



ANNUAL REPORT 2018



CELEBRATING 130 YEARS

The Mutual's 130th Anniversary

October 2018 represents a significant milestone in the history of our organisation, as well as a stepping stone into our future, as we proudly mark the 130th anniversary of The Mutual.

One of Australia's oldest financial institutions, The Mutual, was founded in 1888 by a group of passionate locals to ensure that financial investment stayed within the local area. This commitment to community was, and still is, the bedrock of The Mutual and continues to direct us as we look ahead to the future.

During the past 130 years, we've seen Maitland, Newcastle and the entire Hunter Region transform and our organisation evolve. Originally called the Maitland Permanent Building, Investment, and Loan Society Limited, and Savings' Bank, our name has shortened, but all other aspects of our business have grown.

Throughout the past decade The Mutual has gone from strength-to-strength; our branch footprint has extended into Newcastle and Lake Macquarie; our team has grown by 55%; our member-base has grown just shy of 50%; assets under management have increased by 47% and net assets by over 150%. These impressive results have been achieved despite often challenging market conditions such as the Global Financial Crisis.

During that time, we introduced world-class products and services to continue to best serve our members. These include Visa Debit and Credit cards, providing members with access to their money anywhere, anytime, the launch of The Mutual App, which gives members freedom and ease to bank on-the-go, and earlier this year The Mutual was one of the first financial institutions to introduce Osko into its services, delivering a new and convenient way of making and receiving payments.

Perhaps one of the most significant developments in our recent history that will pave the way for our continued growth is the purchase of our new Head Office property at East Maitland.

The Board and Senior Management have planned to relocate the organisation's rapidly growing head office operations for a number of years. The purchase of this property highlights our commitment to building for the future to meet the growing needs of our members and our community.

It is the strength of our foundation within the community that has given us the platform to achieve this exponential growth. After 130 years, our region is a hub of investment and development with The Mutual dedicated to evolving to meet the needs of the people and businesses it serves.

Sector Update

The Royal Commission into Australian banking has garnered much media attention throughout the past year. The investigation has seen the financial sector as a whole thrown into the spotlight, and highlighted poor practices and behaviour by some of Australia's largest banking institutions.

As a member-first organisation, with deep roots and commitment to our community, The Mutual has welcomed this as an opportunity to reiterate our dedication to responsible corporate governance and transparency in all our actions and relationships.

The Board, in partnership with management, continues to ensure The Mutual's approach to risk and compliance are aligned not only with industry best-practice but also with the expectations of our members.

Another recent shift within the financial sector is a change in regulation for the use of the term 'bank'. If The Mutual adopts the word 'bank' into its name this will clearly better explain what we do and

will be more easily understood across all generations. Such a move would not present any fundamental change or impact to our members and at this point is simply under consideration by the Board and management.

Board of Directors Update

In the second half of last year The Mutual farewellled Mr Dick Mudford following his retirement from his position as a Director on the Board. During his ten-year tenure Mr Mudford chaired our Audit Committee and made a significant contribution to the organisation and we greatly appreciate his input and dedication.

I acknowledge all members of The Mutual Board of Directors for their efforts, dedication and contribution to the ongoing success of this organisation throughout the past year.

Strategic Vision for Growth

While we celebrate the significance of The Mutual's 130th anniversary, we are also keenly focused on our future.

The key to our strength and success has always been our *continued over page*



people and our team's continual growth must be led by our Senior Management. As such, the Board is delighted to see Senior Management embrace training and development competencies to enhance their leadership skills.

The Board has also been evolving and developing The Mutual's strategic planning process as we seek to continuously improve

our engagement with all stakeholders. The new process and plan are expected to be finalised and ready for implementation in 2019.

As Chairman, and on behalf of the Board, I thank the entire team at The Mutual for their hard work and commitment throughout this past year. Each and every member of the team has played a pivotal

role in enabling The Mutual to thrive. I would like to especially acknowledge and thank our CEO, Geoff Seccombe, whose leadership has again delivered strong results.

Trevor Robinson

Chairman

Board of Directors



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

Financial performance and results

I am very pleased to report that The Mutual has achieved positive financial results again this year, delivering growth across all major measures within a challenging landscape that includes continued interest rate lows.

We have achieved a net profit for the financial year of \$2.45 million, which has contributed to the organisation reaching a total of \$44.48 million in equity.

A highlight of this year's results is the strength of our loan portfolio, with an increase of 8.53% in lending volume resulting in \$526.54 million in loans to members. As a result of this increase we continue to assist many members of the community in realising their dream of home ownership. We also continue to experience growth in our membership base with annual net growth of 2%.

The Mutual's total assets also increased 4.75%, which represents an increase of \$30.48 million.

These financial results speak to the dedication of every member of The Mutual team in contributing to the ongoing success of our organisation. It is significant that this growth and performance has been achieved whilst maintaining competitive interest rates for both our depositing and borrowing members, and the sustained delivery of first class personalised member service.

Committed to our Community

Whilst I am delighted to share these strong financial results, I am very proud of the intangible outcomes the business and our team continually delivered throughout the year in supporting our community and our members.

We hold our position within the community in great importance, and recognise the responsibility that accompanies this status.

Our grassroots approach to connecting with and enabling our communities also extends throughout The Mutual's team culture. Many of our team members actively engage in community support, giving their time and energy to many charitable organisations and community-building initiatives.

Members First

As an organisation, we view the development of skills and expertise within our team as essential to sustaining our ongoing success. We are pleased to have seen so many members of our team commit to their own personal and professional development through undertaking additional studies and training.

The introduction of new skills and knowledge across the team enables us to ensure we continue to deliver an exceptional experience to every member, every time.

We have seen a number of team members formally recognised for their efforts through industry and regional awards. I congratulate them, especially on their dedication and effort.

Providing Exceptional Value for all our Members

I thank both the Board and Management for their continued guidance and support over the past year.

Our people-centric approach throughout the organisation means that our members always receive friendly and personal service, as well as trusted financial support.

We are delighted to be able to assist our members in achieving their financial goals, ensuring our business is efficient and that our products and services are competitive is a priority for us as an organisation.

Delivering World-Class Technology

This year The Mutual was amongst the first financial institutions in Australia to introduce world-class technology, such as Osko and PayID, through the New Payments Platform. The delivery of this technology is one such example of The Mutual's commitment to providing our members with best practice systems, tools and technology.

We are also committed to continual innovation of our own technology products and platforms. Throughout this year we have provided improvements to The Mutual App, with upgraded features including card management functionality and the ability to view pending transactions. These continual improvements are central in enabling our members to do their banking with convenience and ease.

Key Priorities for the Year Ahead

Over the year the Financial Services Industry has undergone scrutiny from the Financial Services Royal Commission. I personally recognise the significant effort that everyone at The Mutual

continued over page



undertakes in ensuring exceptional governance and conduct is a key priority.

I sincerely believe that this commitment, and the transparency that it is enacted with, is the reason our business has achieved such a solid and sustainable financial position. As we move forward and progress as a business this will continue to be an essential part of our behaviour and a constant area of focus.

The Mutual is about to take its next step within its journey with the development of our new head office, to be located at 6 Mitchell Drive, East Maitland. We are excited at the opportunity this new location offers us as a team and as a business, and look forward to sharing more news on the build soon.

As we look to the year ahead and indeed the longer-term future of our organisation

our culture of innovation and excellence in member-centric service will continue to drive us forward. We look forward to working for the benefit of our members and our community and thank all who have supported, and continue to support The Mutual.

Geoff Seccombe
Chief Executive Officer

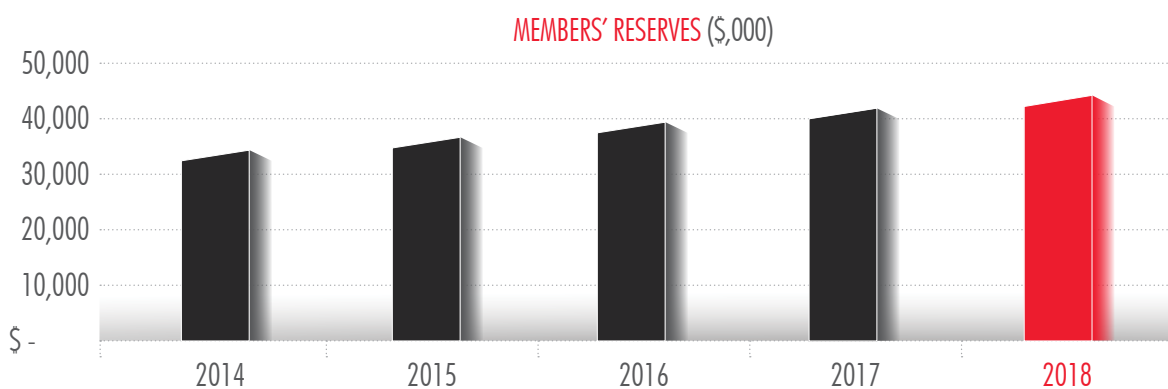
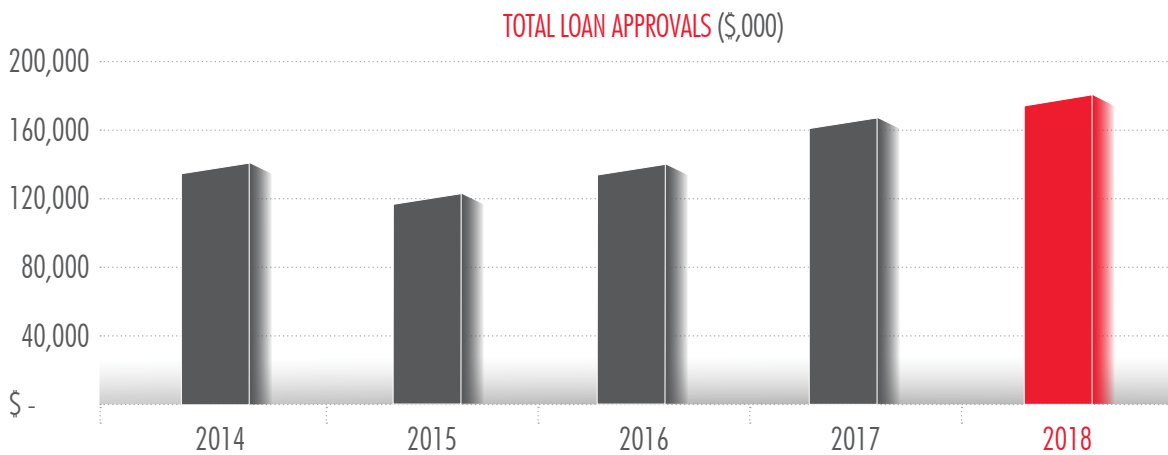
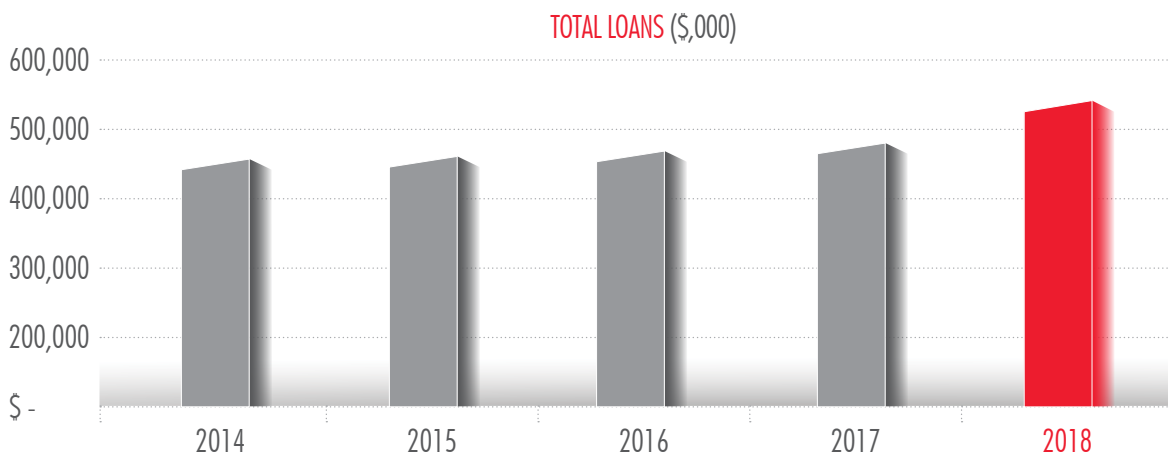
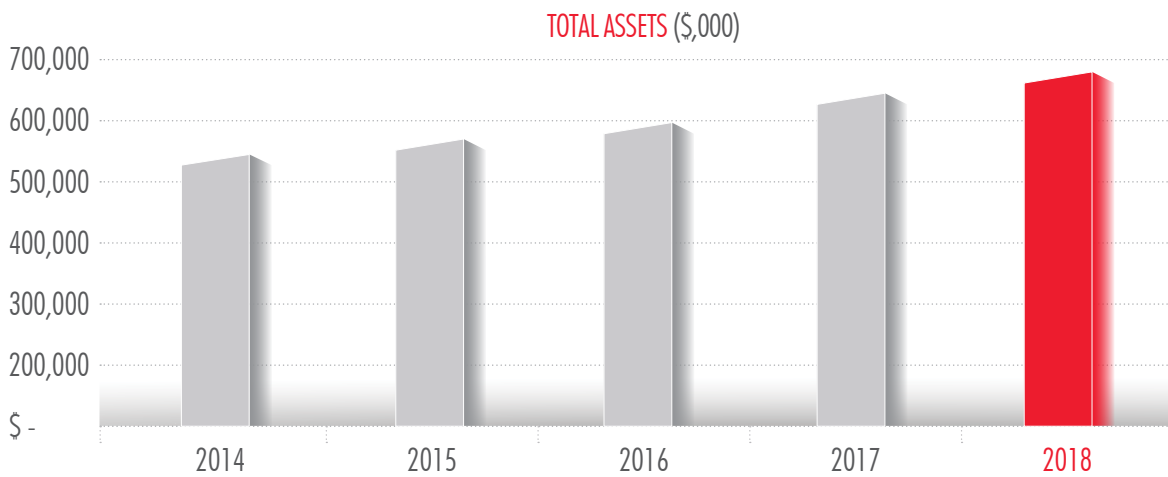
Management Team



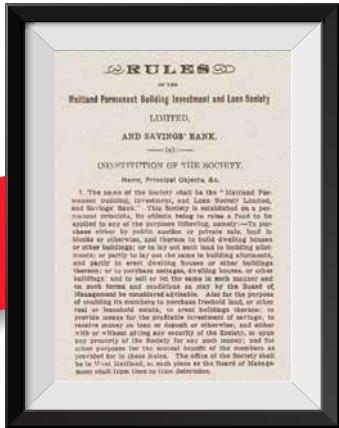
Front Row - Glen Pearson, Geoff Seccombe (CEO), Ken Archer. Second Row - Scott Pulbrook, Wendy Ng, Kirsty Bryson, Blake Evans. Third Row - Taryn Stockwell, Kieran Quigley, Fourth Row - Rod Williams, Doug Crawford, Todd Paterson. Back Row - Debra Simpson, Marina Spallino, Mark Puckeridge. Absent Peter Masson, Kate Newman, Errol Russell.

Performance Charts

30 June 2018



CELEBRATING 130 YEARS



1888

The rules of the Society having been adopted, the next business of the meeting of shareholders on 22 October 1888 was the election of officers.



1894

The Society's first business premises, an upstairs office at Scobies Chambers in High Street West Maitland.



1903

The Society moved its office to the ground floor of 4 High Street Maitland and remained there until 1927.



1914-1918 (WW1)

Director, Mr William McLaughlin suggested that the Society should wait and see what effect the war may have on its lending policy. Whilst the war may have been remote, repercussions were soon felt in Maitland.



2003

Maitland Mutual Building Society and Maitland City Council Employees' Credit Union Merge.



1993

The introduction of the Express ATM Card was promoted by branch staff.



1992

The first Mutual owned ATM was installed at Branxton.



1991

Personal loans were first offered to members.



2004

Internet Banking was launched and brochures were created to promote the event.



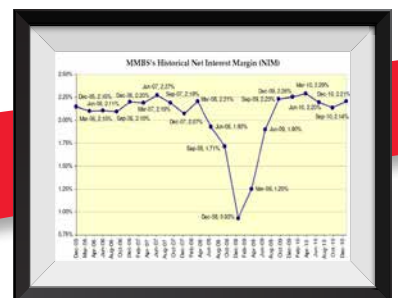
2006

School banking commences as well as The Mutual's involvement with the Financial Literacy program.



2007

The Mutual's Visa Card was introduced giving members access to their money anywhere, anytime, including ATMs, EFTPOS, online purchases, over the phone and overseas.

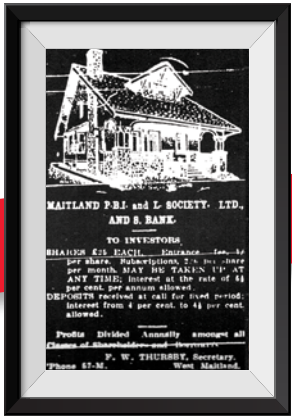


2007-08

(Global Financial Crisis)

The Global Financial Crisis hit the world's financial markets. The Mutual was not immune to the impact of this event.

"Given the difficult economic and operating conditions over the past year, the Board considers that the results have been more than satisfactory" an extract from the 2008 Annual Report - Chairman Harold Mayo



1918

As advertising in the Maitland Mercury had increased, it was decided a more visual impact would be adopted with a drawing of a cottage incorporated with wording for the first time.



1927

These premises in Church Street Maitland were to be the new office of the Society until 1986.



**1929-1932
(Great Depression)**

"despite the extreme financial strain that members were under, there were very few applications for extensions of time"
extract from board minutes.



**1939-1945
(WW2)**

"because of threatened air raids, consideration should be given to safeguarding the Society's financial records" extract from board minutes.



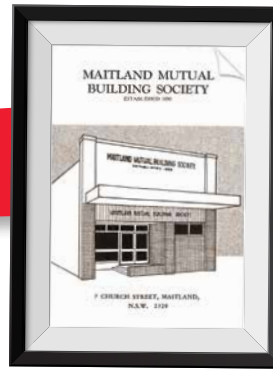
1988

Plaque unveiling to commemorate the Society's 100th anniversary in October 1988.



1986

The Society moved to its current Head Office at 417 High Street Maitland. It was said at the time that Number 417 in the Heritage Mall is in the heart of Maitland's commercial centre.



1973

The Society produced its first brochure detailing general and formal terms of the advantages of membership with the Society.



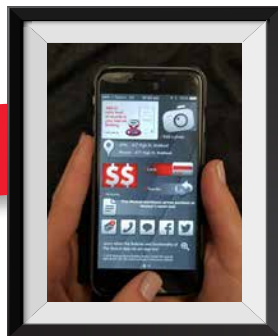
**1955
(Maitland Floods)**

"should members need extra financial assistance to rehabilitate themselves, every effort should be made to meet their requirements"
extract from board minutes.



2011

The Mutual and Phoenix Credit Union merge.



2013

The launch of The Mutual App provides members with convenience when accessing their money, paying bills or transferring money on their mobile phone.



2016

6 Mitchell Drive, East Maitland - land purchased for future head office building.



2018

The Mutual was one of the first financial institutions to introduce Osko into its services.

Through the years

Chairmen since Inception

(1888-Present)



Mr Harry Capper (founding Chairman 1888 - 1910)

Mr Harry Capper served as Chairman of the Society from its very inception. His 22 years of devoted service had seen the fledgling Society weather flood, depression and the financial disasters of the 1890's. By the time of his retirement the Society had consolidated itself into an important commercial institution within the district.



Mr Thomas Dimmock (Chairman 1910 - 1911)

Mr Thomas Dimmock was an original Board member. Declining health and the demands of his own business were making it difficult for him to devote sufficient time to the affairs of the Society which led to his resignation.



Mr Leslie Kearns (Chairman 1964 - 1972)

As the most senior and experienced Board member, Mr Les Kearns was elected Chairman on 15th September 1964. Residential development out of flood reach was encouraged. Residential subdivisions at Rutherford and East Maitland had recently commenced.



Mr Frederick Fahey (Chairman 1972 - 1979)

A successful newsagent and businessman, he had a distinguished career in local government, with three terms as the Mayor of Maitland in 1945, 1949 and 1954.

CEO's since Inception

(1888-Present)



Mr Frederick Thursby (1888-1924)

Mr Frederick Thursby was in partnership with his father in a drapery business at West Maitland. He served as an Alderman of West Maitland Council for 20 years. In 1911 he served a term as Mayor of West Maitland.



Mr William Thursby (1924-1953)

Following Mr Frederick Thursby's death, his son William succeeded to the office of Secretary/Manager a position he was to hold for the next 29 years. This period was a difficult one, encompassing the Great Depression and World War II.



Mr Albert Finney (1953-1967)

Mr Albert Finney had recently retired from Caledonian Collieries Ltd and commenced his duties as Secretary/Manager soon after. During Mr Finney's term Maitland was to experience its most devastating flood, the 1955 flood.



Mr John Gash (Chairman 1911 - 1919)

Mr John Gash was elected to the Board as a Director in 1898 and then elected Chairman in 1911. He was not prepared to allow the Society to rest on its laurels and was instrumental in exploring ways in which the Society's business could be expanded.



Mr Robert Logan (Chairman 1919 - 1955)

Mr Logan was Chairman of the Society for 36 years. These were difficult years for a locally based commercial enterprise. Between 1914 and 1940 the population of Maitland increased by only 8% from 11,850 to 12,820.



Mr James McLaughlin (Chairman 1955 - 1964)

Mr James McLaughlin became Chairman of the Society in 1955. It was his task to guide the Society through the aftermath of the 1955 flood and the dilemma of Maitland's future.



Mr Harold Mayo (Chairman 1979 - 2009)

A devoted and loyal Chairman Mr Harold Mayo was passionate in his endeavours to ensure that The Society would not only survive, but prosper. Mr Mayo oversaw the introduction of electronic banking. Mr Mayo has been successful in many facets of his life, including business and sport.



Mr John Lane (Chairman 2009 - 2014)

Mr John Lane was involved in business and sport in the Maitland Community for many years. His family owned menswear business remains a successful business and is still operating in the Maitland CBD. Mr Lane continued to enhance The Mutual's product range and promote The Mutual's competitiveness and member focus during his term.



Mr Trevor Robinson (Chairman 2014 - current)

Mr Trevor Robinson joined the Board in 2010 and was appointed its Chairman in June 2014. Mr Robinson now retired is a qualified solicitor who specialised in banking and financial services. Mr Robinson has been instrumental in establishing a platform for the next stage of The Mutual's evolution which includes a new Head Office location with the capacity to cater for the continued growth of The Mutual for many years to come.



Mr Reginald Tomkins (1968-1982)

Following a period as manager of an accountancy practice in Maitland Mr Tomkins was appointed Secretary/Manager to the Society in January 1968. Mr Tomkins term at the Society heralded a period of substantial growth.



Mr Allan Bramham (January 1983-April 1983)

Mr Allan Bramham was the Society's Secretary/Manager for a short period of time.



Mr Colin Smith (1983-1994)

Mr Colin Smith took up his duties as Secretary/Manager of the Society in July 1983. Under Mr Smith's direction the Society underwent two major changes. In May 1985 the Society implemented its first computer system and in 1986 the Society moved to its current Head Office at 417 High Street Maitland.



Mr Geoff Seccombe (1994-current)

Mr Geoff Seccombe has led The Mutual and its people for over 25 years. Under his leadership The Mutual has experienced consistent sustainable growth, navigated the Global Financial Crisis and continues to evolve and adapt to ensure it meets both business conditions and member needs remaining true to The Mutual's core purpose.

In our Community



Summary Financial Report

30 June 2018

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This financial report covers Maitland Mutual Building Society Limited as an individual entity. The financial report is presented in the Australian currency. Maitland Mutual Building Society Limited is a company limited by shares and guarantee, incorporated and domiciled in Australia.

Its registered office and principal place of business is:

Maitland Mutual Building Society Limited
417 High Street
Maitland NSW 2320

The financial report was authorised for issue by the Directors on 16 August 2018. 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 2018.

Directors

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

T. T. Robinson

S. W. James

B. D. Arnott

M. J. Smith-Coates

A. K. Wells

R. B. Mudford (retired 21 September 2017)

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'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 is the Chairman of the Mutual's Risk Committee. On 17th July 2015 Mr James retired from his position with Arrium as Planning Manager and holds a Bachelor of Engineering degree as well as an Australian Institute of Company Director's Diploma. Mr James is a Fellow of the Australian Mutuals Institute and is a Graduate Member of the Australian Institute of Company Directors. He was appointed to the Board of Phoenix (NSW) Credit Union in 1999 which merged with the Mutual in 2011. When he was a Director of Phoenix he served on several committees as well as being the Chairman. Mr James is also a Director of Woodturners of the Hunter Co-Operative Limited 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 a member of the Mutual's Risk, Audit and Remuneration and Nomination Committees.



Bruce D Arnott

Mr Arnott joined the Board in 2013 and is Chairman of the Mutual'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's Audit, Risk, IT, and Remuneration and Nomination Committees.



Melinda J Smith-Coates

Mrs Smith-Coates joined the Board in 2014 and is Chairman of the Mutual's IT 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. 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's IT, Audit and Remuneration and Nomination Committees.



Alan K Wells

Mr Wells joined the Board in 2014 and is the Chairman of the Mutual's Insurance Committee. 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 a member of the Mutual's Insurance, Audit, 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 2018, 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	11	-	-	1	1
Stephen W James	11	10	4	3	1	1
Bruce D Arnott	11	8	4	4	1	1
Melinda J Smith-Coates	11	11	4	4	1	1
Alan K Wells	11	11	4	4	1	1
Richard B Mudford (retired 21 September 2017)	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	1	1	3	3	5	5
Stephen W James	-	-	-	-	5	5
Bruce D Arnott	-	-	3	2	5	3
Melinda J Smith-Coates	-	-	3	3	-	-
Alan K Wells	1	1	-	-	5	5
Richard B Mudford (retired 21 September 2017)	-	-	-	-	-	-

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 \$53,490.

Review of Operations

The profit from ordinary activities after providing for income tax amounted to \$2.449 million (2017: \$2.382 million).

The Mutual's pre-tax profit for the year was \$3.499 million (2017: \$3.399 million) representing an increase of 2% over the previous financial year.

Total assets increased by 4% to \$672 million for the year to 30 June 2018. (2017: increased 7% to \$641 million).

New loan funding for the year totalled \$183 million, an increase of 13% to loans

funded over last year of \$161 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 a mortgage backed securitisation program. At reporting date, the value of mortgage loans securitised was \$10 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 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 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 17.

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



Bruce D Arnott
Director

Maitland, 16 August 2018



To the members of Maitland Mutual Building Society Limited

Report on the Audit of the Financial Report

Opinion

The summary financial statements of Maitland Mutual Building Society Limited (the Mutual), which comprise the summary statement of financial position as at 30 June 2018, 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 Mutual for the year ended 30 June 2018 as set out on pages 17 to 24.

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 17 August 2018.

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, 17 August 2018

Directors' Declaration

30 June 2018

The Directors of Maitland Mutual Building Society Limited declare that the summary financial statements of the Mutual for the financial year ended 30 June 2018, as set out on pages 18 to 24:

- (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



Bruce D Arnott

Director

Maitland, 16 August 2018

Auditor's Independence Declaration

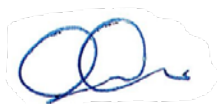


To the Directors of Maitland Mutual Building Society Limited

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 2018 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, 9 August 2018



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

for the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Interest income	2	26,694	25,716
Interest expense	2	(12,988)	(13,202)
Net interest income		13,706	12,514
Fee and commission income	3	1,706	1,934
Fee and commission expense	4	(990)	(903)
Net fee and commission income		716	1,031
Other operating income	3	112	331
Impairment losses on loans and advances		(172)	(3)
Employee benefits expense		(5,731)	(5,299)
Depreciation and amortisation		(688)	(666)
Marketing expenses		(503)	(534)
Printing and stationery		(135)	(145)
Other expenses		(3,806)	(3,830)
Profit before income tax		3,499	3,399
Income tax expense		(1,050)	(1,017)
Profit attributable to members		2,449	2,382
Other comprehensive income		-	-
Total comprehensive income for the year		2,449	2,382

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

Summary Statement of **Financial Position**

as at 30 June 2018

	2018 \$'000	2017 \$'000
Assets		
Cash and cash equivalents	104,276	113,153
Placements with other financial institutions	50	50
Loans and advances to members	526,539	485,171
Other receivables	873	1,454
Financial assets	33,068	34,676
Intangible assets	520	512
Property, plant and equipment	6,280	6,115
Deferred tax assets	472	469
Total Assets	672,078	641,600
Liabilities		
Deposits from other financial institutions	28,613	8,136
Deposits due to members	583,695	573,384
Other borrowed funds	12,265	15,322
Payables and other accruals	1,177	814
Current tax liabilities	105	150
Provisions	1,740	1,760
Total Liabilities	627,595	599,566
Net Assets	44,483	42,034
Equity		
Reserves	-	750
Retained earnings	39,755	36,556
Contributed equity	4,728	4,728
Total Equity	44,483	42,034

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 2018

2018

	Retained Earnings \$'000	Contributed Equity \$'000	General Reserve \$'000	Reserve for Credit Losses \$'000	Total \$'000
Balance at 1 July 2017	36,556	4,728	-	750	42,034
Profit attributable to members	2,449	-	-	-	2,449
Transfers from reserve for credit losses to retained earnings	750	-	-	(750)	-
Balance at 30 June 2018	39,755	4,728	-	-	44,483

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)	-	-
Balance at 30 June 2017	36,556	4,728	-	750	42,034

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 2018

	2018 \$'000	2017 \$'000
Cash flows from operating activities		
Interest received	27,275	26,130
Fees and commissions received	1,706	1,934
Other cash receipts in the course of operations	172	381
Interest paid	(12,988)	(13,202)
Fees and commissions paid	(990)	(903)
Payments to employees and suppliers	(10,051)	(9,713)
Income taxes paid	(1,098)	(1,092)
Net (increase)/decrease in loans and advances to members	(41,368)	(20,154)
Net increase/(decrease) in deposits due to members/from financial institutions	30,788	46,761
Net cash provided by (used in) operating activities	(6,554)	30,142
Cash flows from investing activities		
Proceeds from sale of plant and equipment	8	-
Payment for intangible assets	(323)	(231)
Payment for property, plant and equipment	(559)	(3,731)
Net (purchase)/sale of financial assets	1,608	(5,010)
Net cash used by investing activities	734	(8,972)
Cash flows from financing activities		
Net proceeds from debt securities issued, other deposits and other borrowed funds	(3,057)	(6,059)
Net cash used by financing activities	(3,057)	(6,059)
Net increase/(decrease) in cash and cash equivalents held	(8,877)	15,111
Cash and cash equivalents at the beginning of the financial year	113,153	98,042
Cash and cash equivalents at the end of the financial year	104,276	113,153

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 2018

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 2018. The audited report for the year ended 30 June 2018 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) 2018

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 %
106,728	1,849	1.73
504,335	23,933	4.75
35,023	912	2.60
646,086	26,694	4.13
9,460	246	2.60
581,153	12,263	2.11
13,563	479	3.53
604,176	12,988	2.15
	13,706	

b) 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	

Notes to the **Financial Statements** Continued

for the year ended 30 June 2018

	2018 \$'000	2017 \$'000
3 Non-Interest Revenue		
Fee and commission income		
Management fees	1,135	979
Transaction fees	12	248
ATM fees	294	322
Commissions	265	385
	1,706	1,934
Other operating income		
Rental income	33	36
Other income	79	295
	112	331
4 Non-Interest Expense		
Fee and commission expense		
Brokerage and trailing fees paid	137	114
Other	853	789
	990	903

Discussion and Analysis of the Summary Financial Statements

for the year ended 30 June 2018

Information on Maitland Mutual Building Society Limited Financial Statements

The financial statements and disclosures in the summary financial statements have been derived from the 2018 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 2018 financial statements of the Mutual.

Summary Statement of Profit or Loss and Other Comprehensive Income

Total interest income increased by \$0.98 million to \$26.69 million representing an increase of 3.80%. Interest income has mainly increased due to the growth in the balance of loans and advances to members.

Net interest income increased by \$1.19 million to \$13.70 million. The increase in the Mutual'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 2018 decreased over the corresponding period due mainly to the reimbursement of Visa foreign currency conversion fees to members and discontinued a number of fees together with reductions to member transaction fees.

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

Summary Statement of Financial Position

Total assets of the Mutual increased by \$30.48 million which represents an increase of 4.75%. The increase was due principally to increased lending volumes. Partially offsetting this increase was the Mutual's reduced participation in the securitisation program from \$13.22 million to \$10.25 million.

Total loans to members increased by 8.53% to \$526.54 million.

Total liabilities increased by 4.67% to \$627.59 million and was mainly due to increases in the balances of deposits from members.

The ratio of net assets to total assets increased from 6.55% to 6.62% due to the inclusion of the after tax profit.

Summary Statement of Changes in Equity

At 30 June 2018, total equity for the Mutual increased by \$2.45 million to \$44.48 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 a decrease in cash during the year of \$8.87 million, resulting from an increase of loans and advances to members.



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