

melton matters

for the members of melton building society - spring 2018



©LRWT

Inside this issue:

Notice of AGM

Going from Good to Great

Group Performance at a Glance

Why Does the Melton Matter?

Summary Financial Statement



the melton
building society
here to help....

Going from Good to Great



Welcome to the Spring 2018 Edition of Melton Matters. Inside you will find details of our Annual General Meeting and information on how you can vote – I encourage you to attend the AGM if possible to exercise your voting rights.

I am pleased to report that we continue to make excellent progress in executing our strategy. In 2017 we achieved a healthy level of profitability of over £1.6m profit before tax whilst also investing for the future in new systems and improving customer services. It was also pleasing to achieve growth in mortgage lending of 6% supported by 3% increase in savings and 8% increase in overall funding.

However, I believe financial strength is not enough, we also need to focus on operational resilience to ensure the enduring success of the Society. Operational resilience spans protecting customer data, to maintaining excellent service levels and being able to respond effectively to unplanned events. Your management team at the Melton has invested in developing good systems and controls, which are an essential component of maintaining operational resilience.

The Melton is a people business and our members, customers and employees are at the heart of everything we do. Last year the Society launched a new continuous internal training and employee engagement programme – Going from Good to Great – to help our employees deliver great customer experience. As part of this programme, the Society has also introduced Net Promoter Score to provide us with meaningful customer feedback which will enable us to track our score from various sources over time and help us to go from Good to Great.

We continue to invest in our high street branches and online capabilities for savings customers to make our services easily accessible and relevant to customers. In 2017 we introduced Vulnerable Customer Champions in our Branches to regularly review the needs and requirements of customers to ensure that our staff are capable, equipped and adequately trained to deal with people who require extra help.

I believe the Melton is strongly positioned for the future and I look forward to leading the Society in its next phase of development.



Alan Craft
Chairman

Notice of Annual General Meeting

Notice is hereby given that the 142nd Annual General Meeting of the Melton Mowbray Building Society will be held on 25th April 2018 at Gloucester House, 3 Norman Way, Melton Mowbray, Leicestershire, LE13 1JE at 11.00am for the following purposes:

- 1) To receive the Directors' Report, Annual Accounts and Annual Business Statement for the year ended 31 December 2017.
- 2) To receive the Auditors' Report for the year ended 31 December 2017.
- 3) To receive and accept the Directors' Remuneration Report as set out in the Annual Accounts.
- 4) To re-appoint KPMG LLP as Auditor.
- 5) Board Candidates:
 - i) To elect Mr Darren Lee McKenzie
 - ii) To re-elect Mr Alan Leslie Craft
 - iii) To re-elect Mr John Philip Mulvey

By order of the Board of Directors

K Mabbott
Society Secretary

20 March 2018

Notes

- 1) These Notes form part of the Notice of Meeting.
- 2) Under the Society's Rules, a member entitled to attend the Meeting and vote may appoint one proxy to attend and vote on his or her behalf. You may appoint the Chairman of the Meeting or anyone else as your proxy, and your proxy does not have to be a member of the Society. Your proxy may vote for you at the Meeting, but only on a poll. A poll is a formal vote which may take place after an initial vote by show of hands. Your proxy may not speak at the Meeting, except to demand or join in demanding a poll.
- 3) You may instruct your proxy how to vote at the Meeting. Please read these instructions and any on the proxy form itself. If voting by proxy, the voting date is 20th April 2018.
- 4) The voting date is the date of the Meeting – 25 April 2018.
- 5) In order to attend and vote at the Meeting, or appoint a proxy, you must qualify as either a shareholding member or a borrowing member.

Shareholding Members

- a) To qualify as a shareholding member, you must:
 - i) if you are an individual, be at least 18 years old on 25 April 2018, and
 - ii) have held shares to the value of not less than £100 on 31 December 2017, and
 - iii) not ceased to hold a share or shares at any time between 31 December 2017 and the voting date, and
 - iv) hold a share or shares on the voting date.
- b) Where the shares are held jointly by two or more persons, only the first named in the records of the Society in respect of those shares can have any voting rights.

Borrowing Members

- a) To qualify as a borrowing member, you must:
 - i) be at least 18 years old on 25 April 2018, and
 - ii) have owed not less than £100 in respect of a mortgage debt on the voting date.
 - b) Where a mortgage debt is owed jointly by two or more persons, only the first named in the records of the Society in respect of that mortgage can have any voting rights.
- 6) In addition, you can vote only once as a member, irrespective of:
- a) the number of accounts you hold and whether you hold accounts in different capacities (for example, on your own behalf and as a trustee), and
 - b) whether you qualify to vote as both a shareholding member and a borrowing member.
- 7) Members attending the Meeting will be requested to produce their passbooks or other evidence of membership in order to obtain admission. If you are appointing a proxy other than the Chairman of the Meeting to attend the Meeting and vote on your behalf, please ensure that your proxy brings an appropriate form of identification to the Meeting.

If you appoint a proxy to vote on your behalf and your proxy does not attend, your vote will not be counted.

Information on Candidates for Election as a Director



Mr Alan Leslie Craft
MA (D.O.B. 25 September 1947)

I am a career banker with experience in various parts of the world. My specialisation has been risk management in both credit and operational risk. I joined the board of the Melton in June 2013 and I became Chairman in December 2013. I am also now a partner in a consultancy that reviews the effectiveness of employee engagement and an advisor to a firm that assesses very long term economic trends and their impact on businesses and governments. I am married with two sons and five grandchildren.



Darren Lee McKenzie
(D.O.B 21 October 1968)

I was appointed to the Society's Board of Directors in May 2017. I have been working in Financial Services for nearly 30 years. My specialisation is in Technology and Operations for various organisations across the globe, including Experian, Santander and Royal Sun Alliance.

I am married with seven children and two grandchildren. I spent a lot of time in Melton in my younger days and so I am delighted to be a part of the local community again.



John Philip Mulvey
ACA BSocSc (Hons) (D.O.B. 15 January 1975)

I joined the Society in May 2010 as Finance Director. My previous career included 9 years at KPMG, where I qualified as a chartered accountant in 1999 and specialised in the audit of banks, building societies and leasing companies, and 5 years at IBB bank, where I was appointed Chief Financial Officer in 2008.

I chair the Assets and Liabilities Committee and am a member of the Executive Committee. I am also a Director of each of the Society's subsidiaries and a Trustee of the Melton Mowbray Building Society Staff Pension and Life Assurance Scheme.

Group Performance at a Glance 2017

Maintaining Financial Strength

**Mortgage
balances grew
by 6% to £359m**



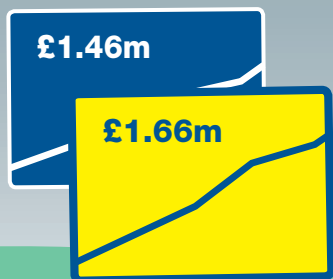
**Savings balances
grew by 3% to
£376m**



**Strong capital
maintained**



**Healthy level
of profitability
maintained**



**Healthy levels
of liquidity**



□ 2016 ■ 2017

Things that matter to you

Better savings rates, our average new savings rate was above market average



* Based on Moneyfacts data for all accounts.

Low level of complaints



Recipient of 7 industry awards



Giving to the Community

Over £76,000 donated to local worthy causes in 2017



For further information about how we support the community and how to apply, please visit www.themelton.co.uk/community-support

Why does the Melton matter?



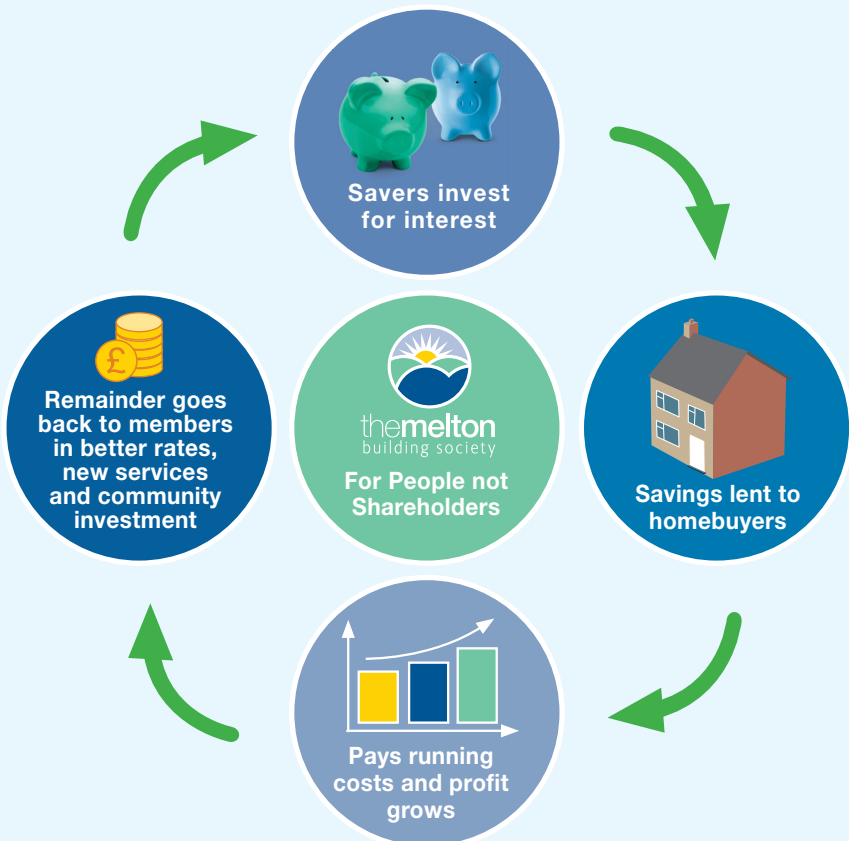
Martin Reason, Chief Executive

The Mutual Difference

The Society was formed in 1875 by the local community to help people save money and buy their own homes. We have continued this approach for over 140 years by providing a choice of mortgage and savings products designed to make home ownership available to a diverse range of customers – including first time buyers, older borrowers, landlords and self builders.

When you save or take out a mortgage with us, you become a member of the Melton. This is what “mutuality” means - you have a say in how the business is run and the needs of our members and their communities are our priority.

The Mutual Difference



Supporting your local community

Supporting your local community is not just all about donating money – yes, the Society supports our Charitable Foundation and community giving, however, we also have an important role to play in financial education, developing awareness of the environment and kickstart projects which create enduring community wellbeing.

Our support enables employees to get involved and make a difference to their local community. For example, every year our branches choose a local community project they would like to support and they produce a fundraising programme that employees carry out during the year. The Society runs a financial education programme for local secondary schools and our branches also provide a School Bank service for primary schools. Our partnership with our local Wild Life Trust provides opportunities for school children to learn outside and broaden their knowledge and understanding of the natural world with our Go Wild Fund (see front cover). We will be rolling out this programme to 13 local primary schools in the Spring.

We were honoured when local customer and sportswoman, June Roper, left our Charitable Foundation £80,000 in her Will. June had a long standing relationship with the Society and trusted our Charitable Foundation to administer her legacy wisely. Fundamentally, it is trust which is at the heart of the Building Society movement and underpins everything we do.

Industry Awards

Receiving recognition in industry awards gives confidence to our members. As a people business, it's also great for our employees to be appreciated. Recognition in 7 industry awards in 2017 is a clear reflection of the talent within our business and our success in delivering great customer outcomes:



Martin Reason
Chief Executive

Customer Feedback - some quotes:

Mr B, Kettering: "This was my first mortgage and I am so pleased I chose the Melton. My mortgage advisor, Angie, was fantastic to deal with, she really took ownership of my mortgage and made sure it happened. Angie took the stress out of the whole process and there was always someone at the Melton who knew about my case to talk to. As a first time buyer, the personal service was invaluable and I would have no hesitation in recommending the Melton to my friends."

Faye and Chris, Hampshire: "Thank you for all your help and advice. You have been a pleasure to do business with and the best mortgage provider we have used! It's great to speak to people rather than machines – small is best!"

Emma, Leicestershire: "I went in to my local branch of the Melton to open a children's savings account. I was delighted to be able to open an account on the spot and to be assisted by such helpful and efficient staff – so much better than my local bank! I was so impressed I opened two Wild Ones Young Savers accounts and I received two lovely goody bags for my children. Fab!"

Summary Financial Statement 2017

This financial statement is a summary of information in the audited annual accounts, the 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 Melton Mowbray Building Society from 31 March 2018 and at www.themelton.co.uk.

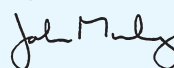
Approved by the Board of Directors on 14 March 2018 and signed on its behalf by:



A L Craft
Chairman



M J Reason
Chief Executive



J P Mulvey
Deputy Chief Executive
& Finance Director

Summary Directors' Report

The information contained in the Chairman's welcome and the Chief Executive's review on pages 2 to 3 and 8 to 9 addresses the requirements of the Summary Directors' Report. Further information is contained in the full annual accounts.

	Group 2017 £'000	Group 2016 £'000
Results for the year		
Net interest receivable	6,650	5,864
Other income and charges	701	761
Administrative expenses	(5,621)	(5,263)
Loss on revaluation of investment property	(100)	(150)
Impairment losses	69	298
Provisions	(38)	(52)
Profit for the year before taxation	1,661	1,458
Taxation	(361)	(296)
Profit for the year	1,300	1,162
Financial position at end of year		
Assets		
Liquid assets	77,138	64,230
Mortgages	358,665	339,019
Derivative financial instruments	66	6
Fixed and other assets	7,141	7,414
Retirement benefit asset	8,847	8,498
Total Assets	451,857	419,167
Liabilities		
Shares	355,324	346,057
Borrowings	55,540	33,841
Derivative financial instruments	80	107
Other liabilities	2,736	2,675
Reserves	38,077	36,287
Revaluation reserve	100	200
Total Liabilities	451,857	419,167
	Group 2017	Group 2016
Summary of key financial ratios		
As a percentage of shares and borrowings:		
Gross capital	9.29%	9.60%
Liquid assets	18.77%	16.91%
As a percentage of mean total assets:		
Profit for the year	0.30%	0.29%
Management expenses	1.29%	1.30%

Notes to the Summary Financial Statement

The Summary Financial Statement is prepared on a Group basis.

The gross capital ratio measures the Group's capital as a proportion of its shares and borrowings. Gross capital comprises the general reserves and the revaluation reserve. Capital provides a financial buffer against any losses which might arise from the Group's activities and therefore protects investors.

The liquid assets ratio is a measure of the proportion of the Group's shares and borrowings that are in the form of cash or readily realisable into cash. Liquid assets enable the Group to meet requests by investors for withdrawals from their accounts, to make new mortgage loans to borrowers and to fund its general business activities.

The ratio of profit for the year as a percentage of mean total assets measures the proportion that the profit after taxation for the year represents in relation to the average of total assets for the year. The ratio is similar to a company's return on assets. The Group needs to generate a reasonable level of profit each year in order to fund the continued development of its business and maintain its capital ratios at a suitable level to protect investors.

The ratio of management expenses as a percentage of mean total assets measures the proportion which administrative expenses as reported in this document (which includes depreciation and amortisation) represents in relation to the average of total assets for the year and is widely used to measure administrative efficiency.

Independent auditor's statement to the members and depositors of Melton Mowbray Building Society

Opinion

We have examined the summary financial statement of Melton Mowbray Building Society ('the Society') for the year ended 31 December 2017 set out on pages 10 to 11.

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 Directors' Report of the Society for the year ended 31 December 2017 and conforms with the applicable 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 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 2017, 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 2017.

We also read the other information contained in the Melton Matters document, 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 describes the basis of our opinions on those annual accounts, the Annual Business Statement and Directors' Report.

Directors' responsibilities

The directors are responsible for preparing the summary financial statement within the Melton Matters document, 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 statement within the Melton Matters document 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.

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.

Andrew Walker

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

14 March 2018

One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Directors' Remuneration Report

(not forming part of the Summary Financial Statement)

This report together with the disclosures in Note 9 of the annual accounts is provided to give members an explanation of the policy and application of Directors' remuneration. A resolution will be put to the Annual General Meeting inviting members to receive and accept this report. The vote is advisory, and the Board will consider whether any consequent action is required.

Remuneration Policy

The Remuneration & Nominations Committee, comprising Non-Executive Directors only, has responsibility for determining the Group's Remuneration Policy. The Committee's objectives in setting the Remuneration Policy are to ensure that:

- The Group attracts and retains Directors and senior management possessing the skills and experience to lead the Group and develop it for the long term advantage of members;
- Remuneration decisions are consistent with the Group's long term objectives, business strategy and risk appetite set by the Board of Directors;
- Staff are provided a fair and reasonable reward for their contribution to the business; and
- The Group maintains a sustainable business model and a strong capital base.

In setting remuneration, the Committee takes into account salaries, fees and benefits offered for comparable positions within similar financial services organisations.

Executive Directors

Remuneration of the Group's Executive Directors comprises a number of elements: basic salary, annual bonus scheme, medium term incentive plan, membership of a pension scheme and other taxable benefits.

The annual bonus scheme is in place in order to recognise the contribution of individuals to the maintenance and improvement of underlying financial performance and enhancements made to the Group's risk management framework and control environment. Annual bonuses are discretionary, non-contractual and not guaranteed, capped at 10% of basic salary (prior to any salary sacrifice) and are subject to approval by the Committee. All payments under the annual bonus scheme are in cash with no deferral or clawback provisions.

A medium term incentive plan (MTIP) was introduced by the Committee to commence from 1 January 2017. MTIPs are set annually, based on performance measured against objectives set within the Society's Strategic Plan relating to profitability, mortgage growth and customer service. Payments under each MTIP are capped at 10% of salary (prior to any salary sacrifice) and, subject to performance, paid over a three year period, with 25% payable after each of the first two years and 50% after the third year. All payments under the MTIP are reviewed by the Risk Committee, are discretionary and subject to approval by the Remuneration & Nominations Committee.

Executive Directors are eligible to be members of the Melton Mowbray Building Society Staff Pension and Life Assurance Scheme (the 'Scheme'). Active members of the Scheme accrue benefits in the defined contribution section of the Scheme. The Scheme also includes financial provision for death in service. Mr Reason has opted out of the Scheme and receives a taxable allowance in lieu of the Society's pension contributions and retains the death in service life assurance cover.

The Group provides other taxable benefits including a car allowance and health care provision.

Details of all remuneration paid to the Executive Directors are set out in Note 9 of the annual accounts.

The Chief Executive and Deputy Chief Executive & Finance Director each have a service contract with the Society, terminable by the Society giving 12 months' notice or by the Director giving 6 months' notice.

The level of remuneration of Executive Directors is considered by the Committee. The Chief Executive appraises the individual performance of the Deputy Chief Executive & Finance Director and makes recommendations to the Committee. The Chief Executive is appraised by the Chairman.

Non-Executive Directors

Non-Executive Directors are remunerated by fees. A taxable travel and accommodation allowance is paid where a Director lives a significant distance from the Society's Principal Office. They do not receive any salary, performance incentives or pension. The Society's Rules limit Non-Executive Director remuneration to 2.5 times the annual salary of the lowest paid full-time clerical employee. Each Director's remuneration is considered by the Committee.

A Director who is also a Trustee of the Melton Mowbray Building Society Staff Pension and Life Assurance Scheme is granted a fee of £150 per Trustee meeting attendance.

FCA Remuneration Code

The Group's Remuneration Policy describes how the Group complies with the Remuneration Code. In accordance with the Code, the Society has disclosed certain qualitative and quantitative information relating to remuneration in its Pillar 3 disclosures document which can be found on the Society's website, www.themelton.co.uk

A L Craft

14 March 2018

Chairman

Directors' emoluments (not forming part of the Summary Financial Statement)

Society 2017	Salary / fees £'000	Annual bonus £'000	Medium term incentive plan £'000	Benefits £'000	Sub Total £'000	Payments to defined contribution scheme £'000	2017 Total £'000	2016 Total £'000
Non-Executive								
L C Alldritt (retired 28 Nov 2017)	22	-	-	-	22	-	22	22
A J Capps	25	-	-	2	27	-	27	24
R H Clegg (retired 25 Apr 2017)	10	-	-	-	10	-	10	22
A L Craft	29	-	-	3	32	-	32	31
D L McKenzie (appointed 1 May 2017)	16	-	-	2	18	-	18	-
F A Pollard	25	-	-	3	28	-	28	25
K O Romney	25	-	-	3	28	-	28	25
Executive								
M J Reason	147	12	3	28	190	-	190	182
J P Mulvey	110	9	3	12	134	31	165	158
	409	21	6	53	489	31	520	489

MyMelton Online

You can now register to view and manage basic account and personal details **online 24 hours a day.**

This new online service includes:

- View and manage basic account details
- Change personal details
- Change interest payment instructions
- Send and receive secure messages to/from the Society regarding your account(s)
- Personalise your account names
- Monitor your ISA subscription
- Add savings goals

To register for this online facility, you will need to complete a Registration form - please ask one of our Customer Advisors for more details.



themelton
building society

Supporting Local Charities

The Melton has a number of selected affinity relationships with local charities to raise money through savings accounts. These accounts enable members to help their chosen charity as the more money they save, the more the Melton donates to the charity each year.



The Phoenix
Children's Foundation



your local
air ambulance

Derbyshire · Leicestershire · Rutland

Warwickshire · Northamptonshire



For more information regarding the Society's Affinity Savings accounts and how you can help support our chosen charities, please speak to an advisor, visit www.themelton.co.uk or call us on 01664 414141.



themelton
building society

Important Information

FINANCIAL SERVICES COMPENSATION SCHEME

Important information about compensation arrangements

We are covered by the Financial Services Compensation Scheme (FSCS). The FSCS can pay compensation to depositors if a building society is unable to meet its financial obligations. Most depositors - including most individuals and small businesses - are covered by the scheme.

In respect of deposits, an eligible depositor is entitled to claim up to £85,000. For joint accounts each account holder is treated as having a claim in respect of their share so, for a joint account held by two eligible depositors, the maximum amount that could be claimed would be £85,000 each making a total of £170,000. The £85,000 limit relates to the combined amount in all the eligible depositor's accounts with the building society, including their share of any joint account, and not to each separate account.

For further information about the scheme (including the amounts covered and eligibility to claim) please ask at your local branch, refer to the FSCS website www.FSCS.org.uk or call 0800 678 1100.

- Please ensure that you keep your personal details held with the Society up to date.

The Society may wish to keep you informed of marketing initiatives from time to time. We will use various marketing methods in this respect, namely, telephone, letter/direct mail, email or third party. If you do not wish to be contacted by any particular method, please let us know. Please note that any instruction received will supersede any existing instruction held in our records.

- The Society's current savings interest rates are available on request from our Principal Office or Branches. They are also shown on our website at www.themelton.co.uk.
- Online Security - For those members who use online facilities, including email, please note that Melton Mowbray Building Society will not issue emails to you requesting personal information or details of passwords and accounts numbers. We would appreciate you letting us know if you ever receive such a request. We would also draw your attention to being vigilant in respect of internet security including identity theft and internet fraud generally. We would draw your attention to the security information in the online savings log in and suggest you read this information on a regular basis.

Your Executive Management Team

Martin Reason - Chief Executive

John Mulvey - Deputy Chief Executive
& Finance Director

Rebecca Cartwright - Chief Risk Officer

Debbie Flint - Director of Operations

Nicola Alvarez - Director of Sales & Marketing

Siân Gant - Financial Controller

Steve Clayton - Head of Group IT

Karen Mabbott - Society Secretary

Offices of the Society

Principal Office

Mutual House, Leicester Road,
Melton Mowbray, Leics., LE13 0DB
Tel: 01664 414141 Fax: 01664 414040
E-mail: melton@mmbs.co.uk

Branch Offices

Melton Mowbray Branch

18 Nottingham Street, Melton Mowbray,
Leics., LE13 1NW. Tel: 01664 480214
Andrew Broom - Branch Manager

Grantham Branch

48 High Street, Grantham, Lincs., NG31 6NE.
Tel: 01476 564528
Dawn Wright - Branch Manager

Oakham Branch

23 High Street, Oakham, Rutland, LE15 6AH.
Tel: 01572 757911
Jack Gallacher - Branch Manager

Call us on 01664 414141 between
9am and 6pm Monday to Friday and
9am and 12pm on Saturdays

www.themelton.co.uk



The Melton Mowbray Building Society is Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. MMB58318