



Melton Building Society

**Summary Financial
Statement 2026**



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Notice of Annual General Meeting

Notice is hereby given that the 150th Annual General Meeting of the Melton Mowbray Building Society will be held on 27th April 2026 at Mutual House, Leicester Road, Melton Mowbray, Leicestershire, LE13 0DB at 10:30am for the following purposes:

- 1 To receive the Auditors' Report for the year ended 31st December 2025

Ordinary Resolutions

- 2 To receive the Directors' Report, Annual Accounts and Annual Business Statement for the year ended 31st December 2025
- 3 To consider and, if thought fit, pass an ordinary resolution to reappoint 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 re-elect Susan Margaret Douthwaite
- b To re-elect Michele Lesley Ibbs
- c To re-elect Elizabeth Anne Lockwood
- d To re-elect Andrew John Lumby
- e To re-elect Kathleen Mary Myers
- f To re-elect Mahomed Ashraf Piranie
- g To re-elect Simon James Taylor
- h To re-elect Simon George Thomas

By order of the Board of Directors

R Ewin

Society Secretary

26th March 2026

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 line with the UK Corporate Governance Code, all the Society's Directors are standing for re-election at the AGM. The biographical details of all Directors are set out on pages 8 to 10 of the 'Summary Financial Statement' booklet.

The 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 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, although current regulatory best practice considers two three year terms to be a more appropriate maximum. Any extension is subject to a rigorous review, and to be explained giving due consideration to the continuing independence and objectivity of the Non Executive Director. The Remunerations Committee & Nominations Committee make recommendations to the Board concerning the reappointment 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 the required knowledge, skills and experience.

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

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

Notes (continued)

3 How to get a copy of the rules

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

4 How to appoint and use a proxy

If you are unable to attend and vote at the meeting, you may appoint a proxy to attend and vote for you 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 5pm on 23rd April 2026.

Notes (continued)

5 Voting qualifications

You can vote if you:

Are at least 18 years old on 27th April 2026; and

(i) held shares to the value of not less than £100 in the Society on 31st December 2025 and have continued to hold shares at all times between 31st December 2025 and the voting date; or

(ii) owed the Society not less than £100 in respect of a mortgage debt on 31st December 2025 and owe the Society not less than £100 in respect of a mortgage debt on the voting date;

and

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) 23rd April 2026 if you are voting by proxy (whether using the enclosed form or completing it online); or

b) 27th April 2026 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

We ask shareholding members attending the meeting to produce their passbooks or other evidence of membership.

We ask borrowing members attending the meeting to have their account number available as evidence of membership.

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



Sue Douthwaite – Chair of the Board and Chair of the Nominations Committee

I became Chair of the Board in August 2024, after joining the Board of Directors in May 2021 as a Non Executive Director. I also have the privilege of chairing the Nominations Committee. Alongside my work at the Melton, I serve as Chair of the NHS Business Services Authority and Chair of the Advisory Board at Queen's University Business School in Belfast.

My career in Financial Services has spanned almost 40 years, covering leadership roles across SME, corporate, and retail banking, including as Managing Director of Santander Business in the UK. Over the years, I've led major fintech transformation projects and helped shape new operating models, systems and cultures. I'm also passionate about promoting diversity, equality and inclusion and often speak on these topics.

I live in Yorkshire with my husband and our two daughters. Outside work, I enjoy staying connected with my community and supporting initiatives that make a difference.

Simon Thomas – Chair of the Audit Committee



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.

Before 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 the vice-Chair of the Board and Chair the Audit Committee. I also Chair the Audit Committee and Investment Committee at National Deposit Friendly Society Limited.

I am married with one son and live in Surrey.

Elizabeth Lockwood – Chair of the Risk Committee



I was appointed to the Board of Directors on 1st July 2022 and am Chair of the Risk Committee. I was appointed to the Board of Directors of NEXA Finance on 6th October 2022. Alongside my Non-Executive role at the Melton, I sit on the Board of Directors of Cambridge & Counties Bank. I am a qualified executive coach and therapeutic counsellor.

I joined the Melton Board after 25 years in banking as a risk management specialist, spending 15+ years covering corporates and financial institutions at Deutsche Bank in the UK before holding a number of senior and executive risk roles in commercial, retail and private banking at RBS/NatWest in the subsequent decade.

I am married with two adult children and a rescued Belgian Shepherd and live in Surrey.



Michele Ibbs – Chair of Remuneration Committee and Senior Independent Director

I joined the Board in June 2024 and was appointed Senior Independent Director and Chair of Remuneration Committee in April 2025. I am an experienced Non Executive Director in private and public sectors with a professional background in marketing, sales and international business development.

I am currently a Non Executive Director and shareholder representative on the Board of Cambridge & Counties Bank and have previously been Chair of the Board at Connexus Homes Limited, Senior Independent Director and Chair of Remuneration Committee at Marsden Building Society, a Non Executive Director at the UK's leading dispute resolution provider, and Chair of Finance Committee at an NHS Foundation Trust.

I am married and live in Shropshire.

Kath Myers



I was appointed to the Board of Directors and NEXA Finance Limited on 1st January 2025.

I am a member of Risk Committee and the Remuneration and Nominations Committees.

This is my first Non Executive Director role following over 40 years working in the Financial Services sector.

I've enjoyed Senior Executive roles with a number of organisations, including National Australia Group and as a Managing Director at Barclays Bank. My last Executive position was as a Chief Customer Officer at a Building Society. I am a Fellow of the Chartered Institute of Bankers, hold a Financial Studies Diploma and I have a Lombard MBA.

I am married with two children and live in Lancashire.

Ashraf Piranie



I was appointed to the Board of Directors on 1st March 2025 and I am a member of the Society's Audit Committee. I also Chair NEXA Finance Limited.

I have had a long and successful career in Financial Services including Chief Financial Officer at Redwood Bank, Group Finance and Operations Director at West Bromwich Building Society for six years, and previously held the position of Deputy Chief Executive and Finance Director at Nottingham Building Society for ten years. I was also a member and Deputy Chair of the PRA's Practitioners Panel. I have also held the positions of Finance Director and Joint Managing Director at AlRayan Bank (formerly Islamic Bank of Britain) and Director of Finance at Santander (formerly Alliance & Leicester).

I currently Chair the Risk Committees at both Monument Bank and GB Bank and also Chair the Audit & Risk Committee at the Connells Group.

In my spare time I enjoy travelling, football and providing support to a charity engaged in Malawi.

Executive Directors



Simon Taylor – Chief Executive Officer

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 eight 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 was appointed as Chair of the Building Societies Association with effect from December 2025.

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 – Chief Financial Officer

I joined the Society in July 2021 as Chief Financial Officer. I am a Chartered Accountant and started my career with PricewaterhouseCoopers before moving into the mutual sector. I have over 20 years' experience in Financial Services and have held a number of senior finance positions within the building society sector.

I chair the Society's Assets & Liabilities Committee and have responsibility for the Finance and Treasury functions along with the Group's NEXA subsidiary.

I am married with one daughter and live in Leicestershire.

Summary Financial Statement 2026

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 at every location of Melton Building Society from 7th April 2026 and at themelton.co.uk.

Approved by the Board of Directors on 17th March 2026 and signed on its behalf by:

S Douthwaite
Chair

S J Taylor
Chief Executive Officer

A J Lumby
Chief Financial Officer

Summary Directors' Report

After a successful year, the Society has built a strong platform to build upon as we look forward to 2026 and beyond.

The Society operated against a fragile economic backdrop. Inflation eased compared with 2024 but remained above the Bank of England's target, and UK economic growth stayed subdued. Base Rate reductions since the 2023 peak of 5.25% have provided some relief for borrowers, while we have remained focused on offering competitive returns for savers. Global and geopolitical uncertainty has continued to influence financial markets.

This year we proudly marked our 150th anniversary. We reflected on our heritage, celebrated with members, partners and colleagues, supported local charities, and volunteered across our communities. We launched savings products tailored to member needs, including the Adcock Regular Saver, recognising founder William Adcock, and provided mortgage options to help both new and existing borrowers secure suitable deals. We continued to receive strong customer feedback and a Net Promoter Score that benchmarks well against the industry.

We have been working with our technology partner, Finastra, for a number of years now to launch our new core banking platform to bring a next generation technology platform to the Society for our members. The platform will allow us to launch new products to market at pace enabling us to respond to evolving market conditions and customer needs.

The new platform will make regulatory compliance easier and more efficient, simpler processes will free up our colleagues to focus on customer experience and product development. We have plans to bring exciting new products to market for our members in 2026, making them available across a choice of channels.

Despite external challenges and significant investment in transformation, the Society

delivered a sound financial performance, with underlying profit of £21m and net profit before tax of £0.5m after digital programme costs.

Focus on our members and communities

During the year we have continued to offer our range of products across all channels based on your feedback. Our face to face support in our five branches has again been well received with members seeking help and support. Our online and postal product ranges have continued to offer our members a choice on how they want to operate their savings account to suit their needs.

Our members have supported our results and continue to provide us with a good measure of how we are doing. We acknowledge that around the time of our new core banking platform going live we weren't able to uphold our usually high service standards, however we made every possible effort to ensure we could help our members to get access and service their accounts as efficiently as possible. I would like to thank our members for their patience and support during this time.

We measure the loyalty of our customers, through a net promoter score metric. We achieved +64 for 2025, which is a reduction against 2024, but still benchmarks well within the industry. This position is understandable against the significant system changes we have undergone during 2025. Migrating from the core savings and mortgage platforms we have used for over 25 years was not easy, but it was necessary to support the future growth and resilience of the Society.

We have continued to make it easy for our borrowers and savers to stay with the Society at the end of their product term through proactive communications and great support from colleagues, to share details of other products which may be suitable.

Thank you to our Melton Voice panel members, who have continued to provide us with timely feedback, to help us continually review and improve our products and services.

The Society continues to be an integral part of the wider community with the investment of both money and time given to our charity partners. Our Charitable Foundation has again supported a broad range of local charities across the year, donating over £14k. We continue to be proud to manage the legacy donation made by June Roper to the Foundation through the June Roper Sporting Trust. June Roper wanted to support charities and non-profit making organisations or individuals from underprivileged backgrounds with a focus on sport in the Melton area.

In the year we have also worked closely with the Leicestershire and Rutland Community Foundation to broaden the role of the Charitable Foundation to support more grant applications from local charities and groups. One example of a grant given was to support a grant to Rutland Sailability. The grant was awarded to support 18 disabled people to participate in sailing and sailing competitions. Supported by non-disabled volunteers, Rutland Sailability is the only provider of disabled sailing facilities in Rutland, and the largest Sailability in the whole of the UK.

We are proud of our three year partnership with Melton and District Money Advice Centre (MADMAC). We both understand the importance of children, young people and adults being educated on money matters to improve their financial capability skills. The Society fund a qualified Educational Officer going into schools, colleges and businesses across Leicestershire in conjunction with MADMAC. Since our partnership started there have been over 28,000 people attend a session, with some great feedback of how the support has changed lives.

As part of our social purpose, we place high importance on employability, ensuring we can help give members of our communities the skills and knowledge they need to prepare for work. We were delighted to be part of a scheme in 2025 to support young people from Melton Vale Sixth Form College with a work experience programme with a difference. We worked with The Business Hub Work Experience Community Interest Company to deliver an engaging work experience programme helping to develop all the key skills required for young people preparing for work. The three day programme was well received by the young people who attended and inspired our colleagues spending time with great individuals.

Feedback from the young people included:

'Work experience is so vital as it gives us a chance to get a feel for stepping into the workplace and imagine ourselves in such a role'

'What surprised us during the week of work experience was how independent we had to be, but it gave us an insight into what the working environment would look like in the future. We were also amazed by how much experience we gained and the number of volunteers willing to give up their own time to talk to us about what career paths we may wish to go down'

Supporting our colleagues and sustainability

Our colleagues continue to take an active role in the community by offering their time. In total the Society has contributed over 1,700 hours, an increase on 2024. As part of our 150 year celebrations we set ourselves a challenge to achieve 1,500 hours and it is pleasing that we exceeded our target. Thank you to our colleagues who supported our local communities in many ways across the year. We have also been pleased to welcome many charities and local organisations to Mutual House to make use of our free community rooms. We continue to offer these rooms. Please contact us if you'd like more information.

We believe that we can only achieve our purpose by having amazing people, who place customers and the community at the heart of everything they do. Through a year of significant digital change, our colleagues went above and beyond, supporting the project, their fellow colleagues and customers with the changes.

This year, we implemented a new organisational structure to set us up in the right way to successfully deliver on our strategic goals. Every colleague was touched by the changes in some way, be this a new role, changes to a role, a change to reporting lines and functional area or change to their line management. Despite the magnitude of the change, this was delivered with minimal disruption to the business.

To support our colleagues further with a good work life balance, we reduced our full-time working week in March from 37.5 hours to 35 hours.

We were delighted to be 'Highly Commended' in the 'Best Overall People Experience' category at the 2025 British HR Awards. This is a real credit to the work of everyone in creating a great place to work for our colleagues. This is also reflected in the results from our independent colleague engagement survey. We were pleased to achieve an excellent 79%, for how our colleagues rate their people experience at the Society.

We maintained our 'Thriving Workplace Certification' from New Possible for the fourth consecutive year. This recognises organisations that give colleagues an outstanding people experience and is a great testament to the values and behaviours on display across the organisation.

We continue to be accredited as a Real Living Wage employer; we strongly believe that it's the

right thing to do as a responsible employer. We are also a Real Living Pension employer and offer our colleagues free financial planning to support them in making secure plans for now and the future.

Following consultation with colleagues, we transferred our defined contribution pension scheme to a Master Trust, where colleagues benefit from reduced management fees and a wider range of tools, encouraging them to engage with their pension scheme.

We are committed to colleague wellbeing and have a number of benefits to support colleagues, including an Employee Assistance Programme (EAP), access to mental health first aiders, a health cash plan, providing more support and access to a range of medical and health services. There is an ongoing focus on wellbeing through focus days and events open to all. We continue to demonstrate our commitment to being a Menopause Friendly employer, offering our managers and colleagues training and support in creating a culture where everyone feels welcome and supported.

As a responsible business we are obliged to operate in a way that reduces our impact on the environment. We remain steadfast in our aim to act as good corporate citizens, with the Board leading the Society forward in a sustainable way, protecting our legacy for future years.

We have continued to make good progress in 2025:

- We have maintained our focus on the United Nations' Sustainable Development Goals (see our Building a Sustainable Society report for more details on the work we have completed for our chosen UN Goals)
- We were delighted to be awarded the esteemed Climate Partner certification for another year. This is awarded to the Society as a testament to the efforts and ongoing commitments that go into significantly reducing our carbon footprint. We have made a number of impactful actions and pledges demonstrating our resolve to not only meet, but exceed environmental standards
- Work is ongoing to assess and address the risk of climate change and how we can help our members (see our Building a Sustainable Society report for more details of our work across the year)

Our financial performance

Our business model is simple, the difference between the interest we receive from borrowers and the interest we pay to savers forms our net interest income. This income, along with other income we earn from subsidiary businesses, covers our operating costs, impairment losses and tax expenses.

As a mutual organisation we differ from banks, we are owned by you, our members. With no external pressure from shareholders to make short term profits, we can take a longer term strategic view to provide value to members.

Despite the challenging external conditions, the Group has reported an improvement in results with reported profit before tax increasing from a £0.4m loss in 2024 to a £0.5m profit. When taking account of one off expenditure related to our new core banking platform and fair value volatility from derivative instruments, our underlying profit before tax improved from £1.5m to £2.1m.

Group total assets increased by 3.8% in the year, with mortgage asset growth of 3.2% as we supported our existing borrowers in finding a new product on maturity, as well as helping new borrowers to the Society find the right mortgage for them.

The Group's net interest margin increased to 1.90%, up from 1.75% in 2024, with net interest income increasing by £1.0m to £14.1m. Net interest income was affected by the competitive operating environment and four base rate reductions, but the Group was able to offset these with growth in the mortgage book and a focus on higher yielding lending.

Other income for the Group increased by £1.1m, primarily driven by growth in its subsidiary business, NEXA Finance Ltd.

The increased income generated has enabled us to continue investing towards our strategic goals. As a result of the increased investment, our Society management expenses ratio has increased to 1.88% from 1.84%. We remain conscious of balancing the need to invest with operating as efficiently as possible, for the benefit of members and although we will need to continue the investment in the Society, we believe we have seen the peak with our new core banking platform change in the year.

Our future outlook

As this phase of our transformation journey concludes, we will increase our product and services offerings and improve our digital propositions, with the aim to seamlessly integrate with our face to face services as a direct response to your feedback on what you want from your Building Society. We will continue to listen to our members as we consider and design new products and services, assessing how we can effectively serve our customers across all of our available channels.

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

Sue Douthwaite
Chair
17th March 2026



Results for the year	Group 2025 £'000	Group 2024 £'000
Net interest receivable	14,132	13,139
Other income and charges	2,241	1,168
Net loss from derivative financial instruments	(225)	(4)
Administrative expenses	(15,574)	(14,927)
(Loss) on investment property	-	(10)
Impairment provisions on loans and advances	(59)	186
Profit/(loss) for the year before taxation	515	(448)
Taxation	(228)	9
Profit/(loss) for the year	287	(439)

Reconciliation of reported loss to underlying profit

Reported profit/(loss) before taxation	515	(448)
Adjusted for:		
Net loss from derivative financial instruments	225	4
Strategic investment costs	1,139	1,916
Voluntary payment expense associated with Phillips Trust Corporation	171	-
Underlying profit before taxation	2,050	1,472

	Group 2025 £'000	Group 2024 £'000
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Financial position at end of year

Assets		
Liquid assets	132,414	121,075
Mortgages	615,694	596,550
Derivative financial instruments	1,340	3,969
Fixed and other assets	9,196	9,189
Total Assets	758,644	730,783
Liabilities		
Shares	629,095	634,817
Borrowings	82,749	50,861
Derivative financial instruments	1,712	1,218
Other liabilities	2,928	2,925
Reserves	42,160	40,962
Total Liabilities	758,644	730,783

Summary of key financial ratios	Group 2025	Group 2024
As a percentage of shares and borrowings:		
Gross capital	5.92%	5.97%
Liquid assets	18.60%	17.66%
As a percentage of mean total assets:		
Profit/(loss) for the year	0.04%	-0.06%
Management expenses - Group	2.09%	1.99%
Management expenses - Society	1.88%	1.84%

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/(loss) for the year as a percentage of mean total assets measures the proportion that the profit/(loss) 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

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

Opinion on the summary financial statement

On the basis of the work performed, as described below, in our opinion the Summary Financial Statement is consistent with the full Annual Accounts, the Annual Business Statement, and the Directors' Report of the Society for the year ended 31 December 2025 and conforms with the applicable requirements of section 76 of the Building Societies Act 1986 and regulations made under it.

We have examined the Summary Financial Statement of Melton Building Society ('the Society') for the year ended 31 December 2025, which comprises the Results for the year, the Other Comprehensive Income, Financial Position at the end of the year and the notes to the summary financial statements.

Basis for Opinion

- Agreeing the amounts and disclosures included in the Summary Financial Statement to the corresponding items within the full Annual Accounts, the Annual Business Statement and the Directors' Report of the Society for the year ended 31 December 2025, including consideration of whether, in our opinion, the information in the Summary Financial Statement have been summarised in a manner which is not consistent with the full Annual Accounts, the Annual Business Statement and the Directors' Report of the Society for that year;
- Checking that the format and content of the Summary Financial Statement is consistent with the requirements of section 76 of the Building Societies Act 1986 and regulations made under it; and
- Considering whether, in our opinion, information has been omitted which although not required to be included under the relevant requirements of section 76 of the Building Societies Act 1986 and regulations made under it, is nevertheless necessary to include to ensure consistency with the full Annual Accounts, the Annual Business Statement and the Directors' Report of the Society for the year ended 31 December 2025.

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

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

Directors' Responsibilities

The directors are responsible for preparing the Summary Financial Statement within the Summary Financial Statement, in accordance with applicable United Kingdom law, including the Building Societies Act 1986.

Auditor's Responsibilities

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

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

This auditor's statement is made solely to the Society's members, as a body, and to the Society's depositors, as a body, in accordance with section 76 of the Building Societies Act 1986. Our work has been undertaken so that we might state to the Society's members and depositors those matters we are required to state to them in such a statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members as a body and the Society's depositors as a body, for our work, for this statement, or for the opinions we have formed.

Timothy Lawrence (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor London, UK
17th March 2026

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 Committee. It comprises three Non Executive Directors, including the Chair of the Board, and is supported by a non member, the Chief People Officer. This report describes how the Society complies with the FCA's Remuneration Code for dual regulated firms. It also explains how the Group has regard to the principles of the UK Corporate Governance Code 2024 ('the Code') on remuneration (pay and benefits).

Remuneration Policy

The Committee is chaired by Michele Ibbs, a Non Executive Director and the Society's Senior Independent Director. 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 its members' long term interests.

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
- 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
- Take into account the Group's strategic and business plans, ensuring that its objectives and long term interests, including strengthening its capital base, are not compromised

The Group has a clear strategy, vision and mission. It 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 we do to support the Group's culture and are reflected in its pay and benefits package. In assessing the performance of Directors, culture and values are an explicit component of annual appraisals. This includes each Director:

- affirming that they are acting in line with the 'fit and proper conditions' required by regulation
- attesting that they fully understand prescribed responsibilities, and giving evidence that they have been fulfilled

The pay of individual Directors is detailed on page 26.

Level and components of remuneration

Executive Directors' pay

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

Component	Level	Basis
Basic salary	Set annually after review by the Remuneration Committee 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) 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	The annual bonus is only awarded if the minimum threshold criteria are achieved, linked to delivery of the Group's strategic objectives. On target performance across all measures 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.	Variable pay is linked to the delivery of the Group's strategic objectives. There are financial and non financial targets alongside individual performance targets. The aim is to safeguard against poor conduct or risk taking outside the Society's risk appetite. The 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 that significantly adversely affects the Society's regulatory status, financial performance or financial statements.
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.

2025 performance and awards

The Chair's Statement, Chief Executive's Review and Strategic Report on pages 11 to 15 describe 2025 as a year of transformation and progress against a period of external volatility.

It is in this context that performance related pay awards to Executive Directors have been set and are detailed in this report.

Non Executive Directors

The Chair and other Non Executive Directors (NEDs) each receive an annual fee for their services. It reflects the time commitment and responsibilities of their roles and is in line 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 chairing a subsidiary board are paid an additional fee. They do not receive any salary, performance incentives or pension.

NEDs are reimbursed for reasonable expenses incurred during their work on Group business.

The Society's Rules limit NED pay to 2.5 times the annual salary of the lowest paid full time clerical employee.

Procedure for setting pay

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

The overall pay level of Executive Directors is considered by the Committee. In setting pay, 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 align with those

available in the marketplace and enable Directors of high calibre and diversity to be attracted and retained in line with the business strategy. The Committee uses the services of independent consultants, third-party surveys and peer-group benchmarking to ensure pay levels are appropriate and in line with the external market. The Committee has authority to override formulaic pay outcomes when considering the Society's performance, both regulatory and financial. The Committee will, before its recommendation to the Board for approval of any payments, refer to the Risk Committee to ascertain whether it wishes to exercise its power of veto.

The Chief Executive appraises the individual performance of the Chief Financial Officer and other members of the executive team and makes recommendations to the Committee. The Chief Executive's performance 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 as to how Executive team members' pay aligns to the Group's wider pay policy generally. The Group's Remuneration Policy is available to view on the Society's website.

Committee members are unable to set their own fees. The fee of the Chair of the Board is recommended to the Committee by the Society's Chief Executive and Vice Chair and is then approved by the Committee. The fees of the NEDs are considered by the Chair of the Board after proposals from the Executive Directors. Fees are approved by the Board on the Committee's recommendation.



Non-Executive Directors	2025 Total fees £'000	2024 Total fees £'000
S M Douthwaite	57	43
J G Farrington (retired 19 April 2024)	-	10
M L Ibbs (appointed 1 June 2024)	36	17
E A Lockwood	38	35
J A Mortimer Sykes (retired 29 April 2025)	12	35
K M Myers (appointed 1 January 2025)	31	-
F A Pollard (retired 30 September 2024)	-	36
M A Piranie (appointed 1 March 2025)	29	-
S G Thomas	38	33
Total	241	209

Executive Directors (audited) 2025	Salary £'000	Annual Bonus ¹ £'000	Deferred bonus ² £'000	Benefits £'000	Sub-total £'000	Pension Contributions ³ £'000	Total £'000
S J Taylor	278	61	36	38	413	-	413
A J Lumby	187	25	12	11	235	23	258
Total	465	86	48	49	648	23	671

Executive Directors (audited) 2024	Salary £'000	Annual Bonus ¹ £'000	Deferred bonus ² £'000	Benefits £'000	Sub-total £'000	Pension Contributions ³ £'000	Total £'000
S J Taylor	270	-	-	37	307	-	307
A J Lumby	182	-	-	11	193	23	216
Total	452	-	-	48	500	23	523

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

² The deferred bonus figures relate to bonus earned in 2021 but which have been deferred for three years in accordance with the scheme rules.

³ S J Taylor, with agreement from the Society, took pension contributions as cash.

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

Executive Director	Due in 2026 Earned in 2022 £'000	Total Deferred £'000
S J Taylor	37	37
A J Lumby	23	23

Michele Ibbs

Chair of Remuneration Committee

17th March 2026

Main Office

Mutual House, Leicester Road,
Melton Mowbray, Leics, LE13 0DB

T. 01664 414141

E. melton@mmbs.co.uk



**Melton
Building
Society**

themelton.co.uk

Branch Offices

18 Nottingham Street,
Melton Mowbray, Leics,
LE13 1NW

T. 01664 480214

E. meltonbranch@mmbs.co.uk

48 High Street, Grantham,
Lincs, NG31 6NE

T. 01476 564528

E. grantham@mmbs.co.uk

23 High Street, Oakham,
Rutland, LE15 6AH

T. 01572 757911

E. oakham@mmbs.co.uk

1 North Street, Bourne,
Lincs, PE10 9AE

T. 01778 301556

E. bourne@mmbs.co.uk

49 High Street, Stamford,
Lincs, PE9 2BD

T. 01780 431061

E. stamford@mmbs.co.uk