

Annual Report 2015





I am delighted to present the Annual Report for The Mutual for the financial year ended 30 June 2015. In spite of continuing challenging conditions in the financial services industry, record low interest rates and intense competition, The Mutual has delivered outstanding financial results.

Our record profit is in line with our strategic plan, which reflects fiscal restraint around the control of operating costs, and continuing our success in building The Mutual brand by expanding our footprint beyond our traditional boundaries. We also maintained our emphasis on productivity, which is particularly important given increasing levels of regulatory and compliance costs. Our focus remains on the use of technology to improve all channels by which we deliver our services and products to our members and to underpin continuous process improvement.

Over many years we have pursued a simple and consistent business strategy. Our results again demonstrate that the execution of our strategy continues to deliver positive outcomes for our members.

The Mutual has also maintained its strong balance sheet throughout the year. This is represented by further improvement to our already high level of capital which is a measure of our financial strength. Financial strength ensures the future sustainability and ongoing viability of The Mutual and more specifically protects our depositors' funds. It also provides The Mutual with the ability to enhance service standards to our members and develop an ever increasing range of competitively priced products and services.

The Mutual's after tax profit for the year ending 30 June 2015 was \$2.782 million, representing a 16.79% increase on the 2014 financial year result. It is pleasing to note that although intense competition continues in the home lending market, our results reflect the offering of finance to members at very competitive rates -

without compromising our credit quality criteria. We are also proud to offer our members competitively priced deposit products.

Total assets at 30 June 2015 were \$570.5 million which represents a 4.25% increase over the previous year.

Record low interest rates continued to be a concern for the regulator of the finance and banking industry, the Australian Prudential Regulation Authority (APRA). In fact, APRA recently issued guidelines requiring many institutions, that provide home loans, to implement a "serviceability buffer" for borrowers, to better protect them from the impact of hardship caused from increasing interest rates.

The Mutual has continued to maintain its disciplined approach to lending. This has resulted in our loans in arrears remaining at historically low levels.

Our Capital Adequacy Ratio of 15.31% is well above our prudential requirement and above that of many other authorised deposit-taking institutions in Australia. Our strong asset position coupled with our financial performance is a clear indicator of The Mutual's financial strength and security. All other ratios remain well in excess of regulatory minimums.

The Board has continued to develop and enhance its corporate governance, compliance, risk management and risk mitigation responsibilities. The Risk Committee of The Mutual has been diligent in its continuous review and identification of potential risks which could be detrimental to a regionally based financial institution. As an indication of how seriously the Board views this area, additional resources have been allocated to complement our increasing efforts in Risk Management. Additional investment is also planned on further initiatives including risk and compliance projects, technology and productivity efficiencies.

A key focus of The Mutual is to support the communities in which we operate. The Mutual again partnered with local councils in the promotion of their 2015 Australia Day events. It also continued with its participation in the Bank@ school program and assisted many local community organisations. The Mutual stands ready to contribute when further opportunities arise to support local groups and community events.

The Mutual is 100% owned by its members and this means the value we create is shared only with those members and the communities in which we serve. This is the hallmark of being a member owned banking organisation. We do not have shareholders nor do we pay dividends. Our members are our owners and we exist for their benefit by providing financial services and products that are of the highest calibre.

I would like to acknowledge the efforts of my fellow Board members and thank them for their support, outstanding contributions, dedication and ongoing commitment to The Mutual. Our strong financial results are evidence to their stewardship and competence.

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Trevor Robinson

As Chairman, I extend my and the Board's appreciation to our General Manager, Geoffrey Seccombe, to his dedicated management team and to all staff at The Mutual. The financial results are testimony to the professional working interactions that exist within all levels of the organisation.

Our national economy continues to be weighed down by events occurring overseas. Business and consumer confidence is not improving. Australian businesses are feeling less certain about the economy's prospects. We continue to operate in a very low interest rate environment and it appears that this situation will remain with us for some time to come.

Over recent years we have witnessed the reduction in the number of financial institutions that operate in Australia. This consolidation is expected to continue. The Mutual is well resourced to continue in its own right – as a regional, mutually based financial institution. However, if a potential growth opportunity was to present itself, The Mutual would only foster any such proposal if it could positively demonstrate that it was in the ultimate best interests of our members.

The Board remains confident in our ability to respond and adapt to the challenging environment in which The Mutual operates, to manage changes within the regulatory environment and to be innovative in our dealings and product offerings to our members.

I am confident that The Mutual will remain relevant to its members and their communities. I am firmly of the belief that, for The Mutual, as a regionally based financial institution, the future remains extremely positive.

I thank you for your ongoing support.

Trevor Robinson
Chairman

General Manager's Report

30 June 2015

I am pleased to report that The Mutual is in good financial shape and has produced another set of solid and balanced financial outcomes for members. In fact, this year's after income tax profit of \$2.782 million is a record for The Mutual. As a member owned financial institution our continuing profitability is critical, as each year we reinvest these profits back into the business to provide members with enhanced products, services and ongoing support in the local communities which we serve.

Despite our strong performance, operating conditions were challenging throughout the year. The financial environment was characterised by continuing low interest rates, intense competition for home loans and a marked weakness in the levels of both business and consumer confidence.

Our 2015 financial year highlights include:

- 4.25% increase in total assets to \$570.5 million
- 8.19% increase in members' equity to \$36.756 million
- 16.79% increase in after income tax profit to \$2.782 million

I thank our staff for their tireless efforts in achieving these financial outcomes, and for their continued focus on providing exceptional service to our members. Our staff's ongoing commitment to improving the financial wellbeing of our members is a key purpose for our existence, and an important way we add value into the communities we serve.

I also thank and acknowledge the commitment, involvement and contribution of our Board of Directors for their governance, guidance and ongoing leadership which are critical to the future success and performance of The Mutual.

During the year The Mutual introduced two new product offerings. Firstly, The Mutual's Visa Credit Card, which has some exceptional features, including 55 interest free days on purchases, and it can be used at any time around the world. The second initiative was the introduction of The Mutual's Package Home Loan. This loan product offers a flexible home loan with a great low interest rate and features many generous benefits and discounts.

I am pleased to advise that The Mutual has appointed a full time Manager to its Mayfield branch. Stephen Manning has 28 years experience in the financial services industry and is well qualified to assist our current and new members in achieving their financial goals.

It is with mixed emotion I report that after 16 years of dedicated service Noeleen Davidson, our East Maitland Branch Manager has retired. Noeleen epitomised what The Mutual stands for, by providing superior levels of member service. We wish Noeleen all the very best for her retirement.

I am also pleased to advise the promotions of Kate Newman to Branch Manager at East Maitland and of Debra Simpson to Branch Manager at Rutherford. I have every confidence that both Kate and Debra will lead their staff in providing exceptional service to our members.

During the year our staff completed their work on articulating The Mutual's values. These values have been implemented across all facets of our operations to ensure that we continue to deliver exceptional service to our members.

Many of our staff are undertaking external studies to improve their knowledge and be better placed to assist members in achieving their financial goals. I am pleased to report that the academic

achievements of our staff have been of a very high standard and are a testament to their application of their self-development.

Our sustained financial strength allows us to continually invest in improving our product offering to members and the delivery channels of our members' choice.

In conclusion I thank each and every member for your valued and continuing support in assisting The Mutual to be the successful financial institution that it is today.

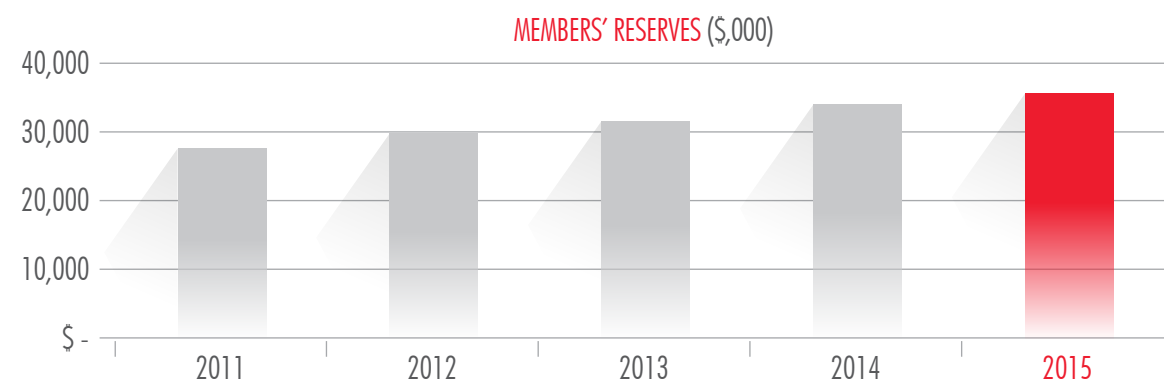
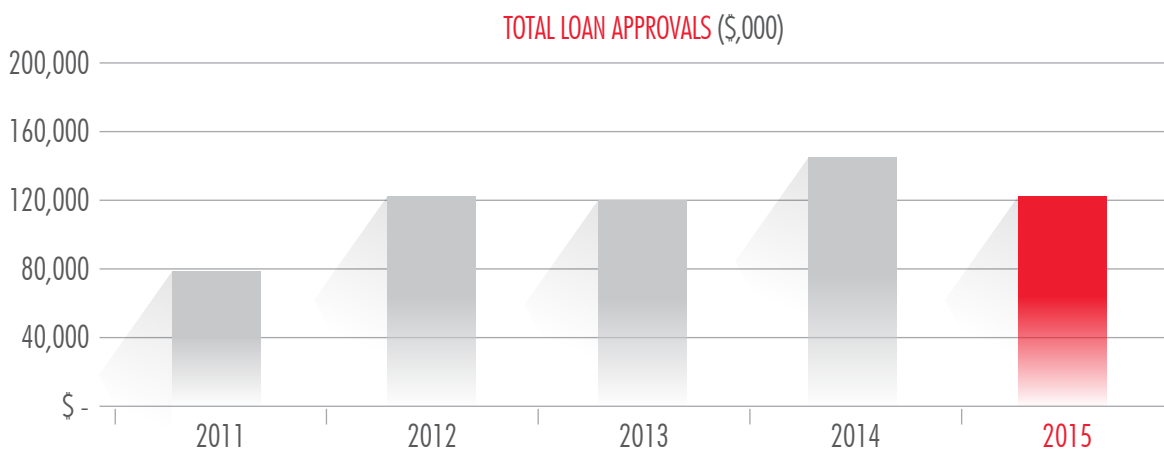
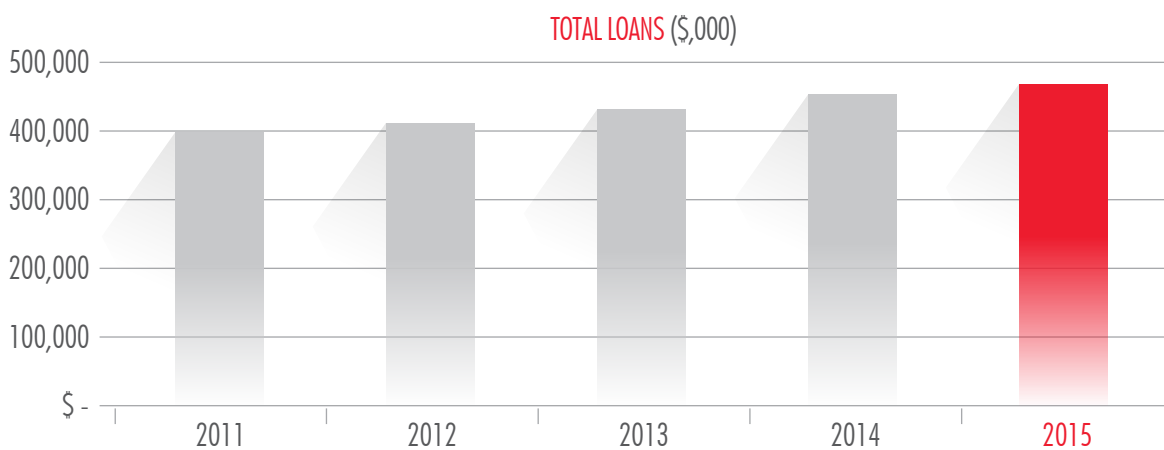
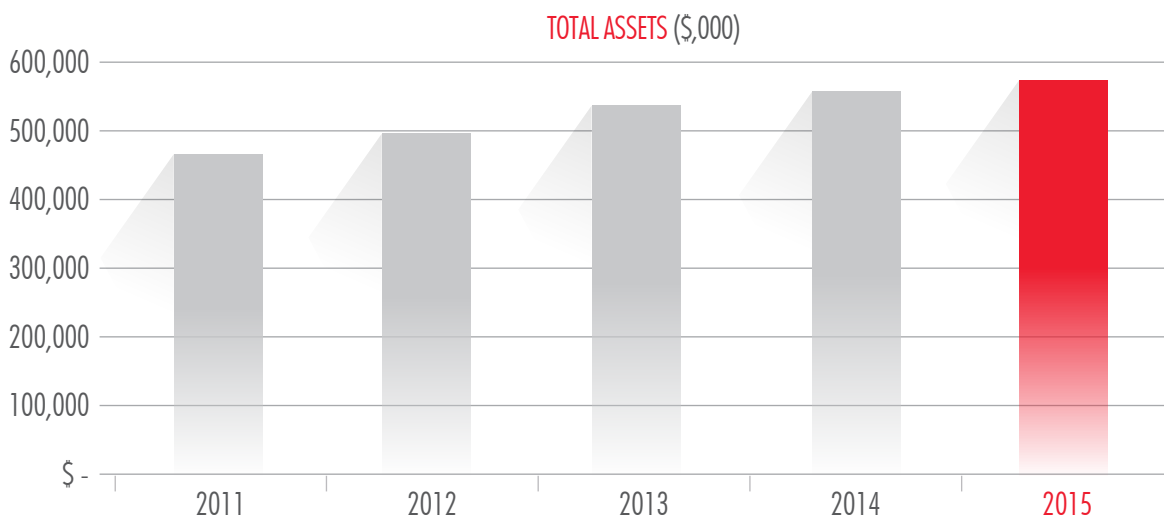
Geoffrey Seccombe
General Manager



Geoffrey Seccombe

Performance Charts

30 June 2015



Board of Directors

30 June 2015



Left to right - Bruce Amott, Melinda Smith-Coates, Stephen James, Trevor Robinson, Richard Mudford, Alan Wells

Management Team



Left to right - Todd Paterson, Kate Newman, Kieran Quigley, Blake Evans, Stephen Manning, Ken Archer, Errol Russell, Glen Pearson, Bill O'Mally, Geoffrey Secombe (General Manager), Scott Pulbrook, Marina Spallino, Rod Williams, Debra Simpson, Doug Crawford.

In the Community



Australia Day
Celebrations 2015



Raymond
Terrace
Primary
School



Out and about

Summary Financial Report

30 June 2015

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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 20 August 2015. The Mutual has the power to amend and reissue the financial report.

Your Directors present their report on the Mutual for the financial year ended 30 June 2015.

Directors

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

Trevor T Robinson

Richard B Mudford

Stephen W James

Bruce D Arnott

Melinda J Smith-Coates

Alan K Wells

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 lives in Sydney. He is also a Director of Maple-Brown Abbott Limited, a privately owned Australian investment management company.

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



Richard B Mudford

Mr Mudford joined the Board in 2008 and is the Chairman of the Mutual's Audit Committee. Mr Mudford is the principal of the chartered accounting practice, Mudford and Associates, delivering accounting and taxation services. Mr Mudford is a Fellow of the Institute of Chartered Accountants in Australia and New Zealand, a Registered Tax Agent and Registered External Examiner of Trust Accounts for the Law Society of New South Wales. He is a Justice of the Peace. Mr Mudford is also a member of the Maitland Rotary Club and has been awarded a Rotary Paul Harris Fellowship.

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



Stephen W James

Mr James joined the Board in 2011 and is the Chairman of the Mutual's Risk Committee. On 17 July 2015, Mr James retired from his position with Arrium as Planning Manager. He 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 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 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 Mutual's Audit, Risk, and Remuneration and Nomination Committees.



Bruce D Arnott

Mr Arnott joined the Board in 2013. 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 is a Director of Subzero Group Limited, a public company in the Mining Services Industry, and is also a Director of Phoenix Health Fund Limited, a member's owned private health fund.

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



Melinda J Smith-Coates

Mrs Smith-Coates joined the Board in 2014. She has extensive experience in the media industry having worked for 25 years as a television journalist, news presenter and broadcaster on commercial and ABC radio networks. Mrs Smith-Coates is currently a Communications and Public Relations consultant, following executive management roles in Corporate Affairs/ Communications with NBN Television and in the non-profit sector. She holds a Master of Business (Distinction) graduating from Newcastle University. Mrs Smith-Coates is a Life Member of the Hunter Youth Mentor Collaborative and has been an active committee member on a number of charity and community organisations.

She is a member of the Mutual's IT, and Remuneration and Nomination Committees.



Alan K Wells

Mr Wells joined the Board in 2014. Mr Wells, now retired, is a qualified town planner with extensive knowledge and experience in Hunter Valley based local government and environmental/engineering sectors. Mr Wells holds a Bachelor of Arts (Geography) degree from Newcastle University, as well as an Australian Institute of Company Directors diploma. He is an experienced director, having served terms on the boards 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's Insurance, and Remuneration and Nomination Committees.

Company Secretaries

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

General Manager of the Mutual 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 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 and has over 30 years experience in private practice.

Principal Activities

The principal activities of the Mutual 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's Board of Directors and of each Board

Committee held during the year ended 30 June 2015, and the number of meetings attended by each Director were:

	Board Meetings		Audit		Remuneration and Nomination	
	Eligible to attend	Number attended	Eligible to attend	Number attended	Eligible to attend	Number attended
Trevor T Robinson	12	12	4	4	1	1
Richard B Mudford	12	12	4	4	1	1
Stephen W James	12	12	4	4	1	1
Bruce D Arnott	12	12	4	4	1	1
Melinda J Smith-Coates	12	11	-	-	1	1
Alan K Wells	12	12	-	-	1	1

	Insurance		Information Technology		Risk	
	Eligible to attend	Number attended	Eligible to attend	Number attended	Eligible to attend	Number attended
Trevor T Robinson	2	2	3	3	4	4
Richard B Mudford	-	-	-	-	4	4
Stephen W James	-	-	-	-	4	4
Bruce D Arnott	-	-	3	3	4	4
Melinda J Smith-Coates	-	-	3	2	-	-
Alan K Wells	2	2	-	-	-	-

Member Liability

The Mutual is a Company limited by shares and guarantee. The Mutual has not issued shares. The guarantee is provided by members of the Mutual aged 18 years or older and is limited to \$5 per member. The total amount that members of the Company are liable to contribute if the Company is wound up is \$47,105.

Review of Operations

The profit from ordinary activities after providing for income tax amounted to \$2.782 million (2014: \$2.382 million).

The Mutual's pre-tax profit for the year was \$3.976 million (2014: \$3.404 million) representing an increase of 17% over the previous financial year.

Total assets increased by 4% to \$571 million for the year to 30 June 2015. (2014: increased 5% to \$547 million).

New loan funding for the year totalled \$109 million, a decrease of 5% to loans funded over last year of \$115 million. The demand for these loans was met by redemptions and repayments from existing loans, the raising of deposits from

members and the Mutual's continued participation in mortgage backed securitisation programs. At reporting date, the value of mortgage loans securitised was \$25 million. Securitisation is a part of the Mutual's capital management and funding activities. Securitisation is a means of funding loans originated by the Mutual.

Short and Long Term Objectives

The Mutual has established short and long term objectives as outlined in the Mutual'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'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 Mutual, the results of those operations or the state of affairs of the Mutual 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

Possible developments in the operations of the Mutual 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 paid a premium in respect of a contract insuring Directors and officers of the Mutual against liability. The officers of the Mutual 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, 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. 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 Mutual.

Environmental Issues

The Mutual'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

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.

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

Rounding of amounts

The Mutual 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:

Trevor T Robinson
Director

Richard B Mudford
Director

Maitland, 20 August 2015



To The Members of Maitland Mutual Building Society Limited

Report on the Financial Report

The summary financial statements of Maitland Mutual Building Society Limited ("the Mutual") comprise the summary statement of profit or loss and other comprehensive income, summary statement of financial position, summary statement of changes in equity, summary statement of cash flows, notes to the summary financial statements, discussion and analysis of the summary financial statements, and the Directors' declaration derived from the audited financial statements of the Mutual for the year ended 30 June 2015 as set out on pages 13 to 20.

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 the Mutual.

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 2015 are consistent, in all material respects with those audited financial statements, on the basis described in Note 1.

Ian K Neale

Partner

CUTCHER & NEALE

Newcastle, 21 August 2015



Directors' Declaration

30 June 2015

The Directors of Maitland Mutual Building Society Limited declare that the summary financial statements of the Mutual for the financial year ended 30 June 2015, as set out on pages 14 to 20:

- (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.

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

Trevor T Robinson

Director

Richard B Mudford

Director

Maitland, 20 August 2015

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 2015 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.

Ian K Neale

Partner

CUTCHER & NEALE

Newcastle, 18 August 2015

Newcastle 25 Bolton Street (PO Box 694) Newcastle NSW 2300 T 02 4928 8500 F 02 4926 1971 E cnmail@cutcher.com.au
Sydney Suite 1303, Level 13, 20 Berry Street (PO Box 281) North Sydney NSW 2059 T 02 9923 1817

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

for the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
Interest income	2	28,673	28,348
Interest expense	2	(16,360)	(17,103)
Net interest income		12,313	11,245
Fee and commission income	3	1,480	1,489
Fee and commission expense	4	(778)	(740)
Net fee and commission income		702	749
Other operating income	3	83	136
Net impairment losses on loans and advances		(32)	(11)
Employee costs		(4,756)	(4,486)
Depreciation and amortisation		(536)	(644)
Marketing expenses		(477)	(524)
Printing and stationery		(124)	(113)
Other expenses		(3,197)	(2,948)
Profit before income tax		3,976	3,404
Income tax expense		(1,194)	(1,022)
Profit attributable to members		2,782	2,382
Other comprehensive income		-	-
Total comprehensive income for the year		2,782	2,382

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 2015

	2015 \$'000	2014 \$'000
Assets		
Cash and cash equivalents	80,879	67,860
Placements with other financial institutions	50	50
Loans and advances to members	456,730	451,639
Other receivables	813	1,066
Financial assets	28,656	23,056
Intangible assets	233	210
Property, plant and other equipment	2,904	2,998
Deferred tax assets	269	387
Total Assets	570,534	547,266
Liabilities		
Deposits from other financial institutions	16,148	24,271
Deposits due to members	488,289	449,284
Other borrowed funds	27,583	37,195
Payables and other accruals	392	944
Current tax liabilities	146	334
Provisions	1,220	1,264
Total Liabilities	533,778	513,292
Net Assets	36,756	33,974
Equity		
Reserves	15,620	15,620
Retained earnings	16,408	13,626
Contributed equity	4,728	4,728
Total Equity	36,756	33,974

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 2015

2015

	Retained Earnings \$'000	Contributed Equity \$'000	General Reserve \$'000	Reserve for Credit Losses \$'000	Total \$'000
Balance at 1 July 2014	13,626	4,728	15,000	620	33,974
Profit attributable to members	2,782	-	-	-	2,782
Balance at 30 June 2015	16,408	4,728	15,000	620	36,756

2014

	Retained Earnings \$'000	Contributed Equity \$'000	General Reserve \$'000	Reserve for Credit Losses \$'000	Total \$'000
Balance at 1 July 2013	11,244	4,728	15,000	620	31,592
Profit attributable to members	2,382	-	-	-	2,382
Balance at 30 June 2014	13,626	4,728	15,000	620	33,974

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 2015

	2015 \$'000	2014 \$'000
Cash flows from operating activities		
Interest received	28,926	27,858
Fees and commissions received	1,480	1,489
Other cash receipts in the course of operations	147	216
Interest paid	(16,360)	(17,103)
Fees and commissions paid	(778)	(740)
Payments to employees and suppliers (incl. GST)	(9,218)	(7,576)
Income taxes paid	(1,264)	(1,089)
Net (increase)/decrease in loans and advances to members	(5,091)	(20,793)
Net increase/(decrease) in deposits due to members/from financial institutions	30,882	34,413
Net cash provided by (used in) operating activities	28,724	16,675
Cash flows from investing activities		
Proceeds from sale of plant and equipment	-	5
Purchases of property, plant and equipment and intangibles	(493)	(281)
Purchase of financial assets	(5,600)	(23,008)
Net cash used by investing activities	(6,093)	(23,284)
Cash flows from financing activities		
Net proceeds from debt securities issued, other deposits and other borrowed funds	(9,612)	(13,587)
Net cash used by financing activities	(9,612)	(13,587)
Net increase (decrease) in cash and cash equivalents held	13,019	(20,196)
Cash and cash equivalents at the beginning of the financial year	67,860	88,056
Cash and cash equivalents at the end of the financial year	80,879	67,860

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 2015

1 Accounting Policies

The summary financial statements have been prepared from the audited financial report of Maitland Mutual Building Society Limited ("the Mutual") for the year ended 30 June 2015. The audited report for the year ended 30 June 2015 is available at request from the Mutual. 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. 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 as the full financial statements.

The accounting policies have been consistently applied to the Mutual 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 Mutual from last year.

2 Analysis of Interest Revenue and Interest Expense

a)

2015

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 %
69,766	1,536	2.20
454,972	26,156	5.75
26,858	981	3.65
551,596	28,673	5.20
20,350	585	2.87
465,257	13,876	2.98
32,107	1,899	5.91
517,714	16,360	3.16
	12,313	

b)

2014

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 %
79,663	2,549	3.20
439,749	25,418	5.78
12,589	381	3.03
532,001	28,348	5.33
10,589	443	4.18
447,806	14,736	3.29
42,830	1,924	4.49
501,225	17,103	3.41
	11,245	

Notes to the **Financial Statements** Continued

for the year ended 30 June 2015

	2015 \$'000	2014 \$'000
3 Non-Interest Revenue		
Fee and commission income		
Management fees	782	788
Transaction fees	271	277
ATM fees	211	217
Commissions	216	207
	1,480	1,489
Other operating income		
Rental income	37	36
Other income	46	100
	83	136
4 Non-Interest Expense		
Fee and commission expense		
Brokerage and trailing fees paid	104	107
Other	674	633
	778	740

Discussion and Analysis of the Summary Financial Statements

for the year ended 30 June 2015

Information on Maitland Mutual Building Society Limited Financial Statements

The financial statements and disclosures in the summary financial statements have been derived from the 2015 financial statements of the Mutual.

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's financial statements and the information contained in the summary financial statements has been derived from the 2015 financial statements of the Mutual.

Summary Statement of Profit or Loss and Other Comprehensive Income

Total interest income increased by \$0.33 million to \$28.67 million representing an increase of 1.2%. Interest income has mainly increased due to the growth in lending volumes and holdings of cash and financial assets.

Net interest income increased by \$1.07 million to \$12.31 million. The increase in the Mutual's net interest income was mainly due to an increase in lending volumes over the period and the cost of funding those loans has reduced.

Net fee and commission income to June 2015 decreased over the corresponding period due mainly to the decrease in loan applications, break costs and transaction fees.

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.

Summary Statement of Financial Position

Total assets of the Mutual increased by \$23.27 million which represents an increase of 4.3%. The increase was due principally to increased lending volumes and holdings of cash and financial assets. Partially offsetting this increase was the Mutual's reduced participation in the securitisation program from \$34.08 million to \$25.48 million.

Total loans to members increased by 8.68% to \$488.29 million.

Total liabilities increased by 4.0% to \$533.78 million and was mainly due to increases in the balances with depositors and other borrowed funds.

The ratio of net assets to total assets increased from 6.21% to 6.44% due to the inclusion of the after tax profit.

Summary Statement of Changes in Equity

At 30 June 2015, total equity for the Mutual increased by \$2.78 million to \$36.76 million. The increase in total equity was due to the Mutual'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 \$13.02 million, resulting from an increase of deposits due to members.





T 1300 688 825

F 02 4933 8996

E info@themutual.com.au

W themutual.com.au

 facebook.com/themutualau

 twitter.com/themutualau

PO Box 50, Maitland NSW 2320

DX 21630, Maitland NSW

417 High St, Maitland NSW 2320

Maitland Mutual Building Society Limited ABN 94 087 651 983
Australian credit licence 238139 AFSL 238139.