



## Financial Performance

It has been another good year for The Mutual despite an increasingly challenging operating environment in a highly competitive marketplace. Overall, our results reflect increased profitability, solid asset growth with high quality assets.

It is also significant that The Mutual's financial strength has been sustained through prudent financial management, risk management practices, cost controls and meticulous lending practices.

Continuing low interest rates have put sustained pressure on interest margins. Low levels of consumer confidence, subdued retail spending and intense competition in the financial services industry have all significantly added to a tough economic and business operating environment.

Despite these conditions, I am delighted to report that The Mutual has been able to deliver another record profit. We have diligently followed the focus of our Strategic Plan – fiscal restraint, cost control, continuing to offer a competitively priced range of products, and building The Mutual Brand. Our business strategy continues to deliver positive outcomes for all our members.

The quality of The Mutual's balance sheet assets has also been maintained and impaired assets remain at historically low levels. This asset quality, combined with our level of profitability, represents a further improvement to our already high level of capital, which is a measure of financial strength. Funding and liquidity remain strong.

The Mutual's after tax profit for the year ending 30 June 2016 was just shy of \$2.9 million (\$2.896 million), representing a 4.10% increase on the 2015 financial year result. This is a significant achievement given the intense competition in the home lending market and the ongoing struggle to attract deposit funds to finance our lending activity.

Total assets at 30 June 2016 were \$598.4 million which represents a 4.89% increase over the previous year and reflects our increased volume of lending.

Our Capital Adequacy Ratio is 15.16% and is well above our prudential requirement. It is in excess of many other authorised deposit-taking institutions (ADIs) in Australia. This ratio reflects The Mutual's quality asset and capital position and is significant as an indicator of The Mutual's financial strength and security. All other ratios remain well in excess of regulatory minimums.

The improvement of Capital (in our case, retained profits) continues to be a significant consideration for all Australian ADI's and is based on the premise that ADI's need sufficient Capital to meet unforeseen circumstances.

## Corporate Governance and Risk Management

In recent years, one of the main challenges facing all financial institutions has been the increase in regulatory requirements and greater prudential oversight. We have seen this with more stringent testing and reporting to our financial regulator - the Australian Prudential Regulation Authority (APRA). The direct costs of increased supervision and regulation are significant. The Board is fully supportive of the need for more capital and improved liquidity management to avoid any potential financial shock. The Board has proactively responded to regulatory change and has continued to develop and augment its risk governance as an integral part of its Risk Management Framework including risk management decision-making. This involves risk identification, assessment, mitigation, monitoring and management.

During the year the Board took steps to strengthen this area. Additional staff were employed as well as increased monitoring and testing of the Business Continuity Management Plan and the Risk

Management Plan. Both these initiatives were in accordance with The Mutual's Strategic Plan. The Board continually monitors the risk profile of The Mutual to ensure the activities undertaken to achieve strategic objectives are within our risk appetite. This enables the best interests of our members to be served and protected.

The Board has also undertaken a review of the Mutual's Constitution and is proposing at this year's Annual General Meeting that the Constitution be amended to reflect good corporate governance and assist with the ongoing administration of The Mutual.

## Board Performance and Management

I would like to acknowledge the performance of my fellow Board members and thank them for their dedication, outstanding contributions and untiring efforts. The Board has worked in unison with a shared dedication to achieve The Mutual's goals and objectives.

As Chairman, and on behalf of the Board, I extend our sincere appreciation to The Mutual's General Manager, Geoffrey Seccombe, his committed management team, and to all

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Trevor Robinson

staff for diligently serving our members as well as delivering another solid financial result.

## Support for Community

A key objective of The Mutual is to provide financial support to the communities in which we operate. Throughout the year The Mutual has again continued to promote many local events and initiatives. Australia Day celebrations in conjunction with Local Councils, continued participation and support for the Bank@school program, local area netball sponsorships for Port Stephens and Maitland associations, and our continued involvement with the Moneytalks program in local high schools were just a few of the many initiatives undertaken and supported.

Community support of this nature provides tangible evidence of what being a mutual organisation represents. We put our members first by offering them competitive products and services but we also put back into the community by assisting with additional services and support.

## Members First

Being 100% owned by its members means The Mutual's values are driven by the values and needs of our members and our

communities. The Mutual does not have any shareholders and therefore does not pay any dividends. The purpose of our existence is for the benefit of our members who are provided with financial services and products at market competitive rates that offer the latest available technologies and features.

We exist to serve and benefit our members and firmly believe in the principle of mutuality. As a mutually owned organisation our profits are retained and invested back into the business.

## Positioned for the Future

We are now experiencing the lowest official interest rates in our history. It appears we are destined to be living in this low interest rate environment for some time to come. Currently there are numerous economists predicting that further interest rate reductions should be expected in the foreseeable future. Therefore, there will be extra pressure on interest margins and additional emphasis on cost control.

Over the past few years we have witnessed a reduction in the number of financial institutions which operate throughout Australia. This reduction occurred mainly through the merging of smaller sized institutions. I am very pleased to report

that The Mutual is well resourced and is of sufficient size to continue to operate in its own right — as a well-respected regionally focused financial institution which is both financially strong and secure.

The Mutual is well positioned to respond to changing market conditions, technology and consumer behaviour, and increased regulatory requirements. The organisation is also committed to being innovative in its product offerings.

I am extremely confident The Mutual will remain relevant to its members and to the communities we serve as it continues to operate as a strong financial institution driven by ethics, integrity and fairness.

Thank you for your ongoing support.

## Trevor Robinson

Chairman

## Overview and Financial Highlights

The Mutual has again produced another set of solid and well balanced financial outcomes for its members. Our after tax profit result of \$2.896 million represents another record for The Mutual.

Our continuing profitability is imperative as each year we invest these profits back into the business to provide members with enhanced products, services and ongoing support in our local communities.

Throughout the year operating conditions remained challenging. Continuing low interest rates, intense competition for home loans and a distinct weakness in the levels of both consumer and business confidence characterised the financial environment in which we operated.

Our 2016 financial year highlights include:

- 4.10% increase in after tax profits to \$2.896 million
- 4.87% increase in total assets to \$598.3 million
- 7.88% increase in members' equity to \$39.652 million

In addition, the quality of our loan book continues to be in very good shape with no upward adjustment required in the provisioning for doubtful debts. Our arrears position remains at a historically low level. Lending for the twelve months increased by 13% which is a solid result given the tough competition in the home loan arena. This increase has been achieved without any lessening of The Mutual's stringent lending standards. I am pleased to report that our borrowing members have, due to its features and flexibility, warmly taken to The Mutual's Package Home Loan product.

Following the Reserve Bank of Australia's (RBA) reduction in May 2016 of a 0.25% reduction in the Official Cash Rate, The

Mutual passed on to its members the full reduction across home and business loan products. In August, the RBA again reduced the Official Cash Rate to an all-time low of 1.50%. However The Mutual did not pass the full reduction on to its borrowing members, choosing instead to hold or increase the interest rates on offer to its depositing members. This decision was based on meeting the needs of all members of The Mutual.

## Recognition of Products and Awards

I am delighted to report that The Mutual has won the CANSTAR Customer Owned Institution of the Year — Term Deposit Award for 2016. This is an annual award for both the major bank and customer owned sectors based on interest rates for a full range of terms. In addition, The Mutual's Deeming Account has been named by CANSTAR as a "5 Star" winner.

In other fantastic news for The Mutual, our Raymond Terrace Branch won the award for Best in Financial Services Category at the 2015 Port Stephens Annual Business awards. This was a fitting and well deserved award and recognised the friendly and professional service our staff provides.

## Business Efficiency

Our financial results demonstrate that The Mutual is a well-managed, efficient and competently operated financial institution. We remain focused on reducing costs to become a leaner organisation and this is becoming more evident as interest margins, through increased competition, are becoming more and more squeezed.

However, at the same time, the financial needs of our members are becoming more complex. Our members want their banking to be dramatically simpler and more efficient. Members expect to perform financial transactions at a time and place that best suits them.

Technology has clearly played a role in satisfying these changes and also providing cost savings from improved efficiency. The growth of the internet and mobile devices in many aspects of commerce is changing what customers expect from their financial institution. It also provides The Mutual with more flexibility in the way it delivers products and services to its members.

Digitisation brings with it exciting opportunities to further improve efficiency and to deliver banking and financial services in completely new ways. With this in mind The Mutual has significantly upgraded its App to facilitate transactional activity by members.

## Committed Team

I would like to thank our Board of Directors for their governance, guidance and strategic leadership in charting the course for the ongoing development of The Mutual. Their commitment and contributions have been outstanding in promoting and directing The Mutual's cause. Our results are also testament to the dedication and commitment of our Management Team and all members of The Mutual staff.

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Geoffrey Seccombe

For some time now I have been actively encouraging our staff to undertake external studies as a means to be better placed to assist members in achieving their financial goals. This study and training provides our staff with the necessary skills and knowledge when serving members as well as providing them with a clearly defined career path within The Mutual.

I am delighted to report that Anne Spallino, Member Service Officer at our Glendale Branch was named the Hunter Region's 2016 Trainee of the Year in the Vocation of Financial Services Certificate III. Three other Mutual staff, Daniel Juratowitch, Stephanie Howell and Aleisha Hudson, were also nominated for awards in the Trainee and Vocational Categories.

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 to the communities we serve.

**Strengthen Business Capabilities and Improved Products**

I am very pleased to report that The Mutual has upgraded its Mutual App and now offers many enhanced features with improved functionality. For example, a 4 digit PIN for faster logon, a quick balance account to check your available funds with a simple double tap, transfers between accounts, specialised calculators etc. This is just one example of The Mutual keeping its members up to date with the latest in technology.

As a safeguard against fraud and to prevent unauthorised access to members' accounts The Mutual now requires all internet and mobile banking users who request transactions above a specified dollar limit to have an internet banking token. The token provides an additional security benefit and further protection for members and is issued without charge.

With regards to the Payments system, The Mutual is well placed to implement the New Payments Platform when it becomes effective across Australia in late 2017. The enhanced system will allow real time transfer of funds between financial institutions.

**Commitment to Corporate Social Responsibility**

Placing members at the forefront of our thinking and actions is of paramount importance to us at The Mutual. We take great pride in the quality and range of our products, as well as the high ethical standards we adhere to when transacting with our members. Our prime objective is for members to achieve financial success through their dealings with The Mutual.

We are a principled, member-owned financial institution that puts people before profits. The Mutual has been in the business of banking for nearly 130 years.

**The Future**

A combination of financial strength, reputation and respect, leading edge financial products and dedicated and enthusiastic staff will ensure The Mutual

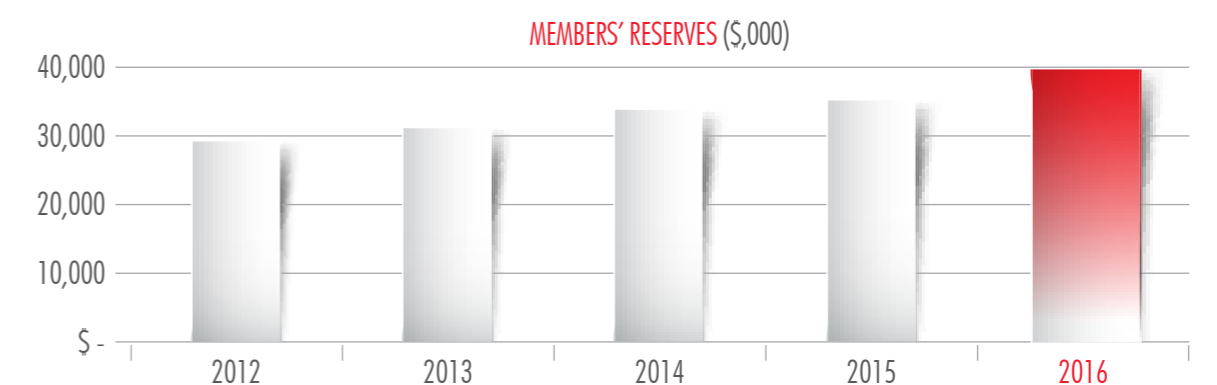
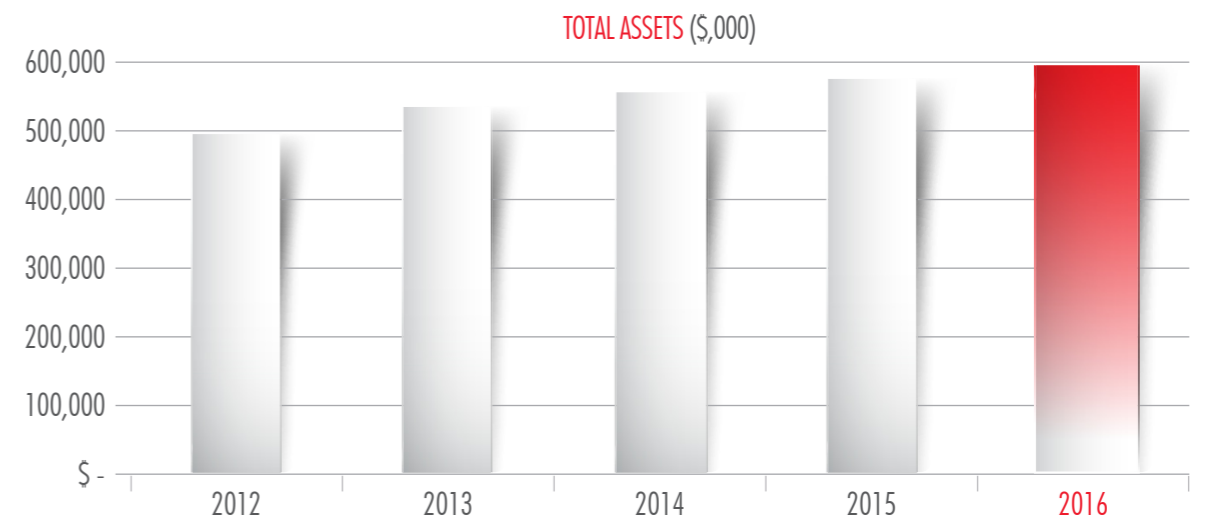
continues to keep pace with the changing and challenging financial environment that lies ahead.

The Mutual has a clear strategic direction and business plan focused on ensuring that it remains relevant to its members. The products and services we offer through various channels, including our branch network, digital and electronic, will better reflect the method by which our members wish to bank with us as well as making transactional banking simpler and more convenient.

We exist to better serve our members through superior service standards and will maintain our status as a totally member focused organisation. We truly understand the real meaning of putting our members first and foremost and supporting the communities in which we operate.

I thank all members for their ongoing support. I am confident that The Mutual will continue to deliver member value via the financial solutions that it provides.

**Geoffrey Seccombe**  
General Manager



## Board of Directors

30 June 2016



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

## Management Team



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

## In the Community



Australia Day Celebrations 2016



The Mutual Staff - Acknowledgements and Awards



Sponsorship - Port Stephens Under 11's Representative Netball Team

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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 18 August 2016. 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 2016.

## 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 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 Chairman of the Mutual's Audit Committee. Before his recent retirement, Mr Mudford was the principal of the Chartered Accounting Practice of Mudford & Associates. Mr Mudford is a fellow of the Institute of Chartered Accountants in Australia and New Zealand, a Registered Tax Agent and is also a Justice of The Peace. He is a member of the Maitland Rotary Club and has been awarded a 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. In July 2015 Mr James retired from his position with Arrium as Planning Manager and holds a Bachelor of Engineering degree as well as an Australian Institute of Company Director's Diploma. Mr James is a Fellow of the Australian Mutuals Institute and is a Graduate Member of the Australian Institute of Company Directors. He was appointed to the Board of Phoenix (NSW) Credit Union in 1999 which merged with the Mutual in 2011. When he was a Director of Phoenix he served on several committees as well as being the Chairman. Mr James is also a Director of Woodturners of the Hunter Co-Operative Limited. 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 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.

**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 and the Building Society industry.



**Melinda J Smith-Coates**

Mrs Smith-Coates joined the Board in 2014. She has extensive experience in the media industry as a television journalist, news presenter and broadcaster on commercial and ABC radio networks. Mrs Smith-Coates is currently a senior communications consultant following executive management roles in Corporate Affairs/Communications with NBN Television and also in the not-for-profit sector. She holds a Master of Business (Distinction) graduating from the University of Newcastle. Mrs Smith-Coates is a founding and life member of the Hunter Youth Mentor Collaborative and has been an active committee member with 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 as Chairman of HLA-Envirosciences Pty Ltd, Harding Lawson Australia Pty Ltd and Wells Environmental Services Pty Ltd. Mr Wells is a Fellow of the Australian Institute of Company Directors. He is a member of the Mutual's Insurance, and Remuneration and Nomination Committees.

**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 2016, 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	5	5	1	1
Richard B Mudford	12	12	5	5	1	1
Stephen W James	12	12	5	5	1	1
Bruce D Arnott	12	11	5	5	1	1
Melinda J Smith-Coates	12	12	-	-	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	1	1	4	4	4	4
Richard B Mudford	-	-	-	-	4	4
Stephen W James	-	-	-	-	4	4
Bruce D Arnott	-	-	4	4	4	3
Melinda J Smith-Coates	-	-	4	4	-	-
Alan K Wells	1	1	-	-	-	-

**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 who became members after 24 October 2000 and is limited to \$5 per member. The total amount that members of the Mutual are liable to contribute if the Mutual is wound up is \$40,460.

**Review of Operations**

The profit from ordinary activities after providing for income tax amounted to \$2.896 million (2015: \$2.782 million).

The Mutual's pre-tax profit for the year was \$4.150 million (2015: \$3.976 million) representing an increase of 4% over the previous financial year.

Total assets increased by 5% to \$598 million for the year to 30 June 2016. (2015: increased 4% to \$571 million).

New loan funding for the year totalled \$124 million, an increase of 13% to loans

funded over last year of \$109 million. The demand for these loans was met by redemptions and repayments from existing loans and the raising of deposits from members.

The Mutual participates in mortgage backed securitisation programs. At reporting date, the value of mortgage loans securitised was \$19 million. Securitisation is a part of the Mutual's capital management and funding activities. No new loans were funded by securitisation.

## 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.

## 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 Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191 applies and, accordingly, amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars.

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

**Trevor T Robinson**  
Director

**Richard B Mudford**  
Director

Maitland, 18 August 2016



## 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 2016 as set out on pages 14 to 21.

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 2016 are consistent, in all material respects with those audited financial statements, on the basis described in Note 1.

**Ian K Neale FCA**  
Partner

CUTCHER & NEALE

Newcastle, 19 August 2016





## Directors' Declaration

30 June 2016

The Directors of Maitland Mutual Building Society Limited declare that the summary financial statements of the Mutual for the financial year ended 30 June 2016, as set out on pages 15 to 21:

- (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, 18 August 2016

## 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 2016 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 FCA

Partner

CUTCHER & NEALE

Newcastle, 17 August 2016

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

for the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Interest income	2	26,329	28,673
Interest expense	2	(13,346)	(16,360)
<b>Net interest income</b>		12,983	12,313
Fee and commission income	3	1,573	1,480
Fee and commission expense	4	(718)	(778)
<b>Net fee and commission income</b>		855	702
Other operating income	3	128	83
Net impairment losses on loans and advances		(1)	(32)
Employee costs		(5,131)	(4,756)
Depreciation and amortisation		(521)	(536)
Marketing expenses		(518)	(477)
Printing and stationery		(140)	(124)
Other expenses		(3,505)	(3,197)
<b>Profit before income tax</b>		4,150	3,976
Income tax expense		(1,254)	(1,194)
<b>Profit attributable to members</b>		2,896	2,782
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year</b>		2,896	2,782

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

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Innovative thinking. Traditional values.

## Summary Statement of **Financial Position**

as at 30 June 2016

	2016 \$'000	2015 \$'000
<b>Assets</b>		
Cash and cash equivalents	98,042	80,879
Placements with other financial institutions	50	50
Loans and advances to members	465,017	456,730
Other receivables	1,868	813
Financial assets	29,666	28,656
Intangible assets	521	233
Property, plant and other equipment	2,810	2,904
Deferred tax assets	360	269
<b>Total Assets</b>	<b>598,334</b>	<b>570,534</b>
<b>Liabilities</b>		
Deposits from other financial institutions	24,182	16,148
Deposits due to members	510,577	488,289
Other borrowed funds	21,381	27,583
Payables and other accruals	936	392
Current tax liabilities	116	146
Provisions	1,490	1,220
<b>Total Liabilities</b>	<b>558,682</b>	<b>533,778</b>
<b>Net Assets</b>	<b>39,652</b>	<b>36,756</b>
<b>Equity</b>		
Reserves	15,620	15,620
Retained earnings	19,304	16,408
Contributed equity	4,728	4,728
<b>Total Equity</b>	<b>39,652</b>	<b>36,756</b>

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 2016

### 2016

	Retained Earnings \$'000	Contributed Equity \$'000	General Reserve \$'000	Reserve for Credit Losses \$'000	Total \$'000
Balance at 1 July 2015	16,408	4,728	15,000	620	36,756
Profit attributable to members	2,896	-	-	-	2,896
<b>Balance at 30 June 2016</b>	<b>19,304</b>	<b>4,728</b>	<b>15,000</b>	<b>620</b>	<b>39,652</b>

### 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
<b>Balance at 30 June 2015</b>	<b>16,408</b>	<b>4,728</b>	<b>15,000</b>	<b>620</b>	<b>36,756</b>

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 2016

	2016 \$'000	2015 \$'000
<b>Cash flows from operating activities</b>		
Interest received	25,274	28,926
Fees and commissions received	1,573	1,480
Other cash receipts in the course of operations	166	147
Interest paid	(13,346)	(16,360)
Fees and commissions paid	(718)	(778)
Payments to employees and suppliers (incl. GST)	(8,516)	(9,218)
Income taxes paid	(1,375)	(1,264)
Net (increase)/decrease in loans and advances to members	(8,287)	(5,091)
Net increase/(decrease) in deposits due to members/from financial institutions	30,322	30,882
<b>Net cash provided by (used in) operating activities</b>	<b>25,093</b>	<b>28,724</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of plant and equipment	23	-
Payment for intangible assets	(415)	(129)
Purchases of property, plant and equipment	(326)	(364)
Net (purchase) / sale of financial assets	(1,010)	(5,600)
<b>Net cash used by investing activities</b>	<b>(1,728)</b>	<b>(6,093)</b>
<b>Cash flows from financing activities</b>		
Net proceeds from debt securities issued, other deposits and other borrowed funds	(6,202)	(9,612)
<b>Net cash used by financing activities</b>	<b>(6,202)</b>	<b>(9,612)</b>
Net increase (decrease) in cash and cash equivalents held	17,163	13,019
Cash and cash equivalents at the beginning of the financial year	80,879	67,860
<b>Cash and cash equivalents at the end of the financial year</b>	<b>98,042</b>	<b>80,879</b>

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 2016

## 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 2016. The audited report for the year ended 30 June 2016 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)

#### 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

### b)

#### 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

### 2016

Average balance \$'000	Interest \$'000	Average rate %
79,561	1,967	2.47
457,938	23,452	5.12
29,609	910	3.07
<b>567,108</b>	<b>26,329</b>	<b>4.64</b>
17,131	333	1.94
489,230	12,030	2.46
23,978	983	4.10
<b>530,339</b>	<b>13,346</b>	<b>2.52</b>
	<b>12,983</b>	

### 2015

Average balance \$'000	Interest \$'000	Average rate %
69,766	1,536	2.20
454,972	26,156	5.75
26,858	981	3.65
<b>551,596</b>	<b>28,673</b>	<b>5.20</b>
20,350	585	2.87
465,257	13,876	2.98
32,107	1,899	5.91
<b>517,714</b>	<b>16,360</b>	<b>3.16</b>
	<b>12,313</b>	

# Notes to the Financial Statements Continued

for the year ended 30 June 2016

## 3 Non-Interest Revenue

### Fee and commission income

Management fees  
Transaction fees  
ATM fees  
Commissions

### Other operating income

Rental income  
Other income

## 4 Non-Interest Expense

### Fee and commission expense

Brokerage and trailing fees paid  
Other

	2016 \$'000	2015 \$'000
	821	782
	241	271
	311	211
	200	216
	<b>1,573</b>	<b>1,480</b>
	36	37
	92	46
	<b>128</b>	<b>83</b>
	106	104
	612	674
	<b>718</b>	<b>778</b>

# Discussion and Analysis of the Summary Financial Statements

for the year ended 30 June 2016

## Information on Maitland Mutual Building Society Limited Financial Statements

The financial statements and disclosures in the summary financial statements have been derived from the 2016 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 2016 financial statements of the Mutual.

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

Total interest income decreased by \$2.34 million to \$26.33 million representing a decrease of 8.17%. Interest income has mainly decreased due to the reduction in the interest rate charged on loans, cash and financial assets.

Net interest income increased by \$0.67 million to \$12.98 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 2016 increased over the corresponding period due mainly to the increase in ATM fees, loan fees and interchange income.

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 \$27.80 million which represents an increase of 4.87%. 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 \$25.48 million to \$19.28 million.

Total loans to members increased by 1.81% to \$465.02 million.

Total liabilities increased by 4.67% to \$558.68 million and was mainly due to increases in the balances of deposits from members and other financial institutions.

The ratio of net assets to total assets increased from 6.44% to 6.63% due to the inclusion of the after tax profit.

## Summary Statement of Changes in Equity

At 30 June 2016, total equity for the Mutual increased by \$2.90 million to \$39.65 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 \$17.16 million, resulting from an increase of deposits due to members.



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