



ANNUAL REPORT 2019



Chairman's Report

30 June 2019

Celebrating our History, Banking on our Future

This financial year has been truly momentous for The Mutual Bank as an organisation, as a team and as a part of the Hunter community, with major milestones reached, goals achieved and changes that will impact the future trajectory of our business made. In October we celebrated 130 years since our foundation; a milestone that not only speaks to the rich history of our organisation, but also highlights the pivotal role The Mutual Bank has and continues to play within the financial landscape in our region.

In March we officially commenced trading as 'The Mutual Bank'; a change that better articulates what we do as an organisation, both for our members and within our community, and is an important step toward the vision that we hold for the future of our institution and the community-centred role we play within the Hunter region. Our undertaking is to help our members achieve financial success, to save for that rainy day or achieve the Australian dream of owning their own home, while providing everyday banking products and services efficiently and cost-effectively.

As our valued members are already aware, the next step in our evolution is the proposed change to our legal name to 'Maitland Mutual Limited'. This change is small but meaningful. The removal of 'Building Society' from our identity signifies our development as a business in alignment with our community and members' needs. We have retained Maitland in our name as although we have expanded beyond the Maitland municipal area, we are proud to have been a Maitland based financial institution for over 130 years and to continue to be one in the future. Our organisational structure and operations will not change as a result, we are and will continue to be a member-

owned institution, with our priorities as an organisation resting firmly on delivering exceptional financial products and services for our members.

The Board of Directors has unanimously recommended that this new name be adopted, and I look forward to sharing the outcome with you following a vote at this year's Annual General Meeting.

Financial Sector Update

This year has seen the financial sector come under scrutiny, creating a challenging landscape for all in the banking industry. Following the Banking Royal Commission, and its own independent investigations, the Australian Prudential Regulation Authority (APRA), has called on all APRA-regulated institutions to conduct regular self-assessments regarding non-financial risk and operational governance culture.

We at The Mutual Bank fully support these recommendations and are proud of the exceptional standards and practices we continue to uphold in our approach to corporate governance. Our governance framework has been developed to support the organisation's strategic plan, whilst ensuring a clear oversight of key controls and effective leadership. The Board is committed to continuing to ensure operational practices and culture not only focus on mitigating risk, but also to deliver long term sustainability throughout our business and therefore ongoing security for our members.

Board of Directors Update

In October we were delighted to welcome Steve Meyn to The Mutual Bank Board of Directors. As the Managing Director of PKF Sydney and Newcastle, and with more than 28 years' experience in the financial sector, Steve has brought a wealth of business acumen and expertise to his position and is an invaluable asset to the Board and the organisation.

I express my gratitude to my fellow Directors for their commitment and support throughout this past year.

As we reflect on the previous 12 months it is with pride and promise - pride at the achievements and commitment of our team, and promise for the future - that we pave the way forward. On behalf of the Board of Directors I would like to thank our CEO Geoff Seccombe and the entire team of The Mutual Bank for another rewarding year.

On behalf of everyone at The Mutual Bank I thank you, our members, for your ongoing support.

Trevor Robinson

Chairman





Left to right - Stephen James, Trevor Robinson, Melinda Smith-Coates, Alan Wells, Bruce Arnott, Inset: Steve Meyn

Strategic Plan 2019-2022



Financial Results

The Mutual Bank made significant progress towards the future this year, laying the foundation for our organisation, members and community to grow and thrive. I am very pleased to report that our business has continued to deliver another strong financial performance throughout this time, with our growth in profit exceeding industry standards. We achieved a net profit of \$5.19 million this financial year, a figure which includes the sale of our current head office premises in High Street Maitland, and has seen The Mutual Bank's total equity increase to \$49.67 million.

Despite a challenging financial landscape navigating historically low interest rates combined with a competitive lending environment, The Mutual Bank's total assets increased by \$92.41 million, which represents an increase of 13.75%. This increase was primarily driven by increased lending volumes. Total loans to members increased by 12.64% to \$593.08 million, while total liabilities increased by 13.90% to \$714.81 million, mainly due to the increased balance of deposits from members. These results speak to the commitment and the dedication of our team and Board of Directors.

People and Culture

It is not only the year's financial results that have seen our business excel, our team's ongoing excellence in service and support for our members has been acknowledged a number of times in the past year. Our Raymond Terrace Branch has again been recognised at the Annual Port Stephens Examiner Business Awards in the Financial Services category and our Dungog Branch, announced runners-up of the Customer Service category in the Dungog District Chamber of Commerce 2019 Business Awards. In addition to the recognition of our teams we had three individual team members recognised at the 2019 NSW Training Awards - Hunter

Region. Two of our finalists successfully received their nominated award

- Tayla Anderson, Trainee of the Year - Financial Services and Amanda Misson, Vocational Student of the Year.

The commitment to providing best-practice service and support for our members is something I am incredibly proud to witness across all levels of our business; it is this member-centric approach that defines our organisation and that connects us as a team. I would like to thank every member of staff for continuing to demonstrate this core value of The Mutual Bank, helping to elevate the member experience we deliver on a daily basis.

A Bright Future for our Business and our Region

Our dedication to personalised service and engagement within our local community are core priorities for The Mutual Bank. The Hunter is a dynamic region, one that continues to evolve in terms of industry, population and community. To ensure that our organisation continues to grow and thrive in alignment with expectations, The Mutual Bank's Board of Directors and Management Team have implemented a new three-year strategic plan which will provide direction and vision creating an environment to develop and evolve. Enhancements in technology within our business will continue and remains essential for future growth. Member growth will continue to be a priority as a means for driving progress while ensuring our members remain at the heart of our business.

The strategic plan allows The Mutual Bank to stay true to its Purpose - 'Here to Help' - while innovating and evolving to deliver on its Mission - 'Modern Banking, Traditional Service'.

One other key aspect in The Mutual Bank's progression is the development and transition into our new head office

in East Maitland. We broke ground on the new premises in March and construction has been progressing at an exciting pace. The new building will provide our team with much needed space and facilities to expand, and we are working to have the development finalised and ready to move in by June next year.

Delivering Value for our Members

Throughout our 130-year history The Mutual Bank has based its operations on a simple principle, to best serve our members and our community. As interest rates have continued to fall to all-time low levels, we have worked to balance the needs of both our depositor and borrower members. Recent reductions in the official cash rate by the Reserve Bank of Australia (RBA) saw The Mutual Bank pass on interest rate reductions to members with Owner-Occupied, Investment Home Loans and Business Loans, whilst maintaining interest rates on deposit accounts. As further changes are made by the RBA The Mutual Bank will continue to regularly review its interest rates to ensure interest rates remain competitive and sustainable.

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In order to further benefit our members, The Mutual Bank also recently removed excess transaction fees from all transaction accounts, providing fee-free everyday banking for many members.

Contribution to our Community

The Mutual Bank is not only an iconic part of the Hunter's banking landscape, it is also an actively engaged part of the

community, a role that we are honoured to hold. Contribution to our local community is fundamental to our organisation, and is something we continue to enact through our many sponsorships, involvement with financial literacy programs, collaborations and volunteering.

It is our commitment to continue to support our community and deliver quality products and service to our members.

This financial year has seen many pivotal developments for The Mutual Bank, and it is with excitement that we as an organisation position ourselves to build on these achievements in the years to come.

Geoff Seccombe
Chief Executive Officer

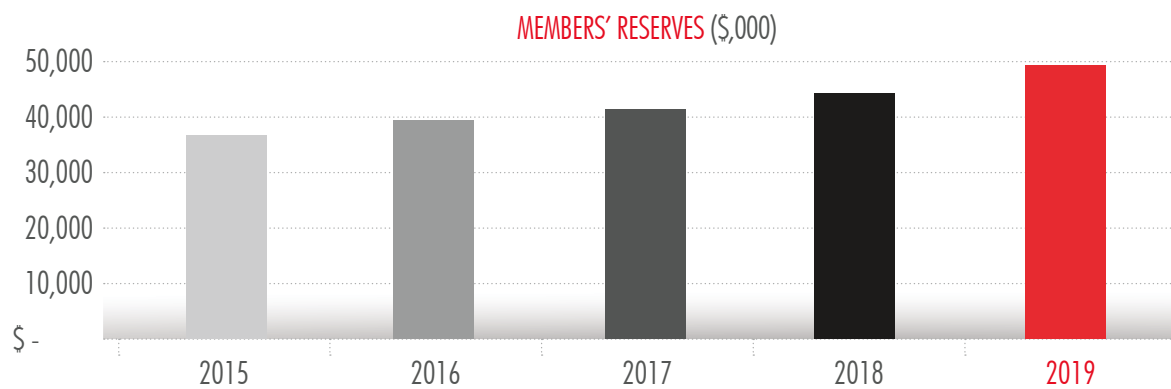
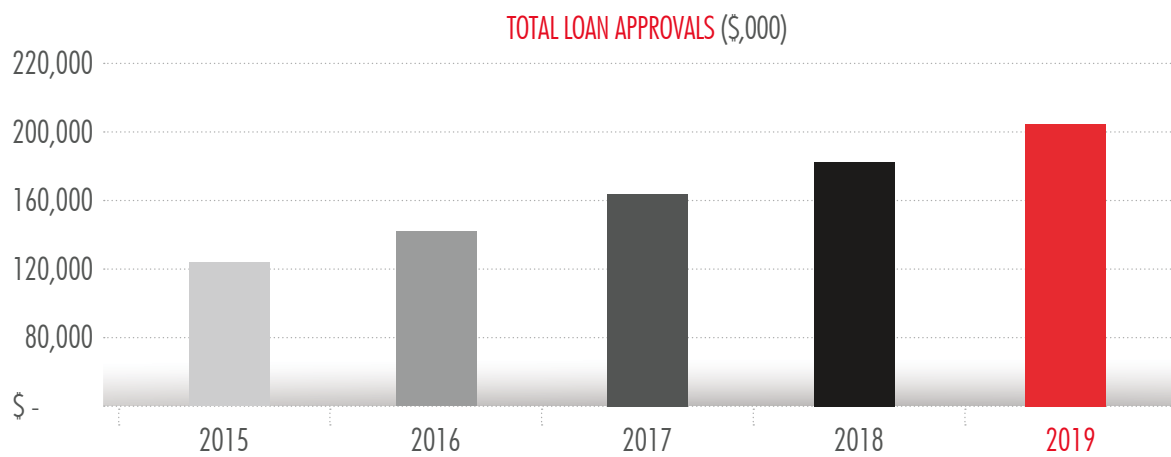
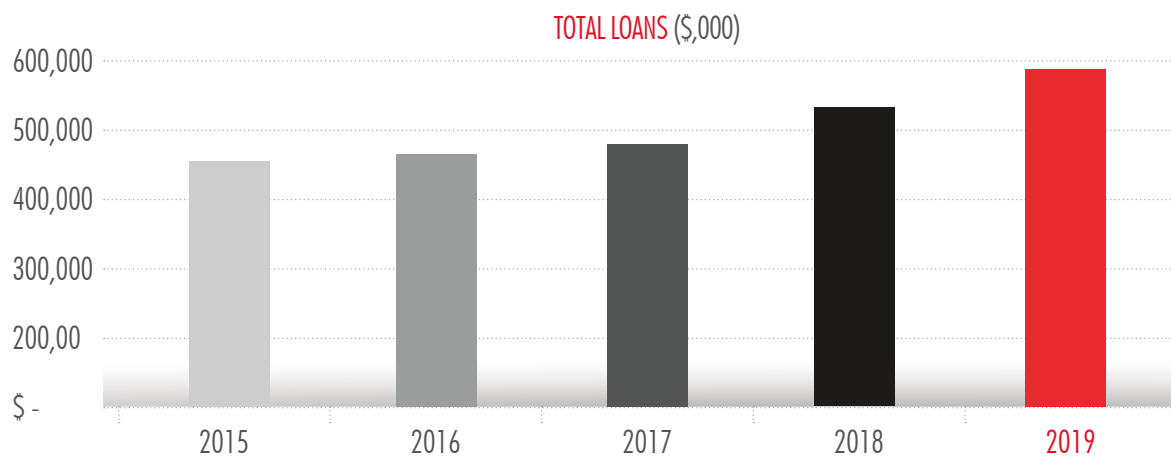
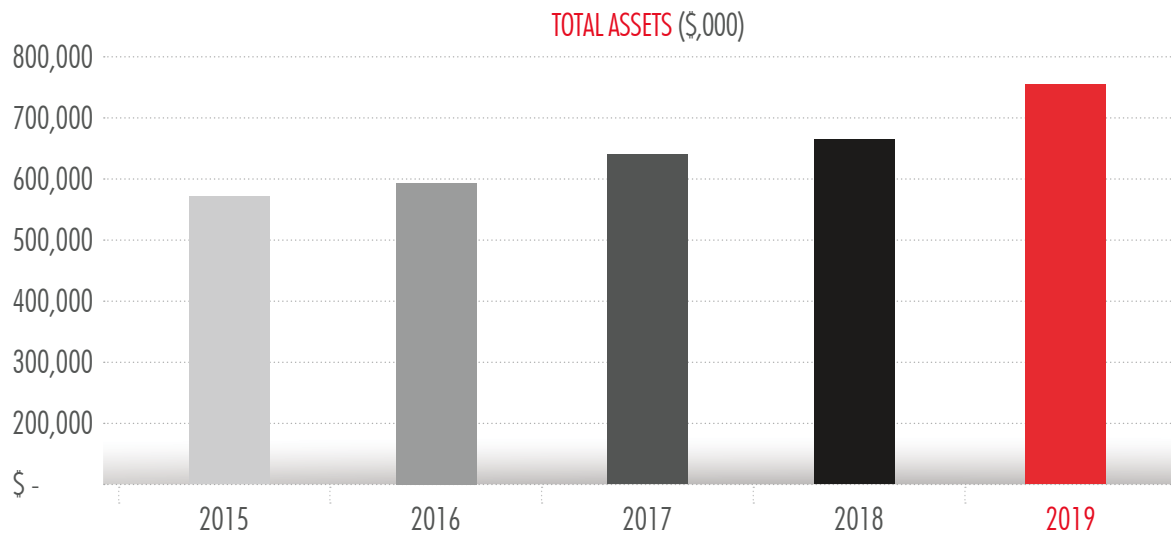
Management Team



Left to right: Taryn Stockwell, Errol Russell, Rod Williams, Kate Newman, Glen Pearson, Scott Pulbrook, Geoff Seccombe, Kirsty Bryson, Blake Evans, Ken Archer, Kieran Quigley, Debra Simpson, Todd Paterson
Absent: Doug Crawford, Mark Puckeridge

Performance Charts

30 June 2019



Training & Development



Learning



Education



Development

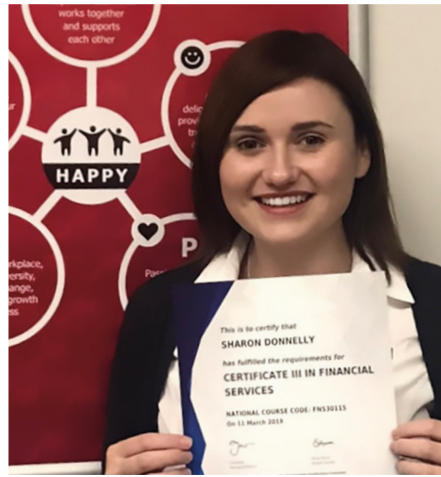


Training



Knowledge





Our Community



Members first



Partnering with our community



Trusted financial solutions



Member and community expectations



Community support





Corporate Governance

The Board of The Mutual Bank is committed to excellence in governance standards and practices to ensure its sustainability and long term value to its members and the community.

The Mutual Bank operates under the Corporations Act 2001 and the guidelines and foundations of corporate governance set out by the Australian Prudential Regulation Authority (APRA) and the Australian Securities and Investment

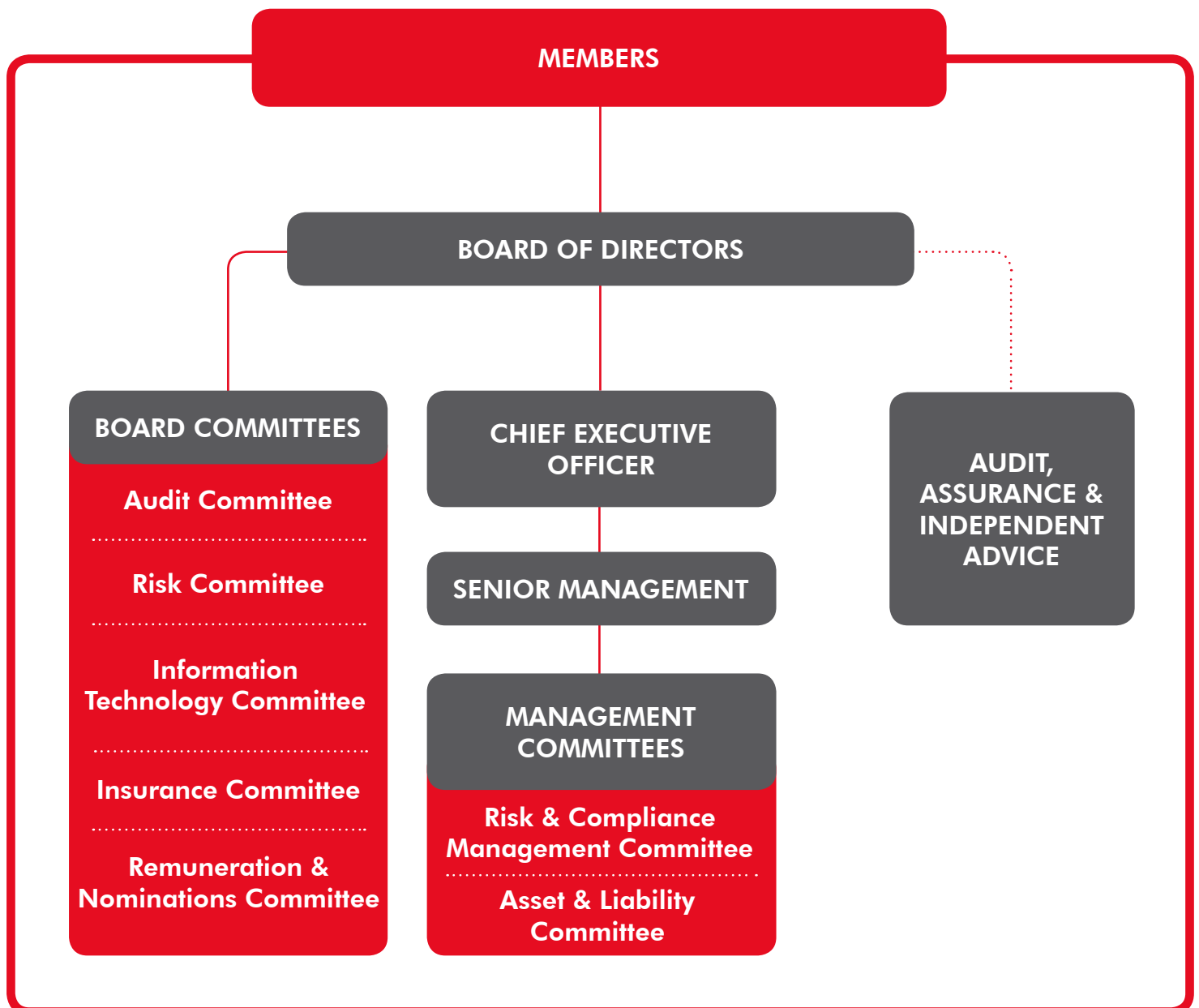
Commission (ASIC). The Board takes an active role in ensuring corporate governance best practice.

The Mutual Banks Governance Framework has been developed to support its strategic plan, whilst ensuring a clear oversight of key controls and effective leadership. These factors enable The Mutual Bank to operate, in an effective manner with prudent management. The Board, and each employee, have a responsibility for

upholding The Mutual Bank's values and behaviours which underpin operational activities, provide transparency and protect members' interests.

The Board ensures effective control of the corporate governance framework through effective delegation, risk management and a system of assurance regarding financial and non-financial reporting.

Corporate Governance Framework: The Mutual Bank



Summary Financial Report

30 June 2019

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This financial report covers Maitland Mutual Building Society Limited as an individual entity. The financial report is presented in the Australian currency. Maitland Mutual Building Society Limited is a company limited by shares and guarantee, incorporated and domiciled in Australia.

Its registered office and principal place of business is:

Maitland Mutual Building Society Limited
417 High Street
Maitland NSW 2320

The financial report was authorised for issue by the Directors on 22 August 2019. The Mutual Bank has the power to amend and reissue the financial report.

Directors' Report

30 June 2019

Your Directors present their report on The Mutual Bank for the financial year ended 30 June 2019.

Directors

The names of the Directors in office at any time during, or since the end of, the year are:

T. T. Robinson	M. J. Smith-Coates
S. W. James	A. K. Wells
B. D. Arnott	S. J. Meyn (appointed October 2018)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Information on Directors



Trevor T Robinson (Chairman)

Mr Robinson joined the Board in 2010 and was appointed its Chairman in June 2014. Mr Robinson, now retired, is a qualified solicitor having previously been a partner for 20 years with Clayton Utz, a major Australian Law firm. As a partner at Clayton Utz, Mr Robinson specialised in banking and financial services. Mr Robinson was head of their Retail Banking group and was, more recently, head of their Structured Capital Markets group, specialising in securitisation. Mr Robinson holds a Bachelor of Laws degree and a Bachelor of Commerce (Accounting major) degree from the University of New South Wales. Mr Robinson lives in Sydney. He is also a Director of Maple-Brown Abbott Limited, a privately owned Australian investment management company.

He is also Chairman of The Mutual Bank's Remuneration and Nomination Committee and is a member of its Risk, IT and Insurance Committees.



Stephen W James

Mr James joined the Board in 2011 and is the Chairman of The Mutual Bank's Risk Committee. On 17th July 2015 Mr James retired from his position with Arrium as Planning Manager and holds a Bachelor of Engineering degree as well as an Australian Institute of Company Director's Diploma. Mr James is a Fellow of the Australian Mutuals Institute and is a Graduate Member of the Australian Institute of Company Directors. He was appointed to the Board of Phoenix (NSW) Credit Union in 1999 which merged with The Mutual Bank in 2011. When he was a Director of Phoenix he served on several committees as well as being the Chairman. Mr James is also a Director of Woodturners of the Hunter Co-Operative Limited and a Director of Phoenix Health Fund Limited, a members owned private health fund. In addition to his Board service, Mr James also has experience in matters relating to Work Health and Safety, Operations Management and Business Systems.

He is a member of The Mutual Bank's Risk and Remuneration and Nomination Committees.



Bruce D Arnott

Mr Arnott joined the Board in 2013 and is Chairman of The Mutual Bank's Audit Committee. He is a former Director and Vice Chairman of Phoenix (NSW) Credit Union. He has a strong background in finance with more than 30 years working in senior financial management positions at some of the region's largest companies. In his last executive role Mr Arnott was the Chief Financial Officer and Company Secretary at Hunter based publicly listed engineering company, Bradken. He also has a thorough understanding of the financial industry, particularly in relation to member based, mutual organisations. Mr Arnott holds a Bachelor of Commerce from the University of Newcastle and is a member of CPA Australia and Member of the Australian Institute of Company Directors. Mr Arnott is also a Director and current Chairman of Phoenix Health Fund Limited, a members owned private health fund, a Director of Merewether Golf Club Limited and a Director of Addcar Mining Solutions Pty Ltd.

He is a member of The Mutual Bank's Audit, Risk and Remuneration and Nomination Committees.



Melinda J Smith-Coates

Mrs Smith-Coates joined the Board in 2014 and is Chairman of The Mutual Bank's IT Committee. She established a bespoke public relations and strategic communication consultancy after more than three decades working as a journalist, news presenter and radio broadcaster, before moving into executive management roles in corporate and public affairs. She holds a Master of Business (Distinction) graduating from the University of Newcastle and is a member of the Public Relations Institute of Australia (PRIA). Mrs Smith-Coates is a founding and life member of the Mentor Support Network and has been an active committee member and supporter of a number of charity and community organisations.

She is a member of The Mutual Bank's IT, Audit and Remuneration and Nomination Committees.



Alan K Wells

Mr Wells joined the Board in 2014 and is the Chairman of The Mutual Bank's Insurance Committee. Mr Wells, now retired, is a qualified town planner with extensive knowledge and experience in local government, environmental and engineering business sectors. Mr Wells holds a Bachelor of Arts (Geography) Degree from the University of Newcastle, as well as an Australian Institute of Company Directors Diploma. He is an experienced Director, having served terms on the boards as Chairman of HLA-Envirosciences Pty Ltd, Harding Lawson Australia Pty Ltd and Wells Environmental Services Pty Ltd. Mr Wells is a Fellow of the Australian Institute of Company Directors.

He is a member of The Mutual Bank's Insurance, Audit, Risk and Remuneration and Nomination Committees.



Steven J Meyn

Mr Meyn joined the Board in 2018. Mr Meyn is the Managing Director of PKF Newcastle and Sydney, and works within the Business Advisory team. With more than 30 years of experience as an accountant, Mr Meyn has developed specific expertise in the field of IT consulting, business and strategic planning. Mr Meyn also works with clients across needs analysis, scoping and evaluation of new information systems, business system risk analysis, disaster recovery planning, corporate governance and reporting. Mr Meyn holds a Bachelor of Commerce from the University of Newcastle and is a member of the Institute of Chartered Accountants Australia. Mr Meyn is a Member of HunterNet and a Member of the IT Chapter of the ICAA.

He is a member of The Mutual Bank's Audit, IT and Remuneration and Nomination Committees.

Company Secretaries

Mr Geoffrey Secombe. FFin, FAMI, MAICD, JP (appointed in 1994)

Chief Executive Officer of The Mutual Bank since 1994 and has over 40 years experience in the finance industry.

Mr Glen Pearson. B Comm, CPA (appointed in 2013)

Manager, Finance and Administration of The Mutual Bank and has over 15 years experience in a senior role in the Building Society industry.

Mr Rodney Williams. Dip Law (SAB) (appointed in 2007)

Manager, Legal and Compliance of The Mutual Bank and has over 30 years experience in private practice.

Principal Activities

The principal activities of Maitland Mutual Building Society Limited involved the provision of financial services to members in the form of taking deposits and giving financial accommodation.

No significant change in the nature of these activities occurred during the year.

Meetings of Directors

The number of meetings of The Mutual Bank's Board of Directors and of each

board committee held during the year ended 30 June 2019, and the number of meetings attended by each Director were:

	Full Meetings of Directors		Audit		Remuneration and Nomination	
	Eligible to attend	Number attended	Eligible to attend	Number attended	Eligible to attend	Number attended
Trevor T Robinson	12	12	-	-	1	1
Stephen W James	12	12	-	-	1	1
Bruce D Arnott	12	11	4	3	1	1
Melinda J Smith-Coates	12	11	4	3	1	1
Alan K Wells	12	11	4	4	1	1
Steven J Meyn	9	8	3	2	1	1

	Insurance		Information Technology		Risk	
	Eligible to attend	Number attended	Eligible to attend	Number attended	Eligible to attend	Number attended
Trevor T Robinson	1	1	4	4	4	4
Stephen W James	-	-	-	-	4	4
Bruce D Arnott	-	-	3	3	4	4
Melinda J Smith-Coates	-	-	4	3	-	-
Alan K Wells	1	1	-	-	4	4
Steven J Meyn	-	-	1	1	-	-

Member Liability

The Mutual Bank is a company limited by shares and guarantee. The Mutual Bank has not issued shares. The guarantee is provided by members of The Mutual Bank aged 18 years or older who became members after 24 October 2000 and is limited to \$5 per member. The total amount that members of The Mutual Bank are liable to contribute if The Mutual Bank is wound up is \$59,985.

Review of Operations

The profit from ordinary activities after providing for income tax amounted to \$5.195 million (2018: \$2.449 million).

The Mutual Bank's pre-tax profit for the year was \$6.491 million (2018: \$3.499 million) representing an increase of 85.51% over the previous financial year.

Excluding the sale of its head office at High Street Maitland resulted in a pre-tax profit of \$4.972 million, representing an increase of 42.10% over the previous financial year.

Total assets increased by 13.75% to \$764.5 million for the year to 30 June 2019 (2018: increased 4.75% to \$672.1 million).

New loan funding for the year totalled \$205 million, an increase of 12% to loans

funded over last year of \$183 million. The demand for these loans was met by redemptions and repayments from existing loans and the raising of deposits from members.

The Mutual Bank participates in a mortgage backed securitisation program. At reporting date, the value of mortgage loans securitised was \$7.81 million. Securitisation is a part of The Mutual Bank's capital management and funding activities. No new loans are funded by securitisation.

Short and Long Term Objectives

The Mutual Bank has established short and long term objectives as outlined in The Mutual Bank's business plan which is reviewed on an annual basis. These objectives are both financial and non-financial and are aimed towards providing exceptional financial security, value and service to its members. These objectives are measured through both financial and non-financial key performance indicators that have been determined relevant to the industry.

Significant Changes in State of Affairs

No significant changes in The Mutual Bank's state of affairs occurred during the financial year.

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of The Mutual Bank, the results of those operations or the state of affairs of The Mutual Bank in future financial years.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out at page 17.

Future developments

Possible developments in the operations of The Mutual Bank and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is commercially confidential.

Insurance of Officers

During the financial year, The Mutual Bank paid a premium in respect of a contract insuring Directors and officers of The Mutual Bank against liability. The officers of The Mutual Bank covered by the insurance contract include the Directors, Executive Officers and each Company Secretary.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of The Mutual Bank, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to The Mutual Bank. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

In accordance with normal commercial practice, disclosure of the total amount of premium payable under, and the nature of liabilities covered by, the insurance contract is prohibited by a confidentiality clause in the contract.

Environmental Issues

The Mutual Bank's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Proceedings on behalf of The Mutual Bank

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of The Mutual Bank.

No proceedings have been brought or intervened in on behalf of The Mutual Bank with leave of the Court under section 237 of the Corporations Act 2001.

Regulatory Capital

In accordance with Australian Prudential Standard *APS 330 Public Disclosures* (APS330) The Mutual Bank's Regulatory Capital reconciliation and the full terms and conditions of Regulatory Capital instruments are available on The Mutual Bank's website at <https://www.themutual.com.au/about-us-corporate-information.html>.

Rounding of amounts

The Mutual Bank is an entity to which ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191 applies and, accordingly, amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars.

This report is made in accordance with a resolution of Directors:



Trevor T Robinson
Director



Bruce D Arnott
Director

Maitland, 22 August 2019

Independent Audit Report

30 June 2019



To the members of Maitland Mutual Building Society Limited

Report on the Audit of the Financial Report

Opinion

The summary financial statements of Maitland Mutual Building Society Limited (The Mutual Bank), which comprise the summary statement of financial position as at 30 June 2019, the summary statement of profit or loss and other comprehensive income, the summary statement of changes in equity, the summary statement of cash flows, notes to the summary financial statements, discussion and analysis of the summary financial statements, and the Directors' declaration, are derived from the audited financial statements of The Mutual Bank for the year ended 30 June 2019 as set out on pages 17 to 24.

In our opinion, the accompanying summary financial statements are consistent, in all material respects with the audited financial statements, on the basis described in Note 1.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by Australian Accounting Standards. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements and auditor's report thereon.

The Audited Financial Report and Our Report Thereon

We expressed an unmodified audit report on the audited financial report in our report dated 23 August 2019.

Directors' Responsibility for the Summary Financial Statements

The Directors are responsible for the preparation of a summary of the audited financial statements on the basis described in Note 1.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial report, based on our procedures, which were conducted in accordance with Auditing Standard ASA 810: *Engagements to Report on Summary Financial Statements*.

A handwritten signature in blue ink, appearing to read 'M. J. O'Connor'.

M. J. O'Connor CA

Partner

CUTCHER & NEALE
CHARTERED ACCOUNTANTS

Newcastle, 23 August 2019



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Directors' Declaration

30 June 2019

The Directors of Maitland Mutual Building Society Limited declare that the summary financial statements of The Mutual Bank for the financial year ended 30 June 2019, as set out on pages 18 to 24:

- (a) comply with Accounting policies as described in Note 1; and
- (b) have been derived from and are consistent with the full financial statements of The Mutual Bank.

This declaration is made in accordance with a resolution of the Board of Directors.



Trevor T Robinson

Director



Bruce D Arnott

Director

Maitland, 22 August 2019

Auditor's Independence Declaration



To the Directors of Maitland Mutual Building Society Limited

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



M. J. O'Connor CA

Partner

CUTCHER & NEALE
CHARTERED ACCOUNTANTS

Newcastle, 15 August 2019



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Summary Statement of **Profit or Loss** and **Other Comprehensive Income**

for the year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
Interest revenue	2	29,939	26,694
Interest expense	2	(14,106)	(12,988)
Net interest income		15,833	13,706
Fee's and commission income	3	2,032	1,706
Fee's and commission expense	4	(1,110)	(990)
Net fee and commission income		922	716
Other operating income	3	44	112
Profit / (loss) on disposal of property, plant and equipment		1,519	(13)
Impairment losses on loans and advances		(12)	(172)
Employee benefits expense		(5,965)	(5,731)
Depreciation and amortisation		(695)	(688)
Marketing expenses		(578)	(503)
Printing and stationery		(187)	(135)
Property costs and lease expenses		(825)	(736)
Other expenses		(3,565)	(3,057)
Profit before income tax		6,491	3,499
Income tax expense		(1,296)	(1,050)
Profit attributable to members		5,195	2,449
Other comprehensive income		-	-
Total comprehensive income for the year		5,195	2,449

The above Summary Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Summary Statement of **Financial Position**

as at 30 June 2019

	2019 \$'000	2018 \$'000
Assets		
Cash and cash equivalents	124,421	104,276
Placements with other financial institutions	50	50
Loans and advances to members	593,085	526,539
Other receivables	677	873
Financial assets	37,806	33,068
Intangible assets	523	520
Property, plant and equipment	7,403	6,280
Deferred tax assets	529	472
Total Assets	764,494	672,078
Liabilities		
Deposits from other financial institutions	53,702	28,613
Deposits due to members	647,308	583,695
Other borrowed funds	10,611	12,265
Payables and other accruals	1,300	1,177
Current tax liabilities	42	105
Provisions	1,853	1,740
Total Liabilities	714,816	627,595
Net Assets	49,678	44,483
Equity		
Retained earnings	44,950	39,755
Contributed equity	4,728	4,728
Total Equity	49,678	44,483

The above Summary Statement of Financial Position should be read in conjunction with the accompanying notes.

Summary Statement of **Changes in Equity**

for the year ended 30 June 2019

2019

	Retained Earnings	Contributed Equity	Reserve for Credit Losses	Total
	\$'000	\$'000	\$'000	\$'000
Opening balance at 1 July 2018	39,755	4,728	-	44,483
Profit attributable to members	5,195	-	-	5,195
Transfers from reserve for credit losses to retained earnings	-	-	-	-
Balance at 30 June 2019	44,950	4,728	-	49,678

2018

	Retained Earnings	Contributed Equity	Reserve for Credit Losses	Total
	\$'000	\$'000	\$'000	\$'000
Opening balance at 1 July 2017	36,556	4,728	750	42,034
Profit attributable to members	2,449	-	-	2,449
Transfers from general reserve for credit losses to retained earnings	750	-	(750)	-
Balance at 30 June 2018	39,755	4,728	-	44,483

The above Summary Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Summary Statement of Cash Flows

for the year ended 30 June 2019

	2019 \$'000	2018 \$'000
Cash flows from operating activities		
Interest received	30,136	27,275
Fees and commissions received	2,032	1,706
Other cash receipts in the course of operations	(1,574)	172
Interest paid	(14,106)	(12,988)
Fees and commissions paid	(1,110)	(990)
Payments to employees and suppliers	(9,270)	(10,051)
Income taxes paid	(1,416)	(1,098)
Net (increase)/decrease in loans and advances to members	(66,555)	(41,368)
Net increase/(decrease) in deposits due to members/from financial institutions	88,702	30,788
Net cash provided by (used in) operating activities	26,839	(6,554)
Cash flows from investing activities		
Proceeds from sale of plant and equipment	2,956	8
Payment for intangible assets	(367)	(323)
Payment for property, plant and equipment	(2,891)	(559)
Net (purchase)/sale of financial assets	(4,738)	1,608
Net cash used by investing activities	(5,040)	734
Cash flows from financing activities		
Net proceeds from debt securities issued, other deposits and other borrowed funds	(1,654)	(3,057)
Net cash used by financing activities	(1,654)	(3,057)
Net increase/(decrease) in cash and cash equivalents held	20,145	(8,877)
Cash and cash equivalents at the beginning of the financial year	104,276	113,153
Cash and cash equivalents at the end of the financial year	124,421	104,276

The above Summary Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

for the year ended 30 June 2019

1 Accounting Policies

The summary financial statements have been prepared from the audited financial report of Maitland Mutual Building Society Limited (The Mutual Bank) for the year ended 30 June 2019. The audited report for the year ended 30 June 2019 is available at request from The Mutual Bank free of charge.

The financial statements, specific disclosures and the other information included in the summary financial

statements are derived from and are consistent with the full financial statements of The Mutual Bank. The summary financial statements cannot be expected to provide as detailed an understanding of the financial performance, financial position and financing and investing activities of The Mutual Bank as the full financial statements.

The presentation currency used in the financial report is Australian dollars. The Mutual Bank has applied the relief available to it under ASIC Corporations

(Rounding in Financial/Directors' Reports) Instrument 2016/191 and accordingly amounts in this concise financial report have been rounded to the nearest \$1,000.

The summary financial report has been prepared in accordance with Australian Accounting Standard AASB 1039: Concise Financial Reports and the Corporations Act 2001. The accounting policies adopted have been consistently applied to all the financial periods presented unless otherwise stated.

2 Analysis of Interest Revenue and Interest Expense

a) 2019

Interest revenue

Cash and cash equivalents
Loans and advances to members
Held to maturity investments

Interest expense

Deposits from other financial institutions
Deposits due to members
Other borrowed funds

Net interest income

	Average balance \$'000	Interest \$'000	Average rate %
Cash and cash equivalents	111,184	2,410	2.17
Loans and advances to members	567,068	26,492	4.67
Held to maturity investments	35,164	1,037	2.95
	713,416	29,939	4.20
Deposits from other financial institutions	43,842	1,197	2.73
Deposits due to members	613,335	12,398	2.02
Other borrowed funds	11,068	511	4.62
	668,245	14,106	2.11
Net interest income		15,833	

b) 2018

Interest revenue

Cash and cash equivalents
Loans and advances to members
Held to maturity investments

Interest expense

Deposits from other financial institutions
Deposits due to members
Other borrowed funds

Net interest income

	Average balance \$'000	Interest \$'000	Average rate %
Cash and cash equivalents	106,728	1,849	1.73
Loans and advances to members	504,335	23,933	4.75
Held to maturity investments	35,023	912	2.60
	646,086	26,694	4.13
Deposits from other financial institutions	9,460	246	2.60
Deposits due to members	581,153	12,263	2.11
Other borrowed funds	13,563	479	3.53
	604,176	12,988	2.15
Net interest income		13,706	

Notes to the **Financial Statements** Continued

for the year ended 30 June 2019

	2019 \$'000	2018 \$'000
3 Non-Interest Revenue		
Fee and commission income		
Management fees	1,387	1,135
Transaction fees	190	12
ATM fees	256	294
Commissions	199	265
	2,032	1,706
Other operating income		
Rental income	18	33
Other income	26	79
	44	112
4 Non-Interest Expense		
Fee and commission expense		
Brokerage and trailing fees paid	193	137
Other	917	853
	1,110	990

Discussion and Analysis of the Summary Financial Statements

for the year ended 30 June 2019

Information on Maitland Mutual Building Society Limited Financial Statements

The financial statements and disclosures in the summary financial statements have been derived from the 2019 financial statements of The Mutual Bank.

A copy of the full financial statements and auditors' report will be sent to any member, free of charge, upon request. The discussion and analysis is provided to assist members in understanding the summary financial statements. The discussion and analysis is based on The Mutual Bank's financial statements and the information contained in the summary financial statements has been derived from the 2019 financial statements of The Mutual Bank.

Summary Statement of Profit or Loss and Other Comprehensive Income

Total interest income increased by \$3.25 million to \$29.94 million representing an increase of 12.16%. Interest income has mainly increased due to the growth in the balance of loans and advances to members.

Net interest income increased by \$2.13 million to \$15.83 million. The increase in The Mutual Bank's net interest income was mainly due to the growth in the balance of loans and advances to members.

Net fee and commission income to June 2019 increased over the corresponding period due mainly to the reimbursement of Visa foreign currency conversion fees to members in the prior year.

Sale of head office at High Street Maitland resulted in a profit on disposal of \$1.519 million.

Employee costs increased over that of the previous year due to incremental wage increases from annual reviews and industrial awards as well as an increase in staff numbers.

Summary Statement of Financial Position

Total assets of The Mutual Bank increased by \$92.41 million which represents an increase of 13.75%. The increase was due principally to increased lending volumes. Partially offsetting this increase was The Mutual Bank's reduced participation in the securitisation program from \$10.26 million to \$7.81 million.

Total loans to members increased by 12.64% to \$593.08 million.

Total liabilities increased by 13.90% to \$714.81 million and was mainly due to increases in the balances of deposits from members.

The ratio of net assets to total assets decreased from 6.62% to 6.50% due to the growth in total assets.

Summary Statement of Changes in Equity

At 30 June 2019, total equity for The Mutual Bank increased by \$5.19 million to \$49.67 million. The increase in total equity was due to The Mutual Bank's net profit for the year.

Summary Statement of Cash Flows

The summary statement of cash flows shows that there has been an increase in cash during the year of \$20.14 million, mainly resulting from an increase in member deposits.





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