Summary Financial Statement

for the year ended 31st December 2015

the mansfield building society

The Directors are pleased to present their Summary Financial Statement for the year ended 31 December 2015.

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 31 March 2016 and on our website as soon as practicable after the 2016 AGM.

Summary Directors' Report

The principal business objective of the Society is to provide a safe and secure haven for members' savings whilst offering secured lending on residential property in order to promote home ownership. This mortgage activity is funded mainly by offering traditional savings products which are competitive, easy to understand and designed to attract savings from private individuals and businesses. Some additional funds are raised on the wholesale money markets to smooth out fluctuations between savings inflows and mortgage demand as the need arises.

Accounting standards changes

The Society's annual accounts have been prepared for the first time under a new accounting framework. The Board has chosen to adopt FRS102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland) and IAS39 (Financial Instruments: Recognition and Measurement) with an effective date of transition of 1 January 2014. The 2014 comparatives have been adjusted accordingly.

Business review

We are pleased to report that the performance of the Society in 2015 has been exceptionally strong. The three key highlights are: mortgage book growth of 9.5%; post tax profits of £1.57m; and a record year for mortgage lending, with annual advances exceeding £70m. This represents excellent progress in furthering the Board's two main strategic aims of growing the mortgage book and maintaining a healthy level of capital reserves.

The improved profits delivered in 2015 added to the Society's capital strength and provide a robust position in response to the increased focus on capital levels being driven by the Capital Requirements Directive. Profit after tax rose to £1.57m and this has further bolstered capital reserves to £22.9m resulting in a healthy gross capital ratio of 7.89% (2014: 8.09%). Members should place great assurance that this level of capital reserves continues to comfortably exceed the regulator's minimum requirement. The Board believes that the current capital levels are appropriate and stress testing scenarios confirm that we have a strong protective buffer to provide contingency against future headwinds in the market.

The growth in annual profit, in part, reflects subdued rates in the retail savings market. The Society has also been able to draw further monies from the Funding For Lending Scheme (FLS). The final drawdown from the FLS was made in July 2015 and the strong mortgage growth has also been funded by an increase in retail savings balances of £24m.

In 2015 the Society continued the growth in the mortgage book by lending a record £70.1m of gross advances, the highest lending year in the history of the Society. Although the overall mortgage market has grown, 2015 also saw significant competition amongst lenders, with mortgage pricing being driven down to all time lows. Against the backdrop of aggressive pricing in the market, particularly by larger lenders, the Society has carefully balanced the need to maintain competitive rates whilst also protecting profitability. This context makes the growth in the mortgage book of 9.5% an excellent performance for which the Board would like to thank all our staff.

The continuation of the FLS has resulted in savings rates remaining at low levels as banks and building societies have not required new funds from savers. Notwithstanding this market pressure, our policy for savings in this environment has been to maintain the competitive rates for our loyal and local members. In delivering this policy we consolidated our range of branch based accounts to simplify the offering - this resulted in higher savings rates being provided/made available to the majority of affected customers. Cognisant of the low savings rates in the UK market, the Society has sought to minimise any rate reductions and we have been able to avoid the widespread cuts in savings rates being applied elsewhere in the market. To assist our savings members achieve a higher interest rate, we launched a new set of products in the second half of the year which proved to be very popular. Our approach to maintaining competitive savings rates has led to an increase of 10.2% in savings balances during the year.

The interest margin has improved to 1.94% (2014: 1.87%) and has underpinned the continuation of stronger profitability. The sustained strengthening of the profitability has enabled us to continue to invest in our people and infrastructure. Recent examples include a newly refurbished branch at Chesterfield; enhanced training facilities at the Mansfield Head Office; and the introduction of a Mystery Shopper programme to provide valuable feedback on our customer service standards. It is important that we continue to invest in the fabric and infrastructure of the Society in order to meet the ever increasing regulatory requirements, as well as maintaining excellent service levels for the growing number of members that we serve. The Management Expenses ratio increased to 1.23% (2014: 1.19%) – this cost level remains in line with peer group comparisons and we expect this ratio to continue to increase into 2016 as we make the necessary investments to ensure we meet both customer and regulatory needs.

Whilst strong finances are important, the Board recognises that as a mutual membership based organisation the service to our members is paramount. It is therefore pleasing to report that 92% of members who returned our survey questionnaires in 2015 would recommend the Society to a friend or relative.

We continue to receive very few complaints (equating to less than 0.1% of members) and we have also grown our overall membership numbers in the year. These results reinforce that the combination of a strong personal service proposition combined with competitive rates is an effective strategy for the Society to follow.

The Board recognises that young people are our future and we are proud to report that the Society's product for younger savers has been chosen by Moneywise as the 2016 Best Children's Young Saver Account.

We continue to receive positive feedback about many of our mortgage products and are pleased to be able to continue helping many local first time buyers achieve their aim of owning their own home. The excellent results underline the Society's ability to operate successfully and the Board of Directors is fully committed to The Mansfield remaining an independent mutual building society for the benefit of its members.

Summary Financial Statement for the year ended 31 December 2015

Key performance indicators

The following table provides an overview of the key performance indicators (KPIs) over the last four years. In 2013 the Society drew a total of £16m from the Funding For Lending Scheme (FLS) which was accounted for off balance sheet. In 2014, £27m of this funding had been drawn and £7m remained off balance sheet; however, in 2015 £31m of this funding had been drawn and £22m was subject to a repurchase agreement with Santander UK which brings the funding onto the balance sheet and leaves £9m off balance sheet.

Significant Statistics	2015	2014	2013	2012
Total Assets £m	**314.7**	286.6	270.4	281.2
New Mortgage Lending £m	**70.1**	52.1	58.1	48.8
Mortgage Assets growth/ (reduction) %	**9.5%**	1.6%	5.9%	5.1%
Retail Share Balances net increase/ (decrease £m	**14.4**	(0.8)	(24.0)	15.7
Total Savings Balances net increase/ (decrease) £m (1)	**24.0**	0.1	(11.1)	22.6
Management Expenses as a % of mean Total Assets	**1.23%**	1.19%	1.08%	0.99%
Profit after Tax £k	**1,572**	1,311	816	195
Liquid Assets as a % of Shares and Borrowings	**21.87%**	21.68%	18.00%	26.08%
Gross Capital as a % of Shares and Borrowings	**7.89%**	8.09%	7.98%	7.30%

(1) Total savings includes retail share balances and deposits into non member accounts, for example, Business Deposit and SIPP Cash Deposit.

The accounts have been prepared for the first time in accordance with FRS102 and IAS39. The effective date of transition was 1 January 2014 and therefore the 2014 comparatives in the table above have been adjusted accordingly.

Various key performance indicators are used to measure and monitor periodic progress and these are shown in the table above. As well as showing the movement in business volumes they also include performance measures, which are explained more fully below.

- Management expenses as a percentage of mean total assets measures the Society's efficiency and the increase this year reflects the additional spend on staff, training and systems, representing an investment that the Society is making in the future sustainability of the business.

- Liquid assets as a percentage of shares and borrowings are monitored by the Board to ensure an adequate level of liquidity is maintained to meet payments when they become due.

- Gross capital is the general reserve expressed as a percentage of shares and borrowings. It is an indication of the Society's financial strength, which has improved over the last 3 years through increased post tax profits.

Mortgages

We are delighted to report our highest lending performance in the history of the Society with completed advances of £70.1 million (2014: £52.1 million) the majority of which are secured on residential wholly owner occupied property. The increased lending this year has been funded, in the main, by retail savings inflows from new members joining the Society and a continuation of our growth in business savers. We continue to adopt a cautious approach to new lending to maintain a low risk loan book.

Controlled expansion continues for residential mortgage lending applying our competitive strength in analysing applications that are best served by manual underwriting techniques, rather than the automated credit scoring process adopted by high volume lenders. All mortgage cases are fully assessed by our own underwriters (we do not operate automated credit scoring) to understand each case on its own merits. The underwriting process assesses borrowers affordability for the requested loan, even allowing for the impact of potential future interest rate increases.

The year has also seen growth in Society lending within the buy to let, self build and shared ownership sectors where the Society has taken a cautious approach to underwriting in these expanding markets by utilising a number of mitigants, for example, insurance on self build cases to allow the Society to finish the build should the Society have to take possession.

The Board is encouraged to see continued Government backing for a number of housing initiatives to assist people to obtain their own home and is keen to support these where possible. The Society offers a number of products to assist First Time Buyers (including the Help to Buy Scheme), particularly in the local area.

As at 31 December 2015 there were three mortgage cases where repayments were 12 months or more in arrears (2014: seven); the amount of those arrears being £5,668 (2014: £28,875) and the mortgage balances £12,745 (2014: £190,271). The Society always attempts to assist customers in arrears to reach a manageable solution. This is the reason that the cases with arrears greater than 12 months have reduced, as customers were able to find a solution to reduce the arrears which was the right outcome for our customers and the Society. Where the Society considers there to be a possibility of loss, an impairment allowance is made in accordance with Board approved policy. The Society, once again, suffered no mortgage losses in the year.

Borrowers experiencing payment difficulties are encouraged to contact the Society as a number of forbearance measures are available to assist them, if appropriate, with what, in most cases, are temporary problems. These measures could include: a temporary transfer to interest only payments; agreeing an arrears repayment plan; term extensions; or a temporary reduction in payments in order to reduce the financial pressure on the borrower. For all these cases, the intention is that the borrower will resume normal payments as soon as they are able.

The Board recognises the need to prudently provide for losses. A review of the impairment allowance for forbearance cases, interest only cases where the customer has no evidence of a repayment vehicle and those customers with a higher propensity to default, has resulted in an increase in the allowance to £633,000 (2014: £604,000).

Savings

Member savings balances increased by £14.4 million in 2015 (2014: decrease by £0.8 million). This change was driven by a strategy of maintaining attractive rates for local and loyal members and offering competitive products to the general market place when funding was required. Our deposit balances also continued to grow, with our local community deposit account and business deposit accounts being a particular success.

Our expectation is that interest rates will remain low into the foreseeable future as the Bank of England/MPC guard against the risk of dampening economic growth. Whilst this is good news for our mortgage members we appreciate that this has led to leaner times for savers. We will therefore continue to look for opportunities to provide enhanced rates to our local and loyal members to assist them in achieving a reasonable return. It is also important that we continue to secure future savers and as noted above we have maintained a competitive range of products for younger savers.

Capital and liquidity

The Board is very aware that members rightly expect the Society to prioritise its future financial security and continue as a safe and trusted provider. The Board has strategies and controls to ensure that both capital and liquidity are maintained at appropriate levels. The Capital Requirements Directive (CRDIV) puts 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 provides us with protection against future risks and also assits us in exceeding the levels of capital required under CRDIV, so that we can continue to offer a wide range of mortgage products to our members.

At 31 December 2015 gross capital, which is represented by reserves, amounted to £22.9 million (2014: £21.3 million), being 7.89% of total shares and borrowings (2014: 8.09%). Free capital, which comprises gross capital, loan impairment allowance less tangible and intangible fixed assets, amounted to £21.9 million (2014: £20.4 million).

Liquid assets in the form of cash in hand, deposits with credit institutions and debt securities stood at £63.5 million representing 21.9% of shares and borrowings as at 31 December 2015. This compares with £57.2 million and 21.7% reported at 31 December 2014. The figure of £63.5 million does not include £9.0 million (2014: £7.0 million) of Treasury Bills we hold as part of the FLS as these are held off balance sheet for accounting purposes. The remaining £22.0 million of FLS Treasury Bills drawn to date have been the subject of a repurchase agreement and the resulting cash was deposited in our Bank of England Reserve Account. The Board has been able to keep liquidity at reduced levels as the Society continues to have access to the Bank of England's Discount Window Facilities. This facility is designed to provide lenders with greater access and flexibility in managing balance sheet funding.

The Society's approach to risk management and the annual capital adequacy assessment are in line with the Capital Requirements Directive and can be found in the Society's Basel II Pillar 3 disclosures and additional disclosures section on our website, www.mansfieldbs.co.uk under "Corporate information".

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 Board is responsible for managing and controlling the balance sheet exposures and the use of financial instruments for risk management purposes.

Principal risks and uncertainties

The Society operates within a cautious Board approved risk appetite. We are members of the Financial Services Compensation Scheme and protecting investors' and members' interests is paramount. The principal business risks to which the Society is exposed are considered to be:

- credit risk, which arises primarily from mortgage loans but also as a result of the Society's investments as part of its treasury activities;
- interest rate risk, which incorporates the loss of income as a result of changes to interest rates;
- liquidity risk, which concerns the Society's ability to meet its financial obligations as they fall due as a result of imbalances in the cash flow of its activities;
- operational risk, which is associated with the Society's internal processes and systems and the potential for these not to function properly;
- regulatory risk, which is the risk that the complexity, volume and associated costs of regulatory issues impairs the Society's ability to compete and develop its business over a period of time;
- economic risk, which is the risk that changes in the economy, for example, government interventions such as FLS and Help to Buy, impact market conditions and reduce the Society's ability to compete over a period of time; and

- Financial Services Compensation Scheme (FSCS) risk, being the risk of higher financial levies being imposed on the Society for further claims relating to the failure of other organisations. Costs associated with the FSCS continue to represent an ongoing burden on the Society. This also impacts the Society's members because costs associated with the Scheme are reflected in mortgage and savings interest rates. Membership of the scheme remains compulsory for all building societies and banks.

The identification, control and monitoring of risks remains a business priority. Through regular assessment of risk management procedures, steps are taken to mitigate such risks. The Society has business continuity plans in place which it regularly reviews and tests as part of this ongoing review process.

The Society has a Board Risk Policy which outlines the key policies and controls in place to ensure that the risks that exist in the business are well managed.

Corporate social responsibility

The Society is committed to protecting the environment where possible and uses environmentally friendly stationery and equipment whenever this is appropriate. The Society's policy on disposal also has regard to the environment, using appropriate methods of disposal for IT equipment and consumables, recycling wherever possible.

Staff

The Society is proud of our excellent customer service record and this is founded upon well qualified staff, motivated to do an excellent job and who act in the best interests of our members. The Board would like to thank the staff for delivering an excellent year of profitable growth whilst maintaining a high level of service to our members. Our staff worked extremely hard throughout 2015 and coped admirably with the higher volumes of business that the Society handled. We have invested in additional resources to ensure that all staff have the appropriate time and tools to deliver our service commitment to provide individual personal service to members.

The Society's executives regularly consult with a Staff Council and hold monthly briefings for all staff via our Cascade process to ensure that all employees are aware of the Society's performance and objectives, and understand the part they play in achieving them.

The Society has also invested in learning and development resource in 2015 and formal job training was supplemented with a series of "Lunch & Learn" sessions which allowed staff to learn new skills in a more relaxed environment. Staff training will be further enhanced in 2016 with the introduction of a newly refurbished training room at head office and a new Health and Well Being programme which is being introduced for all staff to take advantage of.

As an equal opportunities employer, the Society values the differences that a diverse workforce can bring and is committed to ensuring that its workplaces are free from unlawful or unfair discrimination because of race, nationality, ethnic or national origin, gender (including gender reassignment), sexual orientation, age, religious beliefs, marital status or disability.

The Board thanks everyone for their dedication and hard work in achieving the record results and in enabling the Society to attain another milestone of over £300 million of assets.

Community involvement

The communities in which our branches operate are very much at the heart of the Society. This year we have continued to give something back to the communities where our members live and work by supporting local charities with fund raising, helping local projects through our Work in the Communities Scheme and offering financial support to local organisations through our Community Support Scheme.

Our chosen local charity of the year continued to be Jigsaw and many events have been held to raise funds for the charity including cake sales, a comedy night and various raffles. Our staff raised a total of £1,590 for Jigsaw. Staff also took part in Race for Life and raised £1,000 for Cancer Research UK.

Summary Statement for the year ended 31 December 2015

The Society's Community Support Scheme contributions totalled £20,000 in 2015 (2014: £20,000) as the Board demonstrated an ongoing commitment to provide support for worthy causes in our local community.

This year the Society has also chosen to set up a Charitable Trust Fund which will be used to fund larger charitable donations and support more local projects. The fund was started up with a £50,000 donation from the Society.

The Jigsaw charity also received Society donations from the incentivised return of qualifying voting forms in connection with the 2015 Annual General Meeting.

We actively encourage staff to participate in the Work in the Community Scheme where we grant two days paid leave each year for our staff to assist local deserving causes.

Staff support in 2015 included assisting the Reach Mansfield 10k run, Clean Up Mansfield and the local Samaritans.

The Society does not make political donations.

Future developments

For many years our business model has concentrated on providing a competitive portfolio of mortgage and savings products with easy to understand terms and conditions backed by individual personal service. Our well developed strength in commonsense manual underwriting of residential mortgages coupled with strong customer service will enable us to continue to deliver steady and controlled growth.

The use of mortgage intermediaries/brokers to assess and recommend mortgage solutions continues to grow in popularity and the Society will continue to invest in the infrastructure for this part of the business.

Our careful and cautious approach to mortgage underwriting has protected the Society from serious financial losses. Our considered and prudent approach to conducting our business affairs means that we are well placed to take advantage of opportunities in sectors that are sometimes ignored by larger lenders. Buy to let, self-build and shared ownership are areas in which we are actively increasing our mortgage book in a controlled manner and this will continue into 2016.

The Board is well aware, however, that the housing market is currently benefiting from significant Government intervention. Each year the Board undertakes strategic planning for the next three years and we have modelled scenarios to anticipate market changes when the current level of Government intervention is reduced.

The level of mortgage growth and profitability achieved in 2015 was exceptional. Given market competition is intensifying, the Board expects a more modest level of growth for the year ahead. Market pricing will likely drive a reduction in the interest margin that the Society is able to achieve. Notwithstanding these market pressures, the Society is well placed to maintain its strong capital position and robust infrastructure to meet customer and regulatory needs.

Directors

The following were directors of the Society during the year:

Non-executive directors

Nigel Tamplin, FCA	Chairman (retired April 2015)
Jeremy Cross, ACA	Chairman (appointed May 2015)
Rob Clifford, CertPFS	Senior Independent Director
Robert Hartley, FRICS	
Alison Chmiel, FCMA	
Ian Rowling, MBA, FCIB	
Colin Bradley, ACA, ACIB	Appointed to the Board May 2015

Executive directors

Gev Lynott, FCCA, FCIB	Chief Executive
Paul Wheeler, ACA	Finance Director and Secretary

Jeremy Cross and Alison Chmiel stand for re-election in accordance with Rule 26 (retirement by rotation).

Colin Bradley joined the Board in May 2015 and stands for election in accordance with Rule 25 (filling casual vacancies). Colin brings valuable experience of building societies from his time as Finance Director and Deputy Chief Executive at another local society.

After almost 9 years' valuable service, Nigel Tamplin retired from the Board in April 2015. The directors would like to thank Nigel for his significant contribution to the Society in his time on the Board.

At 31 December 2015 no director held any interest in the shares or debentures of any connected undertaking.

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. Amounts due to creditors as at 31 December 2015 represented 3 days (2014: 3 days).

Auditors

The Board has decided to continue to recommend KPMG LLP be appointed as auditor and a resolution for their appointment will be proposed to the Society's forthcoming Annual General Meeting.

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.

Going concern

The directors have considered the risks and uncertainties outlined on page 6 and the extent to which they might affect the preparation of the annual report and accounts on a going concern basis.

The Society's future plans have been discussed by the Board and outlined on page 8. Furthermore the Society's forecasts and plans, taking account of current and possible future operating conditions, have been subjected to stress tests and scenario analysis and indicate that the Society has sufficient operating liquidity and capital for the foreseeable future. As such the Directors are satisfied that the Society has adequate resources to continue in business for the foreseeable future. For this reason the accounts are prepared on a going concern basis.

On behalf of the Board of Directors

Jeremy Cross
Chairman

25 February 2016

Summary Financial Statement for the year ended 31 December 2015

RESULTS FOR THE YEAR	2015 £'000	2014 £'000
Net Interest Receivable	**5,841**	5,216
Other Income and Charges	**80**	63
Administrative Expenses	**(3,693)**	(3,312)
Impairment Losses	**(29)**	(108)
Other Provisions	**(218)**	(185)
Profit for the year before taxation	**1,981**	1,674
Taxation	**(409)**	(363)
Profit for the year	**1,572**	1,311
FINANCIAL POSITION AT END OF YEAR		
Assets		
Liquid Assets	**63,515**	57,193
Mortgages	**249,281**	227,711
Derivative Financial Instruments	**1**	7
Fixed and Other Assets	**1,896**	1,712
Total Assets	**314,693**	286,623
Liabilities		
Shares	**228,316**	213,890
Borrowings	**62,090**	49,928
Derivative Financial Instruments	**165**	340
Other Liabilities	**1,203**	1,118
Reserves	**22,919**	21,347
Total Liabilities	**314,693**	286,623

SUMMARY OF KEY FINANCIAL RATIOS	2015 %	2014 %
Gross Capital as a % of Shares and Borrowing	**7.89**	8.09
Liquid Assets as a % of Shares and Borrowing	**21.87**	21.68
Profit for the year as a % of mean Total Assets	**0.52**	0.47
Management Expenses as a % of mean Total Assets	**1.23**	1.19

The Society's Financial Statements have been prepared in accordance with FRS102 for the first time this year. The transition to FRS102 is effective from 1 January 2014 and the accounts have been restated accordingly. Further detail of this transition is available in the Annual Report and Accounts.

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 staff and running the branches, other office costs, advertising and depreciation, etc. Expenses need to be controlled to enable the Society to operate as efficiently as possible while providing the service that members require.

Approved by the Board of Directors on
25 February 2016 and signed on its behalf by:

Jeremy Cross
Chairman

Paul Wheeler
Finance Director and Secretary

Gev Lynott
Chief Executive and Director

Independent Auditor's Statement to the Members and Depositors of The Mansfield Building Society

We have examined the summary financial statement of The Mansfield Building Society ('the Society') for the year ended 31 December 2015 set out on pages 2 to 11.

This auditor's statement is made solely to the Society's members, as a body, and to the Society's depositors, as a body, in accordance with section 76 of the Building Societies Act 1986. Our 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 work, for this statement, or for the opinions we have formed.

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, Annual Business Statement and Directors' Report and its conformity with the relevant requirements of section 76 of the Building Societies Act 1986 and regulations made under it.

Basis of opinion

Our examination of the summary financial statement consisted primarily of:

- Agreeing the amounts and disclosures included in the summary financial statement to the corresponding items within the full annual accounts, Annual Business Statement and Directors' Report of the Society for the year ended 31 December 2015, 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 that 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, in our opinion, information has been omitted which although not required to be included under the relevant requirements of section 76 of the Building Societies Act 1986 and regulations made under it, is nevertheless necessary to include to ensure consistency with the full annual accounts, the Annual Business Statement and Directors' Report of the Society for the year ended 31 December 2015.

Our report on the Society's full annual accounts describes the basis of our opinions on those annual accounts, the Annual Business Statement and Directors' Report.

Opinion on summary financial statement

On the basis of the work performed, in our opinion the summary financial statement is consistent with the full annual accounts, the Annual Business Statement and Directors' Report of the Society for the year ended 31 December 2015 and conforms with the applicable requirements of section 76 of the Building Societies Act 1986 and regulations made under it.

Andrew Walker
for and on behalf of KPMG LLP,
Statutory Auditor
Chartered Accountants

One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

25 February 2016

Summary 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 Nomination and Remuneration Committee
This report has been prepared by the Nomination and Remuneration Committee, which is made up entirely of non-executive directors and meets three times a year, with special meetings as needed. The current membership of the Committee is:

Robert Hartley (Chair)
Jeremy Cross
Ian Rowling

Meetings of the Committee are also attended by Gev Lynott, Paul Wheeler and Vickie Preston (HR Manager), as appropriate, who withdraw 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. 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 exceptional performance during 2015, the two executive directors have earned 20% of basic salary as reward under this scheme as all targets have been exceeded.

Pensions – the executive directors are entitled to a Group Personal Pension Plan which is available for all staff.

Other benefits – notably the provision of a car allowance to each executive director and private medical insurance. Benefits are reviewed annually by the Nomination and Remuneration Committee.

Summary Directors' Remuneration Report

Service contracts
The Chief Executive has a service contract with the Society dated 15 September 2011. The Chief Executive's notice period to the Society is nine months. The Society's notice period to the Chief Executive is twelve 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 and Secretary has a service contract dated 7 July 2011. The Finance Director's notice period to the Society is six months. The Society's notice period to the Finance Director is twelve 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 Nomination and Remuneration Committee, using external data from other comparable building societies, and by a performance review process undertaken by the Society's Chairman of the Board. The remuneration of the Chairman is reviewed by the Nomination and Remuneration Committee and ratified by the Board. 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. 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 2015 are shown below.

Audited	**2015 £000**	**2014 £000**
Non-executive directors' fees	135	137
Executive directors' remuneration	321	271
Total	**456**	408

Non-executive directors' fees	**2015 £000**	**2014 £000**
Jeremy Cross (Chairman) (1)	27	20
Rob Clifford (Deputy Chairman) (2)	21	20
Alison Chmiel	21	20
Robert Hartley	21	20
Ian Rowling	21	20
Nigel Tamplin (3)	10	31
Colin Bradley (4)	14	-
Richard Smith (5)	–	6
Total	**135**	137

Summary Directors' Remuneration Report

	Salary £000	Annual Bonus £000	Deferred Bonus £000	Benefits £000	Pension contributions £000	2015 Total £000
Executive Directors						
Gev Lynott (CEO)	135	13	14	16	–	**178**
Paul Wheeler (FD)	105	10	11	12	5	**143**
Total	**240**	**23**	**25**	**28**	**5**	**321**

	Salary £000	Annual Bonus £000	Deferred Bonus £000	Benefits £000	Pension contributions £000	2014 Total £000
Executive Directors						
Gev Lynott (CEO) (6)	128	7	-	16	–	151
Paul Wheeler (FD)	99	5	-	11	5	120
Total	227	12	-	27	5	271

A new deferred bonus scheme was introduced in 2015 which rewards executives for individual and Society performance. The scheme defers 50% of the annual bonus over 2 years with payment of 25% in each year dependent on achieving medium term targets.

(1) Jeremy Cross was appointed as Chairman of the Board May 2015.

(2) Rob Clifford was appointed as Deputy Chairman of the Board May 2015.

(3) Nigel Tamplin resigned from the Board April 2015.

(4) Colin Bradley was appointed to the Board May 2015.

(5) Richard Smith resigned from the Board April 2014.

(6) Pension contributions for Mr Lynott have been made in full for 6 future years during the financial year ended 31 December 2012. A contract is in place which returns this money to the Society on a pro rata basis should Mr Lynott leave before May 2018.

On behalf of the Board of Directors

Robert Hartley
Chair of the Nomination and Remuneration Committee
25 February 2016

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