

melton matters

for the members of melton building society - spring 2021



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themelton
building society

Welcome to the Spring 2021 edition of Melton Matters.

Inside you will find details of our Annual General Meeting and information on how you can vote. I encourage you all to exercise your voting rights.



2020 certainly brought some exceptional challenges with Brexit and the Coronavirus pandemic which have affected both the market and world economies, as well as creating huge demands on families and communities.

Against this backdrop of uncertainty, the growth of the UK economy slowed dramatically. Bank Base Rate reduced from 0.75% to 0.10% in March and remained at that level for the rest of 2020. There remains speculation around negative interest rates being introduced, this will come with challenges for the industry to implement and will clearly have a negative impact on savers. Annual house price growth rose to a six-year high at the end of last year, with all regions seeing a pickup in growth rates, with the East Midlands being the strongest region.

I am pleased to report that despite this tough economic backdrop and the continuing uncertainty, your Society has produced a solid financial performance in 2020 and an exceptional year of growth with both mortgage and savings growth setting new records. The Group produced a profit before tax of £0.33m which included a number of one-off expenses during the course of the year.

It is in these challenging times that being a mutual serves the Society well. It enables us to focus on serving our members and to invest in our long-term success, despite short-term market and economic pressures. Our underlying financial strength has allowed us to set a new strategy of growth enabling us to invest for the future and build a modern mutual Society that can meet the needs of all members.

I would also like to thank all of our colleagues, partners and suppliers who have supported us over the past year. Thank you also to you, the members, for your continued support during this challenging time.

This will be my last Melton Matters welcome as I am stepping down as Chairman at the upcoming AGM. I will remain as a Director for a short period of time to support the handover to the new Chair, Fiona Pollard, who is proposed to succeed me as Chair. Fiona joined the Board in 2014 and has been our Vice-Chairman. With over 15 years' experience working in financial services and as an experienced non-executive Director, Fiona brings a wealth of knowledge, skill, and experience to the role. It has been my honour to chair the Society Board for the last 7 years.

Alan Craft
Chairman

Notice of Annual General Meeting

Notice is hereby given that the 145th Annual General Meeting of the Melton Mowbray Building Society will be held on 28th April 2021 at 11am at Mutual House, Leicester Road, Melton Mowbray, Leicestershire LE13 0DB to consider and vote on the resolutions, election and re-election of Directors set out below.

Due to the ongoing situation with the COVID-19 pandemic and to protect Members, the Annual General Meeting will be a closed meeting which means that Members are unable to attend in person (other than a minimum number of employees who are also eligible members, who will attend the meeting in order to meet the legal quorum requirements). Members are invited to join the AGM via Microsoft Teams to observe the live meeting. To register your interest please e-mail the Society Secretary - k.mabbott@mmbs.co.uk.

- 1) To receive the Directors' Report, Annual Accounts and Annual Business Statement for the year ended 31 December 2020.
- 2) To receive the Auditor's Report for the year ended 31 December 2020.
- 3) To receive and accept the Directors' Remuneration Report as set out in the Annual Accounts.
- 4) To re-appoint BDO LLP as Auditor.
- 5) To approve the amendments to the Rules of the Society as set out in this Notice of AGM
- 6) Board Candidates:
 - i) To re-elect Mr Alan Leslie Craft
 - ii) To re-elect Mr Jonathan Farrington
 - iii) To elect Mr Simon James Taylor

By order of the Board of Directors

K Mabbott

Society Secretary

18 March 2021



Notes

- 1) These Notes form part of the Notice of Meeting.
- 2) Under the Society's Rules, a member entitled to vote at the Meeting 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. Please note that as the Meeting is having to be held as a closed meeting as a result of the COVID-19 pandemic, if you appoint any person other than the Chairman of the Meeting as your proxy they will unfortunately not be able to attend and you will instead be treated as having appointed the Chairman of the Meeting to ensure that your vote is counted.
- 3) You may instruct your proxy how to vote at the Meeting. Please read these instructions and any on the proxy form itself.
- 4) The voting date for those employee members who will attend the meeting in person in order to meet the legal quorum requirements is the date of the meeting, which is 28 April 2021. For all other members who are required to vote by proxy, the voting date is 26 April 2021.
- 5) In order to 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 28 April 2021, and
 - ii) have held shares to the value of not less than £100 on 31 December 2020, and
 - iii) not ceased to hold a share or shares at any time between 31 December 2020 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 28 April 2021, and
 - ii) have owed not less than £100 in respect of a mortgage debt on 31 December 2020 and 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) Details of the proposed amendments to the Rules of the Society can be found on page 15.

Information on Candidates for Election as a Director



Simon James Taylor
ACIB, MBA (D.O.B. 31 July 1970)

I joined the Board of the Melton as Group Chief Executive Officer on 1 June 2020.

I have nearly 30 years of financial services experience and a proud supporter of the benefits of Mutuality and the Building Society Sector.

Previously, I was the Chief Operating Officer for nearly 8 years at The Nottingham, a Top 10 Building Society. Prior to that I worked for Lloyds Banking Group as Regional Director for Northern England and before this held a number of senior roles in Lloyds and Barclays where I started my career in Financial Services.

I am an Associate of the Chartered Institute of Bankers, hold an MBA and am an alumnus in Advanced Strategic Management from Kellogg North-Western Business School in Chicago.

I am delighted to be your Chief Executive. I was strongly attracted by the ambition and energy of the Melton Board to create a relevant modern and vibrant Society that adds value and supports its members and the communities it serves.



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.



Jonathan Farrington
BSc (Hons), MSc, MBA, C.Dip.A.F. (D.O.B. 26 March 1969)

I was appointed to the Board on 1st March 2018 and I am Chair of the Audit and Compliance Committee.

I have worked in the oil, pharmaceutical and retail sectors including Mobil Oil and Alliance Boots. I served as Group CEO of the Dr Max Group in Central Europe, Finance Director of Boots Retail International and Alliance Boots Group Director of Corporate Development for Europe, Middle East & Africa. I have worked internationally for much of the last twenty years, including time spent living and working overseas.

I have been based in the East Midlands since 1996 and I am married with 3 children. I am Vice Chair of Governors at the King's School, Grantham.

Maintaining Financial Strength

Mortgage
balances grew by
9.0% to £412m



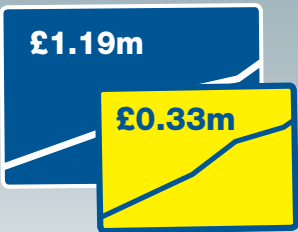
Retail Savings
balances grew by
25.7% to £477m



Strong capital
maintained



Profitability
maintained



Liquidity



Things that matter to you

Low level of complaints



2019 complaints
as a % of customer
accounts: 0.37



2020 complaints
as a % of customer
accounts: 0.43

Recipient of 7 industry awards



Giving to the Community

Over £80,000 donated to local worthy causes in 2020



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



Exciting times ahead...

It has certainly been an interesting first six months as your Chief Executive of the Melton, but I am delighted that despite the political and economic uncertainty, we have all pulled together to deliver strong results that will help build an exciting future for your Society.

In March the Society quickly adapted to working remotely with many of our support teams working from home. We introduced new safety measures at our Principal Office and Branches in line with Government guidelines so we were able to continue to serve our customers. Our telephone lines have remained available to support customers with more customers using this channel to complete transactions. This continuity of service has been possible due to the hard work of all our Society colleagues who have remained focused on our customers and thinking of different ways to support them. I would like to thank all our colleagues for their commitment during this very challenging year.

Our members have also supported our results and provided us with a great measure of how we are doing. Our Net Promoter Score, which gives an indication of the loyalty of our customer relationships, was +76% for 2020, a score that compares well to the Building Society benchmark. This was an increase on our 2019 score which was +73.6%.

I'm also very proud that our commitment to our savers and borrowers has resulted in recognition in seven industry awards, including winner of Best Local Building Society in the Mortgage Finance Gazette Awards.

Supporting our community has been more important than ever this year. Our colleagues voted to support Rainbows as our Charity of the Year, with money being raised through events and activities. In total the Society raised over £3,000 for Rainbows. Our Charitable Foundation has also provided over £27,000 in grants to support local organisations such as Age UK Leicestershire & Rutland, Home-Start Horizons and Get Busy Living.

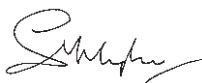
The Society's affinity savings accounts donate up to 0.25% of the average savings balances held throughout the year. This year we have donated over £37,000 to Rainbows, Home-Start, the Phoenix Children's Foundation, Derbyshire Leicestershire & Rutland Air Ambulance and Loros Hospice.

The Society has three important subsidiaries, which form the Group which enables a broader product and service proposition to be offered to existing and new customers. MBS Lending Limited provides mortgage finance to customers who do not meet the criteria to become Society members. NEXA connects SME Property Developers with funders to provide an alternative lending model to support developments and challenge the status quo banking model. In August 2020 the Society launched a new subsidiary of the Melton Group, trading as Mortgage Advice Bureau, to help customers find the right mortgage by comparing 1,000s of mortgages from over 90 different lenders.

As well as delivering a record year of growth, we have also taken the time during 2020 to complete a business review that takes into consideration the exciting innovations that are transforming financial services and giving us an opportunity to stay relevant to current and future members. Our strategy for 2021 will build on our combination of record growth and improved performance to build a modern mutual Society that strikes the balance between digital and branch customers. I have no doubt that the year ahead will be challenging but the agreed strategy that we have in place will allow us to move forward and evolve the Society.

I would like to thank all of my colleagues for their support in my first six months as Chief Executive Officer and also our members as we look forward to an exciting 2021. The trust you place in the Society is something that we do not take for granted.

I look forward to meeting many more of our members and customers once we are through the current Pandemic.



Simon Taylor
Chief Executive Officer

Customer feedback:

Mrs P: "Thank you so much for all your help in getting this sorted. I can honestly say that throughout the whole build process and all the companies and individuals we have dealt with, the service we have had from you and your colleagues has been by far the most professional, helpful and efficient. I hope you can pass my comments on to your management as I feel it is important that this is noted and recognised."

Mr R: "Many thanks for your help. I was so lucky to get you on the phone after you had sent me the letter. You have been really good in looking after this old man. Your help is really appreciated and it is good to know that the Melton is doing so well because of excellent workers like you."

Mr R: "I just wanted to send you a message to say how impressed I am with the efficiency you've shown following the opening of my 2 year fixed saver with you. Despite what must have been a very heavy workload with a large number of applications, and given the current ongoing circumstances, you provided me with all communications in a timely manner and the opening of my account has been very efficient. I also greatly appreciated the friendly, professional approach shown by anyone I had the pleasure to speak to on the phone. Thank you."

Mr B: "Much appreciated, superb service from a great provider. Hope you are all safe and healthy. We will endeavor to return financially back to normality as soon as possible."

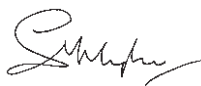
Summary Financial Statement 2020

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 2021 and at www.themelton.co.uk.


Approved by the Board of Directors on 18 March 2021 and signed on its behalf by:



A L Craft
Chairman



S J Taylor
Chief Executive Officer



S E Gant
Group Finance Director

Summary Directors' Report

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

	Group 2020 £'000	Group 2019 £'000
Results for the year		
Net interest receivable	7,545	7,002
Other income and charges	494	603
Administrative expenses	(7,526)	(6,674)
Loss on revaluation of investment property	(175)	(50)
Impairment losses	1	308
Provisions	(6)	-
Profit for the year before taxation	333	1,189
Taxation	(308)	(250)
Profit for the year	25	939
Financial position at end of year		
Assets		
Liquid assets	158,547	86,810
Mortgages	411,762	377,366
Derivative financial instruments	22	27
Fixed and other assets	7,036	7,078
Retirement benefit asset	6,638	8,651
Total Assets	584,005	479,932
Liabilities		
Shares	477,393	379,848
Borrowings	64,372	56,724
Derivative financial instruments	163	42
Other liabilities	2,914	2,826
Reserves	39,163	40,492
Total Liabilities	584,005	479,932

	Group 2020	Group 2019
Summary of key financial ratios		
As a percentage of shares and borrowings:		
Gross capital	7.23%	9.28%
Liquid assets	29.26%	19.88%
As a percentage of mean total assets:		
Profit for the year	0.00%	0.20%
Management expenses	1.41%	1.41%

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') and its subsidiaries (the 'Group') for the year ended 31 December 2020 which comprises the Results for the year and Financial position at the end of year, together with the summary Directors' report.

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 2020 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 2020, 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 2020.

We also read the other information contained in Melton Matters 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 unmodified and 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 Melton Matters 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 Melton Matters 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.

Ariel Grosberg (Senior Statutory Auditor)
for and on behalf of BDO LLP, Statutory Auditor
London, UK

18 March 2021

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

Directors' Remuneration Report

This report, together with disclosures in the 'Remuneration' section of the Corporate Governance Report and in Note 9 of the Annual Report & Accounts, provides Members with an explanation of the Group Remuneration Policy and its application to 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.

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 pay elements and fees that applied to each of the executive directors during the year are shown below:

	Basic Salary	Annual Bonus Scheme	Medium Term Incentive Plan	Membership of the Pension Scheme	Taxable pension allowance	Benefits	Pension Scheme Committee Fee	Ex gratia / payment in lieu of notice
S J Taylor appointed 1 June 2020	✓	✓			✓	✓		
S E Gant appointed 1 April 2020	✓	✓	✓	✓		✓	✓ (Trustee appointed 1 April 2020)	
M J Reason retired 30 June 2020	✓		✓		✓	✓	✓ (Trustee)	✓
J P Mulvey resigned 31 March 2020	✓		✓	✓		✓	✓ (Trustee resigned 31 March 2020)	

The medium term incentive plan related to the delivery of the strategic plan from 2017 to 2019 inclusive. Details of the establishment of, and governance over, the annual bonus scheme and the medium term incentive plan are set out in the 'Remuneration' section of the Corporate Governance Report.

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 receive benefits in the defined contribution section of the Scheme. The Scheme also includes financial provision for death in service.

Two Directors opted out of the Scheme and received a taxable allowance in lieu of the Society's pension contributions whilst retaining the death in service life assurance cover.

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

A Director who is also a Trustee of the Melton Mowbray Building Society Staff Pension and Life Assurance Scheme is granted a fee of £175 per Trustee meeting attendance. Three Directors received Trustee meeting attendance fees during the year.

M J Reason received six months' pay in lieu of notice and an ex gratia payment in recognition of his long service and commitment to the Society. Details are set out in note 9 of the annual accounts.

The Chief Executive has a service contract with the Society, terminable by the Society giving 12 months' notice or by the CEO giving six months' notice.

The Finance Director has given notice to leave this role on 23 April 2021.

Non-Executive Directors

The governance arrangements relating to Non-executive Directors' remuneration are set out in the Remuneration section of the Corporate Governance Report.

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. In 2021 we will move away from paying a taxable travel and accommodation allowance and expenses will be reimbursed as incurred in line with the Group expenses policy. 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.

Remuneration Paid

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

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

Chairman

18 March 2021

A *unique* mortgage service

We've teamed up with Mortgage Advice Bureau to bring you the best of both worlds – your local building society working with the UK's most recognised intermediary consumer brand.



Contact your expert advisor today on

01664 494100

Working with



**Mortgage
Advice Bureau**

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.

THERE MAY BE A FEE FOR MORTGAGE ADVICE. THE ACTUAL AMOUNT YOU PAY WILL DEPEND UPON YOUR CIRCUMSTANCES. THE FEE IS UP TO 1%, BUT A TYPICAL FEE IS 0.3% OF THE AMOUNT BORROWED.

The Melton Building Society is a trading name of Melton Mowbray Building Society which is an introducer appointed representative of Mortgage Advice Bureau Limited and Mortgage Advice Bureau (Derby) Limited which are authorised and regulated by the Financial Conduct Authority. The Melton Building Society. Registered Office: Leicester Road, Melton Mowbray, Leicestershire, LE13 0DB. Registered in England Number: 106184. MMBS20020

Rule changes

Resolution 5 (proposed amendments to the Rules of the Society) is a Special Resolution. The amendments to the Society's Rules (the Rules) are shown below, together with an explanation of the reasons for the proposed amendments. The proposed additions are shown in *italics and underlined*, with the deletions shown crossed out. You can view the full version of the Society's current Rules on our website at www.themelton.co.uk. If our members pass the Special Resolution, the Rules will be updated after the AGM.

What are we proposing to change?

The Society's Rules are our main constitutional document and set out the principles and basis on which the Society is governed including how members' meetings are held.

We are proposing to update the Rules:

- to allow members' meetings to be held electronically and/or in more than one physical location;
- to clarify the procedures for adjourned meetings;
- to clarify the quorum requirements for adjourned meetings;
- to improve the requirements regarding giving notice of meetings in the event of disruption to postal services;
- to reflect the requirements of The Mental Health (Discrimination) Act 2013; and
- to increase the maximum number of directors of the Society from 8 to 10 and to amend the quorum requirements for board meetings.

There are also some re-numbering and minor typographical changes to make to the rules.

Why are we proposing to change the rules on how members' meetings are held?

The COVID-19 pandemic and subsequent lockdown restrictions made the holding of Annual General Meetings in 2020 challenging. The last minute closure of meeting venues, rules around social distancing and movement restrictions meant that participation was severely limited. There is a clear member benefit in updating the Rules to allow member meetings to be held electronically or at more than one venue (or by a combination of both physical attendance and using an electronic platform), so that all members who wish to do so can fully participate in the meeting whilst helping to make sure that we keep our members and employees safe. We're proposing to update the rules to allow the Board to arrange for members to attend a meeting at one or more venues and/or using an electronic platform if the Board decides it would be safe and appropriate.

Why are we proposing rules relating to adjourned meetings?

The COVID-19 disruptions last year also focused our attention on the procedures in the event meetings are disrupted and need to be adjourned. We are proposing rules to clarify the procedure. This includes the notice requirements to inform members of the time, venue and date of the new meeting.

Why are we proposing to change the rules regarding quorum at adjourned meetings?

We are proposing to clarify the rules regarding quorum at adjourned meetings, by stating that there must be at least two members present at the meeting.

Why are we proposing to change the rules regarding the removal of directors?

We are proposing to amend the rules regarding the removal of directors to reflect the requirements of The Mental Health (Discrimination) Act 2013.

Why are we proposing to change the rules regarding disruption to the postal service?

We are proposing to strengthen the rules regarding when notice is deemed to have been given to members in the event of disruption to the postal service. Measures include ensuring notice is published on the Society's website in addition to either prominently displaying the notice at the Society's head office and branches or publishing the notice in two leading newspapers.

Why are we proposing to change the rules regarding the maximum number of directors?

The Rules currently set the maximum number of directors of the Society at eight. We are proposing to amend the Rules to increase this maximum number to 10, to give the Society flexibility to appoint additional directors in the future where necessary to ensure that the Society continues to uphold the highest standards of corporate governance. We are also proposing to change the quorum for board meetings from four directors to one more than half of all of the directors that are in office from time-to-time.

Proposed rule changes

To allow meetings to be held electronically and/or at more than one physical location.

To add new definitions in alphabetical order in the Interpretation section (Rule 1(a)) as follows:

“Electronic Platform” means such electronic and/or telecommunications facilities as may be approved by the Board from time-to-time that enable members to attend and participate simultaneously in a general meeting without attending a physical meeting place;

“Secondary Meeting Place” means a secondary physical meeting place (or more than one such place) for a general meeting at which members may attend and participate in the general meeting simultaneously via an audiovisual link to the principal physical meeting place, as an alternative to attending the principal physical meeting place;

Insert a new Rule 32 as follows:

32. MEANS OF PARTICIPATION IN MEETINGS

(1) The Board may make arrangements for Members to attend and participate in Annual General Meetings and/or special general meetings by:

(a) attendance at a physical meeting place;

(b) simultaneous attendance and participation at a Secondary Meeting Place; and/or

(c) using an Electronic Platform.

(2) An Annual General Meeting and/or a special general meeting may be held:

(a) solely as a physical meeting; or

(b) subject to the Statutes, by offering Members the option to attend and participate at a physical meeting place (which may include a Secondary Meeting Place) or by using an Electronic Platform; or

(c) subject to the Statutes, solely as an electronic meeting accessible by using an Electronic Platform.

(3) A Member is present at an Annual General Meeting or special general meeting for the purposes of these Rules if:

(a) being an individual, he attends in person;

(b) being a body corporate, a Corporate Representative attends in that capacity in person; or

(c) a person appointed as his or its proxy or attorney (or any person specified in paragraph (7) of Rule 38) attends in person, including in each case, where permitted by the Board in accordance with these Rules, attendance at any Secondary Meeting place or by using an Electronic Platform.

(4) Where the Board decides that Members may attend and participate in an Annual General Meeting or a special general meeting by using an Electronic Platform, the notice of meeting given under Rule 33 shall set out details of the Electronic Platform for the meeting (and any access arrangements for such Electronic Platform shall be communicated to Members, either in the notice or otherwise).

(5) Details of any physical meeting place, Secondary Meeting Place and/or Electronic Platform that shall be stated in a notice of meeting given under Rule 33 shall constitute the place of such meeting.

(6) Arrangements shall be made for any documents which are required to be made available for inspection by Members at an Annual General Meeting or a special general meeting to be available for inspection at any Secondary Meeting Place (in addition to the principal physical meeting place) and by any Members who attend and participate in the meeting by using an Electronic Platform.

(7) Any persons wishing to attend an Annual General Meeting or a special general meeting (whether at any principal physical meeting place or any Secondary Meeting Place, or by using an Electronic Platform) shall be required to comply with any identification procedures and security arrangements as the Board shall reasonably specify from time to time.

To amend existing Rule 32(9) (now Rule 33(9)) as follows:

(9) The ~~Neither~~:

(a) ~~the~~ accidental omission to give, send or deliver a notice of meeting to, or any Person entitled to receive it; nor

(b) the non--receipt of a notice of meeting by, any Person entitled to receive notice ~~shall not it; nor~~

(c) subject to compliance by the Society with applicable laws, the inability of any Person entitled to attend a general meeting to attend any physical meeting place (including any Secondary Meeting Place) and/or participate in the business of the meeting by using an Electronic Platform (whether as a result of any technical difficulties in relation to such Electronic Platform or otherwise).

shall invalidate the proceedings at that meeting.

To bring the Rules in line with the Mental Health (Discrimination) Act 2013

To amend existing Rule 24(g)(ii) by deleting the existing text and inserting:

a registered medical practitioner who is treating that person gives a written opinion to the Society stating that he has become physically or mentally incapable of acting as a Director and may remain so for more than three months.

To clarify the rules relating to quorum at meetings

To amend existing Rule 34(1) (now Rule 35(1)) as follows:

(1) No business shall be considered at any Annual General Meeting or special general meeting unless a quorum is present at the time when the meeting proceeds to business and, subject to Rule 35(3) below in the case of an adjourned meeting, a quorum shall be constituted for all purposes as follows -

(a) except where sub-paragraph (b) below applies, by 20 Members present and entitled to vote on a show of hands under Rule 3638(5).; and

(b) in the case of a special general meeting requisitioned under Rule 31(3), by 100 Members present and entitled to vote on a show of hands under Rule 3638(5).

To amend existing Rule 34(3) (now Rule 35(3)) as follows:

(3) ~~The Members present at~~ At an adjourned meeting, two Members present and entitled to vote on a show of hands under paragraph (1) above ~~to be included in the quorum for the meeting Rule 38(5)~~ shall constitute a sufficient quorum.

To amend existing Rule 35 (now Rule 36) by deleting Rules 35(2) to 35(4), renumbering the remaining paragraphs of Rule 35 (now Rule 36) and making the following amendments to Rules 35(5) and 35(6) (now Rules 36(2) and 36(3)):

(5) (2) Subject to the Statutes and these Rules every question submitted to an Annual General Meeting or special general meeting shall be decided by a simple majority and such votes shall be taken in the first instance by a show of hands unless, before the show of hands., a poll is validly demanded under Rule 36(3).

(6) (3) A poll may (before or on the declaration of the result of the show of hands) be demanded by -

(a) the Chairman of the meeting, or

(b) 10 Members who are entitled to vote at the meeting and are present in person, by proxy, by attorney, by Corporate Representative ~~representative~~ or by a Person specified in Rule 3638(7),

and in the event of such a demand, a poll shall be taken in accordance with paragraph (407) of this Rule, but no poll shall be permitted upon a resolution to appoint a Chairman.

To clarify the procedures for adjourned meetings

To insert a new Rule 37 as follows:

37. ADJOURNED MEETINGS

(1) The Chairman of the meeting may, notwithstanding the presence of a quorum (and shall, if so directed by a resolution of the meeting), adjourn the meeting from time to time and from place to place but, except as provided in Rule 36(7), no business shall be transacted at any adjourned meeting other than the business left unfinished or not reached at the meeting from which the adjournment took place.

(2) Every adjourned meeting shall be deemed a continuation of the original meeting but any resolution passed at an adjourned meeting shall for all purposes be treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.

(3) When a meeting is adjourned for 30 days or more, a notice specifying the hour, date and place of the adjourned meeting shall be given to Members as provided in Rule 33(3). The notice shall also state that -

(a) a Member entitled to attend and vote may appoint one proxy to attend and, on a poll, vote at the meeting instead of him, and

(b) the proxy need not be a Member of the Society, and

(c) the Member may direct the proxy how to vote at the meeting.

Where a meeting is adjourned for less than 30 days, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at such an adjourned meeting.

(4) The appointment of a proxy made in accordance with Rule 39 shall, unless provided otherwise in the instrument appointing such proxy, be valid for any adjournment of the meeting. Nothing in this paragraph (4) shall prevent a Member from submitting a new instrument appointing a proxy in relation to the adjourned meeting, which shall take precedence over any earlier instrument, or from attending the adjourned meeting in person if the Member wishes to do so.

(5) The adjournment of a meeting shall not affect the validity of the business that was concluded at the meeting from which the adjournment took place, prior to the adjournment of such meeting.

To amend existing Rule 39(10) (now Rule 41(10)) as follows:

(10) The Board shall announce the result of the postal ballot by -

~~(a) an advertisement in at least one national daily newspaper; a notice published on the Society's website; and~~

To amend the rules regarding disruption to postal services

To amend existing Rule 47(4) (now Rule 49(4)) as follows:

(4) If, by reason of the suspension or curtailment of postal services, the Society is unable to give notice by post in hard copy form of a meeting, then such notice shall be deemed to have been given to all Members entitled to receive such notice in hard copy form if the Society complies with paragraph 35 of Schedule 2 to the Act and notice is published on the Society's website and is advertised either:

(a) by a notice displayed in a prominent position at the Society's Principal Office and at all branch offices; or

(b) in at least two leading daily newspapers widely circulated in the United Kingdom.

Such notice shall be deemed to have been duly served on all Members entitled to receive notice of such meeting at noon on the day earlier of the date on which the notice is first displayed at all branch offices in accordance with paragraph (a) and the date on which the second of such newspaper advertisements appears. ~~In any such case the Society shall: (a) make such~~ in accordance with paragraph (b) (as the case may be). The notice shall continue to be available on an appropriate the Society's website of the Society ~~from the date of such advertisement until the conclusion of the meeting; and (b) the Society shall send~~ from the date of such advertisement until the conclusion of the meeting; and (b) the Society shall send confirmatory copies of the notice to those Members entitled to receive notice of the meeting by post in hard copy form if, at least seven days before the meeting, the posting of notices to addresses throughout the United Kingdom again becomes practicable.

To increase the maximum number of directors of the Society from 8 to 10

To amend Rule 12(1) as follows:

(1) The business of the Society and any business that the Society proposes to carry on shall be under the direction of a Board of Directors consisting of not more than 8/10 nor (subject to the provisions of Rule 25(6)) less than 5 Members and the Board may from time to time resolve the number who together shall constitute the Board within these limitations.

To amend Rule 16(1) as follows:

(1) The Board shall meet for the despatch of business as often as it shall find necessary and ~~4 Directors present at any Board meeting shall,~~ subject only to the provisions of Rule 25(6), such number of Directors as is equal to half of the total number of Directors in office at the relevant time plus one shall form a quorum.

Re-numbering and minor typographical changes to the Rules

As a result of inserting a new Rule 32 and new Rule 37 as above, all subsequent rule numbers (and any rules which reference Rule 32 and Rule 37 or subsequent rules, including any relevant references to rule numbers in the Interpretation section of the rules) will be amended and updated to reflect revised rule numbers.

In addition, the following minor typographical changes will be made:

References to "Chairman" will be replaced with "Chair" throughout the Rules. The definition of "Regulator" will be amended by replacing *Financial Services Authority* with *Financial Conduct Authority*.

In Rule 1 (Interpretation):

- The word "and" will be added to the end of (ii) of the definition of "Special Resolution".
- The words "and any" will be deleted from the definition of "Statutes" and the words "Any reference in these Rules to the provisions of any particular statute shall be construed as if these Rules were an enactment to which section 17(2) of the Interpretation Act 1978 applies" will be moved from the definition of "Statutes" to form a new Rule 1(b). Rules 1(b) through to 1(g) will be re-numbered to Rules 1(c) to 1(h) to take account of the addition of the new Rule 1(b).
- The word "or" will be added at the end of paragraph (d)(ii) (now (e)(ii)).

At Rule 24(i) replace "IV" with "4A"

At Rule 36(5) (now Rule 38(5)) the words "or by a representative" will be deleted.

At Rule 37(3) (now Rule 39(3)) the words "or by a representative" will be deleted.

At Rule 36(6) (now Rule 38(6)), the words "on behalf" will be added before the words "of the Member the right to appoint a proxy in accordance with Rule 39".

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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

Simon Taylor - Chief Executive Officer

Siân Gant - Group Finance Director

Debbie Flint - Operations Director

Nicola Walker - Chief Risk Officer

Rita Bullivant - Director of IT & Change

Karen Mabbott - Society Secretary

Offices of the Society

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Grantham Branch

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Tel: 01476 564528
Dawn Wright - Grantham Local Leader

Oakham Branch

23 High Street, Oakham, Rutland, LE15 6AH.
Tel: 01572 757911
Rachel Cox - Oakham Local Leader

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. MMB52521