

Member Questions & Answers

Q1 I prefer not to vote by clicking on a link within an email – could you please supply me with the 2 part security codes so that I can vote by going to the CES webpage.

I understand your concern about clicking on a link within the email. However, in this case the 2 part security codes are embedded within the link and will take you straight to the CES webpage and, after logging in, enable you to vote. It is a safe and secure method.

Q2 I see that all 7 Directors are seeking re-election. Why are there not more candidates than seats available? I would expect a vote to have more candidates than seats, so that members can truly have an impact on who makes it on to the Board. It seems a foregone conclusion that all 7 will retain their seats, but that means there will never be new people joining the Board until somebody resigns or is co-opted. This does not encourage members to bother voting.

Whilst our Rules cover the process where a member wishes to stand as a Director (or propose another individual to do so) no potential directors were proposed. As the Society complies with the UK Corporate Governance Code principle that all directors seek re-election annually all seven directors seek re-election. Individual directors will only retain their seat if they obtain more than 50% of the votes. As members can cast their individual vote either for, against or even withhold the vote, the results do provide the Society with Members' views on all resolutions including the re-election of directors.

Q3 Your website does not have the 2024 Summary Financial Statement. The website still shows Notice of AGM for the 2023 date. Your website only goes up to the 2022 Summary Financial Statement – where is the 2023 Statement ?

Our website does now have the AGM 2024 Notice of AGM and the Summary Financial Statement 2024 (both within the "Corporate Information" tab). Additionally, the Society's full Annual Report & Accounts for the year ended 31 December 2023 have also been published on the website.

Q4 I would like to ask if Melton Building Society is working on developing a savings mobile application please. If you are, can you please share:

- **The rollout plans, including potential stages and targeted timeframes of release and any opportunities to be involved in 'beta testing'**
- **Features this will bring to benefit savings members**

If you are not, why is this please? It would benefit existing members as it would be more convenient to use than the website, and would attract new members as younger potential members in particular prefer to use apps rather than websites/branches.

As part of the digital transformation project that the Society are currently undertaking, we do indeed have plans to launch a Melton BS App. We agree with you, by providing an App this will be more convenient for our members and support our plans to broaden our appeal to new younger members. We are currently working through the detail of the features with our provider with a view to launching in Q1 2025.

In terms of testing and providing input, we have just ran a survey with our member and non-member panel called Melton Voice. Here we were asking questions on usage and types of Apps being used. It would be great to have you onboard with our panel. We will be running more feedback surveys across the year on our App and other topics with all feedback being helpful in our planning and design. If you would like to sign up, details are below from our website: [Melton Voice - The Melton Building Society : The Melton Building Society](#)

Q5 I am most concerned about the reduction in other income from £2,750K down to only £171K. I appreciate these things can happen, but my complaint is why does there seem to be no explanation concerning that?

Do you agree this key reduction wasn't explained?

If yes, would it be reasonable for you to not only explaining that to me, but also sending me a cheque for £10 in respect of my time trying to get to the bottom of this.

As you will appreciate the Summary Financial Statement is only a summary of the Society's main Annual Report & Accounts that itself does include detailed explanations. For your information our 2023 Annual Report & Accounts can be viewed by using this link [Annual Report and Accounts - The Melton Building Society : The Melton Building Society](#)

In summary 'other income' as stated in the Summary Financial Statement is a combination of two elements:

- i) Fee and commission income – year on year this increased from £894k to £1,098k
- ii) Fair value movements on derivatives – year on year this moved from a £1,856k gain in 2022 to a loss of £877K and is the main driver behind the movement in other income.

The Society uses derivatives to manage interest-rate risk arising from its fixed-rate mortgages and savings products. These are held on the balance sheet at fair value, which is the value that a third party would pay for them. The movement in fair value is recognised through the other income line within the Income Statement. Unless the instruments are sold early, which we have no need or intention to do, any gains or losses will unwind over the life of the instrument.

The net loss on derivatives in 2023 reflects movements in market yield curves during the year and a partial unwind of the significant gain recognised in 2022.

Q6 As a member of the society, I have received my voting papers. Re-election of Directors, there are seven candidates for seven places. Does this mean that all of them are automatically re-elected as if I only vote for two, this will make no difference.

If a director obtained less than 50% of the votes in favour then that director would not be returned to the Board. As members can cast their individual vote either for, against or even withhold the vote, the results do provide the Society of Members' thoughts on all resolutions including the election / re-election of directors.