





It has been another sound performance for The Mutual against a challenging operating environment in a highly competitive marketplace.

Economic uncertainty at a global level still prevails whilst locally falling consumer demand for financial services and diminished business confidence remain a concern for the entire industry.

Pressure on interest margins as a result of intense local competition for deposits and reductions in home loan interest rates have also negatively impacted on our results.

Despite these tough operating conditions, our practical financial and risk management frameworks, along with cost controls, has ensured that we strengthened our financial position throughout the reporting period and remain a strong, safe and secure, member-focused financial institution.

Financial Performance

Our after tax profit of \$2.217 million for the financial year to 30 June 2012 was comparable with the previous year's result when the costs of the merger with Phoenix Credit Union are taken into consideration.

Despite subdued consumer confidence, our lending increased by 52% on the previous year to \$124 million. The improved lending volume was primarily driven by four reductions in the official cash interest rate during the 12 months to 30 June 2012. During this time we were able to pass on nearly all of these interest rate reductions to our borrowing members. Lending is the primary driver of our business model as we continue to provide affordable finance to members.

It is expected that there will be continued pressure on interest margins as credit growth remains subdued and the competition for retail deposit funds continues. Larger Authorised Deposit-taking Institutions (ADIs) are again facing the difficulty of raising deposits from domestic sources. This has led to the increased cost of raising deposits, which ultimately fund lending activity. However, on a positive note, Australians are now saving at an ever increasing level.

Our other financial highlights for the year include:

- ▶ 5.1% increase in total assets to \$498.2 million.
- ▶ 5.8% increase in loans and advances to \$413.1 million.
- ▶ 26.9% increase in after tax profits. This compares to last year's result that was adversely affected by the costs of merging with Phoenix Credit Union.
- ▶ 8.1% increase in members' equity to \$29.524 million.

Our loan arrears position remains at historically low levels. Our lending officers have been diligent in assessing the borrowing capacity of members applying for loans as well as being proactive in assisting current members who are experiencing financial hardship due to changed circumstances.

The continued strength and security of The Mutual can be measured by its capital adequacy ratio. At 30 June 2012, this ratio was 16.98%. This remains well above our regulatory requirements and far higher than that of most other ADIs in Australia.

Despite intense competition for deposits, liquidity levels have also been maintained well above the minimum regulatory levels. Gross liquidity at the 30 June 2012 was 19.28%.



John Lane - Chairman

MODERN BANKING | **traditional values**

Operational Highlights

The Board and management recently finalised The Mutual's three year Strategic Plan, which include enhanced Mission and Vision Statements, as well as a continued commitment to our mutual structure. One of our greatest challenges though is to generate a reasonable profit and capital base with which to grow the business, while concurrently servicing our members.

We continue to invest heavily in business infrastructure, which is necessary to provide the level of service expected by our members. The most significant infrastructure program during the past year was the upgrade to our online platform. At the forefront of this was the development of a new online banking portal through which members can perform a range of transactions and other financial services via the internet or their mobile device. This, along with enhancements to the design, functionality and usability of our website, has been exceptionally well received by members.

Our commitment to providing our members with quality financial products was recognised by the industry throughout the year, when we received two prestigious Canstar Connex Awards.

The Mutual received Canstar's award for "best value savings product range in the non-bank sector", which compared nearly 400 savings and transaction accounts from all building societies and credit unions across Australia. We also received a "five-star rating" for our Online Savings Account.

Corporate and Social Responsibility

We continue to support the communities that support us by providing financial assistance and sponsorship for a range of events, programs and organisations.

Our successful Bank@School program has now been extended to 13 schools in the Hunter Region and plays an important role in teaching young children the importance of saving.

We are also involved in several programs for high school students in the region. The Money Talks program provides students with the opportunity to engage with our senior managers to discuss a range of financial literacy topics. This program is offered in conjunction with Hunter Valley Youth Express.

Our staff also participate in annual career days and mock employment interviews at a number of local high schools. Both programs provide students with insights to help them choose the right career, as well as how to present at interview and be assessed on their skills.

Regulation

Fallout from the global financial crisis continues with increased regulation for ADIs. Recent changes to regulation focused on capital adequacy (financial strength) and improved asset quality of these institutions. The changes also aim to reduce volatility in financial markets by decreasing risk, which will necessitate improved asset quality and higher liquidity levels.

Although the Australian financial system withstood the test provided by the global financial crisis, the total impact of the proposed regulatory changes is yet to become fully apparent.

The reforms are also aimed at improving risk management and governance, as well as strengthening transparency and disclosures. The Australian Prudential Regulation Authority (APRA) appears to have concluded that the economic benefits to the Australian community of a safer banking system clearly outweigh, in their judgment, the economic costs of the reforms.

Mutuality

As mentioned previously, through the development of our three year strategic plan, the Board and management reaffirm our total commitment to mutuality.

With no shareholders, we are not required to pay dividends. Mutuality allows the value created by the business to be shared with our members and the communities we support.

In focusing on serving the long-term interests of our members, we continue to offer competitive loan rates to borrowers, attractive savings and investment rates to depositors, low fees and outstanding service.

Appreciation

I continue to be impressed by the dedication and commitment of our Directors. I would like to thank them for their outstanding contribution over another testing period. I believe that the present Board represents a balanced, highly-skilled group that is well equipped and capable of meeting the business challenges that lie ahead.

I would also like to thank Geoffrey Secombe, the General Manager, his management team and all our motivated staff at The Mutual for their continued enthusiasm. Our financial results are a testimony to and reflect their fantastic efforts.

Outlook

The economic fundamentals in Australia remain sound. There are low levels of unemployment, inflation and Government debt. Uncertainty and insecurity generated from overseas is contributing to more cautious and conservative consumer behavior in our local environment. Lower levels of borrowing and increased saving activity are emerging patterns. These factors are expected to see consumer lending activity remain subdued in the short term. Coupled with this is the increased regulatory and compliance demands being pushed by Government and APRA. The objective of these new requirements is to reduce the possibility of another global financial crisis emerging.

Clearly these add to our cost structure and must be absorbed into the bottom line. Despite this, I am confident that we are well positioned for future success.

There are however, some headwinds that we must negotiate. Smaller financial institutions may be unable to compete as effectively due to increased funding costs and more costly regulation. Slower credit growth and increased competition for deposits will add further pressure on profitability.

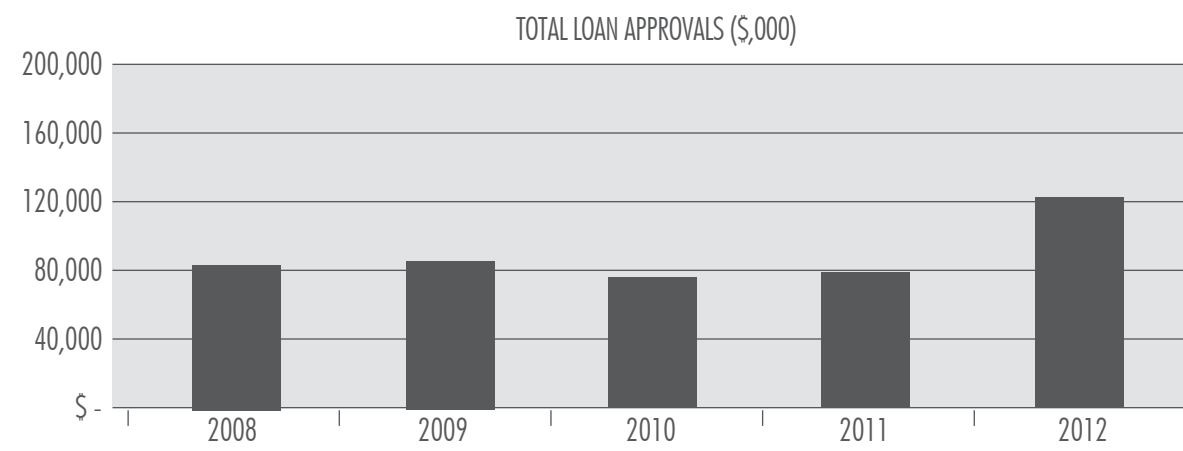
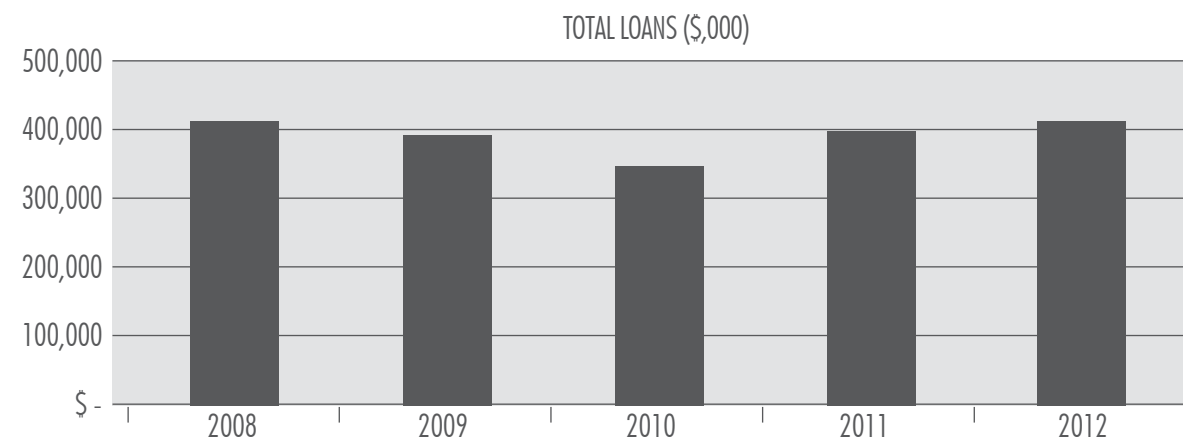
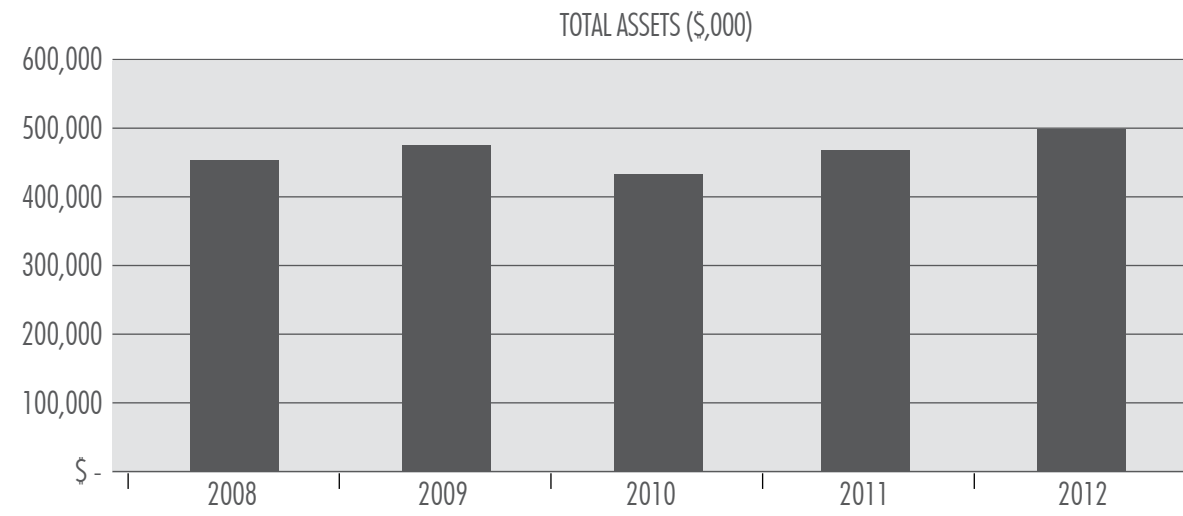
Despite these difficulties, I am confident that we have the financial strength, knowledge and experience to continue to provide excellent products and services and be a very real and attractive alternative to other financial institutions in our areas of operation.

John Lane

Chairman

// Performance Charts

30 June 2012



// Management Team

30 June 2012



Left to right - Rod Williams, Blake Evans, Glen Pearson, Todd Paterson, Ken Archer, Geoffrey Seccombe (General Manager)
Gary Hainsworth, Kieran Quigley, Ian Robinson. Absent Noeleen Davidson

// In the Community



The Mutual is proud to support the Mercury's Baby Competition:

Left to right: Photographers Choice Noah Ricky with his mum Sarah Campbell, The Mutual's Chairman John Lane, 1st place Savannah Teat with parents Graham & Rachael Teat.



Outstanding Value Awards

Andrew Svensson of Canstar Cannex with The Mutual's General Manager, Geoffrey Seccombe.



Jesmond Centre Promotion

Bill O'Mally, branch manager at Mayfield, talking to local shoppers and visitors about the many products and services available at The Mutual.



The Mutual's YouTube Channel

The Mutual has its own YouTube channel, themutualau, which features our latest television commercials including Melinda Smith, our staff and the people of the Hunter Valley.

// Mutual Website



February 2012 saw the launch of The Mutual's new website.

The Mutual's suite of free on line calculators.

Mobile Banking at your fingertips anywhere anytime.



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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 23 August, 2012. The Society has the power to amend and reissue the financial report.

Your directors present their report on the Society for the financial year ended 30 June 2012.

Directors

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

J E Lane
R B Mudford
A Chadwick
T T Robinson
S W James

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

Information on Directors



J E Lane (Chairman)

Mr Lane joined the board in 2008. Mr Lane has been involved in the business, sporting and general Maitland Community for many years. He was the managing director of the family owned menswear business, Ken Lane Pty Ltd for 32 years. Mr Lane was a member of the Maitland Chamber of Commerce for 21 years, has served on the Retailers Association Council and the Retail Advisory Group for Associated Retailers Ltd. He has served for 15 years on the Finance Council of the Diocese of Maitland Newcastle as well as being a Board member of the Catholic Development Fund. Mr Lane has been involved as both a player and administrator with Maitland Rugby Union Club and Western Suburbs Cricket Club. Mr Lane is a Fellow of the Australian Mutuals Institute. He is a member of the Society's Audit, Risk, IT, Remuneration and Nomination and Insurance Committees.



R B Mudford

Mr Mudford joined the board in 2008. Mr Mudford is the principal of the chartered accounting practice, Mudford and Associates, delivering accounting, taxation and audit services. Mr Mudford is a Fellow of the Institute of Chartered Accountants in Australia, a Registered Tax Agent, Company Auditor and Registered External Examiner of Trust Accounts for the Law Society of New South Wales. He is also a Justice of the Peace. Mr Mudford is a member of the Maitland Chamber of Commerce including serving for several terms as its Treasurer. He is also a member of the Maitland Rotary Club and has been awarded a Rotary Paul Harris Fellowship.

He is a member of the Society's Audit, Risk, Remuneration and Nomination Committees.



A Chadwick

Mrs Chadwick joined the board in 2009. Mrs Chadwick is a Director of Hulin Chadwick Lawyers, a Maitland based legal firm. She has practiced in the Maitland area since 1993 and before that in Sydney and Bathurst. Mrs Chadwick has been admitted as a solicitor of the Supreme Court of NSW and the High Court of Australia for the previous 27 years. She is also a District Court Arbitrator and qualified mediator. Mrs Chadwick is well known in the Maitland community having served on several committees for St Johns Parish in Maitland, the Catholic Diocese of Maitland Newcastle and the Maitland District Cricket Association.

She is a member of the Society's Audit, Risk, Remuneration and Nomination Committees.



T T Robinson

Mr Robinson joined the board in 2010. 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 lives in Sydney and is also a director of SDN Children's Services Inc, a not for profit company which provides child care services, as well as programs for children and families who need targeted support. He is a consultant to the Board of Maple Brown Abbott Limited, a privately owned Australian investment management company.

He is a member of the Society's Audit, Risk, Remuneration and Nomination Committees.



S W James

Mr James joined the board in 2011. He is employed by Arrium as a Supply Planning Manager and holds a Bachelor of Engineering degree as well as an Australian Institute of Company Directors Diploma. Mr James is a Fellow of the Australian Mutuals Institute. He was appointed to the Board of Phoenix (NSW) Credit Union in 1999 which merged with the Society in 2011. When he was a director of Phoenix he served on several committees as well as being the Chairman. 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 Society's Audit, Risk and Remuneration and Nomination Committees.

Company Secretaries

Mr Geoffrey Seccombe. FFin, FAMI, MAICD, JP (appointed in 1994)
General Manager of the Society since 1994 and has over 35 years experience in the finance industry.

Mr Gary Hainsworth. B Comm, ACA (appointed in 2003)
Manager, Finance and Administration of the Society and has over 25 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 Society 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 Society's board of directors and of each board committee held during the year ended 30 June 2012, 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
J E Lane	12	12	4	4	1	1
R B Mudford	12	12	4	4	1	1
A Chadwick	12	11	4	3	1	1
T T Robinson	12	11	4	4	1	1
S W James	12	11	4	3	1	1

	Insurance		Information Technology		Risk	
	Eligible to attend	Number attended	Eligible to attend	Number attended	Eligible to attend	Number attended
J E Lane	2	2	2	2	4	4
R B Mudford	-	-	-	-	4	4
A Chadwick	-	-	-	-	4	4
T T Robinson	-	-	-	-	4	4
S W James	-	-	-	-	4	3

Review Of Operations

The profit from ordinary activities after providing for income tax amounted to \$2.217 million (2011: \$1.747 million).

The Society's pre-tax profit for the year was \$3.161 million (2011: \$2.478 million) representing an increase of 28% over the previous financial year.

During 2011, the Society merged with Phoenix (NSW) Credit Union Limited. Costs of \$0.751 million were attributable to the merger. If these costs were excluded, the Society's pre-tax profit would have been \$3.229 million in 2011.

Total assets increased by 5% to \$498 million for the year to 30 June 2012. (2011: increased 9% to \$474 million).

New loan funding for the year totalled \$124 million, an increase of 52% to loans funded over last year of \$82 million. The demand for these loans was met by redemptions and repayments from existing loans, the raising of deposits from members and the Society's continued participation in a mortgage backed securitisation program. At reporting date, the value of mortgage loans securitised was \$59 million. Securitisation is a part of the Society's capital management and funding activities. Securitisation is a means of funding loans originated by the Society.

Short and Long Term Objectives

The Society has established short and long term objectives as outlined in the Society'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 Society's state of affairs occurred during the financial year.

After Balance Day 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 Society, the results of those operations or the state of affairs of the Society 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 13.

Future Developments

Likely developments in the operations of the Society 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 likely to result in unreasonable prejudice to the Society.

Environmental Issues

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

Insurance of Officers

During the financial year, the Society paid a premium in respect of a contract insuring directors and officers of the Society against liability. The officers of the company 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 Society, 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 Society. 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.

No insurance cover has been provided for the benefit of the auditors of the Society.

Proceedings on behalf of the Society

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

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

Rounding of Amounts

The Society is an entity to which ASIC Class order 98/100 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:

J E Lane

Director

R B Mudford

Director

Maitland, 23 August 2012



Results in Business

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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 2012 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.

I K Neale

Partner

CUTCHER & NEALE

Newcastle, 22 August 2012



Results in Business

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To The Members of Maitland Mutual Building Society Limited

Report on the Financial Report

The summary financial statements of Maitland Mutual Building Society Limited comprise the summary statement of comprehensive income, summary statement of financial position, summary statement of changes in equity, summary statement of cash flows, discussion and analysis of the summary financial statements, and the Directors' declaration derived from the audited financial statements of Maitland Mutual Building Society Limited for the year ended 30 June 2012 as set out on pages 15 to 22.

The summary financial statements do not contain all the disclosures required by Australian Accounting Standards - Reduced Disclosure Requirements. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial report of Maitland Mutual Building Society Limited.

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 the summary financial statements based on our procedures, which were conducted in accordance with Auditing Standard ASA 810: Engagements to Report on Summary Financial Statements.

Auditor's Opinion

In our opinion, the summary financial statements derived from the audited financial statements of Maitland Mutual Building Society Limited for the year ended 30 June 2012, are consistent, in all material respects with those audited financial statements, on the basis described in Note 1.

I K Neale

Partner

CUTCHER & NEALE

Newcastle, 24 August 2012

The Directors of Maitland Mutual Building Society Limited declare that the summary financial statements of Maitland Mutual Building Society Limited for the financial year ended 30 June 2012, as set out on pages 16 to 22:

- (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 Maitland Mutual Building Society Limited.

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

J E Lane

Director

R B Mudford

Director

Maitland, 23 August 2012

// Statement of Comprehensive Income

for the year ended 30 June 2012

	Note	2012 \$'000	2011 \$'000
Interest income	2	33,098	31,186
Interest expense	2	(23,370)	(22,184)
Net interest income		<u>9,728</u>	<u>9,002</u>
Fee and commission income	3	1,404	1,224
Fee and commission expense	4	(629)	(581)
Net fee and commission income		<u>775</u>	<u>643</u>
Other operating income	3	60	96
Net impairment (losses)/reversals on loans and advances		(9)	140
Employee costs		(3,818)	(3,657)
Depreciation and amortisation		(564)	(558)
Printing and stationery		(108)	(165)
Marketing expenses		(532)	(494)
Other expenses		(2,371)	(2,529)
Profit before income tax		<u>3,161</u>	<u>2,478</u>
Income tax expense		(944)	(731)
Profit attributable to members		<u>2,217</u>	<u>1,747</u>
Other comprehensive income			
Business combination		-	4,838
Total comprehensive income for the year		<u><u>2,217</u></u>	<u><u>6,585</u></u>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

// Statement of Financial Position

as at 30 June 2012

	2012 \$'000	2011 \$'000
Assets		
Cash and cash equivalents	80,970	79,557
Placements with other financial institutions	97	97
Loans and advances to members	413,130	390,519
Other receivables	462	269
Financial assets	48	48
Intangible assets	268	262
Property, plant and other equipment	2,890	3,107
Deferred tax assets	369	309
Total Assets	<u>498,234</u>	<u>474,168</u>
Liabilities		
Deposits from other financial institutions	5,750	6,161
Deposits due to members	396,683	370,630
Other borrowed funds	64,525	68,433
Payables	507	901
Current tax liabilities	159	(168)
Provisions	879	660
Deferred tax liabilities	207	244
Total Liabilities	<u>468,710</u>	<u>446,861</u>
Net Assets	<u>29,524</u>	<u>27,307</u>
Equity		
Reserves	15,620	15,620
Retained earnings	9,176	6,959
Contributed equity	4,728	4,728
Total Equity	<u>29,524</u>	<u>27,307</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

// Statement of Changes In Equity

for the year ended 30 June 2012

2012

	Contributed Equity \$'000	Retained Earnings \$'000	General Reserve \$'000	Reserve for Credit Losses \$'000	Total \$'000
Balance at 1 July 2011	4,728	6,959	15,000	620	27,307
Profit attributable to members	-	2,217	-	-	2,217
Balance at 30 June 2012	4,728	9,176	15,000	620	29,524

2011

	Contributed Equity \$'000	Retained Earnings \$'000	General Reserve \$'000	Reserve for Credit Losses \$'000	Total \$'000
Balance at 1 July 2010	-	15,212	5,000	510	20,722
Profit attributable to members	-	1,747	-	-	1,747
Business combination	4,728	-	-	110	4,838
Transfers to/(from)	-	(10,000)	10,000	-	-
Balance at 30 June 2011	4,728	6,959	15,000	620	27,307

The above statement of changes in equity should be read in conjunction with the accompanying notes.

// Statement of Cash Flows

for the year ended 30 June 2012

Cash flows from operating activities

	2012 \$'000	2011 \$'000
Interest received	32,905	27,826
Fees and commissions received	1,404	1,224
Other revenue	62	120
Interest paid	(23,370)	(18,044)
Fees and commissions paid	(629)	(581)
Payments to employees and suppliers (incl. GST)	(6,881)	(6,411)
Income taxes paid	(848)	(991)
Net (increase)/decrease in loans and advances to members	(22,611)	1,096
Net increase/(decrease) in deposits due to members/from financial institutions	25,642	5,447
Net cash provided by (used in) operating activities	5,674	9,686

Cash flows from investing activities

Aquisition of property, plant and equipment and intangibles	(353)	(558)
Net cash acquired on business combination	-	11,378
Net cash provided by (used in) investing activities	(353)	10,820

Cash flows from financing activities

Net proceeds from debt securities issued, other deposits and other borrowed funds	(3,908)	(21,113)
Net cash provided by (used in) financing activities	(3,908)	(21,113)

Other activities

Net increase (decrease) in cash held	1,413	(607)
Cash at the beginning of the financial year	79,557	80,164
Cash at the end of the financial year	80,970	79,557

The above statement of cash flows should be read in conjunction with the accompanying notes.

1 Accounting Policies

The summary financial statements have been prepared from the audited financial report of Maitland Mutual Building Society Limited for the year ended 30 June 2012. The audited report for the year ended 30 June 2012 is available at request from Maitland Mutual Building Society Limited.

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 Maitland Mutual Building Society Limited. 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 Maitland Mutual Building Society Limited as the full financial statements.

The accounting policies have been consistently applied to Maitland Mutual Building Society Limited and are consistent with those of the financial year in their entirety.

The presentation currency used in the financial report is Australian dollars.

There have been no changes to the accounting policies of the Society from last year.

2 Analysis of Interest Revenue and Interest Expense

a)

	2012		
	Average balance \$'000	Interest \$'000	Average rate %
Interest revenue			
Cash and cash equivalents	75,534	4,052	5.36
Loans and advances to members	403,492	29,046	7.20
	<u>479,026</u>	<u>33,098</u>	<u>6.91</u>
Interest expense			
Deposits from other financial institutions	2,521	139	5.52
Deposits due to members	383,364	19,309	5.04
Other borrowed funds	65,739	3,922	5.97
	<u>451,624</u>	<u>23,370</u>	<u>5.17</u>
Net interest income		<u>9,728</u>	

b)

	2011		
	Average balance \$'000	Interest \$'000	Average rate %
Interest revenue			
Cash and cash equivalents	75,684	4,777	6.31
Loans and advances to members	357,227	26,409	7.39
	<u>432,911</u>	<u>31,186</u>	<u>7.20</u>
Interest expense			
Deposits from other financial institutions	3,625	197	5.43
Deposits due to members	335,356	17,562	5.24
Other borrowed funds	76,859	4,425	5.76
	<u>415,840</u>	<u>22,184</u>	<u>5.33</u>
Net interest income		<u>9,002</u>	

3 Non-Interest Revenue

	2012 \$'000	2011 \$'000
Fee and commission income		
Management fees	707	617
Transaction fees	291	256
ATM fees	201	172
Commissions	<u>205</u>	<u>179</u>
	<u>1,404</u>	<u>1,224</u>
Other operating income		
Rental income	37	34
Net gain/(loss) on disposal of plant and equipment	(1)	(24)
Other income	<u>24</u>	<u>86</u>
	<u>60</u>	<u>96</u>
4 Non-Interest Expense		
Fee and commission expense		
Brokerage and trailing fees paid	57	51
Other	<u>572</u>	<u>530</u>
Total	<u>629</u>	<u>581</u>
Significant revenue and expenses		
The following significant expense item is relevant in explaining the financial performance:		
Costs associated with Business Combination	-	751
	<u>-</u>	<u>751</u>

Information on Maitland Mutual Building Society Limited Financial Statements

The financial statements and disclosures in the summary financial statements have been derived from the 2012 financial statements of Maitland Mutual Building Society Limited.

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 Maitland Mutual Building Society Limited's financial statements and the information contained in the summary financial statements report has been derived from the 2012 financial statements of Maitland Mutual Building Society Limited.

Statement of Comprehensive Income

Total interest income increased by \$1.91 million to \$33.10 million representing an increase of 6.0%. Interest income has mainly increased due to the growth in the balance of loans and advances to members.

Net interest income increased by \$0.73 million to \$9.73 million. The increase in the Society's net interest income was mainly due to borrowers choosing the variable home loan rate option and the fact that lending volumes have increased over the period.

Net fee and commission income to June 2012 increased slightly over the corresponding period due mainly to the increase in commission income and loan applications.

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

Statement of Financial Position

Total assets of the Society increased by \$24.07 million which represents an increase of 5.1%. The increase was due principally to increased lending volumes and therefore borrowers outstanding balances. Partially offsetting this increase was the Society's reduced participation in the securitisation program from \$64.44 million to \$59.68 million.

Total loans to members increased by 5.79% to \$413.13 million.

Total liabilities increased by 4.9% to \$468.71 million and was mainly due to increases in the balances with depositors.

The ratio of net assets to total assets increased from 5.76% to 5.93% due to the inclusion of the after tax profit.

Statement of Changes in Equity

At 30 June 2012, total equity for the Society increased by \$2.21 million to \$29.52 million. The increase in total equity was due to the Society's net profit for the year.

Statement of Cash Flows

The statement of cash flows shows that there has been an increase in cash during the year of \$1.41 million.

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Branches

MAITLAND	417 High St, Maitland	Ph 4933 8044 Fax 4933 8996
EAST MAITLAND	110 George St, East Maitland	Ph 4934 5100 Fax 4934 6100
MAYFIELD	230 Maitland Rd, Mayfield	Ph 4967 4396 Fax 4967 4300
RAYMOND TERRACE	24 William St, Raymond Terrace	Ph 4987 6199 Fax 4987 6235
RUTHERFORD	Shop 1, Rutherford Marketplace	Ph 4932 1000 Fax 4932 9111

Agency

DUNGOG Addison Partners, 188 Dowling St, Dungog

Email info@themutual.com.au

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