

27 August 2013

Wide Bay Australia Ltd (WBB) 2012-2013 Final Results

The Directors of Wide Bay Australia Ltd (Wide Bay) today confirmed the company's final financial results for 2012/13.

John Humphrey, Chairman, advised the consolidated net profit of the Wide Bay group after income tax was \$2.453m. "This compares to \$17.578m for the previous financial year and has been adversely affected by one-off items arising from provisions for doubtful debts and the impairment in an equity accounted investment."

Based on this result, the Wide Bay Board has declared a final fully franked dividend of 4.0 cents per ordinary share to be paid on 04 October 2013.

"Together with the interim dividend of 13.0 cents per share, our total dividend for the year amounted to 17.0 cents per share. We believe this year's results to be an anomaly based on these one-off items and are confident that Wide Bay is building a platform to improve profitability in the future," Mr Humphrey said. He confirmed the company's Dividend Reinvestment Plan remains in suspension.

In an encouraging sign, Mr Humphrey said the previously reported decline in Wide Bay's loan book had been arrested. "At 31 December 2012 outstanding loans stood at \$2.197b, however by the close of the financial year this figure has grown to \$2.229b."

He advised Wide Bay's capital level remains strong and in excess of the Board target of 13.00%. "Our capital adequacy ratio at 30 June 2013, excluding our wholly owned mortgage insurance subsidiary, was 13.82% compared to 13.40% in 2012. Our tier 1 capital ratio at 30 June 2013 was 11.15% compared to 10.99% in 2012."

Mr Humphrey expanded on the provisioning for doubtful debts and the impairment which has impacted on Wide Bay's 2012/13 final profit.

"Provisioning in Mortgage Risk Management Pty Ltd, our wholly owned mortgage insurer, was increased by \$4.8m in the second half of the 2012/13 financial year. This exceeded our budget expectations for the half year by \$3.2m."

"Wide Bay acquired a 25% interest in Financial Technology Securities Pty Ltd, a financial planning business in 2005 and as previously advised to the market, after reviewing the investment and modeling the value, our Board formed the opinion that the asset carried significant uncertainty in the previous holding value and we resolved to write down this investment by the full value of \$7.377m. However as the write down is a non-cash item, it has no impact on our capital position due to its prior status as a deduction from tier 1 capital in the chief entity."

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Mr Humphrey said Wide Bay's Board appointed a new Chief Executive Officer, Martin Barrett, in February 2013, following the retirement of former Managing Director, Ron Hancock. "Mr Barrett delivered a 3 year Strategic Plan to the Board in May outlining the direction and initiatives for the company."

Mr Barrett said he and Wide Bay's Management recognise the need to address and improve the company's current and future business performance. "Our Strategic Plan sets the agenda for Wide Bay over the medium term and is a plan centred on our core business."

"In particular, we will continue to focus on residential lending with the objective of growing the loan book through our branch network and mortgage broker introduced loans. We do expect the home lending market to be challenging with patchy demand and strong price competition prevailing. Additionally borrowers continue to aggressively reduce debt through advanced payments at a time of historically low interest rates."

Mr Barrett said the major components of the Strategic Plan included:

- Re-structure of the leadership team
- Improving the skills, capability and accountability of the Sales and Distribution team (Retail network)
- Better defining, managing and growing home lending via the Broker and Mortgage Alliance introducers.
- Introducing the new segment of Business Banking with a staged approach of July - October 2013 Build Phase and November 2013 Origination phase.
- Supporting the revenue generating business channels via Product, Marketing, Technology, Risk, Operations, Human Resources and Infrastructure improvement.

Mr Barrett confirmed after tax operating profit for the consolidated group for 2013/14 remained on track for the earlier forecast range of \$13m to \$14m.



John Humphrey LLB
Chairman



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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

Our Vision >

*"To be the **leader** in retail banking in our communities. We achieve this through our **exceptional** people providing an **exceptional** customer experience. We will always **exceed** expectations".*