



2022



Annual Report



About Us

Member-owned and local to the Hunter Region, The Mutual Bank has been here to help local people since 1888.

Although a lot has changed over those years, one thing remains constant: the focus on our members.

The Mutual Bank remains dedicated to continually evolving to meet the needs of our members and community and we look forward to continuing to serve and support the people of the Hunter Region for generations to come.

We provide our members with choice and convenience for their banking with innovative digital solutions and traditional, award-winning customer service.

Our branches are open six days a week offering a full range of banking services in Dungog, East Maitland, Edgeworth, Maitland, Mayfield, Raymond Terrace, and Rutherford.

The Mutual Bank acknowledges the Traditional Custodians of Country across Australia and recognises their continuing connection to lands, waters and communities. We pay our respects to Aboriginal and Torres Strait Islander cultures and to Elders past and present.

Our Values



INTEGRITY

We are accountable for our actions.



RESPECT

Relationships are at our core.



CARE

Our members and people come first.

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Strategic Plan 2022-2025



VISION 2025
The bank of choice for Maitland and the Hunter Growth Corridor

VISION 2030
The bank of choice for the Hunter



MARKETPLACE

- ✓ Points of presence in Maitland, the Hunter Growth Corridor and selected other areas of the Hunter with features that appeal to existing and targeted members.
- ✓ An optimised product mix aligned to the current and anticipated needs of existing and targeted members.
- ✓ Continue providing outstanding personalised member service, complemented by smart digital solutions, for member choice and convenience.



OPERATIONS

- ✓ Investment in modern technology that enhances members' experiences.
- ✓ Improved systems and processes that are driving efficiency in our cost to serve.



PEOPLE & CULTURE

- ✓ Attracting, immersing, developing, and retaining the talent we want and need.
- ✓ Sustaining an outstanding culture that clearly demonstrates our members and people come first.



FINANCE & GOVERNANCE

- ✓ Continued delivery on targeted key financial metrics.
- ✓ Proactive management of key risks through excellence in governance, compliance, and accountability practices.



Board of Directors



Above: Melinda Smith, Steve Meyn (Chair), David Jay, Sharon Howes, Trevor Robinson (Chair until April 2022) and Debbie Mirisch. Left: Steve Meyn congratulates Trevor Robinson on his retirement.

“ There will be challenging times ahead for many and The Mutual Bank’s Board of Directors recognises the need to remain competitive and sustainable as an organisation and also the need to consider both our depositor and borrower members. ”

Steve Meyn

Chair’s Report



Gratitude and Progress

As the newly elected Chair of The Mutual Bank, I would like to express my gratitude to the Board for their confidence in appointing me to this position. The strong foundations set by previous Chairs are reflected in the current member-focussed culture and financial success of the organisation today.

In particular I would like to thank outgoing Chair Trevor Robinson for his dedication and commitment to The Mutual Bank. Trevor joined the Board in 2010 and was elected Chair in 2014, leading the organisation through a period of unprecedented growth. He showed incredible leadership during a period of industry uncertainty following the global financial crisis and, in more recent years, the COVID-19 pandemic.

Trevor spearheaded the progression of Maitland Mutual Building Society becoming The Mutual Bank, as well as establishing the Hunter Trust which means The Mutual Bank can access additional liquidity directly from the Reserve Bank of Australia, where needed.

I am very proud to represent The Mutual Bank during an exciting chapter in its rich 134-year history. The first loan approved by The Mutual Bank was in 1889 for the amount of 120 pounds. The Mutual Bank now has over \$1 billion in assets under management and has been assigned a first-time investment grade credit rating of BBB- with a Positive Outlook. This is in addition to the AAA credit rating held by The Mutual Bank’s internal securitisation vehicle.

Financial Environment

As we enter the new financial year, we have a decades-low unemployment rate and the buoyant housing market has begun to slow. We also enter a period where a large number of homeowners, who have enjoyed record-low home loan interest rates, now face interest rate increases for the first time. The Reserve Bank of Australia increased the cash rate by 75 basis points between May and June 2022 - the first increases in interest rates since November 2010.

There will be challenging times ahead, and The Mutual Bank’s Board of Directors recognises the need to remain competitive and sustainable as an organisation and the need to consider both our depositor and borrower members. Whilst Australian households have saved a large amount of money since the onset of the pandemic in March 2020, we are acutely aware of possible mortgage stress among some of our members and will work hard to maintain our care of any impacted members. After all, member care is the fabric of The Mutual Bank.

Inflation was another issue that was barely a blip on our financial radar in recent years, but is now front and centre. Cost of living is at the forefront of people’s minds. Global factors such as the ongoing pandemic-related supply chain disruptions and Russia’s invasion of Ukraine could account

for much of this increase, along with the inflation rate, which following the June quarter was 6.1% - higher than it has been since June 2001.

New Appointments

In October 2021 we welcomed the appointment of David Jay to our Board of Directors. Respected as an outstanding leader, David brings more than 30 years of experience in banking, finance, and payment systems to the Board. David is a seasoned Director who filled a vacancy following the retirement of Bruce Arnott.

Credit Rating

Standard & Poor’s (S&P) Global is the world’s largest credit rating agency and a leading provider of independent credit analysis and risk research, offering a combination of global perspective with local insight.

S&P Global is the first credit rating agency to analyse Maitland Mutual Limited’s credit risk.

The Mutual Bank’s S&P Global credit rating is:

- Long term rating: BBB-
- Short term rating: A-3
- Outlook: Positive

With a long-term rating of BBB-, The Mutual Bank has achieved an investment grade credit rating which enables The Mutual Bank to access increased wholesale investment funding.

Strategic Evolution

Maitland is the fastest growing regional city in NSW and the Hunter is the largest regional economy in Australia. Our Vision for 2025 is to be the Bank of Choice for Maitland and the Hunter Growth Corridor. Our Vision for 2030 is to be the Bank of Choice for the Hunter. Our Strategic Plan 2022-2025, which can be found on page 2 of this Annual Report, is our roadmap on how we will achieve our vision, built on four pillars of People and Culture (our Who), Marketplace (our Where and What), Operations (our How), and Finance and Governance.

As we move forward with this ambitious plan, on behalf of the Board I would like to thank The Mutual Bank team for their continued dedication. The success of any organisation is built on its people and our team is second to none. Finally, to our members we simply say thanks for allowing us to be a part of your journey and for your ongoing support.

Steve Meyn
Chair

Management Team



Executive Leadership Team: Ken Archer, Geoff Seccombe (CEO and Company Secretary), Felicity Laczina, Todd Paterson, Aleisha Taylor and Blake Evans (until June 2022).
Company Secretary: Merran Magill (second from left).



Department Managers: John Digby, Danielle Latham, Heidi Brimble, Doug Crawford, Nicole Richardson, Shane Baker, Lauren Armstrong and Kieran Quigley.



Banking Managers: Scott Pulbrook, Kate Newman, Zac Baylis, Errol Russell, Jillian Coulton, Geoff Marshall, Taryn Stockwell and Cherylynn Cambridge.

CEO's Report



Support in challenging times

This year our community has grappled with two major flooding events, an unprecedented influenza season, the rising cost of living, interest rate rises, all on top of the COVID-19 pandemic which has shown little sign of ending.

Amid this turmoil remains one constant: The Mutual Bank is here for our members.

Our commitment to the community continues and I am pleased we have maintained our support for local events, sporting clubs, school groups and cultural organisations through our sponsorship program. As a member-owned bank our profits go back into better banking products for our members and assisting our community. We highlighted our local small businesses during a special Small Business Month campaign on social media and we were there for members experiencing hardship through the flood events. Our team and members generously supported a community Christmas gift drive and winter food appeal for local charities to help those in need.

Strong financial position

We now have over \$1 billion in assets under management and we are focused on delivering modern banking with competitive products whilst retaining the traditional service we are renowned for. We are on track to deliver our promises to members: online statements for those members who don't need paper statements, a new mobile banking app with loads of new features, and plans to upgrade our Internet Banking system.

A few financial highlights of the year include:

- 23% increase in loans funded to \$274 million
- 12% increase in total assets to \$1.01 billion
- 9.4% increase in loans and advances to \$744.6 million
- 8.5% increase in members' equity to \$61.4 million
- Obtaining a credit rating of BBB- with a Positive Outlook

Outstanding Professional Service

Our people are what sets The Mutual Bank apart and I was thrilled when our team won Business of the Year in the Hunter Local Business Awards. The Mutual Bank won its category award for Outstanding Professional Services and was later announced as Business of the Year in February 2022. The Mutual Bank was one of 16 finalists in the Professional Services category after our Rutherford branch was nominated. The Mutual Bank strives for modern banking with traditional service, and we deliver

day in and day out. I'm pleased our team has been recognised for the continued professional and personal service they provide to our members.

Our team remains committed to making members aware of the latest scams with a handy magnet available in branch for vulnerable members to help them assess phone call scams.

Our team is our success

Recognising and rewarding the talent in our own organisation, many of our team members have progressed into leadership roles. We have several new executives to help lead the team as we work to deliver a new Strategic Plan to provide even more value for our members. We welcomed: Aleisha Taylor as our Chief Financial Officer, Felicity Laczina as Chief of Corporate Services and Matthew Dunnill as Chief Member Officer.

We maintain our competitive interest rates, balancing the needs of our depositor and borrower members. Whilst our depositor members have borne the burden of historically low interest rates in recent years, we have been able to pass on some generous deposit rate increases recently while waiting to pass on increases in our home loan rates.

To assist first home buyers and single parents to buy a home, we are one of a limited number of lenders appointed to offer the Australian Government's Home Guarantee Scheme. We have been offering this assistance to help local people get their foot in the door to achieve home ownership since it began in 2020.

New Code of Practice

The Mutual Bank will adopt the new Customer Owned Banking Code of Practice from October 2022 and our team has been working hard to ensure we are up to date with this requirement. This Code is voluntary but is an important commitment to reflect the value The Mutual Bank places on improving the financial wellbeing of our members and the community. Whilst we already comply with a range of regulations to protect members, this Code establishes higher standards than the law requires in several areas, and covers other issues not addressed by the law.

It's all part of our ethos of putting our members first.

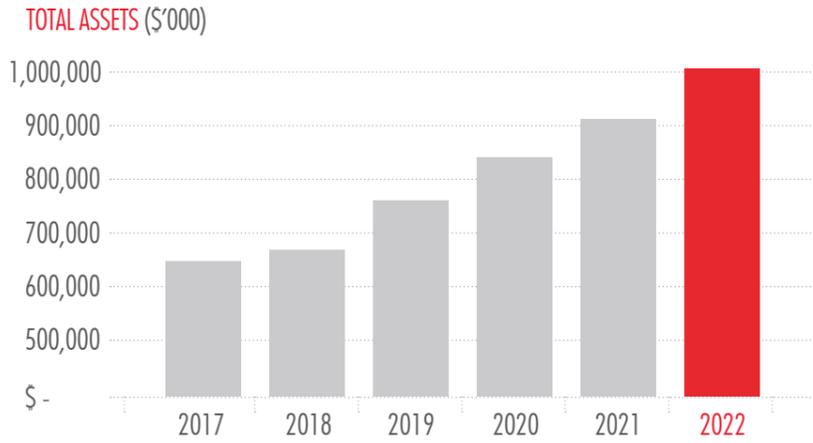
Geoff Seccombe

Chief Executive Officer

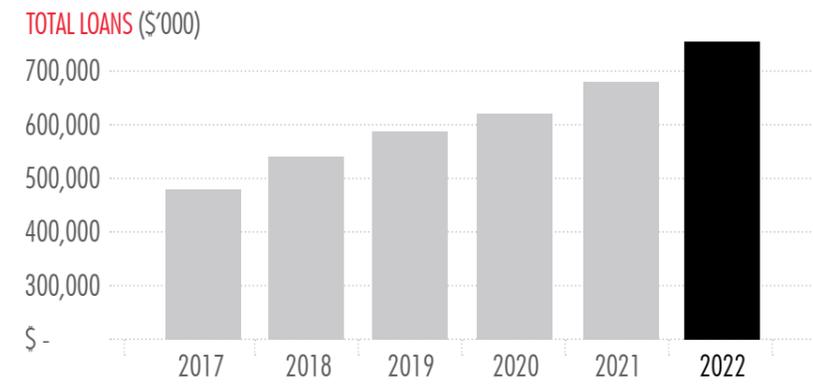
Performance Charts



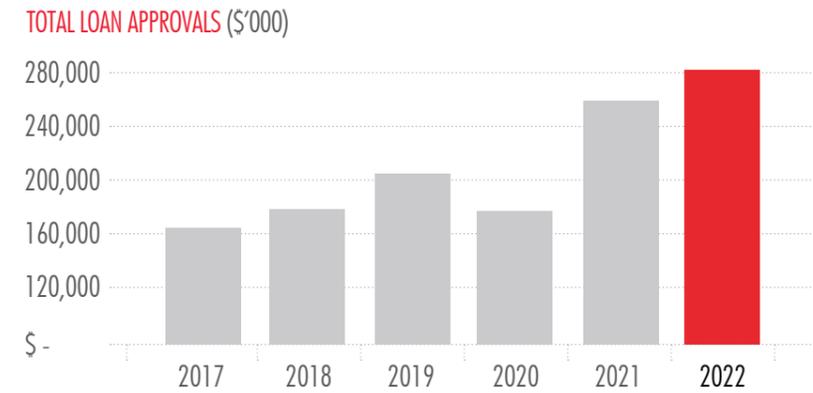
increase in total assets to \$1.01 billion



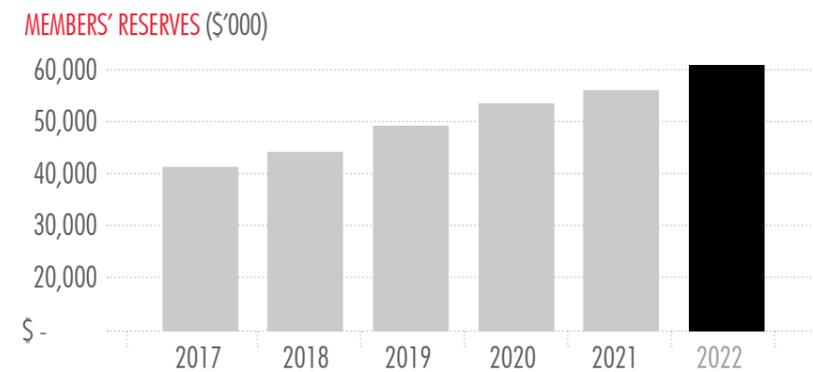
increase in loans and advances to \$744.6 million



increase in loan approvals to \$274 million



increase in members' equity to \$61.4 million



Business of the Year

Award-winning service: Our Member Service Officer Maliese helps a customer at our Rutherford Branch.



The Mutual Bank has taken out both gold and silver awards in the Hunter Local Business Awards and was named Business of the Year.

The Mutual Bank won its category award for Outstanding Professional Services and was later announced as Business of the Year at a gala presentation evening in February 2022.

The Local Business Awards aim to pay tribute to and reward the local community's best businesses. It also aims to develop and strengthen the bonds between businesses and the community thereby improving the standards of local businesses.

The Mutual Bank was one of 16 finalists in the Professional Services category after its Rutherford branch was nominated.

Finalists are selected based on the number of online and printed nominations they receive in their specific category. The finalists are then comprehensively judged against the information received by each business and from a mystery shop visit by one of the anonymous judges.

Developing our People

Our people are the reason behind the growth and success of The Mutual Bank.

A commitment to the training and development of our staff enables us to deliver best-practice service to you, our members.

As we continue to grow and develop as a team, pursuing continuous improvement in the products and services we deliver to members, we have inducted many new employees.

We have also progressed several of our team members into leadership roles and continue to put their training and professional development at the forefront to enable them to deliver the best service possible.



Personal Banking Managers Zac and Cherylynn.



New managers Nicole, Heidi, Danielle, Shane and John.

Supporting our Community



Ashtonfield Public School
Carrie's Place
City United Cricket Club

Christmas and Winter Appeals
The Mutual Bank teamed up with local charities to help make Christmas 2021 a little brighter for some families. Each of our seven branch teams and our Head Office collected donations for the Christmas Appeal to aid local charities. We followed up in June 2022 with a Winter Appeal for food and blankets, beanies and gloves, which enabled local charities to help homeless people and others in need.

Dungog District Netball Association
Dungog Agricultural and Horticultural Association
Dungog Public School
Dungog Shire Community Centre
Eastlakes Family Support Service
East Maitland Women's Bowling Club
Easts Women's Golf Club
Filipino-Australian Society of the Hunter Valley
Friends of Palliative Care
Friends of the Schoolmasters House
Glendale Gorillas Juniors Rugby League Football Club

Got Your Back Sista
Gresford Show
Hunter Breast Cancer Foundation
We have joined forces with the Hunter Breast Cancer Foundation Inc (HBCF) to sponsor its wig and headwear library. HBCF is a non-profit organisation that helps make the recovery journey for families a little easier - whether it be through lawn maintenance, transport, scholarships or through wellness programs. As some breast cancer treatments will cause hair loss, the library offers a range of wigs, scarves, hats, and turbans to keep clients comfortable and confident.

Hunter River Agricultural & Horticultural Association
Hunter Valley Training Company
IF Maitland
Karuah and District Golf Club
Macquarie Shores Swimming club
Maitland Basketball Association
Maitland Pickers Rugby League Football Club
The Pickers are as Maitland as The Mutual Bank. This is a proud partnership for this inspiring rugby league team which plays in the Newcastle Rugby League Competition. The Mutual Bank is the major sponsor of the Women's League Tag team.
Maitland Cricket Umpires Association
Maitland District Cricket Association

Maitland Probus Club
Maitland District Netball Association
Our sponsorship of the Maitland District Netball Association has continued since 2015 and we were pleased to play a part in the club's latest celebrations. The organisation has upgraded its courts to a regional standard securing them as the host of the 2023 Senior State Netball Championships. Consistent with Australia's most popular sport, the organisation hosts 5,000 people every week during the season promoting a healthy team activity.

Maitland Football Club
Playing our part in boosting women's football in Maitland and the Hunter, we continue our sponsorship of the Maitland Football Club's inaugural National Premier League women's team. Maitland FC entered the competition for the first time in 2021 with Thornton FC's players transitioning to the club.
Maitland Neighbourhood Centre
Maitland Regional Museum
Maitland Indoor Sports Centre
Maitland Pipes and Drums
Maitland Rugby Blacks Netball
Maitland Rugby Club
Maitland Taste Festival
We are proud to be a presenting partner of the fabulous food, wine and local produce extravaganza that is Maitland Taste. The three-day celebration each May brings together the best food, wine and farm-fresh produce from

the Hunter Valley and surrounds. The Mutual Bank will continue as a major sponsor for another two years.
Maitland Touch Football
Maitland Triathlon Club
Mentor Support Network
Miller Park Bowling Club
Morpeth Junior Rugby League
Northern Suburbs Cricket Club
Patterson Cricket Club
Port Stephens Family and Neighbourhood Centre
Port Stephens Netball Association
Raymond Terrace Cricket Club
Rotary Club of Warners Bay
Soul Cafe
Surfest
The Mutual Bank was proud to get behind the Crowdfunding event that originally established equal prize money for men and women in the sport. The Mutual Bank is set to sponsor the Surfest High Schools Teams Challenge in 2023.
Tenambit Morpeth Cricket Club
10 Class Locomotives



Corporate Governance

The Mutual Bank is committed to excellence in governance practices to ensure our sustainability, maintain integrity and provide value to members and our communities.

Core to our governance framework is our Constitution and also regulatory compliance activities, our Risk Management Framework and Strategy (RMF&S), and our assurance programs. The governance framework is supported by policies that govern board operations, conflicts of interest, delegations, standards of behaviour, fraud and corruption, whistleblowing and fitness and propriety requirements.

Our governance framework is guided by the BCCM's Co-operative and Mutual Enterprise (CME) Governance Principles (which is adapted from the ASX Corporate Governance Principles and Recommendations) and incorporates the three lines of defence risk governance model.

Board and Committees

The Board has ultimate responsibility for oversight of the sound and prudent management of The Mutual Bank. The Board establishes the plans, policies, desired culture, and values, and oversees the organisation's performance and compliance activities. The Board is supported by four committees, the roles and responsibilities for which are set out in individual Committee charters. Special committees are formed as necessary to support the Board with particular matters.

Our Board comprises up to six independent Directors, bringing together a range of skills and experience that is regularly assessed against our Directors Skills Matrix. The Board's performance is assessed annually, as is the performance of each Director. Director independence is assessed annually. Directors are encouraged to undertake ongoing professional development and education in areas relevant to their role and the bank's operations. The Remuneration and Nominations Committee is responsible for Board succession planning and renewal, and this Committee is working to fill one Board vacancy in 2022.

The Board meets 11 times each year and each Committee meets quarterly, except for the Insurance and Remuneration & Nominations Committees, which meet as needed but at least annually. Information about each of our Directors, and the composition of each Committee, is provided on pages 16 - 17.

Relationship with Management

The Board is responsible for appointing the CEO and delegates to the CEO the day-to-day responsibility of managing the bank's operations. The Board formally reviews the CEO's performance annually. The CEO sub-delegates specific functions to Executives and other team members through the Delegations Policy and Manual. The Executive Committee meets weekly to

manage delivery of the Strategic Plan and business plan. All Executives are required to satisfy fitness and propriety requirements annually and sign an Accountability Statement under the Banking Executive Accountability Regime.

The Executive Committee oversees two management committees: the Assets and Liabilities Committee and the Risk and Compliance Management Committee.

The organisation has a Corporate Governance Manager and Company Secretary to manage and advise on corporate governance and support Board and Committee operations. The Company Secretary has a direct and independent line of reporting to the Chair, the Board and its Committees.

Risk Management

Risk management is a fundamental part of our governance framework and is becoming an area of increased focus for banks due to conduct and compliance failures within the sector and also the increasing complexity of the financial services risk landscape.

With the support and expertise of the Board Risk Committee, the Board reviews and approves our RMF&S annually.

The RMF&S details the systems, culture, strategies, policies, processes, people and controls used to manage material risk, and embeds the three lines of defence governance risk model across the business.

The RMF&S is supported by:

- a clear articulation of The Mutual Bank's risk appetite and tolerance levels in our Risk Appetite Statement;
- a range of policies to assist the business to manage financial and non-financial risk across our operations by risk category;
- tools and guidelines to assist our team to identify, assess, manage, monitor and report on material risks
- scenario analysis and stress testing
- Internal Capital Adequacy Assessment Process (ICAAP); and
- an assurance program.

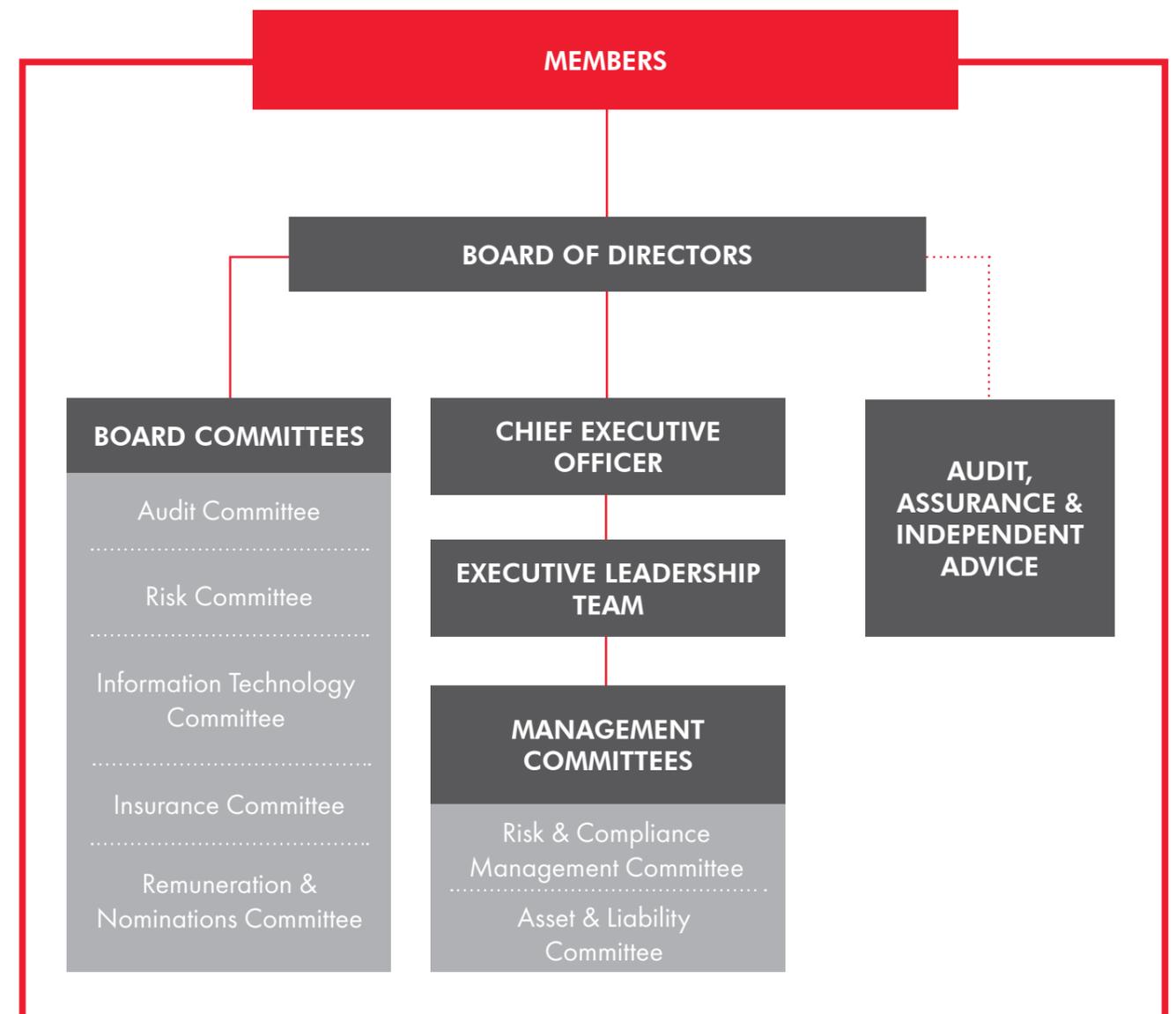
The Mutual Bank conducts a comprehensive risk analysis that drives strategic planning and the annual business plan and budget, which are both linked to our risk appetite and tolerance levels.

Internal Audit

Internal audit is a critical component of the three lines of defence model. Its role is to provide independent and objective assurance to management and the Board Audit Committee. Since 2019 PwC has been appointed as The Mutual Bank's internal auditor. PwC works with Management and the Board Audit Committee to develop a rolling internal audit plan that systematically

addresses regulatory requirements and other relevant areas of The Mutual Bank's risk management, governance and compliance processes. The internal auditor reports directly to the Audit Committee through its Chair and has complete access to management to access information required for each internal audit review. The Board Audit Committee reviews the performance of the internal auditor annually.

Corporate Governance Framework: The Mutual Bank



Environment Social Governance



Social:

We provide financial and in-kind support for a range of organisations at a grassroots level including sports, arts, culture, charities and schools. For our members we provide regular scam awareness information, offer personalised service, have responsible and flexible lending, and abide by the voluntary Customer Owned Banking Code Of Practice. Our team enjoys regular engagement initiatives and we foster an environment of diversity and inclusion with team wellbeing a priority. Our safety systems protect team members and visitors to our branches and offices. We support and develop our team members at all stages of their careers and provide the highest level of privacy and data security protections.



Environment:

In 2020 The Mutual Bank moved into a new purpose-built head office, which has been designed to incorporate a wide range of energy efficiencies. The Mutual Bank is undertaking to receive a NABERS rating on the building. Our business operations actively work to reduce consumables across all areas. Our team members use recycling and green waste bins to reduce landfill.



Governance:

Our commitment to good governance extends across robust structures to ensure our members are central to our operations and decision making, with an independent and diverse Board overseeing the business and strategy. Our Governance framework is built upon ethical decision making and our policies and procedures ensure we operate effectively and prudently. Our commitment to regulatory compliance and strong risk culture is evident at all levels of the business.

Summary Financial Report

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The financial statements and other specific disclosures have been derived from Maitland Mutual Limited and controlled entity's (Maitland Mutual Group's) full financial statements for the financial year. Other information included in the Summary Financial Statements is consistent with Maitland Mutual Group's full financial statements.

The Summary Financial Statements do not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of Maitland Mutual Group as the full financial statements.

A copy of Maitland Mutual Group's 2022 full financial statements, including the independent audit report, is available to all members and will be sent to members without charge upon request.

Directors' Report

The Directors of Maitland Mutual Limited (The Mutual Bank) present their report, together with the financial statements of the Group (Maitland Mutual Group), being Maitland Mutual Limited and its controlled entity, for the year ended 30 June 2022.

Directors

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

S. J. Meyn	S. C. Howes
M. J. Smith-Coates	D. C. Jay (appointed 21 October 2021)
D. J. Mirisch	T. T. Robinson (retired 30 April 2022)

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

Information on Directors



Steven J Meyn (Chair)

Mr Meyn joined the Board in 2018 and was appointed Chair on 1 May 2022 and is Chair of The Mutual Bank's Remuneration Committee. Mr Meyn is the Chair of PKF Australia and works within the Business Advisory team. With more than 33 years of experience as an accountant and business adviser, Mr Meyn has developed specific expertise in the field of business and strategic planning, family business succession and IT consulting. Mr Meyn also works with clients across needs analysis, business system risk analysis, business analytics, corporate governance and reporting. Mr Meyn holds a Bachelor of Commerce from the University of Newcastle and is a member of Chartered Accountants Australia & New Zealand (CA ANZ). Mr Meyn is an Advisory Board Member to a number of businesses and local charity Harry Meyn Foundation Ltd.

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



Melinda J Smith-Coates

Mrs Smith-Coates joined the Board in 2014 and is Chair of The Mutual Bank's Insurance Committee. After working as a journalist, news presenter and radio broadcaster, she moved into executive management roles in corporate and public affairs before establishing her own public relations and strategic communication consultancy. She is co-founder of Media Training Matters, a specialist media and communications training agency. She holds a Master of Business (Distinction) graduating from the University of Newcastle (UoN) and is a member of the Public Relations Institute of Australia (PRIA). Mrs Smith-Coates is a former UoN MBA Program Advisory Board Member, and currently sits on community radio station 2NURFM's Advisory Board. She is a founding and life member, and Patron, of Mentor Support Network and has been an active committee member and supporter of several charity and community organisations.

Mrs Smith-Coates is also a member of The Mutual Bank's IT, Audit and Remuneration and Nomination Committees.



Debbie J Mirisch

Mrs Mirisch joined the Board in 2020 and is Chair of The Mutual Bank's Audit Committee. Mrs Mirisch is a Director of Beam Bookkeeping, a local bookkeeping firm that provides management accounting, bookkeeping, BAS Agent, and CFO / Finance Team services. With more than 25 years of experience as an accountant, Mrs Mirisch is experienced in cloud-based technology delivery, yet places a high importance on good old-fashioned communication and relationships. Mrs Mirisch holds a Bachelor of Commerce from the University of Newcastle, is a Registered BAS Agent, a member of the Institute of Certified Bookkeepers and the Maitland Business Chamber. Mrs Mirisch served three years as a Director and Honorary Secretary of local not-for-profit NDIS registered provider, The Mai-Wel Group, retiring from this position on 30 June 2021. Mrs Mirisch is also treasurer of the Maitland Black & White Committee, which raises funds for the vision impaired of the Hunter Region in partnership with Vision Australia.

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



Sharon C Howes

Mrs Howes joined the Board on 19 November 2020. Mrs Howes is the Managing Director of Ableson Howes and Associates, a business consultancy specialising in the provision of merger and acquisition, human capital and culture change services to the mining services, energy and manufacturing industries. With more than 30 years of experience in management and senior executive roles across the energy and manufacturing sectors as well as management consulting roles, Mrs Howes specialises in culture change, leadership development, non-financial risk management, and business improvement. Mrs Howes holds a Bachelor of Science from the University of Newcastle, a Graduate Diploma of Management from Central Queensland University, is a qualified executive coach, is a member of Hunter Business, and is a Graduate of the Australian Institute of Company Directors.

Mrs Howes was appointed Chair of The Mutual Bank's Risk Committee on 1 May 2022. She is also a member of the Remuneration and Nomination Committee.



David C Jay

Mr Jay joined the Board on 21 October 2021. Mr Jay is the Executive Chairman at Armstrong Kennedy International Pty Limited and has worked with leading organisations including Australian Settlements Limited (ASL), AMP, Commonwealth Bank, Coal Services Pty Limited and the Sydney Futures Exchange Limited. Mr Jay holds a Master of Business Administration from Monash University and an Economics degree from Macquarie University among his many qualifications. David is a seasoned Director and brings more than 30 years of experience in banking, finance, and payment systems to the Board. He is a Fellow of CPA Australia, the Financial Services Institute of Australasia and the Australian Mutuals Institute, and a member of the Australian Institute of Company Directors.

Mr Jay was appointed Chair of the IT Committee in May 2022 and is also a member of The Mutual Bank's Risk and Remuneration and Nomination Committees.



Trevor T Robinson (Chair - retired)

Mr Robinson joined the Board in 2010 and was appointed Chair 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 Clayton Utz's 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) 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.

Mr Robinson retired from the Board on 30 April 2022. Prior to his retirement, Mr Robinson was Chair of the Remuneration and Nomination Committee and was also a member of the Risk, IT and Insurance Committees.

Directors' Report

Continued

Company Secretaries

Mr Geoffrey Seccombe. 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.

Ms Merran Magill. BBus, LLB, Grad Dip Applied Corporate Governance (appointed 17 March 2022) Corporate Governance Manager. Ms Magill joined The Mutual Bank on 24 January 2022 and has over 15 years of experience in private and in-house legal practice.

Mr Rodney Williams. Dip Law (SAB) (resigned 30 September 2021).

Principal Activities

The principal activities of Maitland Mutual Group 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 2022, 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
Steven J Meyn	11	11	4	4	1	1
Melinda J Smith-Coates	11	11	4	4	1	1
Debbie J Mirisch	11	11	4	4	1	1
Sharon C Howes	11	11	-	-	1	1
David C Jay (appointed 21 October 2021)	8	8	-	-	1	1
Trevor T Robinson (resigned 30 April 2022)	9	9	-	-	-	-

	Insurance		Information Technology		Risk	
	Eligible to attend	Number attended	Eligible to attend	Number attended	Eligible to attend	Number attended
Steven J Meyn	-	-	4	4	4	4
Melinda J Smith-Coates	3	3	4	4	-	-
Debbie J Mirisch	-	-	-	-	-	-
Sharon C Howes	-	-	-	-	4	4
David C Jay (appointed 21 October 2021)	-	-	2	2	3	3
Trevor T Robinson (resigned 30 April 2022)	3	3	-	-	3	3

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 \$106,235.

Review of Operations

The Maitland Mutual Group's profit from ordinary activities after providing for income tax amounted to \$4.820 million (2021: \$3.535 million).

Maitland Mutual Group's pre-tax profit for the year was \$6.432 million (2021: \$4.822 million) representing an increase of 33.38% over the previous financial year.

Total assets increased by 12.05% to \$1.011 billion for the year to 30 June 2022 (2021: increased 7.36% to \$902.0 million).

New loan funding for the year totalled \$274 million, an increase of 23% to loans funded over last year of \$222 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 continues to operate a Trust, which holds the rights to a portfolio of secured loans to enable The Mutual Bank to secure funds from the Reserve Bank of Australia, if required, to meet short and medium term liquidity requirements.

The subsidiary member of the Group is known as Hunter Trust Repo Series No 1.

Short and Long Term Objectives

The Maitland Mutual Group has established short and long term objectives as outlined in the Maitland Mutual Group'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 Maitland Mutual Group's financial situation occurred during the financial year.

The COVID-19 pandemic and its associated social and economic impacts, which emerged in March 2020 and is ongoing, continues to have a significant operational impact on the Maitland Mutual Group. Australian and Global economic uncertainty has led to increased risk assessments and compliance

activities, including additional reporting requirements to APRA. The lifting of social distancing mandates by the State and Federal Governments this financial year has seen Maitland Mutual Group reopen all branches. Other measures related to the effects of the COVID-19 pandemic on Maitland Mutual Group's continuing operations are included at Note 1(c). This has had a significant operational impact on the Maitland Mutual Group during this financial year. These disruptions may continue while ever the COVID-19 pandemic persists.

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 Maitland Mutual Group, the results of those operations, or the state of affairs of the Maitland Mutual Group 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 22.

Future developments

Possible developments in the operations of the Maitland Mutual Group 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.

Indemnification of Officers

The Mutual Bank's Constitution provides that The Mutual Bank is to indemnify, unless and to the extent prohibited by statute, each Director, Executive Officer and each Company Secretary of the Maitland Mutual Group against liabilities incurred by such a person in that capacity (including legal costs incurred in defending any proceedings or appearing before any court, tribunal, government authority or other body).

The Mutual Bank has entered into deeds providing for indemnity, insurance and access to documents for each of its current and former Directors in office on or after 20 October 2016. The deeds require The Mutual Bank to indemnify, to the extent permitted by law, the Directors from and against all liabilities (including costs, charges, losses, damages, expenses, penalties and liabilities of any kind) incurred in their capacity as an officer of The Mutual Bank.

Insurance of Officers

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

Directors' Report Continued

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 Maitland Mutual Group, 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 Maitland Mutual Group. 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 Maitland Mutual Group'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 Maitland Mutual Group's website at:

<https://www.themutual.com.au/about-us/corporate-information/aps330-prudential-disclosures/>

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:

Director: 

Steven J Meyn

Director: 

Debbie J Mirisch

18 August 2022

Independent Audit Report to the Members of Maitland Mutual Limited and Controlled Entity



Report on the Audit of the Financial Report

Opinion

The summary financial statements of Maitland Mutual Limited and controlled entity (Maitland Mutual Group), which comprise the summary statement of financial position as at 30 June 2022, 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 Maitland Mutual Group for the year ended 30 June 2022 as set out on pages 22 to 29.

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 19 August 2022.

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.



CUTCHER & NEALE ASSURANCE PTY LIMITED
(AN AUTHORISED AUDIT COMPANY)

Newcastle, 19 August 2022



N. NANCARROW CA
DIRECTOR

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Liability Limited by a scheme approved under Professional Standards Legislation. Cutcher & Neale Assurance Pty Ltd ABN 37 126 556 330

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Innovative thinking. Traditional values.

Directors' Declaration

The Directors of The Mutual Bank declare that the summary financial statements of the Maitland Mutual Group for the financial year ended 30 June 2022, as set out on pages 21 to 27:

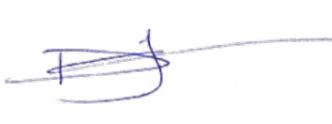
- (a) comply with Accounting policies as described in Note 1; and
- (b) have been derived from and are consistent with the full financial statements of the Maitland Mutual Group.

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

Director: 

Steven J Meyn

Dated 18 August 2022

Director: 

Debbie J Mirisch

Auditor's Independence Declaration



Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Maitland Mutual Limited and controlled entity

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022, 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.



CUTCHER & NEALE ASSURANCE PTY LIMITED
(AN AUTHORISED AUDIT COMPANY)

Newcastle, 11 August 2022



N. NANCARROW CA
DIRECTOR

Newcastle 130 Parry Street Newcastle West NSW 2302 T 02 4928 8500 F 02 4926 1971 E cnmail@cutcher.com.au M PO Box 694 Newcastle NSW 2300
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Summary Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Interest revenue	2	25,033	24,447
Interest expense	2	(3,540)	(5,799)
Net interest income		21,493	18,648
Fees and commission income	3	1,778	1,790
Fees and commission expense	4	(1,422)	(1,364)
		356	426
Other operating income	3	83	8
Profit / (loss) on disposal of property, plant and equipment		2	(5)
Impairment losses on loans and advances		(19)	(14)
Employee benefits expense		(8,032)	(7,287)
Depreciation and amortisation		(2,211)	(2,088)
Marketing expenses		(274)	(320)
Printing and stationery		(100)	(143)
Other expenses		(4,638)	(4,163)
Interest expense on lease liabilities		(228)	(240)
Profit before income tax		6,432	4,822
Income tax expense		(1,612)	(1,287)
Profit attributable to members		4,820	3,535
Other comprehensive income		-	-
Total comprehensive income for the year		4,820	3,535

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 2022

	2022	2021
	\$'000	\$'000
Assets		
Cash and cash equivalents	168,386	129,115
Loans and advances to members	744,629	680,894
Other receivables	1,017	865
Financial assets	64,968	59,083
Intangible assets	963	534
Right of use asset	4,544	4,624
Property, plant and equipment	26,180	26,881
Total Assets	1,010,687	901,996
Liabilities		
Deposits from other financial institutions	58,649	44,946
Deposits due to members	847,545	756,724
Other borrowed funds	34,381	35,983
Payables and other accruals	1,869	1,511
Provisions	1,919	1,909
Current tax liabilities	70	(457)
Deferred tax liabilities	47	(69)
Lease liabilities	4,771	4,833
Total Liabilities	949,251	845,380
Net Assets	61,436	56,616
Equity		
Retained earnings	56,708	51,888
Contributed equity	4,728	4,728
Total Equity	61,436	56,616

Summary Statement of Changes in Equity

for the year ended 30 June 2022

	2022		Total \$'000
	Retained Earnings \$'000	Contributed Equity \$'000	
Opening balance at 1 July 2021	51,888	4,728	56,616
Profit attributable to members	4,820	-	4,820
Balance at 30 June 2022	56,708	4,728	61,436
2021			
	Retained Earnings \$'000	Contributed Equity \$'000	Total \$'000
Opening balance at 1 July 2020	48,353	4,728	53,081
Profit attributable to members	3,535	-	3,535
Balance at 30 June 2021	51,888	4,728	56,616

Summary Statement of Cash Flows

for the year ended 30 June 2022

	2022 \$'000	2021 \$'000
Cash flows from operating activities		
Interest received	24,881	24,285
Fees and commissions received	1,778	1,790
Other cash receipts in the course of operations	324	316
Interest paid	(3,540)	(5,799)
Fees and commissions paid	(1,422)	(1,364)
Payments to employees and suppliers	(12,936)	(11,809)
Income taxes paid	(969)	(1,302)
Net (increase)/decrease in loans and advances to members	(63,735)	(66,291)
Net increase/(decrease) in deposits due to members/from financial institutions	104,524	32,866
Net cash provided by (used in) operating activities	48,905	(27,308)
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	6	-
Payment for intangible assets	(812)	(453)
Payment for property, plant and equipment	(437)	(3,398)
Net (purchase)/sale of financial assets	(5,885)	10,591
Net cash used by investing activities	(7,128)	6,740
Cash flows from financing activities		
Net proceeds from debt securities issued, other deposits and other borrowed funds	(1,602)	25,608
Repayment of leases	(904)	(1,035)
Net cash used by financing activities	(2,506)	24,573
Net increase/(decrease) in cash and cash equivalents held	39,271	4,005
Cash and cash equivalents at the beginning of the financial year	129,115	125,110
Cash and cash equivalents at the end of the financial year	168,386	129,115

Notes to the Financial Statements

for the year ended 30 June 2022

1 Accounting Policies

The summary financial statements have been prepared from the audited financial report of Maitland Mutual Limited and controlled entity (Maitland Mutual Group) for the year ended 30 June 2022. The audited report for the year ended 30 June 2022 is available at request from the Maitland Mutual Group 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 Maitland Mutual Group. 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 Maitland Mutual Group as the full financial statements.

The presentation currency used in the financial report is Australian dollars. The Maitland Mutual Group 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) 2022

	Average balance \$'000	Interest \$'000	Average rate %
Interest revenue			
Cash and cash equivalents	154,216	237	0.15
Loans and advances to members	717,626	24,194	3.37
Held to maturity investments	65,186	602	0.92
	937,028	25,033	2.67
Interest expense			
Deposits from other financial institutions	40,010	260	0.65
Deposits due to members	825,861	3,016	0.37
Other borrowed funds	35,223	264	0.75
	901,094	3,540	0.40
Net interest income		21,493	

b) 2021

	Average balance \$'000	Interest \$'000	Average rate %
Interest revenue			
Cash and cash equivalents	120,045	238	0.20
Loans and advances to members	643,518	23,645	3.67
Held to maturity investments	63,321	564	0.89
	826,884	24,447	2.95
Interest expense			
Deposits from other financial institutions	39,845	289	0.73
Deposits due to members	729,089	5,247	0.72
Other borrowed funds	26,312	263	1.00
	795,246	5,799	0.73
Net interest income		18,648	

Notes to the Financial Statements for the year ended 30 June 2022

	2022 \$'000	2021 \$'000
3 Non-Interest Revenue		
Fee and commission income		
Management fees	1,271	1,258
Transaction fees	195	181
ATM fees	195	190
Commissions	117	161
	1,778	1,790
Other operating income		
Rental Income	76	-
Other income	7	8
	83	8
4 Non-Interest Expense		
Fee and commission expense		
Brokerage and trailing fees paid	208	211
Settlement transaction fees	1,214	1,153
	1,422	1,364

Discussion and Analysis of the Summary Financial Statements for the year ended 30 June 2022

Information on Maitland Mutual Limited and controlled entity Financial Statements

The financial statements and disclosures in the summary financial statements have been derived from the 2022 financial statements of the Maitland Mutual Group.

A copy of the full financial statements and auditor's 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 Maitland Mutual Group's financial statements and the information contained in the summary financial statements has been derived from the 2022 financial statements of the Maitland Mutual Group.

Summary Statement of Profit or Loss and Other Comprehensive Income

Total interest income increased by \$0.58 million to \$25.03 million representing an increase of 2.4%. Interest income has mainly increased due to the growth in the balance of loans and advances to members.

Net interest income increased by \$2.84 million to \$21.49 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, in addition to a reduction in the average cost of funds on depositor accounts.

Net fee and commission income to June 2022 decreased over the corresponding period due mainly to reduced commission and securitisation income.

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 Maitland Mutual Group increased by \$108.69 million which represents an increase of 12.05%.

The increase was due principally to increased lending volumes and an increase in cash and cash equivalents.

Total loans to members increased by 9.36% to \$744.6 million.

Total liabilities increased by 12.29% to \$949.2 million and was mainly due to increases in the balances of deposits from members.

The ratio of net assets to total assets decreased from 6.27% to 6.08% due to the growth in total assets.

Summary Statement of Changes in Equity

At 30 June 2022, total equity for the Maitland Mutual Group increased by \$4.82 million to \$61.44 million. The increase in total equity was due to the Maitland Mutual Group'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 \$39.27 million, primarily resulting from an increase in member deposits.



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