

Annual Report 2020





Contents

	Page
Chairman's Report	5
CEO's Report	7
Performance Charts	8
Team Development	9
Community Support	10
Corporate Governance	11
Summary Financial Report	12

A Mutual Milestone, A Local Landmark



Already described as a 'new landmark of the lower Hunter', The Mutual Bank's new head office at 6 Mitchell Drive, East Maitland is officially complete and ready for business.

Designed and project managed by dwp | Newcastle, with construction by North Construction & Building, the new building will provide a state-of-the-art commercial office space to support the continued growth and evolution of The Mutual Bank, and to reinforce its position as a founding pillar of the financial landscape in the Hunter Region.

Chris McBriarty from dwp | Newcastle, said the new building was designed to encourage natural light, scenic views and social interaction.

"Staff amenity is central to the design of The Mutual Bank's new head office, with features such as an open staff kitchen and lunch area opening to covered external terraces, a family room for staff needing short term working arrangements with children on-site, flexible training and meeting areas, as well as ample on-site parking."

"The building was also designed to meet or exceed the current sustainability requirements for energy and water usage. Features include energy-efficient facades with integrated sun screening, naturally ventilated car parking levels, on-site collection and detention for stormwater and energy-efficient LED lighting throughout the building, just to name a few," said Mr McBriarty.

Significant features of the building, such as the external Y-column, provide a dramatic component to the design creating a unique and memorable image.





“It goes without saying that a project as exceptional as this does not come around all that often,” said Richard Telfer, North Construction & Building.

“What The Mutual Bank’s new head office has done is combine some of the most complex structural and architectural features that North would usually experience on several individual projects, and combined them into the one unique building. The North team has relished the challenge to showcase our construction skills in tackling all of the highly technical requirements the architect and engineer have inspired into the

design of this truly extraordinary project.”

The Mutual Bank’s move to its new ‘home’ has been a long time in the making. After more than 30 years in its previous head office in High St Maitland, and a 10-year process to find the perfect new location, the completion of the new building is a major milestone in the organisation’s history, and a significant step toward its future.

CEO of The Mutual Bank, Geoff Seccombe said the teams at *dwp* | Newcastle and North Construction & Building had truly delivered an iconic new building.

“We are absolutely thrilled with our fantastic new facility, a space that will be the heart of The Mutual Bank’s operations. We couldn’t be happier to have partnered with highly reputable local organisations to bring to life the vision we have held for our new ‘home’ for over 10 years.”

The Mutual Bank team members have begun the transition into the premises at 6 Mitchell Drive, in a staged process pending ongoing health advice from state and federal authorities.





Left to right - Steve Meyn, Bruce Arnott, Trevor Robinson, Melinda Smith-Coates, Deb Mirisch

Strategic Plan 2019-2022



Financial Sector Update

The Mutual Bank was established here in the Hunter over 130 years ago with the mission to support local people in our community; an ethos that has perhaps never been more crucial and central to our every decision as an organisation as it is at this moment in history.

The beginning of this new decade has heralded change on a global level that most of us could never have anticipated. While the impact on the global economy has been significant, with Australia experiencing its first recession in 29 years, I am proud to report that The Mutual Bank has not been adversely impacted. Despite a tumultuous economic landscape, The Mutual Bank remains in a stable and growing financial position due to its strong capitalisation track record, conservative approach to risk and prudent financial management.

The Mutual Bank's long-standing commitment of supporting local people, businesses and community groups has continued throughout this crisis.

This commitment to prioritising security and stability, as well as a philosophy of putting members first, are the essential ingredients in the growing levels of trust and satisfaction in member-owned banks during this crisis, according to the latest report by national research agency, Roy Morgan. The figures released in the July report found that member satisfaction with the mutual banking sector has climbed to 89.2%.

A Mutual Milestone

We are thrilled to commence the new financial year, and the next chapter of The Mutual Bank's evolution, in the newly constructed head office at 6 Mitchell Drive, East Maitland. This not only represents a significant step forward in the facilities and environment for our expanding team; it is a move towards building a solid and sustainable future for The Mutual Bank as a central part of the local community.

The move into the new head office also marks the completion of the first strategic goal in

our three-year plan; a fantastic milestone that has been achieved within our desired timeline, despite the pandemic.

We are now one year into The Mutual Bank's three-year Strategic Plan, with progress towards all our objectives continuing to move forward. As we move into the second-half of 2020, we continue to focus on the development of our people, optimisation of our presence, engagement with our community, and the consistent delivery of exceptional service and products for all of our members.

To reinforce The Mutual Bank's strong financial position we established The Hunter Trust this financial year, which will further prepare us for any adverse events like the pandemic in future. The Hunter Trust is an internal securitisation program which will enable The Mutual Bank to access additional liquidity directly from the Reserve Bank of Australia at any time.

Board of Directors Update

Late last year The Mutual Bank and our community were shocked and saddened by the unexpected passing of our dear friend and board member, Alan Wells. Alan served on the Board for five years and was much loved and respected by all who had the pleasure to work and interact with him. He is greatly missed at The Mutual Bank and his family are always in our thoughts.

The Mutual Bank farewellled Steve James last year who retired after eight years of service as a Director, including as the Chair of our Risk Committee. Steve joined our Board during the merger with Phoenix Credit Union, where he served as a Director since 1999. I would like to thank Steve for his undoubted and significant contribution during his tenure at The Mutual Bank.

Early this year we welcomed Deb Mirisch to The Board of Directors of The Mutual Bank. With an extensive career in accounting and finance, Deb brings over 25 years of business and leadership experience to the role, as well as her strong connection to the local community.

Deb is an incredible asset to The Mutual Bank and we are thrilled to have her as a member of the Board of Directors.

Leadership and Growth

If these past six months have taught, it is that the true test of any organisation comes when the challenges are greatest. And it is a testament to the strength and vision of our management team that The Mutual Bank has continued to weather this storm with strong financial results, unity as a team and ongoing commitment to prioritising the needs and financial wellbeing of our members. I would like to personally offer my sincere thanks to our CEO Geoff Seccombe and his team for guiding us through this time of uncertainty with abundant success.

As a community we have adapted to the ever-changing circumstances presented to us this year; Australians have shown that resilience and adaptation are part of who we are, and it is these attributes that will see the people of Maitland, Newcastle and the Hunter Region flourish into the future.

On behalf of everyone at The Mutual Bank, I would like to thank our members for continuing to support your local member-owned bank.

Trevor Robinson

Chairman



Management Team

30 June 2020



Executive Team left to right: Todd Paterson, Glen Pearson, Geoff Seccombe, Blake Evans, Janet Lee, Ken Archer



Department Managers left to right: Lauren Armstrong, Doug Crawford, Kieran Quigley, Mark Puckeridge, Rod Williams



Lending Managers left to right: Errol Russell, Kirsty Bryson, Louise Tratt, Scott Pulbrook, Taryn Stockwell, Kate Newman

Financial Year at a Glance

Although we have all had an unexpected start to 2020, The Mutual Bank is always prepared to help our members when they need it most. Throughout history, The Mutual Bank has weathered many crises - floods, world wars, coalfield riots and economic crises - and the coronavirus pandemic, though challenging at times and not to be underestimated, will be no different.

I am incredibly proud of the entire team at The Mutual Bank in not only adapting to the ever-changing situation, but also maintaining the drive and focus that has seen us achieve strong financial results and industry recognition this financial year.

A few financial highlights for the year include:

- 9.9% increase in total assets to \$840 million
- 6.8% increase in members equity to \$53 million
- 3.6% increase in loans and advances to \$615 million
- A solid \$3.4 million profit after income tax

In addition to these financial outcomes, The Mutual Bank has also been recognised by the most prestigious organisations in the financial industry. This financial year we have received a Gold Award in the RateCity Term Deposit Awards (2020), a 5-Star Canstar Rating for our deposit accounts (2020), a Mozo Award for our deposit accounts (2019), a 5-Star Canstar Rating for our business deposit accounts (2019) as well as recognition for our team development and training at the NSW Training Awards - Hunter Region (2020). These awards are further recognition of the exceptional financial products and member service The Mutual Bank has to offer and our dedication to delivering the best financial solutions for all of our personal and business members.

Another significant milestone we have recently achieved is the completion of our new head office at 6 Mitchell Drive, East Maitland. This move into The Mutual Bank's new 'home' has no impact on our members as our East Maitland and Maitland Branches remain open to help you.

Purpose-Driven

While so much has changed in the past six months, our members-first philosophy remains at the forefront of all that we do. Our core focus of supporting our members and local community has never been more important, and I am proud that our team has delivered on our promise to be here to help our members during times they need it most.

Throughout the pandemic, our team of Personal and Business Banking Managers, as well as the wider team, have been here to assist and support members in navigating the challenges of COVID-19. We have also maintained the support of our sponsored organisations and community causes, many of whom now rely on our assistance more than ever.

Evolution and Innovation

Continuing to evolve as a growing team is central to our strategy and vision as an organisation. This financial year we have introduced executive positions within the management team, and hired multiple team members across the bank, as well as facilitated learning and development opportunities.

We also continue to make inroads in our product development and innovation, with the development of the First Home Buyers Home Loan Package and introduction of the Federal Government's First Home Loan Deposit Scheme, of which we are the only member-owned bank from the Hunter Region offering access to, that has supported many members to achieve the dream of owning a home. Not to mention enhancements to our online presence,

with further investment in our banking system and Mutual App facilities to come, which will provide greater features and convenience to our members.

As we look to the new financial year and the rest of 2020 it is with a renewed commitment to supporting our members, staff and community to thrive. I am incredibly grateful to the entire team at The Mutual Bank for the unwavering dedication shown throughout this time, and for the solidarity and compassion shown helping our members and each other.

It is with excitement that we mark this new chapter at The Mutual Bank. Thank you to all of our members for sharing in this journey with us.

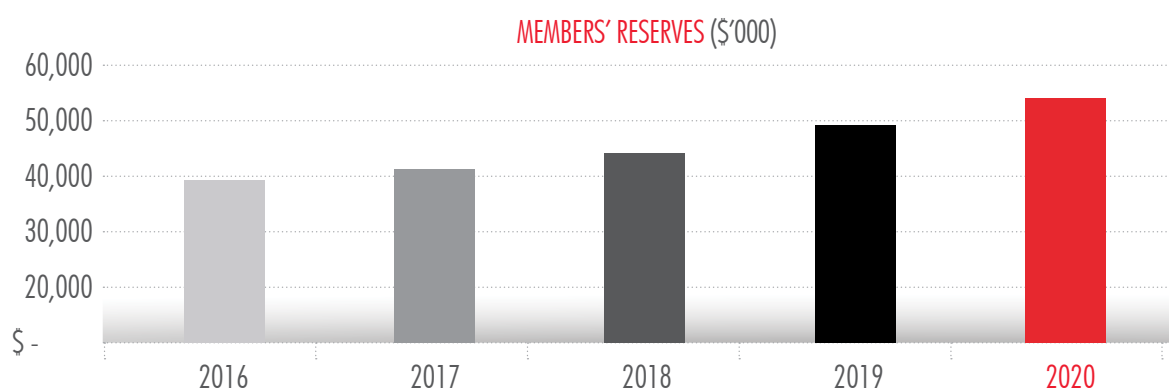
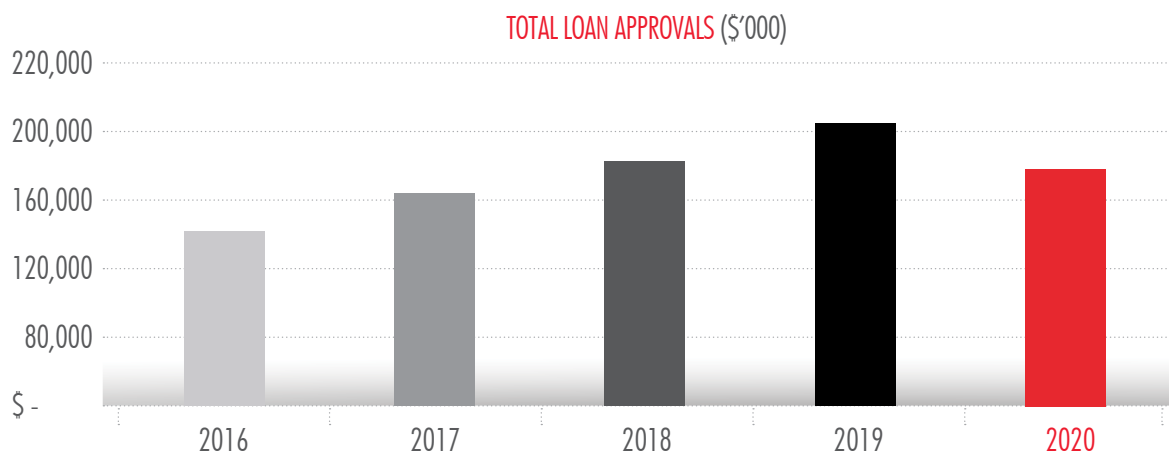
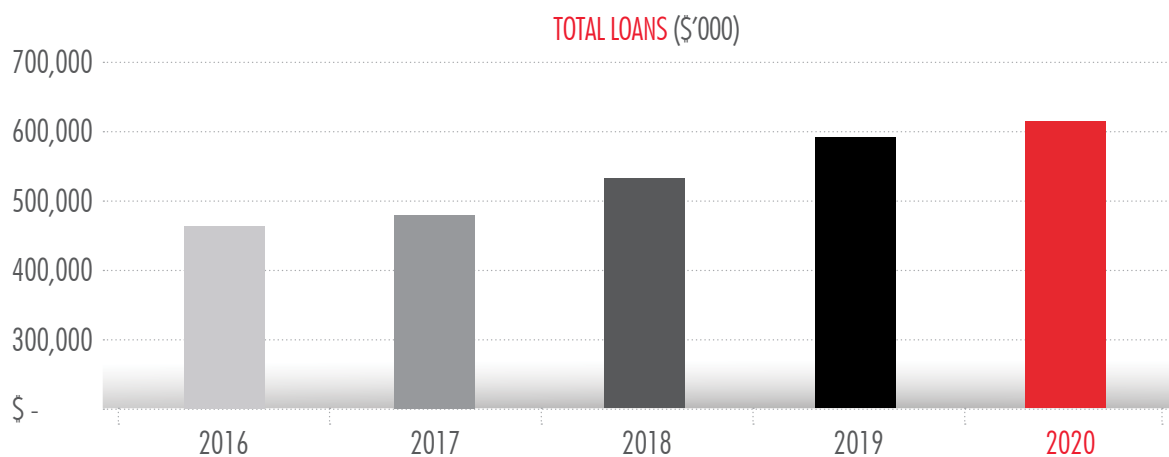
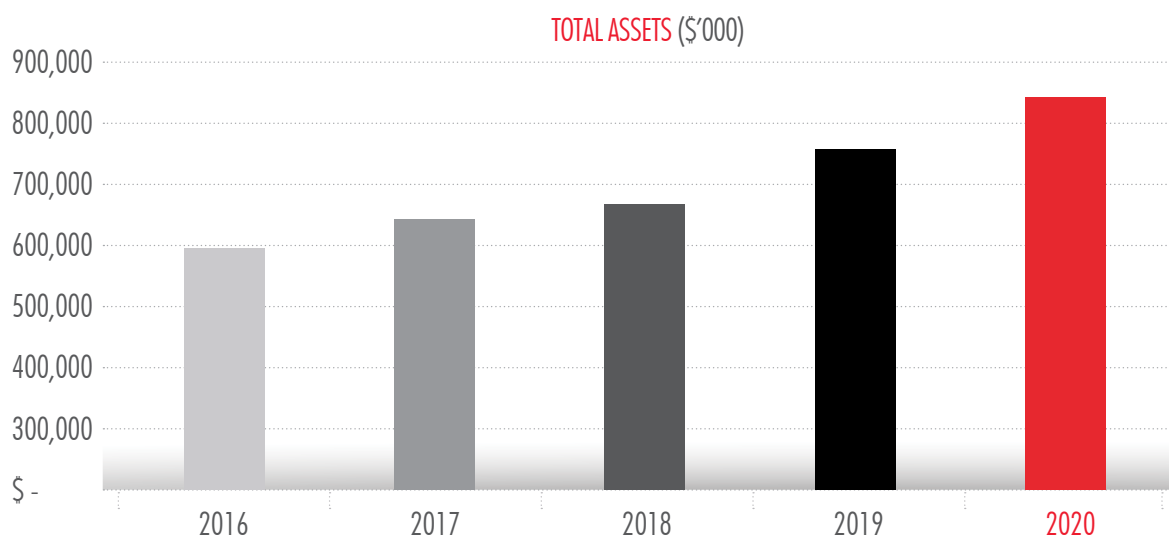
Geoff Seccombe

Chief Executive Officer



Performance Charts

30 June 2020



Developing Our Team

30 June 2020



Brooke Tier II 2019



COBA Emerging Leaders 2019



Danielle Certificate IV Leadership and Management 2019



Glen UON MBA Certificate of Academic Excellence 2020



Kate Certificate IV in Business Administration 2019



Kellee Certificate III in Accounts Administration 2019



NSW Training Awards Finalists 2020



Project Management Training 2019

Please note the majority of these photos were taken before COVID-19.

Supporting Our Community

30 June 2020



Tenambit Morpeth Cricket Club u/11s 2019



Maitland Pickers 2020



Maitland Rugby 2019



Dungog Show 2019



McGrath Pull On Your Socks Day
Dungog Branch 2019



Bank@School 2020



McGrath Pull On Your Socks Day
Maitland Branch 2019



Melbourne Cup East Maitland Branch 2019



St John Ambulance 2019

Please note the majority of these photos were taken before COVID-19.

Corporate Governance

The Board of The Mutual Bank is committed to excellence in governance standards and practices to ensure its sustainability and long term value to its members and the community.

The Mutual Bank operates under the Corporations Act 2001 and the guidelines and foundations of corporate governance set out by the Australian Prudential Regulation Authority (APRA) and the Australian Securities and Investment Commission

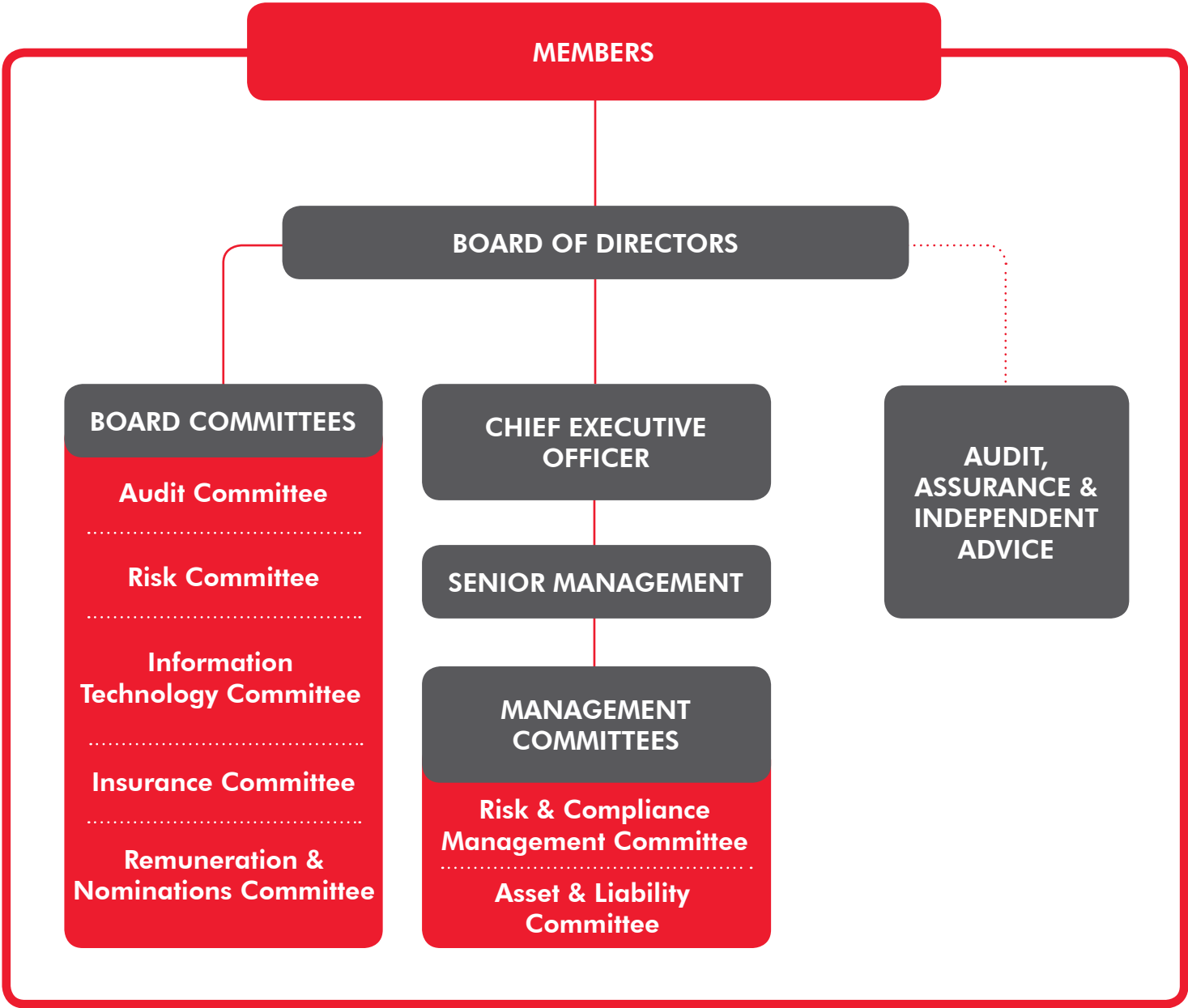
(ASIC). The Board takes an active role in ensuring corporate governance best practice.

The Mutual Bank's Governance Framework has been developed to support its strategic plan, whilst ensuring a clear oversight of key controls and effective leadership. These factors enable The Mutual Bank to operate in an effective manner with prudent management. The Board, and each employee, have a responsibility for upholding The Mutual Bank's values and

behaviours which underpin operational activities, provide transparency and protect members' interests.

The Board ensures effective control of the corporate governance framework through effective delegation, risk management and a system of assurance regarding financial and non-financial reporting.

Corporate Governance Framework: The Mutual Bank



Summary Financial Report

30 June 2020

Contents	Page
Directors' Report	13
Independent Audit Report	18
Directors' Declaration	19
Auditor's Independence Declaration	19
Summary Statement of Profit or Loss and Other Comprehensive Income	20
Summary Statement of Financial Position	21
Summary Statement of Changes in Equity	22
Summary Statement of Cash Flows	23
Notes to the Financial Statements	24
Discussion and Analysis of the Summary Financial Statements	26

The financial statements and other specific disclosures have been derived from Maitland Mutual Limited and controlled entity's (Maitland Mutual Group's) full financial statements for the financial year. The financial report is presented in the Australian currency. Maitland Mutual 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 Limited
417 High Street
Maitland NSW 2320

The financial report was authorised for issue by the Directors on 20 August 2020. The Mutual Bank has the power to amend and reissue the financial report.

The Directors of Maitland Mutual Limited (The Mutual Bank) present their report, together with the financial statements of the Group (Maitland Mutual Group), being Maitland Mutual Limited and its controlled entity, for the year ended 30 June 2020.

Directors

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

T. T. Robinson	M. J. Smith-Coates	S. J. Meyn
S. W. James (retired 26 September 2019)	A. K. Wells (passed 5 November 2019)	D. J. Mirisch (appointed 20 February 2020)
B. D. Arnott		

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 holds a Bachelor of Laws degree and a Bachelor of Commerce (Accounting major) degree from the University of New South Wales. Mr Robinson lives in Sydney. He is also a Director of Maple Brown Abbott Limited, a privately owned Australian investment management company.

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



Stephen W James

Mr James joined the Board in 2011 and was Chairman of The Mutual Bank's Risk Committee until he retired from the Board on 26 September 2019. On 17 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 Bank 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 was a member of The Mutual Bank's Risk and Remuneration and Nomination Committees.



Bruce D Arnott

Mr Arnott joined the Board in 2013 and is Chairman of The Mutual Bank's Audit Committee. 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 from the University of Newcastle and is a member of CPA Australia and 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 Bank's Audit, Risk and Remuneration and Nomination Committees.



Melinda J Smith-Coates

Mrs Smith-Coates joined the Board in 2014 and is Chairman of The Mutual Bank's Insurance Committee. She established a bespoke public relations and strategic communication consultancy after more than three decades working as a journalist, news presenter and radio broadcaster, before moving into executive management roles in corporate and public affairs. She holds a Master of Business (Distinction) graduating from the University of Newcastle and is a member of the Public Relations Institute of Australia (PRIA). Mrs Smith-Coates is a founding and life member of the Mentor Support Network and has been an active committee member and supporter of a number of charity and community organisations.

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



Alan K Wells

Mr Wells joined the Board in 2014 and passed away 5 November 2019. Mr Wells, was a qualified town planner with extensive knowledge and experience in local government, environmental and engineering business sectors. Mr Wells held a Bachelor of Arts (Geography) Degree from the University of Newcastle, as well as an Australian Institute of Company Directors Diploma. He was an experienced director, having served terms on the boards as Chairman of HLA Envirosiences Pty Ltd, Harding Lawson Australia Pty Ltd and Wells Environmental Services Pty Ltd. Mr Wells was a Fellow of the Australian Institute of Company Directors.

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



Steven J Meyn

Mr Meyn joined the Board in 2018 and is Chairman of The Mutual Bank's Risk Committee and IT Committee. Mr Meyn is the Managing Director of PKF Newcastle and Sydney, and works within the Business Advisory team. With more than 31 years of experience as an accountant and business adviser, Mr Meyn has developed specific expertise in the field of IT consulting, business and strategic planning. Mr Meyn also works with clients across needs analysis, scoping and evaluation of new information systems, business system risk analysis, business analytics, disaster recovery planning, corporate governance and reporting. Mr Meyn holds a Bachelor of Commerce from the University of Newcastle and is a member of Chartered Accountants Australia & New Zealand (CA ANZ). Mr Meyn is a Board Member of PKF Australia Pty Ltd and PKF Asia Pacific as well as an Advisory Board Member to a number of businesses and local charity Harry Meyn Foundation Ltd.

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



Debbie J Mirisch

Mrs Mirisch joined the Board in 2020. Mrs Mirisch is the owner of Biz Synergy, a local bookkeeping and internal accounting firm, providing clients solutions to pain points that inhibit business growth, such as timely and accurate financial information. With more than 25 years of experience as an accountant, Mrs Mirisch is experienced in cloud-based technology delivery, yet places a high importance on good old-fashioned communication and relationships.

Mrs Mirisch holds a Bachelor of Commerce from the University of Newcastle, is a Registered BAS Agent, a member of the Institute of Certified Bookkeepers and the Maitland Business Chamber. Mrs Mirisch is also a Director and Honorary Secretary of not-for-profit NDIA registered provider, The Mai-Wel Group.

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

Company Secretaries

Mr Geoffrey Seccombe. FFin, FAMI, MAICD, JP (appointed in 1994) Chief Executive Officer of The Mutual Bank since 1994 and has over 40 years of experience in the finance industry.

Mr Glen Pearson. B Comm, CPA, MBA (appointed in 2013) Chief Financial Officer of The Mutual Bank and has over 15 years of experience in a senior role in the finance industry.

Mr Rodney Williams. Dip Law (SAB) (appointed in 2007) Manager, Legal and Compliance of The Mutual Bank and has over 30 years of experience in private practice.

Principal Activities

The principal activities of Maitland Mutual Group involved the provision of financial services to members in the form of taking deposits and giving financial accommodation.

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

Meetings of Directors

The number of meetings of The Mutual Bank's Board of Directors and of each board committee held during the year ended 30 June 2020, 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	11	10	-	-	1	1
Stephen W James	2	2	-	-	-	-
Bruce D Arnott	11	9	4	4	1	1
Melinda J Smith-Coates	11	10	4	3	1	1
Alan K Wells	4	4	1	1	1	1
Steven J Meyn	11	11	4	4	1	1
Debbie J Mirisch	5	5	2	2	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	4	4	4
Stephen W James	-	-	-	-	-	-
Bruce D Arnott	-	-	-	-	4	4
Melinda J Smith-Coates	2	2	4	4	-	-
Alan K Wells	-	-	-	-	1	1
Steven J Meyn	-	-	4	4	3	3
Debbie J Mirisch	-	-	-	-	-	-

Member Liability

The Mutual Bank is a company limited by shares and guarantee. The Mutual Bank has not issued shares. The guarantee is provided by members of The Mutual Bank aged 18 years or older who became members after 24 October 2000 and is limited to \$5 per member. The total amount that members of The Mutual Bank are liable to contribute if The Mutual Bank is wound up is \$45,870.

Review of Operations

The Maitland Mutual Group's profit from ordinary activities after providing for income tax amounted to \$3.403 million (2019: \$5.195 million).

Maitland Mutual Group's pre-tax profit for the year was \$4.660 million (2019: \$6.491 million) representing a decrease of 28.22% over the previous financial year.

Excluding the profit from the sale of its Head Office at High Street Maitland in 2019 resulted in a decrease in pre-tax profit of 6.28% over the previous financial year (2019: \$4.972 million).

Property, plant and equipment increased to \$24.2 million and was mainly due to the construction of the Maitland Mutual Group's new administration office at 6 Mitchell Drive, East Maitland, which is due for completion in the next financial year.

Total assets increased by 9.90% to \$840.1 million for the year to 30 June 2020. (2019: increased 13.75% to \$764.5 million).

New loan funding for the year totalled \$174 million, a decrease of 16% to loans funded over last year of \$207 million. The demand for these loans was met by redemptions and repayments from existing loans and the raising of deposits from members.

The Mutual Bank initiated the creation of a Trust on 3 April 2020, which holds the rights to a portfolio of secured loans to enable The Mutual Bank to secure funds from the Reserve Bank of Australia, if required, to meet short-term liquidity requirements.

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

Short and Long Term Objectives

The Maitland Mutual Group has established short and long term objectives as outlined in the Maitland Mutual Group's business plan which is reviewed on an annual basis. These objectives are both financial and non financial and are aimed towards providing exceptional financial security, value and service to its members. These objectives are measured through both financial and non financial key performance indicators that have been determined relevant to the industry.

Significant Changes in State of Affairs

No significant changes in the Maitland Mutual Group's state of affairs occurred during the financial year.

The COVID-19 pandemic and its associated social and economic impacts, which emerged in March 2020 and is ongoing, have had a significant operational impact on the Maitland Mutual Group. Australian and Global economic uncertainty has led to increased risk assessments and compliance activities, including additional reporting requirements to APRA. Social distancing measures introduced by the State and Federal Government's has led to the temporary closure of some Maitland Mutual Group branches and limits to the number of staff and members in each Branch and office, other measures are included at Note 1(c) to the full financial statements. This has had a significant operational impact on the Maitland Mutual Group. These disruptions are expected to continue while ever the COVID-19 pandemic persists.

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Maitland Mutual Group, the results of those operations or the state of affairs of the Maitland Mutual Group in future financial years.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out at page 19.

Future developments

Possible developments in the operations of the Maitland Mutual Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is commercially confidential.

Insurance of Officers

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

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Maitland Mutual Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Maitland Mutual Group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

In accordance with normal commercial practice, disclosure of the total amount of premium payable under, and the nature of liabilities covered by, the insurance contract is prohibited by a confidentiality clause in the contract.

Environmental Issues

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

Proceedings on behalf of The Mutual Bank

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

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

Regulatory Capital

In accordance with Australian Prudential Standard APS 330 Public Disclosures (APS330) The Mutual Bank's Regulatory Capital reconciliation and the full terms and conditions of Regulatory Capital instruments are available on the Maitland Mutual Group's website at:

www.themutual.com.au/about-us/corporate-information/aps330-prudential-disclosures/

Rounding of amounts

The Mutual Bank is an entity to which ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191 applies and, accordingly, amounts in the

financial statements and Directors' Report have been rounded to the nearest thousand dollars.

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



Trevor T Robinson
Director



Bruce D Arnott
Director

Maitland, 20 August 2020

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

30 June 2020



Report on the Audit of the Financial Report

Opinion

The summary financial statements of Maitland Mutual Limited and controlled entity (Maitland Mutual Group), which comprise the summary statement of financial position as at 30 June 2020, the summary statement of profit or loss and other comprehensive income, the summary statement of changes in equity, the summary statement of cash flows, notes to the summary financial statements, discussion and analysis of the summary financial statements, and the Directors' declaration, are derived from the audited financial statements of the Maitland Mutual Group for the year ended 30 June 2020 as set out on pages 20 to 26.

In our opinion, the accompanying summary financial statements are consistent, in all material respects with the audited financial statements, on the basis described in Note 1.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by Australian Accounting Standards. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements and auditor's report thereon.

The Audited Financial Report and Our Report Thereon

We expressed an unmodified audit report on the audited financial report in our report dated 21 August 2020.

Directors' Responsibility for the Summary Financial Statements

The Directors are responsible for the preparation of a summary of the audited financial statements on the basis described in Note 1.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial report, based on our procedures, which were conducted in accordance with Auditing Standard ASA 810: *Engagements to Report on Summary Financial Statements*.

A handwritten signature in blue ink, appearing to read 'M. J. O'Connor', enclosed in a faint blue circular stamp.

M. J. O'Connor CA

Partner

CUTCHER & NEALE
CHARTERED ACCOUNTANTS

Newcastle, 21 August 2020

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 1102, Level 11, 20 Berry Street (PO Box 281) North Sydney NSW 2059 T 02 9923 1817

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cutcher.com.au

Innovative thinking. Traditional values.

Directors' Declaration

30 June 2020

The Directors of The Mutual Bank declare that the summary financial statements of the Maitland Mutual Group for the financial year ended 30 June 2020, as set out on pages 20 to 26:

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

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



Trevor T Robinson

Director



Bruce D Arnott

Director

Maitland, 20 August 2020

Auditor's Independence Declaration



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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020, 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, 13 August 2020

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

for the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Interest revenue	2	27,940	29,939
Interest expense	2	(11,616)	(14,106)
Net interest income		16,324	15,833
Fee's and commission income	3	1,766	2,032
Fee's and commission expense	4	(1,166)	(1,110)
		600	922
Other operating income	3	118	44
Profit / (loss) on disposal of property, plant and equipment		(2)	1,519
Impairment losses on loans and advances		(93)	(12)
Employee benefits expense		(6,432)	(5,965)
Depreciation and amortisation		(1,591)	(695)
Marketing expenses		(373)	(578)
Printing and stationery		(104)	(187)
Property costs and lease expenses		(68)	(825)
Other expenses		(3,461)	(3,565)
Interest expense on lease liabilities		(258)	-
Profit before income tax		4,660	6,491
Income tax expense		(1,257)	(1,296)
Profit attributable to members		3,403	5,195
Other comprehensive income		-	-
Total comprehensive income for the year		3,403	5,195

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 2020

	2020 \$'000	2019 \$'000
Assets		
Cash and cash equivalents	125,110	124,421
Loans and advances to members	614,603	593,085
Other receivables	703	677
Financial assets	69,674	37,856
Intangible assets	357	523
Right of use asset	4,785	-
Property, plant and equipment	24,416	7,403
Deferred tax assets	516	529
Total Assets	840,164	764,494
Liabilities		
Deposits from other financial institutions	79,829	53,702
Deposits due to members	688,975	647,308
Other borrowed funds	10,375	10,611
Payables and other accruals	1,040	1,300
Current tax liabilities	5	42
Provisions	1,954	1,853
Lease liabilities	4,905	-
Total Liabilities	787,083	714,816
Net Assets	53,081	49,678
Equity		
Retained earnings	48,353	44,950
Contributed equity	4,728	4,728
Total Equity	53,081	49,678

Summary Statement of **Changes in Equity**

for the year ended 30 June 2020

2020

	Retained Earnings \$'000	Contributed Equity \$'000	Total \$'000
Opening balance at 1 July 2019	44,950	4,728	49,678
Profit attributable to members	3,403	-	3,403
Balance at 30 June 2020	48,353	4,728	53,081

2019

	Retained Earnings \$'000	Contributed Equity \$'000	Total \$'000
Opening balance at 1 July 2018	39,755	4,728	44,483
Profit attributable to members	5,195	-	5,195
Balance at 30 June 2019	44,950	4,728	49,678

Summary Statement of Cash Flows

for the year ended 30 June 2020

	2020 \$'000	2019 \$'000
Cash flows from operating activities		
Interest received	27,914	30,136
Fees and commissions received	1,766	2,032
Other cash receipts in the course of operations	596	(1,574)
Interest paid	(11,616)	(14,106)
Fees and commissions paid	(1,166)	(1,110)
Payments to employees and suppliers	(11,078)	(9,270)
Income taxes paid	(1,281)	(1,416)
Net (increase)/decrease in loans and advances to members	(21,609)	(66,555)
Net increase/(decrease) in deposits due to members/from financial institutions	67,795	88,702
Net cash provided by (used in) operating activities	51,321	26,839
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	14	2,956
Payment for intangible assets	(99)	(367)
Payment for property, plant and equipment	(17,322)	(2,891)
Net (purchase)/sale of financial assets	(31,818)	(4,738)
Net cash used by investing activities	(49,225)	(5,040)
Cash flows from financing activities		
Net proceeds from debt securities issued, other deposits and other borrowed funds	(236)	(1,654)
Repayment of leases	(1,171)	-
Net cash used by financing activities	(1,407)	(1,654)
Net increase/(decrease) in cash and cash equivalents held	689	20,145
Cash and cash equivalents at the beginning of the financial year	124,421	104,276
Cash and cash equivalents at the end of the financial year	125,110	124,421

Notes to the Financial Statements

for the year ended 30 June 2020

1 Accounting Policies

The summary financial statements have been prepared from the audited financial report of Maitland Mutual Limited and controlled entity (Maitland Mutual Group) for the year ended 30 June 2020. The audited report for the year ended 30 June 2020 is available at request from the Maitland Mutual Group free of charge.

The financial statements, specific disclosures and the other information included in the summary financial statements are derived

from and are consistent with the full financial statements of the Maitland Mutual Group. The summary financial statements cannot be expected to provide as detailed an understanding of the financial performance, financial position and financing and investing activities of the Maitland Mutual Group as the full financial statements.

The presentation currency used in the financial report is Australian dollars. The Maitland Mutual Group has applied the relief available to it under ASIC Corporations

(Rounding in Financial/Directors' Reports) Instrument 2016/191 and accordingly amounts in this concise financial report have been rounded to the nearest \$1,000.

The summary financial report has been prepared in accordance with Australian Accounting Standard AASB 1039: Concise Financial Reports and the Corporations Act 2001. The accounting policies adopted have been consistently applied to all the financial periods presented unless otherwise stated.

2 Analysis of Interest Revenue and Interest Expense

a) 2020

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 %
122,187	1,416	1.16
600,779	25,534	4.25
60,392	990	1.64
783,358	27,940	3.57
66,142	1,198	1.81
664,956	10,089	1.52
10,986	329	2.99
742,084	11,616	1.57
	16,324	

b) 2019

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 %
111,184	2,410	2.17
567,068	26,492	4.67
35,164	1,037	2.95
713,416	29,939	4.20
43,842	1,197	2.73
613,335	12,398	2.02
11,068	511	4.62
668,245	14,106	2.11
	15,833	

Notes to the **Financial Statements** Continued

for the year ended 30 June 2020

	2020 \$'000	2019 \$'000
3 Non-Interest Revenue		
Fee and commission income		
Management fees	1,187	1,387
Transaction fees	187	190
ATM fees	209	256
Commissions	183	199
	1,766	2,032
Other operating income		
Rental income	-	18
Federal Government – Cashflow Boost	100	-
Other income	18	26
	118	44
4 Non-Interest Expense		
Fee and commission expense		
Brokerage and trailing fees paid	209	193
Other	957	917
	1,166	1,110

Discussion and Analysis of the Summary Financial Statements

for the year ended 30 June 2020

Information on Maitland Mutual Limited and controlled entity Financial Statements

The financial statements and disclosures in the summary financial statements have been derived from the 2020 financial statements of the Maitland Mutual Group.

A copy of the full financial statements and auditor's report will be sent to any member, free of charge, upon request. The discussion and analysis is provided to assist members in understanding the summary financial statements. The discussion and analysis is based on the Maitland Mutual Group's financial statements and the information contained in the summary financial statements has been derived from the 2020 financial statements of the Maitland Mutual Group.

Summary Statement of Profit or Loss and Other Comprehensive Income

Total interest income decreased by \$2.00 million to \$27.94 million representing a decrease of 6.68%. 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 \$0.49 million to \$16.32 million. The increase in The Mutual Bank's net interest income was mainly due to the growth in the balance of loans and advances to members.

Net fee and commission income to June 2020 decreased over the corresponding period due mainly to reduced management fees charged to members.

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

Summary Statement of Financial Position

Total assets of the Maitland Mutual Group increased by \$75.67 million which represents an increase of 9.90%. The increase was due principally to increased lending volumes, increased Reserve Bank of Australia Eligible Security financial assets and construction of the new administration office at 6 Mitchell Drive, East Maitland.

Total loans to members increased by 3.63% to \$614.60 million.

Property, plant and equipment increased to \$24.42 million and was mainly due to the construction of the Maitland Mutual Group's new administration office at 6 Mitchell Drive, East Maitland.

Total liabilities increased by 10.11% to \$787.08 million and was mainly due to increases in the balances of deposits from members.

The ratio of net assets to total assets decreased from 6.50% to 6.32% due to the growth in total assets.

Summary Statement of Changes in Equity

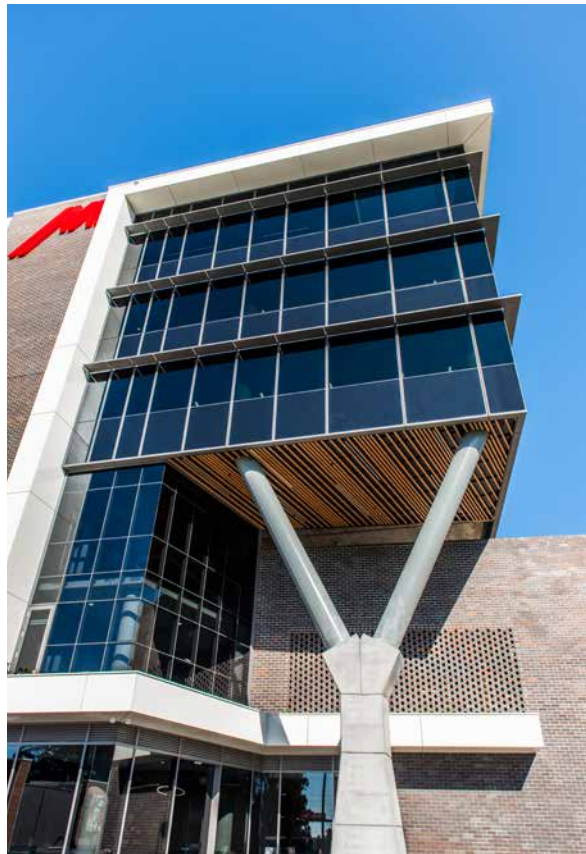
At 30 June 2020, total equity for the Maitland Mutual Group increased by \$3.40 million to \$53.08 million. The increase in total equity was due to the Maitland Mutual Group's net profit for the year.

Summary Statement of Cash Flows

The summary statement of cash flows shows that there has been an increase in cash during the year of \$0.7 million, mainly resulting from an increase in member deposits.









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