

MELTON MATTERS

2022 For the members of
Melton Building Society



**Melton
Building
Society**



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Notice of Annual General Meeting

Notice is hereby given that the 146th Annual General Meeting of the Melton Mowbray Building Society will be held on 27th April 2022 at Pera Business Park, Nottingham Road, Melton Mowbray, Leicestershire, LE13 0PB at 10.00am for the following purposes:

- 1 To receive the Auditors' Report for the year ended 31 December 2021

Ordinary Resolutions

- 2 To receive the Directors' Report, Annual Accounts and Annual Business Statement for the year ended 31 December 2021
- 3 To consider and, if thought fit, pass an ordinary resolution to re-appoint BDO LLP as Auditor until the conclusion of the next annual general meeting
- 4 To consider and, if thought fit, approve the report on the Directors' remuneration

Election of Directors

- 5 To consider and if thought fit:

- a To elect Susan Margaret Douthwaite
- b To elect Judith Anne Mortimer Sykes
- c To elect Simon George Thomas
- d To elect Andrew John Lumby
- e To re-elect Andrew John Capps
- f To re-elect Jonathan George Farrington
- g To re-elect Fiona Ann Pollard
- h To re-elect Simon James Taylor

To register your interest in joining the AGM by Microsoft Teams please e-mail agm@mmbs.co.uk

By order of the Board of Directors

D R Watts – Society Secretary

16 March 2022

Notes

1 These notes form part of the notice of meeting.

2 Re-election/Election of Directors

The Board is committed to complying with best practice in corporate governance so, in accordance with the UK Corporate Governance Code, all the Society's Directors are standing for either election or re-election at the AGM. The biographical details of all Directors are set out on pages 7 to 9 of the "Melton Matters" document.

Those details include their skills, experience and qualifications and why their contributions are, and continue to be, important to the Society's long-term sustainable success. The Board confirms that all the Directors seeking election or re-election continue to be effective with a strong commitment to the role.

Non-Executive Directors can serve up to a maximum of three three-year terms. Any extension is subject to a rigorous review, and be explained giving due consideration to the continuing independence and objectivity of the Non-Executive Director. The Remunerations & Nominations Committee makes recommendations to the Board concerning the re-appointment of any Non-Executive Director at the conclusion of their specified term of office, having due regard to their performance and ability to continue to contribute to the Board in light of knowledge, skills and experience required.

The Society's Chair of Risk, Andy Capps, has completed more than nine years as a non-executive director. He was first appointed to the Board as a Non-Executive director in February 2013 and was first elected at the 2013 AGM. The Board considers that his experience and contribution continues to be extremely valuable and recommends his re-election.

Sue Douthwaite, Judith Mortimer Sykes, Simon Thomas and Andy Lumby all joined the Board in 2021 and seek election.

The Board has considered (in the absence of each relevant director) that the performance of all directors seeking election and re-election at the AGM continues to be effective and they demonstrate the necessary commitment to the role.

3 Rules

Copies of the Society's Rules may be obtained from the main office or the Society's website.

Notes (continued)

4 Proxies

If you are unable to attend and vote at the meeting, you may appoint a proxy to attend and vote for you either by using the enclosed proxy voting form or by completing it online.

You may appoint the Chair of the meeting or anyone else as your proxy. 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 written vote, for example, the election of directors will be by poll. Your proxy may speak at the meeting and may demand or join in demanding a poll.

You may instruct your proxy how to vote at the meeting. Please read the instructions on the proxy voting form. To be valid, proxy voting forms must be signed and returned (or submitted electronically) so as to reach Civica no later than 5.00 pm on 22 April 2022.

5 Voting qualifications

You can vote if you:

- a) are at least 18 years old on 27 April 2022; and
- b) (i) held shares to the value of not less than £100 in the Society on 31 December 2021 and have continued to hold shares at all times between 31 December 2021 and the voting date; or
(ii) owed the Society not less than £100 in respect of a mortgage debt on 31 December 2021 and owe the Society not less than £100 in respect of a mortgage debt on the voting date; and
- c) are the only or the first named account holder in our records for the relevant share or mortgage account.

The 'voting date' referred to above is:

- a) 22 April 2022 if you are voting by proxy (whether using the enclosed form or completing it online); or
- b) 27 April 2022 if voting in person at the meeting.

- 6 In addition, **you can vote only once** as a member, irrespective of the number of mortgage and savings accounts you hold and whether you hold accounts in different capacities (for example, on your own behalf and as a trustee).

7 Identification

- a) We ask shareholding members attending the meeting to produce their passbooks or other evidence of membership.
- b) We ask borrowing members attending the meeting to have their account number available as evidence of membership.
- c) If you are appointing a proxy, other than the Chair of the meeting, to attend the meeting and vote on your behalf, please make sure that your proxy brings an appropriate form of identification to the meeting.

Information on Candidates for Election as a Director



Fiona Ann Pollard MA – Chair of the Board

I was appointed to the Board of Directors on 9th October 2014. I had a ten year investment banking career working in derivatives with various institutions including NatWest Markets and Goldman Sachs. I left the City in 1997 to start my own events business in Kent – the Hop Farm Country Park.

I am also a Non-Executive Director on other boards including Visit England, the Roman Baths Foundation and Monument Bank. I live in Bath and am married with four children.



Andrew John Capps MBA, DipM, AMCT – Chair of Risk Committee

I was appointed to the Board of Directors on 18 February 2013. I have worked in Financial Services for 38 years and have in-depth experience in financial markets and risk management. I was Head of Risk at a large building society where I sat on various management committees, including each of the Risk, Credit and Asset and Liability Committees. I was also a director of one of its major subsidiaries.

Up to 2012 I was a senior manager within KPMG's financial sector risk and regulatory practice, specialising in financial risk management. I am now director of an independent advisory company which provides risk management advice to regulated Financial Services firms.

I am a member of the Risk Committee.



Judith Mortimer Sykes BA (Hons) MBA – Chair of Remuneration & Nominations Committee and Senior Independent Director

I was appointed to the Board of Directors on 19 May 2021. I am an experienced NED having worked on a range of boards in the past decade. I completed a 9-year term at Harpenden Building Society where I was Vice Chair, Senior Independent Director and Chair of Remuneration & Nominations. At Melton I am the Senior Independent Director with the responsibility of Whistleblowing Champion. I also Chair the Remuneration & Nominations committee.

My work in financial services spans over 40 years with an executive career in corporate banking at Bank of America in the 80's, followed by 18 years at Nationwide Building Society on both the commercial and retail side, including six years as Head of Lending Control.

I am married with one daughter and live in Northamptonshire.

Information on Candidates for Election as a Director (continued)



Simon Thomas BSc ACA

I am a Chartered Accountant and trained with Price Waterhouse. I have over 30 years' experience in Financial Services and retired from my most recent role as Group CFO of Provident Financial Group PLC in March 2020.

Prior to that, I was Group CFO of Just Group PLC, a FTSE 250 Financial Services Company, for approximately 12 years. I also spent 10 years at Nationwide, where I started working in the Financial Systems area and ultimately became their Group Financial Controller.

I am married with one son and live in Surrey



Jonathan Farrington BSc (Hons), MSc, MBA, Cert Dip AF
Chair of Audit & Compliance Committee

I was appointed to the Board on 1st March 2018.

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 Director of Corporate Development (Europe, Middle East & Africa) for the Alliance Boots Group. Having worked internationally for much of the last twenty years, I have spent time living overseas.

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



Sue Douthwaite ACIB

I am a Chartered Banker and have enjoyed an extensive career in financial services working in Retail, Corporate and SME banking. Roles undertaken have included Managing Director of Santander Business in Santander UK and most recently Group Head of SME Strategy for Virgin Money.

I have been involved in transformational fintech projects and alliance partnerships in the UK and Europe and the successful delivery of new operating models, systems, and culture. I have been actively involved in the diversity agenda for many years.

I am also a Non-Executive Director of British Business Investments Ltd, University of Sheffield Business School Advisory Board member and Chair for the International Advisory Board Queen's Management School at Queens University, Belfast.

Executive Directors



Simon Taylor ACIB, MBA – Chief Executive

I joined the Society in June 2020 as Chief Executive and I have worked in financial services for over 30 years. Previously I was Chief Operating Officer for the Nottingham Building Society for almost 8 years. I have held a number of senior roles at Lloyds and Barclays and was a Regional Director for Lloyds Banking Group before joining the Building Society Sector.

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



Andy Lumby BA (Hons) FCA – Chief Financial Officer

I joined the Society in July 2021. I am a chartered accountant and started my career with PricewaterhouseCoopers before moving into the mutual sector. I have over 17 years' experience in financial services and have held a number of senior finance positions at building societies, including Head of Finance at Nottingham Building Society and most recently as Finance Director of Tipton & Coseley Building Society.

I am responsible for the Society's Finance and Treasury management functions along with implementation of the Society's financial strategies.

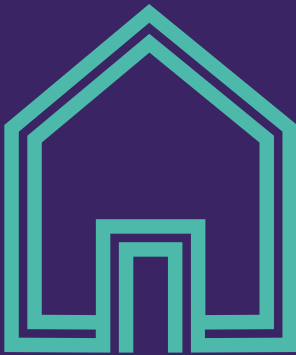
I am married with one daughter and live in Leicestershire.



Group Performance at a Glance

Maintaining Our Financial Strength

Mortgage balances grew by 17%



2020

£412M

2021

£482M

Strong capital
maintained

2020

£39M

2021

£40M

Profitability
Increased

2020

£0.33M

2021

£1.71M

Liquidity

2020

£159M

2021

£126M

Things that matter to you

Strong Net Promoter Score



2020

76%

2021

79%

Recipient of 2
industry awards



Best Self build
Mortgage Lender



Best Building
Society Customer
Service

Giving to the Community

Over £55,000 donated to local worthy causes in 2021

CHARITY SAVINGS PARTNERSHIPS

CHARITABLE FOUNDATION

COMMUNITY SUPPORT

FINANCIAL EDUCATION



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

Summary Financial Statement 2021

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 Building Society from 25 March 2022 and at www.themelton.co.uk.

Approved by the Board of Directors on 11 March 2022 and signed on its behalf by:

F A Pollard
Chair

S J Taylor
Chief Executive

A J Lumby
Chief Financial Officer

Summary Directors' Report

Introduction

I am proud to have completed my first year as Chair and pleased to have welcomed three new Non-Executive Directors to the Board during 2021 who bring excellent experience and knowledge to continue to strengthen the Board.

2021 certainly brought challenges as the pandemic continued to provide some uncertainty regarding the economy as we waited for the impact of the mitigating actions. Outside of the pandemic we have seen the growth of the UK economy recovering from a contraction, unemployment levels have fallen back towards the record low in 2019 but inflation has risen sharply.

Annual house prices are showing a mixed picture across the UK. Growth continues to be high with 2021 being the strongest calendar year for house price growth since 2006. However, house prices continue to rise more quickly than earnings which means affordability continues to be stretched. Raising a deposit continues to be the main barrier for first-time buyers.

I am pleased to report with this mixed economic backdrop that your Society has produced a solid financial performance in 2021 with an exceptional year of mortgage growth. Our financial strength has allowed us to set a new strategy of growth allowing us to invest for the future which you can read more about in this statement.

Focus on our members and communities

Across 2021 I am pleased to share that the hard work to support our members has resulted in a number of awards which we are very proud to receive. In particular where we have consistently achieved the same award demonstrating our expertise and knowledge. Awards include:

- Best Self Build Lender for the third year running in the What Mortgage Awards 2021
- Highly Commended for Best Local Building Society & Best Building Society Customer Service categories in the What Mortgage Awards 2021

Our members have also supported our results and provided us with a great measure of how we are doing. Our Net Promoter score, which measures the loyalty of our customer relationships, was +79.4% for 2021 which was an increase of more than 3% on the 2020 score and compares very favourably with both the Building Society Sector and wider Financial Services Benchmark.

Supporting our communities has remained a priority for the Society. Through the range of Affinity Accounts offered during the year, over £40k has been donated to Rainbows, Home Start, Phoenix Children's Foundation, DLR Air Ambulance and Loros Hospice. As well as £2k to Rainbows, our charity partner for the year, who do great work across the East Midlands transforming care and support for children and young people with life-limiting or life-threatening conditions.

Our Charitable Foundation has supported a broad range of local charities across the year, donating £19k including supporting Living Paintings, Melton Mencap, Samaritans of Grantham, St Barnabas Lincolnshire Hospice and Healthwatch Rutland to name just a few.

Supporting our colleagues and sustainability

With an ambition to be a leading employer, safeguarding and protecting colleagues is a priority. During 2021 we have focused on the safety of our colleagues as we worked through the pandemic implications. Over 85% of our colleagues have been able to work from home, with our branches remaining open to serve our members in a safe way. Colleagues have worked very hard in 2021 to maintain our branch opening hours while maintaining excellent service standards and customer satisfaction.

As a responsible business we have an obligation to operate in a way that reduces our impact on the environment. We are committed to acting as good corporate citizens with the Board leading the Society forward to protect the sustainability of the Society for many more years.

Good strategic progress

I am pleased with the progress the Society is making to support the vision to build a modern mutual Society. In our first foundational year of the strategy, you will see that we have re-imagined our corporate identity following engagement with our existing members and a broader and younger new customer base. Our brand now more clearly reflects a modern mutual working to achieve a clear purpose of putting roofs over people's heads and building thriving communities sustainably.

This year we have started our investment in technology as part of our transformational work, we have initially invested in our core infrastructure to ensure a solid platform to build from. Over the coming years we will continue our investment in this critical area as we look to improve our digital capabilities for both customers to improve accessibility to our services and for our colleagues to improve our efficiency.

Our financial performance

Our financial performance was slightly ahead of plan with Group profit before tax of £1.7m, a significant increase compared to the £0.3m reported last year, and Group mortgage assets increasing by £70m to £481.8m. Group net interest margin also increased to 1.75%, up from 1.42% in 2020, helped by strong growth in the mortgage book.

The increased income generated has enabled us to continue investing towards our strategic goals. As a result of the increased investment, the management expense ratio has increased to 1.59% from 1.41%. We remain conscious of balancing the need to invest with operating as efficiently as possible for the benefit of members.

Capital, which consists primarily of accumulated profits, is required to protect members and other stakeholders in the event of unexpected losses and to support the future development of the Society. The Group's Common Equity Tier (CET) 1 ratio reduced from 17.2% to 16.0% during the year as a result of the strong mortgage book growth. Whilst this has initially reduced our CET 1 ratio it has also led to an increased level of income-generating assets on the balance sheet which in turn will generate increased returns to further enhance the strong levels of capital already held.

We have three key subsidiaries in the group which play a key part in our strategy:

MBSL Lending Ltd provides mortgage finance to customers who do not meet the criteria of the Society's lending policy. MBSL advanced new loans totalling £27.1m (2020: £10.1m) with total loans and advances to customers outstanding at the year end of £61.9m (2020: £42.5m).

Independent mortgage advice is provided through the Society's subsidiary MMBS Services Ltd which acts as an appointed representative of the Mortgage Advice Bureau to provide customer access to over 90 lenders, comparing 1,000 mortgage products. The increase in fees during the year represents the subsidiary continuing to establish itself having only been set up in August 2020.

Nexa Finance connects SME property developers with funders to provide an alternative lending model to support developments. Having been launched in 2019 the subsidiary continues to establish itself with fee income increasing to £0.68m (2020: £0.26m) and loans under management increasing to £15.9m (2020: £6.5m).

Future outlook

The continued positive response from our members and communities encourages us to continue to work hard to provide the best customer service, product and propositions that we can. I would like to thank all of my colleagues for their support.

During 2022 we will continue to execute our strategy with major investments planned to simplify and digitise the Society to fuse technology with the high service standards we already offer today.

We are grateful for the trust that members place in the Society and it is a responsibility that we do not take lightly or for granted.

Fiona Pollard

Chair

11 March 2022

Results for the year	Group 2021 £'000	Group 2020 £'000
Net interest receivable	10,575	7,545
Other income and charges	917	494
Administrative expenses	(9,563)	(7,526)
Loss on revaluation of investment property	(90)	(175)
Impairment losses	(135)	1
Provisions	5	(6)
Profit for the year before taxation	1,709	333
Taxation	(841)	(308)
Profit for the year	868	25
Financial position at end of year		
Assets		
Liquid assets	125,818	158,547
Mortgages	481,752	411,762
Derivative financial instruments	1,193	22
Fixed and other assets	7,137	7,036
Retirement benefit asset	6,404	6,638
Total Assets	622,304	584,005
Liabilities		
Shares	439,204	477,393
Borrowings	139,027	64,372
Derivative financial instruments	190	163
Other liabilities	3,636	2,914
Reserves	40,247	39,163
Total Liabilities	622,304	584,005

Summary of key financial ratios	Group 2021	Group 2020
As a percentage of shares and borrowings:		
Gross capital	6.96%	7.23%
Liquid assets	21.76%	29.26%
As a percentage of mean total assets:		
Profit for the year	0.14%	0.00%
Management expenses	1.59%	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, the revaluation reserve and the fair value 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.
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- 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.
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Independent Auditor's Statement

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

Opinion

We have examined the summary financial statements of Melton Mowbray Building Society ('the Society') for the year ended 31 December 2021, which comprises the Results for the year and of the Financial Position at the end of the year, together with the Summary Directors' report.

On the basis of the work performed, as described below, in our opinion the summary financial statements are consistent with the full annual accounts, the Annual Business Statement and Directors' Report of the Society for the year ended 31 December 2021 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 statements consisted primarily of:

- Agreeing the amounts and disclosures included in the summary financial statements to the corresponding items within the full annual accounts, Annual Business Statement and Directors' Report of the Society for the year ended 31 December 2021, including consideration of whether, in our opinion, the information in the summary financial statements 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 statements 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 2021.

We also read the other information contained in the Annual Members' Review and consider the implications for our statement if we become aware of any apparent misstatements or material inconsistencies with the summary financial statements.

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 statements 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 Annual Members' Review 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
11 March 2022

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

Directors' Remuneration Report

The Board has established a Remuneration and Nominations Committee ('the Committee') that comprises three Non-executive Directors, including the Chair of the Board and is supported by a non-member HR Advisor to the Board. This report describes how the Society complies with the FCA's Remuneration Code for dual-regulated firms and explains how the Group has regard to the principles of the UK Corporate Governance Code 2018 ('the Code') relating to remuneration.

Remuneration Policy

The Committee is chaired by Judith Mortimer Sykes, a Non-Executive Director and the Society's Senior Independent Director, and its key purpose is to ensure that the Group Remuneration Policy supports the achievement of the business strategy by rewarding the right behaviours and outcomes consistent with the Society's risk appetite and the long-term interests of its members.

The Group Remuneration Policy has a number of key principles relevant to the Code:

- attract and retain directors and senior managers with the right skills and competences by offering a fair and competitive total reward benchmarked against the external market;
- recognise the importance of total reward including benefits and flexible working in attracting, engaging and retaining a diverse and talented workforce;
- recognise the business benefits of promoting diversity and inclusion;
- reward colleagues based on both the Group and individual performance with a focus on demonstrating the right behaviours in carrying out their performance;
- ensure good and effective risk management and promote the highest standards of professional conduct; and
- take into account the Group's strategic and business plans ensuring that the objectives and long term interests, including strengthening its capital base, are not compromised.

The Group has a clear strategy, vision and mission and encourages four key values for all colleagues: respect for the individual; trust matters; everyone should have a sense of belonging; and we all strive to achieve. These values underpin everything that we do to support the culture of the Group and are reflected within the provision of the remuneration and benefits package. In assessing the performance of Directors, culture and values are an explicit component of annual appraisals and this includes an affirmation by individuals that they are acting in accordance with the fit and proper conditions required by regulation and an attestation that prescribed responsibilities are fully understood and evidenced as having been fulfilled.

The remuneration of individual Directors is detailed on page 26.

The Level and Components of Remuneration

Executive Directors' remuneration

Executive Directors' remuneration reflects the Director's specific responsibilities, experience and performance and comprises a number of elements: basic salary, pension, annual bonus and other taxable benefits as detailed below:

Component	Level	Basis
Basic Salary	Set annually following review by the Remuneration and Nominations Committee.	Based on job specific responsibilities using financial services market benchmarking for similar roles.
Pension	Contribution of 10% of base salary (before salary sacrifice) in line with contributions for all colleagues, or paid as a cash allowance as an alternative.	Executive Directors are invited to join the Group's defined contribution scheme.
Annual Bonus	<p>The annual bonus will only be awarded if the minimum threshold criteria are achieved linked to delivery of the Group's strategic objectives</p> <p>On target performance will result in a bonus award of 20% of base salary with the ability to earn up to a maximum of 30% for over performance.</p> <p>50% of any bonus awarded in the year is deferred for three years.</p>	<p>Variable pay is linked to the delivery of the Group's strategic objectives with both financial and non-financial targets alongside individual performance to safeguard against poor conduct or risk-taking outside appetite</p> <p>The Board Risk Committee has a power of veto over any variable remuneration payments. They may be reduced or withdrawn if there is an item of material importance or relevance to have a significant influence on the regulatory status, financial performance or financial statements of the Society.</p>
Other Benefits	The Group provides other taxable Benefits including a car allowance and health care provision.	Set at a level considered appropriate for each Executive Director by the Committee in line with market practice.

Both Executive Directors are employed on permanent service contracts. The Chief Executive has a service contract terminable by the Society giving 12 months' notice or by the individual giving 6 months' notice. The Chief Financial Officer's service contract requires 6 months' notice from either party. There are no special terms in the event of amalgamation, transfer of engagements or transfer of business where employment is to be terminated.

2021 performance and awards

The Summary Directors' Report on pages 12 to 15 describes 2021 as a year of strong financial performance and strategic progression against a background of continued uncertain public health and economic environments. It is in this context that performance-related pay awards to Executive Directors have been determined as detailed in this report.

Non-Executive Directors

The Chair and other Non-Executive Directors each receive an annual fee for their services which reflects the time commitment and responsibilities of their roles and is commensurate with those paid by other Societies of a similar size and structure. Fees are structured so that NEDs with the additional responsibility of chairing a board committee or being a director of a subsidiary board are paid an additional fee. They do not receive any salary, performance incentives or pension.

Non-Executive Directors are reimbursed for reasonable expenses incurred during the course of their work on Group business.

The Society's Rules limit Non-Executive Director remuneration to 2.5 times the annual salary of the lowest paid full-time clerical employee.

The procedure for determining remuneration

The Remuneration and Nominations Committee meets at least four times each year and reports its key decisions directly to the Board. The committee reviews the Group Remuneration Policy, including Director Remuneration frameworks annually.

The overall level of remuneration of Executive Directors is considered by the Committee. In setting remuneration, the Committee takes account of the salaries, fees and benefits offered within similar financial organisations (including other Building Societies) to ensure that the salary and benefits

packages offered are commensurate with those available in the marketplace and enable the attraction and retention of Directors of high calibre and diversity in line with the business strategy. The Committee makes use of the services of independent consultants, third party surveys and peer group benchmarking to ensure remuneration levels are appropriate and in line with the external market. The Committee has authority to override formulaic remuneration outcomes when considering the performance of the Society, both regulatory and financial. The Committee will, prior to its recommendation to the Board for approval of any payments, refer to the Risk Committee to ascertain whether that committee wishes to exercise its power of veto.

The Chief Executive appraises the individual performance of the Chief Financial Officer and other members of his executive team and makes recommendations to the Committee. The performance of the Chief Executive is appraised by the Chair of the Board with input from fellow Board members.

The determining measures, targets and rules of the Group's Executive Incentive Plan and Bonus Scheme for colleagues are aligned to each other. Quarterly update sessions with all team members ensure all colleagues are made aware of how Executive team members' remuneration aligns to the Group's wider pay policy generally. The Group's Remuneration Policy is available to view on the Society's website.

Members of the committee are unable to determine their own remuneration. Remuneration of the Chair of the Board is considered by the Chair of the Remuneration and Nominations Committee together with the Society's Chief Executive. The remuneration of the Non-Executive Directors is considered by the Chair of the Board following proposals made by the Executive Directors. Fees are approved by the Board on the recommendation of the committee.



Non-executive Directors (audited)	2021 Total Fees £'000	2020 Total Fees £'000
A J Capps	40	40
A L Craft (retired 30 September 2021)	29	37
S M Douthwaite (appointed 1 May 2021)	17	-
J G Farrington	37	34
D L McKenzie (resigned 31 January 2020)	-	2
J A Mortimer Sykes (appointed 1 May 2021)	20	-
F A Pollard (Vice-Chair and Chair from 28 April 2021)	40	40
K O Romney (retired 28 April 2021)	8	31
S G Thomas (appointed 1 May 2021)	17	-
Total	208	184

Executive Directors (audited)	Salary	Annual Bonus ¹	Medium term incentive plan	Benefits	Other ³	Sub-total	Pension Contributions ²	Total
2021	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
S J Taylor	239	36	-	35	-	310	-	310
S E Gant (resigned 23 April 2021)	38	-	-	3	-	41	6	47
A J Lumby (appointed 1 July 2021)	73	12	-	5	13	103	8	111
Total	350	48	-	43	13	454	14	468

¹The annual bonus figure reflects the amounts awarded in the year which have not been deferred. The remaining 50%, which is subject to deferral for three years, will be disclosed in the year of payment.

²S J Taylor, with agreement from the Society, took his pension contributions as cash, the value of which is included within Benefits.

³A J Lumby received £13,000 in compensation for the variable pay forfeited from his previous employer following his resignation.

Executive Directors (audited) 2020	Salary £'000	Annual Bonus £'000	Medium term incentive plan £'000	Benefits £'000	Other ⁴ £'000	Sub- total £'000	Pension Contri- butions £'000	Total £'000
S J Taylor (appointed 1 June 2020)	137	-	-	23	-	160	-	160
S E Gant (appointed 1 April 2020)	72	-	3	7	-	82	26	108
M J Reason (retired 30 June 2020)	82	-	5	18	150	255	-	255
J P Mulvey (resigned 31 March 2020)	30	-	-	4	-	34	7	41
Total	321	-	8	52	150	531	33	564

4M J Reason received 6 months' pay in lieu of notice (£100k) an ex-gratia payment (£45k) and outstanding holiday entitlement (£5k). There was no annual bonus earned in respect of 2020.

The unpaid deferred elements of the annual bonus scheme are detailed below:

Executive Director	Performance Year	Due in 2024 £'000
S J Taylor	2021	36
A J Lumby	2021	12

Judith Mortimer Sykes
Chair of Remuneration & Nominations Committee
11 March 2022

Your Executive Management Team

Simon Taylor – Chief Executive Officer

Andy Lumby – Chief Financial Officer

Nicola Walker – Chief Risk Officer

Rachel Kolebuk – Chief Customer Officer

Debbie Flint – Director of Operations

Rita Bullivant – Director of IT and Change

David Watts – Society Secretary

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Branch Offices

Melton Mowbray Branch

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Melton Mowbray, Leics, LE13 1NW.

t. 01664 480214

Lisa Marshall – Melton Local Leader

Grantham Branch

48 High Street, Grantham,
Lincs, NG31 6NE.

t. 01476 564528

Dawn Wright – Grantham Local Leader

Oakham Branch

23 High Street, Oakham,
Rutland, LE15 6AH.

t. 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.

The Melton Mowbray Building Society Charitable Foundation is not regulated by the Financial Conduct Authority



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