



# ANNUAL REPORT 2017

*Helping people achieve their goals...*



## Financial Performance

I'm pleased to report another solid result this financial year. Considering the challenging market conditions The Mutual has continued to perform well. Our results have been underpinned by close adherence to prudent financial management, risk management practices, cost control and meticulous lending practices.

We remain committed to our Strategic Plan, with a focus on fiscal restraint, competitively priced lending and deposit products, and a strong and clear brand position.

We continue to maintain a strong balance sheet, with impaired assets once again at an historically low level. Our profitability has been controlled to ensure a sustained high level of capital, underlining our financial strength. Additionally, funding and liquidity levels remain strong.

The Mutual's after tax profit for the year ending 30 June 2017 was \$2.382 million. Whilst less than the previous year, it is a sound outcome given that The Mutual sustained its higher deposit interest rates and low loan interest rates for the benefit of members.

Total assets at 30 June 2017 were \$642 million, representing a 7.23% increase over the previous year. The increase in The Mutual's membership is another solid indicator of our focus on looking after members.

Our Capital Adequacy Ratio of 15.20% is well above our prudential requirement and continues to exceed a number of other Authorised Deposit Taking Institutions (ADIs) in Australia.

The Mutual's quality asset and capital position remains a significant indicator of The Mutual's financial strength and security. The improvement of capital remains a significant consideration for all Australian ADIs and is based on the premise that ADIs need sufficient capital to meet unforeseen circumstances.

## Corporate Governance and Risk Management

Like all financial institutions, The Mutual operates in an environment of increased regulatory requirements and significant prudential oversight reflected by more stringent testing and reporting to the industry financial regulator – the Australian Prudential Regulation Authority (APRA).

The Board is proud of its good working relationship with APRA and continues to support the need for increased capital and improved liquidity management to be in a position to avoid any future financial shock.

Dedicated staff provide increased monitoring and testing of the Business Continuity Management Plan and the Risk Management Plan. Both initiatives are in line with The Mutual's Strategic Plan.

## Board Performance and Management

I would like to recognise the performance of my fellow Board members for their continued dedication and diligence. As a cohesive Board we work well together to achieve The Mutual's goals and objectives.

As Chairman, I extend The Board's appreciation to The Mutual's Chief Executive Officer, Geoffrey Seccombe and his senior management team, and to The Mutual's committed staff for delivering service excellence to our members over the past year.

## Community Support

The Mutual is an active participant in the community, providing financial and other support to a diverse range of community endeavours. We have assisted many local sporting, charitable, cultural, interest groups and organisations over the last year. Our support has included Australia Day celebrations in association with local councils and the popular Bank@ school program at various schools in

our region. Community engagement is a very important part of what The Mutual represents.

## Members First

The Mutual is 100% owned by its members. Our values are driven by the values and needs of our members and the communities in which we operate. We are proud that we exist to serve and benefit our members and are committed to the principle of mutuality. As a mutually owned organisation our profits are retained and invested back into our business and the community.

## Future ready

During the year The Mutual purchased land adjacent to the Greenhills Shopping Centre at East Maitland. While we are still in the early stages of the process, we are looking at developing a new multi-storey Head Office that will provide greater capacity for not only our current needs but also our needs well into the future. This decision highlights our commitment to building for the future to meet the growing needs of our members.

With a clear and precise strategic direction and business plan, The Mutual remains focused

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Trevor Robinson

on ensuring it continues to be relevant to its members. Increased regulatory requirements and strong competition continue to reduce the number of financial institutions that operate in Australia.

As a well respected regionally focused financial institution, The Mutual is well positioned to respond to changing market conditions, emerging technology, consumer needs and increased regulatory requirements.

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

**Trevor Robinson**  
Chairman

## Board of Directors



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

## Overview and Financial Highlights

The Mutual produced a sound financial result this year, with an after income tax profit of \$2.382 million, in a year in which we allowed our net interest margin to contract to the benefit of all our members, both depositing and borrowing.

As a Mutual or Customer Owned Banking institution we continue to invest profits back into the business to facilitate its growth and the further development of its financial products and services to best address our members financial needs, as well as provide financial support across the communities in which we operate.

Despite difficult conditions, which include continuing historically low interest rates and increased competition in the home loan market, our financial highlights were as follows:

- 7.23% increase in total assets to \$641.6 million
- 6.00% increase in members' equity to \$42.034 million
- 17.75% increase in loan funding to \$146 million

The excellent quality of our loan book resulted in no upward adjustment in the provisioning of doubtful debts and arrears continue to remain at a historically low level.

The Reserve Bank of Australia reduced the Official Cash Rate by 0.25% in August 2016. The Mutual passed on a portion of this movement, to assist the needs of all members.

## Recognition of Products and Awards

Once again I am pleased to report The Mutual has been the recipient of awards recognising both the commitment of The Mutual's service teams and the quality of the products we offer our members.

Awards received:

- Money Magazine 2017 The Best of The Best - Best Term Deposit Short Term - Non Bank Category.
- Glendale Branch - Finalist 2016 Hunter Local Business Awards - Most Outstanding in Professional Services.

It is rewarding to have The Mutual's products and services recognised by others.

## Business Efficiency

Our financial performance demonstrates The Mutual is a well managed and efficient financial institution.

As interest margins face increased pressure the focus on lean and efficient operating practices is of significant importance.

The diversity and complexity of our members' financial needs are demonstrated in the increased desire for simpler and more efficient transactions at a time and place that suits them best.

The Mutual is proud to be involved in the important industry initiative, New Payments Platform (NPP), and is committed to provide the NPP to members, when available. The NPP will provide Australian consumers, businesses and government new and faster ways to pay through a fast, versatile, data-rich payments system.

Our Internet and Mobile Banking platforms, alongside improvements to The Mutual App, have been upgraded with a range of new features that are easier to use. The Mutual remains committed to ensuring members can

transact online securely and with the latest available features.

While The Mutual embraces developing technology we continue to maintain a mix of transactional options and good old fashioned service to ensure all our members needs are best served.

## Committed Team

I take this opportunity to thank our Board of Directors for their governance, guidance and support during the last twelve months. Our overall result is direct testimony to their united commitment to The Mutual's objectives and the corporate citizenship it provides to members and in the communities in which it serves.

At The Mutual we encourage our staff to undertake self development training for their own career path and for them to be better placed to assist members achieve their financial goals.

This year it is my pleasure to advise that Mutual team member, Sharelle Avison, was awarded the Hunter Region's 2017 Trainee of the Year in the vocation of Financial Services Certificate III. Sharelle was recognised

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at The NSW State Training Authority ceremony conducted by the NSW Department of Industry.

An important union of financial strength, reputation and respect, pioneering financial products, and devoted, enthusiastic and professional staff will ensure The Mutual maintains its relevance in the challenging financial environment of the future, for all its members.

## The Future

At The Mutual we strive to always provide better service to our members through service standards that are second to none, and we continue to maintain our status as a solely member focused organisation. Meeting the needs of our members and supporting the communities in which we live and work are paramount to The Mutual and all it stands for.

I take this opportunity to sincerely thank all members for your ongoing trust and support, and am confident that you will continue to receive superior service and solutions from your dedicated team at The Mutual.

**Geoffrey Seccombe**  
Chief Executive Officer

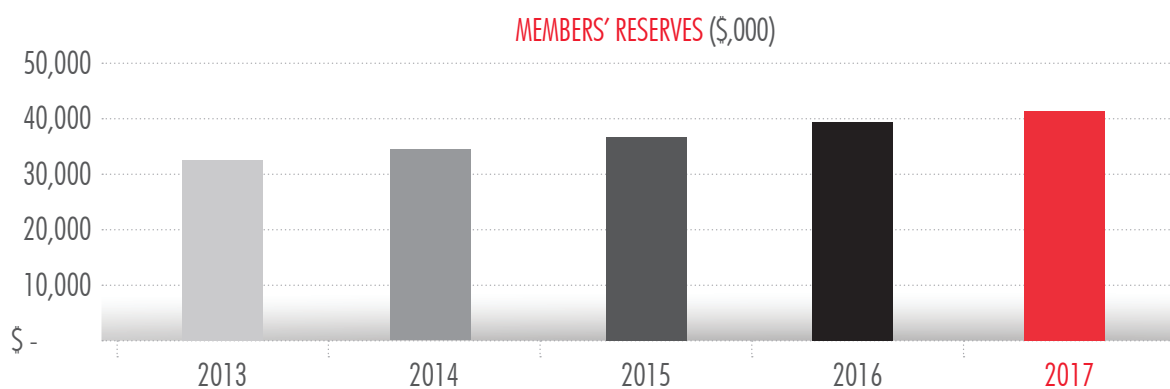
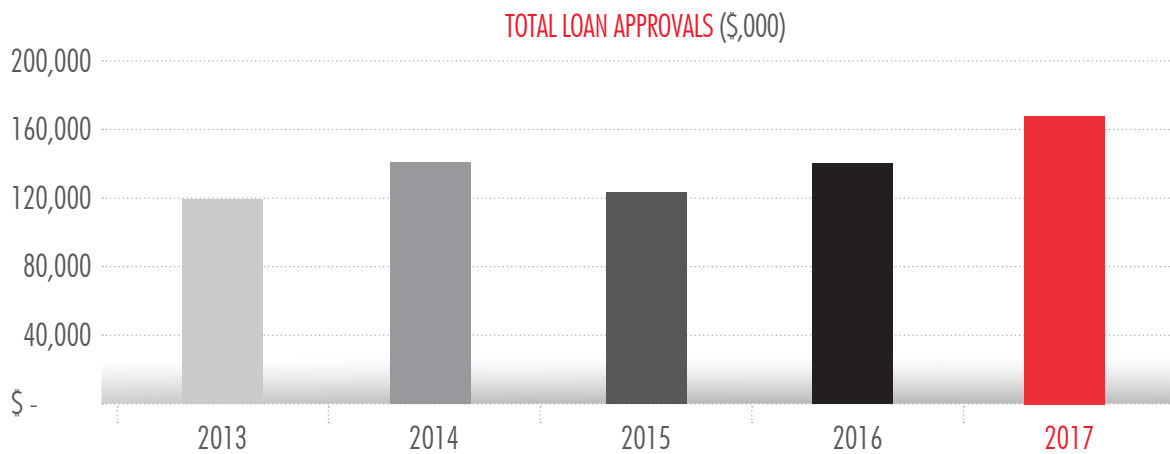
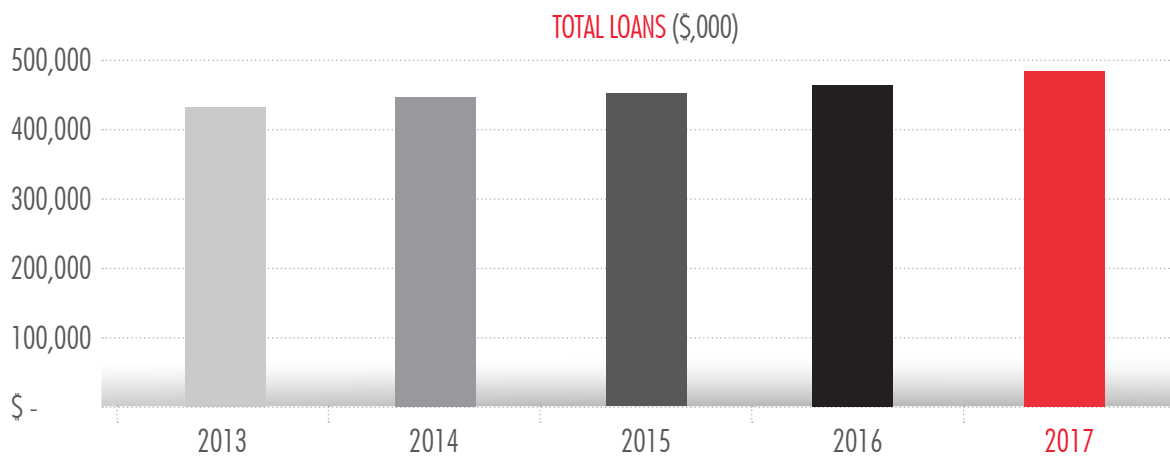
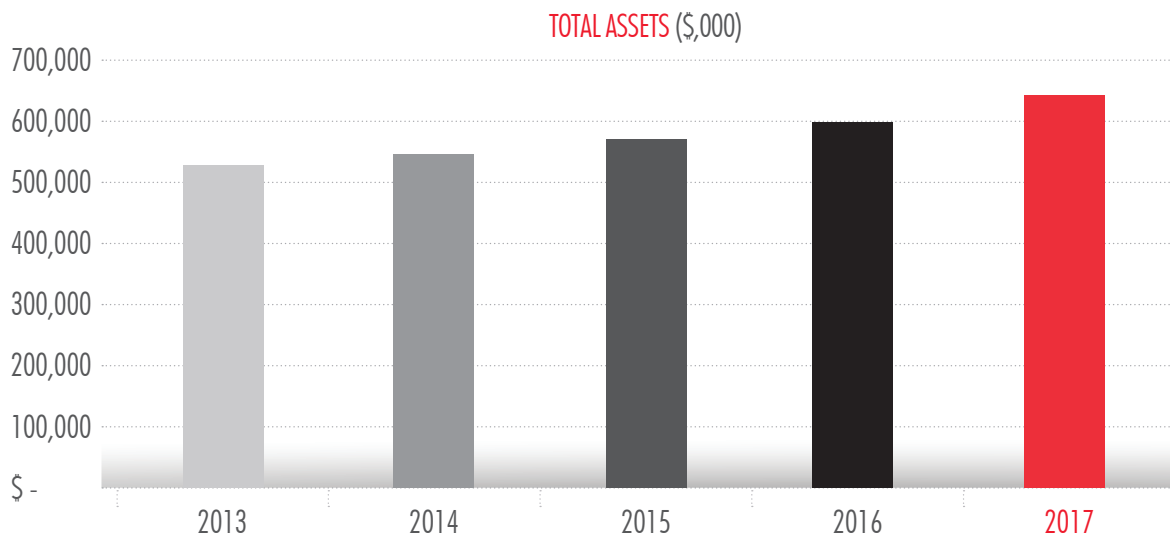
## Management Team



Front Row - Scott Pulbrook, Blake Evans, Geoffrey Seccombe (CEO), Kate Newman, Todd Paterson. Second Row - Ken Archer, Glen Pearson, Bill O'Mally  
Third Row - Doug Crawford, Debra Simpson, Marina Spallino. Back Row - Rod Williams, Stephen Manning, Peter Masson, absent Kieran Quigley, Errol Russell

# Performance Charts

30 June 2017



# The **Mutual** Team

30 June 2017



# In our Community





# Summary Financial Report

30 June 2017

<b>Contents</b>	<b>Page</b>
Directors' Report	8
Independent Audit Report	12
Directors' Declaration	13
Auditor's Independence Declaration	13
Summary Statement of Profit or Loss and Other Comprehensive Income	14
Summary Statement of Financial Position	15
Summary Statement of Changes in Equity	16
Summary Statement of Cash Flows	17
Notes to the Financial Statements	18
Discussion and Analysis of the Summary Financial Statements	20

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 17 August 2017. The Mutual has the power to amend and reissue the financial report.

Your Directors present their report on the Maitland Mutual Building Society Limited (the Mutual) for the financial year ended 30 June 2017.

## 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 holds a Bachelor of Commerce degree and a Bachelor of Laws degree from the University of NSW.

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



### **Richard B Mudford**

Mr Mudford joined the Board in 2008. Before his recent retirement Mr Mudford was principal of the Chartered Accounting Practice of Mudford and Associates. Mr Mudford holds a Bachelor of Commerce degree and was a Fellow of the Institute of Chartered Accountants in Australia and New Zealand, and a Registered Tax Agent. He is also a Justice of the Peace and a member of the Maitland Rotary Club, and has been awarded a Paul Harris Fellowship.

He is Chair of The Mutual's Audit Committee and a member of its Remuneration and Nomination Committee.



### **Stephen W James**

Mr James joined the Board in 2011. 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 and a Director of Phoenix Health Fund Limited, a members' owned private health fund. In addition to his Board service, Mr James also has experience in matters relating to Work Health and Safety, Operations Management and Business Systems.

He is Chair of The Mutual's Risk Committee, and a member of its Audit, 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 holds a Bachelor of Commerce degree from the University of Newcastle and is a member of CPA Australia and a member of the Australian Institute of Company Directors. Mr Arnott is also a Director and current Chairman of Phoenix Health Fund Limited, a members' owned private health fund, and a Director of Merewether Golf Club Limited.

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. Mrs Smith-Coates 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 Chair of The Mutual's IT Committee, and a member of its Audit, 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 the University of Newcastle, as well as an Australian Institute of Company Directors diploma. He is an experienced director, having served terms on the boards as Chairman of HLA-Envirosciences Pty Ltd, Harding Lawson Australia Pty Ltd and Wells Environmental Services Pty Ltd. Mr Wells is a Fellow of the Australian Institute of Company Directors.

He is Chair of The Mutual's Insurance Committee, and a member of its Risk, and Remuneration and Nomination Committees.

## **Company Secretaries**

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

Chief Executive Officer 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 Maitland Mutual Building Society Limited involved the provision of financial services to members in the form of taking deposits and giving financial accommodation.

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

## Meetings of Directors

The number of meetings of the Mutual's Board of Directors and of each board

committee held during the year ended 30 June 2017, and the number of meetings attended by each Director were:

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

## 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 \$41,765.

## Review of Operations

The profit from ordinary activities after providing for income tax amounted to \$2.382 million (2016: \$2.896 million).

The Mutual's pre-tax profit for the year was \$3.399 million (2016: \$4.150 million) representing a decrease of 18% over the previous financial year.

Total assets increased by 7% to \$642 million for the year to 30 June 2017 (2016: increased 5% to \$598 million).

New loan funding for the year totalled \$146 million, an increase of 18% to loans

funded over last year of \$124 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 \$13 million. Securitisation is a part of the Mutual's capital management and funding activities. No new loans are 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, 17 August 2017



## 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 2017 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 2017, are consistent, in all material respects with those audited financial statements, on the basis described in Note 1.

### M. J. O'Connor CA

Partner

CUTCHER & NEALE  
CHARTERED ACCOUNTANTS

Newcastle, 18 August 2017

# Directors' Declaration

30 June 2017

The Directors of Maitland Mutual Building Society Limited declare that the summary financial statements of the Mutual for the financial year ended 30 June 2017, 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, 17 August 2017

# 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 2017 there have been:

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

## **M. J. O'Connor CA**

Partner

CUTCHER & NEALE  
CHARTERED ACCOUNTANTS

Newcastle, 10 August 2017



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

for the year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Interest income	2	25,716	26,329
Interest expense	2	(13,202)	(13,346)
<b>Net interest income</b>		12,514	12,983
Fee and commission income	3	1,934	1,573
Fee and commission expense	4	(903)	(718)
<b>Net fee and commission income</b>		1,031	855
Other operating income	3	331	128
Impairment losses on loans and advances		(3)	(1)
Employee benefits expense		(5,299)	(5,131)
Depreciation and amortisation		(666)	(521)
Marketing expenses		(534)	(518)
Printing and stationery		(145)	(140)
Other expenses		(3,830)	(3,505)
<b>Profit before income tax</b>		3,399	4,150
Income tax expense		(1,017)	(1,254)
<b>Profit attributable to members</b>		2,382	2,896
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year</b>		2,382	2,896

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 2017

	2017 \$'000	2016 \$'000
<b>Assets</b>		
Cash and cash equivalents	113,153	98,042
Placements with other financial institutions	50	50
Loans and advances to members	485,171	465,017
Other receivables	1,454	1,868
Financial assets	34,676	29,666
Intangible assets	512	521
Property, plant and equipment	6,115	2,810
Deferred tax assets	469	360
<b>Total Assets</b>	<b>641,600</b>	<b>598,334</b>
<b>Liabilities</b>		
Deposits from other financial institutions	8,136	24,182
Deposits due to members	573,384	510,577
Other borrowed funds	15,322	21,381
Payables and other accruals	814	936
Current tax liabilities	150	116
Provisions	1,760	1,490
<b>Total Liabilities</b>	<b>599,566</b>	<b>558,682</b>
<b>Net Assets</b>	<b>42,034</b>	<b>39,652</b>
<b>Equity</b>		
Reserves	750	15,620
Retained earnings	36,556	19,304
Contributed equity	4,728	4,728
<b>Total Equity</b>	<b>42,034</b>	<b>39,652</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 2017

## 2017

	Retained Earnings \$'000	Contributed Equity \$'000	General Reserve \$'000	Reserve for Credit Losses \$'000	Total \$'000
Balance at 1 July 2016	19,304	4,728	15,000	620	39,652
Profit attributable to members	2,382	-	-	-	2,382
Transfers from retained earnings to reserve for credit losses	(130)	-	-	130	-
Transfers from general reserve to retained earnings	15,000	-	(15,000)	-	-
<b>Balance at 30 June 2017</b>	<b>36,556</b>	<b>4,728</b>	<b>-</b>	<b>750</b>	<b>42,034</b>

## 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>

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 2017

	2017 \$'000	2016 \$'000
<b>Cash flows from operating activities</b>		
Interest received	26,130	25,274
Fees and commissions received	1,934	1,573
Other cash receipts in the course of operations	381	166
Interest paid	(13,202)	(13,346)
Fees and commissions paid	(903)	(718)
Payments to employees and suppliers	(9,713)	(8,516)
Income taxes paid	(1,092)	(1,375)
Net (increase)/decrease in loans and advances to members	(20,154)	(8,287)
Net increase/(decrease) in deposits due to members/from financial institutions	46,761	30,322
<b>Net cash provided by (used in) operating activities</b>	<b>30,142</b>	<b>25,093</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of plant and equipment	-	23
Payment for intangible assets	(231)	(415)
Purchases of property, plant and equipment	(3,731)	(326)
Net (purchase)/sale of financial assets	(5,010)	(1,010)
<b>Net cash used by investing activities</b>	<b>(8,972)</b>	<b>(1,728)</b>
<b>Cash flows from financing activities</b>		
Net proceeds from debt securities issued, other deposits and other borrowed funds	(6,059)	(6,202)
<b>Net cash used by financing activities</b>	<b>(6,059)</b>	<b>(6,202)</b>
Net increase/(decrease) in cash and cash equivalents held	15,111	17,163
Cash and cash equivalents at the beginning of the financial year	98,042	80,879
<b>Cash and cash equivalents at the end of the financial year</b>	<b>113,153</b>	<b>98,042</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 2017

## 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 2017. The audited report for the year ended 30 June 2017 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) 2017

#### 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 %
100,746	2,167	2.15
472,604	22,690	4.80
30,960	859	2.77
604,310	25,716	4.26
11,182	148	1.32
538,552	12,444	2.31
18,278	610	3.34
568,012	13,202	2.32
	12,514	

### b) 2016

#### 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 %
79,561	1,967	2.47
457,938	23,452	5.12
29,609	910	3.07
567,108	26,329	4.64
17,131	333	1.94
489,230	12,030	2.46
23,978	983	4.10
530,339	13,346	2.52
	12,983	

# Notes to the **Financial Statements** Continued

for the year ended 30 June 2017

	2017 \$'000	2016 \$'000
<b>3 Non-Interest Revenue</b>		
<b>Fee and commission income</b>		
Management fees	979	821
Transaction fees	248	241
ATM fees	322	311
Commissions	385	200
	1,934	1,573
<b>Other operating income</b>		
Rental income	36	36
Other income	295	92
	331	128
<b>4 Non-Interest Expense</b>		
<b>Fee and commission expense</b>		
Brokerage and trailing fees paid	114	106
Other	789	612
	903	718

# Discussion and Analysis of the Summary Financial Statements

for the year ended 30 June 2017

## Information on Maitland Mutual Building Society Limited Financial Statements

The financial statements and disclosures in the summary financial statements have been derived from the 2017 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 2017 financial statements of the Mutual.

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

Total interest income decreased by \$0.61 million to \$25.72 million representing a decrease of 2.33%. Interest income has mainly decreased due to the reduction in the interest rate charged on loans, cash and financial assets.

Net interest income decreased by \$0.47 million to \$12.51 million. The decrease in the Mutual's net interest income was mainly due to the reduction in the interest rate charged on loans, cash and financial assets and the cost of funding those loans.

Net fee and commission income to June 2017 increased over the corresponding period due mainly to the increases in insurance commission 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 \$43.27 million which represents an increase of 7.23%. 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 \$19.28 million to \$13.22 million.

Total loans to members increased by 4.33% to \$485.17 million.

Total liabilities increased by 7.32% to \$599.57 million and was mainly due to increases in the balances of deposits from members.

The ratio of net assets to total assets decreased from 6.63% to 6.55% due to the inclusion of the after tax profit.

## Summary Statement of Changes in Equity

At 30 June 2017, total equity for the Mutual increased by \$2.38 million to \$42.03 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 \$15.11 million, resulting from an increase of deposits due to members.





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