MANSFIELD
BUILDING SOCIETY

For you | With you | Always

Summary Financial **Statement**

For the year ended
31 December 2022

THE DIRECTORS ARE PLEASED TO PRESENT THEIR SUMMARY FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022.

This financial statement is a summary of information in the audited Annual Accounts, the Directors' Report and the Annual Business Statement, all of which will be available to Members and depositors free of charge on demand at every office of the Mansfield Building Society from 24 March 2023 and on our website as soon as practicable prior to the 2023 AGM.

STATEMENT FROM THE BOARD CHAIR

Following a number of years where political and economic events have been anything but predictable, we have learned to expect the unexpected. However, even against the volatile benchmark of recent years, 2022 was a year of extremes. The UK landscape saw inflation at a 40 year high, Central Bank interest rates increasing to levels not seen for over a decade, and the Government under the leadership of three different Prime Ministers and four Chancellors. On the global level too, Russia's invasion of Ukraine, China's evolving Covid strategy and supply chain issues across the globe gave rise to a backdrop of soaring prices, especially as regards energy and food. Economies around the world have experienced economic slowdown, coupled with rising inflation.

Our Society sits in stark contrast to the wider picture of instability, with its longstanding and simple model; providing Members with rewarding ways to save, while supporting the provision of homes across the UK with its mortgages. The strong profitability and growth that are presented in this year's Report and Accounts would certainly support this view.

Looking ahead to 2023, the UK, along with many other economies around the world, looks nearly certain to head into recession. We are already in the grip of a cost-of-living crisis, and despite this, central banks look likely to continue to raise interest rates, at least in the near term.

In this environment, we will need a strong continued focus on the commercial success of our Society, in order that we can remain competitive with our Members' savings rates and keep investing in the necessary digital transformation of our infrastructure. We also need a heightened awareness of the difficulty that some borrowing Members may have in affording their mortgage payments, as higher interest rates and higher inflation have both significantly impacted their household budget.

Balancing the need to pass through higher interest rates to savers, while avoiding an undue burden for borrowers is not an easy balancing act. However, as an organisation owned by Members from both these groups, I believe we are succeeding, and with no shareholders to pay, our mutual ethos is a strength at this time.

As we reported last year, Jeremy Cross and Rob Clifford stood down from the Board during the year and were replaced by Rachel Haworth and Keith McLeod. To support with the effectiveness of the new team, the whole Board and Executive Team held additional meetings during the year, to understand one another's ways of working and identify opportunities to further increase the effectiveness of Board and Board Committee meetings. The ideas generated covered the content of Board papers and best practices for the effective operation of the meetings. I have been pleased to see that adopting these improvements has helped further strengthen what was already a very effective governance process.

The Society starts 2023 in a strong financial position with a clear forward-looking strategy, and I am confident it is well placed to succeed during what will continue to be turbulent times. I appreciate that many Members and colleagues of the Society may find the coming year challenging due to the cost-of-living crisis, and I would like to take this opportunity to thank all our Members for their custom, and our colleagues for their hard work across 2022 and in to 2023.

Alison Chmiel
Board Chair
2 March 2023

CHIEF EXECUTIVE'S REVIEW

When we were planning for 2022, I couldn't have predicted the economic challenges we've had to face in recent months. 2022 was a year of uncertainty on many fronts, whether that be the many changes in political leadership, the multiple global challenges, including Ukraine and Covid, and of course rising inflation and interest rates as the Bank of England sought to dampen demand.

Balancing the needs of savers, borrowers, and our people simultaneously was challenging and I'm extremely proud that the Society not only successfully navigated through these challenges, but did so with record breaking mortgage lending, strong financial performance, and we also continued to invest in enhancing our services to customers and Members. My colleagues have worked exceptionally hard to provide you, our Members, with the level of care and attention you expect and deserve and I would like to thank each of them for this dedication.

We continued to develop our offering to Members in 2022 by launching our upgraded online savings portal which now offers a range of exclusive products which can be opened and serviced online. This has added to our bright and modern branches and highlights our commitment to offer a choice of access for our Members.

BUSINESS PERFORMANCE

Despite the economic turmoil, I'm pleased to report that the Society continues to grow with a record breaking £120.7m of new mortgage lending, leading to 9.6% growth in mortgage assets and profit after tax of £1.9m.

The Society's mortgage lending proposition is based on the provision of a competitive range of fixed and discounted mortgages, mainly for owner occupiers but also for Buy to Let landlords and a small tranche of development finance. The Society's purpose is defined as '*Providing homes for people and their savings*' and our lending is therefore to private homeowners, those providing homes as rental properties or small developers who are building new homes. In recent years we have developed our capabilities to allow lending where appropriate returns for risk can be made, and this has led to an increasing number of Self-Build mortgages as well as supporting first time buyers with shared ownership properties and parental guarantee mortgages. 2022 has also seen the launch of our range of Buy to Let products to landlords wishing to manage their portfolio through a company set up as a Special Purpose Vehicle. We also believe that it is important as a mutual, to offer products to people at all stages of life and therefore we continue to offer mortgages to people with credible repayment plans who require interest only mortgages and to those seeking mortgages beyond normal retirement dates.

We started the financial year with a lower pipeline than previous years, partially as a result of the stamp duty exemption ending in September 2021 which had led to a large flow of business completing at the end of the previous financial year. With a new Covid variant (Omicron) circulating at the time, and a lack of properties coming onto the market, business remained quiet until March 2022. During this first quarter we were able to finish our review of the mortgage application process and when business started to flow, we were in a good position to handle much higher volumes than in previous years. As the year progressed, we broke our previous monthly mortgage applications record (£19.6m) three times and ended November having achieved £31.6m of applications in the month. These excellent volumes have led to record lending in the year with completions being £120.7m (2021: £87.7m); an increase of 38% over prior year and £26.7m higher than our previous record. This lending was also supported by a strong retention performance with more borrowers choosing to remain with the Society when their products ended than in previous years and the overall growth in the mortgage book was 9.6% (2021: 4.6%).

Despite the challenges of the market, our arrears levels have remained low and whilst we have seen an increase in early arrears during the year, 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 increased slowly from 46 to 55 year on year with the value in arrears rising from £150k to £255k on mortgage balances of £4.9m (2021: £3.6m). With a book of nearly £400m, this remains a very small portion of the lending and gives us a good base from which we will be able to manage the expected future rises in arrears that the cost-of-living crisis and increasing interest rates are likely to bring. To date, it is comforting that borrowers have been collectively able to withstand recent stresses created by the wider economy and whilst we ended the year with no properties in possession, we continue to be prepared for a rise in arrears next year.

Our book has the benefit of being underwritten against a prudent lending policy and we have a low average loan to value of 37.3%, which will give us significant headroom if house prices suffer a downturn as many economists are forecasting.

In summary, 2022 has been a year of strong growth in a challenging market, and without seeing 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 smile on their face. There have been times during the year when the Society has been under pressure to handle large volumes and whilst our processing speed continues to be something we are working to improve, we have talented, hard-working colleagues who care about their work and who go the extra mile to help our customers. This positive culture was once again highlighted by the fact that we maintained our 2-star accreditation in the Best Companies awards as being a great place to work and continued to attract excellent talent to the Society during the year.

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

After updating our online savings platform with new functionality last year, we have significantly increased our range of products that can be opened and managed exclusively online. We've also taken up an opportunity with an Open Banking platform called DirectID to make the mortgage application process easier for borrowers, and there will be more exciting change to come in future years, as we look to improve our borrower and saver customer experience in the years ahead with a digital transformation programme that will overhaul our systems and processes.

Paul Wheeler
Chief Executive
2 March 2023

Mansfield Town Centre

FINANCIAL REVIEW

RESULTS FOR THE YEAR	2022 £000	2021 £000
Net Interest Income	**10,552**	9,202
Other Income and Charges	**54**	74
Administrative Expenses	**(7,708)**	(6,577)
Impairment Provisions	**(360)**	300
Other Provisions	**(192)**	(120)
Profit before Tax	**2,346**	2,879
Tax Expense	**(444)**	(565)
Profit for the Year	**1,902**	2,314

FINANCIAL POSITION AT END OF YEAR		
ASSETS		
Liquid Assets	83,770	86,344
Mortgages	395,006	363,353
Derivative Financial Instruments	3,622	484
Fixed and Other Assets	2,701	2,635
Total Assets	**485,099**	452,816
LIABILITIES		
Shares	335,334	322,203
Borrowings	112,160	95,481
Derivative Financial Instruments	380	91
Other Liabilities	1,861	1,579
Reserves	35,364	33,462
Total Liabilities	**485,099**	452,816

SUMMARY OF KEY FINANCIAL RATIOS	2022 %	2021 %
Gross Capital as a % of Shares and Borrowings	7.90	8.01
Liquid Assets as a % of Shares and Borrowings	18.72	20.67
Profit for the Year as a % of mean Total Assets	0.41	0.52
Management Expenses as a % of mean Total Assets	1.64	1.48

GROSS CAPITAL AS A PERCENTAGE OF SHARES AND BORROWINGS

The gross capital ratio measures the proportion that the Society's capital bears to the Society's liabilities to holders of shares, depositors and other providers of funds (investors).

The Society's capital consists of the profits accumulated over many years in the form of general reserves. Capital provides a financial cushion against difficulties that might arise in the Society's business and therefore protects investors.

LIQUID ASSETS AS A PERCENTAGE OF SHARES AND BORROWINGS

The liquid assets ratio measures how the proportion that the Society's assets held in the form of cash and short term deposits bear to the Society's liabilities to investors.

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

PROFIT FOR THE YEAR AS A PERCENTAGE OF MEAN TOTAL ASSETS

The profit to assets ratio measures the proportion that the Society's profit after taxation for the year bears to the average of the Society's total assets during the year.

The Society needs to make a level of profit each year which maintains its capital ratio at a suitable level to protect investors. However, a building society does not have to pay dividends to equity shareholders as a company does.

MANAGEMENT EXPENSES AS A PERCENTAGE OF MEAN TOTAL ASSETS

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

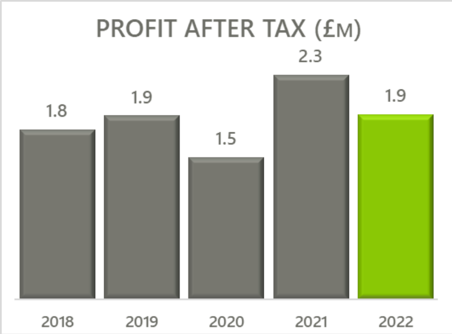
Management (or administrative) expenses consist mainly of the costs of employing colleagues and running the branches, systems and other office costs, advertising and depreciation, etc. Expenses need to be controlled to enable the Society to operate as efficiently as possible whilst providing the service that members require.

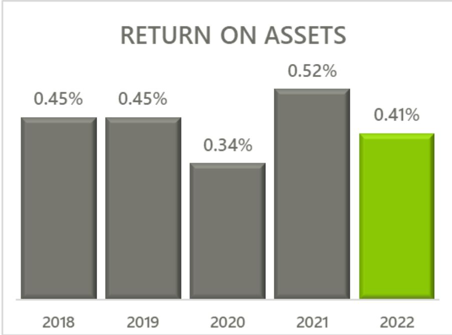
BUSINESS MODEL

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

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

PROFITABILITY

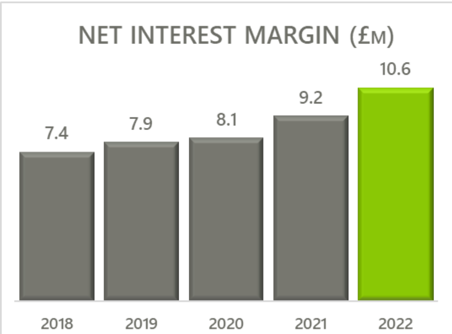


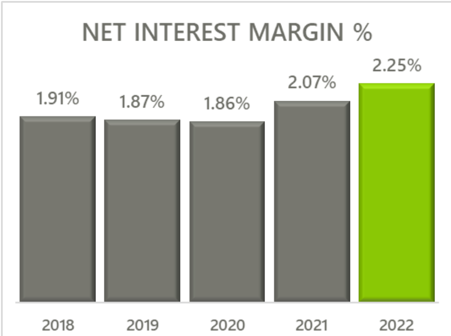


The Society has delivered strong financial performance in the year, recording a profit of £1.9m and a return on assets of 0.41%. This was a better result than budgeted, supported by strong growth in the mortgage book, and a strategy of managing liquidity to a more efficient level. Comparing the result to the prior year, both 2021 and 2022 have some significant one-off gains and losses, and the underlying result without these effects was actually quite similar.

The 2022 profit included one-off gains from derivative financial instruments and their underlying hedged assets of £228k (2021: gain of £137k), which arose from fair value changes in its swap portfolio, and losses from increasing the provision for bad debts of £360k (2021: gain of £300k). Without these two factors and assuming the same rate of tax were payable, the 2022 profit would be £2.01m (2021: £1.96m), both of which are more comparable to historic levels. Building the provision for bad debts is clearly appropriate in this economic environment, but comparison of the results without this effect is also instructive in terms of understanding trends in the Society's performance.

NET INTEREST MARGIN





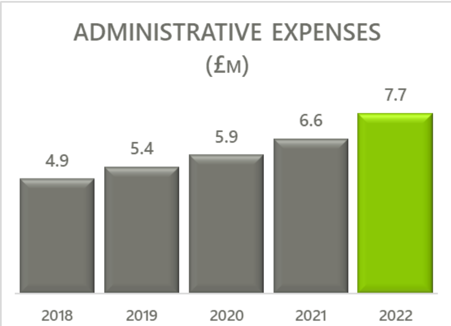
Net Interest Margin is primarily the interest income from the mortgage and liquidity portfolios, minus the interest payable on the savings portfolio and treasury funding. The margin percentage is divided by mean Total Assets across the year.

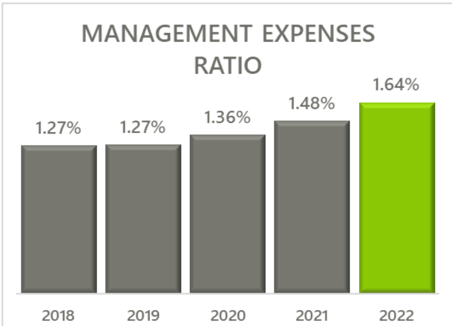
The Society continues to maintain a very healthy margin from which it is able to cover administrative costs, any credit losses and any increases it needs to make in its provisions. In its management of net interest margin, the Society seeks to maintain a strong margin, by maintaining a diversified mix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

This diversification in lending continued during 2022, for instance with year-on-year growth in the segments of Self-Build, Buy to Let where the landlord operates via a limited company and Development Finance. Prime Owner-Occupied Residential mortgages remain by far the largest portion of the mortgage book, but these niche segments help to maintain a strong margin.

To further support the strength of its net interest margin, the Society has also worked to manage its liquidity risks in such a way that fewer liquid assets are needed as a proportion of the overall balance sheet size. Consequently, the liquidity ratio reduced from 20.67% to 18.72% between the end of 2021 and 2022, and this helped to boost margin, by allowing mortgage growth without a commensurate increase in the liquidity portfolio. This remains a robust level of liquidity, as is discussed later in this report, but allows the Society to operate more efficiently.

ADMINISTRATIVE EXPENSES (INCLUDING DEPRECIATION)





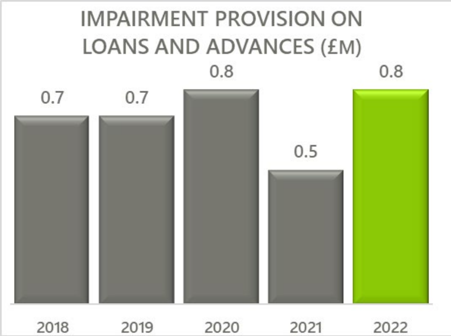
Administrative Expenses continued to rise in 2022. Price inflation in the UK economy was a key part of this. The Bank of England sets monetary policy to achieve the Government's target of keeping inflation at 2%, but global events left inflation running significantly higher than this, with the Office for National Statistics (ONS), for example, reporting a CPI of 11.1% in the 12 months to October 2022. As a result, most existing contracts have become more expensive during the course of the year, though we have been strong in our negotiations to mitigate this wherever possible.

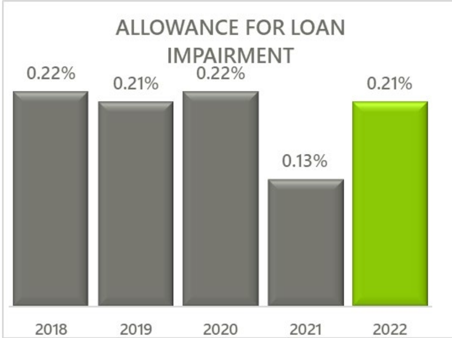
Price inflation has at least partially flowed through to salary inflation as well. ONS reported the rate of annual pay growth for both total pay and regular pay was 6.4% in September to November 2022. The Society seeks to remunerate its colleagues fairly and uses benchmarking to inform this. Its rate of pay growth has been similar to the UK average.

As well as these inflationary effects, the requirements from regulation continue to grow. These regulations seek to further strengthen the resilience of the financial sector and protect its consumers, all of which is positive, but it does drive cost into the business. In the last year, work was carried out on new requirements for Operational Resilience, Consumer Duty, Third-Party Management, and Regulatory Reporting. We seek to comply with the requirements in a proportionate and efficient way, but over time, they are certainly a factor in the ongoing increases to the Society's headcount.

A further factor increasing the number of colleagues working with the Society, is that we wish to be prepared to embark on our digital transformation. It is important that we have the right skills and expertise to carry this out in a well-controlled fashion. In light of this, we appointed an IT Executive for the first time.

IMPAIRMENT PROVISIONS ON LOANS AND ADVANCES





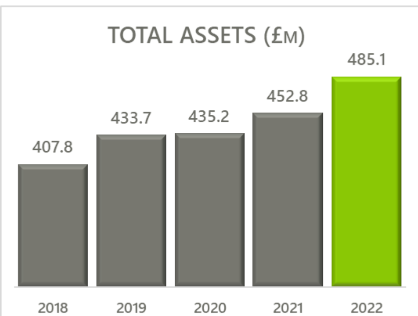
Allowance for Loan Impairment is shown as a percentage of the total mortgage book

Also referred to as the 'Bad Debt Provision', the Society is required to account for the losses that may arise if borrowers are unable to repay, and the Society is not able to recover the funds via either forbearance or repossession. The Society conducted no repossessions in 2022, therefore the full £360k charge to the Profit & Loss is driven by increasing the provision held on the balance sheet for the eventuality of such losses that may arise in the future. This provision stood at £836k at 31 December 2022 (2021: £476k). We account for provisions under FRS102, which is a so-called 'incurred loss' model, and so require evidence of potential loss behind the provision. We make a specific provision for accounts where there are conditions at the balance sheet date that indicate potential impairment, such as arrears on the account or forbearances in place. We make a further collective provision for the remainder of the mortgage book on the basis of industry data to inform what a typical loss rate might be for our mortgages, which is also further informed by obtaining credit bureau data for each mortgage.

In light of the economic conditions, the Board included in our assessment a management judgement that house prices will decrease over the coming months, and this would impact our ability to recover any losses that arise. This is on top of a standard forced sale discount assumption, where we assume that the amount that can be recovered from the sale of a property in repossession may not be the value that an owner would obtain in the normal course of events.

Even given the fragile economic backdrop, the Board feel the provision covers us well for any events which may unfold.

TOTAL ASSETS

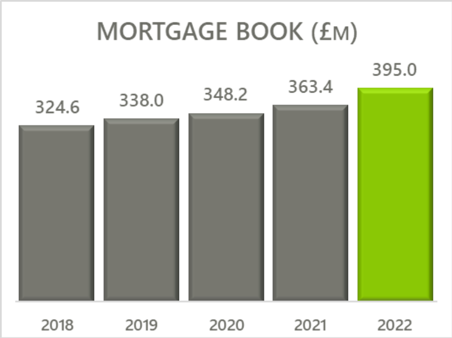


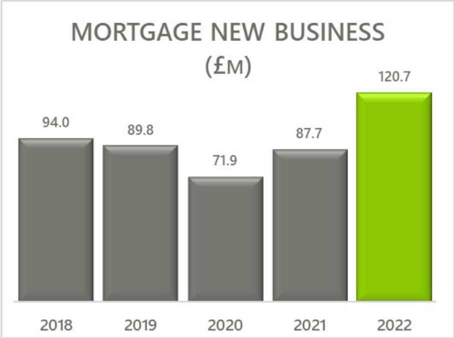
Total assets increased by £32.3m to £485.1m (2021: £452.8m) during the course of 2022. This was almost entirely the result of increases in the mortgage book, which grew by £31.6m to £395.0m (2021: £363.4m). Cash and cash equivalents , which would normally be expected to increase proportionately with the overall size of the balance sheet actually reduced by £3.8m to £74.1m (2021: £77.9m), due to more efficient management of our liquidity position.

Derivative financial instruments rose by £3.1m to £3.6m (2021: £0.5m). This is entirely driven from our holding of interest rate swaps which are taken for the purpose of managing interest rate risk.

These are generally taken when we issue fixed rate mortgages to avoid the Society being exposed unduly to movements in the Bank of England's Base Rate (Bank Rate), and they are measured at fair value on the balance sheet, which means they tend to increase in value when expectations of Bank Rate increase, as was the case several times during 2022.

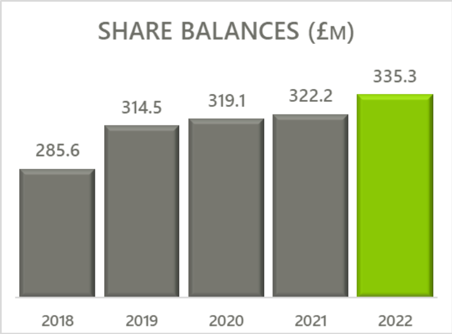
MORTGAGES

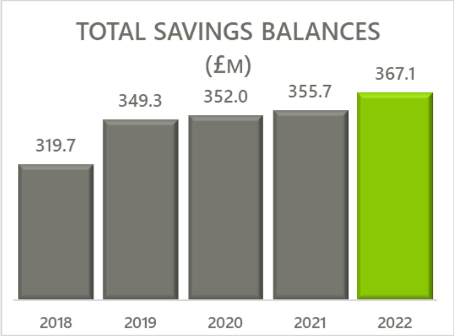




It was another successful year for the mortgage business, with strong consumer demand for our products, but also an increased capability for the Society to process mortgages. Mortgage completions rose by £33.0m to £120.7m (2021: £87.7m), which is a record year for the Society, and would not have been possible without the investments made in recent years in the mortgage process review.

FUNDING



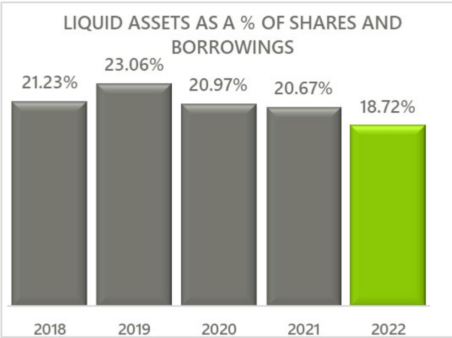


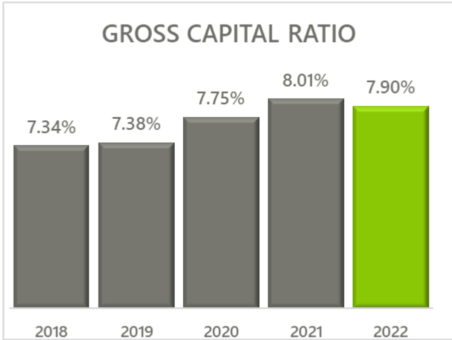
Savings make up the largest source of funding for the Society and most savings balances are held by Members of the Society. These comprise a diversified mixture of products, including notice accounts and fixed term bonds, ISAs, regular saver products and those with easy access. As at 31 December 2022, these Member balances were £335.3m (2021: £322.2m) and rose £13.1m during the year. Some savings, where the saver is not a formal Member of the Society, include business and SIPP balances and those held by community organisations. In total savings balances rose by £11.5m to £367.1m (2021: £355.7m) during the year.

The Society also accesses funding from other credit institutions, including the Bank of England. Amounts owed to credit institutions increased by £10.3m to £71.3m (2021: £61.0m). The largest element of this funding is £60m, which the Society has borrowed under the Bank of England TFSME Scheme. As at 31 December 2022, the Society also had £5m from the Bank of England's ILTR Scheme, and the remaining amounts largely comprise wholesale loans from banks or building societies, and £2.9m was also held as margin collateral on the interest rate swaps it has. This so-called variation margin collateral is moved between the swap counterparty and the Society or in the reverse direction, depending on market movements in the yield curve and is designed to protect the Society and the counterparty in the event of a counterparty failure.

The £60m of TFSME funding has maturity dates spread across 2024 and 2025, and the Society has a robust strategy for replacing this funding source.

LIQUIDITY AND CAPITAL





The Society's Liquid Assets as a percentage of Shares and Borrowings reduced over the course of 2022 from 20.67% to 18.72%. This was part of a managed strategy to reduce the Society's liquidity within the Board risk appetite. The appropriate level of liquidity is determined by the Executive and approved by the Board via its ILAAP process. This process assesses the liquidity and funding risks faced by the Society and chooses a level of liquidity that the Executive are targeted to maintain, and which provides the Society with enough liquid assets that it can withstand a severe stress and continue to cover its liabilities as they fall due. The mix of funding is an important consideration in this assessment. The Society has a well-diversified mix of funding sources, including access to the Bank of England's Sterling Monetary Framework, wholesale funding markets and a wide range of savings products and customer types.

At 31 December 2022, gross capital, which is represented by reserves, amounted to £35.4m (2021: £33.5m), being 7.90% of total shares and borrowings (2021: 8.01%). Free capital, which comprises gross capital and the collective loan impairment allowance less tangible and intangible fixed assets, amounted to £33.9m (2021: £31.6m). The leverage ratio, which represents Tier 1 Capital as a % of Total Assets including post offer pipeline mortgages was 6.58% (2021: 6.88%). Common Tier 1 Capital as a % of Risk Weighted Assets (where assets have risk weightings applied using the standardised approach outlined in the Basel II framework) continued to be strong at 17.90% (2021: 19.48%). Good levels of post-tax profit have allowed the Society to maintain its strong capital position in 2022. Capital is also stress tested at least annually via the ICAAP process and this shows the Society has significant capital surpluses, sufficient to absorb losses in a range of severe but plausible stresses.

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

FUTURE DEVELOPMENTS

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

Protecting these abilities requires digital transformation and this will involve significant investments over the coming years. For this reason, recent levels of profitability are not expected to be typical of those in the coming few years. As well as investment, the work required is likely to impact short term growth rates, which have a knock-on effect to short term growth in income.

In assessing the likely forward view for the Society's finances, capital strength rather than year-on-year profits, will therefore be of most importance. The Society has significant capital surplus, as assessed by its annual ICAAP process, and the Society's capital strength means it can afford a period of lower profit performance without affecting its long term viability. The Board have already reviewed long term projections of the Society's capital position in assessing its strategy of digital transformation, and it will require the Executive to regularly refresh these as it embarks on the exploration phase of this piece of work and beyond.

DIRECTORS

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

NON-EXECUTIVE DIRECTORS	
Alison Chmiel, FCMA	Chair
Nick Baxter, DipM, DipMAN (open)	Vice Chair and Senior Independent Director
Colin Bradley, ACA, ACIB	
Jeremy Cross, FCA	(Resigned 27.04.22)
Rob Clifford, CertPFS	(Resigned 27.01.22)
Rachel Haworth, FCIM	
Lucy McClements, FCCA	
Keith McLeod, ACA	

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

All current Directors stand for re-election in accordance with Rule 26 (retirement by rotation).

At 31 December 2022 no Director held any interest in the shares or debentures of any connected undertaking.

Having joined the Board in February of 2013, Alison Chmiel has now stayed beyond the nine years normally associated with the independence of Non-Executive Directors. Over that time, she has assumed a number of roles, and served as Board Chair since June 2021. In light of the journey the Society is embarking on in regard to its digital transformation, the Nominations Committee have asked Alison to stay on to provide stability through this change. This decision sits within a strong succession plan overseen by the Committee, that will ensure ongoing rotation and independence of the Non-Executive team as a whole.

Approved by the Board of Directors on 2 March 2023 and signed on its behalf by:

Alison Chmiel
Board Chair

Daniel Jones
Finance Director

Paul Wheeler
Chief Executive and Director

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

mazars

We have examined the Summary Financial Statement of The Mansfield Building Society (the "Society") set out on pages 1 to 12 and 14 to 16.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

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

Our responsibility is to report to you our opinion on the consistency of the Summary Financial Statement with the full annual accounts, the Annual Business Statement and the Directors' Report of the Society for the year ended 31 December 2022 and its conformity with the relevant requirements of Section 76 of the Building Societies Act 1986 and regulations made under it.

BASIS FOR OPINION

Our examination of the Summary Financial Statement consisted primarily of:

- Agreeing the amounts included in the Summary Financial Statement to the corresponding items within the full annual accounts, the Annual Business Statement and the Directors' Report of the Society for the year ended 31 December 2022 including consideration of whether, in our opinion, the information in the Summary Financial Statement has been summarised in a manner which is not consistent with the full annual accounts, the Annual Business Statement and Directors' Report of the Society for the year;
- Checking that the format and content of the Summary Financial Statement is consistent with the requirements of section 76 of the Building Societies Act 1986 and regulations made under it; and
- Considering whether information has been omitted which although not specifically prescribed by section 76 of the Building Societies Act 1986 and regulations made under it, in our opinion, is necessary to ensure consistency with the full annual accounts, the Annual Business Statement and the Directors' Report of the Society for the year ended 31 December 2022.

OPINION

In our opinion, the Summary Financial Statement is consistent with the full annual accounts, the Annual Business Statement and the Directors' Report of The Mansfield Building Society for the year ended 31 December 2022 and complies with the applicable requirements of Section 76 of the Building Societies Act 1986 and regulations made under it.

USE OF THE STATEMENT

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

Mazars LLP
Statutory Auditor, 30 Old Bailey, London, EC4M 7AU
2 March 2023

DIRECTORS' REMUNERATION REPORT

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

THE REMUNERATION COMMITTEE

This report has been prepared by the Remuneration Committee, which is made up entirely of Non-Executive Directors and meets three times a year, with special meetings as needed. The membership of the Committee during 2022 was:

Nick Baxter – Committee Chair
Alison Chmiel
Rachel Haworth
Jeremy Cross (resigned 27.04.22)

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

Meetings of the Committee were also attended by Paul Wheeler, Daniel Jones, Jill Watson and Vickie Preston, as appropriate, who withdrew from the meeting when their own remuneration is 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 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 50% 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. Given the strong performance during 2022, the two Executive Directors have earned 20% of basic salary as reward under this scheme.

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 CEO 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 2022, the Society introduced an improved pension contribution for employees which paid up to 7% from the Society. This reduced the gap between contributions made for Executives and other colleagues. The Society is committed to further reducing this gap over time and from March 2023 it will pay up to 8%.

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

The Committee are satisfied that the Remuneration Policy has achieved the desired performance and behavioural outcomes during 2022.

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

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

POLICY FOR NON-EXECUTIVE DIRECTORS

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

Non-Executive Directors are remunerated solely by fees which reflect time spent on Society affairs including membership of Board committees. They do not have service contracts and do not receive a salary, pension, bonus incentives or other taxable benefits, although travel expenses are reimbursed. 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 2022 are shown below:

	2022 £000	2021 £000
Non-Executive Directors' fees	**179**	167
Executive Directors' remuneration	**420**	390
TOTAL	**599**	557

NON-EXECUTIVE DIRECTORS' FEES	2022 £000	2021 £000
Alison Chmiel	**37**	31
Jeremy Cross (resigned 27.04.22)	**9**	31
Rob Clifford (resigned 27.01.22)	**2**	25
Colin Bradley	**27**	26
Nick Baxter	**27**	26
Lucy McClements	**25**	24
Keith McLeod	**27**	2
Rachel Haworth	**25**	2
TOTAL	**179**	167

2022 EXECUTIVE DIRECTORS	Salary £000	Annual Bonus £000	Deferred Bonus £000	Benefit £000	Pension £000	TOTAL £000
Paul Wheeler (CEO)[1]	154	17	17	20	36	**244**
Daniel Jones (FD)[2]	117	13	12	14	20	**176**
TOTAL	**271**	**30**	**29**	**34**	**56**	**420**

2021 EXECUTIVE DIRECTORS	Salary £000	Annual Bonus £000	Deferred Bonus £000	Benefit £000	Pension £000	TOTAL £000
Paul Wheeler (CEO)[1]	148	14	14	19	35	230
Daniel Jones (FD)[2]	108	10	10	14	18	160
TOTAL	256	24	24	33	53	390

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

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

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

On behalf of the Board of Directors

Nick Baxter
Chair of the Remuneration Committee
2 March 2023

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