



Public disclosure of prudential information in accordance with APRA Prudential Standard APS 330

As at 30 September 2022

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Introduction

In accordance with Australian Prudential Standard *APS 330 Public Disclosure* (APS 330), locally incorporated authorised deposit-taking institutions are required to disclose information on their risk profile, risk management, capital adequacy, capital instruments, and remuneration practices, so as to contribute to the transparency of financial markets and to enhance market discipline.

Capital Management Plan

Maitland Mutual Limited (The Mutual Bank) has a capital management plan which:

- sets out its strategy for maintaining adequate capital over time, including its capital target for providing a buffer against risks involved in The Mutual Bank's activities;
- details how that target will be met; and
- identifies the means available for sourcing additional capital when required.

Risk Management Plan

The Mutual Bank has a risk management plan which includes systems and procedures to identify, measure, monitor and manage the risks arising from its activities on a continuous basis, to ensure that capital is held at a level consistent with its risk profile.

Basel III

In making its capital disclosures, The Mutual Bank is using the post 1 January 2018 common disclosure template (Table 1), because it is fully applying the Basel III regulatory adjustments as implemented by APRA.

Regulatory capital reconciliation

Balance Sheet (audited)	30 June 2022 \$ M	Common disclosure reference
Assets		
Cash and cash equivalents	168.386	j
Placements with other financial institutions	0.000	
Loans and advances to members	744.629	
Other receivables	1.017	
Financial assets	64.968	k
Intangible assets	0.963	f
Right of use asset	4.544	
Property, plant and equipment	26.180	
Deferred tax assets	0.000	
<i>Of which: eligible as regulatory adjustments from CET1</i>	<i>0.000</i>	e
Total assets	1,010.687	
Liabilities		
Deposits from other financial institutions	58.649	
Deposits due to members	847.545	
<i>Of which: instruments subject to phase out from tier 2</i>	<i>4.310</i>	h
Other borrowed funds	34.381	
Payables	1.869	
Current tax liabilities	0.070	
Provisions	1.919	
Deferred tax liabilities	0.047	
Lease liabilities	4.771	
Total liabilities	949.251	
Net assets	61.436	
Equity		
Reserves	0.000	b
Contributed equity	4.728	c
Retained earnings	56.708	
<i>Of which: eligible for CET1</i>	<i>56,699</i>	a
<i>Of which: asset revalue reserve</i>	<i>0.000</i>	d
<i>Of which: general provision</i>	<i>0.300</i>	i
<i>Of which: loan origination fees</i>	<i>0.097</i>	g
Total equity	61.436	

Table 1 Common Disclosures

	30 Jun 2022 \$ M	Source in regulatory capital reconciliation
Common Equity Tier 1 Capital		
Instruments and reserves		
2 Retained earnings	56.699	a
3 Accumulated other comprehensive income (and other reserves)	4.728	b + c + d
6 Common Equity Tier 1 capital before regulatory adjustments	61.427	
Regulatory adjustments		
10 Deferred tax assets that rely on future profitability excluding those assets arising from temporary differences (net of related tax liability)	0.000	e
26 National specific regulatory adjustments:		
26f Capitalised expense	1.060	f + g
28 Total regulatory adjustments to Common Equity Tier 1	1.060	
29 Common equity Tier 1 Capital (CET1)	60.367	
45 Tier 1 capital		
Tier 2 capital		
Instruments and provisions		
47 Directly issued qualifying capital instruments subject to phase out from Tier 2	4.310	h
50 Provisions	0.300	i
51 Tier 2 capital before regulatory adjustments	4.610	
Regulatory adjustments		
54 Investments in Tier 2 capital of entities outside the scope of regulatory consolidation, where the ADI does not own more than 10% issued share capital	0.098	j + k
57 Total regulatory adjustments to Tier 2 capital	0.098	
58 Tier 2 capital	4.512	
59 Total capital	64.879	
60 Total risk weighted assets based on APRA standards	448.596	

30 Jun 2022

Capital ratios and buffers

61	Common Equity Tier 1 (as a percentage of Risk Weighted Assets)	13.46 %
62	Tier 1 (as a percentage of Risk Weighted Assets)	13.46 %
63	Total capital (as a percentage of Risk Weighted Assets)	14.46 %
64	Buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any countercyclical buffer requirements express as a percentage of Risk Weighted Assets)	7.00 %
65	<i>Of which: capital conservation buffer requirements</i>	<i>2.50 %</i>
66	<i>Of which: ADI-specific countercyclical buffer requirements</i>	<i>Not applicable</i>
68	Common Equity Tier 1 available to meet buffers	6.47 %

30 Jun 2022

\$ M

Applicable caps on the inclusion of provisions in Tier 2

76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	0.300
77	Cap on inclusion of provision in Tier 2 under standardised approach	5.149

Table 2 Main features of capital instrument: Subordinated notes

- | | |
|-------------------------------------|----------------------------|
| 1. Issuer | Maitland Mutual Limited |
| 2. Unique Identifier | Not Applicable |
| 3. Governing laws of the instrument | New South Wales, Australia |

Subordinated note number		8	9	10
Regulatory treatment				
4	Transitional Basel II rules	Tier 2		
5	Post-transitional Basel III rules	Ineligible		
6	Eligible at solo/group/group & solo	Not applicable		
7	Instrument type	Subordinated notes		
8	Amount recognised in Regulatory Capital	\$2.00 M	\$0.30 M	\$0.50 M
9	Par value of instrument	\$2.00 M	\$0.30 M	\$0.50 M
10	Accounting classification	Liability – amortised cost		
11	Original date of issuance	05/09/2017	01/08/2018	01/10/2018
12	Perpetual or dated	Dated		
13	Original maturity date	05/09/2027	01/08/2028	01/10/2028
14	Issuer call subject to prior supervisory approval	Yes		
15	Optional call date, contingent call dates and redemption amount	05/09/2022	01/08/2023	01/10/2023
16	Subsequent call dates, if applicable	Redemption at par value		
		Quarterly interest payment dates after operational call dates		
Coupons / dividends				
17	Fixed or floating dividend coupon	All floating		
18	Coupon rate and any related index	Australian 90-day BBSW rate + 300 basis points		
19	Existence of a dividend stopper	No		
20	Fully, partially discretionary, or mandatory	Partially discretionary		
21	Existence of step up or other incentive to redeem	No		
22	Non cumulative or cumulative	Non-cumulative		
23	Convertible or non-convertible	Non-convertible		
30	Write-down feature	No		
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Unsubordinated creditors		
36	Non-compliant transitional features	No write down or convertible features		

Table 2 Main features of capital instrument: Subordinated notes (continued)

- | | |
|-------------------------------------|----------------------------|
| 1. Issuer | Maitland Mutual Limited |
| 2. Unique Identifier | Not Applicable |
| 3. Governing laws of the instrument | New South Wales, Australia |

Subordinated note number		11	12	13
Regulatory treatment				
4	Transitional Basel II rules	Tier 2		
5	Post-transitional Basel III rules	Ineligible		
6	Eligible at solo/group/group & solo	Not applicable		
7	Instrument type	Subordinated notes		
8	Amount recognised in Regulatory Capital	\$0.50 M	\$0.30 M	\$0.21M
9	Par value of instrument	\$0.50 M	\$0.30 M	\$0.21M
10	Accounting classification	Liability – amortised cost		
11	Original date of issuance	10/07/2019	21/08/2019	26/09/2019
12	Perpetual or dated	Dated		
13	Original maturity date	10/07/2029	21/08/2029	26/09/2029
14	Issuer call subject to prior supervisory approval	Yes		
15	Optional call date, contingent call dates and redemption amount	10/07/2024	21/08/2024	26/09/2024
16	Subsequent call dates, if applicable	Redemption at par value		
		Quarterly interest payment dates after operational call dates		
Coupons / dividends				
17	Fixed or floating dividend coupon	All floating		
18	Coupon rate and any related index	Australian 90-day BBSW rate + 300 basis points		
19	Existence of a dividend stopper	No		
20	Fully, partially discretionary, or mandatory	Partially discretionary		
21	Existence of step up or other incentive to redeem	No		
22	Non cumulative or cumulative	Non-cumulative		
23	Convertible or non-convertible	Non-convertible		
30	Write-down feature	No		
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Unsubordinated creditors		
36	Non-compliant transitional features	No write down or convertible features		

Table 2 Main features of capital instrument: Subordinated notes (continued)

- | | |
|-------------------------------------|----------------------------|
| 1. Issuer | Maitland Mutual Limited |
| 2. Unique Identifier | Not Applicable |
| 3. Governing laws of the instrument | New South Wales, Australia |

Subordinated note number		14
Regulatory treatment		
4	Transitional Basel II rules	Tier 2
5	Post-transitional Basel III rules	Ineligible
6	Eligible at solo/group/group & solo	Not applicable
7	Instrument type	Subordinated notes
8	Amount recognised in Regulatory Capital	\$0.50 M
9	Par value of instrument	\$0.50 M
10	Accounting classification	Liability – amortised cost
11	Original date of issuance	30/09/2019
12	Perpetual or dated	Dated
13	Original maturity date	30/09/2029
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	30/09/2024
16	Subsequent call dates, if applicable	Redemption at par value
		Quarterly interest payment dates after operational call dates
Coupons / dividends		
17	Fixed or floating dividend coupon	All floating
18	Coupon rate and any related index	Australian 90-day BBSW rate + 300 basis points
19	Existence of a dividend stopper	No
20	Fully, partially discretionary, or mandatory	Partially discretionary
21	Existence of step up or other incentive to redeem	No
22	Non cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
30	Write-down feature	No
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Unsubordinated creditors
36	Non-compliant transitional features	No write down or convertible features

Table 3 Capital Adequacy

	30 Sep 2022	30 Jun 2022
Capital requirements (in terms of risk weighted assets) for:		
Credit risk (excluding securitisation)	426,270,400	411,927,413
Operational risk	36,668,697	36,668,697
Capital ratios as a percentage of risk weighted assets:		
Common equity Tier 1	13.40%	13.46%
Tier 1	13.40%	13.46%
Total capital	14.37%	14.46%

Table 4 Credit Risk

<i>Average exposure 3 months ended</i>				
	30 Sep 2022	30 Jun 2022	30 Sep 2022	30 Jun 2022
(a) Major types of credit exposure:				
Cash	3,254,777	2,738,723	2,753,415	2,673,163
Claims on Australian Governments	10,056,688	9,524,184	10,058,346	9,474,608
Claims on other ADIs	218,550,148	221,246,298	213,475,654	228,889,236
Loans secured by ERMS	692,015,617	692,667,310	694,931,849	691,687,998
Other loans and exposures	139,847,762	122,242,569	136,665,727	120,373,716
Other assets	30,548,949	31,220,187	31,396,523	30,757,590
	1,094,273,940	1,079,639,271	1,089,281,516	1,083,856,311

Table 4 Credit Risk (continued)

As at 30 Sep 2022			3 Months ended 30 Sep 2022		
	Impaired facilities	Past due	Specific provisions	Charges against specific provisions	Bad debts written off
	\$	\$	\$	\$	\$
(b) By portfolio					
Lending to residents					
Owner-occupied housing	-	-	-	-	-
Investor housing	-	-	-	-	-
Credit cards	-	-	-	-	185
Other personal	-	6,734	6,734	-	1,026
Private corporations	-	-	-	-	223
Private unincorporated businesses	-	-	-	-	-
	-	6,734	6,734	-	1,434

	30 Sep 2022	30 Jun 2022
	\$	\$
(c) General reserve for credit losses		
Closing Balance	320,000	300,000

Table 5 Securitisation exposures

	30 Sep 2022	30 Jun 2022
	\$	\$
(a) Exposures securitised during the year	-	-
(b) On-balance sheet securitisation exposures retained or purchased	-	-
Off-balance sheet securitisation exposures:		
Housing loans	2,240,732	2,867,911
Commercial loans	-	-
	2,240,732	2,867,911

Table 22 Remuneration

Qualitative disclosures

The Remuneration and Nominations Committee (the Committee) is responsible for overseeing remuneration of senior managers and material risk takers. The Committee is composed of all current members of the Board of Directors.

The Committee's purpose is to assist the Board to fulfil its corporate governance responsibilities regarding:

- Board and Board Committee appointments and inductions
- Selection, appointment, and succession planning of The Mutual Bank's Chief Executive Officer
- Annual reviews of the performance of the full Board, its committees, individual Directors and Chief Executive Officer
- Carrying out the responsibilities outlined in the Board Renewal Policy; and
- The remuneration of all persons whose actions could put The Mutual Bank's financial soundness at risk as defined in the Remuneration Policy.

During the year ended 30 June 2022, The Mutual Bank sought the advice of external consultants McGuirk Management Consultants Pty Ltd to provide Mutual ADI remuneration benchmarking data.

The Board regards the following positions as senior managers whose activities may affect the financial soundness of The Mutual Bank:

	Number employed
Chief Executive Officer	1
Chief Financial Officer	1
Chief Credit Officer	1
Chief Risk Officer	1
Chief Information Officer	1
Chief of Corporate Services	1
Corporate Governance Manager	1
Compliance Manager	1
Total senior managers	8

The objectives of The Mutual Bank's Remuneration Policy are:

- To be compliant with APS 510
- To encourage behaviour that supports The Mutual Bank's long term financial soundness and risk management framework
- To motivate persons to manage and lead the business successfully and to drive strong long-term organisational growth in line with strategy, business objectives and the management of risk
- In relation to variable or performance-based components of remuneration, to encourage behaviour that supports The Mutual Bank's long term financial soundness and risk management framework
- To ensure that the structure for the remuneration of risk and financial control personnel, including performance-based components if any, does not compromise the independence of these personnel in carrying out their functions
- To provide competitive and reasonable remuneration to attract and retain high calibre employees
- To ensure that the remuneration of staff is kept at an affordable level based on a combination of the employee's performance, The Mutual Bank's ability to continue to operate as a going concern, and wider macroeconomic factors.
- The Remuneration Policy is reviewed by the Board of Directors annually. Changes made during the past year include:
 - Nil

The Board approves Strategic Plans and Business Plans (1 year and 3 years), identifying the Key Performance Indicators for The Mutual Bank. The Board assesses and articulates the key risks of The Mutual Bank annually or as required in its Risk Appetite Statement.

The Committee determines the Payments to Risk and Financial Control personnel (as defined in CPS 510). Payments for these personnel do not include a "salary at risk" component.

The Committee, in consultation with the Chief Executive Officer, determines the remuneration of senior managers based on their performance, direct accountability and responsibility for the operational risk management, strategic direction, leadership and decision-making for The Mutual Bank.

The Board of Directors determines the remuneration of the Chief Executive Officer and considers whether any change should be made to the base salary on an annual basis. The Board determines on an annual basis whether a "salary at risk" component will apply and the goals, key risk indicators or benchmarks to apply.

The Mutual Bank does not have a long-term incentive scheme. The Board Remuneration and Nomination Committee, considers the longer-term performance of The Mutual Bank in determining remuneration for Senior Management.

There have not been any significant changes to the nature and type of performance measures over the year ended 30 June 2022.

Non-executive directors do not receive any variable or performance-based remuneration.

Quantitative disclosures

The Remuneration and Nominations Committee met once during the year ended 30 June 2022 and the Board of Directors met twelve times. Members of the Remuneration and Nominations Committee do not receive additional remuneration for their involvement with the committee.

Fifteen (15) persons received a variable remuneration award during the financial year to the total value of \$77,000.00. One of those persons was a senior manager.

No guaranteed bonuses were awarded during financial year.

No sign on awards were awarded during the financial year.

One senior manager received a termination payment during the financial year to the value of \$61,538.41.

There is no outstanding deferred remuneration.

Total value of remuneration awards for senior managers	Unrestricted \$	Deferred \$
Fixed remuneration:		
Cash based	2,390,968	Nil
Shares and share-linked instruments	Nil	Nil
Other	Nil	Nil
Variable remuneration:		
Cash based	10,000	Nil
Shares and share-linked instruments	Nil	Nil
Other	Nil	Nil

The Mutual Bank does not issue any shares or share-lined instruments, so no persons have exposure to implicit or explicit adjustments in its share value.