHEET	Mortgage Assets growth %	10.59	6.52	5.44	9.57	4.55
	Retail Savings net increase £m	34.4	39.4	61.9	11.5	3.7
FINANCIAL PERFORMANCE MEASURES	Net Interest Margin as a % of Mean Assets	2.34	2.37	2.62	2.25	2.07
	Underlying Cost / Income ratio %	85.54	74.16	72.69	72.68	70.90
	Mortgage Arrears on Accounts > 2 months in arrears £m	0.44	0.43	0.44	0.26	0.20
	Underlying Profit before Tax <sup>1</sup> £m	1.5	3.2	3.3	2.3	2.9
FINANCIAL STRENGTH	Liquid Assets % SDL	14.76	19.29	21.03	18.72	20.67
	Leverage ratio %	5.84	6.51	6.56	6.57	6.88
SOCIETY & COLLEAGUES	Best Company rating (Best possible rating is 3*)	1*	1*	2*	2*	2*
	Community & Charitable Trust Donations £k	144.9	113.5	118.1	77.0	102.0
MEMBERS	Members increase / (decrease) %	(0.42)	6.67	5.69	(1.36)	(3.22)
	Customer Satisfaction (score out of 5)	4.78	4.74	4.40	4.63	~

~ Information unavailable or recorded differently in prior years.

## DEFINITIONS OF KEY PERFORMANCE INDICATORS

MORTGAGE ASSETS GROWTH	The percentage increase / (decrease) of the Society's mortgage book during the year. Mortgage Assets are the primary source of income for the Society.
RETAIL SAVINGS NET INCREASE	The £m increase / (decrease) in retail savings during the year. The total value of savings balances is the Society's primary source of funding.
NET INTEREST MARGIN AS A % OF MEAN ASSETS	The measure of the Society's rate of return on the assets used to generate that return, net of interest payable, but before applying any administrative costs.
UNDERLYING COST / INCOME RATIO	Demonstrates the relationship between the incomes earned and the underlying administrative costs (excluding non-recurring items) of running the business and thereby acquiring that income.
MORTGAGE ARREARS ON ACCOUNTS > 2 MONTHS IN ARREARS £M	The amounts by which customers are behind on their mortgage payments, where they are more than 2 months in arrears. This gives an indication of balances where the collection of them may be in doubt and is one of the factors that informs the size of loan impairment provision the Society holds.
UNDERLYING PROFIT BEFORE TAX* £M	The underlying profit of the Society before the effects of non-recurring activity relating to the Society's digital transformation, Project Sherwood.
LIQUID ASSETS % SDL	Liquid Assets as a percentage of Shares, Deposit and Loans (SDL) monitors the level of liquidity available for the Society to meet its payment obligations when they become due.
LEVERAGE RATIO	Leverage ratio including claims on central banks. This is an expression of the Society's capital levels (Reserves) over its total risk weighted assets used to assess the Society's risk exposure. Capital reserves help protect the Society from economic shocks. Our regulatory minimum for this ratio is 3.25%.
BEST COMPANY STATUS	The status awarded to the Society determined by colleague feedback. "Best Companies" are an independent leading employee engagement specialist who operate this accreditation scheme.
COMMUNITY & CHARITABLE TRUST DONATIONS £K	The amount donated during the year through either donation to the Society's Charitable Trust or to community organisations through the Society's Community Support Scheme.
MEMBERS INCREASE / (DECREASE) %	The percentage increase / (decrease) in the Society's Membership during the year.
CUSTOMER SATISFACTION (SCORE OUT OF 5)	This is an independent measure of customer satisfaction based on customer feedback surveys.

<sup>1</sup> Underlying profit before tax is reconciled to the profit shown in the Statement of Comprehensive Income on page 19.





Board Chair  
**Jeff Picton**



Community and people are why we are here. The technology we will be launching through Project Sherwood puts you at the centre of everything we do.

## STATEMENT FROM THE BOARD CHAIR

2025 has been my first year as Chair and what an exciting one it has been. I have been particularly encouraged by the great strides the Society has made with its transformation programme. While part of this is about ensuring we can serve Members with modern technology, we have always been keen that this isn't just about software and computers. As a mutual organisation, Members and therefore people are central to who we are, and that will remain the case regardless of what technology we use to enable this. We were established over 150 years ago to connect people who wanted a safe place for their savings, with people who wanted to own a home. A focus on people remains at the core of our vision for The Mansfield and that is driving how we shape our culture, processes, and, yes, our technology via our ongoing transformation, Project Sherwood.

This is why I was so pleased to be able to attend the Society's all colleague event, "Mansfield Forward", in July. We launched our new Purpose and Vision for the Society at this event and also our *Mansfield Story*, which brings this to life, and articulates why we're here, what we do and why we're on this transformation journey. Community and people are central to this, and along with the whole Board, I was delighted to see that our colleagues who serve you on a day-to-day basis, already see this as their purpose; they can't wait to do an even better job of giving you a great customer experience, centred on people. Paul Wheeler talks more about our Purpose, Vision and *The Mansfield Story* in his Chief Executive's Review on page 6. What strikes me in presenting this report is how much of this is a story of continuity; the "Our Communities" section of this report continues to showcase the great things we're able to do in collaboration with our community, and the excellent customer satisfaction score shown in our 2025 Key Highlights demonstrates that we offer a great experience already. Our new Purpose and Vision make clear our ambition to do even better.

Of course, this report also talks to our financial performance, which continues to be strong. Mortgage growth and underlying profitability both exceeded the Board's expectations for the year. A big thank you to all colleagues for your hard work to achieve these results in 2025. As we signposted in last year's report, the overall loss we are reporting is an expected consequence of the investment we are making in Project Sherwood; the loss is more than covered by our very adequate capital resources.

During 2025, the Government reaffirmed its manifesto commitment to double the size of the co-operative and mutuals sector. As one would imagine, we clearly agree that mutuals like us, add huge value to both society and the economy, with our unique ability to provide services, unhindered by the need to issue dividends to investors. It was pleasing to see some fruit from this Government initiative in the form of the Prudential Regulation Authority's (PRA) removal of the Building Societies Sourcebook, which took effect on 1 January 2026. This document has provided sound guidance since the financial crisis but more recently, the limits in the document have made it harder for building societies to compete in the ever-changing world of financial services. We will continue to track the Government's progress with its agenda and consider any opportunities it may offer us to grow, while staying true to our purpose. Certainly, the strong growth we delivered in 2025 will have played its part already.

Finally, I want to extend my thanks to you, our Members and customers, for your business this year. It has enabled us to deliver a strong financial performance, while taking positive steps towards the completion of our transformation programme. I hope you feel that our new Purpose and Vision are a compelling articulation of what you would like us to be as an organisation. We are after all, your Building Society.

**Jeff Picton**  
Board Chair, 5 March 2026





Chief Executive  
**Paul Wheeler**

“

Our colleagues will be ready to harness the new technology we're building, to provide our customers with the best experience.

”

## 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 geopolitical turmoil, uncertain financial markets and during a time in which we have been working hard on our digital transformation programme, Project Sherwood, alongside keeping the business running. This programme is all about building the best experience for our customers and ensuring we still feel like an organisation built around people that retains its human touch. As we expected and as we signposted in last year's report, this investment is being written off as the costs have been incurred rather than capitalised over future years. This prudent approach means that whilst there is a loss after tax of £(0.5)m for 2025, we have delivered a strong underlying profit of £1.5m before Sherwood one-off costs have been accounted for.

As Jeff highlights in his Chair's statement, this transformation is not just about technology, but the whole organisation. So we have also reviewed our Purpose and our Vision for the Society, which you will see on the following pages. We have redesigned our target operating model, which describes how our colleagues will be organised and what their roles and responsibilities will be, once we are live with the new systems. This is all critical to ensuring that the benefits of the new technology are harnessed to benefit our Members.

## BUSINESS PERFORMANCE

I'm pleased to report that the Society continues to grow with record mortgage lending of £148.4m leading to 10.6% growth in mortgage assets and underlying profit before Project Sherwood costs of £1.5m.

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. We continue to support first-time buyers to purchase high loan to value first homes and also have a range of shared ownership products as an alternative way to get Members onto the housing ladder. Our underwriting capabilities continue to evolve and our manual approach, supported by technology, has allowed us to expand our lending to borrowers with historical credit issues and those with complex incomes. This new lending is designed to assist those that have struggled during these difficult economic times to continue with home ownership, or who have unusual credit profiles. Along with self-build, these new areas of lending have seen the strongest growth in 2025, as we find that more borrowers have fallen into the underserved market due to the economic conditions prevailing. We also believe that it is important as a mutual; to offer products to people at all stages of life. 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, as we progressed through the programme, we planned the heaviest demand for internal testing resource to be in 2026 rather than 2025, and that allowed us to take advantage of strong demand in the market.

Despite the challenges of the economy and the continued 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 58 (2024: 63) and the value in arrears has increased slightly to £435k (2024: £430k) on mortgage balances of £8.49m (2024: £8.09m). With a book of £495m, this remains a very small portion of the lending. 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 two repossessions during the year (2024: one).

Our credit risk is partially mitigated by restrictions on loan to value (LTV) with higher risk business being written at low maximum LTVs and this prudence has led to a low average LTV of 44.1%, which will give us significant headroom if house prices do not continue with their slow increase.

Our savings business saw strong growth in 2025 as well. Overall retail shares and deposits grew by 7.3%, rising to over £500m for the first time, and closing at £503m (2024: £469m). It's heartening in such a competitive market that customers, new and old, still see value in putting their savings with an organisation that is rooted in its community.

Our customer satisfaction scores also continued to rise. Smart Money People support a survey process which gives us feedback from our customers on how we're doing, and our 2025 score increased to 4.78 out of 5, even though it was already a very healthy 4.74 out of 5 in 2024. In the small number of cases where we fall short, it is often our technology that is at the root of this, so the investment in Project Sherwood will address these cases and this will drive further increases in customer satisfaction.

In summary, 2025 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.

As a mutual building society, we are always keen to ensure that our savers and borrowers are receiving and paying competitive rates. The Bank of England Bank Rate (Base Rate) (BBR) fell across 2025, and we have reduced interest rates for both mortgage and savings customers during that time. Lower interest rates for mortgage customers help them with the challenges of continued cost-of-living pressures, and these are accompanied by reduced savings rates to ensure that we take a balanced approach. We continue to regularly assess the competitiveness of our rates for both groups of customers and ensure that they offer good value in the market.

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.

## 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.



## RENEWED PURPOSE AND VISION

In July, we launched our new Purpose and Vision at a Society wide colleague event, “Mansfield Forward”, held at the beautiful Pumping House in Sherwood Forest, just outside Ollerton.



## PURPOSE



The Society has been helping people build their futures for over 155 years and we don't intend to deviate from this purpose. We see helping people find a home or save for their future as being a core reason for our existence and the work that we do in helping our communities build a brighter future is what makes us unique. As a mutual financial services provider, we're able to support a wider population of potential homeowners due to our human approach to the assessment of lending. We believe this supports the sustainability of our business as well as helping people find the right home for them. We also feel passionately that people should save to build brighter futures. This can take the form of small regular monthly amounts up to large lump sum investments and we provide products and services to support all types of saving.



VISION



We pride ourselves on the service that we offer to our customers, whether face to face in a branch, over the telephone, or by letter and email. We are regularly told by our Members that the human element that we provide is valued above anything else and it's our intention to match that with processes and technology that provide the best experience for all our Members and customers.

VALUES

We're driven by our five core values, which represent what the Society stands for and form the basis for how it's governed. The values were developed by colleagues from across the Society and ensure the Society does the right thing by our customers, communities and colleagues.

**CUSTOMER CHAMPIONS**

We make things easy for our customers and ensure they feel valued. Their needs shape everything we do - from the start of our relationship to delivery and beyond. We are there when life gets complicated.

**Positive AND Productive**

We embrace continuous improvement and turn possibilities into reality. We see challenges as opportunities to learn. We work collaboratively, with infectious enthusiasm and celebrate our successes.

**PEOPLE FOCUSED**

The Society supports colleagues to develop and thrive. We take responsibility for our own actions and behaviours. We respect, trust, and appreciate each other.

**FORWARD THINKING**

We pride ourselves in seeing the big picture, balancing the long-term effectively with shorter-term needs. We are brave and progressive in our thinking and through our actions.

**ROOTED in our COMMUNITY**

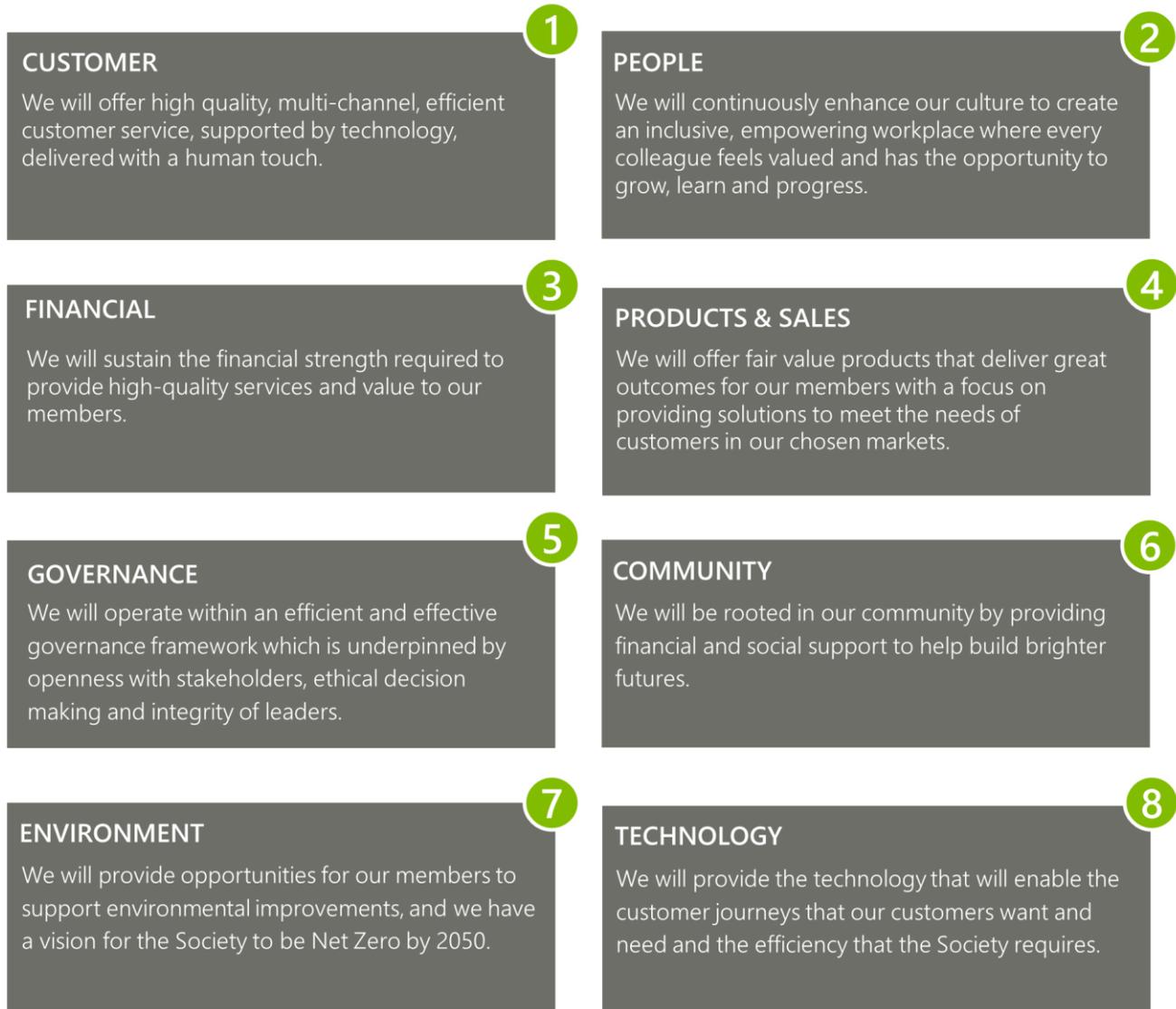
We are integrated in our community and are a force for change. We influence and shape our local community so that it can flourish and thrive, today and in future.



## STRATEGY

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.

This strategy is supported by a series of strategic aims:



The Society will be continuing its significant investment in technology during the coming year, and this will transform our digital offering, providing a more efficient service to our Members, in a way that supplements our existing branch network. This programme has made good progress in 2025, and we will begin to go live with some of the new software capabilities in 2026. This investment has impacted our reported profitability this year and will continue to do so over the next two years, initially through continued spend to complete the programme, and then also via diminished mortgage growth in 2026, which will have a consequential impact on interest income in 2027. Nonetheless, this has been planned for, and we will continue to be very well capitalised as we deliver this important transformation.

**Paul Wheeler**  
*Chief Executive*  
5 March 2026



## OUR COMMUNITIES

As a local building society, we're rooted in our community and committed to helping people build brighter futures. We share our commercial success with our local community through charitable donations, fundraising for our Charity Partner and volunteering.

In total during 2025, the Society has donated £144,930 (2024: £113,479) to charitable and community organisations, either through our Community Support Scheme or via our Charitable Trust.

Not only have we increased our donations, but colleagues have also put time and elbow grease into supporting community groups and fundraising for our Charity Partner, Alzheimer's Society.

Our range of philanthropic activities are a key part of being a local building society - responsible to our Members and communities, not to shareholders.

### COMMUNITY SUPPORT SCHEME



Our Community Support Scheme provides donations direct from the Society of up to £1,000 to help local charities and community groups.

This year, our donations have been used to help a range of initiatives, including providing wellbeing support to children and young people, preventing social isolation amongst the elderly, the delivery of specialist palliative care services and much more. Here are some examples of how our donations have helped.

**Sutton Youth Radio** (pictured) received £927 for studio equipment to help them deliver an Ofcom registered community radio station operated by, and for, young people. In one of the most deprived areas of Nottinghamshire, the work of the station inspires young people to actively participate in its running, helping to build confidence and employability skills for the future.

Another donation to support young people was an amount of £994 granted to **Amber Bee** that will enable them to deliver a mindfulness and internet safety programme in primary schools. During the Covid-19 pandemic, a combination of social isolation and a lack of education led to children misusing the internet, particularly in relation to social media. The project will be aimed at 8–11-year-olds at 14 Mansfield schools, offering educational support to help empower young children to protect their mental health and navigate online platforms safely.

Social isolation can also particularly affect the elderly, leading to long-term health and wellbeing issues. Through a donation of £940 to the charity **b:friend**, more people in Nottinghamshire will now be able to access their 1:1 befriending programme. The money will help 50 people go through screening by the Disclosure and Barring Service (DBS) and help raise awareness of the programme.

**John Eastwood Hospice** provides specialist palliative care, and its therapists work with anyone with a life limiting illness at any stage of their journey. The aim of inpatient physiotherapy is to achieve a quality of life to maximise independence and allow people to live with dignity as much as possible. A donation of £880 allowed them to purchase folding adjustable parallel bars to give sufferers support with posture exercises and balance.

The Society's Community Support Scheme contributions totalled £19,990 in 2025 (2024: £18,124) with 35 local charities and community groups benefiting from donations.

Beneficiaries of the Community Support Scheme are also considered for volunteering opportunities which colleagues can take part in to help us deepen our relationships with our local community.

## WORK IN THE COMMUNITY SCHEME

In 2025, colleagues have donated 84 days to projects and initiatives in the local area.

**Welbeck Allotment Association** were not only recipients of a £1,000 Community Support Scheme donation, they also received help in clearing out a woodland area that had become overgrown and subject to fly tipping. Once cleared, the area will allow the group to run a forestry school for children.

More landscape and gardening activities were undertaken by four colleagues at **Berry Hill Nursery** in Mansfield (pictured) as they cleared the ground of nettles and weeds as well as cleaning and maintaining a fence.

It's not just lending a hand outdoors though. During the year, colleagues have been helping provide financial education to young children with **WizeUp**, conducted mock interviews with young people on the King's Trust programme through **The Inspire and Achieve Foundation**, raised the profile of inclusion for people with disabilities at **OneFest** and much more.

Finally, colleagues again donated time and gifts to the **Christmas Toy Appeal**, run with local partner Mansfield District Council, which enables disadvantaged local children to open at least one present on Christmas Day. As well as donating gifts, colleagues also gave up their time to help wrap the presents.



## OVER £8,400 RAISED FOR CHARITY PARTNER, ALZHEIMER'S SOCIETY

In 2025, colleagues have raised over £8,400 for our Charity Partner, Alzheimer's Society. Alongside a Society bake off, raffles and sweepstakes, we've also had colleagues walking and trekking through the Peak District and one colleague even ran the London Marathon.

The total amount raised equals the amount colleagues raised in 2024, meaning that in the last two years colleagues have raised over £15,000 to help support local people affected by a disease that is now the UK's biggest cause of death and is likely to develop in 1 in 3 people.

## CHARITABLE TRUST FUND

Our Charitable Trust Fund was established to fund larger charitable donations and provide enduring support to our local communities. Funding is provided via our contribution from Community Saver Account balances, and in 2025 this was the source of all new funds received by the Trust.



In 2025, the Trust has significantly increased its donations to help fund some exciting and worthwhile initiatives. Total donations have increased to £124,940 (£95,355 in 2024) supporting 19 organisations (15 organisations in 2024).

Over £50,000 was donated to ongoing initiatives to enable them to continue their good work. Beneficiaries here have included the financial education provider, **WizeUp**; a programme of personal development for young people at **Mansfield Community Hub**; and supporting employability skills in young people through **The Inspire and Achieve Foundation**.

In addition to the funding of ongoing initiatives, donations to new projects were made too. **Sherwood Forest Trust** received £15,000 to help protect the iconic and now fragmented local forest area. The funding will enable high-impact ecological improvements and provide urgently needed fire prevention training, particularly after a devastating fire at Oak Tree Heath.

**John Eastwood Hospice** received a similar amount to help them purchase a specialist "Cuddle Bed". The bed will be a new addition at the hospice and provide enhancements of comfort, dignity and overall patient wellbeing.

A charity supporting families affected by a loved one's substance misuse called **Hetty's Charity** received £12,500. The funding will help provide specialist support to "kinship carers" – often extended family members taking on the responsibility for children when a parent is suffering from addiction. The support includes one-to-one support to navigate social care and legal rights as well as monthly educational workshops focussed on safeguarding, therapeutic care and dealing with childhood trauma.



A donation of just under £10,000 over three years was agreed with **Culture, Learning and Enterprise (Midlands)** for an Inspire Knitting Challenge (pictured). The challenge provides a 'circular economy of kindness' by supporting wellbeing and social inclusion through mindful crafting, while the creations are then donated to charity.

As at 31 December 2025, the balances on our range of **Community Saver Accounts** totalled £50.3m - these accounts pay a competitive rate of interest to our savings Members and also accrue a 0.1% annual contribution from the Society into the Charitable Trust Fund.

As a result of the scheme, the Society has donated £44,048 to the Charitable Trust in 2025.

The balance of the Charitable Trust fund at the end of 2025 was £85,671.





# 83%

of colleagues said the organisation is run on strong values and principles.

## OUR COLLEAGUES

Through its people strategy, the Society aims to:

- be a great place to work
- live and breathe an engaging and inclusive culture
- provide our colleagues the opportunity to learn, grow and progress
- put colleague wellbeing at the top of the people agenda
- reward colleagues fairly and in keeping with our values

## A GREAT PLACE TO WORK

We believe strong colleague engagement and wellbeing supports us in recruiting and retaining the best talent, who can help the Society succeed, thereby benefiting Members. For the fifth year running, in 2025 the Society was awarded a Best Companies accreditation following the Best Companies survey for 'very good commitment to employee engagement'. Best Companies ranked us in its top 100 nationally, placing us at 49, and in its top 35 within our sector, placing us at 15. Engaging in the Best Companies accreditation process involves an anonymous survey to all our colleagues, which we then also use to gather useful insight on where we might be able to further improve engagement.

The Society continues to operate a Hybrid Working model, which means many colleagues spend some of their week working from home, and some working out of an office or branch. We believe this can be done in a way that helps them balance work and life demands, while also driving strong customer care, engagement and wellbeing.

## DIVERSITY, EQUITY AND INCLUSION

The Society is committed to the provision of diversity, equity and inclusion and to ensuring its management team are well versed in the social skill sets required to manage a diverse and highly engaged workforce.

Having agreed its strategy for diversity, equity and inclusion during 2021, the Society continued to roll this out in 2025. As part of this, in 2025 we developed our 5-year strategy for the Women in Finance Charter. Our Inclusion Forum continues to support the Senior Leadership Team (SLT) in delivering the strategy, as well as providing a feedback mechanism for the Senior Leadership Team to improve their awareness of how they can have the most effective impact.

The whole management team has attended a number of Continued Professional Development (CPD) accredited workshops around diversity, equity, and inclusion; accreditation the Society is very proud to have achieved. In 2025, the training agenda continued to cover issues of relevance to inclusion and included Maintaining my Resilience in the Workplace following on from Managing my Resilience in 2024 and Emotional Resilience in 2023. More informal 'lunch and learn' sessions and educational awareness took place, such as celebrating International Women's Day, Neurodiversity Week, Ramadan, Pride Month, Carers Week, Eid-ul-Adha and Diwali. We also continue to host our Carers Café and Menopause Café for colleagues under the Menopause Café association trademark. Training was also run for a fourth year for all managers on The Equality Act.



In 2024 we set Diversity, Equity, and Inclusion (DE&I) targets on gender and ethnicity for Board, Senior Management, managers and colleagues. The ethnicity target is currently measured against a snapshot survey undertaken with all colleagues in February 2023; new up to date data is in the process of being collected in Q1 2026.

### GENDER

The targets below relate to whichever is the underrepresented gender (shown in brackets).

LEVEL	TARGET %	CURRENT
BOARD	37.5% (female)	44.4% (female)
SLT	40% (female)	30% (female)
MANAGER	40% (male)	43.5% (male)
COLLEAGUES	40% (male)	28.5% (male)

Current data as at 31 December 2025. Note – two Executive Directors (male) are included in both the Board and SLT figures.

### ETHNICITY

The targets below relate to underrepresented ethnicities.

LEVEL	TARGET %	CURRENT*
BOARD	10%	0%
SLT	10%	0%
MANAGER	15%	17%
COLLEAGUES	15%	16.6%

\*Latest ethnicity data available (data as at February 2023).

The Board and SLT monitor diversity within the Society and good progress has been made against the targets set. As a small organisation it will take time to make change at senior levels as turnover is not high in these roles.

### LEARN, GROW AND PROGRESS

The Society is committed to the ongoing development of colleagues at all levels, including the provision of bespoke internal training programmes as well as accessing external courses to encourage personal development and career progression.

Through a recognised in-house Learning & Development Specialist, the Society has built a Leadership Programme for colleagues with management responsibilities, and a Management Development Programme (MDP) based on the Chartered Management Institute (CMI) Level 3 and Level 5 skill sets, to prepare colleagues for future supervisory and management roles. This supports the Society's talent mapping and succession planning processes. In 2025 we have commenced phase four of our Management Development Programme, and all Managers have attended internal CPD accredited training - Effective Coaching Techniques.

### COLLEAGUE WELLBEING

The Senior Leadership Team aim to foster a culture where the wellbeing of our colleagues is treated as a priority. Managers carry out monthly one to one meetings with their team members, using these discussions to build trust and surface any wellbeing issues that need addressing. The Society has a team of volunteers who act as Wellbeing Champions and are formally trained Mental Health First Aiders. We provide access to independent counselling via our Private Medical Health Insurance for all colleagues; this includes access to a digital GP service.

To further support openness, a Colleague Forum exists, which enables people to surface matters they would like to see improved. The Colleague Forum works autonomously to directly address issues where they can but also has a representative who is invited to meet with the Chief Executive Officer and Head of People to enable escalation where appropriate. The Chair of the Colleague Forum also has regular catch ups with the Vice Chair of the Board to ensure that there is a clear voice at all levels of the Society.

Cost-of-living continues to impact many across the UK, and our colleagues were no exception. We have kept open our two schemes which support any colleagues experiencing financial difficulty: The Colleague Welfare Loan and The Colleague Hardship Grant. The Colleague Welfare Loan is an interest free loan for colleagues facing short term financial difficulties, which is repaid over an agreed period and The Colleague Hardship Grant is a one off non repayable grant for colleagues experiencing exceptional or unexpected hardship. All applications to these schemes are considered anonymously by a panel of three, comprising two members of the Executive Committee and the Head of People. We are seeing the need for this support lessen in 2025 but felt it was important to continue to have the schemes in place.



## REWARD

An annual salary review takes place for all colleagues, and all roles in the organisation were benchmarked against the market as part of this during 2025. Insight from this as well as monitoring of salary inflation more broadly helps to inform the setting of salary increases, with the intent that every role should be fairly rewarded. Benchmarking is also carried out across the benefits offered to ensure the overall package remains appropriate and competitive. In 2025 we launched our Private Medical Insurance scheme for all colleagues.

## ENGAGEMENT

As we continue to progress through our transformation programme, engagement with our colleagues remains a high priority. We keep our colleagues informed through business cascade meetings held six times a year, through our Colleague Forum representatives and in our whole Society meetings called 'Mansfield Forward', the second of which was held in July 2025, which saw 120 colleagues come together to hear our Mansfield Story and launch our new Purpose and Vision, providing our colleagues with a great sense of connection and direction about the future of the Society.



Mansfield Town Centre, by night





## OUR COMMITMENT TO THE ENVIRONMENT

We recognise the importance of taking meaningful action to address environmental challenges and reduce our impact on the planet. In line with our Environmental Strategy, we have taken steps towards this in 2025 and have set clear priorities for the future.

In 2025 we have taken the following actions:

- **Environmental Strategy and Action Plan:** A formal Strategy and Action Plan is now in place, providing a clear roadmap for sustainable practices across our business.
- **Climate Risk of our Mortgage Book:** the Society updated the independent assessment of its mortgage portfolio against three scenarios, Flooding, Coastal Erosion and Subsidence.
- **Donation to Sherwood Forest Trust:** We have donated £985 to Sherwood Forest Trust to plant 197 trees for every child's account opened in 2025.
- **Supporting Sherwood Forest Trust:** £15,000 donated from the Society's Charitable Trust to help protect and restore the iconic and increasingly fragmented local forest.
- **Vehicle Transition:** As the need arose to replace the Society's van, the new vehicle was chosen to be fully electric. We have also seen continued uptake of the Society's electric vehicle scheme.

Looking ahead:

- **Benchmarking and Strategic Planning:** In 2026, we will carry out comprehensive benchmarking to understand our current environmental footprint. This data will inform a strategic plan to drive reductions from 2027 onwards.
- **Colleague Awareness:** We will raise awareness among colleagues about waste reduction, recycling, and energy efficiency.
- **Long-Term Investment:** Beyond 2026, we will implement a 10-year investment plan to improve the efficiency of our buildings. This includes replacing boilers with more sustainable alternatives and introducing renewable energy solutions such as solar panels.

Our commitment reflects not only our responsibility to the environment but also our belief that sustainable practices are essential for the long-term success of our Society and the communities we serve.

### KEY CLIMATE RISKS

There are two key types of risk associated with climate change: the risks that arise as the economy moves from a carbon-intensive one to net-zero emissions, known as transition risks; and risks associated with the higher global temperatures likely to result from taking no further policy action, known as physical risks.

The key threats to the Society's business in terms of climate risk are principally the physical risk of properties held as security for lending, plus transitional risk of the carbon footprint created by the properties from which it operates, the commuting of colleagues, and the purchase of goods and services from third parties.



## PHYSICAL RISKS

At the beginning of 2025, the Society updated the independent assessment of its mortgage portfolio against three scenarios, Flooding, Coastal Erosion and Subsidence, considering the impact of an increase in global temperatures of between 0.9% and 5.4%.

The key physical risks to our business result from lending on properties that become un-mortgageable, or have their value impacted due to climate change. This can be as a result of an exposure to an increased risk of flooding, subsidence or coastal erosion. There are a number of other perils which can manifest themselves as a result of climate change, but these are less likely within the UK, and not considered within the assessment:

PERIL	DESCRIPTION / IMPACT	CURRENT RELEVANCE	TIMEFRAME
FLOODING	Wetter winters and more concentrated rainfall events will increase flooding from coastal, river and pluvial sources.	LOW	Long Term
SUBSIDENCE	Drier summers will increase subsidence on shrink/swell clay.	LOW	Long Term
COASTAL EROSION	Increased storm surge and rising sea levels will increase the rate of erosion. Property close to the coast may be impacted.	LOW	Long Term
WINDSTORM	Climate change forecasts do not suggest that extreme windstorm events are going to become more frequent. The current mean UK wind speed is 4.2 m/s. In 2050 with high emissions, it is suggested that this might fall to 4.1 m/s.	LOW	Long Term
HEAT STRESS	Increased heat stress will be an important impact of climate change and will be felt most in the South of England. However, it is not clear that this increase will materially impair the value of property.	LOW	Long Term
DEMOGRAPHIC AND ECONOMIC IMPACT	Global economic destabilisation, collapse of traditional agricultures and increased tourism are all significant potential impacts of climate change.	LOW	Long Term

TIMEFRAME	PERIOD
Short Term	10 Years or Less
Medium Term	10 to 20 Years
Long Term	20 Years +

The exposure to climate risks is considered by the Risk Committee and Board on a biennial basis, and the results are included in the Internal Capital Adequacy Assessment Process (ICAAP).

## TRANSITIONAL RISKS

Transitional risks have the potential to affect the Society in a number of areas, from changes to Government Policy, the use of third-party suppliers and their own Green credentials, carbon pricing once offsetting becomes an option, and any minimum EPC ratings that will apply to the properties on which the Society lends money.

Lower rated properties may be required to undergo expensive remediation, and there is likely to be a transition to minimum energy ratings by 2030, although there is still considerable uncertainty as to the scope of potential regulation in this area.

## GETTING THE SOCIETY TO NET ZERO CARBON

The UK Government is targeting net zero for carbon emissions by 2050, and the Society has started on its own journey to support this. Achieving net zero is accomplished through reducing emissions as much as possible and offsetting the remainder.

Reducing emissions at source, reduces the costs to offset. Both reductions and offsets will come with a financial impact as well as cultural and operational changes to maintain them.



## ROADMAP OF PROGRESS TO DATE

The table below highlights the achievements to date, and those future activities which are anticipated to take place in our move to becoming a greener building society:

ACHIEVEMENTS TO DATE	FUTURE DEVELOPMENTS
<b>STRATEGY</b>	
<ul style="list-style-type: none"> <li>▪ Introduction of climate change policy, action plan and roadmap.</li> <li>▪ Introduction of net zero transition plan.</li> <li>▪ Donated £985 to Sherwood Forest Trust to plant 197 trees for every Children's account opened in 2025.</li> <li>▪ Replacement of Society vehicle with electric alternative.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Conduct an annual review of carbon footprint data and act on identified improvement opportunities.</li> </ul>
<b>RISK MANAGEMENT</b>	
<ul style="list-style-type: none"> <li>▪ Risk appetite for the management of climate change risks established.</li> <li>▪ Enhanced understanding of those future risks inherent within our mortgage book, with initial discussions on changes required in the short to medium term.</li> <li>▪ Climate change risks considered within the ICAAP reporting process.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Further consideration of climate change risks in lending decisions.</li> </ul>
<b>GOVERNANCE</b>	
<ul style="list-style-type: none"> <li>▪ Senior Management Function (SMF) for climate change allocated to Chief Executive.</li> <li>▪ Introduction of Society Environmental Lead to provide enhanced focus.</li> <li>▪ Subscribed to Sustainability in Finance forum.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Embedding of climate change considerations in all Society policies.</li> </ul>
<b>TARGETS &amp; MANAGEMENT INFORMATION</b>	
<ul style="list-style-type: none"> <li>▪ Emissions rebaselined to ensure consistent reporting.</li> <li>▪ Mortgaged property related climate risk data now established and updated biennially.</li> <li>▪ Introduction of digital screens trial in Marketplace branch.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Implement systems to allow capture of all climate-related risks on our mortgage portfolio.</li> <li>▪ Specific targets to be established.</li> <li>▪ Identify further activities to reduce waste, water and energy usage.</li> <li>▪ Source 100% certified renewable electricity provider.</li> <li>▪ Internal data collection of energy, water and other consumables to enable regular monitoring of Society's carbon footprint to take place.</li> <li>▪ Introduction of digital screens in all branches to reduce the use of vinyl posters.</li> </ul>





Finance Director  
**Daniel Jones**



With strong capital reserves, the near future sees us in a period of reinvestment in our digital capabilities, to ensure Members continue to get a great customer experience. Continued capital strength and underlying profit will be our focus.



## FINANCIAL REVIEW

### EXTERNAL ENVIRONMENT

The economic environment during 2025 continued to be shaped by elevated inflation, evolving monetary policy and ongoing geopolitical uncertainty.

Inflation remained above the Bank of England's 2% target during 2025, with Consumer Price Index (CPI) peaking at around 3.8% in August, before easing to 3.2% by November. As inflationary pressures eased, the Bank of England reduced base rate from 4.75% in January 2025 to 3.75% by year end. The shift contributed to increased competition across mortgage and retail savings markets and to moderation in sector wide net interest margins.

Economic growth was modest during 2025, with full year GDP growth estimated at approximately 1.4%, reflecting stronger activity in the first half of the year before momentum slowed later in the period. Employment remained resilient, although unemployment rose modestly during the year to over 5%.

The UK housing market showed signs of stabilisation following recent volatility. House price growth moderated, with transaction levels remaining resilient and buyer confidence supported by easing inflation and lower interest rates.

Geopolitical influences continued to shape domestic and global economic conditions. The prolonged conflict in Ukraine and ongoing tensions in the Middle East continued to exert pressure on global energy markets, trade and supply chains.

The Autumn Budget sought to strike a balance between fiscal responsibility and pro-growth measures, with a focus on maintaining stability while navigating elevated public debt levels. The Government reaffirmed its commitment to fiscal rules and announced targeted increases in capital expenditure for infrastructure and transport. Financial markets broadly welcomed the budget with both equity and bond markets responding positively, although concerns remain regarding long term productivity trends and their implications for future tax receipts.

The Budget also included changes to the Individual Savings Account (ISA) regime, including a reduction in the annual allowance for Cash ISAs from £20,000 to £12,000, for those under the age of 65. The Society does not expect this change to have a material impact on its funding strategy, in part because many of its ISA customers are over 65 but will continue to monitor its potential effect on Member savings behaviour.

The Board continues to monitor these and other key external indicators closely throughout the year to ensure that they are appropriately reflected in the Society's decision-making, risk management framework and strategic planning.



## OVERVIEW OF PERFORMANCE

The Society delivered a resilient underlying financial performance during 2025 alongside continued strong growth in its core mortgage lending and retail saving activities. The statutory loss reported for the year reflects a planned and deliberate investment strategy, with significant transformation expenditure relating to Project Sherwood being expensed directly through the income statement rather than being capitalised onto the balance sheet.

This accounting treatment has reduced reported statutory profitability in the short term but will mean that future years' performance is not encumbered by amortising a large capital investment. Underlying profit remains strong and continues to support the Society's long-term strategy.

## UNDERLYING PROFITABILITY

To enable Members to better understand financial performance over the coming years as we execute Project Sherwood, 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.

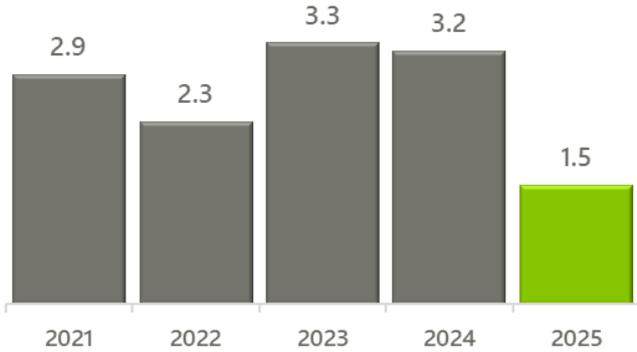
	2025 £000	2024 £000
Net Interest Income	13,281	12,745
Fees, Commissions & Other Income	(703)	(258)
Total Underlying Income	<b>12,578</b>	12,487
Underlying Administrative Expenses	(10,430)	(9,000)
Underlying Depreciation & Amortisation	(321)	(261)
Underlying Operating Profit before Impairment & Other Provisions	<b>1,827</b>	3,226
Impairment Provisions on Loans and Advances, Properties & Other Provisions	(297)	(74)
Underlying Profit before Tax	<b>1,530</b>	3,152
Non-Recurring Administrative Expenses	(2,097)	(1,624)
Non-Recurring Impairment Losses	-	(131)
Non-Recurring Amortisation	-	(57)
(Loss) / Profit before Tax recorded in the Income Statement	<b>(567)</b>	1,340

During 2025, Project Sherwood progressed further through its build phase, with delivery activity accelerating following the mobilisation of the programme team in the prior year. The Society continued to utilise a dedicated project team combining experienced programme management, specialist contractors with wider industry expertise and internal subject matter experts.

The non-recurring Project Sherwood costs also include ongoing implementation and delivery costs, including core banking configuration and the development of digital interfaces for customers, brokers and branch colleagues. Tata Consultancy Services (TCS) are providing a team of experienced technology specialists to support delivery. Non-recurring administrative costs also include fees paid to external legal and procurement advisers, together with external assurance support from Partners in Change.



## UNDERLYING PROFIT BEFORE TAX (£M)



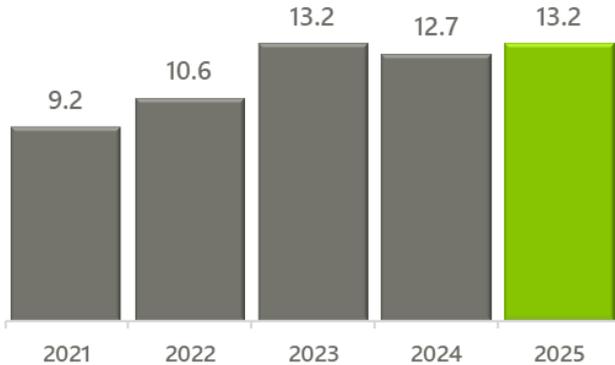
## UNDERLYING PROFIT BEFORE TAX

2025 underlying profit remained strong, although not quite as high as 2021-2024 which was a period where interest rates rose. During the rising rate environment, we tended to see positive revaluations in our interest rate swaps, and the reverse is true as the rate environment is now falling. Resulting from this, a gain of £70k from derivative financial instruments in 2024 became a loss of £126k in 2025. Our cost base has also continued to increase in 2026 driven by continued investment in people and processes to support the ongoing balance sheet growth the Society is managing to generate. Process efficiencies delivered by Project Sherwood will enable future growth to come without such a large rate of increase in the cost base.

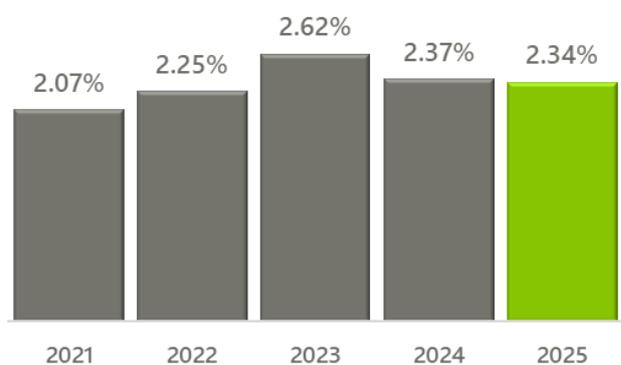
## NET INTEREST INCOME

Net Interest Income is the Society's main source of income. It represents the difference between the interest the Society earns on mortgages and its liquidity investments, and the interest rate it pays to Members and other providers of funding. The level of net interest income varies depending on the size of the Society's lending and savings balances and changes in interest rates during the year. Net Interest Income for the year ended 31 December 2025 increased to £13.2m (2024: £12.7m) and remained resilient despite a significant fall in Bank Base Rate and highly competitive savings and mortgage markets.

## NET INTEREST MARGIN (£M)



## NET INTEREST MARGIN



Net Interest Margin shows net interest income as a percentage of the Society's average assets during the year and reflects how effectively the Society balances offering competitive rates to savers and borrowers while still generating sufficient income to maintain the Society's financial health and to support further growth and investment.

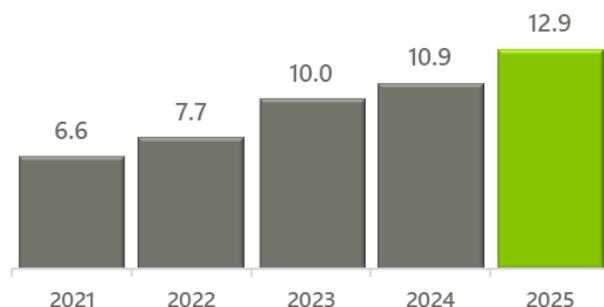
Net Interest Margin reduced modestly during the year to 2.34% (2024: 2.37%). This primarily reflects the natural run-off of mortgages and interest rate swaps that were written in a higher interest rate environment in previous years. New mortgage lending is now being completed and hedged at lower interest rates, which generates lower returns than the older mortgages that have matured or repaid. This has led to a gradual reduction in average margin during the year.

Net Interest Margin was also influenced by continued competition across both mortgage and retail savings markets and by higher overall funding costs. Reductions in Bank Base Rate were felt immediately and also reduced returns on interest rate derivatives, which are held for risk management purposes. In addition, the Society made deliberate reductions to its Standard Variable Rate to support borrowers. Together, these factors placed downward pressure on margin.

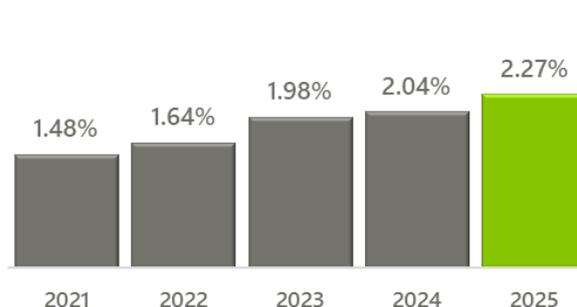


## ADMINISTRATIVE EXPENSES AND DEPRECIATION

### ADMINISTRATIVE EXPENSES (£M)



### MANAGEMENT EXPENSES RATIO



Administrative expenses include all of the Society's day-to-day operating costs and overheads, including staff costs, IT expenditure, premises costs and other running expenses. Depreciation and amortisation reflect the gradual write-down of the cost of the Society's property, equipment and intangible assets over their useful lives.

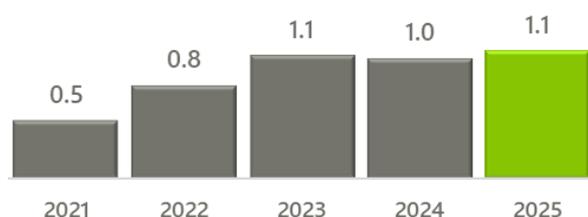
Underlying administrative expenses increased during the year to £10.4m (2024: £9.0m) reflecting planned and deliberate investment in people, premises and processes to support the Society's growth ambitions, with staff cost growth primarily driven by targeted recruitment in key roles, pay progression and inflationary pressures through the year. In addition, the Society incurred £2.1m of non-recurring administrative expenses relating to Project Sherwood.

Total Administrative Expenses for the year amounted to £12.9m. As a result, the cost-to-income ratio increased to 85.54% (2024: 74.16%), reflecting targeted investment in cyber security and resilience and inflationary uplifts in key supplier contracts, consistent with the wider economic environment. These increases were partially offset by lower depreciation and amortisation in the year.

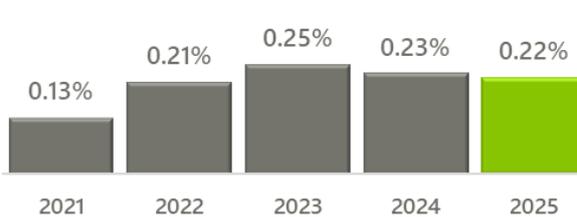
The Board continues to closely monitor the cost base and recognises that a significant proportion of current cost pressures are temporary in nature and directly linked to Project Sherwood. As the transformation programme completes and the Society transitions into a new operating model, the Board expects operating efficiency to improve over the longer term.

## LOAN IMPAIRMENT PROVISION

### IMPAIRMENT PROVISION ON LOANS AND ADVANCES (£M)



### ALLOWANCE FOR LOAN IMPAIRMENT



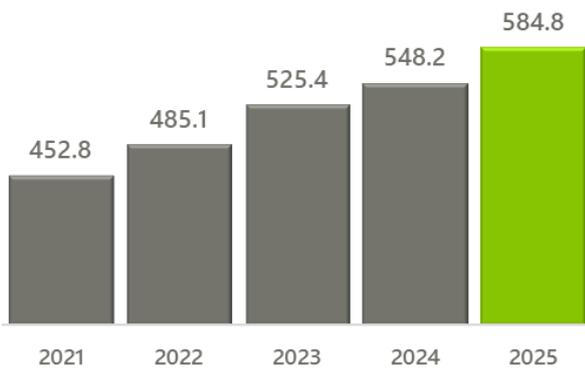
The Society continues to maintain a prudent and conservative approach to credit risk management. The Society's collective impairment provision has increased to £0.7m (2024: £0.5m), reflecting an increase in the size of the mortgage book, including growth in newer and more specialist lending segments. Specific impairment provision reduced to £0.4m (2024: £0.5m), reflecting a lower level of individually identified problem accounts.

The level of arrears on the book remains low with the number of cases 12 months or more in arrears totalling seven (2024: six), comprising arrears of £118k (2024: £125k) on mortgage balances of £950k (2024: £1,148k).

During the year, £0.1m of provision was reclassified from specific to collective, to improve alignment with market practice and peer comparators, representing a presentational change rather than a change in underlying credit risk. Overall, arrears levels remain low and asset quality across the mortgage portfolio continues to demonstrate resilience, supported by stable market conditions and prudent underwriting.

The Board remains satisfied that impairment provisioning remains appropriate and proportionate to the Society's risk profile.

## TOTAL ASSETS (£M)

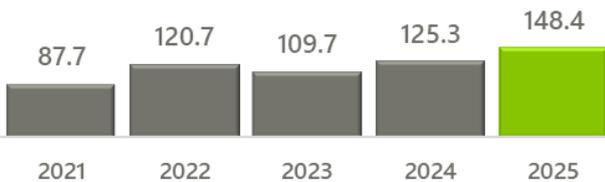


## TOTAL ASSETS

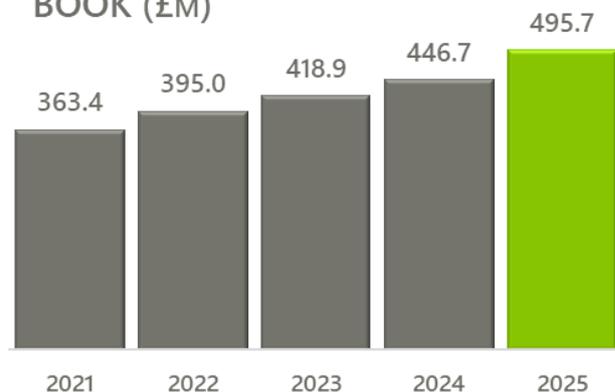
The Society's total assets increased to £585m (2024: £548m), representing growth of 6.62% (2024: 4.35%). This growth was driven primarily by the continued expansion of the Society's mortgage book. Total liquidity reduced to £85.9m (2024: £97.8m) at the year end, reflecting the deliberate deployment of liquidity to support increased mortgage lending during the year.

## MORTGAGES

### MORTGAGE NEW BUSINESS (£M)



### MORTGAGE BOOK (£M)

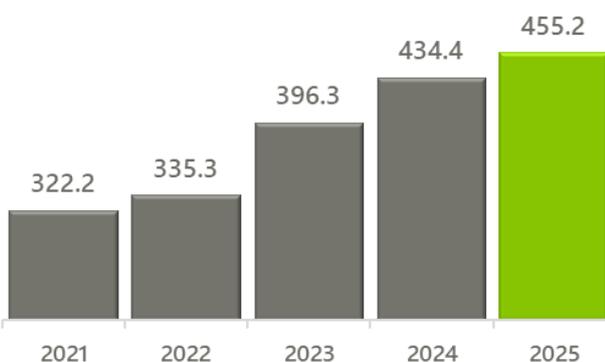


The Society delivered strong growth in mortgage lending during the year, reflecting sustained demand for its products and effective pricing strategies. Loans and advances to customers increased to £495m as of 31 December 2025 (2024: £446m).

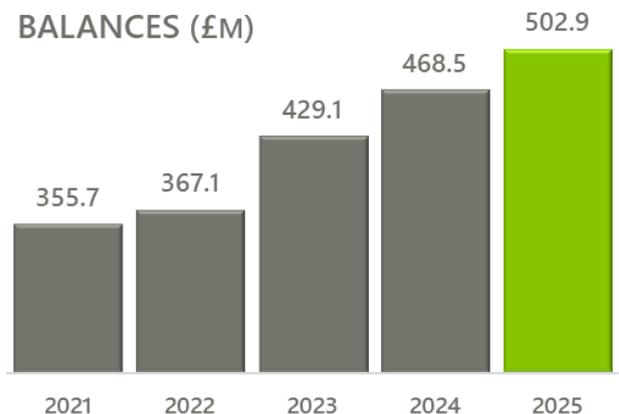
Gross mortgage lending for the year amounted to £148m, exceeding prior year level of new mortgage lending, reflecting continued momentum across both residential and specialist lending segments. This growth demonstrates the continued strength of the Society's lending proposition.

## FUNDING

### SHARE BALANCES (£M)



### TOTAL SAVINGS BALANCES (£M)

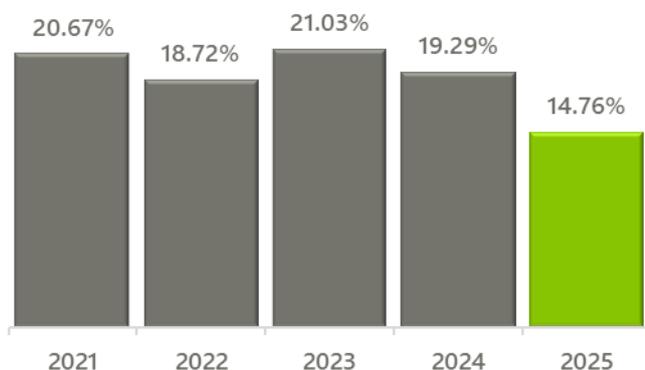


Retail share balances increased by £20.8m during the year to £455m (2024: £434m), reflecting continued Member confidence and inflows into savings products. Retail funding continues to be derived predominantly from individual Members and is underpinned by Society's commitment to providing competitive saving products through its branch network and online channels.



The Society continued to maintain a diverse funding base and uses wholesale funding to smooth out fluctuations in retail savings balances. The Society maintains access to the Bank of England’s Sterling Monetary Framework, including a reserve account.

### LIQUID ASSETS AS A % OF SHARES AND BORROWINGS



### LIQUID ASSETS

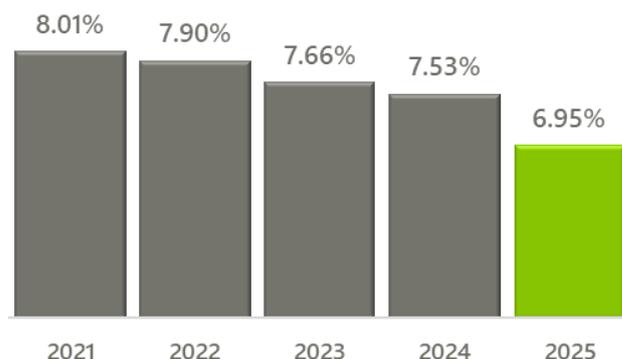
The Society’s liquid assets consist primarily of cash deposits, debt securities and other high quality liquid assets and are held to provide a prudent liquidity buffer, to support day-to-day operations, to meet regulatory liquidity requirements and to ensure the Society can meet its obligations as they fall due. Liquid assets represented 14.76% (2024: 19.29%) of Shares, Deposits and Liabilities (SDL) as at 31 December 2025 reflecting deliberate deployment of liquidity to support increased mortgage lending during the year. Stress testing continues to demonstrate that the Society holds sufficient liquidity to withstand severe stress scenarios.

### CAPITAL

Strong capital levels remain central to the Society’s financial strength and its ability to support Members, absorb economic shocks and invest confidently in its future. The Society’s capital levels must also meet requirements set out and monitored by the Prudential Regulation Authority (PRA).

The Society’s total reserves as at 31 December 2025 were £37.7m (2024: £38.2m). Gross Capital is defined as general reserves as shown in the Society’s Statement of Financial Position. Free capital represents total capital plus collective loan loss impairment provision, less tangible and intangible fixed assets. The Society’s gross capital stood at 6.95% of total shares and borrowings (2024: 7.53%), with free capital of 6.73% (2024: 7.26%). The reduction in the Gross Capital Ratio reflects balance sheet growth outpacing reserves during the year, together with the impact of planned strategic investment, rather than any material erosion of capital.

### GROSS CAPITAL RATIO



Although the Society reported a statutory loss for the year, this reflects planned and deliberate strategic investment in Project Sherwood. The Society’s capital levels have remained stable and continue to provide significant headroom above regulatory requirements.

The Society’s annual Internal Capital Adequacy Assessment Process showed that the Society holds significant capital surplus sufficient to withstand a range of severe but plausible stresses, while continuing to support lending growth and strategic investment.



## STRATEGIC TRANSFORMATION AND FUTURE DEVELOPMENTS

Significant progress has been made during the year on Project Sherwood, the Society's core banking transformation programme, delivered in partnership with Tata Consultancy Services (TCS).

Project Sherwood represents a fundamental modernisation of the Society's core banking platform, designed to enhance operational resilience, improve efficiency and deliver an improved experience for Members and colleagues.

During the year, major system builds, testing and data migration activities were completed, and the programme remains on track for go-live in 2026. The first part of the system, the broker portal has been successfully launched, marking a key programme milestone. This broker portal is fundamental to ensuring the continued success of the mortgage business, and we are delighted to have launched it.

Strong governance and oversight continue to operate throughout the programme to ensure risks are effectively managed and delivery remains aligned to the Society's strategic objectives.

The Board considers this investment essential to ensuring that the Society remains competitive in a rapidly evolving financial services environment and is confident that the programme will deliver long term benefits through scalability, efficiency and service quality for Members.

The overall loss after tax in 2025 is a planned consequence of expensing the costs relating to the Project Sherwood implementation. To re-iterate, the Society made a healthy underlying profit of £1.5m during 2025. The Society has a robust capital base, and the Board reviews the capital position regularly, to ensure that its strategy of paying for the investment out of capital in this way, remains viable. In 2026, the Board expects to report underlying profit, but with a loss after accounting for Sherwood, for the same reason, as part of this strategy.



## BOARD OF DIRECTORS



**Jeff Picton, Chair of the Board, Non-Executive Director**

Jeff joined the Society as a Non-Executive Director in March 2024 and became Board Chair in April 2025. A chartered accountant, he spent almost three decades as a partner at PwC, including time seconded to the f. Jeff brings extensive experience in financial services, risk and governance, and is committed to the mutual model and supporting Members and communities.

**Paul Wheeler, Chief Executive**

Paul has been Chief Executive since April 2020, having joined the Society in 2011 as Finance Director and later serving as Deputy Chief Executive. A chartered accountant, his career includes senior roles at Next plc, Alliance & Leicester and the East Midlands Development Agency. Paul is a strong advocate of mutuality and believes in offering fair products while supporting local communities.



**Dan Jones, Finance Director & Secretary**

Dan joined the Society in 2019 and is responsible for its financial strength and resilience. A chartered accountant, he previously held senior roles at Capital One and Experian plc. Dan is committed to the mutual model and believes strongly in the role building societies can play in supporting communities and improving people's lives.



**Nick Baxter, Vice Chair and Senior Independent Director**

Nick was appointed to the Board in January 2017 and brings over forty years' experience in financial services. His background includes marketing, management and mortgage lending, alongside work with regulators to improve professional standards. Nick is a strong advocate of fairness and good customer outcomes and leaves the Society in 2026 having served the maximum permitted term for a Non-Executive Director.



## Lucy McClements, Non-Executive Director

Lucy joined the Board in July 2020 and brings extensive regulatory and governance expertise. A former financial services regulator with over twenty years' experience, she has worked across prudential and conduct disciplines. Lucy also serves as a Board member for the Isle of Man Financial Services Authority and is passionate about improving financial capability and governance.



## Rachel Haworth, Non-Executive Director

Rachel joined the Board in December 2021 and chairs the Remuneration Committee. She has significant experience in financial services, most recently as Customer Experience Director at Coventry Building Society. Rachel brings expertise across customer experience, marketing, digital transformation and culture, and supports strong governance and a culture where colleagues feel confident to speak up.

## Neil Tinegate, Non-Executive Director

Neil was appointed to the board in March 2025. During his executive career he held senior and board level digital roles in a range of businesses, predominantly in retail and consumer sectors, leading digital transformation and ecommerce. Neil is an independent board advisor, a Trustee at Shaw Education Trust and a NED at Shepherds Friendly Society, where he also chairs the Board Risk Committee. Neil believes that mutuals offer an important point of difference in the market, prioritising member needs and community support over profits.



## Carolyn Porretta, Non-Executive Director

Carolyn joined the Board in June 2025 and has over twenty years' experience across investment banking, asset management and private equity, with a focus on UK lending. A chartered accountant with a CFA certificate in ESG investing, she has held senior roles across investment banking and is currently a senior banker at a UK corporate and institutional bank, alongside several non-executive roles. Carolyn is a strong advocate of responsible finance and the mutual model.

## Sarah Binstead, Non-Executive Director

Sarah was appointed to the Board in June 2025 and brings extensive experience in risk, audit and financial services. A chartered accountant and Chief Risk Officer for over eight years, she has worked across internal and external audit. Sarah believes strongly in values-led organisations and the roles mutuals play in supporting customers, communities and the environment.



# CORPORATE GOVERNANCE REPORT

The Society has regard to the principles of the Financial Reporting Council's UK Corporate Governance Code ('the Code'), last updated in January 2024. The Code details the standards to which a Board of Directors should adhere, in order to promote the purpose, vision, values and future success of a business. It places significant emphasis on the relationship between the business and its shareholders and stakeholders and promotes the establishment and continued embeddedness of a culture that is aligned with strategy, champions integrity and values diversity.

Whilst the Code is primarily aimed at listed companies, the Board remains committed to adopting and demonstrating best practice standards of corporate governance. For this reason, the Board continues to have regard for the Code in so far as is relevant and practicable as a modestly sized building society, and to the extent deemed reasonable and appropriate when establishing and assessing corporate governance arrangements.

This report lists each Principle of the Code and details how the Board has applied them. As your Chair, I am proud to lead a Board that is committed to adopting high standards of corporate governance, and I hope this report provides insight and assurance as to how the Board ensures the future success of the Society.

## BOARD LEADERSHIP AND SOCIETY PURPOSE

### Code Principle A:

*A successful company is led by an effective and entrepreneurial Board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society. The Board should ensure that the necessary resources, policies and practices are in place for the company to meet its objectives and measure performance against them.*

The Board has collective responsibility for safeguarding the interests of Members. It operates effectively by directing the business of the Society, by developing and monitoring strategic matters, such as the Corporate Plan and business objectives, and reviewing and approving policy.

The Board considers the opportunities and risks to strategy, and the resulting implications on the future success of the Society, through the Corporate Planning process. This includes assessing how the Society maintains its financial strength in a sustainable way over the long-term within the constraints of operating in a challenging market environment. One element of overall strategy is the continuing investment in people, processes and technology to ensure long-term capability to deliver sustainable balance sheet growth whilst remaining operationally resilient and improving customer access to products and services.

Delivery of strategy is overseen through an established governance framework embedded within a transparent culture where constructive challenge is encouraged with the aim of delivering improvements for the benefit of Members. In 2025 the Board met ten times to closely monitor the Society's business performance. In addition, a Board Strategy Day was held in July.

### Code Principle B:

*The Board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All Directors must act with integrity, lead by example and promote the desired culture.*

The Board is responsible for setting the purpose, values and strategy of the Society and ensuring that these are aligned to the culture of the organisation. In order to achieve these aims the Board usually consists of six Non-Executive Directors (including the Chair) and two Executive Directors who have the collective responsibility for ensuring that the affairs of the Society are managed competently and with integrity. The Nominations Committee continually review the membership of the Board, including the need for succession planning, and therefore the exact number of Non-Executive Directors may be higher or lower than six at any given time. The Board had five Non-Executive Directors at the beginning of 2025, one of whom retired during the year. Having appointed three Non-Executive Directors during 2025, as at 31 December 2025, the Board had seven Non-Executive Directors and will revert to six upon the retirement of the current Senior Independent Director during 2026, who has reached nine years of service. The Board views all the Non-Executive Directors as being independent in character and judgement.

The Board supports the Society's purpose: 'Rooted in Community, helping people build brighter futures.'

### Code Principle C:

*Governance reporting should focus on board decisions and their outcomes in the context of the company's strategy and objectives. Where the Board reports on departures from the Code's provisions, it should provide a clear explanation.*

Where the Society does not fully comply with the Code's provisions, this is explained within the Annual Report and Accounts.

The Board has five sub-committees, as outlined below, which assess proposals in detail and make recommendations to the full Board. The Terms of Reference for committees are available on the Society's website. Proceedings of all committees are formally minuted and minutes are subsequently considered by the full Board.



## NOMINATIONS COMMITTEE

The Nominations Committee meets at least annually or at any other time determined by the Committee. The principal functions are to review the independence, structure, skills, knowledge, fitness and propriety and performance of the Board. It also makes recommendations on Board succession planning and election of Directors.

As part of succession planning, a search agency (Taylor Harrison) was engaged during 2025. This agency had no other connection with the Society or its Directors.

The Committee met three times in 2025 and Committee members during the year were Alison Chmiel (until 24.04.25), Jeff Picton (from 24.04.25), Nick Baxter and Lucy McClements. Paul Wheeler (Chief Executive) was also an attendee during the year.

## REMUNERATION COMMITTEE

The Committee met three times during 2025. It is responsible for the Remuneration Policy for all Directors of the Society. The Committee also makes recommendations to the Board regarding remuneration and contractual arrangements for both the Society's Executive Directors and Remuneration Code colleagues. It reviews and recommends to the Board the general Remuneration Policy of the Society, ensuring that this aligns with the Society's overall risk appetite, strategy and long-term objectives; and takes into account the long-term interests of Members, depositors and other stakeholders in the Society.

It reviews and recommends to the Board all elements of remuneration and terms of employment of the Executive Directors including service contracts, notice periods, termination/compensation payments and bonus payments; having regard to appropriate regulation. It also reviews and recommends the annual remuneration of Non-Executive Directors.

Committee members during the year were Rachel Haworth (Committee Chair), Jeff Picton (member from 31.01.25), Neil Tinegate (member from 27.03.25) and Alison Chmiel (until 19.02.25).

Meetings of the Committee were also attended, as appropriate, by the Chief Executive, Finance Director and the Head of People, who withdraw from the meeting when their own remuneration is being considered, or on request.

Further information on the role of the Remuneration Committee is included within the Directors' Remuneration Report on pages 39 to 41.

## AUDIT AND COMPLIANCE COMMITTEE

This Committee meets at least quarterly and considers regulatory compliance matters and the adequacy of internal controls. It met four times during 2025 and has specific responsibility for the monitoring of the external auditor's independence, objectivity, competence and effectiveness. This Committee also reviews audit reports, monitors the relationship with both internal and external auditors, agrees the annual internal audit plan and ensures that the systems of accounting, business control and management of information are adequate for the needs of the Society.

The Committee has responsibility for the financial reporting of the Society, and this includes review of accounting policies and the integrity of these financial statements.

The Committee also has responsibility to ensure that auditor objectivity is maintained where the external auditor provides additional non audit services.

Committee members during 2025 were Lucy McClements (Committee Chair), Jeff Picton (until 05.11.25), Nick Baxter, Sarah Binstead (from 27.11.25) and Carolyn Porretta (from 27.11.25). All members of the Committee have appropriate financial business knowledge. The meetings are attended by representatives from internal and external audit, together with the Chief Executive, Finance Director, Board Chair, and Risk and Compliance Executive.

A report from the Audit and Compliance Committee is included on pages 34 and 35.

## RISK COMMITTEE

The Committee meets four times a year and is responsible for the oversight and challenge of the Society's risk management framework to identify, manage and mitigate the risks that could impact the Society. The Committee reviews risk assessments, risk limits and risk mitigation policies in accordance with the overall risk appetite of the Society.

The Committee also considers the Lending Policy, Financial Risk Management Policy, Liquidity Policy and other key risk documents including Board Risk Policy in detail.

Committee members during 2025 were Nick Baxter (Committee Chair), Lucy McClements, Rachel Haworth, Jeff Picton (until 24.04.25), Neil Tinegate (from 27.03.25), Sarah Binstead (from 26.06.25) and Carolyn Porretta (from 26.06.25), Paul Wheeler and Daniel Jones. Jim Stevens attends as Risk and Compliance Executive and the Board Chair also attends.



## PROJECT SHERWOOD SUB-COMMITTEE

This Committee was created during 2023 to provide oversight in regard to Project Sherwood, which is the Society's digital transformation project. The Project Sherwood Executive Steering Committee reports to this Board Sub-Committee. The responsibilities of the Sub-Committee include oversight of delivery of the programme plan, cost control against the budget, quality of deliverables and the assessment of the future direction of the programme. It also provides oversight of vendor selection and the wider organisational and cultural change programme linked to the project. It has oversight of Project Sherwood risks and receives assurance reports relating to the project.

The Committee meets at least four times a year and on an ad-hoc basis, dependent on the timings of key deliverables within the project plan. The Committee met five times during 2025.

Committee members during 2025 were Alison Chmiel (Chair until 19.02.25, member until 24.04.25), Jeff Picton (Chair from 19.02.25), Rachel Haworth, Neil Tinegate (from 27.03.25), Nick Baxter (from 31.03.25), Paul Wheeler and Daniel Jones. The Committee appointed Partners In Change (PiC Consulting) as the assurance partners for the project, and Mark Foulsham and Dave Chatham represented PiC at meetings during 2025. Jim Stevens attends as Risk and Compliance Executive and Iain Lister as IT Executive.

## ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

The table below shows the number of meetings of the Board and its Committees at which each Director was present, and the total number of Board and Committee meetings held during the year.

	NUMBER OF MEETINGS / NUMBER OF MEETINGS ATTENDED					
	BOARD	NOMSCO	REMCO	RISKCO	ACC	PSSC
Number of Meetings						
<b>NON-EXECUTIVE DIRECTORS</b>						
Alison Chmiel	3 <sup>^</sup>	1 <sup>^</sup>	2 <sup>^</sup>	1 <sup>^</sup>	1 <sup>^</sup>	2 <sup>^</sup>
Jeff Picton	10 <sup>^</sup>	3 <sup>^</sup>	3	4 <sup>^</sup>	4 <sup>^</sup>	5 <sup>^</sup>
Nick Baxter	10	3	*	4	3	4 <sup>^</sup>
Lucy McClements	9	3	*	4	4	*
Rachel Haworth	10	*	3	4	*	5
Neil Tinegate	8 <sup>^</sup>	*	1 <sup>^</sup>	3 <sup>^</sup>	*	4 <sup>^</sup>
Carolyn Porretta	5 <sup>^</sup>	*	*	2 <sup>^</sup>	1 <sup>^</sup>	*
Sarah Binstead	5 <sup>^</sup>	*	*	2 <sup>^</sup>	1 <sup>^</sup>	*
<b>EXECUTIVE DIRECTORS</b>						
Paul Wheeler	10	3*	3*	4	4*	5
Daniel Jones	10	*	3*	4	4*	5

NOMSCO denotes Nominations Committee

REMCO denotes Remuneration Committee

RISKCO denotes Risk Committee

ACC denotes Audit and Compliance Committee

PSSC denotes Project Sherwood Sub-Committee

\* Denotes not a member of the Committee, displayed with a number denotes an attendee of the Committee

<sup>^</sup> Denotes one of the changes below:

- On 27.02.25 Jeff Picton became Chair of the Project Sherwood Sub-Committee.
- On 27.03.25 Neil Tinegate was appointed to the Board and became a member of Risk Committee, Remuneration Committee and Project Sherwood Sub-Committee with immediate effect.
- On 31.03.25 Nick Baxter became a member of Project Sherwood Board Sub-Committee.
- On 24.04.25 Alison Chmiel retired from the Board.
- On 24.04.25 Jeff Picton succeeded as Board Chair, at which point he became Chair of Nominations Committee and became an Attendee of Risk Committee. Membership of Remuneration Committee remained unchanged.
- On 26.06.25 Carolyn Porretta and Sarah Binstead were appointed to the Board and became a member of Risk Committee.
- On 05.11.25 Carolyn Porretta and Sarah Binstead became members and Jeff Picton became Attendee of Audit & Compliance Committee.



#### Code Principle D:

*In order for the company to meet its responsibilities to shareholders and stakeholders, the Board should ensure effective engagement with, and encourage participation from, these parties.*

As a mutual organisation the Society's membership consists of individuals who are also the Society's customers. The Society is committed to dialogue with Members through regular newsletters, questionnaires and events attended by Executive and Non-Executive Directors. The purpose of this dialogue is to understand our Members and better serve their needs.

Each year the Society sends details of the Annual General Meeting (AGM) to all Members who are entitled to vote. Members are encouraged to vote and can do so in a number of ways. Members can vote on-line by visiting [mansfieldbs.co.uk](https://mansfieldbs.co.uk) and following the instructions, by completing a proxy form and returning it to the Society by an agreed deadline, or by attending the AGM itself, which is usually held in the late afternoon to aid attendance. For a number of years, the Society has encouraged Members to vote by linking the number of votes cast to a donation to local charities. This year (2026) the Society will donate 50 pence per vote cast to the Sherwood Forest Food Bank. In addition, in line with the Society's desire to protect the environment, a further 50 pence donation will be made for any Member who chooses to receive future AGM information by email.

All Board members are present at the AGM unless there are exceptional circumstances that prevent attendance. Board members will be available to meet with Members and community representatives both before and after the meeting and answer questions on both a formal and informal basis. In addition, the Society is again requesting questions by email, with the answers to the most common questions being published on the Society's website.

#### Code Principle E:

*The Board should ensure that workforce policies and practices are consistent with the company's values and support its long-term sustainable success. The workforce should be able to raise any matters of concern.*

Through its governance structure the Board approves various policy documents which relate to employees, including matters such as, diversity, equity and inclusion, whistleblowing, and remuneration. In 2025, the Board received management information which provided regular insight into employee matters, including turnover, sickness and performance. The Society has a clear employee grievance and disciplinary process which includes the ability to whistleblow and raise matters of concern with the Senior Independent Director.

The Society operates a Colleague Forum which has representatives from across the business and is chaired by a colleague of the Society. The Colleague Forum meets quarterly and raises any issues or concerns with the Executive Committee. The Vice Chair has been appointed as the Colleague Champion by the Board and meets regularly with the Colleague Forum Chair as well as other employees where relevant. The Colleague Forum Chair has access to members of the Board and has the opportunity to raise matters of concern with them.

The Society introduced an Inclusion Forum in 2022, which is chaired by a colleague of the Society and consists of a number of employees from across the business. The Inclusion Forum met twice in 2025 and raises any concerns with the Head of People and the Chief Executive. A member of the Board, Rachel Haworth, has been appointed as the Inclusion Champion and meets with the Forum periodically.

The Chief Executive leads a culture which also encourages employees to raise matters of concern with their direct line manager and then senior manager, and then directly with him where matters have still not been resolved satisfactorily. The Society's purpose, vision and values are shared with employees who also have access to regular Cascade Communications with the Executives and, through a programme of regular business visits, with all Non-Executive Directors.

## DIVISION OF RESPONSIBILITIES

#### Code Principle F:

*The Board Chair leads the Board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the Board Chair facilitates constructive Board relations and the effective contribution of all Non-Executive Directors, and ensures that Directors receive accurate, timely and clear information.*

#### THE BOARD CHAIR

The Board Chair sets the direction and culture of the Board, facilitating effective contribution from Directors, maintaining constructive relations between Executive and Non-Executive Directors and ensuring that Directors receive accurate, timely and clear advice and information. The current Board Chair was appointed in April 2025 and has been a member of the Board since March 2024.

#### Code Principle G:

*The Board should include an appropriate combination of Executive and Non-Executive (and, in particular, Independent Non-Executive) Directors, such that no one individual or small group of individuals dominates the Board's decision making. There should be a clear division of responsibilities between the leadership of the Board and the Executive leadership of the company's business.*



The offices of Board Chair and Chief Executive are distinct and held by different people. The Board Chair is responsible for leading the Board. The day-to-day conduct of the Society's business is entrusted to the Chief Executive and his senior management colleagues within the policies established by the Board.

### THE COMPOSITION OF THE BOARD

The Non-Executive Directors are independent in character and judgement and are not employees of the Society. The current Board Chair has served on the Board since March 2024. All Directors bring a wealth of experience and diversity of business perspective and objectivity which complements the 'hands on' expertise of their Executive Director colleagues.

In line with the UK Corporate Governance Code, the Society's Board has appointed Nick Baxter as the Senior Independent Director. The appointed Director is available to Members if they have concerns, which contact through the normal channels of Board Chair, Chief Executive or Secretary has failed to resolve, or for which such contact is inappropriate.

#### Code Principle H:

***Non-Executive Directors should have sufficient time to meet their Board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold management to account.***

### NON-EXECUTIVE DIRECTORS

The Board provides an independent and constructive challenge to the Executive team with regard to the strategy and business performance of the Society. They ensure that the interests of the Members are maintained and that the Society is fully compliant with all regulations. This requires time commitment for both attendance at Society meetings and continued development of their knowledge and skills relating to the building society sector. Each year the Board carries out a specific, formal review of Society strategy.

### COMMITMENT

Non-Executive Directors are required to commit a minimum of three days per month to their Board responsibilities. Directors are informed of the time commitment in the letter of appointment. The Board evaluates the ability of Directors to commit the time required for their role, prior to appointment. The formal appraisal process carried out by the Board Chair each year also assesses whether Directors have demonstrated this ability during the year. The attendance record during the year of Board and Committee members is set out on page 29.

#### Code Principle I:

***The Board, supported by the Company Secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.***

### INFORMATION AND SUPPORT

All Directors are provided with clear, timely and accurate information for the effective conduct of business, including an established list of items for review and regular financial updates.

All Directors are entitled to seek independent professional advice at the Society's expense and have access to the services of the Secretary.

### COMPOSITION, SUCCESSION AND EVALUATION

#### Code Principle J:

***Appointments to the Board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan for the Board and senior management should be maintained. Both appointments and succession plans should be based on merit and objective criteria. They should promote diversity, inclusion and equal opportunity.***

### APPOINTMENTS TO THE BOARD

The composition of the Board is kept under review with the aim of ensuring that the Board collectively possesses the necessary skills and experience for the proper direction of the Society's business activities. The Board believes that individual Directors have a range of skills and experience which is appropriate for the management of the Society. The Board also has a well-documented and approved succession plan which will ensure that the Board is refreshed with new members without jeopardising the stability of the Board.

The Society has a well-developed process for recruiting Non-Executive Directors which includes advertising on relevant websites and in appropriate publications and utilising search consultants. Where appropriate, specialist external search consultants will be engaged. The search and selection process involves the whole Board and is supported with a clear definition of the experience and the required skill set for the role. The Society recognises, values and promotes diversity and is committed to protecting all colleagues. The Society has put in place a Board Composition Policy (available on the Society's website) to demonstrate that this commitment extends to members of the Board. Appointments to the Board continue to be based on merit and on the skills and experience required within the Board as a whole subject to a minimum target of 37.5% of the Board being from the under-represented gender. The under-represented gender constituted 44.4% of all Board members (and 57.1% for Non-Executive



Directors) at the end of 2025. All new Directors appointed are subject to election by the Members at the next AGM of the Society following their appointment.

**Code Principle K:**

*The Board and its Committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the Board as a whole and Membership regularly refreshed.*

**RE-ELECTION**

The Society's Rules require all Directors to submit themselves for election by the Members at the first opportunity after their appointment and, in the interests of clarity for our Members, the Society requires all Directors to be submitted for re-election every year (unless they are retiring), subject to satisfactory performance.

All Directors must meet the test of fitness and propriety as laid down by the appropriate regulator and each Director fulfilling a Senior Management Function must be approved by the Prudential Regulation Authority and Financial Conduct Authority.

**DEVELOPMENT**

All Directors are given appropriate training following their appointment and are encouraged to attend industry events, seminars and training courses to maintain an up-to-date knowledge of the industry and the regulatory framework within which the Society operates.

The Society also operates a continuous training programme for the Board and Senior Management to ensure that skills are maintained, and new regulatory requirements are clearly understood.

**Code Principle L:**

*Annual evaluation of the Board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each Director continues to contribute effectively.*

**EVALUATION**

All Directors are subject to an individual annual performance review including an evaluation against a skills matrix to identify any future training and/or recruitment requirements. There is also an annual evaluation of the effectiveness of the Board and each sub-committee as a whole. During 2025 the Society entered the Best Companies accreditation process for a fifth year, which involved an assessment of the Leadership of the Society by the Board.

The Society has a formal performance evaluation system for all colleagues including the Executive Directors. The Chief Executive holds a performance review with the Senior Managers including the Finance Director. The Board Chair reviews the Chief Executive's performance and reports to the Board. A performance evaluation system for Non-Executive Directors, including the Board Chair, has been in operation for several years and includes 360° feedback completed by each individual Director. The Board Chair reviewed the output of all questionnaires and used these as a basis for an appraisal review with each Non-Executive Director. The Senior Independent Director supported by the other Non-Executive Directors, undertook the appraisal review for the Board Chair. This procedure identifies any individual and Board training requirements and provides the evidence for the Board as to whether to recommend to Members that a Director should be re-elected.

**AUDIT, RISK AND INTERNAL CONTROL**

**Code Principle M:**

*The Board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statements.*

**AUDIT AND COMPLIANCE COMMITTEE AND AUDITORS**

The Audit and Compliance Committee Report on pages 34 and 35 explains how the Society applies the Code Principles relating to corporate reporting and internal control.

**Code Principle N:**

*The Board should present a fair, balanced and understandable assessment of the company's position and prospects.*

**FINANCIAL CONTROL**

The Board believes that the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the necessary information for Members to assess position and performance, strategy and the business model of the Society.

The responsibilities of the Directors in relation to the position and preparation of the Society's accounts and the statement that the Society's business is a going concern are contained in the Statement of Directors' Responsibilities on page 44.

The Audit and Compliance Committee Report on pages 34 and 35 describes the main areas of accounting judgement considered by the Audit and Compliance Committee.



#### Code Principle O:

*The Board should establish and maintain an effective management and internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.*

#### RISK MANAGEMENT AND INTERNAL CONTROL

The Board Risk Committee has been delegated responsibility for oversight of risk management for the Society.

The Risk Committee conducts a separate annual review of the risk appetite and the Board Risk Policy and also reviews on a quarterly basis the effectiveness of the controls in place for managing and mitigating key and emerging risks. The Board Risk Policy outlines the overall Risk Management Framework for the Society and the key risks faced by the Society are documented in the Society's Risk Register. The Board has delegated the responsibility for managing the system of internal controls, which includes those specifically relating to risk management, to senior management. The internal control system can provide only reasonable and not absolute assurance against material misstatement or loss. The Society's internal audit function has been outsourced to RSM LLP. The internal auditors provide independent assurance to the Board regarding the effectiveness of internal controls, reporting through the Audit and Compliance Committee. In addition, Partners in Change Consulting have been appointed as assurance advisors for the Society's digital transformation programme, Project Sherwood, providing assurance reports to the Project Sherwood Board Sub-Committee.

#### REMUNERATION

The Directors' Remuneration Report on pages 39 to 41 explains how the Society pays regard to the Code Principles relating to remuneration.

**Jeff Picton**  
*Board Chair*  
5 March 2026



## AUDIT AND COMPLIANCE COMMITTEE REPORT

This report explains how the Society applies the principles of the UK Corporate Governance Code January 2024 (the Code) relating to the operation of the Audit and Compliance Committee and the system of internal control. The report details how the Committee discharged its responsibilities in line with the Financial Reporting Council's guidance on audit committees. In particular it details the significant issues reviewed and concluded on including the Committee's assessment of those areas on which accounting judgement was exercised. The Audit and Compliance Committee met four times last year, which included approving the year end accounts, and also met with the external and internal auditors without the Executive Directors being present.

The Committee acts independently of the Executive to ensure that the interests of Members are properly protected in relation to financial reporting and internal control. All of the current members of the Committee are Independent Non-Executive Directors with extensive experience of the financial services sector. The Chair of the Committee is a Chartered Accountant with relevant accounting, compliance and audit competence. The Committee has reviewed the collective skills of its members and concluded that the balance of skills, knowledge and experience of the Committee is appropriate.

All minutes of the Audit and Compliance Committee are made available to all Board members and the Chair of the Audit and Compliance Committee updates the Board after each meeting, prior to the minutes being received.

Throughout the year the Committee reviews its own performance and that of the internal and external auditors.

### FINANCIAL AND BUSINESS REPORTING

The Audit and Compliance Committee has oversight of financial reporting within the Society. As such it is charged with monitoring the integrity of the Society's financial statements and reviewing critical accounting policies, judgements and estimates. This includes reviewing the appropriateness of the going concern basis for preparing the accounts and advising the Board whether the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable.

The Committee also paid particular attention during the year to the following matters which are important by virtue of their potential impact on the Society's results, particularly because they involve a high level of complexity, judgement or estimation by management.

**PROVISIONING FOR LOAN IMPAIRMENT** - The Committee monitored loan impairment provisions by considering key assumptions contained in the Society's provisioning model and the relevant disclosure in the Report and Accounts. In particular, the Committee considered and challenged the assumptions adopted, and the impact on the House Price Index (HPI), arrears and forbearance in a year of continued cost-of-living pressure and has satisfied itself with the level of impairment provisions made for the mortgage portfolio.

**EFFECTIVE INTEREST RATE** - Interest income on the Society's mortgages is measured under the effective interest rate (EIR) method. The application of the EIR method of accounting requires judgement and the accounting entries involve estimates based on key assumptions, particularly around the behavioural life of products and requires management to make a number of financial modelling estimates. The Committee has examined the approach taken including the revised mortgage product lives and has satisfied itself that the estimates and accounting treatment are appropriate.

**HEDGE ACCOUNTING** - The Society has implemented hedge accounting in line with IAS 39. The designated macro hedges require matching, hedge effectiveness documentation and testing; and fair valuing both the hedging instrument and the underlying hedged item using the SONIA benchmark rate. The Committee considered the appropriateness of the hedging arrangements and the fair value processes in respect of hedging instruments and the underlying hedged items. The Committee agreed that hedge accounting had been applied in accordance with IAS 39.

**PENSIONS** - The Society operates a defined benefit pension scheme, which is currently closed to new members. The Committee reviews the assumptions as set by the Society's external actuaries as experts, which are used in the calculation of the scheme's liabilities. The surplus for the scheme and the assumptions behind its calculation are outlined in note 32 to the accounts.

### STATUTORY AUDIT

The Committee considered matters raised during the statutory external audit, through discussion with senior management of the business and the external auditor and concluded that there were no adjustments required that were material to the financial statements. In light of its enquiries above, the Committee is satisfied that, taken as a whole, the 2025 Report and Accounts are fair, balanced and understandable and provide a clear and accurate presentation of the Society's position and prospects.



## AUDIT AND COMPLIANCE COMMITTEE AND AUDITORS

The Society recognises the importance of good systems of internal control in the achievement of its objectives and the safeguarding of its assets. Good internal controls also facilitate the effectiveness and efficiency of operations, help to ensure the reliability of internal and external reporting, and assist in compliance with applicable laws and regulations. Management are responsible for designing an appropriate internal control framework whereas the Committee is responsible for ensuring that the Board receives appropriate assurance over the effective operation of this framework.

Consistent with these responsibilities, the Committee oversaw the following activities during 2025 to satisfy itself over the robustness of the internal control framework.

**COMPLIANCE** - The Society's Compliance function provides second line assurance on activities across the Society. The outputs of Compliance activities are reported to the Committee, together with progress updates on management's implementation of the findings. During the year, the Committee approved and monitored the Compliance function's annual plan of work.

**INTERNAL AUDIT** - The Society's Internal Auditors (RSM LLP) provide independent assurance to the Board, via the Audit and Compliance Committee, on the effectiveness of the internal control framework. The information received and considered by the Committee during 2025 provided assurance that there were no material breaches of control and that the Society maintained an adequate internal control framework that met the principles of the UK Corporate Governance Code.

The Committee is also responsible for agreeing the annual budget for the Internal Audit service and for approving its annual risk-based plan of work. Internal Audit provides the Committee with reports on its findings and recommendations as well as updates on the progress made by management in addressing these findings, including verification that actions have been accurately reported as complete. The Committee is satisfied that, throughout 2025, Internal Audit had an appropriate level of resource to deliver its plan of work and that it discharged its responsibilities effectively.

**EXTERNAL AUDIT** - The re-appointment of Forvis Mazars LLP as external auditors was approved by Members at the 2025 AGM. The Committee is responsible for providing oversight of the external audit process by monitoring the relationship with the external auditor, agreeing its remuneration and terms of engagement, and making recommendations to the Board on the appointment, reappointment or removal of the external auditor as appropriate. As part of the external audit process, Forvis Mazars will highlight any material control weaknesses that come to their attention.

The Committee is also responsible for monitoring the performance, objectivity and independence of the external auditor. This is addressed via evidence provided by the external auditor as well as a review performed by each member of the Committee. The Committee is also responsible for ensuring that the policy regarding the external audit firm providing non-audit services is appropriately applied. Non-audit services supplied by our external auditors during 2025 were in regard to the CASS audit, which is a requirement of the financial regulator.

The external auditor's work includes a review of IT controls relating to the financial reporting, and also an examination of whether the Summary Financial Statement is consistent with the full annual accounts, the Annual Business Statement and the Directors' Report of the Society and that it conforms with the applicable requirements of Section 76 of the Building Societies Act 1986. Their work also includes an examination of the register of Directors' transactions and arrangements, as required under Section 68 of the Building Societies Act 1986.

Forvis Mazars will be proposed for re-appointment to the Members at the AGM in April 2026.

**Lucy McClements**

*Chair of the Audit and Compliance Committee*

5 March 2026



## PRINCIPAL RISKS AND UNCERTAINTIES

### FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Society has a formal structure for managing risk, including procedures for identifying and measuring risks, establishing risk limits, reporting lines, mandates and other control procedures. The overarching requirements are defined in the Society's Board Risk Policy, which is approved by the Board.

The Board is responsible for robustly assessing the principal risks facing the Society. To achieve this, the Board approves the Society's risk appetite and metrics following consideration by the Board Risk Committee and receives regular reports and assessments of the Society's risk and control processes and recommendations from this Committee. The Risk Committee oversees the management and control of balance sheet exposures and the use of financial instruments for risk management purposes. Further details on these risks can be found in notes 29, 30 and 31 on pages 77 to 82.

### PRINCIPAL RISKS AND UNCERTAINTIES

Mansfield Building Society will actively manage risk levels to minimise threats to its ongoing operation and reputation as a sustainable, mutual financial organisation. In common with other financial institutions, the nature of the Society's business results in a number of unavoidable risks. These principal risks, which are defined in the Board Risk Policy, are reviewed and assessed on a quarterly basis by the Board Risk Committee along with any emerging risks. This quarterly assessment is then reported upwards to the Board.

The Society's risk management and internal control systems, covering all material controls, including financial, operational and compliance controls are reviewed and assessed by the Audit and Compliance Committee, which is a sub-committee of the Board. This Committee receives assurance on the effectiveness of systems and controls from the second line Risk and Compliance department as well as from Internal Audit. Having received this information, the Board considers that there are effective systems and controls, and therefore does not perform its own separate review of the effectiveness of these. Nor does it therefore report on such a review in the annual report.

The current principal risks are defined in the table below.

TECHNOLOGY & CHANGE	<p><b>Technology &amp; Change Risk (including Cyber Risk)</b> The risk that the Society's technology becomes unavailable or fails to have sufficient resources to meet the Society's needs combined with the risk that the Society fails to adequately manage operational and technological change.</p> <p>The Society continues to invest in upgrading its IT systems and security to ensure it meets the evolving needs of Members and adequately mitigates Cyber Risk. To manage this risk, the Society operates an internal change approval process to ensure that the impacts are considered and managed. The Audit and Compliance Committee is responsible for assessing the effectiveness of the system of inspection and control including cyber protection.</p>
BALANCE SHEET	<p><b>Balance Sheet Risk</b> is the risk that the Society does not have adequate financial resources, in terms of either amount or quality, to meet liabilities as they fall due or is unable to secure appropriate funding. This risk incorporates Capital Risk, Funding Risk and Liquidity Risk.</p> <p>This risk is controlled through adherence to Board approved policies for Liquidity and Financial Risk Management, which ensures sufficient funds in liquid form are available at all times so the Society can meet its liabilities as they fall due. Stress tests are carried out regularly to confirm that the Society can withstand normal and abnormal cash outflows. The policies for Liquidity and Financial Risk Management are regularly reviewed by the Risk Committee and are approved by the Board.</p>
CREDIT	<p><b>Credit Risk</b> is the risk that the parties with whom the Society has contracted fail to meet their obligations as they become due.</p> <p>Mortgage credit risk is controlled in accordance with a Board approved Lending Policy and by strict controls over lending mandates. Mortgage applications are approved by a central underwriting team in accordance with the Lending Policy. Quality control reports are regularly considered by the Management Credit Committee and the Board Risk Committee.</p> <p>Counterparty credit risk is controlled through adherence to Board approved policies for Liquidity and Financial Risk Management, which include prudent limits on credit exposures to individual and groups of counterparties.</p>
INTEREST RATE	<p><b>Interest Rate Risk</b> is the risk of reduction in earnings and/or capital value due to unplanned variations in interest rates. Interest rate risk is managed utilising financial instruments where appropriate (in accordance with Board approved policies for Liquidity and Financial Risk Management). This is regularly reviewed by the Management Assets and Liabilities Committee and the Risk Committee. A detailed analysis of the Society's interest rate sensitivity at 31 December 2025 can be found in note 31 on page 82.</p>



PENSION DEFICIT	<p><b>Pension Deficit Risk</b> is the risk to capital arising from the Society's obligation to make contributions to the defined benefit pension scheme, or due to the Society having insufficient funds to meet liabilities. To manage this risk the Society performs internal stress tests on the pension fund as well as reviewing the Pension Trustees' triennial valuation. The impact of this risk is considered in the Society's ICAAP and a proportionate amount of capital is set aside to cover potential impacts, if required.</p>
STRATEGIC	<p><b>Strategic Risk</b> The risk that the medium and long-term business plan and strategy of the Society fails to achieve its objectives. This risk arises from the impact on the Society's business model as a result of the changing interest rate environment, competition and legislation. These have the potential to reduce the Society's profit levels and contribution to capital, thereby threatening the financial strength of the Society. Strategic risk is regularly considered by the Board. The Management Product Committee regularly reviews data on the mortgage and savings markets, as well as using product profitability analysis when deciding on the pricing of new products. Summaries of this are provided to the Board. The Board runs an annual Board Planning Day, during which it considers strategic risks and opportunities, and this includes reviewing scenarios over a seven-year period.</p> <p>This risk category also includes Climate Change Risk which is discussed separately below.</p>
OPERATIONAL	<p><b>Operational Risk</b> The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.</p> <p>The Society has continued to invest in its operational resilience and to ensure that it can maintain delivery of important business services through plausible stress scenarios. As part of this process the Society has also reviewed its third-party relationships to ensure that they continue to deliver an appropriate level of service to our Members.</p>
LEGAL & REGULATORY	<p><b>Legal and Regulatory Risk</b> is the risk that the Society fails to comply fully with regulations, law, or codes applicable specifically to the Society. This is regularly reviewed by the Risk Committee. The Compliance Team support a process whereby new and emerging regulations are captured and assigned to an appropriate colleague to ensure any consequences for the Society are understood and acted upon.</p>
CONDUCT	<p><b>Conduct Risk</b> is the risk of adverse customer outcomes arising from direct or indirect failures in the overall conduct of the business. The Society is committed to delivering fair outcomes to all customers and has fully implemented the requirements of the FCA's 'Consumer Duty' regulations. This is underpinned by the Society's conduct risk framework and related Consumer Duty management information, which is regularly reviewed by the Risk Committee and the Board. The Executive Committee monitors consumer duty performance and conduct risk at an operational level.</p>
CLIMATE CHANGE	<p><b>Climate Change Risk</b> is primarily the risk that the value of the residential houses that our mortgages are secured against reduces due to the environmental impact from the effects of climate change. There are two key types of risks associated with climate change: the risks that arise as the economy moves from a carbon-intensive one to net zero emissions, known as transition risks; and risks associated with the higher global temperatures likely to result from taking no further policy action, known as physical risks. For more detail see the Environment section on page 15.</p> <p>The Society regularly reviews its existing mortgage portfolio with regard to climate risk, and this assessment is used to inform the ICAAP process. The ICAAP process is used to ensure adequate capital is maintained by the Society.</p> <p>The mortgage and savings products offered, along with the effect that the Society's own carbon footprint has on the environment is also being assessed to identify opportunities for the Society to contribute towards the UK Government's target of a reduction in carbon emissions and the move to a net zero economy.</p>

The principal risks are all influenced by macroeconomic events. Current macroeconomic uncertainties are discussed below, along with the controls and mitigations that have been put in place to manage the risks and minimise their impacts.

### CURRENT ECONOMIC UNCERTAINTY

Despite fluctuations in consumer price inflation, the Bank Base Rate declined from 4.75% at the start of year to 3.75% in December. While there has been uncertainty during the year, particularly around the impacts of the Government's November budget, lower interest rates have continued to lessen the severity of the cost-of-living crisis that has impacted the UK since 2023. The main impacts of the current economic situation are as follows:

- **Credit:** While the trajectory of mortgage interest rates has been downward during 2025, the majority of mortgage customers continue to be on rates that were fixed during the higher rate period of late 2022 through most of 2023. As such, monthly payments remain at historically higher levels for a significant proportion of customers. Despite this, arrears levels within the Society remain under control. The Society carries out careful affordability assessments as part of its underwriting processes to mitigate this risk. We have an appropriately resourced arrears team, who ensure there is contact with any customers



experiencing challenges making repayments, and we have a variety of remedies we can implement after consultation with the borrower.

- **Market Risk:** Uncertainty over the future trajectory of Bank Base Rate has caused short-term volatility in the pricing of the interest rate swaps that the Society uses as part of its interest rate risk management, and this continues to have the potential to compress net interest margin on new loans. At the same time, competition in the savings market remains likely to drive up the rate paid on our savings accounts. The Society regularly reviews product profitability and adjusts the pricing of new and retention products to ensure an adequate return is generated.

The Society considers a forward view of profitability when assessing rate changes on savings products, and in setting the level for its mortgage Standard Variable Rate (SVR) in response to any Bank Base Rate change. The Society will also continue to closely monitor all relevant economic forecasts to ensure that it incorporates emerging risks.

## THE TRADING ENVIRONMENT

Competition in the retail banking sector continues to affect the Society's ability to maintain its recent level of earnings. The main impacts of the trading environment are discussed below:

- **Mortgage Trading:** Mortgage conditions remain challenging, with significant competition across the market. The Society will continue striving to balance the needs of savers and borrowers, while earning sufficient margin to maintain operations, provide investment for the future and build sustainable capital reserves. In response to these reduced margins, the Society will continue to explore new lending 'niches' to generate increased returns within risk appetite.
- **Retail Funding:** Despite the reduction in bank base rate during 2025, competition in the savings market has remained intense, partially fuelled by a significant number of financial institutions repaying the Government-backed funding provided by the Bank of England under the TFSME Scheme during 2025. As a result, savings interest rates in the UK market have not declined in line with bank base rate. The Society is committed to paying fair interest rates to its savings customers and has therefore seen an increase in the cost of funding in some product segments which is reflective of the wider market. The Society has robust plans in place to ensure that it can continue to raise the necessary level of retail funding as well as having access to alternative funding sources. Funding and liquidity are assessed as part of the Internal Liquidity Adequacy Assessment Process (ILAAP) which includes robust stress testing.

## REGULATORY CHANGE

Financial services regulation has continued to develop, with a number of new initiatives coming into force in 2025 and beyond. The new regulations impact multiple areas of the business and will all require significant resource to be applied to ensure that the Society remains able to meet all regulatory requirements.

The key elements of regulatory change under consideration include:

- Basel 3.1 (PRA)
- The Strong and Simple regime (PRA)
- Solvent Exit Planning (PRA)
- Direct Recovery of Debts (HMRC)
- Mortgage lending and affordability (FCA)

The Society actively monitors the regulatory environment to ensure that it continues to comply fully with all new and changing regulatory requirements.

## DIGITAL TRANSFORMATION

To enable the Society to continue to grow, remain innovative and improve existing ways of working, we continue to pursue and implement a digital change agenda. 2025 has seen significant progress in this development area as the Society has continued with the complex work of system build and configuration. Digital Transformation inevitably increases the level of risk within an organisation as well as placing additional strain on existing management. To manage this risk, change activities are underpinned by a clear attribution of responsibilities, regular and transparent status reporting and a high level of oversight and scrutiny by members of the Executive Team and the Board. A Board sub-committee (page 29) has been established to oversee this, and independent assurance partners have also been appointed to provide challenge to the Executive Team and to report to this Committee.



## REMUNERATION REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

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 Financial Conduct Authority's (FCA) Remuneration Code. A resolution will again be put to the Annual General Meeting (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 met three times during 2025 and is made up entirely of Non-Executive Directors. The membership of the Committee during 2025 was:

Rachel Haworth - Committee Chair  
Jeff Picton (from 31.01.25)  
Alison Chmiel (until 19.02.25)  
Neil Tinagate (from 27.03.25)

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, Dan Jones and Head of People 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 20% of basic salary as reward under this scheme during 2025.

**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 2025, the Society introduced an improved pension contribution for colleagues which paid up to 10% from the Society. This reduced the gap between contributions made for Executives and other colleagues.

**OTHER BENEFITS** - notably the provision of a car allowance, access to the electric vehicle scheme 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 2025.



**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.

These contracts do not include Malus and Clawback provisions, which form part of the Corporate Governance Code. The committee considers that the service contracts, combined with the processes to review the performance of the Executive Directors, are sufficient to cover the risks that such clauses are intended to mitigate.

## 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 2025 are shown below:

	2025 £000	2024 £000
Non-Executive Directors' fees	230	207
Executive Directors' remuneration	497	469
<b>TOTAL</b>	<b>727</b>	676

	2025 £000	2024 £000
<b>NON-EXECUTIVE DIRECTORS' FEES</b>		
Alison Chmiel (retired 24.05.25)	15	43
Nick Baxter	36	35
Lucy McClements	34	32
Rachel Haworth	35	33
Jeff Picton (appointed 18.03.24)	45	24
Neil Tinegate (appointed 27.03.25)	27	-
Sarah Binstead (appointed 26.06.25)	19	-
Carolyn Porretta (appointed 26.06.25)	19	-
Colin Bradley (retired 28.03.24)	-	11
Keith McLeod (resigned 01.11.24)	-	29
<b>TOTAL</b>	<b>230</b>	207

Fees include an allowance for travel and expenses.



## 2025

EXECUTIVE DIRECTORS	SALARY £000	ANNUAL BONUS £000	DEFERRED BONUS £000	BENEFIT £000	PENSION £000	TOTAL £000
Paul Wheeler (CEO) <sup>1</sup>	184	20	16	24	46	290
Dan Jones (Finance Director) <sup>2</sup>	140	15	12	17	23	207
<b>TOTAL</b>	<b>324</b>	<b>35</b>	<b>28</b>	<b>41</b>	<b>69</b>	<b>497</b>

## 2024

EXECUTIVE DIRECTORS	SALARY £000	ANNUAL BONUS £000	DEFERRED BONUS £000	BENEFIT £000	PENSION £000	TOTAL £000
Paul Wheeler (CEO) <sup>1</sup>	173	17	15	23	43	271
Dan Jones (Finance Director) <sup>2</sup>	131	13	11	21	22	198
<b>TOTAL</b>	<b>304</b>	<b>30</b>	<b>26</b>	<b>44</b>	<b>65</b>	<b>469</b>

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.

## CORPORATE GOVERNANCE CODE

The Committee's overall approach to remuneration has given consideration to the principles of the Corporate Governance Code. The Committee have followed the below principles:

**Clarity** - the full details of the Executive Directors' and Non-Executive Directors' remuneration is published annually.

**Simplicity** - Basic salary makes up the majority of the Executive Directors' remuneration, and the Committee ensures the bonus scheme is not unduly complex.

**Risk** - the Committee ensures the bonus scheme is only a small proportion of overall remuneration, and it reviews the scheme annually to ensure it does not incentivise inappropriate risk taking. The deferred element of the scheme is contingent on future years' financial performance, which helps to avoid short-term bias in decision making.

**Predictability** - the bonus scheme for Executive Directors has a maximum achievable amount, which remains a small portion of overall remuneration, even when results are strong.

**Proportionality** - the bonus element of remuneration is withheld if an Executive Director's individual performance, as judged by their annual performance review, is not satisfactory.

**Alignment to culture** - the bonus scheme is aligned to the Corporate Strategy, and payment of the bonus is subject to satisfactory performance of the individual. The performance appraisal includes an assessment of whether the individual's behaviour is consistent with the Society's values.

On behalf of the Board of Directors

**Rachel Haworth**

*Chair of the Remuneration Committee*

5 March 2026

## DIRECTORS' REPORT

The Directors are pleased to present their annual report together with the Society's Accounts and Annual Business Statement for the year ended 31 December 2025.

### INFORMATION PRESENTED IN OTHER SECTIONS

Certain information required to be included in a Directors' report can be found in other sections of the Annual Report and Accounts as described below. All the information presented in these sections is incorporated by reference in the Directors' report and is deemed to form part of this report.

BUSINESS OBJECTIVES AND ACTIVITIES	Strategic report (pages 2 to 24)
BUSINESS REVIEW AND FUTURE DEVELOPMENTS	Strategic report (pages 2 to 24)
PRINCIPAL RISKS AND UNCERTAINTIES	Strategic report (pages 2 to 24)
DISCLOSURE REQUIREMENTS UNDER CRD IV COUNTRY-BY-COUNTRY REPORTING	Note 34 to the Accounts (page 86)
DISCLOSURE OF FREE CAPITAL AND GROSS CAPITAL AS A PERCENTAGE OF SHARE AND DEPOSIT LIABILITIES	Annual Business Statement (page 87)
MORTGAGE ARREARS	Strategic report (pages 2 to 24)

The total amounts in arrears and the number of mortgage accounts more than 12 months in arrears are disclosed on page 21.

### DIRECTORS

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

#### NON-EXECUTIVE DIRECTORS

Jeff Picton ACA Chair  
Nick Baxter, DipM, DipMan (Open) Vice Chair and Senior Independent Director  
Lucy McClements, FCCA  
Rachel Haworth, FCIM  
Neil Tinagate (from 27.03.25)  
Sarah Binstead, ACA (from 26.05.25)  
Carolyn Porretta, FCA (from 26.05.25)

#### EXECUTIVE DIRECTORS

Paul Wheeler, FCA Chief Executive  
Dan Jones, FCA Finance Director  
and Secretary

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

At 31 December 2025 no Director held any interest in the shares or debentures of any connected undertaking.

### OTHER MATTERS

#### CREDITOR PAYMENT POLICY

The Society does not follow a formal code or standard on payment practice. Instead, the Society has continued with its policy of ensuring payments to trade creditors are made promptly within the agreed terms of credit, once the contractual obligations of the supplier have been discharged. The number of creditor days as at 31 December 2025 was zero days (2024: three days).

#### AUDITOR

The Board is recommending that Forvis Mazars LLP be re-appointed as auditor for the year ended 31 December 2026 and a resolution for their appointment will be proposed to the Society's forthcoming AGM.



## EVENTS SINCE THE YEAR END

The Directors do not consider that any event since the year end has had a material effect on the position of the Society. In reaching this conclusion, the Directors have given due consideration to ongoing cost-of-living pressures.

## POLITICAL DONATIONS AND GIFTS

The Society has not made any political gifts or donations in the year to 31 December 2025 (2024: £nil).

## GOING CONCERN

The Directors have considered the risks and uncertainties outlined on pages 36 and 38 and the extent to which they might affect the preparation of the Annual Report and Accounts on a going concern basis.

The Society updates a three-year corporate plan annually, and uses the forecasts within this to carry out the annual ILAAP and ICAAP. These involve running the Society's liquidity and capital positions against a range of severe but plausible stresses, which include both idiosyncratic and market wide scenarios. Each of these processes includes a forward-looking assessment and demonstrates that we have sufficient capital and liquidity and are a going concern. So-called reverse stress tests are also carried out, which involve making plausible scenarios ever more extreme until the break point is identified; the results of these show the Board that failure of the organisation is sufficiently remote.

As part of the year end process the Society's future plans have been discussed by the Board and outlined on page 24. The Society's forecasts and plans, taking account of current and possible future operating conditions, have been appraised and indicate that the Society has sufficient operating liquidity and capital for the foreseeable future. These forecasts comprise a one-year budget carried out annually, a one-year forecast which updates this budget for latest conditions at least once a year, a three-year corporate plan, carried out once a year, and a high level seven-year projection.

A range of sensitivities has also been applied to these forecasts, including stress scenarios relating to economic uncertainty caused by the direct or indirect consequences of high inflation and changing interest rates, focused on the Society's capital and liquidity position and operational resilience.

After considering all of this information, together with available market information and the Directors' knowledge and experience of the Society and markets in which it operates, the Directors are satisfied that the Society has adequate resources to continue as a going concern for a period of at least 12 months from the signing of the accounts. For this reason, the accounts are prepared on a going concern basis.

On behalf of the Board of Directors

**Jeff Picton**  
*Board Chair*  
5 March 2026



## STATEMENT OF DIRECTORS' RESPONSIBILITIES

### DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT, THE ANNUAL BUSINESS STATEMENT, THE DIRECTORS' REPORT AND THE ANNUAL ACCOUNTS:

The Directors are responsible for preparing the Annual Report including the Annual Business Statement, Directors' Report and the Annual Accounts in accordance with applicable law and regulations.

The Building Societies Act 1986 ("the Act") requires the Directors to prepare Annual Accounts for each financial year. Under that law the Directors have elected to prepare the Annual Accounts in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The Annual Accounts are required by law to give a true and fair view of the state of affairs of the Society as at the end of the financial year and of the income and expenditure of the Society for the financial year.

In preparing these Annual Accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Annual Accounts;
- assess the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- prepare the Annual Accounts on the going concern basis unless it is inappropriate to presume that the Society will continue in business.

In addition to the Annual Accounts, the Act requires the Directors to prepare, for each financial year, an Annual Business Statement and a Directors' Report, each containing prescribed information relating to the business of the Society.

### DIRECTORS' RESPONSIBILITIES FOR ACCOUNTING RECORDS AND INTERNAL CONTROLS

The Directors are responsible for ensuring that the Society:

- keeps proper adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Society, in accordance with the Act; and
- takes reasonable care to establish, maintain, document and review such systems and controls as are appropriate to its business in accordance with the rules made by the Financial Conduct Authority and Prudential Regulation Authority under the Financial Services and Markets Act 2000.

The Directors are responsible for such internal control as they determine is necessary to enable the preparation of Annual Accounts that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Society and to prevent and detect fraud and other irregularities.

### WEBSITE PUBLICATION

The Directors are responsible for ensuring the Annual Report and the Annual Accounts are made available on a website. Annual Accounts are published on the Society's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Society's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

On behalf of the Board of Directors

**Jeff Picton**  
*Board Chair*  
5 March 2026



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MANSFIELD BUILDING SOCIETY



## OPINION

We have audited the annual accounts of The Mansfield Building Society (the 'Society') for the year ended 31 December 2025 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Members' Interests and the Cash Flow Statement and notes to the annual accounts, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the annual accounts:

- give a true and fair view of the state of the Society's affairs as at 31 December 2025 and of the Society's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Building Societies Act 1986.

## BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the annual accounts" section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the annual accounts in the UK, including the Financial Reporting Council's ("FRC") Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## CONCLUSIONS RELATING TO GOING CONCERN

In auditing the annual accounts, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the annual accounts is appropriate.

Our audit procedures to evaluate the directors' assessment of the Society's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the Society's ability to continue as a going concern;
- Making enquiries of the directors to understand the period of assessment considered by them, the assumptions they considered and the implication of those when assessing the Society's future financial performance;
- Challenging the appropriateness of the directors' key assumptions used in the forecasts such as net business growth, net interest margins, profitability, reviewing supporting and contradictory evidence in relation to these key assumptions, and assessing the directors' consideration of severe but plausible scenarios. This included inspecting the Society's most recent Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process ('ILAAP') and its reverse stress testing;
- Assessing the historical accuracy and the arithmetical accuracy of forecasts prepared by the directors;
- Considering whether there were other events subsequent to the balance sheet date which could have a bearing on the going concern conclusion;
- Reviewing regulatory correspondence and committee and board meeting minutes to identify events or conditions that may impact the Society's ability to continue as a going concern;
- Performing sensitivity analysis by incorporating various stress scenarios to assess the impact on the capital and liquidity positions of the Society;
- Considering the consistency of the directors' forecasts with other areas of the annual accounts and our audit; and
- Evaluating the appropriateness of the directors' disclosures in the annual accounts on going concern.



Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Society's ability to continue as a going concern for a period of at least twelve months from when the annual accounts are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual accounts of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We summarise below the key audit matters in forming our audit opinion above, together with an overview of the principal audit procedures performed to address each matter and our key observations arising from those procedures.

These matters, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

KEY AUDIT MATTER	HOW OUR SCOPE ADDRESSED THESE MATTERS
<p><b>Credit risk - Impairment of loans and advances to customers</b></p> <p><b>2025 - £1,101,000 (2024 - £1,034,000)</b></p> <p><i>Refer to note 1 (principal accounting policies and critical accounting estimates and judgements) and note 13 of the annual accounts.</i></p> <p>Credit risk is an inherently judgemental area due to the use of subjective assumptions and a high degree of estimation in arriving at the year-end provisions. The total impairment provision of the Society is predominantly made up of individual provisions on loans with default indicators and a collective provision on the performing portfolio.</p> <p>The Society has limited actual loss experience on which to base its impairment assessment on the loan portfolio, resulting in management judgement being required in deriving assumptions to be applied in the assessment.</p> <p>The collective and individual impairment provision is derived from a model that uses a combination of the Society's historical experience and management judgement.</p> <p>In particular, the impairment assessment is most sensitive to movements in the probability of default (PD) and forced sale discounts (FSD) against collateral.</p>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>▪ Assessing the design and implementation and testing operating effectiveness of the key controls in relation to credit processes (loan origination and approval, loan redemptions and arrears monitoring);</li> <li>▪ Assessing the Society's impairment methodology against the applicable standards with the assistance of our own quantitative analysts;</li> <li>▪ Assessing the reasonableness and relevance of external data used in the provisioning model based on our understanding of the Society's portfolio;</li> <li>▪ Comparing the Society's key assumptions with similar lenders including FSD, with the assistance of our own property team, and considering whether they are consistent with industry practice;</li> <li>▪ Developing an auditor's range estimate of the collective provision using reasonable alternative external datasets for PD, with the assistance of our own quantitative analyst experts and using independent alternative datasets for independent FSD assumptions;</li> <li>▪ Performing a stand back assessment of the resulting individual and collective impairment estimates to assess their reasonableness</li> <li>▪ Assessing the risk associated with Nexa loans by reviewing valuation information and the loss given default (LGD) modelling for loans within the portfolio; and</li> <li>▪ Assessing the adequacy of the Society's disclosures in relation to the key assumptions applied by management in their estimate of the impairment losses on loans and advances to customers in the annual accounts.</li> </ul> <p><b>Our observation</b></p> <p>Based on the audit procedures performed, we found the resulting estimate of the loan impairment provision to be materially reasonable and in compliance with IAS 39.</p>



## OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual annual account line items and disclosures and in evaluating the effect of misstatements, both individually and on the annual accounts as a whole. Based on our professional judgement, we determined materiality for the annual accounts as a whole as follows:

OVERALL MATERIALITY	£374,000 (2024: £377,000)
HOW WE DETERMINED IT	1% of net assets (2024: 1% of net assets)
RATIONALE FOR BENCHMARK APPLIED	<p>We consider that net assets is the most appropriate benchmark to use for the Society, whose strategy is to provide mortgages, savings products and other financial services for the mutual benefit of members and customers and not one of profit maximisation.</p> <p>Further, net assets as a benchmark is supported by the fact that regulatory capital is a key benchmark for management and regulators, where net reserves is an approximation of regulatory capital resources.</p>
PERFORMANCE MATERIALITY	<p>Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the annual accounts exceeds materiality for the annual accounts as a whole.</p> <p>Performance materiality of £224,000 (2024: £226,000) was applied in the audit based on 60% (2024: 60%) of overall materiality.</p>
REPORTING THRESHOLD	We agreed with the directors that we would report to them misstatements identified during our audit above £11,000 (2024: £11,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

As part of designing our audit, we assessed the risk of material misstatement in the annual accounts, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements such as making assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the annual accounts as a whole. We used the outputs of a risk assessment, our understanding of the Society, its environment, controls and critical business processes, to consider qualitative factors in order to ensure that we obtained sufficient coverage across all annual accounts line items.

### OTHER INFORMATION

The other information comprises the information included in the annual report and accounts, other than the annual accounts and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the annual accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the annual accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### OPINIONS ON THE ANNUAL BUSINESS STATEMENT AND THE DIRECTORS' REPORT

In our opinion, based on the work undertaken in the course of the audit:

- the Annual Business Statement and the Directors' Report have been prepared in accordance with the Building Societies Act 1986;
- the information in the Directors' Report for the financial year is consistent with the accounting records and the annual accounts; and
- the information given in the Annual Business Statement (other than the information on which we are not required to report) gives a true representation of the matters in respect of which it is given.



In light of the knowledge and understanding of the Society and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

#### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters in relation to which the Building Societies Act 1986 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Society; or
- the Society's annual accounts are not in agreement with the accounting records; or
- we have not received all the information and explanations and access to documents we require for our audit.

#### RESPONSIBILITIES OF DIRECTORS

As explained more fully in the statement of directors' responsibilities set out on page 44, the directors are responsible for the preparation of the annual accounts and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the directors are responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

#### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE ANNUAL ACCOUNTS

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Society and its industry, we identified that the principal risks of non-compliance with laws and regulations related to regulatory and supervisory requirements of the Prudential Regulatory Authority ('PRA') and the Financial Conduct Authority ('FCA') and anti-money laundering regulations, and we considered the extent to which non-compliance with these laws and regulations might have a material effect on the annual accounts.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance with laws and regulations, our procedures included but were not limited to:

- Gaining an understanding of the legal and regulatory framework applicable to the Society, the industry in which it operates, and considering the risk of acts by the Society which were contrary to the applicable laws and regulations including fraud;
- Inquiring of the directors, management and, where appropriate, those charged with governance, as to whether the Society is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence with relevant licensing or regulatory authorities, including the PRA and FCA;
- Attending a bilateral meeting with the PRA;
- Reviewing minutes of directors' meetings in the year;
- Discussing amongst the engagement team the identified laws and regulations, and remaining alert to any indications of non-compliance; and
- Focusing on areas of laws and regulations that could reasonably be expected to have a material effect on the annual accounts from our general commercial and sector experience and through discussions with the directors and review of minutes of the Board of Directors and Audit and Compliance Committee during the period and up to the signing the date of annual report and accounts.

We also considered those other laws and regulations that have a direct impact on the preparation of annual accounts, such as the Building Societies Act 1986 and UK tax legislation.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the annual accounts, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, and significant one-off or unusual transactions.

Our procedures in relation to fraud included but were not limited to:



- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud;
- Addressing the risks of fraud through management override of controls by performing journal entry testing; and
- Being sceptical to the potential of management bias through judgements and assumptions in significant accounting estimates.

The primary responsibility for the prevention and detection of irregularities including fraud rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit, including fraud, are discussed under “Key audit matters” within this report.

A further description of our responsibilities is available on the Financial Reporting Council’s website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor’s report.

#### OTHER MATTERS WHICH WE ARE REQUIRED TO ADDRESS

Following the recommendation of the Audit and Compliance Committee, we were initially appointed by the Directors on 26 May 2022 to audit the annual accounts for the year ended 31 December 2022 and subsequent financial periods. The period of total uninterrupted engagement is four years, covering the years ended 31 December 2022 to 31 December 2025.

The non-audit services prohibited by the FRC’s Ethical Standard were not provided to the Society and we remain independent of the Society in conducting our audit.

Our audit opinion is consistent with our additional report to the audit and compliance committee.

#### USE OF THE AUDIT REPORT

This report is made solely to the Society’s members as a body in accordance with section 78 of the Building Societies Act 1986. Our audit work has been undertaken so that we might state to the Society’s members those matters we are required to state to them in an auditor’s report 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 for our audit work, for this report, or for the opinions we have formed.

**Martin Orme** (Senior Statutory Auditor)

for and on behalf of Forvis Mazars LLP  
Chartered Accountants and Statutory Auditor  
30 Old Bailey London EC4M 7AU

5 March 2026



## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2025

	NOTE	2025 £000	2024 £000
Interest receivable and similar income	2	31,880	31,662
Interest payable and similar charges	3	(18,599)	(18,917)
<b>Net interest income</b>		<b>13,281</b>	12,745
Fees and commissions receivable	4a	143	125
Fees and commissions payable	4b	(720)	(456)
Other operating income		-	3
Net (losses) / gains from derivative financial instruments at fair value through profit or loss	5	(126)	70
<b>Total net income</b>		<b>12,578</b>	12,487
Recurring administrative expenses	6	(10,430)	(9,000)
Non-recurring administrative expenses	6	(2,097)	(1,624)
Depreciation and amortisation	14 & 15	(321)	(318)
<b>Operating (loss)/ profit before impairment and other provisions</b>		<b>(270)</b>	1,545
Impairment release/(charge) on Financial Assets	10	11	(11)
Impairment provisions on loans and advances	13	(277)	(22)
Impairment of Intangible Assets	15	-	(131)
Provisions for liabilities	23	(31)	(41)
<b>(Loss)/Profit before tax</b>		<b>(567)</b>	1,340
Tax credit/(expense)	9	110	(330)
<b>(Loss)/Profit for the financial year</b>		<b>(457)</b>	1,010

### OTHER COMPREHENSIVE INCOME

	2025 £000	2024 £000
<b>Total comprehensive (charge)/ income for the year</b>	<b>(457)</b>	1,010

*The loss for the financial year arises from continuing operations. Both the loss for the financial year and total comprehensive charge for the period are attributable to the members of the Society.*

*The notes on pages 54 to 86 form part of these accounts.*



## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025

	NOTE	2025 £000	2024 £000
<b>ASSETS</b>			
Cash in hand and balances with the Bank of England	10a	37,876	61,469
Loans and advances to credit institutions	10b	22,242	16,424
Debt Securities	10c	25,787	19,883
Derivative financial instrument assets	11	161	851
Loans and advances to customers	12	495,496	446,698
Tangible fixed assets	14	1,731	1,722
Intangible assets	15	161	188
Other assets	16	1,129	1,018
<b>Total assets</b>		<b>584,583</b>	<b>548,253</b>
<b>LIABILITIES</b>			
Shares	17	455,291	434,420
Amounts owed to credit institutions	18	36,904	35,341
Amounts owed to other customers	19	50,720	37,187
Derivative financial instrument liabilities	11	1,364	516
Accruals	20	758	330
Other liabilities	21	1,572	1,813
Tax liabilities	21	-	166
Deferred tax	22	-	80
Provisions for liabilities	23	242	211
<b>Total liabilities</b>		<b>546,851</b>	<b>510,064</b>
<b>RESERVES</b>			
General reserves	27	37,732	38,189
<b>Total reserves attributable to Members of the Society</b>		<b>37,732</b>	<b>38,189</b>
<b>Total reserves and liabilities</b>		<b>584,583</b>	<b>548,253</b>

The notes on pages 54 to 86 form part of these accounts.

These accounts were approved by the Board of Directors on 5 March 2026 and signed on its behalf by:

**Daniel Jones**  
Finance Director



## STATEMENT OF CHANGES IN MEMBERS' INTERESTS

	2025		2024	
	General Reserve £000	Total £000	General Reserve £000	Total £000
Balance at 1 January	38,189	38,189	37,179	37,179
Total comprehensive income for the period				
(Loss)/Profit	(457)	(457)	1,010	1,010
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	(457)	(457)	1,010	1,010
Balance at 31 December	<b>37,732</b>	<b>37,732</b>	38,189	38,189

*The notes on pages 54 to 86 form part of these accounts.*



# CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

## CASH FLOWS FROM OPERATING ACTIVITIES

	NOTE	2025 £000	2024 £000
(Loss)/ Profit before tax		(567)	1,340
<i>Adjustment for</i>			
Depreciation and amortisation	14 & 15	321	318
Provision for Liabilities	23	31	41
Loss on disposal of tangible fixed assets	15	-	1
Decrease / (Increase) in fair value of derivative financial instruments and hedged items	5	126	(70)
Decrease / (Increase) of impairment on financial assets	10	(11)	11
Increase in impairment of intangible assets	15	-	131
Increase in impairment provisions on loans and advances	13	277	22
<b>TOTAL</b>		<b>177</b>	<b>1,794</b>

## CHANGES IN OPERATING ASSETS AND LIABILITIES

(Increase) in prepayments, accrued income and other assets		(214)	(437)
Increase in accruals, deferred income and other liabilities		595	1,529
(Increase) in loans and advances to customers		(47,646)	(27,783)
Increase in shares		20,317	37,215
Increase / (Decrease) in amounts owed to other credit institutions and other customers		15,216	(16,141)
Increase in loans and advances to credit institutions		(2100)	(7,900)
Decrease / (Increase) in other liquid assets		-	-
Taxation paid		(169)	(309)
<b>Net cash used in operating activities</b>		<b>(13,825)</b>	<b>(12,032)</b>

## CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of tangible fixed assets	14	(193)	(40)
Purchase of intangible assets	15	(109)	(246)
Purchase of debt securities	10c	(10,746)	(39,699)
Disposal of debt securities	10c	5,000	25,000
<b>Net cash used in investing activities</b>		<b>(6,048)</b>	<b>(14,985)</b>
<b>Net Decrease in cash and cash equivalents</b>		<b>(19,873)</b>	<b>(27,017)</b>
Cash and cash equivalents at 1 January		65,793	92,810
Cash and cash equivalents at 31 December	10(a)	<b>45,920</b>	65,793

Contained within cash flow movement is £31,879,527 (2024: £31,646,665) of interest received and £18,598,749 (2024: £18,916,826) of interest paid.

*The notes on pages 54 to 86 form part of these accounts.*



# NOTES TO THE ACCOUNTS

## 1 ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

### BASIS FOR PREPARATION

The Society's Annual Report and Accounts are prepared and approved by the Directors in accordance with Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and those parts of the Building Societies Act 1986 and Building Societies (Accounts and Related Provisions) Regulations 1998 applicable to societies reporting under FRS 102. The Society has also chosen to apply the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and Measurement.

The Accounts are prepared under the historical cost convention as modified by the fair value of derivatives.

The Accounts have been prepared on the going concern basis as outlined in the Directors' report on pages 42 and 43. In forming this assessment, the Directors considered the Society's forecast capital and liquidity position, including performance under a range of adverse but plausible stress scenarios.

The preparation of accounts in conformity with FRS 102 and IAS 39 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates.

### INTEREST INCOME AND EXPENSE

Interest income and interest expense for all interest-bearing financial instruments are recognised in 'interest receivable and similar income' or 'interest payable and similar charges' using the effective interest rates of the financial assets or financial liabilities to which they relate. The effective interest rate is the rate that discounts the expected future cash flows, over the expected life of the financial instrument, to the net carrying amount of the financial asset or liability.

Interest on impaired financial assets is recognised at the original effective interest rate of the financial asset applied to the carrying amount as reduced by an allowance for impairment.

Fair value changes on other derivatives held for risk management purposes, and other financial assets and financial liabilities carried at fair value through profit or loss, are presented in net gain/losses from derivative financial instruments at fair value through profit or loss in the statement of comprehensive income.

### FEES AND COMMISSIONS

If the fees are an integral part of the effective interest rate of a financial instrument, they are recognised as an adjustment to the effective interest rate and recorded in interest income.

Other fees are recognised on an accruals basis when the service has been provided or on the completion of an act to which the fee relates.

Commission receivable from the sale of third-party products or insurance services, is recognised upon fulfilment of contractual obligations, that is when policies go on risk or on completion of a transaction.

### DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The Society uses derivatives for risk management purposes. The Society does not use derivatives for trading purposes. Derivatives are measured at fair value in the statement of financial position. Fair values are obtained by applying market rates to a discounted cash flow model. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The Society designates derivatives held for risk management purposes as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, the Society formally documents the relationship between the hedging instruments and hedge items, including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Society undertakes macro portfolio hedge accounting in accordance with IAS 39 to make assessments, both at the inception of the hedge relationship as well as on an ongoing basis as to whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within an effectiveness range of 80-125%.

Should the Society de-recognise a hedging instrument, if the underlying asset or liability is not also de-recognised then the carrying amounts of the hedged items are amortised to profit and loss using the effective interest rate method.



## NOTES TO THE ACCOUNTS (CONTINUED)

### FAIR VALUE HEDGES

Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in profit or loss, together with changes in the fair value of the hedged item that are attributable to the hedged risk (in the same line item in the statement of comprehensive income as the hedged item).

### FINANCIAL ASSETS

The Society classifies non-derivative financial assets as Loans and Receivables or Held to Maturity assets. Management determines the classification of financial assets at initial recognition. No assets have been classified as Available for Sale. The Society's financial assets include cash in hand and balances held with the Bank of England, Treasury Bills, loans and advances to credit institutions, other liquid assets, loans and advances to customers and derivative financial instrument assets.

The Society classifies all its financial assets, other than derivatives, as measured at amortised cost using the effective interest method.

### LOANS AND RECEIVABLES

The Society's loans and advances to customers and its loans and advances to credit institutions and other liquid assets are classified as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Society measures its loans and receivables at amortised cost, using the effective interest method, less impairment. Mortgage interest is recognised over the expected life of mortgage assets. The initial value may, if integral to the effective interest rate, include certain upfront costs and fees such as procurement fees, mortgage indemnity guarantee premiums and arrangement fees, which are also recognised over the expected life of mortgage assets. Throughout the year and at each year end, the mortgage life assumptions are reviewed for appropriateness. If there is a change in the mortgage life assumption, the future cash flows of the associated mortgages are reforecast over the revised expected life using the original effective interest rate. The resulting change in carrying value of the mortgages is recognised in interest receivable and similar income.

## IMPAIRMENT OF FINANCIAL ASSETS NOT CARRIED AT FAIR VALUE THROUGH PROFIT AND LOSS

### ASSETS CARRIED AT AMORTISED COST

Throughout the year and at each year-end, individual assessments are made of all loans and advances against properties which are in possession or in arrears and/or are subject to forbearance activities or where the loan is interest only and there is no evidence of a repayment vehicle. Individual impairment provision is made against those loans and advances where there is objective evidence of impairment. The factors which constitute objective evidence of impairment are reviewed annually by the management Credit Committee.

If there is objective evidence of impairment, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. In considering expected future cash flows, account is taken of any discount which may be needed against the indexed value of the property at the statement of financial position date thought necessary to achieve a sale and expected costs of realisation.

In addition, the Society assesses whether there is objective evidence to suggest a financial asset or group of financial assets is likely to be impaired. Where a collective assessment is made, each category or class of financial asset is split into groups of assets with similar credit risk characteristics. The Society measures the amount of impairment loss by applying loss factors based on external credit reference data, industry and Society experience of default, the effect of movement in house prices and any adjustment for the expected forced sale value.

Held to maturity assets, that are not short-term assets, are assessed at the date of the Statement of Financial position for any objective evidence of impairment.



## NOTES TO THE ACCOUNTS (CONTINUED)

### TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on all tangible fixed assets, with the exception of freehold land and assets in the course of construction, at rates calculated to write off each asset over its expected useful life.

The straight-line basis has been used in the following way:

FREEHOLD PREMISES	2% per annum
LEASEHOLD PREMISES	Over life of lease or useful life of the asset, whichever is shorter
MOTOR VEHICLES	25% per annum
COMPUTER EQUIPMENT	25% per annum
OFFICE EQUIPMENT	10% per annum or over the useful life of the asset if shorter

Depreciation is not provided on freehold land.

The Society assesses at each reporting date whether any tangible fixed assets are impaired. In the case of freehold premises, a valuation is carried out at least every three years, to inform this impairment assessment.

### INTANGIBLE ASSETS

#### COMPUTER SOFTWARE

Purchased software and costs directly associated with the development of computer software are capitalised as intangible assets where the software is an identifiable asset controlled by the Society which will generate future economic benefits and where costs can be reliably measured. Intangible assets are stated at cost less accumulated amortisation. Amortisation is provided on all intangible assets at rates calculated to write off each asset over its expected useful life.

Costs which are identifiable as development costs for assets in the course of construction are capitalised only when the commercial feasibility of the asset has been established. For the Society this will take the form of identifying the future economic benefits of deploying the asset into active use and the determination of a useful economic life. The Society does not recognise any research costs incurred in the development of the asset as a part of that asset. Instead, these costs are expensed to profit and loss as they are incurred.

Intangible assets are stated at cost less cumulative amortisation.

Amortisation begins when the asset becomes available for operational use and is charged to the statement of comprehensive income on a straight-line basis over the estimated useful life of the software, which is generally between 3-6 years. The Society assesses at each reporting date whether any intangible fixed assets are impaired.

#### SOFTWARE AS A SERVICE CONTRACT

Long term software as a service contracts, that do not meet the definition of an intangible asset, are expensed to profit and loss and not capitalised. Implementation, configuration and customisation costs associated with the software are expensed to profit and loss either at the time that they are incurred or when access to the software is provided.

### PENSION COSTS

The Society operates a Defined Contribution Personal Pension Plan that is open to all colleagues. For colleagues not wishing to join this Plan there is a Defined Contribution Personal Pension Plan with a separate provider for auto enrolment purposes. Pension costs in respect of these Plans are charged to the Statement of Comprehensive Income in the year in which contributions are payable. In addition, the Society operates a Defined Benefit Pension Scheme, the assets of which are held in a separate Trustee Administered Fund. The assets are measured at fair value at each balance sheet date and the liabilities are measured using the projected unit credit method. Any resulting deficit is recognised immediately on the balance sheet net of deferred tax however any resulting surplus is not recognised in the balance sheet as the trust deed prevents the Society accessing any surplus funds unless the scheme were wound up. Neither are any income or expense in relation to the scheme recognised, with the exception of any contributions made and any administrative expenses paid by the Society on the behalf of the scheme, which are recognised as they are incurred through the income statement. The surplus is not deemed to be available to the Society as the Trustees have the ultimate right to apply the scheme's assets to settle the scheme's liabilities in respect of pension and other benefits. The Scheme has been closed to future accruals since 28 February 2007. Further details on Pension Schemes are provided in note 32 to the Accounts on pages 83 to 85.



## NOTES TO THE ACCOUNTS (CONTINUED)

### TAXATION

The charge for taxation recognised in the Statement of Comprehensive Income is based upon the profit for the year and calculated at the tax rate which is applicable to the accounting period. It also includes taxation which is deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is provided using the full provision method. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the date of the Statement of Financial Position and is calculated at rates expected to be applicable when the liability or asset crystallises on a non-discounted basis. The rate used for Deferred Tax is the rate substantively enacted by the date of the Statement of Financial Position.

### PROVISIONS

Provisions are recognised when the Society has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

### OPERATING LEASES

The costs associated with operating leases are charged on a straight-line basis over the period of the lease.

### ADMINISTRATION COSTS

The Society designates administration costs contained within the Statement of Comprehensive Income as either recurring or non-recurring items. Recurring items relate to operating costs incurred by the Society's usual operating activities. Non-recurring expenses are defined as material charges that are unusual in nature or expected to occur infrequently. These expenses are not expected to recur on a regular basis within the normal course of the Society's operations. These include but are not limited to costs incurred in the implementation of projects which are material and unlikely to occur frequently. Non-recurring expenses are recognised in the income statement in the period in which they are incurred.

### LIQUID ASSETS

Treasury bills and other debt securities are held to maturity and so are accounted for as financial assets and accordingly shown at cost, adjusted for premium or discount on purchase, amortised over the period to maturity. Where the Directors consider there to be objective evidence that an impairment of a financial asset has occurred, a provision is made to write down the cost of the asset to its recoverable amount. If the recoverable amount later increases then the impairment is reversed and the asset returned to its amortised cost.

Cash and cash equivalents - for the purposes of the cash flow statement, cash and cash equivalents comprise highly liquid investments that are convertible into cash and have an insignificant risk of change in value. Any debt securities included within cash equivalents must be marketable and have a maturity of less than 90 days from the date of acquisition.

### FINANCIAL LIABILITIES

The Society classifies all its financial liabilities, other than derivatives, as measured at amortised cost.



## NOTES TO THE ACCOUNTS (CONTINUED)

### ACCOUNTING ESTIMATES AND JUDGEMENTS

The Society makes estimates and judgements that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Board consider that the following items rely on material estimates and judgements.

#### A IMPAIRMENT LOSSES ON LOANS AND ADVANCES TO CUSTOMERS

The Society reviews its mortgage advances portfolio at least every half year, to assess loan impairment. In determining whether an impairment loss should be recorded, the Society is required to exercise a degree of judgement. Impairment provisions are calculated using historical arrears experience, modelled credit risk characteristics and expected cashflows.

Estimates are applied to determine prevailing market conditions (for example, house prices are adjusted for movement in valuations based on the Land Registry house price index), customer behaviour (for example, default rates) and the length of time expected to complete the sale of properties in possession. The accuracy of the provision would therefore be affected by unexpected changes to these assumptions.

One key assumption is the estimate of the value of the property at the point of recovery. To the extent that this value were to be lower than our estimates by 10%, the impairment allowance on loans and advances would be higher by £0.56m (2024: £0.46m). Another key assumption is the probability of default when an impairment trigger has been observed, and to the extent that the probability of default increases from our estimates by 5%, the impairment allowance on loans and advances would be higher by £0.04m (2024: £0.04m).

The Credit Committee review the book annually to identify where there are idiosyncratic risks, which could lead to a customer not repaying their mortgage. This review aims to capture impairments that may not yet have led to the customer being in arrears. Such risks could exist, for example, if a customer has let us know that they are experiencing difficulties, or if our latest review of climate data suggests the property is at risk from flooding. Having identified these risk factors, the Committee recommends adjustments to the likelihood of non-payment and the property value were the Society to need to take it into possession. These adjustments are reviewed by the Audit and Compliance Committee and form a key assumption within the provision model.

The carrying value of mortgage assets is impacted by the assessment of any impairments. The carrying value of mortgages can be seen in note 12 on page 65.

#### B EFFECTIVE INTEREST RATES AND REVENUE RECOGNITION

When calculating the expected future cash flows of a mortgage, the expected life of that mortgage is key to this calculation as it determines the expected effective interest to be earned. In determining the expected life of mortgage assets, the Society uses historical redemption data as well as management judgement.

At regular intervals throughout the year, the expected life of mortgage assets is reassessed for reasonableness. Any variation in the expected life of mortgage assets will change the carrying value in the statement of financial position and the timing of the recognition of interest income.

A three month increase in the expected life profile of mortgage assets would result in an increase in the value of loans on the statement of financial position by approximately £0.15m (2024: £0.41m), and a corresponding increase in interest receivable. A three month decrease in the expected life profile of mortgage assets would result in a decrease in the value of loans on the statement of financial position by approximately £0.27m (2024: £0.27m) and a corresponding decrease in interest receivable.

The carrying value of mortgage assets is impacted by the assessment of the effective interest rate and revenue recognition. The carrying value of mortgages can be seen in note 12.

#### C COLLEAGUE BENEFITS

The Society operates a defined benefit pension scheme, which is currently closed to new members. Significant judgements (on such areas as future interest rates, inflation rates and mortality rates) have to be exercised in estimating the value of the assets and liabilities of the scheme, and hence of its net surplus.

The assumptions and associated sensitivities for the net surplus are outlined in note 32 to the accounts on pages 83 to 85.

#### D DETERMINATION WHETHER CONFIGURATION AND CUSTOMISATION SERVICES ARE DISTINCT FROM THE SAAS ACCESS

The Society has determined that Configuration and Customisation expenditure incurred during the set-up of SaaS software is distinct from the provision of that SaaS arrangement and is therefore expensing these costs through the income statement as they are incurred.



## NOTES TO THE ACCOUNTS (CONTINUED)

### 2 INTEREST RECEIVABLE AND SIMILAR INCOME

	2025 £000	2024 £000
On loans fully secured on residential property	24,160	23,036
On loans fully secured on land	3,621	2,215
Interest and other income on debt securities (all fixed income)	728	708
Interest and other income on other liquid assets	3,116	4,040
Net income on derivatives	255	1,663
	<b>31,880</b>	<b>31,662</b>

Included within interest income is £561,632 (2024: £566,879) in respect of interest income accrued on impaired loans, two or more months in arrears. Debt security interest received of £728,140 (2024: £707,510) relates to interest earned from UK Government Treasury Bills and Gilts held during the year.

### 3 INTEREST PAYABLE AND SIMILAR CHARGES

	2025 £000	2024 £000
On shares held by individuals	16,684	15,361
On deposits and other borrowings	1,957	3,517
Net (income)/expense on derivatives	(42)	39
	<b>18,599</b>	<b>18,917</b>

### 4 FEES AND COMMISSIONS

#### A FEES AND COMMISSIONS RECEIVABLE

	2025 £000	2024 £000
Insurance commission	10	12
Other commissions	24	8
Fees receivable	109	105
	<b>143</b>	<b>125</b>

#### B FEES AND COMMISSIONS PAYABLE

	2025 £000	2024 £000
Bank charges	91	82
Other mortgage administration fees payable	629	374
	<b>720</b>	<b>456</b>

The above fees are those which do not form part of the effective interest rate and are recognised on an accruals basis when the service has been provided or on the completion of an act to which the fee relates. Fees which are considered to form part of the effective interest rate include, for example, mortgage arrangement and procurement fees which are recorded in interest income.



## NOTES TO THE ACCOUNTS (CONTINUED)

### 5 NET (LOSSES)/GAINS FROM DERIVATIVE FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 £000	2024 £000
Movement in derivatives in designated fair value hedge relationships	(1,497)	(239)
Movement in hedged items in fair value hedge accounting relationships	1,412	222
<b>Net Matched Position</b>	<b>(85)</b>	<b>(17)</b>
(Loss) / Gain on derivatives not in designated fair value relationships	(41)	87
	<b>(126)</b>	<b>70</b>

The net fair value loss from matched derivative financial instruments of £85k (2024: £17k) represents the net fair value movement on derivative instruments that match risk exposures on an economic basis. Some accounting volatility arises on these items due to accounting ineffectiveness on designated hedges. The loss of £41k (2024: gain of £87k) on derivatives not in a designated fair value relationship represents the change in fair value of unmatched derivatives arising from timing differences between the execution of the derivatives and the completion of the associated underlying hedged items.

The above numbers are based on an average effectiveness of 102.24 % (2024: 104.82%) for SONIA based derivatives taken to hedge underlying assets and 98.62% (2024: 88.61%) for SONIA based derivatives taken to hedge underlying liabilities.

### 6 ADMINISTRATIVE EXPENSES

	2025 £000		2024 £000	
	Recurring	Non-recurring	Recurring	Non-recurring
Wages & salaries	5,049	463	4,540	196
Social security costs	642	60	495	21
Contributions to defined contribution pension scheme	694	69	589	44
Operating leases	37	-	37	-
Other administrative expenses	4,008	1,505	3,339	1,363
<b>Total administrative expenses</b>	<b>10,430</b>	<b>2,097</b>	<b>9,000</b>	<b>1,624</b>

Included in other recurring administrative expenses are the following:

Auditor's remuneration (stated exclusive of VAT)

	2025 £000	2024 £000
Payments to the Auditor for:		
Audit of these financial statements	204	184
Amounts receivable by the Society's Auditors and its associates in respect of:		
Other audit services	10	10

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, we will be presenting the non-recurring costs related to this transformation separately, as shown above. During 2025, Project Sherwood costs comprised consultant and recruitment costs, legal and assurance fees in relation to contract negotiations and vendor implementation fees.



## NOTES TO THE ACCOUNTS (CONTINUED)

### 7 COLLEAGUE NUMBERS

The average number of persons employed during the year was as follows:

	2025	2024
<b>FULL TIME</b>		
Principal Office	88	77
Branch Offices	17	14
	<b>105</b>	<b>91</b>
<b>PART TIME</b>		
Principal Office	17	18
Branch Offices	12	11
	<b>29</b>	<b>29</b>

### 8 DIRECTORS' REMUNERATION

#### REMUNERATION OF DIRECTORS

	2025 £000	2024 £000
For services as Non-Executive Directors	230	207
For services as Executives	497	469
	<b>727</b>	<b>676</b>

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

Further details of the Directors' remuneration are given in the Directors' Remuneration Report on pages 39 to 41.

#### A DIRECTORS' LOANS AND TRANSACTIONS

At 31 December 2025, there were no outstanding mortgage loans granted in the ordinary course of business to any Directors or their connected persons (2024: £nil).

A register is maintained at the Principal Office of the Society, under Section 68 of the Building Societies Act 1986, which shows details of all loans, transactions and arrangements with Directors and their connected persons.

A statement of the appropriate details contained in the register, for the financial year ended 31 December 2025, will be available for inspection at the Principal Office for a period of 15 days up to and including the Annual General Meeting.

#### B RELATED PARTY TRANSACTIONS

During the year there were no services provided to the Society by any connected business of a serving Director. At 31 December 2025, there were no amounts outstanding to any connected businesses (2024: £nil).

There were no significant contracts with the Society subsisting during or at the end of the financial year in which a Director of the Society (or a person connected with a Director of the Society) is, or was, interested.

At 31 December 2025 a total of £167,915 (2024: £156,170) was held in Society savings by the Directors and their connected parties.



## NOTES TO THE ACCOUNTS (CONTINUED)

### 9 TAX ON PROFIT ON ORDINARY ACTIVITIES

ANALYSIS OF CHARGE IN YEAR	2025 £000	2024 £000
<b>CURRENT TAX</b>		
Corporation tax at 25.00% (2024: 24%)	-	368
Adjustments relating to prior year	1	(33)
<b>Total current tax</b>	<b>1</b>	<b>335</b>
<b>DEFERRED TAX</b>		
Origination and reversal of timing differences	(110)	(5)
Adjustment to prior year estimates	-	-
Effects of changes in tax rate	-	-
<b>Total tax</b>	<b>(110)</b>	<b>330</b>
<b>FACTORS AFFECTING THE TAX CHARGE FOR THE CURRENT PERIOD</b>		
(Loss)/Profit on ordinary activities before tax	(566)	1,340
Current tax at 25.00% (2024: 25%)	(142)	335
Effects of:		
Expenses not deductible for tax purposes	31	29
Effects of super deduction element of capital allowances	-	(1)
Impact of different tax rates	-	-
Adjustments relating to prior year	1	(33)
<b>Total tax</b>	<b>(110)</b>	<b>330</b>

	2025			2024		
	Current tax £000	Deferred tax £000	Total tax £000	Current tax £000	Deferred tax £000	Total tax £000
Recognised in statement of comprehensive income	1	(110)	(110)	335	(5)	330
<b>Total tax</b>	<b>1</b>	<b>(110)</b>	<b>(110)</b>	<b>335</b>	<b>(5)</b>	<b>330</b>

The UK corporation tax rate of 25%, effective from 1 April 2023, has been applied in the current year. Deferred tax has been measured using this enacted rate.



## NOTES TO THE ACCOUNTS (CONTINUED)

### 10 LIQUID ASSETS

#### A CASH AND CASH EQUIVALENTS

	2025 £000	2024 £000
Cash in hand and balance with the Bank of England	37,876	61,469
Loans and advances to credit institutions	8,044	4,324
<b>Cash and cash equivalents per Cash Flow Statement</b>	<b>45,920</b>	<b>65,793</b>

#### B LOANS AND ADVANCES TO CREDIT INSTITUTIONS

Loans and advances to credit institutions have remaining maturities as follows:

	2025 £000	2024 £000
Repayable on demand	8,117	4,426
In not more than three months	1,013	11,998
In more than three months but not more than one year	13,112	-
<b>Total</b>	<b>22,242</b>	<b>16,424</b>
<b>Of which, included within cash and cash equivalents</b>	<b>8,044</b>	<b>4,324</b>

Loans and advances to credit institutions which are included within cash and cash equivalents in the Cash Flow Statement comprise current accounts held at other credit institutions utilised for the Society's daily operations.

#### C DEBT SECURITIES

Debt securities have remaining maturities as follows:

	2025 £000	2024 £000
Repayable on demand	-	-
In not more than three months	9,950	5,079
In more than three months but not more than one year	10,801	14,804
In more than one year but less than three years	5,036	-
In more than three years	-	-
<b>Total</b>	<b>25,787</b>	<b>19,883</b>

Movements in debt securities are summarised below:

	2025 £000	2024 £000
At 1 January	19,883	4,950
Additions	30,986	39,944
Impairments	11	(11)
Maturities	(25,093)	(25,000)
<b>At 31 December</b>	<b>25,787</b>	<b>19,883</b>



## NOTES TO THE ACCOUNTS (CONTINUED)

### 11 DERIVATIVE FINANCIAL INSTRUMENTS

	2025		2024	
	Positive market value £000	Negative market value £000	Positive market value £000	Negative market value £000
Derivatives designated as fair value hedges:				
Interest rate swaps	161	1,364	810	516
Derivatives not designated as fair value hedges:				
Interest rate swaps	-	-	41	-
<b>At 31 December</b>	<b>161</b>	<b>1,364</b>	<b>851</b>	<b>516</b>

The movements in the market value of interest rate swaps have been driven by changes in the market's forward view of interest rates.

Unmatched derivatives relate to swaps which have not matched against either mortgages or savings for hedge accounting purposes at the balance sheet date and reflect short-term timing differences between the transacting of the interest rate swap and the completion of the associated mortgages / savings.



## NOTES TO THE ACCOUNTS (CONTINUED)

### 12 LOANS AND ADVANCES TO CUSTOMERS

	2025 £000	2024 £000
Loans fully secured on residential property	463,157	433,665
Loans fully secured on land	31,316	13,439
Fair value adjustment for hedged risk	1,023	(406)
<b>At 31 December</b>	<b>495,496</b>	<b>446,698</b>

The remaining maturity of loans and advances to customers from the date of the balance sheets is as follows:

MATURITY ANALYSIS	NOTE	2025 £000	2024 £000
On call and at short notice		3,873	2,134
Repayable with remaining maturity:			
In not more than three months		10,475	6,551
In more than three months but not more than one year		21,178	12,693
In more than one year but not more than five years		58,742	54,079
In more than five years		402,330	372,275
		496,598	447,732
Less allowance for impairment for bad and doubtful debts	13	(1,102)	(1,034)
		<b>495,496</b>	<b>446,698</b>

The maturity analysis is based on contractual maturity not actual redemption levels experienced by the Society.

The Society pledges mortgage assets to the Bank of England as collateral under the Sterling Monetary Framework. Amounts collateralised are shown in note 28, page 76.

The Society operates throughout England, Scotland and Wales and an analysis of the geographical concentration is shown in the table below:

GEOGRAPHICAL ANALYSIS	2025 %	2024 %
North East	2.7	3.1
North West	11.8	12.3
Yorkshire and Humberside	9.4	8.9
East Midlands	15.0	12.8
West Midlands	8.9	8.9
East Anglia	5.2	5.3
South West	11.0	11.6
London	8.3	9.6
South East	15.8	15.6
Wales	5.2	5.3
Scotland	6.7	6.6
	<b>100.0</b>	<b>100.0</b>



## NOTES TO THE ACCOUNTS (CONTINUED)

### 13 ALLOWANCE FOR IMPAIRMENT

Provisions against loans and advances to customers have been made as follows:

	Loans fully secured on residential property		Loans fully secured on land		Total	
	2025 £000	2024 £000	2025 £000	2024 £000	2025 £000	2024 £000
<b>AT 1 JANUARY</b>						
Individual impairment	515	316	6	17	522	333
Collective impairment	479	690	34	36	513	726
	<b>994</b>	<b>1,006</b>	<b>40</b>	<b>53</b>	<b>1,034</b>	<b>1,059</b>
<b>AMOUNT UTILISED</b>						
Individual impairment	(210)	(47)	-	-	(210)	(47)
Collective impairment	-	-	-	-	-	-
	<b>(210)</b>	<b>(47)</b>	<b>-</b>	<b>-</b>	<b>(210)</b>	<b>(47)</b>
<b>CHARGE / (CREDIT) FOR THE YEAR</b>						
Individual impairment	99	247	(6)	(11)	93	236
Collective impairment	(4)	(211)	188	(3)	184	(214)
	<b>95</b>	<b>36</b>	<b>182</b>	<b>(14)</b>	<b>277</b>	<b>22</b>
<b>AT 31 DECEMBER</b>						
Individual impairment	404	516	-	6	404	522
Collective impairment	475	479	222	33	697	512
	<b>880</b>	<b>995</b>	<b>222</b>	<b>39</b>	<b>1,101</b>	<b>1,034</b>

The movement in both collective and individual impairment during the year reflects the changes in the composition of the mortgage book, the resolution of a previously impaired exposure that was subject to a specific provision, including £210k of impairment utilised following repossession and subsequent sale during the year, and management's updated assessment of credit losses at the reporting date.



## NOTES TO THE ACCOUNTS (CONTINUED)

### 14 TANGIBLE FIXED ASSETS

	Freehold land and buildings £000	Equipment, fixtures and fittings £000	Assets in the course of construction £000	Total £000
<b>COST</b>				
At 1 January 2025	1,358	1,711	3	3,072
Additions/Transfers	-	184	9	193
Disposals/Transfers	-	(109)	-	(109)
<b>At 31 December 2025</b>	<b>1,358</b>	<b>1,786</b>	<b>12</b>	<b>3,156</b>
<b>DEPRECIATION</b>				
At 1 January 2025	(201)	(1,149)	-	(1,350)
Charge for year	(17)	(168)	-	(185)
Disposals	-	110	-	110
<b>At 31 December 2025</b>	<b>(218)</b>	<b>(1,207)</b>	<b>-</b>	<b>(1,425)</b>
<b>NET BOOK VALUE</b>				
At 1 January 2025	1,157	562	3	1,722
<b>At 31 December 2025</b>	<b>1,140</b>	<b>579</b>	<b>12</b>	<b>1,731</b>

Included within freehold land and buildings above is £476,143 (2024: £476,143) of non-depreciable land.

The net book value of land and buildings occupied by the Society for its own activities is £1,139,890. (2024: £1,156,516).

A review of equipment, fixtures and fittings during the year has prompted the disposal of £110,230 (2024: £8,846) of fully depreciated fixed assets which had a nil net book value and which had become obsolete during the year.

Assets in the course of construction represent assets which are not brought into immediate use upon purchase and accordingly, depreciation is not charged until the assets become operational. Upon becoming operational, such assets are transferred to the appropriate tangible fixed asset category. During the year, £2,000 (2024: £nil) of assets were transferred from assets in the course of construction into equipment, fixtures and fittings. This amount is included within additions for the year.



## NOTES TO THE ACCOUNTS (CONTINUED)

### 15 INTANGIBLE ASSETS

	Software £000	Assets in the course of construction £000	Total £000
<b>COST</b>			
At 1 January 2025	1,148	-	1,148
Additions/Transfers	28	81	109
Disposals/Transfers	(22)	-	(22)
At 31 December 2025	<b>1,154</b>	<b>81</b>	<b>1,235</b>
<b>AMORTISATION</b>			
At 1 January 2025	(960)	-	(960)
Charge for year	(136)	-	(136)
Disposals/Transfers	22	-	22
At 31 December 2025	<b>(1,074)</b>	<b>-</b>	<b>(1,074)</b>
<b>NET BOOK VALUE</b>			
At 1 January 2025	188	-	188
At 31 December 2025	<b>80</b>	<b>81</b>	<b>161</b>

A review of intangible assets during the year has prompted the disposal of £22,000 (2024: £164,672) of intangible assets which had a nil net book value, as the assets were either obsolete or had been replaced with upgraded software during the year.

During the year £2,904 (2024: £nil) of assets were transferred in the course of construction into software and brought into use by the Society. This amount is included in additions to software for the year.

The Society has recognised no amounts (2024: £nil) relating to the research and development of an intangible asset in the Statement of Comprehensive Income during the year.

Assets in the course of construction, relate to software assets which are not brought into immediate use upon purchase. Amortisation is not applied to such assets until they become useful, at which time the assets are removed from the construction pool and transferred into the main pool of software assets.



## NOTES TO THE ACCOUNTS (CONTINUED)

### 16 OTHER ASSETS

	2025 £000	2024 £000
Prepayments	1,087	1,018
Deferred Tax Asset	32	-
Current Tax Asset	10	-
	<b>1,129</b>	<b>1,018</b>

### 17 SHARES

	2025 £000	2024 £000
Held by individuals	455,241	434,386
Fair value of hedged risk	50	34
	<b>455,291</b>	<b>434,420</b>

Shares are repayable from the balance sheet date in the ordinary course of business as follows:

Accrued interest	4,077	3,539
Repayable on demand	122,353	120,067
Other shares by residual maturity repayment:		
In not more than three months	166,353	121,301
In more than three months but not more than one year	85,725	117,190
In more than one year but not more than five years	74,396	70,120
In more than five years	2,387	2,203
	<b>455,291</b>	<b>434,420</b>

### 18 AMOUNTS OWED TO CREDIT INSTITUTIONS

	2025 £000	2024 £000
Amounts owed to credit institutions are repayable from the balance sheet date in the ordinary course of business as follows:		
Accrued interest	304	441
Repayable with agreed maturity dates or period of notice:		
On demand	-	150
In not more than three months	16,600	1,750
In more than three months but not more than one year	20,000	33,000
In more than one year but less than two years	-	-
In more than two years but not more than five years	-	-
	<b>36,904</b>	<b>35,341</b>

Included within the amounts above is funding drawn from the Bank of England's Sterling Monetary Framework. Under this framework, the Society pledges eligible mortgage assets to the Bank of England as collateral. The amount of collateral relating to this scheme is shown in note 28 on page 76.



## NOTES TO THE ACCOUNTS (CONTINUED)

### 19 AMOUNTS OWED TO OTHER CUSTOMERS

	2025 £000	2024 £000
Amounts owed to other customers are repayable from the balance sheet date in the ordinary course of business as follows:		
Accrued interest	81	65
On demand	9,166	14,191
With agreed maturity dates or period of notice:		
In not more than three months	15,424	8,273
In more than three months but not more than one year	23,464	14,304
In more than one year but not more than five years	2,585	355
Fair value hedged risk	-	(1)
	<b>50,720</b>	<b>37,187</b>

### 20 ACCRUALS

	2025 £000	2024 £000
Accruals falling due in less than one year	758	330
	<b>758</b>	<b>330</b>

### 21 OTHER LIABILITIES

	2025 £000	2024 £000
Falling due within one year:		
Corporation tax	-	166
Other creditors	1,572	1,813
	<b>1,572</b>	<b>1,979</b>

### 22 DEFERRED TAX ASSETS AND LIABILITIES

	Assets		Liabilities		Net	
	2025 £000	2024 £000	2025 £000	2024 £000	2025 £000	2024 £000
Accelerated capital allowances	-	-	158	133	158	133
Short term timing differences	(73)	(53)	-	-	(73)	(53)
Losses	(117)	-	-	-	(117)	-
<b>Tax (assets) / liabilities</b>	<b>(190)</b>	<b>(53)</b>	<b>158</b>	<b>133</b>	<b>(32)</b>	<b>80</b>

Approximately £73k of deferred tax assets is expected to reverse in the next financial year, primarily relating to short term timing differences. The remaining deferred tax balances will unwind over future periods as the underlying timing differences reverse.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset realised, based on tax rates and laws that have been enacted or substantively enacted by the date of the statement of financial position. Deferred tax balances in respect of fixed asset timing difference, tax losses and short-term timing difference have been calculated at 25%.



## NOTES TO THE ACCOUNTS (CONTINUED)

### 23 PROVISIONS

	Bonus Provision > 1 yr £000	Rental Dilapidations £000	Total £000
Balance at 1 January 2025	199	12	211
Provisions charged during the year	30	1	31
Provisions released to profit and loss			
<b>Balance at 31 December 2025</b>	<b>229</b>	<b>13</b>	<b>242</b>

### BONUS PROVISION

The Society pays a medium-term bonus to all senior colleagues subject to satisfactory personal performance and based on Society targets. The bonus relates to annual performance and a material element of it is deferred, with 50% of the deferred element paid in the year following the year of earning and 25% in each of the following two years subject to meeting Society medium-term and personal targets. The bonus is awarded as a percentage of the individual's salary at the time of payment.

### DILAPIDATIONS

The rental dilapidations provision relates to an assessment of the branches that the Society leases and any potential work that would be required in the event that the Society allowed these leases to end. The review has led to a £12,678 (2024: £12,201) provision for these works as a result. The provision is expected to be utilised between 2025 and 2029 as the leases terminate.

## 24 CONTINGENT LIABILITIES

### VIRGIN MEDIA CASE

The Society is aware of the ongoing "Virgin Media (VM) Ltd and others" case and that there is a potential for the outcome of the case to have an impact on the Society's defined benefit pension scheme. The case affects defined benefit schemes that provided contracted-out benefits before 6 April 2016 based on meeting the reference scheme test. Where scheme rules were amended, potentially impacting benefits accrued from 6 April 1997 to 6 April 2016, schemes needed the actuary to confirm that the reference scheme test was still being met by providing written confirmation under Section 37 (s37) of the Pension Schemes Act 1993. In July 2024, the Court of Appeal confirmed that alterations to scheme rules affecting contracted-out benefits may be void where contemporaneous written actuarial confirmation required under s37 was not obtained.

The Trustees have not treated any past amendments as invalid, and no claims have been raised. The position will be reviewed once actuarial analysis is complete and the legislative position is finalised.

During 2025, the Government announced its intention to introduce legislation that will allow for retrospective remedy, allowing schemes to obtain retrospective s37 actuarial tests. These amendments have now been considered by the Public Bill Committee of the House of Commons and incorporated in the latest print of the Pension Schemes Bill. As this legislation is not yet finalised, the potential impact on the Society is not yet known and remains uncertain pending actuarial review and the outcome of the legislative process.

No provision has been recognised as the recognition criteria in FRS 102 Section 21 has not been met at the reporting date and the potential impact cannot yet be reliably estimated. Any future impact would be reflected in the measurement of the defined benefit pension obligation. The materiality of this matter continues to be assessed.

## 25 COMMITMENTS

### FINANCIAL COMMITMENTS

#### COLLEAGUE PENSIONS

Under the Trust Deed of the colleague pension scheme, the Trustees have a claim on the assets of the Society if there are insufficient assets available to meet all benefits payable by the scheme.

#### CAPITAL COMMITMENTS

No material capital expenditure has been contracted for or authorised at 31 December 2025 (2024: £nil).

#### COMMITTED EXPENDITURE

At the balance sheet date, the remaining forward-looking commitment in relation to the TCS implementation contract amounted to £0.4m (2024: £0.6m), all of which is contractually due in 2026.

## NOTES TO THE ACCOUNTS (CONTINUED)

### 26 OPERATING LEASES

Non-cancellable operating lease rentals are payable as follows:

	2025		2024	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Less than one year	42	-	34	-
Greater than one year less than five years	120	-	114	-
Greater than five years	34	-	-	-
	<b>196</b>	<b>-</b>	<b>148</b>	<b>-</b>

### 27 GENERAL RESERVES

	2025 £000	2024 £000
At 1 January	38,189	37,179
(Loss) / Profit for the financial year	(457)	1,010
At 31 December	<b>37,732</b>	<b>38,189</b>



## NOTES TO THE ACCOUNTS (CONTINUED)

### 28 FINANCIAL INSTRUMENTS

Instruments used for risk management purposes include derivative financial instruments (derivatives), which are contracts or agreements whose value is derived from one or more underlying price, rate or index inherent in the contract or agreement, such as interest rates.

The Society's principal derivatives used in balance sheet risk management are interest rate swaps, which are used to hedge balance sheet exposures arising from fixed rate mortgage lending and savings products. These derivatives are only used by the Society in accordance with the Building Societies Act 1986 (as amended by the Building Societies Act 1997) to limit the extent to which the Society will be affected by changes in interest rates or other factors specified in the legislation. Derivatives are not used in trading activity or for speculative purposes; consequently, all such instruments are classified as hedging contracts.

Financial assets and liabilities are measured on an ongoing basis either at fair value or at amortised cost as shown in the following table. The Society's use of derivatives forms part of its overall asset and liability management approach to managing interest rate risk.

FINANCIAL INSTRUMENT	TERMS AND CONDITIONS	ACCOUNTING POLICY
LOANS AND ADVANCES TO CREDIT INSTITUTIONS	<ul style="list-style-type: none"> <li>▪ Fixed interest rate</li> <li>▪ Fixed term</li> <li>▪ Short to medium term maturity</li> </ul>	<ul style="list-style-type: none"> <li>▪ Loans and receivables at amortised cost</li> <li>▪ Accounted for at settlement date</li> </ul>
DEBT SECURITIES	<ul style="list-style-type: none"> <li>▪ Fixed interest rate</li> <li>▪ Fixed term</li> <li>▪ Short to medium term maturity</li> </ul>	<ul style="list-style-type: none"> <li>▪ Amortised cost</li> <li>▪ Accounted for at settlement date</li> </ul>
LOANS AND ADVANCES TO CUSTOMERS	<ul style="list-style-type: none"> <li>▪ Secured on residential property or land</li> <li>▪ Typical standard contractual term of 25 years</li> <li>▪ Fixed or variable rate of interest</li> </ul>	<ul style="list-style-type: none"> <li>▪ Loans and receivables at amortised cost</li> <li>▪ Accounted for from date of advance</li> </ul>
SHARES	<ul style="list-style-type: none"> <li>▪ Fixed or variable term</li> <li>▪ Fixed or variable interest rates</li> </ul>	<ul style="list-style-type: none"> <li>▪ Amortised cost</li> <li>▪ Accounted for from the date of deposit</li> </ul>
AMOUNTS OWED TO CREDIT INSTITUTIONS	<ul style="list-style-type: none"> <li>▪ Fixed or base rate linked interest rate</li> <li>▪ Fixed term</li> <li>▪ Short to medium term maturity</li> </ul>	<ul style="list-style-type: none"> <li>▪ Amortised cost</li> <li>▪ Accounted for at settlement date</li> </ul>
AMOUNTS OWED TO OTHER CUSTOMERS	<ul style="list-style-type: none"> <li>▪ Fixed or variable rate of interest</li> <li>▪ Fixed or variable term</li> <li>▪ Short to medium term maturity</li> </ul>	<ul style="list-style-type: none"> <li>▪ Amortised cost</li> <li>▪ Accounted for at settlement date or date of deposit</li> </ul>
DERIVATIVE FINANCIAL INSTRUMENTS	<ul style="list-style-type: none"> <li>▪ Fixed interest received / paid converted to variable interest paid / received</li> <li>▪ Based on the notional value of the derivative</li> </ul>	<ul style="list-style-type: none"> <li>▪ Fair value through profit and loss</li> <li>▪ Accounted for at trade date</li> </ul>
CASH	<ul style="list-style-type: none"> <li>▪ Non-interest or variable interest bearing</li> <li>▪ Repayable on demand</li> <li>▪ Held for liquidity and operational purposes</li> </ul>	<ul style="list-style-type: none"> <li>▪ Amortised cost</li> <li>▪ Recognised on settlement date</li> </ul>

The Society's accounting policies, set out in Note 1, describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The tables below analyse the Society's assets and liabilities by financial classification:



## NOTES TO THE ACCOUNTS (CONTINUED)

### CARRYING VALUES BY CATEGORY 31 DECEMBER 2025

	Held at amortised cost		Held at fair value		Total £000
	Loans and Receivables £000	Financial liabilities £000	Derivatives £000		
<b>FINANCIAL ASSETS</b>					
Cash in hand and balances with Bank of England	37,876	-	-		37,876
Loans and advances to credit institutions	22,242	-	-		22,242
Debt securities	25,787	-	-		25,787
Derivative financial instruments	-	-	161		161
Loans and advances to customers	495,495	-	-		495,495
<b>Total Financial Assets</b>	<b>581,400</b>	<b>-</b>	<b>161</b>		<b>581,561</b>
Non-financial assets					3,021
<b>Total Assets</b>					<b>584,582</b>
<b>FINANCIAL LIABILITIES</b>					
Shares	-	455,291	-		455,291
Amounts owed to credit institutions	-	36,904	-		36,904
Amounts owed to other customers	-	50,720	-		50,720
Derivative financial instruments	-	-	1,364		1,364
Other liabilities	-	2,329	-		2,329
<b>Total Financial Liabilities</b>	<b>-</b>	<b>545,244</b>	<b>1,364</b>		<b>546,608</b>
Non-financial liabilities					242
<b>Total Liabilities</b>					<b>546,850</b>
<b>RESERVES</b>					
General reserves					37,732
<b>Total</b>					<b>584,582</b>



## NOTES TO THE ACCOUNTS (CONTINUED)

### CARRYING VALUES BY CATEGORY

31 DECEMBER 2024

	Held at amortised cost		Held at fair value	
	Loans and Receivables £000	Financial liabilities £000	Derivatives £000	Total £000
<b>Financial Assets</b>				
Cash in hand and balances with Bank of England	61,469	-	-	61,469
Loans and advances to credit institutions	16,424	-	-	16,424
Debt securities	19,883	-	-	19,883
Derivative financial instruments	-	-	851	851
Loans and advances to customers	446,698	-	-	446,698
<b>Total Financial Assets</b>	<b>544,474</b>	<b>-</b>	<b>851</b>	<b>545,325</b>
Non-financial assets				2,928
<b>Total Assets</b>				<b>548,253</b>
<b>Financial Liabilities</b>				
Shares	-	434,420	-	434,420
Amounts owed to credit institutions	-	35,341	-	35,341
Amounts owed to other customers	-	37,187	-	37,187
Derivative financial instruments	-	-	516	516
Other liabilities	-	2,143	-	2,143
<b>Total Financial Liabilities</b>	<b>-</b>	<b>509,091</b>	<b>516</b>	<b>509,607</b>
Non-financial liabilities				457
<b>Total Liabilities</b>				<b>510,064</b>
<b>Reserves</b>				
General reserves				38,189
<b>Total</b>				<b>548,253</b>

### VALUATION OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE

The Society holds certain financial assets and liabilities at fair value, grouped into Levels 1 to 3 of the fair value hierarchy (see below).

Fair values are determined using the following fair value hierarchy that reflects the significance of the inputs in measuring fair value:

**Level 1:** The most reliable fair values of financial instruments are quoted market prices in an actively traded market. The Society does not hold any Level 1 assets/liabilities.

**Level 2:** These are valuation techniques for which all significant inputs are taken from observable market data. These include valuation models used to calculate the present value of expected future cash flows and may be employed when no active market exists, and quoted prices are available for similar instruments in active markets. The Society's Level 2 portfolio comprises interest rate swaps for which market informed yield curves have been used in their fair value.



## NOTES TO THE ACCOUNTS (CONTINUED)

**Level 3:** These are valuation techniques for which one or more significant inputs is not based on observable market data. Valuation techniques include net present value by way of discounted cash flow models. The Society does not hold any Level 3 assets/liabilities.

The table below summarises the fair values of the Society's financial assets and liabilities that are accounted for at fair value, analysed by the valuation methodology used by the Society to derive the financial instruments fair value:

FAIR VALUE AT 31 DECEMBER	2025 Level 2 £000	2024 Level 2 £000
<b>Financial Assets</b>		
Interest rate swaps	161	851
	<b>161</b>	<b>851</b>
<b>Financial Liabilities</b>		
Interest rate swaps	1,364	516
	<b>1,364</b>	<b>516</b>

### FINANCIAL ASSETS PLEDGED AS COLLATERAL

The total financial assets recognised in the statement of financial position that had been pledged as collateral for liabilities at 31 December 2025 and 2024 are shown in the following table:

	2025 £000	2024 £000
Loans and advances to customers	75,866	101,393
Debt securities	6,000	-
	<b>81,866</b>	<b>101,393</b>

The mortgage loans and debt securities are pledged as collateral against any loans received from the Bank of England under the Sterling Monetary Framework.



## NOTES TO THE ACCOUNTS (CONTINUED)

### 29 CREDIT RISK

Credit risk is the risk of default by counterparties to transactions. Appropriate credit limits have been established for individual counterparties, sectors and countries and the Board ensures that the Society adheres to these limits.

The Society's maximum credit risk exposure is detailed in the table below:

	2025 £000	2024 £000
Cash in hand and balances with Bank of England	37,876	61,469
Loans and advances to credit institutions	22,242	16,424
Debt securities	25,787	19,883
Derivative financial instruments	161	851
Loans and advances to customers - fully secured on residential property	464,036	434,660
- fully secured on land	31,539	13,478
Total statement of financial position exposure	581,641	546,765
Off balance sheet exposure - mortgage commitments	54,322	33,640
	<b>635,963</b>	<b>580,405</b>

Off balance sheet mortgage commitments are mortgage offers and retentions which are outside the scope of IAS 39 and therefore held off balance sheet.



## NOTES TO THE ACCOUNTS (CONTINUED)

### MORTGAGE BOOK CREDIT RISK

Credit quality analysis of loans and advances to customers excluding commitments to lend:

NOTE	2025		2024	
	Loans fully secured on residential property £000	Loans fully secured on land £000	Loans fully secured on residential property £000	Loans fully secured on land £000
<b>Not Impaired</b>				
Neither past due nor impaired	437,891	27,823	413,600	12,567
Past due under 3 months but not impaired	2,678	3,716	4,365	-
Past due 3 months and over but not impaired	4,423	-	4,009	-
<b>Impaired</b>				
Not past due	11,346	-	5,805	911
1-2 months	5,306	-	4,308	-
2-4 months	834	-	733	-
4-6 months	137	-	655	-
6 months +	1,421	-	1,185	-
	<b>464,036</b>	<b>31,539</b>	434,660	13,478
<b>Allowance for Impairment</b>				
Individual	(404)	-	(516)	(6)
Collective	(476)	(222)	(479)	(33)
13	<b>(880)</b>	<b>(222)</b>	(995)	(39)
<b>Loans and Advances to Customers</b>	<b>463,156</b>	<b>31,317</b>	433,665	13,439
	2025 £000		2024 £000	
<b>Indexed Value of Collateral Held</b>				
Neither past due nor impaired	1,067,921		978,337	
Past due but not impaired	29,534		18,087	
Impaired	25,838		26,408	
	<b>1,123,293</b>		1,022,832	

The allowance for impairment category includes cases in forbearance and arrears cases and customers who have entered into an IVA or bankruptcy. Individual assessments are made on all mortgage loans where objective evidence indicates that losses are likely (for example when loans are past due) or the property is in possession, or where credit scoring evidence suggests an impairment trigger has occurred due to the customer's inability to afford repayments. Further consideration is given in the accounting policies on pages 54 to 58.



## NOTES TO THE ACCOUNTS (CONTINUED)

The collateral consists of residential and commercial property. Collateral values are adjusted by the latest price index produced by the Land Registry to derive the indexed valuation at 31 December 2025. This index takes into account regional data from 11 different regions within the UK. The Society uses this index to update its mortgage portfolio on a monthly basis. Current economic conditions and their impact on the cost-of-living have resulted in an increase in the provision.

The value of collateral held against impaired loans at 31 December 2025 is £25,838k (2024: £26,408k) against outstanding debt of £19,044k (2024: £13,597k).

The value of collateral held against loans past due but not impaired as at 31 December 2025 is £29,534k (2024: £18,087k) against outstanding debt of £10,817k (2024: £8,373k).

### COLLATERAL HELD AND OTHER CREDIT ENHANCEMENTS

The Society holds collateral and other credit enhancements against certain of its credit exposures. The table below sets out the principal types of collateral held against different types of financial assets.

	Percentage of exposure that is subject to collateral requirements		Principal type of collateral held
	2025 %	2024 %	
Loans and Advances to Customers	100	100	Property

The table below stratifies exposures from loans and advances to customers by ranges of loan-to-value (LTV) ratio for mortgages fully secured on residential properties (FSRP) and mortgages fully secured on land (FSOL). LTV is calculated as the ratio of the gross amount of the loan to the value of the collateral. The gross amounts exclude any impairment allowance. The valuation of the collateral excludes any adjustments for obtaining and selling the collateral. The value of the collateral for residential mortgage loans is based on the collateral value at origination updated based on changes in house price indices.

LTV Ratio	2025		2024	
	FSRP £000	FSOL £000	FSRP £000	FSOL £000
Less than 50%	126,593	22,652	120,605	10,926
51 – 70%	151,020	4,708	143,040	1,415
71 – 90%	155,772	4,179	140,530	-
91 – 100%	28,298	-	29,134	1,137
More than 100%	2,353	-	1,351	-
	<b>464,036</b>	<b>31,539</b>	434,660	13,478

The average LTV for the total loan book is 44.1% (2024: 43.8%). Amounts shown as having an LTV in excess of 100% relates to nine Self-Build mortgage accounts and one Shared Ownership mortgage which was revalued two years ago, during an equity transfer agreement. Amounts shown as having an LTV in excess of 100% for 2024 relates to seven Self-Build mortgages and one Shared Ownership.

Self-Build products allow the borrower to draw funds in advance of the completion of the property. During the build it is possible therefore for the LTV to be greater than 100%. This is a short-term timing difference which is removed on the completion of the build. Valuations are carried out at each stage of the build, and the LTV shown here is prudently based on the last stage valuation. The above table includes £34.1m (2024: £29.5m) of Self-Build mortgages where the customer receives their funds in stages.

Family assist mortgages require the borrower to have a family member deposit an amount equivalent to 20% of the property's value or provide equivalent collateral in the form of equity in their own property. We do not include this additional security when calculating the above LTV figures.



## NOTES TO THE ACCOUNTS (CONTINUED)

The loans included in the 91-100% LTV banding include standard residential mortgages that are insured using High Loan to Value Insurance. There are also Shared Ownership customers in this banding, whose loans are shown as the mortgage balance versus the value of the share that the customer has purchased, as opposed to the percentage of the loan compared to the value of the property. A Housing Association will own the remaining share and a guarantee exists between the Society and the Housing Association which allows the Society to access the full equity in the property in a default situation.

### FORBEARANCE

Borrowers experiencing payment difficulties are encouraged to contact the Society as a number of forbearance measures are available to assist them with what, in most cases, are temporary problems. These measures include:

TEMPORARY CONCESSION	a temporary transfer to interest only or underpayments on a temporary basis.
AGREED FORMAL ARRANGEMENT	includes cases where there is an agreed arrears repayment plan.
LOAN MODIFICATION	includes cases where there is a term extension.

The table below analyses residential mortgage borrowers with renegotiated terms at the year end date:

	2025 Number	2024 Number
Temporary concession	2	3
Agreed formal arrangements	7	9
Loan modification	10	11
	<b>19</b>	<b>23</b>

At 31 December 2025 £1.92m (2024: £1.80m) of loans were subject to forbearance.



## NOTES TO THE ACCOUNTS (CONTINUED)

### 30 LIQUIDITY RISK

Liquidity risk is the risk that the Society will not have sufficient financial resources available to meet its obligations as they fall due, under either normal business conditions or a stressed environment. The Society's policy is to maintain sufficient funds in a liquid form at all times to ensure that liabilities can be met as they fall due. The objective of liquidity is to help smooth mismatches between maturing assets and liabilities and to provide a degree of protection against any unexpected event that may arise.

Monitoring of liquidity, in line with the Society's prudential policy framework, is performed daily. Compliance with these policies is reported to the Management Assets and Liabilities Committee 11 times per year and to the Board's Risk Committee quarterly.

The table below sets out the maturity analysis for financial liabilities. It shows the remaining contractual maturities at undiscounted amounts. The analysis of gross contractual cash flows differs from the analysis of residual maturity due to the inclusion of interest accrued at current rates, for the average period until maturity on the amounts outstanding at the statement of financial position date.

#### YEAR END 2025

	On Demand £000	Not more than three months £000	More than three months but not more than one year £000	More than one year but not more than five years £000	More than five years £000	Total £000
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#### FINANCIAL LIABILITIES

Shares	122,905	169,696	88,893	80,681	3,210	465,385
Amounts owed to credit institutions	-	16,900	20,452	-	-	37,352
Amounts owed to other customers	18,363	6,508	24,087	2,346	-	51,303
<b>Total Financial Liabilities</b>	<b>141,268</b>	<b>193,104</b>	<b>133,432</b>	<b>83,027</b>	<b>3,210</b>	<b>554,040</b>

#### YEAR END 2024

	On Demand £000	Not more than three months £000	More than three months but not more than one year £000	More than one year but not more than five years £000	More than five years £000	Total £000
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#### FINANCIAL LIABILITIES

Shares	120,943	123,408	122,257	76,317	3,087	446,012
Amounts owed to credit institutions	152	1,774	38,842	-	-	40,768
Amounts owed to other customers	14,211	8,348	14,663	379	-	37,601
Derivative financial instruments	-	26	(75)	2,094	-	2,045
<b>Total Financial Liabilities</b>	<b>135,306</b>	<b>133,556</b>	<b>175,687</b>	<b>78,790</b>	<b>3,087</b>	<b>526,426</b>



## NOTES TO THE ACCOUNTS (CONTINUED)

### 31 MARKET RISK

Market risk is the risk of changes to the Society's financial condition caused by market interest rates. The Society is exposed to movements in interest rates reflecting the mismatch between the dates on which interest receivable on assets and interest payable on liabilities are next reset to market rates or, if earlier, the dates on which the instruments mature. The Society manages this exposure continually by using both on and off-balance sheet instruments.

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Society's financial assets and financial liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 200 basis point (bp) parallel fall or rise in the yield curve. The following is an analysis of the Society's sensitivity to an increase or decrease in market interest rates, assuming no asymmetrical movement in yield curves and a constant financial position.

#### SENSITIVITY OF PROJECTED NET INTEREST INCOME

	2025		2024	
	200bp parallel increase £000	200bp parallel decrease £000	200bp parallel increase £000	200bp parallel decrease £000
As at 31 December	120	(112)	(352)	352
Average for the year	(387)	389	(418)	418
Maximum for the year	(633)	633	(721)	721
Minimum for the year	50	(43)	(67)	67

#### DERIVATIVES HELD FOR RISK MANAGEMENT

The Society uses derivatives to assist in managing interest rate risk. The only derivatives used are interest rate swaps to hedge its exposure to changes in the fair values of its fixed rate mortgages, its fixed rate savings and its exposure to market interest rates on certain treasury deposits.

The fair values of derivatives designated as fair value hedges are shown in note 11 on page 64.



## NOTES TO THE ACCOUNTS (CONTINUED)

### 32 PENSIONS

#### DEFINED CONTRIBUTION SCHEMES

The Society operates two personal pension plans, The Mansfield Building Society 2007 Group Personal Pension Plan and The Mansfield Building Society 2014 Auto Enrolment Plan. Both schemes are available to all colleagues. During the year ended 31 December 2025, the Society made contributions of £694,230 (2024: £633,521), which are included in the Statement of Comprehensive Income and shown in Note 6 within colleague costs. At 31 December 2025, 12 months of contributions, paid in arrears, had been made for the year.

#### DEFINED BENEFIT SCHEME

Additionally, the Society operates a defined benefit pension scheme, The Mansfield Building Society 1978 Retirement & Death Benefit Scheme (the Scheme). The Scheme funds are administered by Trustees and are independent of the Society's finances. Contributions are paid to the Scheme in accordance with the recommendations of an independent actuarial adviser. The Scheme was closed to future accruals for all colleagues with effect from 28 February 2007.

Details in respect of the Scheme are provided below. A professional qualified actuary carries out an actuarial valuation every three years. The latest valuation of the Scheme was undertaken as at 1 March 2022 using the projected unit credit method and both the assets and liabilities include the value of those pensions in payment which are secured with insured annuities. In accordance with FRS 102, this latest actuarial valuation was updated to the accounting date by an independent qualified actuary.

The following tables set out the principal actuarial assumptions underlying the Scheme.

	Year to 31 December	
	2025	2024
Price inflation	2.65%	3.15%
Discount rate	5.50%	5.50%
Pension increase (RPI)	2.85%	2.98%

In valuing the liabilities of the Scheme at 31 December 2025, assumptions have been made as indicated above. If the discount rate were to decrease by 0.50%, the value of the reported liabilities would have increased by approximately £0.22m (2024: £0.23m) before adjustment for deferred taxation. Similarly, if the life expectancies shown below increased by one year an increase of £0.12m (2024: £0.12m) would be seen in liabilities, and if the inflation rate shown were to increase by 0.25%, then an increase of £0.08m (2024: £0.08m) would be seen in liabilities.

The principal underlying assumption (shown below) relating to longevity is based on standard actuarial mortality tables and includes an allowance for future improvements in longevity.

	As at 31 December	
	2025	2024
<b>Assumed Life Expectancies on Retirement at Age 65</b>		
Male retiring immediately	20.9 years	20.6 years
Female retiring immediately	22.7 years	22.6 years
<b>Amounts Recognised in the Balance Sheet:</b>		
	2025	2024
	£000	£000
Liabilities	-	-
Assets	-	-
Net Asset	-	-



## NOTES TO THE ACCOUNTS (CONTINUED)

The table below provides a reconciliation of the present value of the defined benefit obligation.

	2025 £000	2024 £000
<b>DEFINED BENEFIT OBLIGATION</b>		
Fair value of plan assets	8,766	8,613
Present value of defined benefit obligation	(4,392)	(4,464)
Surplus in plan	4,374	4,149
Unrecognised surplus	(4,374)	(4,149)
Deferred tax	-	-
<b>Net Defined Benefit Asset to be Recognised<sup>1</sup></b>	<b>-</b>	<b>-</b>

- (1) Under FRS 102, where a scheme is in surplus according to FRS 102 assumptions, the surplus may only be recognised if it is available to the Society. A surplus is only deemed available to the extent that the Society can take a contribution holiday or if the Trustees have agreed to provide a refund to the Society. The Scheme is now closed and has no active members and no agreement has been made with the Scheme Trustees to make any refunds. Accordingly, it has been assumed that none of the surplus is currently available to the Society, unless the Scheme were to be wound up and therefore no asset was recognised at the balance sheet date. The surplus is not deemed to be available to the Society as the Trustees have the ultimate right to apply the Scheme's assets to settle the Scheme's liabilities in respect of pension and other benefits.

### RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	As at 31 December	
	2025 £000	2024 £000
Defined benefit obligation at start of period	4,464	4,771
Expenses	-	-
Interest expense	238	223
Actuarial gains	(44)	(254)
Benefits paid and expenses	(266)	(276)
Losses due to benefit changes	-	-
<b>Defined Benefit Obligation at End of Period</b>	<b>4,392</b>	<b>4,464</b>

### RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS

	As at 31 December	
	2025 £000	2024 £000
Fair value of plan assets at start of period	8,613	8,752
Interest income	467	414
Actuarial (losses) / gains	(49)	(278)
Contributions by the Society	9	9
Administrative expenses	(8)	(8)
Benefits paid and expenses	(266)	(276)
<b>Fair Value of Plan Assets at End of Period</b>	<b>8,766</b>	<b>8,613</b>

The actual return on the plan assets over the period ended 31 December 2025 was a gain of £418,000 (2024: a gain of £136,000).



## NOTES TO THE ACCOUNTS (CONTINUED)

	As at 31 December	
	2025 £000	2024 £000
<b>Defined benefit costs recognised in profit or loss</b>		
Contributions by the Society	9	9
Net interest income	228	191
Administration expenses	(8)	(8)
Effect of asset ceiling	(220)	(183)
<b>Defined Benefit Costs Recognised in Profit and Loss Account</b>	<b>9</b>	<b>9</b>

Over the year to 31 December 2025, contributions by the Society of £9,100 were made to the Scheme (Year to 31 December 2024: £8,500).

The total amount recognised in other comprehensive income in respect of actuarial gains and losses is £nil (2024: £nil).

The English High Court ruling in Lloyds Banking Group Pension Trustees Limited vs Lloyds Bank PLC and others was published on 26 October 2018 and held that UK pension schemes with Guaranteed Minimum Pensions (GMPs) accrued from 17 May 1990 must equalise for the different effects of these GMPs between men and women. The impact of this adjustment was a £49k increase to the liabilities of the Scheme, which was taken through profit and loss in 2018. Management have continued to monitor ongoing legal cases across the industry in relation to GMP, and do not consider that any cases have arisen that materially change the liability that has been recognised in the accounts.

	As at 31 December	
	2025 £000	2024 £000
<b>Defined Benefit Costs Recognised in Other Comprehensive Income</b>		
Return on plan assets (excluding amounts included in net interest cost) – gain / (loss)	49	278
Experience gains / (losses) arising on the plan liabilities	21	10
Effect of changes in the demographic and financial assumptions underlying the present value of the plan liabilities – (loss)	(65)	(264)
Effects of changes in the amount of surplus that is not recoverable – (loss) / gain	(5)	(24)
<b>Total Amount Recognised in Other Comprehensive Income</b>	<b>-</b>	<b>-</b>

The following table sets out the fair value of assets together with a breakdown of the assets into the main asset classes as at the accounting dates.

Components	As at 31 December	
	2025 Fair value £000	2024 Fair value £000
Equities	2851	2,701
Bonds	4017	4,143
Property	805	630
Cash	877	894
Other	216	245
<b>Total</b>	<b>8,766</b>	<b>8,613</b>

None of the fair values of the assets shown above include any direct investments in the Society's own financial instruments or any property occupied by, or other assets used by, the Society. Pension assets are valued by a third-party based on their surrender value.



## NOTES TO THE ACCOUNTS (CONTINUED)

### 33 CAPITAL

The Society's policy is to retain a strong capital base to maintain Member, creditor and market confidence and to sustain future development of the business. The Board has strategies and controls to ensure that both capital and liquidity are maintained at appropriate levels. Rules implemented by world banking authorities, for example the Capital Requirements Directive IV (CRDIV), have put a higher emphasis on improving our capital strength and it is therefore important for the Society to return strong levels of profitability in order to organically grow our capital base. Adopting this capital strengthening strategy ensures that we have protection against future risks and that we exceed regulatory capital requirements so that we can continue to offer a wide range of mortgage products to our Members.

The Society's capital requirements are set and monitored by the Prudential Regulation Authority (PRA) following the formal Internal Capital Adequacy Assessment Process (ICAAP). However, the Society aims to maintain its capital above this requirement, the Total Capital Required (TCR), and it is monitored regularly to ensure that this is the case. There were no reported breaches of capital requirements during the year. Capital comprises the Society's reserves and collective provisions net of any required deductions for regulatory purposes, e.g. Intangible Assets.

	2025 £000	2024 £000
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
General reserve	37,732	38,189
Intangible assets	(161)	(188)
<b>TOTAL COMMON EQUITY TIER 1 CAPITAL</b>	<b>37,571</b>	38,001
<b>TIER 2 CAPITAL</b>		
Collective provision	697	512
<b>TOTAL REGULATORY CAPITAL</b>	<b>38,269</b>	38,513

### 34 COUNTRY BY COUNTRY REPORTING

The regulations under Article 89 of the CRDIV require the Society to disclose the following information about the source of the Society's income and the location of its operations.

For the year ended 31 December 2025:

- the Society's principal activities are mortgage lending and the provision of savings accounts;
- the Society's turnover (defined as net interest receivable) was £13.2m (2024: £12.7m) and loss before tax was £567k (2024: profit £1.3m), all of which arose from UK based activity;
- the average number of Society full-time equivalent employees was 125 (2024: 113), all of whom were employed in the UK;
- corporation tax paid in the year amounted to £169k (2024: £309k), based on cash payments made during the period. All tax matters relate to UK tax jurisdiction; and
- no public subsidies were received in the year.



# ANNUAL BUSINESS STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

## 1 STATUTORY PERCENTAGES

	As at 31 December 2025 %	Statutory Limit %
Proportion of business assets other than in the form of loans fully secured on residential property – ‘Lending limit’	6.43	25
Proportion of shares and borrowings other than in the form of shares held by individuals – ‘Funding limit’	11.13	50

### EXPLANATION

The statutory limits are prescribed in building society legislation and ensure that the principal purpose of a building society is that of making loans which are secured on residential property and are funded substantially by its Members.

The percentages are calculated in accordance with, and the statutory limits are those prescribed by, Sections 6 and 7 of the Building Societies Act 1986 (as amended by the Building Societies Act 1997).

Business assets are the total assets of the Society as shown in the Statement of Financial Position plus provisions for impaired debts, less fixed assets and liquid assets.

Loans fully secured on residential property are the amount of principal owing by borrowers and interest accrued not yet payable. This is the amount shown in the statement of financial position plus provisions for impaired debts.

## 2 OTHER PERCENTAGES

	As at 31 December 2025 %	As at 31 December 2024 %
As a percentage of shares and borrowings:		
Gross capital	6.95	7.53
Free capital	6.73	7.26
Liquid assets	14.76	19.29
(Loss) / Profit after taxation as a percentage of mean total assets	(0.08)	0.19
Management expenses as a percentage of mean total assets	2.27	2.04

### EXPLANATION

The above percentages have been calculated from the Society's Statement of Financial Position and Statement of Comprehensive Income. 'Gross capital' represents the general reserves as shown in the Statement of Financial Position.

'Free capital' represents gross capital and collective provisions for impaired debts less tangible and intangible fixed assets as shown in the Statement of Financial Position.

'Shares and borrowings' represent the total of shares, amounts owed to credit institutions and amounts owed to other customers.

'Mean total assets' are the average of the 2025 and 2024 total assets.

'Liquid assets' represent the total of cash in hand, treasury bills and debt securities and loans and advances to credit institutions and other liquid assets shown in the Statement of Financial Position.

'Management expenses' represent the aggregate of administrative expenses and depreciation in the Statement of Comprehensive Income. This includes non-recurring expenses relating to the Project Sherwood investment.



# ANNUAL BUSINESS STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

## 3 INFORMATION RELATING TO THE DIRECTORS AT 31 DECEMBER 2025

### NON-EXECUTIVE DIRECTORS

NAME	YEAR OF BIRTH	DATE OF APPOINTMENT AS DIRECTOR	BUSINESS OCCUPATION	OTHER DIRECTORSHIPS
Jeff Picton ACA <i>Board Chair</i>	1958	18.03.2024	Building Society Director	The Richmond Golf Club Limited Trustee – The Richmond Charities
Nick Baxter DipMan (Open), DipM	1956	23.01.2017	Building Society Director	Rockstead Ltd* Rockstead Group Ltd*
Rachel Haworth FCIM	1972	16.12.2021	Building Society Director	Phoenix Group IGC Mortgage Advice Bureau (Holdings) plc
Lucy McClements FCCA	1976	30.07.2020	Consultant	Finwell Coaching & Consulting Ltd Isle of Man Financial Services Authority (Board member)
Neil Tinegate	1973	26.03.2025	Company Director	Shepherd Friendly Society Shaw Education Trust NT Plus Ltd
Carolyn Porretta FCA	1980	26.06.2025	Banking Executive	Semper Ex Semper Excelsius Moneyline
Sarah Binstead ACA	1973	26.06.2025	Chief Risk & Compliance Officer	-

### EXECUTIVE DIRECTORS

NAME	YEAR OF BIRTH	DATE OF APPOINTMENT AS DIRECTOR	BUSINESS OCCUPATION	OTHER DIRECTORSHIPS
Paul Wheeler FCA	1967	21.07.2011	Building Society Chief Executive	Trustee of The Mansfield Building Society Charitable Trust Corporation Board member – Vision West Notts College
Daniel Jones FCA	1975	30.04.2020	Building Society Finance Director	Trustee of The Mansfield Building Society 1978 Retirement & Death Benefit Scheme

\* Director as at 31 December 2025, but no longer a director from 28 February 2026.

Documents may be served on the above-named Directors at the offices of Harrop White, Vallance & Dawson, 9/11 Albert Street, Mansfield, Nottinghamshire NG18 1EA.

### DIRECTORS' SERVICE CONTRACTS

The Executive Directors, Paul Wheeler and Daniel Jones, have service contracts with the Society dated 30 April 2020 and 5 November 2019, respectively.

The Chief Executive, Paul Wheeler, has a service contract which can be terminated by the individual giving six months' notice in writing or the Society giving 12 months' notice. The Finance Director, Daniel Jones, has a service contract which can be terminated by the individual giving six months' notice in writing or the Society giving 12 months' notice.

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.



# ANNUAL BUSINESS STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

## Board Chair

Jeff Picton, ACA

## Senior Independent Director and Vice Chair

Nick Baxter, DipMan (Open) DipM

## Non-Executive Directors

Rachel Haworth, FCIM

Lucy McClements, FCCA

Neil Tinegate

Sarah Binstead, ACA

Carolyn Porretta, FCA

## Chief Executive

Paul Wheeler, FCA

## Finance Director and Secretary

Daniel Jones, FCA

## Risk and Compliance Executive and Money Laundering Reporting Officer

Jim Stevens

## Customer Service Executive

Dave Newby

## Commercial Development Executive

Richard Crisp, DipFSM

## IT Executive

Iain Lister

## Head of Savings Operations

Danie Mayne

## Head of People

Vickie Preston

## Head of Mortgage Operations and Specialist Lending

Linda Herbert

## Auditor

Forvis Mazars LLP

## Bankers

Barclays Bank Plc

## Solicitors

Harrop White, Vallance & Dawson

Established 1870

Member of the Building Societies Association with Trustee status

Member of the Financial Ombudsman Service Scheme

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority - reference number 206049





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### KIRKBY IN ASHFIELD

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