



Market Harbour
BUILDING SOCIETY



Summary Financial Statement

Together we thrive!

SUMMARY FINANCIAL STATEMENT

For the year ended 31 December 2024

STATEMENT FOR THE PURPOSES OF SECTION 76 (4) OF THE BUILDING SOCIETIES ACT 1986

This Summary Financial Statement is a summary of information in the audited Financial Statements, Directors' Report, and Annual Business Statement, all of which will be available to members and depositors free of charge on demand at every office of Market Harbour Building Society and online after 1 April 2025.

Approved by the Board of Directors on 21 March 2025.



Lesley Titcomb

Chair



Iain Kirkpatrick

Chief Executive



Nicholas Fielden

Chief Finance Officer

SUMMARY DIRECTORS' REPORT

Your directors have pleasure in presenting their Annual Report for the year ended 31 December 2024.

BUSINESS OBJECTIVES

Your Society's principal business objectives are the provision of secured lending on residential property and savings products for private individuals and small businesses. The Society operates solely in the UK and all of its operations are based in the UK. The Society's products are promoted nationally via mortgage brokers, the internet and by phone, and in Leicestershire and Northamptonshire via our branches. The Society seeks to develop by offering the combined advantages of value-for-money and innovation in products and by delivering a first-class personalised service to members.

REVIEW OF THE YEAR

The global economy performed better than expected in 2024, despite being a year filled with multiple elections, high interest rates, and geo-political uncertainty. Inflation steadily decreased throughout the year, allowing most central banks to begin lowering interest rates. As we head into 2025, the Society anticipates to be navigating in the first prolonged period of falling interest rates in many years.

Looking back at 2024, the Society's financial performance remained strong, achieving a profit before tax of £3.4 million in a challenging market with increased competition in key areas of lending and savings. The Society is especially grateful to its hard working colleagues who have all contributed to achieve another year of higher-than-budgeted profit. However, the Society couldn't have done this without our members, who remain at the heart of everything we do as we strive to be a relevant and sustainable Society for generations to come.

KEY PERFORMANCE AND OTHER INDICATORS

The following “key performance indicators” provide an overview, in tabular form, of the Group’s progress.

	2024	2023	2022
	Group	Group	Group
Total assets	£863m	£722m	£647m
New mortgage lending	£200m	£198m	£182m
Growth in mortgage assets	11.1%	13.9%	13.9%
Net increase in retail deposits	£152m	92.0	£92m
Liquidity to funding ratio	20.8%	17.2%	23.6%
Management expenses as a percentage of mean total assets	1.8%	1.8%	1.8%
Net Interest Margin	2.3%	2.5%	2.5%
Cost to income ratio	82.5%	71.8%	68.7%
Pre-tax profit	£3.5m	£4.3m	£4.5m
Post-tax profit	£2.6m	£3.3m	£3.6m
Profit as a percentage of mean total assets	0.3%	0.5%	0.6%
Net interest receivable as a percentage of mean total assets	6.1%	3.5%	3.5%
Gross capital as a percentage of shares and borrowings	7.5%	8.6%	9.2%
Free capital as a percentage of shares and borrowings	6.7%	7.9%	8.9%

HIGHLIGHTS OF 2024

- Growth in mortgage assets of 11.1%.
- Very low levels of mortgage arrears.
- Gross lending of £200m.
- Continued support for the local community including £250k donated to the MHBS Charitable Foundation in 2024, which will support good causes across our communities in 2025 to add to the £2.1m spent on social housing to date.
- Continued focus on members and customers.

BOARD COMPOSITION

During the year the Board consisted of seven non-executive directors and three executive directors. Temporarily in 2024 the Society had nine non-executive directors to allow for a transition period before Zoe Shapiro and Jonathan Fox stepped down. The Board meets at least six times a year with the addition of two strategy sessions. Board Committees meet at intervening times. Any additional meetings are held as required.

The Society considers all non-executive directors to be independent. The directors holding office during the year were:

Non-Executive Directors	Executive Directors
Lesley Titcomb	Iain Kirkpatrick: Chief Executive
Andrew Merrick	Nicholas Fielden: Chief Finance Officer
Lindsay Forster	Annemarie Cossar
Jonathan Fox	
Francesca Hampton: From 1 October	
Mark Record: From 1 October	
Zoe Shapiro	
David Stunell	
Nala Worsfold	

The Society maintains liability cover for the directors as permitted by the Building Societies Act 1986.

CORPORATE GOVERNANCE

The Board governs the Society on behalf of its members and is committed to following best corporate governance practices. The Financial Reporting Council (FRC) issued a revised Code effective from January 2024, except for risk management and internal control updates, which takes effect in January 2026. Although not required for mutual organisations, the Society adheres to the 2018 UK Corporate Governance Code principles applicable to a building society.

The Board's role is to focus on strategic decisions within a framework of prudent and effective controls, which enable risk to be assessed and managed. The Board has a general duty to take decisions objectively in the interests of the Society and to ensure that the Society operates within its Rules and Memorandum, regulations and guidance issued by relevant regulatory authorities and all relevant legislation. In addition, it ensures that appropriate systems of control, human resources and risk management are in place to safeguard Members' interests.

The Board typically meets six times a year and holds further meetings as and when required. The Board met on six occasions during 2024 to attend to normal governance matters. At least once a year, the non-executive directors meet without the executive directors present.

The Board has appointed a Senior Independent Director (SID) and for the majority of 2024 this role was performed by Jonathan Fox, with Andrew Merrick taking over in Q4 2024 ahead of Jonathan's impending retirement from the Board. It is the SID's role is to attend to any matters requiring to be dealt with independently from the Chair and Chief Executive.

Chief Executive Officer's Highlights

As I reflect on my second full year at the Society, I'm incredibly proud of the progress we've made and the resilience we've shown in what has been a very busy year for the Society.

The global economy performed better than we expected in 2024, despite being a year filled with multiple elections, high interest rates, and geopolitical uncertainty. Inflation steadily decreased throughout the year, allowing most central banks to begin lowering interest rates. As we head into 2025, we anticipate navigating the first prolonged period of falling interest rates in many years.

Looking back at 2024, I'm proud to report that our financial performance remained strong, achieving a profit before tax of £3.4 million in a challenging market with increased competition in our key areas of lending and savings.

I know how hard my colleagues have worked to achieve this, and I thank them for delivering another year of higher-than-budgeted profit. Of course, we couldn't have done this without our members, who remain at the heart of everything we do as we strive to be a relevant and sustainable Society for generations to come.

Fighting together for our customers and communities to thrive

Last year, we developed a new purpose statement for the Society to focus all our energies on making a difference for our customers and communities. Our purpose, "fighting together for our customers and communities to thrive," has guided our efforts throughout 2024. We've made great strides in aligning our initiatives and actions with this purpose, ensuring that everything we do contributes to the well-being and success of those we serve.

Customers

Our commitment to helping borrowers with complex needs remains strong. This enabled us to deliver another year of record lending, growing our mortgage book by almost £66 million and contributing to 45% book growth over the last 3 years.

Our performance in the short-term bridging loan sector has been particularly strong, with organic advances up 60% year on year, which contributed to the Society being recognised as the Best Short-Term Lender at the Financial Reporter Awards.

As part of our commitment to continue growing the business, we've expanded our team to increase our reach and provide even more support to our brokers. Our newly launched Broker Promise reflects our dedication to being the best for brokers, ensuring they receive the highest level of service and support. Additionally, we are proud to be a signatory to the Mental Health in Mortgages Charter, underscoring our commitment to promoting mental well-being within the industry.

Our brokers have expressed high levels of satisfaction with our services, as evidenced by over 60 five-star reviews on Feefo. We're proud to have been awarded the Platinum Service Award for the second year in a row, a testament to our commitment to providing exceptional service and support to our intermediary partners.

As a mutual organisation, we're very conscious of our responsibility to our borrowers. In 2024, we implemented two reductions to our Standard Variable Rate (SVR) worth 0.4 percentage points, after the Bank of England cut Bank Rate by 0.5 percentage points.

We continue to support borrowers facing financial difficulties by providing tailored assistance and guidance. I'm pleased to say that overall, arrears fell in 2024 to just 0.5% of the loan book, and no repossessions were made.

I take great pride in the performance of our savings business. In 2024, the Society grew total savings balances by £152 million, marking the third consecutive year of record-breaking inflows and comfortably beating past highs of £94 million in 2023 and £92 million in 2022.

Most of the growth has come from members looking to lock in rates, ahead of what we expect will be a period of sustained interest rate reductions. Despite a falling interest rate environment, we've continued to look after our savers and have increased the average rate paid to savers by 0.36%.

During the year we expanded our range of savings accounts to appeal to a broader range of customers and meet diverse needs. We introduced new options such as regular saver accounts, short-term notice accounts, and our innovative Planet Saver account. The Planet Saver account is designed for those who want to make a positive impact on the environment, with a percentage of the interest earned going to support projects delivered by the RSPB, Tusk, and Conservation International.

Our members are highly satisfied with our services, as reflected in our excellent rating on Trustpilot. The feedback highlights the brilliant service provided by everyone in our savings business, showcasing our dedication to meeting and exceeding our members' expectations. We were also thrilled to announce that we were named the Best Building Society Savings Provider by MoneyComms.

As a mutual, we have a responsibility to ensure the Society's sustainability for the future. Sometimes, this means making difficult decisions that impact a few members for the benefit of the wider membership. After careful consideration, we have made the difficult decision to close our Corby branch.

We are committed to ensuring our customers are well looked after during this transition and making it as seamless as possible. We will continue to support our local communities by maintaining a high street presence across our heartland and expanding services where there is customer demand.

Communities

Supporting our communities and the local causes our members care about is at the heart of who we are as a mutual. In 2024, we continued to build on our Thrive! Agenda making significant contributions to our communities.

We donated £50,000 to the Leicestershire and Rutland Community Foundation to support various good causes, and £60,000 to the Leicester South Foodbank to support them with their move to new premises in Wigston. Additionally, we contributed £7,000 to Market Harbour Against Bullying, which was the profit earned on the extra 'Leap Day' we gained in 2024.

Our colleagues also dedicated an impressive 2,000 hours to volunteering. Some of the activities included organising food drives, participating in community clean-up events, mentoring young people, and supporting local schools with educational programmes. We also hosted our first Charities Connect event, bringing together more than 50 charities across our heartland to foster mutual support and collaboration.

We announced our partnership with Doshi to launch their innovative financial education app to our members. This app is designed to help users build essential financial skills and knowledge, empowering them to make informed decisions about their money. We're thrilled to offer this valuable resource to our members as part of our ongoing commitment to financial education and wellbeing.

Additionally, we launched a OneBanx kiosk in our Market Harbour branch to provide essential access to cash for both personal and business customers of any bank or building society. This initiative comes at a crucial time, as more bank branches have left the high street. We're proud to be the first organisation in the Midlands to offer this service, ensuring our community continues to have access to important financial services.

Looking ahead to 2025, we are excited to announce a £250,000 donation to the Market Harbour Building Society Community Foundation to support good causes. This investment will focus on empowering young people by helping them build financial knowledge and resilience, develop employability skills, and enhance their overall mental wellbeing and resilience.

We believe that focusing on the next generation is crucial, as it provides them with strong foundations on which to build thriving futures. To achieve this, we will be partnering with community groups, schools, and colleges, and offering valuable employment opportunities through internships and apprenticeships. By investing in our youth, we aim to create a positive and lasting impact on our communities.

This significant investment also coincides with the 250th anniversary of the building society movement. As we celebrate this milestone, we remain dedicated to the principles that have guided us for centuries – building stronger communities and supporting the financial well-being of our members.

Supporting Our Colleagues to thrive

In 2024, we made some fantastic strides in supporting our colleagues. Moving into our new head office has given us a modern workspace that has truly inspired collaboration and connections. The new environment has fostered a sense of community and has been the backdrop for numerous business and social events, helping to strengthen bonds among our team members. And our new head office isn't just for our colleagues; it's also a hub for the community. We've hosted more than 60 community events for charities and local groups that need access to event and meeting space. This initiative has allowed us to further strengthen our ties with the community and support local causes, demonstrating our commitment to making a positive impact beyond our immediate business.

We've also made some great improvements to colleague rewards. This includes offering free private healthcare for everyone, ensuring that our team has access to essential health services. Our Thrive! Awards recognition program has been a big hit, celebrating the hard work and achievements of our colleagues. Plus, we've invested heavily in personal development, providing opportunities for our team to grow and advance in their careers.

We're incredibly proud to have been recognised in the Top 100 Sunday Times Best Places to Work for the first time. This accolade is a testament to our commitment to creating a positive and supportive work environment. On top of that, we were honoured to be named the Overall Winner at the UK Employee Experience Awards and to receive the Gold Award for Best Culture and Change Management. These recognitions highlight our dedication to fostering a culture of excellence and continuous improvement.

I want to extend my heartfelt thanks to our colleagues for their dedication and hard work. Their contributions have been instrumental in our success, I'm grateful for their continued commitment.

Looking forward with a strong sense of optimism

Reflecting on 2024, it's clear we've had a remarkable year, making significant progress for our customers, communities, and colleagues. We've achieved so much together, and it's all thanks to the unwavering support and dedication of everyone involved.

To our members, thank you for your loyalty and trust. To our communities, thank you for allowing us to be a part of your journey and for inspiring us to do more. And to our colleagues, thank you for your hard work, passion, and commitment.

As we look forward to 2025, we're excited about the opportunities ahead and are confident that, together, we can continue to make a positive impact and build a brighter future for all.

SUMMARY STATEMENT

Results for the year	2024	2023
All figures £'000		
Net interest income	18,105	17,416
Other income and charges	(269)	(48)
Fair value gains and losses	(141)	(529)
Administrative expenses	(14,540)	(12,051)
Impairment gains / (losses) on loans and advances	335	(439)
Profit for the year before taxation	3,490	4,349
Taxation	(908)	(1,075)
Profit for the year	2,582	3,274

Financial position at the end of the year	2024	2023
All figures £'000		
Assets		
Liquid assets	166,132	113,395
Debt Securities	19,647	-
Mortgages	663,639	597,534
Derivative financial instruments	3,328	3,391
Fixed and other assets	10,014	7,716
Total assets	862,760	722,036
Liabilities and Reserves		
Shares	709,114	564,178
Borrowings	88,415	95,611
Derivative financial instruments	2,546	2,420
Other liabilities	2,826	2,897
Reserves	59,859	56,930
Total liabilities	862,760	722,036

Summary of key financial ratios	2024	2023
As a percentage of shares and borrowings		
Gross capital	7.5%	8.6%
Free capital	6.7%	7.9%
Liquid assets	20.8%	17.2%
As a percentage of mean total assets		
Profit after taxation	0.3%	0.5%
Management expenses (Group)	1.8%	1.8%
Management expenses (Society)	1.8%	1.8%
As a percentage of total assets at year end		
Return on assets	0.3%	0.5%

Definitions

'Gross capital' represents the general reserve.

'Free capital' represents the general reserve plus provisions for bad and doubtful debts less tangible fixed assets.

'Mean total assets' is the average of the 2024 and 2023 year-end total assets.

'Liquid assets' represents available liquidity on the Group's balance sheet.

'Shares' represent retail deposits made by members

'Borrowings' represent funding and deposits provided by others e.g. Funding from Bank of England

Independent auditor's statement to the members and depositors of Market Harborough Building Society

Opinion on the summary financial statement

On the basis of the work performed, as described below, in our opinion the Summary Financial Statement is consistent with the full Annual Accounts, the Annual Business Statement, and the Directors' Report of the Society for the year ended 31 December 2024 and conforms with the applicable requirements of section 76 of the Building Societies Act 1986 and regulations made under it.

We have examined the Summary Financial Statement of Market Harborough Building Society ('the Society') for the year ended 31 December 2024, which comprises the Results for the year, Financial Position at the end of the year, together with the Summary Directors' report.

Basis for 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, the Annual Business Statement and the Directors' Report of the Society for the year ended 31 December 2024, including consideration of whether, in our opinion, the information in the Summary Financial Statement have been summarised in a manner which is not consistent with the full Annual Accounts, the Annual Business Statement and the 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 the Directors' Report of the Society for the year ended 31 December 2024.

We also read the other information contained in the Summary Financial Statement 2024 and consider the implications for our statement if we become aware of any apparent misstatements or material inconsistencies with the Summary Financial Statement.

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

Directors' Responsibilities

The directors are responsible for preparing the Summary Financial Statement within the Summary Financial Statement 2024, in accordance with applicable United Kingdom law.

Auditor's Responsibilities

Our responsibility is to report to you our opinion on the consistency of the Summary Financial Statements within the Summary Financial Statement 2024 with the full Annual Accounts, Annual Business Statement and the Directors' Report, and its conformity with the relevant requirements of section 76 of the Building Societies Act 1986 and regulations made under it.

The purpose of our work and to whom we owe our responsibilities

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.

Stefan Beyers (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London, UK

21 March 2025

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

DIRECTORS' REMUNERATION

Executive Directors' Remuneration

2024 All figures £	Base Salary	Benefits, Allowances & Other Payments	Performance pay annual incentive scheme	Performance pay long-term incentive scheme	Retention Bonus	Pension Contribution	Total
Iain Kirkpatrick	243,888	26,882	58,766	-	-	-	329,537
Nicholas Fielden	186,212	794	42,999	-	-	18,621	248,626
Annemarie Cossar	133,030	724	28,048	-	-	13,303	175,105
Total	563,130	28,400	129,813	-	-	31,924	753,268

2023 All figures £	Base Salary	Benefits, Allowances & Other Payments	Performance pay annual incentive scheme	Performance pay long-term incentive scheme	Retention Bonus	Pension Contribution	Total
Iain Kirkpatrick	232,100	24,055	55,735	0	0	0	311,890
Nicholas Fielden	176,409	4,763	26,347	14,605	89,025	17,983	329,132
Annemarie Cossar	126,600	1,028	18,972	10,284	0	12,660	169,544
Total	535,109	29,846	101,054	24,889	89,025	30,643	810,566

The benefits and allowances received by Executive Directors relate to private medical insurance, the provision of a car allowance and pension allowance in lieu of contribution since only base salaries are pensionable. In order to help provide a smooth transition for the incoming Chief Executive, Nicholas Fielden (Chief Finance Officer) received a payment of 50% of salary in 2023 after he stayed in post for twelve months after the appointment of the new Chief Executive.

Non-Executive Directors' Remuneration

Directors fees	2024	2023
All figures £		
Lesley Titcomb – Chair from October 2023	54,119	12,100
Michael Thomas – Chair from July 2020 to October 2023	0	40,183
Lindsay Forster	33,177	28,433
Jonathan Fox	40,046	34,638
Andrew Merrick	40,799	34,638
Zoe Shapiro	36,210	30,650
David Stunell	35,825	30,650
Nala Worsfold	33,177	28,558
Mark Record - from October 2024	7,744	0
Francesca Hampton - from October 2024	7,744	0
Total	288,841	239,850

Fees include amounts paid to the Chairs of the Assets & Liabilities Committee, Audit & Compliance Committee, Risk Committee and Remuneration Committee, to the Consumer Duty Champion and to the Chair of the associated Pension and Life Assurance Scheme.

SUMMARY DIRECTORS' REMUNERATION REPORT

This is a summary of the policy on Directors' Remuneration, which is set out in full in the Annual Report. Members will be asked to vote at the Annual General Meeting on an advisory resolution on the Board's policy on the remuneration of directors.

Remuneration Committee

The Remuneration Committee is responsible for determining appropriate remuneration for the Chair and Executive Directors and other Executives, and to make recommendations to the Board concerning the remuneration of Non-Executive Directors (NEDs) and other staff. The Committee has reviewed colleague remuneration and the alignment of incentives and rewards with culture, taking these into account when setting the policy for executive director remuneration.

The Committee's terms of reference were last reviewed and updated in June 2024 and they are available on the Society's website. The Committee meets at least twice each year.

The Committee shall be appointed by the Board from amongst the NEDs, and shall comprise of no less than two NEDs, of whom at least one shall also be a member of the Audit and Compliance Committee or the Risk Committee. The Board shall also appoint the Chair of the Committee but this will not be the Chair of the Board and in line with the Terms of Reference, the Chair of the Committee had served as least 12 months on a Remuneration Committee prior to appointment as Chair of the Committee. In 2024 the members were: Jonathan Fox (Chair), Lindsay Forster, Francesca Hampton (from 1 October 2024) and David Stunell. Jonathan Fox retired from the Committee on the 31 January 2025 and was replaced as Chair by Francesca Hampton. Whilst Francesca Hampton had not served 12 months on the committee prior to be appointed as Chair, the Board are satisfied that she has the relevant skills and experience for the role.

Executive Directors

For executive directors the Society seeks to establish an appropriate balance between the fixed and variable elements of remuneration. The Committee has been mandated by the Board to ensure that fixed remuneration is in line with the market rate for executive directors in similar positions at comparable financial organisations. Performance appraisals of the executive directors are carried out at least annually to assess their success in meeting individual and corporate objectives.

The Committee has been mandated by the Board to reward exceptional performance through incentive schemes. Awards under the incentive schemes reflect the outcomes of appraisals.

The main components of the executive directors' remuneration are:

- Base salary and core benefits; and
- Variable remuneration incentive scheme.

Base salaries consider the content and responsibilities of the job, salary levels in comparable organisations and individual performance in the role. The Chief Executive is appraised annually by the Chair, and the Chief Executive carries out a performance assessment of the other executive directors.

Pension Benefits

The Society contributes to a defined contribution scheme for eligible staff, including executive directors, who may elect to receive this contribution as a pension allowance. Only basic salary is pensionable. The pension contribution rates for executive directors are aligned with those available to colleagues. Pension consequences and associated costs of basic salary increases, particularly for directors close to retirement, are carefully considered when compared with colleague arrangements.

Other Benefits

The Society provides other taxable benefits all colleagues, namely private medical insurance.

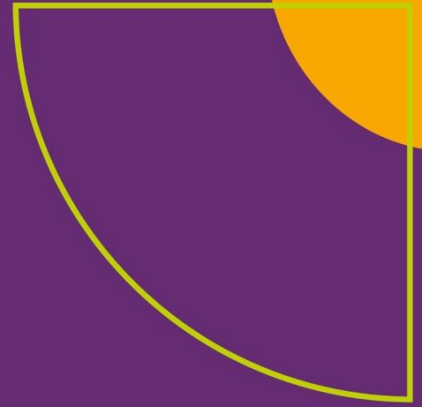
Non-Executive Directors

The Board aims to ensure that fees are in line with the amount paid to non-executive directors in similar positions at comparable financial organisations. The Remuneration Committee makes recommendations to the full Board in respect of any changes to the remuneration of non-executive directors. As is conventional, additional fees are paid to the Chairs of certain Board Committees, in recognition of the additional workload and responsibility.

Non-executive directors' remuneration does not include any bonus payments, pension or other benefits. Non-executive directors do not have service contracts providing for notice periods which exceed three months; neither do they have any contractual entitlement to termination payments. Their effectiveness is appraised annually by the Chair, and the Board as a whole, under the leadership of the Senior Independent Director, assesses the Chair's performance.



Market Harborough
BUILDING SOCIETY



Together we thrive!