

23 July 2013

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## **Wide Bay Australia Ltd (ASX Code: WBB) increases provisioning for FY12/13**

The Board of Wide Bay Australia Ltd (Wide Bay) today announced an increase in the company's provisioning which will impact on final FY12/13 profit results.

Mortgage Risk Management Pty Ltd (MRM), a wholly owned 'captive' mortgage insurer which Wide Bay has previously advised is 'winding down' its operations, has increased provisioning by \$5.1m in the second half of FY12/13. This exceeds budget expectations by \$3.5m. The increase stems from a recent re-examination and revised modeling of the MRM insured loan book. Actuarial guidance has now been received that confirms the provisioning requirement.

Wide Bay acquired a 25% interest in Financial Technology Securities Pty Ltd (FTS), a financial planning business, in 2005. The Directors and Senior Management of Wide Bay have now formed the opinion that this asset carries significant uncertainty in the previous holding value. Therefore it is prudent to write down the investment in this company by the full value of \$7.7m (after-tax \$5.9m). This write down is a non-cash item and has no impact on the capital position of Wide Bay.

Consolidated after-tax operating profit for FY12/13 is forecast in the range of \$2.3m to \$2.5m. Underlying operating profit, excluding the non-cash investment write-down, will be in the range of \$8.2m to \$8.4m.

Chief Executive Officer, Martin Barrett, who was appointed to his role in February 2013, said he and the Board are disappointed in these results.

"It does however give us the opportunity to establish a clear baseline for the company and commence the FY13/14 in sound financial shape." The Board and Senior Management believe that the provisioning increase and the write down of the investment in FTS are conservative and position Wide Bay strongly for the future.

"We now have a new clearly defined strategy and over recent months our lending has shown early signs of a return to growth."

Mr Barrett said that with the full benefits of an organisational restructure and the revised strategy yet to kick in, he believes this trend will continue.

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“Going forward, we have positive expectations for the company and we anticipate improving results and sustainable shareholder outcomes in the years ahead.”

He said budgeted operating profit after-tax for the consolidated group for FY13/14 is in a range of \$13m to \$14m”.

**ENDS**

For further information, please contact:



**Martin Barrett BA(ECON) MBA**  
**Chief Executive Officer**

Phone (07) 4150 4001 or 0413 279 746

Email [mbarrett@widebayaust.com.au](mailto:mbarrett@widebayaust.com.au)

### **About Wide Bay Australia:**

Wide Bay Australia Ltd is based in Bundaberg, Queensland. The ASX-listed company, with nearly \$3billion in assets and loans under management, is an approved deposit-taking institution and licensed credit and financial services provider regulated by the Australian Prudential Regulation Authority - providing deposit, credit, insurance and banking services to personal and business customers across Australia, principally in regional and metropolitan Queensland, Sydney and Melbourne. The company employs 260 staff and is recognised for its support of the local community. Information on Wide Bay is available at [www.widebayaust.com.au](http://www.widebayaust.com.au)

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