A NEW CHAPTER IN OUR STORY

wide bay australia
banking your way

2012 2013

ANNUAL REPORT & FINANCIAL STATEMENTS

1966
the very restrictive lending policies of the 'big 4' banks make it much too hard for many Aussies to get a home loan
Ron Hancock founds the Burnett Permanent Building Society to provide Queenslanders with the opportunity to own their first home!

1979
merger with Maryborough Permanent Building Society to form Wide Bay Capricorn Building Society

1981
merger with Gympie & North Coast Building Society
recession

1983
merger with Gladstone based Port Curtis Building Society

1985
$100million in assets

1987
stock market crash

1990
recession

1993
$250million in assets

1994
listing on the Australian Stock Exchange

1997
first securitisation program
$500million in assets

1998
expansion of lending activities interstate

1999
$750million in assets

2000
'dot com' stock market crash

2001
$1billion in assets

2003
name change to Wide Bay Australia to better reflect our growth, strength and ambitions to expand

2004
1st interstate office opens (Sydney)

2005
Standard & Poor's assign an investment grade credit rating... only the 3rd given to an Australian non-bank FI
$1.5billion in assets
2nd interstate office opens (Melbourne)

2008
$2billion in assets
GFC
Australian Government guarantees customer deposits

2010
takeover of the ASX-listed Mackay Permanent Building Society... expansion to new Queensland regions
$2.5billion in assets

2011
Cyclone Yasi and consequential flooding causes Queenslandwide devastation

2013
founding managing director Ron Hancock AM retires
despite market challenges, natural disasters and the 'big 4' pushing even harder to knock out their smaller competitors... Wide Bay Australia is still here, still evolving and still making a difference!
record flooding causes severe devastation across Central Queensland

A NEW CHAPTER IN OUR STORY

IN SEPTEMBER 2012 WIDE BAY AUSTRALIA'S DIRECTORS SET OUT ON AN IMPORTANT MISSION.

Their goal was to find just the right person onto whom Ron Hancock could 'pass the baton' upon his upcoming retirement after 46 years. But this could be no ordinary corporate executive! Ron's successor would need all the entrepreneurial, leadership and personal qualities to guide us through the next exciting leg of our journey. Even more so they would need the experience, ingenuity and tenacity to effect the major changes necessary to overcome the present challenges, yet also have the genuine heart and integrity to preserve the best parts of a culture based on valued relationships, such as those we share with our customers and our community.

MISSION ACCOMPLISHED! IN NOVEMBER 2012 THEY FOUND MARTIN BARRETT AND HE COMMENCED AS CEO IN FEBRUARY 2013

SO WHO IS MARTIN BARRETT?

Martin has a 26 year career across diverse banking institutions both nationally and internationally. This includes senior executive roles in retail, commercial, corporate and specialist banking areas - most recently as State Manager (Queensland and Western Australia) of St George Bank. "I've spent many years with big banks, positioning and growing their smaller brands and businesses. It helps in that I understand how big banks think, how they respond and where they are strategically advantaged and disadvantaged. I learned 'thinking differently' can make smaller institutions succeed in a very competitive landscape."

Martin was based in London and Manchester for three years as Regional Manager of Clydesdale Bank and was responsible for running and growing the business. "The London and surrounds market is huge and competitive. However what I found critical was to focus on areas of strength and to ensure that delivery to customers was first class. It's ultimately customers that will introduce new customers to a brand if the service and relationship is strong."

Following his appointment, Martin relocated his family - wife Jenny, daughter Emily and son Sam - to Bundaberg in February. "It was both a professional and personal decision and we have not looked back. The friendliness of the people in this region has been so welcomed. Not only is there a supportive business community but also a fantastic lifestyle, great schools and a strong sporting culture - everything's here! Each day we wake up to a view over the ocean… it's stunning."

In particular, Martin loves riding his bike for fitness and pleasure. "I love riding my bike! Unfortunately, it comes with a behaviour disorder of purchasing new gear even if I don't need it! I ride about 250 to 300km in a week. I try and ride early in the morning on Monday, Wednesday and Friday and on top of this my daily work commute (about a 30km round trip). Then on Saturday and Sunday I'll put in a 40 to 80km ride before the family gets active."

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!

SO WHAT DO WE WANT TO BE?

Martin's first major initiative was to completely redesign our management structure... and on 15 March 2013, our new 'leadership team' was sworn in.

The leadership team's first initiative was to compose this punchy new corporate vision statement... to encapsulate who we are and provide inspiration and a focus for everyone at Wide Bay Australia to share!

Our guiding principal in committing to this **promise** is simple: We want to be highly respected across the communities we support and call 'home'. We want our customers and communities to regard us as their best banking choice. We want them to feel good about supporting us.

Investing in **exceptional people** based on attitude, skills and capability is essential to our success! We are now dedicating more resources to improving our people talent and ensuring they deliver the best products and service to our customers.

Exceeding their expectations will deepen our customer relationships. New customers will be attracted as a result of existing customer advocacy and the reputation we build. Improved customer outcomes will lead to improved returns for shareholders.

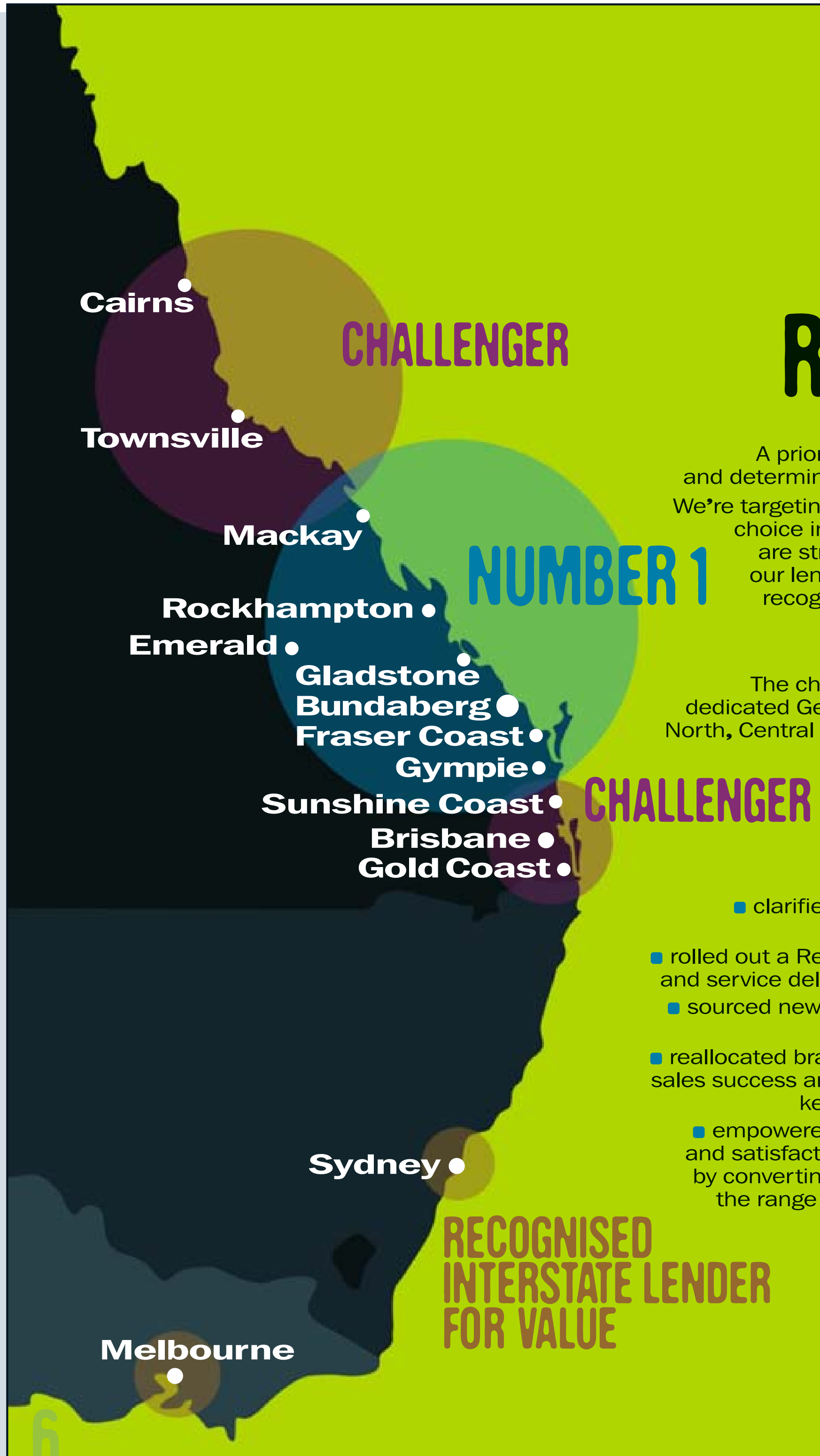
A three-year **Strategic Plan** was developed by Martin and the leadership team during February to April and ratified by our Board in May 2013. It seeks to address and improve our current and future core business performance, and grow us into the major 'alternative' in our marketplaces.

OUR CORPORATE VISION POINTS US TO OUR DESTINATION AND OUR STRATEGIC PLAN IS OUR 'ROADMAP'

OFFICIALLY A BANK!

We are building a platform with the intention of migrating from a 'building society' to a 'bank'. We see many benefits - including increased confidence in our operations and our ability to deliver a wider range of services to our personal and business banking customers. The change will also allow clearer perception about who we are, what we do and allow us to smartly position ourselves in the banking marketplace - particularly up against our 'big bank' competitors.

Becoming a 'bank' however, will **not** mean a change in our attitude, ethics or service!



A LEADER IN RETAIL BANKING

A priority of the Strategic Plan is to intensify our focus and determination to become a true leader in retail banking!

We're targeting to win more customers and be the 'number 1' choice in our core regions. Elsewhere in Queensland we are striving to be a formidable 'challenger' by growing our lending book and customers. We will earn national recognition as an attractive lender in all other States.

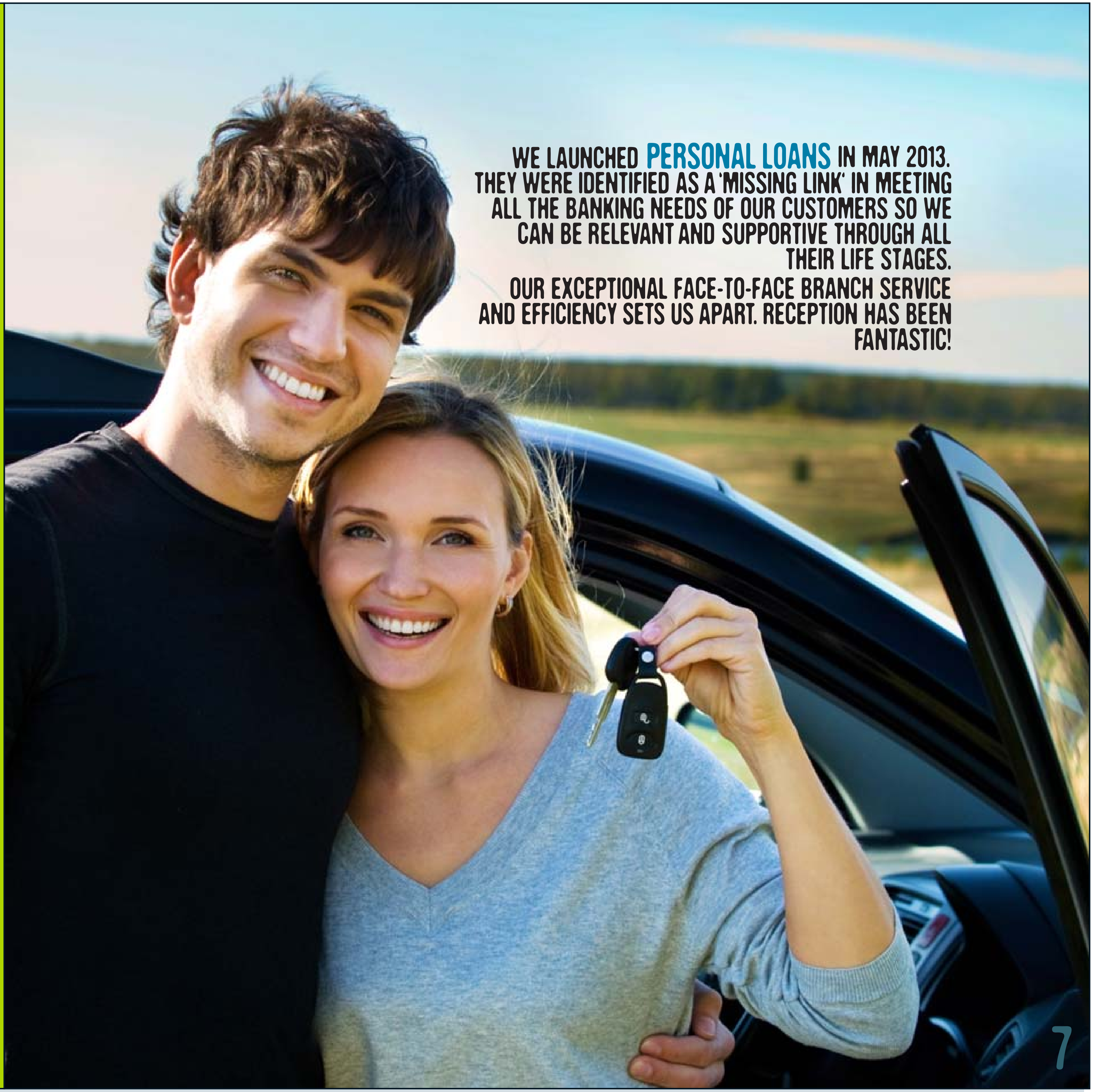
A new Sales and Distribution Channel was formed in March 2013.

The channel restructure involved the appointment of a dedicated General Manager with new Regional Managers for North, Central and South East Queensland and a new Lending Manager to focus solely on our retail finance.

There has been substantial efforts by the division to improve the skills, capability and accountability of our retail network to enhance financial performance and customer care.

They have:

- clarified roles and responsibilities and set new sharply defined targets critical to our success
- rolled out a Retail Optimisation Program that focuses on sales and service delivery, revenue generation and brand positioning
- sourced new talent with significant retail banking experience and proven past performance
- reallocated branch resources to increase productivity, achieve sales success and customer growth - including the allocation of key sales specialist roles in our 'top 10' branches
- empowered frontline employees to drive customer service and satisfaction to new levels - helping us grow our business by converting more customer enquiries into sales, widening the range of products each customer utilises and growing our market share in key segments
- engaged with other business units to action product, marketing, technological, operational, human resource and infrastructure initiatives.



WE LAUNCHED **PERSONAL LOANS** IN MAY 2013. THEY WERE IDENTIFIED AS A 'MISSING LINK' IN MEETING ALL THE BANKING NEEDS OF OUR CUSTOMERS SO WE CAN BE RELEVANT AND SUPPORTIVE THROUGH ALL THEIR LIFE STAGES.

OUR EXCEPTIONAL FACE-TO-FACE BRANCH SERVICE AND EFFICIENCY SETS US APART. RECEPTION HAS BEEN FANTASTIC!

IN MARCH 2013 MICROSOFT SHAREPOINT WAS ROLLED OUT TO ALL OUR STAFF. THIS NEW INTRANET HAS BECOME A VALUABLE PORTAL FOR ENHANCING INTERNAL COMMUNICATIONS AND STIMULATING HIGHER LEVELS OF TEAM ENGAGEMENT.

OUR EXCEPTIONAL PEOPLE

The best people based on attitude, skills and capability are essential to our success! A key principle of our new Strategic Plan includes a commitment to dedicate more resources and improve our methods of growing our people talent.

To this end we have:

- formed a new dedicated Human Resources business unit including the appointment of a General Manager for Human Resources and dedicated HR systems
- realigned business functions to the most appropriate business units and reallocated roles to the people with the best skill sets
- recruited external talent - particularly in the revenue generating and risk management facets of the business
- established Key Performance Indicators and performance appraisals for FY2013/14 and increasingly linked incentive rewards with performance
- increased the training budget by 250% from 2012 to ensure high quality training is embedded into our operating rhythm
- increased inhouse communication at all business levels both face-to-face and online through our new 'Sharepoint' intranet (a system used by 78% of Fortune 500 companies) which serves as a focal hub for keeping our teams informed, building productivity, sharing news, managing documents and tasks and conducting staff surveys
- increased our efforts to support staff in their various roles with leading technology
- promoted career development opportunities within the organisation and commenced development of human resource policies and succession planning
- launched personal finance banking entitlements for all employees to help them achieve their personal life aspirations.

HUGE EFFORT HAS GONE INTO PROMOTING PROACTIVITY, THE RIGHT ATTITUDE AND THE DESIRE TO WIN

Our new home loan was handled with great help and advice... and we had approval and funding faster than expected!

S&S Ryan
Mackay, Queensland

Service is always good and I would recommend Wide Bay Australia to anyone I know!

N Hayward
Hervey Bay, Queensland

We love to go into our branch where staff greet us by our names and serve us well!

G Rafter & M Brookes
Gladstone, Queensland

AN EXCEPTIONAL CUSTOMER EXPERIENCE

Increasing customer satisfaction, building deeper relationships and improving customer growth is the key to us delivering improved returns to our shareholders!

We are making a substantial investment in energy and resources to stand by our promise to always exceed our customers' expectations! Our Strategic Plan includes a range of actions and initiatives to ensure this outcome including:

- revitalising, modernising and strategically designing our branches to feature sales and service, technological, marketing and branding enhancements
- introducing the new Retail Optimisation Program with a key focus on customer service
- developing technology that delivers our customers enhanced convenience and security and leads to a better banking experience
- reviewing our products so they are more competitive, easy to understand, relevant to our customers and provide value and peace of mind
- protecting our customers by reviewing and strengthening our risk management and compliance functions and systems
- working even closer with our third party alliance partners to ensure all our customers needs are satisfied
- investing in relationship management strategies for serving customers of different regions, banking segments and delivery channels.

OUR NEW MOBILE APP LAUNCHED IN JULY 2013 PROVIDES PHONE-SAVVY CUSTOMERS FINGERTIP ACCESS TO THEIR ACCOUNTS AND INFORMATION.

WE'VE SIMPLIFIED OUR HOME LOANS SO THEY'RE EASIER TO UNDERSTAND AND MANAGE. IN SEPTEMBER 2013 WE LAUNCHED A NEW 'FREEDOM PACKAGE' SO OUR CUSTOMERS ENJOY EVEN MORE SAVINGS AND CONVENIENCE ON THEIR HOME LOAN, EVERYDAY BANKING, HOME AND CAR INSURANCE AND CREDIT CARD!

IN AUGUST 2013, OUR NEW MASCOT WAS BORN! ZIGGY HAS BEEN THE HIGHLIGHT OF MANY COMMUNITY EVENTS AND BRANCH PROMOS ACROSS QUEENSLAND. WHILE ZIGGY HELPS US REACH OUT TO AUSSIES OF ALL AGES, ULTIMATELY HIS LIFE PURPOSE IS TO PUT THE FUN BACK INTO SAVING AND BANKING!

CEMENTING OUR ROLE IN THE COMMUNITY

We have a 'burning desire' to succeed as both a company and a good corporate citizen!

Our Strategic Plan recommits us to improving our financial performance for the benefit of our community as well as our shareholders, customers and employees. Our community connection differentiates us from our competitors while strengthening recognition of our brand in the public marketplace.

With our new corporate structures and increased focus on growth we have deepened our community engagement in a variety of ways.

We have:

- sought out more mutually beneficial sponsorships of community groups, organisations and events from which we can leverage direct benefits
- selectively provided donations to needy causes such as our significant support to both our local and the wider Queensland communities after the natural disasters in January 2013
- encouraged our people to become more active community participants including entering teams into community events, contributing to community forums or conducting staff-driven fundraising activities
- established a referral program and fundraising opportunity for community not-for-profit organisations
- provided members of the community groups we support with special product offers and discount vouchers
- developed new social media strategies including corporate sites on Facebook and LinkedIn that have lifted our profile, increased brand awareness and helped us engage with new audiences.

WE CONTINUE TO SPEND MORE THAN OUR COMPETITORS ON SPONSORSHIPS AND DONATIONS IN OUR CORE MARKETS

Ziggy THE SUPER SAVING PIGGY

We place the majority of our business with Wide Bay Australia. This decision is driven by the outstanding service we receive from our Broker Loans Consultant. We really value the importance they place on providing a personal and responsive working partnership and we look forward to continuing a mutually beneficial relationship with Wide Bay Australia.

Natashia Manhire
Principal of Manhire & Associates
(finance and investment specialists)
Gold Coast, Queensland

CAPITALISING ON UNTAPPED OPPORTUNITIES

We've identified some segment opportunities that will allow us to expand our banking business in new and exciting ways! Our Strategic Plan commits us to investing in these areas to grow and diversify our overall operation.

Mortgage broker and introducer relationships have been important to us for a number of years, but we will better define, manage and grow our home lending through third parties.

A dedicated **Third Party and Strategic Alliance Channel** was established in June 2013. The division includes a General Manager, Senior Managers and dedicated Broker Loans Consultants whose goals are to establish us as a genuine national alternative to the majors by offering competitive products and highly accessible personal bankers delivering outstanding service.

They have:

- established a centralised base in Toowong, Brisbane, from which to manage third party operations
- developed a new third party strategy that has clearly defined outcomes
- commenced a program of actively rebuilding and expanding mortgage broker and mortgage alliance relationships with existing and new quality introducers
- initiated improvements in broker processes, communications and systems
- secured additional marketing, product, IT, HR and operational resources to support their revenue generating channel

Another untapped avenue we are expanding is banking services specifically for businesses. While we have a number of loyal business customers already, our structures, products and people have never fully catered to their 'whole of business' needs. Our Strategic Plan identifies substantial benefits from engaging with more small and medium enterprises in our core geographies.

We have an action plan and are building the framework for a new **Business Banking Channel** with a view to launching this from November 2013 and have already commenced:

- sourcing highly experienced and capable business banking managers
- developing new business banking policies and procedures, risk assessment tools and products.

pictured: Darryl McManus (Senior Manager - Third Party & Strategic Alliances) Ann-Michelle Warrener (Specialist Lending Assistant) Peter Clements (Relationship Manager - Specialist Lending) Charlton Nevis (General Manager - Third Party & Strategic Alliances)

IN JULY 2013 WE OPENED A BRISBANE CENTRE DEDICATED TO OUR THIRD PARTY ENGAGEMENT. A TEAM OF SPECIALISED MANAGERS IS NOW ACTIVELY NURTURING AND STRENGTHENING OUR THIRD PARTY RELATIONSHIPS WITH MORTGAGE BROKERS AND ALLIANCE PARTNERS FROM ACROSS AUSTRALIA.

INTRODUCING OUR NEW LEADERSHIP TEAM

Martin has stimulated new ways of thinking and intense proactivity. Together and with their own business units, the restructured management team has drilled deeply into the business - its performance, strengths, weaknesses, opportunities and threats. The initiatives and actions taken over recent months are only the beginning - everyone at Wide Bay Australia is committed to reaching our goals and is enthusiastic about their role in helping write the next exciting chapter in

OUR STORY!

BILL SCHAFER

BCom CA

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Bill joined Wide Bay Capricorn Building Society Ltd in 2001 after gaining significant experience in Brisbane. He graduated from the University of Queensland with a Bachelor of Commerce in 1980 and completed further studies with the Institute of Chartered Accountants and Financial Planning Association of Australia.

Bill then worked in audit and business services in an accountancy practice, before taking up management roles in professional accountancy and law firms.

His professional experience includes lecturing on accounting subjects for the Department of Law at the University of Queensland and committee roles with the Institute of Chartered Accountants and Queensland Law Society.

Bill's responsibilities at Wide Bay Australia include oversight of the Accounting and Treasury departments; financial and management reporting for the group; statutory, ASX and regulatory reporting; strategic focus for the group's capital, funding and liquidity planning; Chairman of the company's Asset & Liability Committee; investor relations and company secretarial duties.

Bill provides the company with a financial focus on the strategic plan, preparing budgets and analysing results to provide management and the Board with guidance on key areas. The finance team is also developing new tools to provide critical financial and operational information to management and making actionable recommendations on both strategy and operations.

As the CFO, Bill is also directing efforts to enhancing the company's reporting to the market - raising the standard to ensure shareholders and potential investors receive current, relevant and concise briefings.

DALE HANCOCK

BBus SAFin

GROUP TREASURER

Dale commenced with Wide Bay Capricorn Building Society in 1996 and has since been instrumental in the management and strategic direction of the company's wholesale funding, asset and liability risk management.

This included establishing the first Residential Mortgage Backed Securitisation (RMBS) program in 1997 and Negotiable Certificates of Deposit (NCD) program in 2012. Both have proven valuable and cost effective sources of loan funding.

Prior to joining the company, Dale worked for a regionally-based chartered accountants firm specialising in accounting, taxation and audit.

In the recent organisational and management restructure, he was appointed to the Group Treasury role in Finance.

This entails supervising Wide Bay Australia's wholesale funding, treasury and liquidity operations.

Dale is also Chairman of the Product Pricing Committee which monitors core product pricing to ensure competitiveness and maintenance of operating margins.

ANDREW McARDLE

BBus (Acc&Fin) SAFin CPA

GENERAL MANAGER - SALES & DISTRIBUTION

Andrew commenced with Wide Bay Australia in March 2013 as the Sales Manager for Retail before moving to the key role as General Manager of Sales and Distribution in late March 2013.

Andrew is very goal driven and results orientated, with a strong personal and professional history of success. He has been recognised for his internal and external relationship building skills and motivational techniques to encourage individuals to achieve their best.

Over recent months Andrew has focused on building a strong regional managerial and lending framework, in particular developing skills and expertise within the branch network by introducing a culture of continual feedback, performance management, coaching, training, sales skills and ensuring that the right people are in the right roles.

He is determined to use his retail expertise to achieve strong growth levels from the sale and distribution of the group's own products and those provided in association with strategic partners.

Andrew has continually enhanced his skills through personal and professional development and many challenging roles over 20 years - with significant experience gained particularly in financial services, government regulation and accounting.

In the past 10 years he held senior management positions in the banking industry with focus and expertise in analysis and strategy, product sales and people management, planning and operations and compliance in retail and commercial operating environments.

CHARLTON NEVIS

BA MBA

GENERAL MANAGER - THIRD PARTY & STRATEGIC ALLIANCES

Charlton joined the company in May 2013 as chief manager of Wide Australia's new dedicated third party channel and has been actively defining a third party strategic alliances strategy.

Its key platform is a national operation offering mortgage brokers and alliance partners outstanding service from personal bankers. This strategy is now being socialised in the mortgage broking fraternity and is being warmly received. Charlton aims to procure a greater share of broker loans nationally hence positioning Wide Bay Australia as the preferred alternative to the major banks.

Charlton and his team have also actively engaged with Wide Bay Australia's existing product partners to ensure that their respective financial products and services continue to meet our customers' needs.

Charlton was instrumental in establishing a base for the division at Toowong in Brisbane and manages broker loans sales teams operating from offices in Sydney, Melbourne, Brisbane and the Gold Coast servicing all Australian States and Territories.

He possesses an extensive range and depth of experience as a result of managing financial service business units for 17 years. He has worked for major Australian financial organisations - developing and proving expertise in organisational strategy, building business models, operations, understanding consumers and product distribution.

Charlton has continually enhanced his abilities with extensive personal and professional development.

STEVEN CAVILLE

AdvDipEEng

CHIEF INFORMATION OFFICER

Steve has a broad range of responsibilities involving the overall strategic direction and management of the company's information technology infrastructure and operating systems as well as supporting the business strategies by implementing IT solutions.

Some examples of areas managed by Steve include core banking, lending and payment systems; internet and mobile banking and other online platforms; the ATM network; infrastructure support; customer relationships; and strategic partner software and systems.

Prior to joining Wide Bay Capricorn Building Society in 2000, he gained significant qualifications and experience with the Royal Australian Air Force in technical systems and sensitive communication equipment.

He also served as a manager within the Defence Integrated Secure Communications Network (DISCON) as a software developer and network support engineer. Steve was appointed to his current role at Wide Bay Australia in November 2010.

The company has identified the importance technology has in its future, so Steve and his team are working in cooperation with other business units to prioritise and deliver on projects that create processing efficiency and increase engagement with customers and other stakeholders through technology.

Steve is also engaged in helping Wide Bay Australia to meet or exceed regulatory requirements for information technology and in the development and maintenance of risk management and disaster recovery systems.

STEPHEN BUTLER

GENERAL MANAGER - OPERATIONS

In March 2013 Steve was appointed the role of General Manager of Operations as part of the company's realignment of business units. Operations is now one of Wide Bay Australia's larger structures with Steve coordinating the total service division which includes Banking Services, Lending Services and Property and Procurement.

In cooperation with his business unit's senior leaders, Steve is heading the experienced and empowered Operations team in the drive for Wide Bay Australia to realise its new vision for the future.

This is being achieved by providing strong support to the revenue-generating business units, improving internal processes, seeking productivity gains and driving operational efficiencies. A major focus includes a branch refurbishment program.

Prior to the March 2013 restructure, Steve was Wide Bay Australia's Loans Manager - having commenced with Wide Bay Capricorn Building Society Ltd in September 2001. His responsibilities had included the management of lending personnel, documentation and loan settlements, loan accounts and payments, credit compliance and risk.

Steve had previously gained experience with other finance and mutual sector organisations.

RAY LINDERBERG

BBus(Comn) AIFS

GENERAL MANAGER - MARKETING & PRODUCTS

Ray identifies strongly with the aspirations and needs of the regional customers and communities which form Wide Bay Australia's core market.

He joined Wide Bay Capricorn Building Society in 1986 as Marketing Manager - supervising a wide range of functions including marketing strategy, corporate and online communications, advertising, promotions and community, stakeholder and media relations.

He has participated in many company initiatives and achievements and in 2003, was instrumental in transitioning Wide Bay Capricorn's branding to Wide Bay Australia.

In March 2013, in line with the restructure, Ray's role was enhanced to allow him and his business unit to focus on increased responsibilities for the company's core product strategy and innovation.

Ray, together with his team, is supporting the company's renewed efforts in brand strategy and positioning; customer segmentation and marketing actions to reach new audiences; deeper community connection and profile building; and product development and promotional strategy to support the retail, third party and business channels.

Recent major projects include the development and launch of personal loans, home loan product review and consolidation, creation of the new mascot, establishment of a loan referral fundraising program for not-for-profit organisations and establishment of social media corporate sites on Facebook and LinkedIn.

GAYLE JOB

FIFS

GENERAL MANAGER - HUMAN RESOURCES

During her 36 years with the company, Gayle has gained valuable experience in branch operations, product development, policies and procedures, staff training, regulatory licencing and compliance and management of strategic partnerships.

Until March 2013 Gayle acted as Training & Compliance Manager, however with the increased focus on staff management and engagement, she was subsequently appointed as General Manager of Human Resources.

This has allowed her to build a new dedicated business unit who focus on improving our people engagement and development. The role entails supervision of recruitment, remuneration, training, performance management, employment law compliance, staff welfare and OH&S.

The Human Resources team pride themselves in maintaining 'best practice' in staff management that embraces diversity of individual ability and thought. Continually improving management and delivery of our services and promoting staff innovation creates value for our customers and shareholders - essential when building a high performing and sustainable organisation.

Gayle shares a strong belief in community based enterprises and is currently Secretary of the Board of Directors for a regional charity organisation which provides support, training, employment and community aid services to people experiencing disadvantage, poverty or exclusion from social and employment networks.

FRANCES McLEOD

MAICD FIFS

GENERAL MANAGER - STRATEGY IMPLEMENTATION & PRODUCTIVITY IMPROVEMENT

Frances' financial services career started with Burnett Permanent Building Society in 1974 - so she has faced many market and regulatory challenges and been an integral part of the Wide Bay Australia story. In addition to her management responsibilities Frances is an Executive Director.

Up until March 2013, Frances acted as Chief Operating Officer. Her responsibilities included managing treasury and liquidity, corporate and regulatory compliance and monitoring and supervising departmental business unit managers. During her career, Frances also gained extensive experience in lending and branch operations.

In March, in line with the corporate restructure, Frances was appointed to her new role. As the Strategic Plan is implemented, Frances is monitoring progress, trends and determining refinements so adaptations can be made - in order to build the company's reputation, performance and profitability.

Frances is also working with senior management to ensure that the alignment of roles under the restructure is completed smoothly. She is supporting the General Managers in establishing and maintaining strategies, structures and capabilities for their individual units.

In addition she is defining, prioritising, coordinating and implementing a productivity improvement plan with the goal of reducing costs and improving efficiencies.

Frances is seeking to improve the overall performance of Wide Bay Australia via sound, proactive leadership and by encouraging suggestions for improvement.

MICHAEL McLENNAN

BBus CPA

CHIEF RISK OFFICER

Michael joined Wide Bay Australia in 2011 following the company's decision to establish a dedicated risk management function.

He has extensive experience in management of financial institutions having held Chief Risk Officer and Chief Financial Officer roles with ASX-listed financial institutions.

Prior to joining Wide Bay Australia, Michael was based in London with Lloyds Banking Group in senior management roles relating to their economic capital framework and planning for their international retail banking operations.

Michael supervises the company's risk management processes and systems. This entails working closely with the individual business units to identify and mitigate risk.

Michael's core responsibility in respect to the risk management framework was expanded following the March 2013 restructure.

He and his team are now responsible for the oversight of regulatory, policy and contractual obligations, credit policy development, credit decisioning and collections management.

BOB ASHTON

CPFA(UK)

INTERNAL AUDITOR

Bob commenced in his current role with Wide Bay Australia Ltd in 2002.

Prior to joining the company, he was a senior information systems auditor at the Queensland Audit Office. He has auditing experience in the United Kingdom, New Zealand and Australia in consulting, government, mining and banking.

Bob and his internal audit team are charged with conducting an independent risk-based audit program which comprises the 'third line of defence' in the company's risk management framework - after line management controls and the risk management function.

Bob maintains close communication with all business unit managers on all audit activities.

Internal Audit has regular scheduled meetings with the Board Audit Committee on a quarterly basis at which audit reports and any emerging issues are discussed.

In addition regular engagement takes place with external auditors and APRA in order to ensure that potential exposures are optimally addressed.

In the past financial year, Wide Bay Australia has increased its commitment to internal audit processes including deploying more human resources. It is intended that the internal audit team will be further expanded during 2013/14.

BRANCH & OFFICE DIRECTORY

to talk to
your nearest team
1300 943 322

QUEENSLAND

Bundaberg & Burnett

- **Head Office**
  Wide Bay Australia House
  16-20 Barolin Street **Bundaberg CBD** 4670
- 124 Bourbong Street **Bundaberg CBD** 4670
- shop 63 Hinkler Central
  Maryborough Street **Bundaberg CBD** 4670
- shop 321 Sugarland Shoppingtown
  Takalvan Street **Bundaberg West** 4670
- shop 3 Bargara Beach Plaza
  See Street **Bargara** 4670

Cairns

- shop 122 Stockland Cairns
  537 Mulgrave Road **Earlville** 4870
- shop 16B Redlynch Central Shopping Centre
  cnr Larsen & Redlynch Connector Road
  Redlynch 4870

Townsville

- shop 1A Stockland Townsville (Kmart)
  cnr Nathan Street & Ross River Road
  Cranbrook 4814
- shop 12 Stockland North Shore
  cnr Main & Water Street **Burdell** 4818

Whitsundays

- shop 1 Deicke Arcade
  Main Street **Proserpine** 4800

Central Highlands & Coalfields

- shop 18 Central Highlands Marketplace
  2-10 Codenwarra Road **Emerald** 4720

Mackay & Sarina

- Wide Bay Australia House
  73 Victoria Street **Mackay CBD** 4740
- shop 2127 Caneland Central
  cnr Victoria Street & Mangrove Road
  Mackay CBD 4740
- Macrossan & Amiet Solicitors*
  referral agency - loans and deposits
  no cash transactions
  55 Gordon Street **Mackay CBD** 4740
- shop 146B
  Mt Pleasant Greenfields Shopping Centre
  cnr Phillip Street & Bucasia Road
  Mt Pleasant 4740
- Fourways Plaza
  Nebo Road **West Mackay** 4740
- shop 4 Sarina Beach Road Shopping Centre
  Sarina Beach Road **Sarina** 4737
- Calen Electrical Sales & Service
  agency - new accounts, deposits and withdrawals only
  18 McIntyre Street **Calen** 4798

Rockhampton & Capricorn Coast

- shop 24 Allenstown Plaza
  Canning Street **Allenstown** 4700
- shop 83 Stockland Rockhampton
  Yaamba Road **North Rockhampton** 4701
- 6 James Street **Yeppoon** 4703

Gladstone & Tannum Sands

- 78 Goondoon Street **Gladstone CBD** 4680
- shop 19 Stockland Gladstone
  Phillip Street **Kin Kora** 4680
- shop 7 Tannum Central Shopping Centre
  101 Hampton Drive **Tannum Sands** 4680

Fraser Coast

- 230 Adelaide Street **Maryborough** 4650
- shop 33 Station Square Shopping Plaza
  cnr Alice & Lennox Street **Maryborough** 4650
- 5 Torquay Road **Pialba** 4655
- shop 2A Urangan Central Shopping Centre
  cnr Boat Harbour Drive & Elizabeth Street
  Urangan 4655

Gympie

- shop 38 Centro Gympie
  Bruce Highway **Gympie** 4570
- shop 27/28 Goldfields Plaza
  Monklands Street **Gympie** 4570

Sunshine Coast

- shop 1/1 Emerald Street **Cooroy** 4563
- 84 Poinciana Avenue **Tewantin** 4565
- shop 1064 Noosa Civic Mall
  28 Eenie Creek Road **Noosaville** 4566
- shop 12 Nambour Central Mall
  Lowe Street **Nambour** 4560
- shop 2 Ryan's Plaza
  cnr Ocean Street & Horton Parade
  Maroochydore 4558
- shop 47 Stockland Caloundra
  47 Bowman Road **Caloundra** 4551

South East

- suite 1/156 Morayfield Road
  Morayfield, Caboolture 4506
- shop 3 Wide Bay Australia House
  1957-1961 Logan Road
  Upper Mount Gravatt 4122
- shop 11 The Rocket
  203 Robina Town Centre Drive
  Robina, Gold Coast 4226

DEDICATED BROKER LOAN CENTRES

QUEENSLAND

- 10/621 Coronation Drive
  Toowong, Brisbane 4066

NEW SOUTH WALES

- 1/3 Horwood Place
  Parramatta, Sydney 2150

VICTORIA

- 3/1414 Toorak Road
  Camberwell, Melbourne 3124

*Hoss Pty Ltd acts as Wide Bay Australia's authorised Australian Financial Services Representative: AFS 310794 and Australian Credit Representative: CRN 366231

download
our annual report

Wide Bay Australia Ltd ABN 40 087 652 060
Australian Financial Services & Australian Credit Licence 239686

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banking your way

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2012 2013

ANNUAL REPORT & FINANCIAL STATEMENTS

MESSAGE FROM THE CEO

My first five months as Chief Executive Officer of Wide Bay Australia has been very challenging as we have embarked upon a major change program. Indeed my first day in February was against the backdrop of the worst floods in Bundaberg's history!

However just as Queenslanders have rallied together to overcome those obstacles, the team at Wide Bay Australia has also been working harder than ever to build the future for our company.

Our financial results to June 2013 were disappointing in yet another economically challenging year for Queensland. However we have now made the difficult decisions to both provision significantly higher for potential future bad debts in our subsidiary, Mortgage Risk Management Pty Ltd, and to write off the full value of our 25% shareholding in Financial Technology Securities Pty Ltd. While our underlying profitability has remained sound, the result has been a significant fall in net profitability to $2.453m.

These decisions, as difficult as they were to make, nonetheless provide a basis for a healthy platform for the future and a balance sheet that is sound and represents a strong base from which to drive growth in the future.

Since starting with Australia's only listed building society my priorities as the new CEO have been very clear:

1 Get the right leadership structure in place.
2 Keep the 'good' parts of our culture and change the 'not so good' parts.
3 Develop a three year Strategic Plan that sets the sustainable growth agenda for the company.
4 Commence implementing this Plan to achieve early traction.

I am pleased to inform you that significant traction has already been achieved! We are making rapid progress on a myriad of fronts covering nearly all aspects of our operation.

A few customer-facing examples include the introduction of new products such as personal loans, development of our new mobile banking app for IPhone and Android, and a significant amount of work that has already been completed on our new Business Banking capability that goes live to market in late October 2013.

We are also making sure that through the development of our people they will be among the best in the industry, as well as bringing on board highly talented people who can make a difference for us. In this respect we are also well underway, having increased our HR and training resources as well as attracting some high quality leaders and lenders to our organisation who are also excited about the many opportunities ahead.

In an extremely competitive industry and one in which customer service is critical, I am pleased to boast that Wide Bay Australia has one of the best customer service records of any banking organisation in the country - an independently verified fact!

This very important part of our heritage will continue as a core part of our success in the future. Broader capability, a wider range of products and services and a renewed commitment to our customers and communities will, I believe, see us achieve a healthy lift in both our market profile and performance.

Of course even though we have set a lot of wheels in motion over the last few months - we have a lot more to do! Your management team and I will continue to work hard in the year ahead to ensure we maintain this growth trajectory.

To our shareholders, customers, business partners and employees, I extend my appreciation for your warm welcome, support, continuing loyalty to the company and efforts in making us 'number one'.

Martin Barrett CEO
27 August 2013 - Bundaberg

CHAIRMAN'S REVIEW

We have previously advised the market that the consolidated net profit of the Wide Bay Australia group for the 2012/13 financial year after income tax was $2.453m. This result was adversely affected by one-off items arising from provisions for doubtful debts and the impairment of an equity accounted investment.

Based on this result, the Wide Bay Australia Board declared a fully franked final dividend of 4 cents per ordinary share which will be paid on 04 October 2013. Together with the interim dividend of 13 cents per share, our total dividend for the year amounted to 17 cents per share.

I should say immediately that this level of financial performance is both disappointing and unacceptable. The Board and the management team understand and accept this and we are expecting considerably better results in the current year.

We believe last year's results to be an anomaly based on these one-off items and are confident that Wide Bay Australia is on track to deliver an after tax operating profit for the consolidated group for 2013/14 in the range of $13m to $14m.

Wide Bay Australia's capital level remains strong and in excess of the Board target of 13%.

In February Ron Hancock retired as Managing Director after more than 45 years with the group and the Board appointed Martin Barrett to replace him.

While the financial results were disappointing, Wide Bay Australia has made solid progress in other areas as Martin has hit the ground running. The company has had a new corporate strategy in place since May and we are making steady progress with its implementation.

The major components of the Strategic Plan include:

- a restructuring of the leadership team
- improving the skills, capability and accountability of the Sales and Distribution team
- better defining, managing and growing home lending through our branch-based lenders and through Mortgage Broker and Mortgage Alliance introducers
- introducing a new Business Banking segment in the second half of the financial year
- supporting the revenue-generating business channels via Product, Marketing, Technology, Risk, Operations, Human Resources and Infrastructure improvement.

The restructure of the management team is substantially completed and we have appointed a number of new highly experienced senior executives to the Wide Bay Australia team.

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

We will proceed cautiously with the development of the Business Banking operations to ensure we are building a sustainable and profitable division. This opportunity in our core markets is an exciting one that over time will add to and diversify our revenue.

As well as changes being made to the management team we have also focused on Board renewal. This year John Pressler, a long standing non-executive director and my predecessor as Chairman will retire at the Annual General Meeting and will not stand for re-election. On behalf of all the directors and shareholders I would like to thank John for an incredible contribution to the company during his long period of service on the Board. John has consistently displayed good commercial judgment and he will be missed.

Frances McLeod will also retire from the Board at the AGM and not stand for re-election. This decision is principally driven by Governance concerns at having more than one executive member of what is quite a small Board. I would like to thank Frances for her contribution in the Boardroom over many years. Frances is continuing with the group in a senior executive role and we will still have access to her extensive management skills.

I am very pleased to announce that Greg Kenny will join the Board following the AGM. Greg retired in 2012 after a long career with Westpac Banking Corporation and St George Bank Ltd. At the time of his retirement Greg was the Managing Director of St George in NSW and the ACT and prior to that was their General Manager of Corporate and Business Banking. Greg will bring a wealth of banking experience to the Wide Bay Australia Board and we look forward to welcoming him. In addition to Greg it is proposed to appoint another non-executive director to the Board in the new year.

I would like to thank Martin, the management team and our staff for their dedication during what has been a very challenging year. While the business conditions in which we operate will remain difficult I am confident that with the new corporate strategy in place and the changes we are making, we are well placed for future success.

To my fellow Directors, I would like to express my thanks for your continued guidance and assistance during the year.

Finally, I extend our appreciation to our many shareholders, customers and business partners for your continued support.

John Humphrey Chairman
27 August 2013 - Brisbane

BOARD OF DIRECTORS

CHAIRMAN
JOHN HUMPHREY
LLB

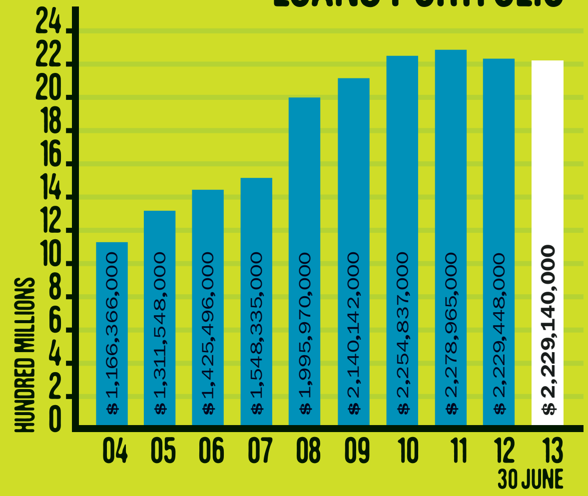
DIRECTOR
PETER SAWYER
FCA FAICD FIFS

DIRECTOR
JOHN PRESSLER OAM
FAICD FIFS

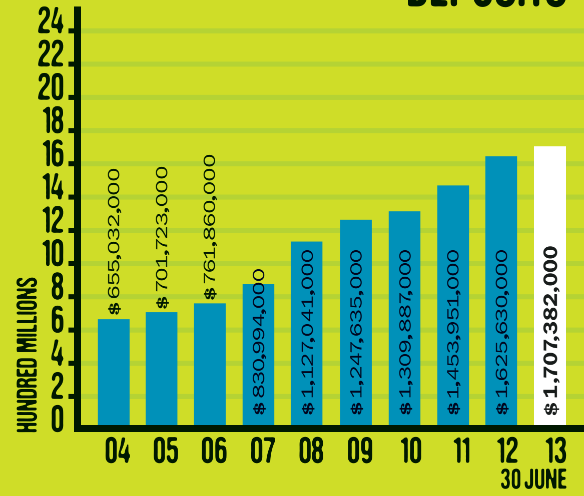
FRANCES McLEOD
MAICD FIFS
EXECUTIVE DIRECTOR

BARRY DANGERFIELD
DIRECTOR

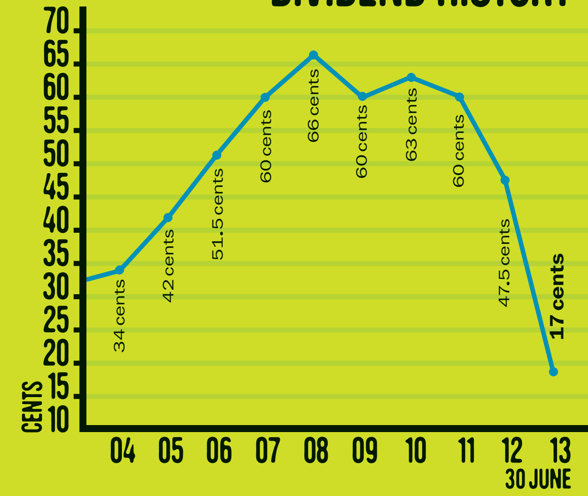
LOANS PORTFOLIO



DEPOSITS

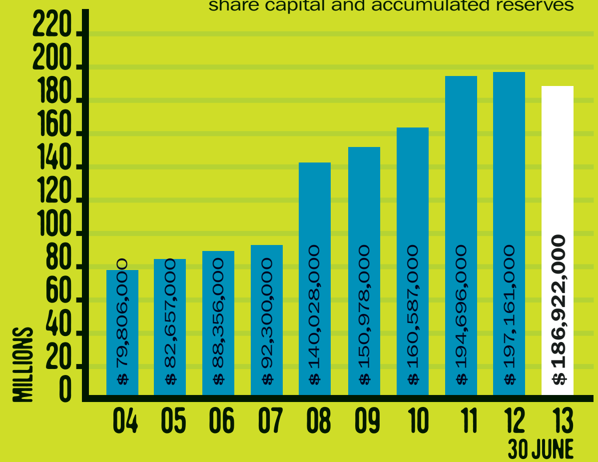


DIVIDEND HISTORY



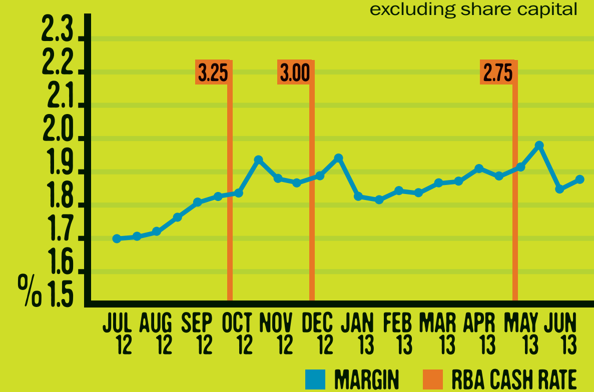
SHAREHOLDERS' EQUITY

share capital and accumulated reserves



OPERATING MARGIN

excluding share capital



SHARE PRICE HISTORY

DIRECTORS' STATUTORY REPORT

Review and results of operations

The consolidated net profit after income tax for the 2012/13 financial year was $2.453m compared to the result of $17.578m for the 2011/12 year.

The results of the Wide Bay Australia Ltd group (Wide Bay) were adversely affected by one-off items arising from provisions for doubtful debts and the impairment of an equity accounted investment which are discussed in detail below.

The loan book of Wide Bay stood at $2.229b at 30 June 2013. After a decline in the first half of the financial year, the loan book stood at $2.197b at 31 December 2012, before recovering in the second half.

Mortgage Risk Management Ltd (MRM)

As previously announced MRM, a wholly owned mortgage insurer, increased provisioning by $4.8m in the second half of 2012/13 financial year. This exceeded budget expectations for the half year by $3.2m.

The increase arose from the re-examination and revised modelling of the MRM insured loan book. Actuarial guidance was received confirming the provisioning requirement. The portfolio of loans in the insurer had seen deterioration in the arrears performance and there were a small number of large loans which required provisions set aside due to valuations falling short of previous levels.

The insurance 'captive' is now soundly provisioned with $11.4m set aside for bad and doubtful debts which may arise over the next 4 years.

In June 2012, loans to the value of $957m were transferred from MRM to QBE Lenders' Mortgage Insurance Limited (QBE) at a cost to the chief entity of $6.1m. This expense is now being written down over a 5 year period.

MRM receives no new business and will continue to wind down although there is still a portfolio of $435m loans insured in the wholly owned subsidiary. The loan portfolio contains $307m loans with an LVR up to 80% and $128m of loans with LVR's greater than 80%.

Financial Technology Securities Pty Ltd (FTS)

Wide Bay acquired a 25% interest in FTS, a financial planning business, in 2005. After reviewing the investment and modelling the value, the Board of Directors formed the opinion that this asset carries significant uncertainty in the previous holding value.

It was resolved to write down the investment in this company by the full value of $7.377m. This write down is a non-cash item and has no impact on the capital position of Wide Bay due to its prior status as a deduction from tier 1 capital in the chief entity.

Principal activities and significant changes

The Board of Wide Bay 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.

The company continues to focus on residential lending with the objective of growing the loan book through the branch network and mortgage broker introduced loans. The expectation is that 3rd party broker loans will make up approximately 40% of loans funded in the 2013/14 financial year.

The 3 year Strategic Plan sets the agenda for the organisation over the medium term. It is a plan focused on the core business. It seeks to address and improve the current and future business performance of Wide Bay via:

1. Re-structure of the leadership team to align role responsibilities, address current performance challenges, compliance/risk challenges and to enable improved productivity across the organisation.
2. Improving the skills, capability and accountability of the Sales and Distribution team (Retail network) as a priority to lift both financial performance and customer experience. Training, performance management (including KPI setting) and recruitment of improved talent are key areas of focus.
3. Better defining, managing and growing home lending via the Broker and Mortgage Alliance introducers to ensure growth at or above market. The previous approach of local lenders working with local brokers is not effective given the national model that main aggregators operate.
4. Introducing the new segment of Business Banking with a staged approach of July - October 2013 Build Phase and November 2013 Origination phase. The new channel will provide both growth opportunity as well as revenue diversification. The model will target SME customers primarily in the Wide Bay core catchment area.
5. Supporting the Business Channels via Product, Marketing, Technology, Risk, Operations, Human Resources and Infrastructure improvement. The organisational alignment is to be focused on supporting the Revenue Businesses (Sales & Distribution, 3rd Party and Business Banking) to attract more customers, and to provide them with the full services and products they require in a responsible and sustainable way.

Personal loans

Wide Bay began offering personal loans in May 2013. The personal loan book was $0.9m at 30 June 2013 which is immaterial to the balance sheet and has not been reported as a separate segment for the financial year.

Acquisitions

The Board will continue to monitor opportunities to acquire loan books or suitable institutions as they arise. While not actively seeking acquisition prospects, the Board will review any offers made which may complement the overall operations of the group.

Matters subsequent to the end of the financial year

There has been no other matter or circumstance since the end of the financial year that will significantly affect the results of operations in future years or the state of affairs of the company.

Subsequent to the end of the 2012/13 financial year, Mr J F Pressler, independent Director of Wide Bay Australia Ltd, was appointed as the company's designated director on the board of FTS, to replace Mr R E Hancock.

Capital

The capital adequacy ratio for the Wide Bay group (excluding MRM) at 30 June 2013 was 13.82% (2012: 13.40%).

The tier 1 capital ratio at 30 June 2013 was 11.15% (2012: 10.99%).

The capital level remains strong and in excess of the Board target of 13.00%.

Wide Bay has withdrawn the application for the return of capital from MRM due to the additional provision required in that subsidiary in the current financial year. The capital remains strong and well in excess of the Board targets. The capital in MRM will continue to be reviewed and an application for return of capital will be considered by the Board at a future date as MRM continues to wind down.

Dividends

An interim dividend of 13.0 cents per ordinary share was declared and paid 28 March 2013.

A fully franked dividend of 4.0 cents per ordinary share has been declared by the Board and will be paid on 04 October 2013. The Board has taken the view that the impairment of FTS is a non-cash item and paid a dividend from 'cash' profits.

The Dividend Reinvestment Plan has been suspended by the Board and remains in suspension for the dividend payable on 04 October 2013.

Directors

The names and particulars of the Directors of the Company in office during or since the end of the financial year are:

Professor John S Humphrey LL.B

Professor Humphrey was appointed to the Board on 19 February 2008 and was appointed Chairman following the 2009 Annual General Meeting. He was a senior partner in the Brisbane office of international law firm, King & Wood Mallesons (until 01 January 2013), where he specialised in commercial law and corporate mergers and acquisitions. He is now Executive Dean at the Faculty of Law at Queensland University of Technology. He is currently a non-executive Director of Horizon Oil Limited and Downer-EDI Limited. Professor Humphrey is an independent Director and a member of the Audit Committee. He is aged 58.

Mr Ronald E Hancock AM FCA, FAICD, FIFS **-** retired 04 February 2013

Mr Hancock was the Managing Director of Wide Bay Australia Ltd until his retirement on 04 February 2013. He was a foundation Director and Manager of the Burnett Permanent Building Society formed in 1966, which subsequently merged with other Queensland societies to form Wide Bay Capricorn Building Society Ltd, subsequently Wide Bay Australia Ltd.

Mr Hancock was a practising chartered accountant for 32 years and is a Director of Mortgage Risk Management Pty Ltd and Financial Technology Securities Pty Ltd. Mr Hancock was an executive Director until his retirement on 04 February 2013 and is aged 71.

Mrs Frances M McLeod MAICD, FIFS

Mrs McLeod was appointed to the Board in 2003. She is General Manager - Strategy Implementation and Productivity Improvement of Wide Bay Australia Ltd and has a wide range of experience based on her involvement with the Company for over 39 years. She is a Director of Mortgage Risk Management Pty Ltd. Mrs McLeod is an executive Director and is aged 55.

Mr John F Pressler OAM FAICD, FIFS

Mr Pressler was appointed to the Board in 1988. He is a prominent figure in Emerald's agricultural and horticultural industries and is the Chairman of the listed Lindsay Australia Ltd. He is the Chairman of Mortgage Risk Management Pty Ltd, having been appointed on 21 January 2011. He is also a member of the Audit Committee, an independent Director and Chairman of the Group Board Remuneration Committee. He is aged 71.

Mr Peter J Sawyer FCA, FAICD, FIFS

Mr Sawyer has been a Director since 1987. Until August 2008, he was a partner of the firm Ulton, Chartered Accountants with offices in Bundaberg, Maryborough, Hervey Bay and Gladstone. Mr Sawyer is Chairman of the Bundaberg Friendly Society Medical Institute Ltd which runs the Friendly Society Private Hospital and Pharmacies in Bundaberg. Mr Sawyer is the Chairman of the Audit Committee, is an independent Director and a member of the Group Board Remuneration Committee. He was appointed as a Director of Mortgage Risk Management Pty Ltd on 21 January 2011. He is aged 63.

Mr Barry Dangerfield

Mr Dangerfield was appointed to the Board on 22 November 2011. He has had 38 years experience in the banking industry, having held senior positions in commercial, retail and agribusiness. Mr Dangerfield is a non-executive Director and is aged 57.

The abovenamed Directors held office during the whole of the financial year, with the exception of R E Hancock who retired on 04 February 2013.

Company Secretary

Mr William R Schafer B.Com, CA

Mr Schafer was appointed Company Secretary in August 2001. He has extensive experience in public accounting and management (law firms). He is an Associate of the Institute of Chartered Accountants.

DIRECTORS' STATUTORY REPORT

Directors' Meetings

During the financial year, 13 meetings of the Directors, 6 meetings of the Audit Committee and 5 meetings of the Remuneration Committee were held, in respect of which each Director attended the following number:

	Board		Audit		Remuneration	
	Held	Attended	Held	Attended	Held	Attended
JF Pressler	13	12	6	5	5	5
RE Hancock	8	8	3	3*	n/a	n/a
JS Humphrey	13	11	6	6	5	1
FM McLeod	13	11	4	4*	n/a	n/a
PJ Sawyer	13	12	6	6	5	5
B Dangerfield	13	13	6	6	5	4
M Barrett	n/a	n/a	2	2*	n/a	n/a

* Messrs Hancock, McLeod and Barrett who are not members of the Audit Committee, attended the Audit Committee meetings by invitation.

Directors' Shareholdings

The Directors currently hold shares of the company in their own name or a related body corporate as follows:

	Ordinary Shares	
RE Hancock	2,145,871	- retired 04 February 2013
JS Humphrey	31,551	
FM McLeod	144,954	
PJ Sawyer	1,077,567	
B Dangerfield	42,076	

While Mr J F Pressler does not hold shares individually or in a related body corporate, he is a Director of Hestearn Pty Ltd, which holds 308,543 shares. Mr Pressler does not have a controlling interest in Hestearn Pty Ltd.

Related Party Disclosure

The following persons and entities related to key management personnel have provided services to the Company. In each case the transactions have occurred within a normal supplier - customer relationship on conditions no more favourable than those available to other suppliers.

	$ 2013	$ 2012
King & Wood Mallesons, a related party due to having a common Director being John S Humphrey (until 01 January 2013), received fees for legal services and corporate advice:		
1: Corporate restructure ($7,657)		
2: Securitisation ($380,377)		
3: Business combinations ($81,952)		
4: Other ($3,391)		
Total	**473,377**	236,938

Remuneration Report

The fees payable for non-executive Directors are determined with reference to industry standards, the size of the Company, performance and profitability. The Directors' fees are approved by the shareholders at the Annual General Meeting in the aggregate and the individual allocation is approved by the Board.

Remuneration of senior executives and other executive Directors for 2012/13 was subject to the Remuneration Committee and ratified by the Board. Relevant remuneration was based on the individual's performance throughout the year, the duties and responsibilities undertaken and is set so as to reflect the remuneration commensurate with the market place, given those duties and performances.

The Board Remuneration Committee consists of all independent Directors with Mr John Pressler as Chairman.

No company performance based payments were made to senior executives during the year.

Remuneration Report continued

Details of the nature and amount of each major element of the remuneration of each Director and each of the named officers of the Company receiving the highest remuneration and the key management personnel are:

		Short Term Benefits			Post Employment Benefits		Termination Benefits	Share Based Payments	Other Long Term Benefits	Total
		Cash Salary and Fees	Cash Bonus	Non-Monetary	Superannuation	Retirement Benefits	Termination Benefits	Options		
		$	$	$	$	$	$	$	$	$
Specified Directors										
Hancock, RE	2011/12	1,179,076	-	15,209	50,000	-	-	-	33,908	1,278,193
Managing Director retired 04 February 2013	2012/13	1,130,240	-	4,750	8,333	84,162	-	-	-	1,227,485
McLeod, FM	2011/12	276,130	-	3,987	40,968	-	-	-	9,912	330,997
Director & General Manager - Strategy Implementation & Productivity Improvement	2012/13	305,208	-	1,522	16,457	-	-	-	7,708	330,895
Humphrey, JS	2011/12	102,122	-	-	9,190	-	-	-	-	111,312
Chairman (non-exec)	2012/13	102,122	-	-	9,190	-	-	-	-	111,312
Pressler, JF	2011/12	72,750	-	-	10,000	-	-	-	-	82,750
Director (non-exec)	2012/13	75,917	-	-	6,833	-	-	-	-	82,750
Sawyer, PJ	2011/12	42,750	-	-	40,000	-	-	-	-	82,750
Director (non-exec)	2012/13	75,917	-	-	6,833	-	-	-	-	82,750
Dangerfield, B	2011/12	46,256	-	-	4,163	-	-	-	-	50,419
Director (non-exec)	2012/13	75,917	-	-	6,833	-	-	-	-	82,750
Total Remuneration - Specified Directors										
	2011/12	1,719,084	-	19,196	154,321	-	-	-	43,820	1,936,421
	2012/13	1,765,321	-	6,272	54,479	84,162	-	-	7,708	1,917,942

Remuneration Report continued

		Short Term Benefits			Post Employment Benefits		Termination Benefits	Share Based Payments	Other Long Term Benefits	Total
		Cash Salary and Fees	Cash Bonus	Non-Monetary	Superannuation	Retirement Benefits	Termination Benefits	Options		
		$	$	$	$	$	$	$	$	$
Key Management Personnel										
Barrett, MJ	2011/12	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Chief Executive Officer	**04/02/13 to 30/06/13**	185,973	-	-	6,335	-	-	-	-	192,308
Schafer, WR	2011/12	293,086	-	3,420	15,775	-	-	-	7,210	319,491
Chief Financial Officer	2012/13	296,847	-	760	16,457	-	-	-	6,421	320,485
McLennan, M	2011/12	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Chief Risk Officer	**15/03/13 to 30/06/13**	51,361	-	-	4,800	-	-	-	-	56,161
Nevis, C	2011/12	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
General Manager - Third Party & Strategic Alliances	**27/05/13 to 30/06/13**	11,997	-	-	1,080	-	-	-	-	13,077
McArdle, A	2011/12	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
General Manager - Sales & Distribution	**15/03/13 to 30/06/13**	44,107	-	-	3,970	-	-	-	-	48,077
Caville, SM	2011/12	164,414	-	2,256	15,755	-	-	-	3,950	186,375
Chief Information Officer	2012/13	167,799	-	813	15,102	-	-	-	3,955	187,669
Butler, SV	2011/12	162,563	-	-	16,554	-	-	-	3,428	182,545
General Manager - Operations	**01/07/12 to 15/03/13**	116,715	-	-	10,505	-	-	-	2,741	129,961
Ashton, AR	2011/12	98,372	-	2,094	48,536	-	-	-	3,531	152,533
Internal Auditor	**01/07/12 to 15/03/13**	97,744	-	-	8,724	-	-	-	2,119	108,587
Hancock, DA	2011/12	192,431	-	2,992	15,775	-	-	-	-	211,198
Manager - Group Treasurer	**01/07/12 to 15/03/13**	130,583	-	1,011	11,657	-	-	-	-	143,251
Total Remuneration - Specified Executives										
	2011/12	910,866	-	10,762	112,395	-	-	-	18,119	1,052,142
	2012/13	1,103,126	-	2,584	78,630	-	-	-	15,236	1,199,576

Employment Contracts

All named Key Management Personnel and the Managing Director have/had employment contracts. Major provisions of those agreements are summarised below:

Current Key Management Personnel

Chief Executive Officer - M J Barrett

- Contract dated - 04 February 2013
- Term of agreement - no fixed term
- Wide Bay Australia or M J Barrett may terminate this agreement by providing 6 months written notice or provide payment in lieu of the notice period.
- Short Term Incentive (STI) - The STI benefit will be payable on achieving Key Performance Indicators each year and will be a cash bonus of up to a maximum value of 30% of Fixed Pay subject to meeting performance targets. For details of the STI see (a).
- Long Term Incentive (LTI) - Grant of performance rights up to a maximum value of 30% of Fixed Pay and as determined by the Remuneration Committee. For Details of the LTI see (b).

a) Short Term Incentives
Up to 30% of base salary on achieving KPI's on the basis of percentage allocation in terms of CEO scorecard and measured by populating actual results and discretionary. The CEO must complete a full year of service to be eligible to receive the STI for each applicable financial year, the bonus entitlement will be calculated based on the 30 June results and the overall performance including discretionary as determined by the Remuneration Committee and paid on the 30 September.

b) Long Term Incentives
The grant of performance rights, under the terms of Wide Bay Australia Ltd *'Performance Rights Plan Rules'*, to subscribe for or be transferred at no cost one share for every performance right exercised. The CEO must complete a full year of service to be eligible to receive the LTI for each applicable financial year, the bonus entitlement will be calculated based on the 30 June results and overall performance including discretionary as determined by the Remuneration Committee and paid on the 01 July. The performance rights carry no dividend or voting rights. Subject to the vesting conditions 33% of the performance rights vest on the second anniversary of the measured performance year, 33% on the third anniversary and 33% on the fourth anniversary.

The vesting conditions are as follows:

- The Executive must be employed at the vesting date.
- Any personal income tax payable on exercise of the performance rights is payable by the Executive.
- The number of performance rights will be adjusted for any capital reconstructions (eg consolidation or splits).

Executive Director & General Manager - Strategy Implementation & Productivity Improvement - F M McLeod

- Contract dated - 21 May 2007
- Term of agreement - no fixed term
- Wide Bay Australia or F M McLeod may terminate this agreement by providing 4 months written notice or provide payment in lieu of the notice period.
- Payment on early termination due to a takeover or not being offered ongoing employment in Bundaberg in an equivalent position, equal to 6 months salary plus 2 weeks salary per year of service with a minimum payment of 20 weeks and a maximum payment of 104 weeks.

Chief Financial Officer & Company Secretary - W R Schafer

- Contract dated - 28 May 2007
- Term of agreement - no fixed term
- Wide Bay Australia or W R Schafer may terminate this agreement by providing 4 months written notice or provide payment in lieu of the notice period.
- Payment on early termination due to a takeover or not being offered ongoing employment in Bundaberg in an equivalent position, equal to 6 months salary plus 2 weeks salary per year of service with a minimum payment of 20 weeks and a maximum payment of 104 weeks.

Chief Risk Officer - M B McLennan - from 15 March 2013

- Contract dated - 10 June 2011
- Term of agreement - no fixed term
- Wide Bay Australia or M B McLennan may terminate this agreement by providing 3 months written notice or provide payment in lieu of the notice period.
- Payment on early termination due to a takeover or not being offered ongoing employment in Bundaberg in an equivalent position, equal to 4 months salary plus 2 weeks salary per year of service with a minimum payment of 16 weeks and a maximum payment of 52 weeks.

Chief Information Officer - SM Caville

- Contract dated 1 November 2010
- Term of agreement - no fixed term
- Wide Bay Australia or SM Caville may terminate this agreement by providing 4 months written notice or provide payment in lieu of the notice period.
- Payment on early termination due to a takeover or not being offered ongoing employment in Bundaberg in an equivalent position, equal to 6 months salary plus 2 weeks salary per year of service with a minimum payment of 20 weeks and a maximum payment of 104 weeks.

General Manager - Sales & Distribution - A J McArdle - from 15 March 2013

- Contract dated 24 May 2013
- Term of agreement - no fixed term
- Wide Bay Australia or A J McArdle may terminate this agreement by providing 3 months written notice or provide payment in lieu of the notice period.

General Manager - Third Party & Strategic Alliances - C M Nevis - from 27 May 2013

- Contract dated 25 April 2013
- Term of agreement - no fixed term
- Wide Bay Australia or C M Nevis may terminate this agreement by providing 3 months written notice or provide payment in lieu of the notice period.

Former Key Management Personnel

Managing Director - R E Hancock - retired 04 February 2013

- Contract dated - 21 May 2007
- Term of agreement - no fixed term
- Wide Bay Australia or R E Hancock may terminate this agreement by providing 4 months written notice or provide payment in lieu of the notice period.
- Payment on early termination due to a takeover or not being offered ongoing employment in Bundaberg in an equivalent position, equal to 6 months salary plus 2 weeks salary per year of service with a minimum payment of 20 weeks and a maximum payment of 104 weeks.

Employment Contracts continued

General Manager - Operations - S V Butler - up to 15 March 2013*

- Contract dated 18 May 2007
- Term of agreement - no fixed term
- Wide Bay Australia or S V Butler may terminate this agreement by providing 4 months written notice or provide payment in lieu of the notice period.
- Payment on early termination due to a takeover or not being offered ongoing employment in Bundaberg in an equivalent position, equal to 6 months salary plus 2 weeks salary per year of service with a minimum payment of 20 weeks and a maximum payment of 104 weeks.

Internal Auditor - A R Ashton - up to 15 March 2013*

- Contract dated - 29 May 2007
- Term of agreement - no fixed term
- Wide Bay Australia or A R Ashton may terminate this agreement by providing 3 months written notice or provide payment in lieu of the notice period.
- Payment on early termination due to a takeover or not being offered ongoing employment in Bundaberg in an equivalent position, equal to 4 months salary plus 2 weeks salary per year of service with a minimum payment of 16 weeks and a maximum payment of 104 weeks.

Group Treasurer - D A Hancock - up to 15 March 2013*

- Contract dated - 28 May 2007
- Term of agreement - no fixed term
- Wide Bay Australia or D A Hancock may terminate this agreement by providing 4 months written notice or provide payment in lieu of the notice period.
- Payment on early termination due to a takeover or not being offered ongoing employment in Bundaberg in an equivalent position, equal to 6 months salary plus 2 weeks salary per year of service with a minimum payment of 20 weeks and a maximum payment of 104 weeks.

* Following a corporate restructure on 15 March 2013, the titles and responsibilities of executives of the Company changed. This resulted in a change to those executives considered to be key management personnel.

Indemnities and Insurance Premiums for Officers and Auditors

During the financial year the Company has paid premiums to indemnify Directors and officers against personal losses arising from their respective positions within the Company. During the reporting period and subsequent to 30 June 2013, no amounts have been paid under the indemnities by the Company.

The Directors and Officers of the Company and its subsidiaries are insured against certain liabilities arising in the course of their duties. This premium is paid by the Company but under the confidentiality provisions of this policy, the Directors have not disclosed the nature of the liability, the insurer, the limit of liability or the premiums paid.

Non-Audit Services

During the year, Bentleys, the Company's Auditor, has performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the Auditor, and in accordance with advice provided by the Audit Committee, is satisfied that the provision of those non-audit services during the year by the Auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services were subject to the Corporate Governance procedures adopted by the Company and have been reviewed by the Audit Committee to ensure they do not impact the integrity and objectivity of the Auditor, and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 *'Code of Ethics for Professional Accountants'* issued by the Accounting Professional and Ethical Standards Board, as they did not involve reviewing or auditing the Auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

A copy of the Auditor's Independence Declaration, as required under Section 307C of the Corporations Act, is included in the Directors' Statutory Report.

Non-audit services paid to Bentleys are as follows:

Services provided in connection with the:	$ 2013	$ 2012
Tax return (including subsidiaries)	**20,018**	21,916
Tax advice	**22,283**	21,532
Other Assurance services	**84,232**	-
Other services	**42,592**	4,092
Total	**169,125**	47,540

AUDITOR'S INDEPENDENCE DECLARATION

under Section 307C of the Corporations Act 2001

to the Directors of Wide Bay Australia Ltd

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2013 there have been:

a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

Bentleys

Bentleys
Brisbane Partnership
27 August 2013 - Brisbane

Stewart Douglas
Partner

This Report is signed for and on behalf of the Board of Directors in accordance with a resolution of the Board of Directors.

J S Humphrey
Director
27 August 2013 - Bundaberg

P J Sawyer
Director

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2013

	Note	CONSOLIDATED $ 2013	CONSOLIDATED $ 2012	CHIEF ENTITY $ 2013	CHIEF ENTITY $ 2012
Interest revenue	2	**154,282,722**	181,603,128	**153,371,592**	180,424,537
Borrowing costs	2	**103,348,500**	128,788,317	**103,546,078**	129,048,242
Net interest revenue		**50,934,222**	52,814,811	**49,825,514**	51,376,295
Share of profit of associate	11	**150,000**	625,000	**150,000**	625,000
Other non interest revenue	3	**11,442,159**	16,079,277	**9,125,813**	13,987,703
Employee benefits expense		**17,395,090**	16,983,582	**17,395,090**	16,983,582
Depreciation expense		**1,182,891**	1,361,164	**1,121,641**	1,290,558
Amortisation expense		**349,509**	355,103	**349,509**	355,103
Occupancy expense		**2,472,973**	2,516,014	**2,570,939**	2,635,961
Bad and doubtful debts expense	10	**2,365,125**	360,457	**2,346,029**	430,572
Other expenses	3	**35,032,942**	22,807,276	**32,185,493**	17,461,323
Profit before income tax		**3,727,851**	25,135,492	**3,132,626**	26,831,899
Income tax expense	4	**846,193**	7,532,294	**2,922,927**	7,898,903
Profit from continuing operations		**2,881,658**	17,603,198	**209,699**	18,932,996
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss					
Revaluation of RMBS investments to fair value		**83,059**	(56,127)	**83,059**	(56,127)
Less deferred tax relating to comprehensive income		**(24,918)**	16,838	**(24,918)**	16,838
Items that will not be reclassified subsequently to profit or loss					
Revaluation of land and buildings to fair value		**-**	(2,216,225)	**-**	(2,216,225)
Less deferred tax relating to revaluation of land and buildings		**-**	664,868	**-**	664,868
Other comprehensive income for the year		**58,141**	(1,590,646)	**58,141**	(1,590,646)
Total comprehensive income for the year		**2,939,798**	16,012,552	**267,840**	17,342,350
Profit attributable to:					
Owners of the parent entity		**2,452,505**	**17,578,439**	**209,699**	**18,932,996**
Non-controlling		**429,153**	24,759	**-**	-
		2,881,658	17,603,198	**209,699**	18,932,996
Total comprehensive income attributable to:					
Owners of the parent entity		**2,510,646**	15,987,793	**267,840**	17,342,350
Non-controlling interests		**429,152**	24,759	**-**	-
		2,939,798	16,012,552	**267,840**	17,342,350
Earnings per share					
Basic earnings per share (cents per share)	28	**6.78**	49.14		
Diluted earnings per share (cents per share)	28	**6.78**	49.14		

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

	Note	CONSOLIDATED $ 2013	CONSOLIDATED $ 2012	CHIEF ENTITY $ 2013	CHIEF ENTITY $ 2012
ASSETS					
Cash and cash equivalents	6	**74,993,169**	76,042,103	**64,539,258**	64,878,677
Due from other financial institutions	7	**12,666,416**	11,449,049	**12,666,416**	11,449,049
Accrued receivables	8	**7,544,909**	7,326,363	**7,469,248**	7,180,626
Financial assets	9	**268,813,236**	289,127,785	**261,850,788**	279,274,106
Current tax assets	13	**313,659**	-	**313,659**	-
Loans and advances	10	**2,229,139,636**	2,229,447,630	**2,227,344,333**	2,231,592,734
Other investments	11	**665,631**	8,155,432	**14,666,675**	28,576,476
Property, plant and equipment	12	**16,957,605**	17,169,750	**13,518,855**	13,669,750
Deferred income tax assets	13	**8,078,850**	2,895,379	**7,684,578**	1,927,136
Other assets	14	**11,150,761**	13,648,264	**10,658,833**	13,013,978
Goodwill	15	**42,057,110**	42,057,110	**43,316,012**	43,316,012
Total assets		**2,672,380,982**	2,697,318,865	**2,664,028,655**	2,694,878,544
LIABILITIES					
Deposits and short term borrowings	16	**1,707,382,180**	1,625,629,847	**1,712,515,240**	1,628,472,978
Payables and other liabilities	17	**33,850,584**	35,437,030	**31,338,698**	34,435,597
Securitised loans	10	**701,603,087**	798,597,187	**701,603,087**	798,597,187
Income tax payable	18	**-**	978,176	**-**	978,176
Deferred income tax liabilities	18	**2,433,207**	2,992,949	**1,940,139**	2,499,882
Provisions	19	**12,189,987**	8,522,537	**2,648,896**	3,000,968
Subordinated capital notes	20	**28,000,000**	28,000,000	**28,000,000**	28,000,000
Total liabilities		**2,485,459,045**	2,500,157,726	**2,478,046,060**	2,495,984,788
Net assets		**186,921,937**	197,161,139	**185,982,595**	198,893,756
EQUITY					
Parent entity interest in equity					
Contributed equity	21	**162,377,263**	161,810,414	**162,377,263**	161,810,414
Reserves	22	**14,501,665**	14,443,524	**14,501,665**	14,443,524
Retained profits		**10,113,299**	21,406,644	**9,103,667**	22,639,818
Total parent entity interest in equity		**186,992,227**	197,660,582	**185,982,595**	198,893,756
Non-controlling interests	23				
Contributed equity		**1,000**	1,000		
Retained profits		**(71,290)**	(500,443)		
Total non-controlling interests		**(70,290)**	(499,443)		
Total equity		**186,921,937**	197,161,139	**185,982,595**	198,893,756

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013

	Note	CONSOLIDATED $ 2013	CONSOLIDATED $ 2012	CHIEF ENTITY $ 2013	CHIEF ENTITY $ 2012
CASH FLOWS FROM OPERATING ACTIVITIES					
Interest received		**154,042,949**	180,485,240	**153,131,822**	179,306,649
Dividends received		**262,757**	606,482	**262,757**	1,206,482
Borrowing costs		**(105,895,811)**	(125,629,641)	**(106,093,389)**	(125,889,566)
Other non interest income received		**12,549,945**	9,738,014	**9,164,162**	13,304,677
Cash paid to suppliers and employees		**(40,910,454)**	(45,365,526)	**(39,045,458)**	(42,680,775)
Income tax paid		**(7,881,809)**	(9,384,227)	**(7,881,906)**	(9,167,533)
Net cash flows from operating activities	24	**12,167,577**	10,450,342	**9,537,988**	16,079,934
CASH FLOWS FROM INVESTING ACTIVITIES					
Net increase in investment securities		**28,302,810**	(44,786,808)	**25,411,579**	(46,024,702)
Net increase in amounts due from other financial institutions		**(7,938,261)**	5,224,186	**(7,938,261)**	5,224,186
Net increase in loans		**(140,864)**	49,366,066	**3,799,544**	49,819,766
Net increase in other investments		**(1,267,367)**	(7,306,528)	**(1,267,367)**	(7,306,528)
Purchase of non current assets		**(1,320,254)**	(1,330,172)	**(1,320,254)**	(1,492,625)
Proceeds from sale of property, plant and equipment		**-**	2,880	**-**	2,880
Net cash used in investing activities		**17,636,064**	1,169,624	**18,685,241**	222,977
CASH FLOWS FROM FINANCING ACTIVITIES					
Net increase in deposits and other borrowings		**81,325,660**	172,668,325	**83,615,587**	170,042,513
Purchase (redemption) of subordinated capital notes		**-**	(10,000,000)	**-**	(10,000,000)
Net increase in amounts due to other financial institutions and other liabilities		**(99,613,748)**	(173,704,028)	**(99,613,748)**	(173,704,028)
Proceeds from share issue		**1,181,363**	865,328	**1,181,363**	865,328
Dividends paid		**(13,745,850)**	(14,073,384)	**(13,745,850)**	(14,073,385)
Net cash flows from financing activities		**(30,852,575)**	(24,243,759)	**(28,562,648)**	(26,869,572)
NET INCREASE/(DECREASE) IN CASH HELD		**(1,048,934)**	(12,623,793)	**(339,419)**	(10,566,661)
Cash at beginning of financial year		**76,042,103**	88,665,896	**64,878,677**	75,445,338
CASH AT END OF FINANCIAL YEAR	6	**74,993,169**	76,042,103	**64,539,258**	64,878,677

For the purposes of the Statement of Cash Flows, cash includes cash on hand and deposits on call.
The cash at the end of the year can be agreed directly to the Statement of Financial Position.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2013

CONSOLIDATED	Share Capital Ordinary $	Retained Profits $	Asset Revaluation Reserve $	General Reserve $	Statutory Reserve $	Doubtful Debts Reserve $	Available for Sale Reserve $	Non-Controlling Interests $	Total $
Balance at 01 July 2011	156,383,983	22,802,361	4,969,636	5,833,939	2,676,071	2,387,810	166,714	(524,202)	194,696,312
Total comprehensive income for year:									
Profit attributable to members of parent company	-	17,578,439	-	-	-	-	-	-	17,578,439
Profit attributable to non-controlling interests	-	-	-	-	-	-	-	24,759	24,759
Prior period adjustment	-	(303,450)	-	-	-	-	-	-	(303,450)
Decrease due to revaluation decrement on RMBS investments	-	-	-	-	-	-	(56,127)	-	(56,127)
Deferred tax liability adjustment on revaluation increment on RMBS investments	-	-	-	-	-	-	16,838	-	16,838
Decrease due to revaluation decrement on land and buildings	-	-	(2,216,225)	-	-	-	-	-	(2,216,225)
Deferred tax liability adjustment on revaluation decrement on land and buildings	-	-	664,868	-	-	-	-	-	664,868
Subtotal	156,383,983	40,077,350	3,418,279	5,833,939	2,676,071	2,387,810	127,425	(499,443)	210,405,414
Issue of share capital for staff share plan	829,109	-	-	-	-	-	-	-	829,109
Issue of share capital for dividend reinvestment plan	4,597,322	-	-	-	-	-	-	-	4,597,322
Dividends provided for or paid - ordinary shares	-	(18,670,706)	-	-	-	-	-	-	(18,670,706)
Balance at 30 June 2012	**161,810,414**	**21,406,644**	**3,418,279**	**5,833,939**	**2,676,071**	**2,387,810**	**127,425**	**(499,443)**	**197,161,139**
Balance at 01 July 2012	161,810,414	21,406,644	3,418,279	5,833,939	2,676,071	2,387,810	127,425	(499,443)	197,161,139
Total comprehensive income for year:									
Profit attributable to members of parent company	-	2,452,505	-	-	-	-	-	-	2,452,505
Profit attributable to non-controlling interests	-	-	-	-	-	-	-	429,153	429,153
Prior period adjustment	-	-	-	-	-	-	-	-	-
Increase due to revaluation increment on RMBS investments	-	-	-	-	-	-	83,059	-	83,059
Deferred tax liability adjustment on revaluation increment on RMBS investments	-	-	-	-	-	-	(24,918)	-	(24,918)
Subtotal	161,810,414	23,859,149	3,418,279	5,833,939	2,676,071	2,387,810	185,566	(70,290)	200,100,938
Issue of share capital for staff share plan	566,849	-	-	-	-	-	-	-	566,849
Dividends provided for or paid - ordinary shares	-	(13,745,850)	-	-	-	-	-	-	(13,745,850)
Balance at 30 June 2013	**162,377,263**	**10,113,299**	**3,418,279**	**5,833,939**	**2,676,071**	**2,387,810**	**185,566**	**(70,290)**	**186,921,937**

STATEMENT OF CHANGES IN EQUITY CONTINUED

FOR THE YEAR ENDED 30 JUNE 2013

CHIEF ENTITY	Share Capital Ordinary $	Retained Profits $	Asset Revaluation Reserve $	General Reserve $	Statutory Reserve $	Doubtful Debts Reserve $	Available for Sale Reserve $	Non-Controlling Interests $	Total $
Balance at 01 July 2011	156,383,983	22,680,978	4,969,636	5,833,939	2,676,071	2,387,810	166,714	-	195,099,131
Total comprehensive income for year:									
Profit attributable to members of parent company	-	18,932,996	-	-	-	-	-	-	18,932,996
Prior period adjustment	-	(303,450)	-	-	-	-	-	-	(303,450)
Decrease due to revaluation decrement on RMBS investments	-	-	-	-	-	-	(56,127)	-	(56,127)
Deferred tax liability adjustment on revaluation decrement on RMBS investments	-	-	-	-	-	-	16,838	-	16,838
Decrease due to revaluation decrement on land and buildings	-	-	(2,216,225)	-	-	-	-	-	(2,216,225)
Deferred tax liability adjustment on revaluation decrement on land and buildings	-	-	664,868	-	-	-	-	-	664,868
Subtotal	156,383,983	41,310,524	3,418,279	5,833,939	2,676,071	2,387,810	127,425	-	212,138,031
Issue of share capital for staff share plan	829,109	-	-	-	-	-	-	-	829,109
Issue of share capital for dividend reinvestment plan	4,597,322	-	-	-	-	-	-	-	4,597,322
Dividends provided for or paid - ordinary shares	-	(18,670,706)	-	-	-	-	-	-	(18,670,706)
Balance at 30 June 2012	**161,810,414**	**22,639,818**	**3,418,279**	**5,833,939**	**2,676,071**	**2,387,810**	**127,425**	**-**	**198,893,756**
Balance at 01 July 2012	161,810,414	22,639,818	3,418,279	5,833,939	2,676,071	2,387,810	127,425	-	198,893,756
Total comprehensive income for year:									
Profit attributable to members of parent company	-	209,699	-	-	-	-	-	-	209,699
Increase due to revaluation increment on RMBS investments	-	-	-	-	-	-	83,059	-	83,059
Deferred tax liability adjustment on revaluation increment on RMBS investments	-	-	-	-	-	-	(24,918)	-	(24,918)
Subtotal	161,810,414	22,849,517	3,418,279	5,833,939	2,676,071	2,387,810	185,566	-	199,161,596
Issue of share capital for staff share plan	566,849	-	-	-	-	-	-	-	566,849
Dividends provided for or paid - ordinary shares	-	(13,745,850)	-	-	-	-	-	-	(13,745,850)
Balance at 30 June 2013	**162,377,263**	**9,103,667**	**3,418,279**	**5,833,939**	**2,676,071**	**2,387,810**	**185,566**	**-**	**185,982,595**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1

BASIS OF PREPARATION

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis, except for land and buildings, derivative financial instruments and available-for-sale financial assets that have been measured at fair value.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ("IFRS").

The financial report covers the consolidated group of Wide Bay Australia Ltd and controlled entities, ("consolidated entity/economic entity") and Wide Bay Australia Ltd as an individual parent entity ("the company"). Wide Bay Australia is a for-profit listed public company, incorporated and domiciled in Australia.

a) Principles of consolidation

A controlled entity is any entity Wide Bay Australia Ltd has the power to control the financial and operating policies of so as to obtain benefits from its activities.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent company.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Minority equity interests (non-controlling interests) in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

b) Income tax

The economic entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any non-assessable or disallowed items.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Tax consolidation legislation

The company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law as of the financial year ended 30 June 2008. Wide Bay Australia Ltd is the head entity in the tax consolidation group, and as a consequence recognises current and deferred tax amounts relating to transactions, events and balances of the wholly-owned Australian controlled entities in this group as if those transactions, events and balances were its own, in addition to the current and deferred tax amounts arising in relation to its own transactions, events and balances. The tax consolidated group has not entered into a tax sharing agreement.

c) Property, plant & equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset.

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement of comprehensive income.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation periods used for each class of depreciable assets are:

- Buildings - 40 years
- Plant and equipment - 4 to 6 years
- Leasehold improvements - 4 to 6 years or the term of the lease, whichever is the lesser

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

d) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, that are transferred to entities in the economic entity are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

e) Financial instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

The group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the group is recognised as a separate asset or liability.

The group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the statement of comprehensive income in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method, less any impairment losses.

Held-to-maturity investments

These investments have fixed maturities and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method, less any impairment losses.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Share capital - Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

f) Impairment of assets

At the end of each reporting period, the Board assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information, including dividends received from subsidiaries, associates or jointly controlled entities. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at revalued amount in accordance with another standard (for example, in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

g) Investments in associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting where significant influence is exercised over an investee. Significant influence exists where the investor has the power to participate in the financial and operating policy decisions of the investees but does not have control or joint control over those policies.

The financial statements of the associate are used by the group to apply the equity method. The reporting dates of the associate and the group are identical and both use consistent accounting policies.

The investment in the associate is carried in the consolidated and chief entity statement of financial position at cost plus post-acquisition changes in the group's share of net assets of the associate, less any impairment in value. The consolidated and chief entity statement of comprehensive income reflects the group's share of the results of operations of the associate.

Where there has been a change recognised directly in the associate's equity, the group recognises its share of any changes and disclose this, when applicable, in the consolidated and chief entity statement of changes in equity.

h) Goodwill

Goodwill acquired in a business combination is initially measured at its cost, being the excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised at the date of the acquisition. Goodwill is subsequently measured at its cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units, or groups of cash-generating units, expected to benefit from the synergies of the business combination. Cash-generating units or groups of cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently if events or changes in circumstances indicate that goodwill might be impaired.

i) Intangibles

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

j) Employee benefits

Provision is made for the economic entity's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

k) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

l) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

m) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

n) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured.

Interest is recognised as it accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

NOTE 1

Dividend revenue is recognised when the shareholder's right to receive the payment is established.

Fees and commissions are recognised as revenue or expenses on an accrual basis.

Premium Revenue - Mortgage Risk Management Pty Ltd

Premiums have been brought to account as income from the date of attachment of risk. Direct Premiums comprise amounts charged to the policy holder, excluding stamp duties collected on behalf of the statutory authorities. The earned portion of premiums received and receivable is recognised as revenue.

o) Loans and advances - Doubtful Debts

During the 2011/2012 financial year insurance for a significant portion of loans was transferred from MRM to QBE. MRM will continue to insure the remaining portfolio not transferred, with new loans in excess of 80% LVR being insured with QBE going forward.

Loan impairments are recognised when objective evidence is available that a loss event has occurred and as a consequence it is not likely that all amounts owed will be received.

Specific provisions for doubtful debts are recognised for individual loans that are identified as impaired by undertaking an assessment of estimated future cashflows.

Collective provisions are determined by segmenting the portfolio into asset classes with similar credit risk characteristics. Each exposure within each segment is allocated a probability of default and a loss given default percentage to calculate an expected loss. Key elements determining the segmentation of an exposure include the product type, LVR, whether the exposure is covered by Lenders' Mortgage Insurance and the arrears position.

Where loan terms have been renegotiated (e.g. loans provided hardship relief), impairment provisioning is determined on the basis of the arrears position as if the renegotiation had not taken place. Restructured loans are returned to performing status after meeting restructured terms for a minimum 6 month period.

p) Adoption of new and revised accounting standards

There were no material changes as a result of adoption of new and revised Accounting Standards during the year.

q) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 01 July 2012, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the consolidated entity are set out below. The consolidated entity does not plan to adopt these standards early.

- ***AASB 9 Financial Instruments (2010), AASB 9 Financial Instruments (2009)***

AASB (9) 2009 introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. AASB 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project that may result in limited amendments to the classification and measurement requirements of AASB 9 and new requirements to address the impairment of financial assets and hedge accounting.

AASB 9 (2010 and 2009) are effective for annual periods beginning on or after 01 January 2015 with early adoption permitted.

The consolidated entity has not yet determined the potential impact of this standard.

- ***AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities (2011)***

AASB 10 introduces a single control model to determine whether an investee should be consolidated. As a result, the consolidated entity may need to change its consolidation conclusion in respect of its investees, which may lead to changes in the current accounting for these investees.

Under AASB 11, the structure of the joint arrangement, although still an important consideration, is no longer the main factor in determining the type of joint arrangement and therefore the subsequent accounting.

The consolidated entity's interest in a joint operation, which is an arrangement in which the parties have rights to the assets and obligations for the liabilities, will be accounted for on the basis of the consolidated entity's interest in those assets and liabilities.

The consolidated entity's interest in a joint venture, which is an arrangement in which the parties have rights to the net assets, will be equity accounted.

AASB 12 brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associated and unconsolidated structured entities. The consolidated entity is currently assessing the disclosure requirements for interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities in comparison with the existing disclosures, AASB 12 requires the disclosure of information about the nature, risks and financial effects of these interests.

These standards are effective from annual periods beginning on or after 01 January 2013 with early adoption permitted.

The consolidated entity is not expecting a significant impact from these accounting standards.

- ***AASB 13 Fair Value Measurement (2011)***

AASB 13 provides a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance that is currently dispersed throughout Australian Accounting Standards. Subject to limited exceptions, AASB 13 is applied when fair value measurements of disclosures are required or permitted by other AASB's. AASB 13 is effective for annual periods beginning on or after 01 January 2013 with early adoption permitted.

This standard is expected to result in more detailed fair value disclosures, but is not expected to significantly impact the amounts recognised in the consolidated entity's financial statements.

- ***AASB 119 Employee Benefits***

AASB 119 (2011) changes the definition of short-term and other long-term employee benefits to clarify the distinction between the two. For defined benefit plans, removal of the accounting policy choice for recognition of actuarial gains and losses is not expected to have any impact on the consolidated entity.

AASB 119 (2011) is effective for annual periods beginning on or after 01 January 2013 with early adoption permitted.

As the consolidated entity does not have any defined benefit plans the entity is not expecting a significant impact from this accounting standard.

r) Prior period accounting error

Subsequent to the 30 June 2012 balance date a review of the systems, procedures and policies adopted for loans managed under the National Consumer Credit Hardship and Account Management Obligations was conducted.

As a result of the review of reports and statistics relating to the 'hardships' loan portfolio, the Board of Directors, in conjunction with the actuarial advisors to MRM, determined that a provision for doubtful debts should have been set aside at 30 June 2012 to allow for potential future losses. As a result, a prior period error has been recognised in the financial accounts in accordance with the Accounting Standards. Refer to note 34 for detailed disclosures.

s) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

t) Critical accounting estimates and judgments

The preparation of financial statements in conformity with AASB's requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Details on critical estimates and judgements in respect of impairment of receivables, impairment of investments, impairment of goodwill and provisions for doubtful debts are disclosed in Note 1 n), Note 11 and Note 15 respectively.

NOTE 2

INTEREST REVENUE AND INTEREST EXPENSE

The following tables show the average balance for each of the major categories of interest bearing assets and liabilities, the amount of interest revenue or expense and the average interest rate. Month end averages are used as they are representative of the entity's operations during the period.

	$ Average balance	$ Interest	% Average interest rate
INTEREST REVENUE 2013			
Deposits with other financial institutions	**51,640,976**	**1,919,084**	**3.72**
Investment securities	**210,268,460**	**7,929,254**	**3.77**
Loans and advances	**2,253,711,149**	**143,708,173**	**6.38**
Other	**23,333,483**	**726,211**	**3.11**
	2,538,954,068	**154,282,722**	**6.08**
BORROWING COSTS 2013			
Deposits from other financial institutions	**680,509,989**	**30,965,493**	**4.55**
Customer deposits and NCD's	**1,687,150,109**	**69,378,509**	**4.11**
Subordinated notes	**28,000,000**	**3,004,498**	**10.73**
	2,395,660,098	**103,348,500**	**4.31**
Net interest revenue 2013		**50,934,222**	
INTEREST REVENUE 2012			
Deposits with other financial institutions	52,895,679	2,530,244	4.78
Investment securities	220,843,315	10,759,960	4.87
Loans and advances	2,286,801,182	167,412,604	7.32
Other	20,490,026	900,320	4.39
	2,581,030,202	181,603,128	7.04
BORROWING COSTS 2012			
Deposits from other financial institutions	836,898,611	48,130,359	5.75
Customer deposits and NCD's	1,556,114,735	77,026,236	4.95
Subordinated notes	31,333,333	3,631,722	11.59
	2,424,346,679	128,788,317	5.31
Net interest revenue 2012		52,814,811	

NOTE 3

PROFIT BEFORE INCOME TAX

Profit before income tax includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the consolidated group.

	CONSOLIDATED $ 2013	CONSOLIDATED $ 2012	CHIEF ENTITY $ 2013	CHIEF ENTITY $ 2012
Profit relating to mortgage insurance activities (also refer note 1.n)				
Premium revenue	**799,854**	2,344,478	**-**	-

NOTE 3

	CONSOLIDATED $ 2013	CONSOLIDATED $ 2012	CHIEF ENTITY $ 2013	CHIEF ENTITY $ 2012
Included in the profit before income tax are the following revenue items:				
Other revenue				
Dividends				
Controlled entities	**-**	-	**-**	600,000
Other corporations	**217**	140	**217**	140
Fees and commissions	**8,210,866**	11,749,502	**8,210,866**	11,749,502
Revaluation of investment securities to fair value	**286,750**	(52,269)	**-**	-
Other revenue	**2,144,472**	2,037,426	**914,730**	1,638,061
	11,442,159	16,079,277	**9,125,813**	13,987,703

Fees and commissions for the 2012 financial year included a one-off credit of $3.5m arising from the transfer of $957m loans from MRM to QBE Lenders' Mortgage Insurance Limited, and the subsequent release of unearned income from MRM to the chief entity.

	CONSOLIDATED $ 2013	CONSOLIDATED $ 2012	CHIEF ENTITY $ 2013	CHIEF ENTITY $ 2012
The profit before income tax is arrived at after charging the following items:				
Other expenses				
Fees and commissions	**10,111,929**	8,812,111	**10,111,929**	8,812,113
Provisions for employee entitlements	**147,769**	288,407	**147,769**	288,407
Impairment of investment - MRM Pty Ltd (refer note 11)	**-**	-	**6,420,000**	-
Impairment of investment - Financial Technology Securities Pty Ltd (refer note 11)	**7,377,261**	-	**7,377,261**	-
General and administration expenses	**8,681,667**	9,007,796	**8,128,534**	8,360,803
Underwriting expenses	**8,714,316**	4,698,962	**-**	-
	35,032,942	22,807,276	**32,185,493**	17,461,323
Superannuation contributions paid	**1,206,603**	1,211,584	**1,206,603**	1,211,584

NOTE 4

INCOME TAX

	CONSOLIDATED $ 2013	CONSOLIDATED $ 2012	CHIEF ENTITY $ 2013	CHIEF ENTITY $ 2012
Major components of tax expense for the year are:				
Current income tax	**6,614,988**	8,755,557	**8,659,564**	8,601,415
Deferred income tax	**(5,768,795)**	(1,223,263)	**(5,736,637)**	(702,512)
Income tax reported in income statement	**846,193**	7,532,294	**2,922,927**	7,898,903
The prima facie tax on profit before income tax differs from the income tax provided as follows:				
Prima facie tax on profit before income tax at 30% (2012 - 30%)	**1,118,355**	7,540,647	**939,788**	8,049,570
Tax effect of permanent differences				
Depreciation of buildings	**55,646**	93,051	**55,646**	93,051
Franked dividends	**(78,827)**	(181,945)	**(78,827)**	(181,945)
Other items - net	**(248,981)**	80,541	**80,320**	118,227
Intra-group dividend (MRM)	**-**	-	**-**	(180,000)
MRM impairment	**-**	-	**1,926,000**	-
Income tax expense attributable to profit from ordinary activities	**846,193**	7,532,294	**2,922,927**	7,898,903

NOTE 5

DIVIDENDS PAID

	CONSOLIDATED		CHIEF ENTITY	
	$ 2013	$ 2012	**$ 2013**	$ 2012
Dividends paid during the year				
Interim for current year Fully franked dividend on ordinary shares	**4,711,018**	10,605,465	**4,711,018**	10,605,465
Final for previous year Fully franked dividend on ordinary shares	**9,034,832**	8,065,241	**9,034,832**	8,065,241
	13,745,850	18,670,706	**13,745,850**	18,670,706

In accordance with Accounting Standards, dividends are only provided for as declared or paid.
Subsequent to the reporting date, the Board declared a dividend of 4 cents per ordinary share ($1.45 million), for the six months to 30 June 2013, payable on 04 October 2013.

The final dividend for the six months to 30 June 2012 ($9.035 million) was paid on 25 September 2012, and was disclosed in the 2011/12 financial accounts in accordance with Accounting Standards.

The tax rate at which the dividends have been franked is 30% (2012 - 30%).

The amount of franking credits available for the subsequent financial year are:

	CONSOLIDATED		CHIEF ENTITY	
	$ 2013	$ 2012	**$ 2013**	$ 2012
Balance as at the end of the financial year	**14,543,802**	12,415,447	**14,543,802**	12,415,447
Credits that will arise from the payment of income tax payable per the financial statements	**(313,659)**	978,176	**(313,659)**	978,176
Debits that will arise from the payment of the proposed dividend	**(621,233)**	(3,872,071)	**(621,233)**	(3,872,071)
	13,608,910	9,521,552	**13,608,910**	9,521,552
Dividends - cents per share				
Dividend proposed				
Fully franked dividend on ordinary shares	**4.0**	25.0	**4.0**	25.0
Interim dividend paid during the year				
Fully franked dividend on ordinary shares	**13.0**	22.5	**13.0**	22.5
Final dividend paid for the previous year				
Fully franked dividend on ordinary shares	**25.0**	30.0	**25.0**	30.0

NOTE 6

CASH AND CASH EQUIVALENTS

	CONSOLIDATED		CHIEF ENTITY	
	$ 2013	$ 2012	**$ 2013**	$ 2012
Cash on hand and at banks	**13,052,419**	15,388,103	**13,039,258**	15,378,677
Deposits on call	**61,940,750**	60,654,000	**51,500,000**	49,500,000
	74,993,169	76,042,103	**64,539,258**	64,878,677

NOTE 7

DUE FROM OTHER FINANCIAL INSTITUTIONS

	CONSOLIDATED		CHIEF ENTITY	
	$ 2013	$ 2012	**$ 2013**	$ 2012
Bank term deposits	**-**	50,000	**-**	50,000
Deposits with SSP's	**12,541,831**	11,274,464	**12,541,831**	11,274,464
Subordinated loans	**124,585**	124,585	**124,585**	124,585
	12,666,416	11,449,049	**12,666,416**	11,449,049
Maturity analysis				
Up to 3 months	**-**	-	**-**	-
From 3 to 12 months	**-**	50,000	**-**	50,000
From 1 to 5 years	**-**	-	**-**	-
No maturity specified	**12,666,416**	11,399,049	**12,666,416**	11,399,049
	12,666,416	11,449,049	**12,666,416**	11,449,049

NOTE 8

ACCRUED RECEIVABLES

	CONSOLIDATED		CHIEF ENTITY	
	$ 2013	$ 2012	**$ 2013**	$ 2012
Interest receivable	**3,127,259**	3,149,983	**3,127,259**	3,149,983
Securitisation receivables	**2,259,260**	3,215,272	**2,259,260**	3,215,272
Other	**2,158,390**	961,108	**2,082,729**	815,371
	7,544,909	7,326,363	**7,469,248**	7,180,626

NOTE 9

FINANCIAL ASSETS

	CONSOLIDATED		CHIEF ENTITY	
	$ 2013	$ 2012	**$ 2013**	$ 2012
Financial assets held to maturity				
Bills of exchange and promissory notes	**27,768,320**	31,545,902	**27,768,320**	31,545,902
Certificates of deposit	**147,056,182**	151,558,736	**147,056,182**	151,558,736
Financial assets available for sale				
RMBS Investments	**7,036,136**	19,137,580	**7,036,136**	19,137,580
Financial assets at fair value through profit and loss designated on initial recognition				
Investments in Floating Rate Notes	**6,962,448**	9,853,679	**-**	-
Financial assets at amortised cost				
Notes - Securitisation program and other	**79,990,150**	77,031,888	**79,990,150**	77,031,888
	268,813,236	289,127,785	**261,850,788**	279,274,106
Maturity analysis				
Up to 3 months	**158,678,832**	149,390,876	**157,678,832**	146,995,574
From 3 to 12 months	**24,181,806**	55,246,645	**24,181,806**	55,246,645
From 1 to 5 years	**5,962,448**	7,458,377	**-**	-
Later than 5 years	**79,990,150**	77,031,887	**79,990,150**	77,031,887
	268,813,236	289,127,785	**261,850,788**	279,274,106

NOTE 10

LOANS AND ADVANCES

	CONSOLIDATED $ 2013	CONSOLIDATED $ 2012	CHIEF ENTITY $ 2013	CHIEF ENTITY $ 2012
Term loans	**1,802,308,293**	1,712,604,346	**1,802,308,293**	1,712,604,346
Loans to controlled entities	**-**	-	**(1,794,761)**	2,145,228
Continuing credit loans	**429,006,598**	517,722,801	**429,006,598**	517,722,801
Leases receivable	**542**	3,975	**-**	-
	2,231,315,433	2,230,331,122	**2,229,520,130**	2,232,472,375
Provision for impairment	**(2,175,797)**	(883,492)	**(2,175,797)**	(879,641)
Total loans	**2,229,139,636**	2,229,447,630	**2,227,344,333**	2,231,592,734
Provision for impairment				
Specific provision				
Opening balance	**(883,492)**	(587,518)	**(879,641)**	(498,530)
Bad and doubtful debts provided for during the year	**(1,292,305)**	(295,974)	**(1,296,156)**	(381,111)
Total provision for impairment	**(2,175,797)**	(883,492)	**(2,175,797)**	(879,641)
Charge to profit and loss for bad and doubtful debts comprises:				
Specific provision	**(1,292,305)**	(295,974)	**(1,296,156)**	(381,111)
Bad debts recognised directly	**(1,072,820)**	(64,482)	**(1,049,873)**	(49,461)
	(2,365,125)	(360,456)	**(2,346,029)**	(430,572)
Maturity analysis				
Up to 3 months	**5,011,616**	3,392,811	**5,011,616**	3,388,716
From 3 to 12 months	**4,924,427**	13,270,260	**4,924,427**	13,231,057
From 1 to 5 years	**23,877,213**	21,634,486	**23,877,213**	21,602,109
Later than 5 years	**2,195,326,380**	2,191,150,073	**2,193,531,077**	2,193,370,852
	2,229,139,636	2,229,447,630	**2,227,344,333**	2,231,592,734

The economic entity has entered into securitisation transactions on residential mortgage loans that do not qualify for derecognition. The special purpose entity established for the securitisation is considered to be controlled in accordance with Australian Accounting Standards & Australian Accounting Interpretations. The economic entity is entitled to any residual income of the securitisation program after all payments due to investors and costs of the program have been met, to this extent the economic entity retains credit and liquidity risk.

The impact on the consolidated and chief entity is an increase in liabilities - securitised loans - of $701.603million (30 June 2012 - $798.597million).

Concentration of risk

The loan portfolio of the company does not include any loan which represents 10% or more of capital.

NOTE 11

OTHER INVESTMENTS

	CONSOLIDATED $ 2013	CONSOLIDATED $ 2012	CHIEF ENTITY $ 2013	CHIEF ENTITY $ 2012
Unlisted shares - at Directors' valuation	**665,631**	665,631	**665,511**	665,511
Controlled entities - at cost	**-**	-	**14,001,164**	20,421,164
Investment in associate	**-**	7,489,801	**-**	7,489,801
	665,631	8,155,432	**14,666,675**	28,576,476

Investment in controlled entities comprises:

Name	Country of incorporation	June 2013 %	June 2012 %	Contribution to consolidated operating profit after income tax 2013	2012	Investment carrying value 2013	2012
Chief entity							
Wide Bay Australia Ltd	Australia			**6,479,699**	17,707,996		
Controlled entities							
Mortgage Risk Management Pty Ltd	Australia	**100**	100	**(4,845,713)**	(956,197)	**14,000,000**	20,420,000
Wide Bay Australia Mini Lease Pty Ltd	Australia	**51**	51	**446,668**	25,770	**1,041**	1,041
MPBS Insurance Pty Ltd	Australia	**100**	100	**-**	-	**2**	2
MPBS Holdings Pty Ltd	Australia	**100**	100	**221,851**	175,870	**1**	1
F.I. Software Solutions Pty Ltd	Australia	**100**	100	**-**	-	**120**	120
				(4,177,194)	(754,557)	**14,001,164**	20,421,164
Investment in associate comprises:							
Financial Technology Securities Pty Ltd	Australia	**25**	25	**150,000**	625,000	**-**	7,489,801
				2,452,505	17,578,439	**14,001,164**	27,910,965

The carrying amounts of unlisted shares were reassessed by the Directors as at 30 June 2013 with the reassessments being based on the projections of the current market values of the shares.

Controlled entities

Mortgage Risk Management Pty Ltd (MRM) is a wholly owned subsidiary of Wide Bay Australia Ltd and is a registered lenders' mortgage insurance provider. MRM acts solely for the purpose of insuring the company's residential mortgages and has received APRA approval.

The operations of MRM are subject to and under the supervision of APRA in respect of compliance and capital requirements.

MRM meets APRA's acceptable LMI test and all residential mortgage loans insured with the company qualify for a concessional risk-weight for capital adequacy purposes.

NOTE 11

During the prior financial year the insurance for a significant portion of loans was transferred from MRM to QBE at a cost of $6.1m which is being written off over 5 years. MRM will continue to insure the remaining portfolio not transferred, with new loans in excess of 80% LVR being insured with QBE going forward.

The Directors, acting on advice from the reviewing actuary, significantly increased the provisions in MRM in the second half of 2012/2013. The increase arose from a re-examination and revised modelling of the insured loan book.

The Directors resolved that the additional provisions and resulting losses in MRM are evidence of impairment of the investment in the entity. Impairment losses of $6.42m have been recognised in the chief entity, reducing the value of the investment from $20.42m to $14m.

The valuation of the investment on the balance sheet of the chief entity has been derived by estimating the net present value of the future cash flows, and by evaluating the net assets of the controlled entity.

The recoverable amounts are considered by the Directors to be value-in use, and it is the intention of the Board for the subsidiary to continue trading. There is unlikely to be a market for sale of the subsidiary.

The company controls a 51% share in **Wide Bay Australia Mini Lease Pty Ltd**. This company provides leasing and rental finance for businesses to acquire plant and equipment. The Directors have resolved not to issue new leasing and rental contracts and to wind the business down as existing contracts are paid out.

MPBS Holdings Pty Ltd is a wholly owned subsidiary which holds the property at 73 Victoria Street Mackay.

MPBS Insurance Pty Ltd is a wholly owned subsidiary which is no longer actively trading.

F.I. Software Solutions Pty Ltd is a wholly owned subsidiary which is no longer actively trading.

Widcap Securities Pty Ltd is a wholly owned subsidiary which acts as the manager and custodian for Wide Bay's public RMBS and Warehouse Securitisation programs.

Investment accounted for using the equity method

On 29 July 2005, Wide Bay Australia Ltd acquired a 25% interest in Financial Technology Securities Pty Ltd.

Financial Technology has operated since 1993 as financial planners using a plan that utilises investor equity for wealth creation, with Wide Bay Australia being one of their preferred lenders and Navigator their investment platform during that period. The company operates primarily in South East Queensland and New South Wales, with a large clientele developed over the years.

Financial Technology Securities Pty Ltd is not listed on any public exchange and therefore there is no published quotation price for the fair value of this investment. The reporting date of the associate is the same as Wide Bay Australia Ltd.

The Directors are aware of significant challenges in the financial planning industry and external pressures on Financial Technology Securities Pty Ltd.

The Directors resolved a provision for impairment for the full value of the investment be made as the recoverable amount was determined to be nil. The impairment was based on the view that there is significant uncertainty about dividend income to be derived. Therefore, it was determined that value-in-use was nil. As there is no discernable market for the investment, it was also determined that fair value less costs to sell was nil.

In addition, the dividends derived from the investment have been in decline.

The carrying value of the investment, accounted for using the equity method, has been reduced from $7.377m to nil.

The following table illustrates summarised information of the investment in Financial Technology Securities Pty Ltd:

	$ June 2013	$ June 2012
Share of associate's balance sheet:		
Current Assets	**842,983**	949,251
Non-current assets	**678,899**	660,444
Current Liabilities	**(552,169)**	(490,466)
Non-current liabilities	**(151,136)**	(189,512)
Net Assets	**818,577**	929,717

NOTE 11

	$ June 2013	$ June 2012
Share of associate's revenue and profit:		
Revenue	**2,559,273**	2,913,547
Profit before income tax	**187,778**	843,169
Adjustment of accrual	**31,963**	26,884
Income tax	**(69,741)**	(245,053)
Profit after income tax	**150,000**	625,000

We note that the above figures were based on the unaudited accounts of Financial Technology Securities Pty Ltd.

NOTE 12

PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED		CHIEF ENTITY	
	$ 2013	$ 2012	**$ 2013**	$ 2012
Freehold land and buildings				
At independent valuation - July 2012	**9,680,000**	9,680,000	**9,680,000**	9,680,000
Provision for depreciation	**178,550**	-	**178,550**	-
Land and buildings - 73 Victoria St Mackay	**3,500,000**	3,500,000	**-**	-
At independent valuation - July 2012				
Provision for depreciation	**61,250**	-	**-**	-
	12,940,200	13,180,000	**9,501,450**	9,680,000
Movement in carrying amount				
Carrying amount at beginning of year	**13,180,000**	15,882,209	**9,680,000**	12,149,150
Additions	**-**	-	**-**	-
Revaluation decrement (net)	**-**	2,378,678	**-**	2,216,225
Depreciation	**239,800**	323,531	**178,550**	252,925
Carrying amount at end of year	**12,940,200**	13,180,000	**9,501,450**	9,680,000
Plant and equipment				
At cost	**27,122,653**	26,012,559	**27,122,653**	26,012,559
Provision for depreciation	**23,105,248**	22,022,809	**23,105,248**	22,022,809
	4,017,405	3,989,750	**4,017,405**	3,989,750
Movement in carrying amount				
Carrying amount at beginning of year	**3,989,750**	3,889,862	**3,989,750**	3,889,862
Additions	**1,320,254**	1,492,625	**1,320,254**	1,492,625
Depreciation	**1,292,599**	1,392,737	**1,292,599**	1,392,737
Carrying amount at end of year	**4,017,405**	3,989,750	**4,017,405**	3,989,750
	16,957,605	17,169,750	**13,518,855**	13,669,750

All land and buildings were revalued as at July 2012 by certified practising valuers Michael Everingham and Jim Webster of Propell National Valuers QLD .

The valuations were assessed to fair market values.

The company's policy is to revalue freehold land and buildings every three years.

NOTE 13

INCOME TAX ASSETS

	CONSOLIDATED $ 2013	CONSOLIDATED $ 2012	CHIEF ENTITY $ 2013	CHIEF ENTITY $ 2012
Income tax receivable	**313,659**	-	**313,659**	-
Deferred income tax assets are attributable to:				
Employee leave provisions	**769,500**	869,400	**769,500**	869,400
Other provisions	**3,981,343**	891,538	**3,980,188**	263,892
Property, plant and equipment	**641,842**	647,179	**632,970**	638,307
Unrealised losses on investments	**2,159,224**	320,254	**1,886,449**	-
Other project aquisition costs	**104,612**	-	**104,612**	-
Premium on loans purchased (First Mac)	**107,103**	-	**107,103**	-
Subordinated notes prepaid expenses	**38,801**	-	**38,801**	-
Share issue costs	**64,897**	97,346	**64,897**	97,346
Other items	**211,528**	69,662	**100,058**	58,191
	8,078,850	2,895,379	**7,684,578**	1,927,136

In respect of each temporary difference the adjustment was charged to income, except for share issue costs which were credited to equity.

NOTE 14

OTHER ASSETS

	CONSOLIDATED $ 2013	CONSOLIDATED $ 2012	CHIEF ENTITY $ 2013	CHIEF ENTITY $ 2012
Prepayments	**11,150,761**	13,648,264	**10,658,833**	13,013,978
	11,150,761	13,648,264	**10,658,833**	13,013,978

NOTE 15

GOODWILL ON CONSOLIDATION

Pursuant to a bidder's statement lodged with the Australian Securities & Investments Commission on 15 November 2007, the company issued an off-market takeover offer for 100% of the ordinary shares in Mackay Permanent Building Society Ltd (MPBS).

On 11 January 2008 the company announced the fulfilment of conditions pertaining to the off-market takeover offer set out in the bidder's statement and gave notice that the offer was unconditional effective 10 January 2008.

In accordance with APRA's approval for the transfer of business the financial and accounting records of the entities were merged on 01 June 2008.

The financial accounting for this business combination was prepared in accordance with Australian Accounting Standards and as set out in note 1h), and recognises the acquisition date as 10 January 2008.

	CONSOLIDATED $ 2013	CONSOLIDATED $ 2012	CHIEF ENTITY $ 2013	CHIEF ENTITY $ 2012
Goodwill	**42,057,110**	42,057,110	**43,316,012**	43,316,012
	42,057,110	42,057,110	**43,316,012**	43,316,012

NOTE 15

Impairment testing

The cash-generating unit selected for impairment testing of goodwill was the Wide Bay Australia Ltd chief entity, as it is impractical to identify a separate MPBS cash generating unit within the chief and consolidated entity.

The goodwill disclosed in the Statement of Financial Position at 30 June 2013 was supported by the impairment testing and no impairment adjustment was required.

Impairment testing of goodwill was carried out by comparing the net present value of cash flows from the cash-generating unit to the carrying value of the goodwill in the balance sheet. The cash flows were based on projections of future earnings before taxation, depreciation and amortisation, minus forecast capital expenditure.

The cash flows have been projected over a period of five years. The terminal value of the business beyond year five has been determined using a constant growth perpetuity.

The key assumptions used in carrying out the impairment testing were as follows:

i) the budgeted trading result for the financial year ending 30 June 2014 represents the cash-generating potential of the chief entity based on the forecasts approved by the Board of Directors;

ii) the estimated growth in the cash-generating unit cash flows over years one to five (beyond 30 June 2014) was 2.5% (2012: 3.0%);

iii) the terminal growth rate (beyond five years) was 2.5% (2012: 3.0%); and

iv) the post-tax discount rate used in the impairment testing was 9.8% (2012: 10.39%) which represents the Cost of Equity to the consolidated group at 30 June 2013. The equivalent pre-tax rate was 14.0% (2012: 14.84%).

The trigger points at which the carrying value of cash-generating unit would exceed its recoverable amount, while holding all other variables constant, are as follows:

i) terminal growth rate - 1.0% (2012: 2.1%); and

ii) discount rate - 11.2% (2012: 11.2%).

NOTE 16

DEPOSITS AND SHORT TERM BORROWINGS

	CONSOLIDATED $ 2013	CONSOLIDATED $ 2012	CHIEF ENTITY $ 2013	CHIEF ENTITY $ 2012
Call deposits	**447,756,403**	424,328,957	**452,889,463**	427,172,088
Term deposits	**1,171,830,698**	1,145,325,756	**1,171,830,698**	1,145,325,756
Negotiable certificates of deposit	**87,795,079**	55,975,134	**87,795,079**	55,975,134
	1,707,382,180	1,625,629,847	**1,712,515,240**	1,628,472,978
Maturity analysis				
On call	**511,803,029**	480,468,854	**516,936,089**	483,311,985
Up to 3 months	**795,270,089**	794,133,219	**795,270,089**	794,133,219
From 3 to 12 months	**347,713,202**	255,931,533	**347,713,202**	255,931,533
From 1 to 5 years	**52,595,860**	95,096,241	**52,595,860**	95,096,241
Later than 5 years	**-**	-	**-**	-
	1,707,382,180	1,625,629,847	**1,712,515,240**	1,628,472,978

The company's deposit portfolio does not include any deposit which represents 10% or more of total liabilities.

NOTE 17

PAYABLES AND OTHER LIABILITIES

	CONSOLIDATED $ 2013	CONSOLIDATED $ 2012	CHIEF ENTITY $ 2013	CHIEF ENTITY $ 2012
Trade creditors	**5,534,054**	4,073,279	**5,534,054**	4,073,279
Accrued interest payable	**19,513,868**	22,872,501	**19,513,868**	22,872,501
Other creditors	**8,802,662**	8,491,250	**6,290,776**	7,489,817
	33,850,584	35,437,030	**31,338,698**	34,435,597
Maturity analysis				
Up to 3 months	**25,663,291**	25,597,180	**23,151,405**	24,595,747
From 3 to 12 months	**7,406,164**	8,068,593	**7,406,164**	8,068,593
From 1 to 5 years	**781,129**	1,771,257	**781,129**	1,771,257
Later than 5 years	**-**	-	**-**	-
	33,850,584	35,437,030	**31,338,698**	34,435,597

NOTE 18

INCOME TAX LIABILITIES

	CONSOLIDATED $ 2013	CONSOLIDATED $ 2012	CHIEF ENTITY $ 2013	CHIEF ENTITY $ 2012
Provision for taxation	**-**	978,176	**-**	978,176
Deferred income tax liabilities are attributable to:				
Asset revaluation reserve	**1,958,045**	1,958,044	**1,464,977**	1,464,977
Prepayments	**212,239**	352,587	**212,239**	352,587
Equity accounting revenue	**-**	360,491	**-**	360,491
Accrued interest	**34,035**	68,070	**34,035**	68,070
MPBS acquisition adjustments	**110,633**	147,510	**110,633**	147,510
Visa debit card costs	**38,727**	51,636	**38,727**	51,636
Special reserve	**79,528**	54,611	**79,528**	54,611
	2,433,207	2,992,949	**1,940,139**	2,499,882
	2,433,207	3,971,125	**1,940,139**	3,478,058

In respect of each temporary difference the adjustment was charged to income, except for the revaluations of the RMBS investments, which were charged to the "available for sale" reserve in equity, and the revaluations of land and buildings which were charged to the asset revaluation reserve in equity.

NOTE 19

PROVISIONS

	CONSOLIDATED $ 2013	CONSOLIDATED $ 2012	CHIEF ENTITY $ 2013	CHIEF ENTITY $ 2012
Employee entitlements				
Balance at beginning of year	**2,898,000**	2,609,593	**2,898,000**	2,609,593
Annual leave and long service leave provided for during the year	**147,769**	288,407	**147,769**	288,407
Annual leave and long service leave payments made during the year	**480,769**	-	**480,769**	-
Balance at end of year	**2,565,000**	2,898,000	**2,565,000**	2,898,000
Maturity analysis				
Current provision	**2,093,259**	2,538,483	**2,093,259**	2,538,483
Non-current provision	**471,741**	359,517	**471,741**	359,517
	2,565,000	2,898,000	**2,565,000**	2,898,000
Unearned direct premiums and outstanding claims				
Balance at beginning of year	**5,521,569**	7,624,498	**-**	-
Transfers to the provision during the year	**4,574,588**	2,134,060	**-**	-
Payments from the provision during the year	**555,066**	4,236,989	**-**	-
Balance at end of year	**9,541,091**	5,521,569	**-**	-

Premium revenues are earned over 10 years in accordance with actuarial advice based on historical claim patterns. The unearned portion is recognised as unearned premium liability.

The outstanding claims liability is based on independent actuarial advice and estimates of claims incurred but not settled at balance date. The estimation is based on statistical analyses of historical experience.

	CONSOLIDATED $ 2013	CONSOLIDATED $ 2012	CHIEF ENTITY $ 2013	CHIEF ENTITY $ 2012
Other provisions	**83,896**	102,968	**83,896**	102,968
Total provisions	**12,189,987**	8,522,537	**2,648,896**	3,000,968

NOTE 20

SUBORDINATED CAPITAL NOTES

	CONSOLIDATED $ 2013	CONSOLIDATED $ 2012	CHIEF ENTITY $ 2013	CHIEF ENTITY $ 2012
Inscribed debenture stock	**28,000,000**	28,000,000	**28,000,000**	28,000,000
Maturity analysis				
Up to 3 months	**28,000,000**	28,000,000	**28,000,000**	28,000,000

NOTE 21

CONTRIBUTED EQUITY

	SHARES JUNE 2013 No.	SHARES JUNE 2013 $	SHARES JUNE 2012 No.	SHARES JUNE 2012 $
Fully paid ordinary shares				
All ordinary shares have equal voting, dividend and capital repayment rights.				
Balance at beginning of year	**36,139,327**	**161,810,414**	35,348,920	156,383,983
Issued during the year				
Staff share plan	**99,273**	**566,849**	120,510	829,109
Dividend reinvestment plan	**-**	**-**	669,897	4,597,322
Balance at end of year	**36,238,600**	**162,377,263**	36,139,327	161,810,414

Effective 01 July 1998, the Company Law Review Act abolished the concept of par value shares and the concept of authorised capital. Accordingly, the company does not have authorised capital or par value in respect of its issued shares.

Staff Share Plan

19 December 2012 - 99,273 ordinary shares were issued.

Shares issued pursuant to the company's staff share plan were at a price of 90% of the weighted average price of the company's shares traded on the Australian Securities Exchange for the 10 days prior to the issue of the invitation to subscribe for the shares.

The members of the company approved a staff share plan in 1992 enabling the staff to participate to a maximum of 10% of the shares of the company. The share plan is available to all employees under the terms and conditions as decided from time to time by the Directors, but in particular, limits the maximum loan to each participating employee to 40% of their gross annual income. The plan requires employees to provide a deposit of 10% with the balance able to be repaid over a period of 5 years at no interest.

	CONSOLIDATED 2013	CONSOLIDATED 2012	CHIEF ENTITY 2013	CHIEF ENTITY 2012
The total number of shares issued to employees since the inception of the staff share plan was	**2,563,728**	2,464,455	**2,563,728**	2,464,455
The total number of shares issued to employees during the financial year was	**99,273**	120,510	**99,273**	120,510
	$	$	**$**	$
The total market value at date of issue, 19 December 2012 (09 December 2011) was	**585,711**	897,800	**585,711**	897,800
The total amount paid or payable for the shares at that date was	**566,849**	829,109	**566,849**	829,109

NOTE 21

Dividend Reinvestment Plan (DRP)

The DRP has been suspended by the Board of Directors during the 2012/2013 financial year.

04 October 2011 - 375,449 ordinary shares were issued.
30 March 2012 - 294,448 ordinary shares were issued.

Shares issued under the plan rank equally in every respect with existing fully paid permanent ordinary shares and participate in all cash dividends declared after the date of issue.

The shares issued under the DRP on 04 October 2011 and 30 March 2012 were issued at a discount of 5% on the weighted sale price of the company's shares sold during the five trading days immediately following the Record Date.

NOTE 22

RESERVES

	CONSOLIDATED $ 2013	CONSOLIDATED $ 2012	CHIEF ENTITY $ 2013	CHIEF ENTITY $ 2012
Movements in reserves				
Available for sale reserve				
Balance at beginning of year	**127,425**	166,714	**127,425**	166,714
Increase due to revaluation of RMBS investments to mark-to-market	**83,059**	(56,127)	**83,059**	(56,127)
Deferred tax liability adjustment on revaluation of RMBS investments	**(24,918)**	16,838	**(24,918)**	16,838
Balance at end of year	**185,566**	127,425	**185,566**	127,425

The balance of this reserve represents the excess of the mark-to-market valuation over the original cost of the RMBS investments.

	CONSOLIDATED $ 2013	CONSOLIDATED $ 2012	CHIEF ENTITY $ 2013	CHIEF ENTITY $ 2012
Asset revaluation reserve				
Balance at beginning of year	**3,418,279**	4,969,636	**3,418,279**	4,969,636
Increase/(decrease) due to revaluation increment on land and buildings	**-**	(2,216,225)	**-**	(2,216,225)
Deferred tax liability adjustment on revaluation increment on land and buildings	**-**	664,868	**-**	664,868
Decrease due to transfer to retained profits of revaluation of assets since sold	**-**	-	**-**	-
Balance at end of year	**3,418,279**	3,418,279	**3,418,279**	3,418,279

The balance of this reserve represents the excess of the independent valuation over the original cost of the land and buildings.

	CONSOLIDATED $ 2013	CONSOLIDATED $ 2012	CHIEF ENTITY $ 2013	CHIEF ENTITY $ 2012
Statutory reserve - Building Societies Fund Act 1993				
Balance at end of year	**2,676,071**	2,676,071	**2,676,071**	2,676,071

This is a statutory reserve created on a distribution from the Queensland Building Society Fund.

NOTE 22

	CONSOLIDATED $ 2013	CONSOLIDATED $ 2012	CHIEF ENTITY $ 2013	CHIEF ENTITY $ 2012
General reserve				
Balance at end of year	**5,833,939**	5,833,939	**5,833,939**	5,833,939

A special reserve was established upon the company issuing fixed share capital in 1992. The special reserve represented accumulated members profits at that date and was transferred to the general reserve over a period of 10 years being finalised in 2001/2002.

	CONSOLIDATED $ 2013	CONSOLIDATED $ 2012	CHIEF ENTITY $ 2013	CHIEF ENTITY $ 2012
Doubtful debts reserve				
Balance at end of year	**2,387,810**	2,387,810	**2,387,810**	2,387,810

Under APRA Harmonised Standards the company is required to establish a general reserve for doubtful debts. The amount is generally up to 0.5% of Risk Weighted Assets.

	CONSOLIDATED $ 2013	CONSOLIDATED $ 2012	CHIEF ENTITY $ 2013	CHIEF ENTITY $ 2012
Total reserves	**14,501,665**	14,443,524	**14,501,665**	14,443,524

NOTE 23

OUTSIDE EQUITY INTEREST

Reconciliation of outside equity interest in controlled entities:

	CONSOLIDATED $ 2013	CONSOLIDATED $ 2012
Opening balance	**(499,443)**	(524,202)
Share of operating profit/(loss)	**429,153**	24,759
Closing balance	**(70,290)**	(499,443)

NOTE 24

CASH FLOW STATEMENT

Reconciliation of profit from ordinary activities after tax to the net cash flows from operations:

	CONSOLIDATED $ 2013	CONSOLIDATED $ 2012	CHIEF ENTITY $ 2013	CHIEF ENTITY $ 2012
Profit after tax from continuing operations	**2,881,658**	17,603,198	**209,699**	18,932,996
Depreciation and amortisation	**1,532,399**	1,716,267	**1,471,149**	1,645,661
Bad debts expense	**2,365,125**	360,457	**2,346,029**	430,572
(Profit)/Loss on disposal of non-current assets	**-**	(2,880)	**-**	(2,880)
(Increase)/Decrease in Assets				
Accrued interest on investments	**277,329**	(40,078)	**277,330**	(40,078)
Impairment of investments	**7,377,261**	-	**13,797,261**	-
Prepayments	**2,347,552**	(3,623,194)	**2,355,146**	(3,481,246)
Inventories	**37,116**	2,715	**37,116**	2,715
Sundry debtors	**5,464,692**	(2,200,901)	**(3,241,603)**	6,070,247
Deferred tax asset	**(5,204,495)**	(57,138)	**(5,151,976)**	(162,878)

NOTE 24

	CONSOLIDATED $ 2013	CONSOLIDATED $ 2012	CHIEF ENTITY $ 2013	CHIEF ENTITY $ 2012
Increase/(Decrease) in Liabilities				
Increase in creditors and accruals	**2,536,526**	(1,149,732)	**2,808,789**	(5,113,614)
Increase in deferred tax payable	**(559,743)**	(1,221,340)	**(559,743)**	(1,221,339)
Increase in income tax payable	**(7,035,612)**	(1,225,439)	**(4,958,978)**	(1,268,629)
Increase in employee entitlement provisions	**147,769**	288,407	**147,769**	288,407
Net cash flows from operating activities	**12,167,577**	10,450,342	**9,537,988**	16,079,934

Cash flows arising from the following activities are presented on a net basis:

- Deposits to and withdrawals from customer deposit accounts.
- Advances and repayments on loans, advances and other receivables.
- Sales and purchases of investment securities.
- Insurance and reinsurance premiums.
- (Profit)/Loss on disposal of fixed assets.

NOTE 25

EXPENDITURE COMMITMENTS

	CONSOLIDATED $ 2013	CONSOLIDATED $ 2012	CHIEF ENTITY $ 2013	CHIEF ENTITY $ 2012
Capital expenditure commitment				
Capital expenditure contracted for within one year	**135,900**	266,738	**135,900**	266,738
Lease expenditure commitments				
Non cancellable operating leases				
Up to 1 year	**2,358,421**	2,077,598	**2,358,421**	2,077,598
From 1 to 2 years	**1,817,888**	1,624,490	**1,817,888**	1,624,490
From 2 to 5 years	**2,165,320**	1,974,155	**2,165,320**	1,974,155
Total lease expenditure	**6,341,629**	5,676,243	**6,341,629**	5,676,243

NOTE 26

EMPLOYEE ENTITLEMENTS

	CONSOLIDATED $ 2013	CONSOLIDATED $ 2012	CHIEF ENTITY $ 2013	CHIEF ENTITY $ 2012
Employee entitlements				
The aggregate employment entitlement liability is comprised of:				
Provisions - (note 19)	**2,565,000**	2,898,000	**2,565,000**	2,898,000

NOTE 27

CONTINGENT LIABILITIES AND CREDIT COMMITMENTS

	CONSOLIDATED $ 2013	CONSOLIDATED $ 2012	CHIEF ENTITY $ 2013	CHIEF ENTITY $ 2012
Approved but undrawn loans	**49,650,638**	54,623,942	**49,650,638**	54,623,942
Approved but undrawn credit limits	**130,312,947**	122,497,979	**130,312,947**	122,497,979
Bank guarantees	**237,375**	-	**237,375**	-
	180,200,960	177,121,921	**180,200,960**	177,121,921

NOTE 28

EARNINGS PER SHARE

	$ 2013	$ 2012
Basic earnings per share (cents per share)	**6.78**	49.14
Diluted earnings per share (cents per share)	**6.78**	49.14

Information relating to the calculation of the earnings per share is as follows:	BASIC $ 2013	BASIC $ 2012	DILUTED $ 2013	DILUTED $ 2012
Calculation of numerator				
Net profit attributable to shareholders	**2,452,505**	17,578,439	**2,452,505**	17,578,439
Less dividends paid on preference shares	**-**	-	**-**	-
Numerator	**2,452,505**	17,578,439	**2,452,505**	17,578,439
Weighted average number of shares				
Ordinary shares	**36,192,091**	35,769,234	**36,192,091**	35,769,234
Potential ordinary shares	**-**	-	**-**	-
Total weighted average ordinary shares	**36,192,091**	35,769,234	**36,192,091**	35,769,234

NOTE 29

KEY MANAGEMENT PERSONNEL AND RELATED PARTY DISCLOSURES

a) Details of key management personnel

The following were key management personnel for the entire reporting period unless otherwise stated:

i) Directors

JS Humphrey	Chairman - Non-executive Director
RE Hancock	Managing Director (retired 04 February 2013)
FM McLeod	Executive Director and General Manager - Strategy Implementation & Productivity Improvement
JF Pressler	Director - Non-executive
PJ Sawyer	Director - Non-executive
B Dangerfield	Director - Non-executive

NOTE 29

ii) Executives

Current key management personnel

MJ Barrett	Chief Executive Officer (appointed 04 February 2013)
WR Schafer	Chief Financial Officer and Company Secretary
MB McLennan	Chief Risk Officer (15 March 2013 - 30 June 2013)
SM Caville	Chief Information Officer
A McArdle	General Manager - Sales & Distribution (appointed 04 March 2013)
C Nevis	General Manager - 3rd Party & Strategic Alliances (appointed 27 May 2013)

Former key management personnel

SV Butler	General Manager - Operations (01 July 2012 - 15 March 2013)
DA Hancock	Group Treasurer (01 July 2012 - 15 March 2013)
AR Ashton	Internal Auditor (01 July 2012 - 15 March 2013)

Following a corporate restructure on 15 March 2013, the titles and responsibilities of executives of the company changed. This resulted in a change to those executives considered to be key management personnel.

Each of the key management personnel, relatives of key management personnel and related business entities which hold share capital and/or deposits with the company do so on the same conditions as those applying to all other members of the company.

b) Key management personnel compensation

	CONSOLIDATED $ 2013	CONSOLIDATED $ 2012	CHIEF ENTITY $ 2013	CHIEF ENTITY $ 2012
Remuneration for the year ended 30 June 2013				
Short term benefits				
Cash salary and fees	**2,868,447**	2,629,950	**2,868,447**	2,629,950
Cash bonus	**-**	-	**-**	-
Non-monetary	**8,856**	29,958	**8,856**	29,958
Post employment benefits				
Superannuation	**133,109**	266,716	**133,109**	267,716
Retirement benefits	**84,162**	-	**84,162**	-
Termination benefits	**-**	-	**-**	-
Share based payments	**-**	-	**-**	-
Other long term benefits	**22,944**	61,939	**22,944**	61,939
	3,117,518	2,988,563	**3,117,518**	2,988,563

Remuneration is calculated based on the period each employee was classified as key management personnel.

c) Loans to key management personnel

The following table outlines the aggregate of loans to key management personnel. Details are provided on an individual basis for each of the key management personnel whose indebtedness exceeded $100,000 at any time during this reporting period.

Loans have been made in accordance with the normal terms and conditions offered by the company and charged at 90 basis points below the standard variable rate or 20 basis points below the standard fixed rate on applicable loan types, available to the general public at any time. Similar rates are, however, applicable to the general public, therefore this interest rate would approximate an arms' length rate offered by the company.

Loans are also made in accordance with the Staff Share Plan approved by shareholders in 1992. The loans are repayable over 5 years at 0% interest, with the loans being secured by a lien over the relevant shares. Such loans are only available to employees of the company and there is no applicable arm's length interest to take into account in this note.

NOTE 29

	$ Balance 30 June 2012	$ Interest Charged	$ Write-off	**$ Balance* 30 June 2013**	Number in Group 30 June 2013
Loans for the year ended 30 June 2013					
Directors	(1,554,806)	8,926	-	**(1,599,467)**	2
Executives	(1,790,411)	77,062	-	**(2,135,033)**	6
Total: Key management personnel	(3,345,217)	85,988	-	**(3,734,500)**	8

	$ Balance 30 June 2011	$ Interest Charged	$ Write-off	**$ Balance 30 June 2012**	Number in Group 30 June 2012
Loans for the year ended 30 June 2012					
Directors	(2,044,153)	31,967	-	**(1,554,806)**	2
Executives	(2,101,236)	141,225	-	**(1,790,411)**	5
Total: Key management personnel	(4,145,389)	173,192	-	**(3,345,217)**	7

	$ Balance 30 June 2012	$ Interest^ Charged	$ Write-off	**$ Balance* 30 June 2013**	$ Highest in period
Individuals with loans above $100,000 in reporting period					
Directors					
RE Hancock	(1,276,041)	1,050	-	**(1,311,746)**	(1,334,290)
FM McLeod	(278,765)	7,877	-	**(287,721)**	(328,902)
Executives					
MJ Barrett	n/a	6,082	-	**(469,082)**	(475,000)
WR Schafer	(529,592)	27,889	-	**(519,127)**	(535,684)
DA Hancock	(635,616)	20,831	-	**(548,030)**	(551,997)
SV Butler	(530,144)	22,261	-	**(519,120)**	(530,144)

Does not include AR Ashton or SM Caville as their loans were less than $100,000.

*Balances at 30 June 2013 or the date the individuals ceased being key management personnel.

^Actual interest charged is affected by the use of the company's offset account.

A loan and a line of credit facility is held by Edals Investments Pty Ltd. RE Hancock and DA Hancock are two of five equal shareholders in Edals Investments Pty Ltd, along with three other direct family members. The balance of the loan together with the drawn amount on the line of credit facility at 30 June 2013 was $4,286,179.75 (2012 - $3,980,393.20).

NOTE 29

d) Equity holdings and transactions

The following table is in respect of ordinary shares held directly, indirectly or beneficially by key management personnel.

	Balance 30 June 2012	Received as Remuneration	Options Exercised	Net Change Other	**Balance* 30 June 2013**
Directors					
JS Humphrey	31,551	-	-	-	**31,551**
RE Hancock (retired 04 February 2013)	2,120,871	-	-	25,000	**2,145,871**
FM McLeod	136,940	-	-	8,014	**144,954**
JF Pressler	-	-	-	-	**-**
PJ Sawyer	1,066,231	-	-	11,336	**1,077,567**
B Dangerfield	-	-	-	42,076	**42,076**
Executives					
MJ Barrett (appointed 04 February 2013)	-	-	-	8,000	**8,000**
WR Schafer	12,750	-	-	3,000	**15,750**
DA Hancock (01 July 2012 - 15 March 2013)	67,973	-	-	(2,600)	**65,373**
SV Butler (01 July 2012 - 15 March 2013)	5,250	-	-	-	**5,250**
AR Ashton (01 July 2012 - 15 March 2013)	25,468	-	-	-	**25,468**
SM Caville	25,433	-	-	10,206	**35,639**
AJ McArdle (appointed 04 March 2013)	-	-	-	1,765	**1,765**
Total	3,492,467	-	-	106,797	**3,599,264**

While Mr J F Pressler does not hold shares individually or in a related body corporate he is a director of Hestearn Pty Ltd, which holds 308,543 shares. Mr Pressler does not have a controlling interest in Hestearn Pty Ltd.

There were no shares granted during the reporting period as compensation.

*Balance at 30 June 2013 or the date the individuals ceased being key management personnel.

e) Other key management personnel transactions

The following persons and entities related to key management personnel have provided services to the company. In each case the transactions have occurred within a normal supplier - customer relationship on terms and conditions no more favourable than those available to other suppliers.

	CONSOLIDATED		CHIEF ENTITY	
	$ 2013	$ 2012	**$ 2013**	$ 2012
King & Wood Mallesons, a related party due to having a common Director being John S Humphrey (until 01 January 2013), received fees for legal services and corporate advice: 1: Corporate restructure ($7,657) 2: Securitisation ($380,377) 3: Business combinations ($81,952) 4: Other ($3,391)				
Total	**473,377**	236,938	**473,377**	236,938

NOTE 30

REMUNERATION OF AUDITORS

Amounts received or due and receivable by the auditors of the chief entity, Bentleys Brisbane Partnership, are as follows:

	CONSOLIDATED $ 2013	CONSOLIDATED $ 2012	CHIEF ENTITY $ 2013	CHIEF ENTITY $ 2012
Audit or review of the financial statements of the entity and any other entity in the economic entity	**186,268**	133,414	**186,268**	133,414
Tax returns (including subsidiaries)	**20,018**	21,916	**20,018**	21,916
Tax advice	**22,283**	21,532	**22,283**	21,532
Other assurance services	**84,232**	-	**84,232**	-
Other services	**42,592**	4,092	**42,592**	4,092
Accrual adjustment	**22,607**	23,047	**22,607**	23,047
	378,000	204,001	**378,000**	204,001

Amounts received or due and receivable by the auditors of Mortgage Risk Management Pty Ltd, KPMG, are as follows:

	CONSOLIDATED $ 2013	CONSOLIDATED $ 2012	CHIEF ENTITY $ 2013	CHIEF ENTITY $ 2012
Audit or review of the financial statements of the entity	**22,000**	26,000	**-**	-
Other regulatory audit services (APRA Return)	**11,000**	11,000	**-**	-
	33,000	37,000	**-**	-
KPMG related practices:				
Other regulatory audit services	**40,500**	11,920	**-**	-
	40,500	11,920	**-**	-
	451,500	252,921	**378,000**	204,001

NOTE 31

EVENTS SUBSEQUENT TO BALANCE DATE

The financial statements were authorised for issue by the Directors on the date the Directors' Declaration was signed.

NOTE 32

BUSINESS AND GEOGRAPHICAL SEGMENT INFORMATION

The company operates predominantly in one industry. The principal activities of the company are confined to the raising of funds and the provision of finance for housing. The company commenced funding personal loans in May 2013. The personal loans portfolio was immaterial at balance date and has not been reported as a segment.

The company operates principally within the States of Queensland, New South Wales and Victoria.

NOTE 33

CONCENTRATION OF ASSETS AND LIABILITIES AND OFF BALANCE SHEET ITEMS

The Directors are satisfied that there is no undue concentration of risk by way of geographical area, customer group or industry group.

NOTE 34

PRIOR PERIOD ACCOUNTING ERROR

Subsequent to the 30 June 2012 balance date a review of the systems, procedures and policies adopted for loans managed under the National Consumer Credit Hardship and Account Management Obligations was conducted. The review included the process for assessing loans qualifying for management under hardship obligations, the reporting of the arrears on this portfolio and the amount set aside in the Outstanding Claims Liabilities (other expenses - other underwriting expenses) in the wholly owned insurance captive Mortgage Risk Management Pty Ltd (MRM).

As a result of the review of reports and statistics relating to the 'hardships' loan portfolio, the Board of Directors, in conjunction with the actuarial advisors to MRM, determined that a provision for doubtful debts should have been set aside at 30 June 2012 to allow for potential future losses. As a result, a prior period error has been recognised in the financial accounts in accordance with the Accounting Standards.

The Board has determined, in conjunction with the actuaries, that the provision for doubtful debts at 30 June 2012 was understated by an amount of $1.46m net of tax. Accordingly a prior period adjustment has been disclosed in the financial reports at 30 June 2012.

The balance sheet for 01 July 2011 has not been restated in the financial accounts as the prior period adjustment had nil effect on the carried forward balances for the 2011/12 financial year. The aggregate effects of the prior period error in the financial statements of the consolidated entity for the year ended 30 June 2012 is as follows:

	$ Previous disclosure	$ Adjustment	**$ Revised disclosure**
Statement of Financial Position			
Deferred income tax assets	2,268,889	626,490	**2,895, 379**
Other assets	13,550,832	97,432	**13,648,264**
Provisions	6,336,805	2,185,732	**8,522,537**
Retained profits	22,868,454	(1,461,810)	**21,406,644**
Statement of Comprehensive Income			
Other expenses	20,718,976	2,088,300	**22,807,276**
Profit before income tax	27,223,792	(2,088,300)	**25,135,492**
Income tax expense	8,158,784	(626,490)	**7,532,294**
Profit from continuing operations	19,065,008	(1,461,810)	**17,603,198**
Profit attributable to owners of the parent company	19,040,249	(1,461,810)	**17,578,439**
Earnings per share			
Basic earnings per share (cents per share)	53.23	(4.09)	**49.14**
Diluted earnings per share (cents per share)	53.23	(4.09)	**49.14**

NOTE 35

FINANCIAL INSTRUMENTS

a) Capital Risk Management

The Australian Prudential Regulation Authority's ("APRA's") Prudential Standard APS110 Capital Adequacy aims to ensure the authorised deposit-taking institutions ("ADI's") maintain adequate capital, on both an individual and group basis, to act as a buffer against the risks associated with the group's activities. APRA requires capital to be allocated against credit, market and operational risk, and the group has adopted the 'standard model' approach to measure the capital adequacy ratio.

The Board of Directors take responsibility to ensure the company and consolidated entity maintains a level and quality of capital commensurate with the type, amount and concentration of risks to which the company and consolidated group is exposed from its activities. The Board has regard to prospective changes in the risk profile and capital holdings.

The company's management prepares a 3 year capital plan and monitors actual risk-based capital ratios on a monthly basis to ensure the capital ratio complies with Board targets. The Board's target is for the capital adequacy ratio to be maintained above 13%. During the 2013 and 2012 financial years the capital adequacy ratios of both the consolidated and chief entities were maintained above the target ratio.

The capital adequacy calculations at 30 June 2013 and 30 June 2012 have been prepared in accordance with the revised prudential standards incorporating the Basel III principles.

APRA Prudential Standards and Guidance Notes for ADI's provide guidelines for the calculation of capital and specific parameters relating to Tier 1, Common Equity Tier 1 and total capital. Tier 1 capital comprises the highest quality components of capital and includes ordinary share capital, reserves and retained earnings less specific deductions. Tier 2 capital comprises other capital components including general reserve for credit losses and term subordinated debt.

Consistent with Basel III, the approach to capital assessment provides for a quantitative measure of the capital adequacy and focuses on:

i) credit risk arising from on-balance sheet and off-balance sheet exposures;
ii) market risk arising from trading activities;
iii) operational risk associated with banking activities;
iv) securitisation risks; and
v) the amount, form and quality of capital held to act as a buffer against these and other exposures.

Details of the capital adequacy ratio on a chief entity and consolidated basis are set out below:

	CONSOLIDATED		CHIEF ENTITY	
	$ 2013	$ 2012	**$ 2013**	$ 2012
Total risk weighted assets	**1,033,696,379**	1,002,720,102	**1,030,340,368**	1,000,290,779
Capital base	**142,816,198**	134,338,752	**140,725,982**	133,770,593
Risk-based capital ratio	**13.82%**	13.40%	**13.66%**	13.37%

b) Interest Rate Risk Management

The Asset and Liability Management Committee (ALCO) is responsible for the analysis and management of interest rate risk inherent in the balance sheet through balance sheet and financial derivative alternatives. These risks are quantified in the Rate Sensitive Asset and Liability Gap Analysis Report (the "Gap Analysis Report"). The ALCO's function and role are:

i) to review and analyse the interest rate exposures (as set out in the Gap Analysis Report) in the context of current wholesale interest rate settings;
ii) to compare the interest rate exposures set out in the Gap Analysis Report against the limits prescribed under Wide Bay Australia's Interest Rate Risk trigger limits;
iii) to ascertain whether the risks manifested in the Gap Analysis Report are appropriate given the committee's view on interest rates;
iv) to review and analyse:
- the maturity profile of cash flow as produced through the Gap Analysis Report;
- the concentration in sources and application of funds;
- the ability to borrow in various markets;
- the potential sources of volatility in assets and liabilities;
- the impact of market/operational disruption on cash flow and on customers; and
- the ability to undertake asset sales.

At the reporting date, if interest rates had been 1.0% higher or lower and all other variables were held constant, the group's net profit would decrease by $497,940 or increase by $497,940 (2011 - decrease by $853,665 or increase by $853,665). This is mainly due to the company's exposures to fixed and variable rate loans, and deposit and securitisation liabilities.

The sensitivity analysis was derived from the Gap Analysis Report which calculates risk associated with movements in interest rates through the input of parameters for all financial assets and liabilities. The parameters used were consistent with those adopted for the prior period.

c) Liquidity Risk Management

The Board of Directors have built an appropriate liquidity risk management framework for the management of the group's short, medium and long-term funding and liquidity management requirements. The group manages liquidity risk by maintaining adequate reserves, credit facilities and reserve borrowing facilities, and continually monitoring forecast and actual cash flows.

Liquidity is monitored by management and a projection of near future liquidity (30 days) is calculated daily. This information is used by management to manage expected liquidity requirements.

An additional reserve equivalent to a minimum of 5% of the company's liability base assessed on a quarterly basis is set aside and isolated as additional liquidity available in a crisis situation.

d) Credit Risk Management

Under the direction of the Board of Directors, management has developed risk management policies and procedures to establish and monitor the credit risk of the company. The risk management procedures define the credit principles, lending policies and the decision making processes which control the credit risk of the company.

Credit risk is minimised by the availability and application of insurances including lender's mortgage insurance, title insurance, property insurance, mortgage protection insurance and consumer credit insurance. Credit risk in the loan portfolio is managed by protecting all loans in excess of 80% LVR with either one of the recognised mortgage insurers or through the company's wholly owned subsidiary Mortgage Risk Management Pty Ltd, an approved lenders' mortgage insurer, and by securing the loans by first mortgages of residential property.

The company has a diversified branch network consisting of 39 branches and agencies across Queensland, and branches in Sydney and Melbourne. As a result the geographic risk is widely disbursed. All regional loan staff and panel valuers are locally based ensuring an in depth knowledge of the local economy and developments in the real estate market.

NOTE 35

The Board of Directors and management receive reports on a monthly basis to monitor and supervise the past due loans in the portfolio and ensure credit procedures are adhered to on a timely and accurate basis.

The economic entity's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the balance sheet. The maximum credit risk exposure does not take into account the value of any security held or the value of any mortgage or other insurance to cover the risk exposure.

The past due loans and advances for the group (excluding effects of hardship accounts) comprise:

	CONSOLIDATED		CHIEF ENTITY	
	$ 2013	$ 2012	**$ 2013**	$ 2012
30 days and less than 60 days	**40,915,178**	25,713,806	**40,915,178**	25,713,768
60 days and less than 90 days	**13,052,608**	6,476,130	**13,052,608**	6,476,130
90 days and less than 182 days	**16,732,261**	8,907,354	**16,732,261**	8,907,113
182 days and less than 273 days	**7,618,941**	2,144,295	**7,618,941**	2,144,295
273 days and less than 365 days	**6,576,124**	1,903,314	**6,576,124**	1,903,094
365 days and over	**3,044,653**	1,235,940	**3,044,653**	1,232,361
	87,939,765	46,380,839	**87,939,765**	46,376,761

As at 30 June 2013 there were four loans (30 June 2012: two loans) on which interest was not being accrued due to impairment.

Concentration of credit risk

The company minimises concentrations of credit risk in relation to loans receivable by undertaking transactions with a large number of customers principally within the states of Queensland, New South Wales and Victoria.

The concentration of the loans and advances throughout Australia are as follows:

	% 2013	% 2012
Queensland	**81.2**	80.9
New South Wales	**8.6**	8.5
Victoria	**7.9**	8.6
South Australia	**1.1**	1.2
Western Australia	**1.1**	0.8
Tasmania	**0.1**	-
	100.0	100.0

NOTE 35

Terms, conditions and accounting policies

The economic entity's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at the balance date, are as follows:

Recognised Financial Instruments	Notes to Accounts	Accounting Policies	Terms and Conditions
Financial assets			
Short term deposits	6 7	Short term deposits are stated at amortised cost. Interest is recognised when earned.	Short term deposits have an effective interest rate of 3.39% (2012 - 4.57%)
Accrued Receivables	8	Amounts receivable are recorded at their recoverable amount.	
Bills of exchange and promissory notes	9	Bills of exchange and promissory notes are stated at amortised cost.	Bills of exchange and promissory notes have an effective interest rate of 3.21% (2012 - 4.53%)
Certificates of deposit	9	Certificates of deposit are carried at amortised cost. Interest revenue is recognised when earned.	Certificates of deposit have an effective interest rate of 3.88% (2012 - 5.07%)
Notes	9	Notes are carried at amortised cost.	These notes are an overcover required as part of the securitisation of loans. They have an effective interest rate of 4.90% (2012 - 6.13%)
RMBS investments	9	RMBS investments are recorded at fair value through the Available for Sale Reserve.	
Mortgage Risk Management Pty Ltd Investments	9	Investments held by Mortgage Risk Management Pty Ltd are recorded at fair value through profit and loss.	
Loans and advances	10	Loan interest is calculated on the closing daily outstanding balance and is charged in arrears to the customer's account on a monthly basis. Loans and advances are recorded at amortised cost.	New mortgage loans approved with an LVR in excess of 80% will be insured under an arrangement with QBE, and are secured by first mortgage over residential property. Personal loans are approved on both a secured and unsecured basis and are not insured. Loans made for the purchase of staff shares are secured by the shares themselves. Certain of the company's loans have been securitised and continue to be managed by the company. Further details are disclosed in note 10. The securitisation notes have a maturity period of greater than 30 years. The securitisation notes are eligible for repayment once the balance of the trust falls below 10% of the invested amount. Interest paid to the note holders is repriced on a monthly basis.
Financial liabilities			
Deposits	16	Deposits are recorded at the principal amount. Interest is brought to account on an accrual basis.	Details of maturity of the deposits are set out in note 16. Interest is calculated on the daily balance.
Payables and other liabilities	17	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the economic entity.	Trade creditors are normally settled on 30 day terms.
Dividends payable	5	Dividends payable are recognised when declared by the company.	Details of the final dividend declared by the company for the financial year ended 30 June 2013 are disclosed in note 5.
Subordinated capital notes	20	The subordinated capital notes are inscribed debenture stock.	These notes are issued for an initial period of 5 years and thereafter can be redeemed on an annual basis until the final redemption date of 10 years.

NOTE 35

Derivatives

Each of the securitisation trusts has an Interest Rate Swap in place to hedge against fixed rate loans held in the trust. The mark-to-market values at the end of the year were as follows:

	$ 2013	$ 2012
WB Trust No. 6	**36,689**	-
WB Trust 2010-1	**196,000**	325,300
WB Trust No.3	**413,400**	592,000
WB Trust No. 4	**30,638**	46,795
WB Trust 2009-1	**259,800**	484,600
WB Trust 2008-1	**490,300**	629,100
WB Trust 2006-1	**105,700**	181,300
WB Trust 2005-1	**95,100**	115,100

Interest rate risk

The economic entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

Financial Instruments	Floating interest rate		Fixed interest rate maturing in: 1 year or less		Fixed interest rate maturing in: from 1 to 5 years		Non interest bearing		Total carrying amount per balance sheet		Weighted average effective interest rate	
	$ 2013	$ 2012	**$ 2013**	$ 2012	**$ 2013**	$ 2012	**$ 2013**	$ 2012	**$ 2013**	$ 2012	**% 2013**	% 2012
Financial assets												
Cash and cash equivalents	**72,546,721**	73,007,130	**-**	-	**-**	-	**2,446,448**	3,034,973	**74,993,169**	76,042,103	**3.42**	4.48
Due from other financial institutions	**12,571,416**	11,304,049	**-**	50,000	**-**	-	**95,000**	95,000	**12,666,416**	11,449,049	**3.19**	5.67
Accrued receivables	**-**	-	**-**	-	**-**	-	**7,512,672**	7,257,009	**7,512,672**	7,257,009	**-**	-
Financial assets	**26,214,546**	18,226,284	**181,860,639**	202,242,219	**60,738,051**	68,659,282	**-**	-	**268,813,236**	289,127,785	**3.97**	5.22
Loans and advances	**1,914,166,115**	1,910,499,314	**165,716,870**	168,366,860	**151,432,448**	151,464,948	**-**	-	**2,231,315,433**	2,230,331,122	**6.45**	7.39
Other investments	**-**	-	**-**	-	**-**	-	**705,312**	6,936,211	**705,312**	6,936,211	**-**	-
Other assets	**-**	-	**-**	-	**-**	-	**10,659,753**	13,014,899	**10,659,753**	13,014,899	**-**	-
Total financial assets	**2,025,498,798**	2,013,036,777	**347,577,509**	370,659,079	**212,170,499**	220,124,230	**21,419,185**	30,338,092	**2,606,665,991**	2,634,158,178		
Financial liabilities												
Deposits and short term borrowings	**447,756,403**	424,328,957	**1,207,029,917**	1,106,204,649	**52,595,860**	95,096,241	**-**	-	**1,707,382,180**	1,625,629,847	**4.13**	4.97
Payables and other liabilities	**-**	-	**-**	-	**-**	-	**33,850,584**	35,437,030	**33,850,584**	35,437,030	**-**	-
Securitised loans	**601,880,324**	684,077,518	**52,107,141**	60,285,802	**47,615,622**	54,233,867	**-**	-	**701,603,087**	798,597,187	**4.54**	5.75
Provisions	**-**	-	**-**	-	**-**	-	**12,189,987**	8,522,537	**12,189,987**	8,522,537	**-**	-
Subordinated capital notes	**-**	-	**28,000,000**	28,000,000	**-**	-	**-**	-	**28,000,000**	28,000,000	**10.73**	11.59
Total financial liabilities	**1,049,636,727**	1,108,406,475	**1,287,137,058**	1,194,490,451	**100,211,482**	149,330,108	**46,040,571**	43,959,567	**2,483,025,838**	2,496,186,601		

NOTE 35

Net fair values

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised, at the balance date are as follows:

	Total carrying amount per balance sheet		Aggregate net fair value	
	$ 2013	$ 2012	**$ 2013**	$ 2012
Financial assets				
Cash and cash equivalents	**74,993,169**	76,042,103	**74,993,169**	76,042,103
Due from other financial institutions	**12,666,416**	11,449,049	**12,666,416**	11,449,237
Accrued receivables	**7,512,672**	7,257,009	**7,512,672**	7,257,009
Financial assets	**268,813,236**	289,127,785	**270,300,370**	291,566,076
Loans and advances	**2,231,315,433**	2,230,331,122	**2,234,776,230**	2,233,802,465
Other investments	**705,312**	6,936,211	**705,312**	6,936,211
Other assets	**10,659,753**	13,014,899	**10,659,753**	13,014,899
Total financial assets	**2,606,665,991**	2,634,158,178	**2,611,613,922**	2,640,068,000
Financial liabilities				
Deposits and short term borrowings	**1,707,382,180**	1,625,629,847	**1,701,869,645**	1,619,698,524
Payables and other liabilities	**33,850,584**	35,437,030	**33,850,584**	35,437,030
Securitised loans	**701,603,087**	798,597,187	**702,691,282**	799,840,145
Provisions	**12,189,987**	8,522,537	**12,189,987**	8,522,537
Subordinated capital notes	**28,000,000**	28,000,000	**28,000,000**	28,000,000
Total financial liabilities	**2,483,025,838**	2,496,186,601	**2,478,601,498**	2,491,498,236

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities:

Cash and cash equivalents - The carrying amount approximates fair value because these assets are receivable on demand or have a short term to maturity.

Due from other financial institutions - The fair values of amounts due from other financial institutions are estimated using discounted cash flow analysis, based on current lending rates for similar types of investments. The carrying amount approximates fair value.

Accrued receivables - The carrying amount approximates fair value as they are short term in nature.

Financial assets - For the financial instruments traded in organised financial markets, fair value is the current quoted market price adjusted for any realisation costs.

Loans and advances - The fair values of loans receivable are estimated using discounted cash flow analysis, based on current lending rates for similar types of loans.

Other investments - The carrying amount for other investments is considered to be the reasonable estimate of net fair value.

Other assets - The carrying amount for these prepaid fees and expenses is considered to be the reasonable estimate of net fair value.

Deposits and short term borrowings - The fair values of deposits are estimated using discounted cash flow analysis, based on current lending rates for similar types of deposits.

Due to other financial institutions - The fair values of these liabilities are estimated using discounted cash flow analysis, based on current borrowing rates for similar types of borrowing arrangements.

NOTE 35

Payables and other liabilities - This includes interest payable and trade payables for which the carrying amount is considered to be a reasonable estimate of net fair value. For the liabilities which are long term the fair value is estimated using discounted cash flow analysis, based on current rates for similar types of liability.

Securitised loans - The fair values of securitised loans are estimated using discounted cash flow analysis, based on current lending rates for similar types of loans.

Provisions - The carrying amount approximates fair value.

Subordinated capital notes - The carrying amount approximates fair value.

Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1	Level 2	Level 3	Total
	$000	$000	$000	$000
CONSOLIDATED 2013				
Available-for-sale financial assets	**-**	**7,036,136**	**-**	**7,036,136**
Financial assets designated at fair value through profit or loss	**-**	**6,962,448**	**-**	**6,962,448**
	-	**13,998,584**	**-**	**13,998,584**
CHIEF ENTITY 2013				
Available-for-sale financial assets	**-**	**7,036,136**	**-**	**7,036,136**
Financial assets designated at fair value through profit or loss	**-**	**-**	**-**	**0**
	-	**7,036,136**	**-**	**7,036,136**
CONSOLIDATED 2012				
Available-for-sale financial assets	-	19,137,580	-	19,137,580
Financial assets designated at fair value through profit or loss	-	9,853,679	-	9,853,679
	-	28,991,259	-	28,991,259
CHIEF ENTITY 2012				
Available-for-sale financial assets	-	19,137,580	-	19,137,580
Financial assets designated at fair value through profit or loss	-	-	-	-
	-	19,137,580	-	19,137,580

DIRECTORS' DECLARATION

1 In the opinion of the Directors of Wide Bay Australia Ltd ("the company"):

a) the financial statements and notes and the remuneration disclosures that are contained in the Remuneration Report are in accordance with the Corporations Act 2001, including:

i) giving a true and fair view of the financial position of the company and consolidated entity as at 30 June 2013 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and

ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretation) and the Corporations Regulations 2001;

b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1:

c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

2 The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Managing Director and Chief Financial Officer for the financial year ended 30 June 2013.

Signed in accordance with a resolution of the Directors.

J S Humphrey
Director

P J Sawyer
Director

27 August 2013 - Bundaberg

INDEPENDENT AUDITOR'S REPORT

to the members of Wide Bay Australia Ltd
for the year ended 30 June 2013

Report on the Financial Report

We have audited the accompanying financial report of Wide Bay Australia Ltd and controlled entities (the consolidated entity) and Wide Bay Australia Ltd (the company), which comprises the statement of financial position as at 30 June 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Directors' Declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The Directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the Directors also state, in accordance with Accounting Standard AASB101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements, and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the Auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's Opinion

In our opinion:

a) the financial report of Wide Bay Australia Ltd and controlled entities and Wide Bay Australia Ltd is in accordance with the Corporations Act 2001, including:

i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2013 and of their performance for the year ended on that date; and

ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b) the financial report also complies with the International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the Directors' Statutory Report for the financial year ended 30 June 2013.

The Directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Wide Bay Australia Ltd for the financial year ended 30 June 2013 complies with section 300A of the Corporations Act 2001.

Bentleys

Bentleys
Brisbane Partnership

27 August 2013 - Brisbane

Stewart Douglas
Partner

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Wide Bay Australia Ltd has adopted a Board Charter which sets out the Company's compliance with the Australian Securities Exchange (ASX) Corporate Governance, Principles of Good Corporate Governance and Best Practice Recommendations. The 'Board Charter' is available on the Company's website **www.widebayaust.com.au**.

Wide Bay Australia has complied with the principles in accordance with the Board Charter.

Principle 1: Lay solid foundations for management and oversight

In accordance with the regulatory standards, the Board has established a Group Board Remuneration Committee, chaired by Mr John Pressler and comprising all independent Directors, to carry out a performance evaluation of the Chief Executive Officer and other senior executives and provided to the Board following a report of discussions between the Chairman of the Committee and the Chief Executive Officer.

Wide Bay Australia is in compliance with Principle 1 and full details of the 'Board Charter' are available on **www.widebayaust.com.au**.

Principle 2: Structure the Board to add value

Independent Directors being non-executive Directors who are free of any business or other relationships that can materially interfere with their independence or the exercise of their judgement were:

John Humphrey	5 years in office
John Pressler	25 years in office
Peter Sawyer	26 years in office
Barry Dangerfield	2 years in office

The majority of independent non-executive Directors have many years of service and, with their experience and knowledge of the industry together with their diversified backgrounds, they continue to make an integral contribution to the ongoing development of the Company.

An independent Director is classified as being:

1. not a substantial shareholder or an officer of the Company;
2. not employed or previously employed in an executive capacity by the Company or Group;
3. not been a principal of a material professional adviser or a material consultant to the Company or Group within the last three years;
4. not a material supplier or customer of the Company or Group, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
5. does not have a material contractual relationship with the Company or Group other than as a Director.

The Company's Board Charter provides for independent Directors to have access to professional advice where required at the expense of the Company.

The executive Directors are:

Ron Hancock	34 years in office (retired 04 February 2013)
Frances McLeod	10 years in office

Details of skills, experience and expertise relevant to each Director is set out in the Directors' Statutory Report.

Separately the Board does not have a formal Nomination Committee, with the full Board addressing such issues that would otherwise be considered by the Nomination Committee.

The Chairman conducts a performance evaluation in conjunction with the Directors of the Board on an annual basis. The performance also includes a 'fit and proper' test required under the APRA guidelines. The evaluation confirmed a satisfactory performance by the Board.

Wide Bay Australia is in compliance with Principle 2 and full details of the 'Board Charter' are available on **www.widebayaust.com.au**.

Principle 3: Promote ethical and responsible decision-making

Wide Bay Australia is in compliance with Principle 3 and full details are available on **www.widebayaust.com.au** under the Corporate Governance Section **-** 'ASX & Shareholder Disclosure' and 'Corporate Code of Conduct'.

Diversity

Wide Bay Australia recognises that a gender balanced diverse and inclusive workforce with a wide array of perceptions resulting from such diversity promotes innovation and a positive and successful business environment. Managing diversity makes us responsive, productive and competitive and creates value for our customers and shareholders while building a high performing and sustainable organisation.

Gender balance is a key priority for Wide Bay Australia and we are dedicated to leveraging the full potential of all our people by embracing individuals through diversity of ability and thought. The Company also strives to develop and maintain a workforce at all levels, including senior management, that reflects the diversity of the customers we serve, and the communities in which we operate.

The Company's commitment includes Board level accountability for year-on-year improvements in gender balance, particularly across senior executives, as well as other management positions.

Wide Bay Australia makes the following disclosure in relation to the ASX Corporate Governance Principals and Recommendations relating to diversity.

Diversity policy (Recommendation 3.2)

The Wide Bay Australia Diversity Policy is available in the Corporate Governance section of it's website at www.widebayaust.com.au.

Measurable objectives and progress (Recommendation 3.3)

The measurable objectives for achieving gender diversity which have been set by the Board in accordance with the Diversity Policy, and Wide Bay Australia's progress towards achieving them, are set out in the table below:

Measurable objectives	Progress
Increase the number of women in management (the top four* layers of the organisation) from 25% to 28% by 2015.	As at 30 June 2013, 25% of management were women (this is consistent with 25% in June 2012).
Maintain a minimum of 1 female on the Board of Directors as vacancies and circumstances allow for the existing representation. Future appointments of Directors are to be based on experience and merit.	Diversity, including gender diversity, continues to be an important consideration of the Board in its Director succession planning. The number and proportion of female executive Directors on the Board as at June 2013 was 1 at 20% (Note: In 2012, there was 1 executive Director out of a total of 6 Directors - 17%).

Proportion of women employees and Board members (Recommendation 3.4)

Recommendation 3.4 requirement	Disclosure
Proportion of women employees in the whole organisation	As at 30 June 2013, 83% of Wide Bay Australia's employees were women.
Proportion of women in senior management* positions within Wide Bay Australia	As at 30 June 2013, 25% of the senior management positions were held by women.
Proportion of women on the Board	As at 30 June 2013, 20% of the Board of Directors (including executive directors) were women. Wide Bay Australia is committed to ensuring that the composition of its Board continues to be appropriate. The Board's charter clearly states that it should comprise Directors with a broad range of skills, experience and diversity.

*Senior management - four layers of management relates to Chief executive positions, General Managers, Regional Managers and Head of Departments.

Principle 4: Safeguard integrity in financial reporting

The Audit Committee has a documented Charter, approved by the Board. The 'Audit Committee Charter' is available on the Company's website **www.widebayaust.com.au** and sets out the Company's compliance with the principles of the ASX Corporate Governance Council's 'Principles of Good Corporate Governance and Best Practice Recommendations'.

The internal and external auditors, the Chief Executive Officer, the Chief Financial Officer and the General Manager - Strategy & Implementation & Productivity Improvement are invited to Audit Committee meetings at the discretion of the Committee.

The names and qualifications of the Audit Committee, the number of meetings held and the number of meetings attended are set out in the Directors' Statutory Report.

Wide Bay Australia is in compliance with Principle 4 and full details are available on **www.widebayaust.com.au** under the Corporate Governance Section **-** 'Audit Committee Charter' and 'Appointment of External Auditors' which includes 'Rotation of the External Audit Partners'.

Principle 5: Make timely and balanced disclosure

Wide Bay Australia is in compliance with Principle 5 and full details are available on **www.widebayaust.com.au** under the Corporate Governance section **-** 'ASX & Shareholder Disclosure'.

Principle 6: Respect the rights of shareholders

Wide Bay Australia is in compliance with Principle 6 and full details are available on **www.widebayaust.com.au** under the Corporate Governance section **-** 'ASX & Shareholder Disclosure'.

Principle 7: Recognise and manage risk

The Audit Committee also carries out various aspects of the financial risk management process and the controls applicable. They are required to review regularly with management the appropriateness of policies and programs in respect of management assessment and any other activities that may be deemed relevant having regard to the prudential standards, APRA requirements and the ASX Corporate Governance Council's 'Principles of Good Corporate Governance and Best Practice Recommendations'.

The Chief Executive Officer and Chief Financial Officer in accordance with Section 295A of the Corporations Act 2001 have declared in writing to the Board, that the risk management systems and internal controls are operating efficiently and effectively in all material respects in relation to the financial reporting risks and are founded on a sound system of risk management, internal compliance and control which implements the policies of the Board.

Wide Bay Australia is in compliance with Principle 7 and full details are available on **www.widebayaust.com.au** under the Corporate Governance section **-** 'Audit Committee Charter'.

Principle 8: Remunerate fairly and responsibly

The fees payable for non-executive Directors are determined with reference to industry standards, the size of the Company, performance and profitability. The Directors' fees are approved by the shareholders at the Annual General Meeting in the aggregate and the individual allocation is approved by the Board.

Remuneration of the Chief Executive Officer, senior executives and other executive Directors is subject to the Group Board Remuneration Committee consisting of John Pressler (Chairman) and independent Directors, Peter Sawyer and Barry Dangerfield.

Relevant remuneration is based on the individual's performance throughout the year, the duties and responsibilities undertaken and is set so as to reflect the remuneration commensurate with the marketplace, given those duties and performances.

No Company performance based payments were made to senior executives during the year.

The names of the members of the Remuneration Committee and their attendance at meetings for 2012/13 are set out in the Directors' Statutory Report.

Wide Bay Australia is in compliance with Principle 8 and full details are available on **www.widebayaust.com.au** under the Corporate Governance section.

SHAREHOLDER INFORMATION

REGISTERED OFFICE

The registered office and principal place of business of Wide Bay Australia Ltd is:

Level 5
Wide Bay Australia House
16-20 Barolin Street
Bundaberg, Queensland 4670
telephone (07) 4150 4000
facsimile (07) 4152 3566
email widebay@widebayaust.com.au
website www.widebayaust.com.au

SECRETARY

The Secretary is Mr William (Bill) Ray Schafer.

AUDITOR

The principal auditors are:

Bentleys
Brisbane Partnership
Chartered Accountants
Level 9
123 Albert Street
Brisbane Qld 4000
telephone (07) 3222 9777
facsimile (07) 3221 9250
email admin@bris.bentleys.com.au

2013 ANNUAL GENERAL MEETING

The 2013 Annual General Meeting is to be held on Tuesday 19 November 2013 at 11.00am EST at Floor 3, Wide Bay Australia House, 16-20 Barolin Street, Bundaberg, Queensland.

Voting Rights of Shareholders

A shareholder is entitled to exercise one vote in respect of each fully paid ordinary permanent share held in accordance with the provisions of the Constitution.

KEY DATES

Annual General Meeting	**19 November 2013**
Full year results and final dividend announcement	27 August 2013
Ex dividend date	09 September 2013
Record date	13 September 2013
Dividend payment	04 October 2013
Half-year results and interim dividend announcement	22 February 2013
Ex dividend date	04 March 2013
Record date	08 March 2013
Dividend payment	28 March 2013

SECURITIES INFORMATION

Share Register

The register of holders of Permanent Ordinary shares is kept at the office of:

Computershare Investor Services Pty Limited
117 Victoria Street
West End Qld 4101
telephone 1300 552 270
facsimile (07) 3237 2152
email brisbane.services@computershare.com.au
website www.computershare.com.au

Issued Shares

The Company's securities listed on the Australian Securities Exchange (ASX) as at 30 September 2013 are:

Class of Security	ASX Code	No.
Permanent Ordinary Shares	WBB	36,238,600

SHAREHOLDER INFORMATION

Distribution of Shareholdings

Permanent Ordinary Shares
30 September 2013

Range	No. of Shareholders
1 - 1,000	1,405
1,001 - 5,000	2,126
5,001 - 10,000	695
10,001 - 100,000	513
100,001 - over	55
Total number of shareholders	4,794

Top 20 Shareholders

Permanent Ordinary Shares
30 September 2013

	Name	No. of Shares	%
1	Hancock, RE & LP	802,996	2.22
2	Hancock, RE	714,813	1.97
3	Citicorp Nominees Pty Limited	467,777	1.29
4	Sawyer, K	462,719	1.28
5	Milton Corporation Limited	433,570	1.20
6	Drenwood Pty Ltd	417,972	1.15
7	Mr PJ Sawyer (The Peter Sawyer Family A/c)	408,486	1.13
8	Chantilly One Pty Ltd (RG Sprake & Co Super Fund A/c)	402,577	1.11
9	Cockerill, GD & DM (Graham Cockerill Super Fund A/c)	355,080	0.98
10	Olsen, N	330,520	0.91
11	National Nominees Limited	321,884	0.89
12	Hancock, RE & LP Hancock (The Hancock Family A/c)	320,000	0.88
13	Hestearn Pty Ltd	308,543	0.85
14	Skipglen Pty Ltd	295,031	0.81
15	Wealthcoach Pty Ltd (Sunrise A/c)	285,236	0.79
16	Mertan Pty Ltd	275,973	0.76
17	Cran, D	264,074	0.73
18	Mirrabooka Investments Limited	250,000	0.69
19	McBride, KG & PA	245,888	0.68
20	Runge, B	244,050	0.67
	Top 20 Permanent Shareholders	**7,607,189**	**20.99**

Substantial Shareholders

The Company's Register of Substantial Shareholders recorded the following substantial shareholders interests:

Permanent Ordinary Shares 30 September 2013	No. of Shares	% of Total
Hancock, RE (associated entities & associates)	2,145,871	5.92

On-Market Buy Back

There is no on-market buy back.

Dividend Reinvestment Plan

On 21 August 2012, the Director's announced suspension of the Wide Bay Australia Ltd Dividend Reinvestment Plan (DRP) until further notice. The DRP had been reintroduced on 28 August 2008.

The DRP allowed shareholders to reinvest all or part of their dividends in additional Wide Bay Australia Ltd shares. The Terms and Conditions of the Plan and past DRP discounts and share issue process are available online at **www.widebayaust.com.au** under Shareholder Information.

Shareholder Online Investor Centre

We encourage shareholders to take advantage of the Computershare Investor Centre website available at **www.computershare.com.au** - where you can register and:

- view your shareholding, dividend and transaction history online
- update your registered address, TFN and dividend instructions
- elect to receive eCommunications about your shareholding
- retrieve copies of dividend payment statements.

Alternatively, please contact Computershare Investor Services Pty Limited directly on **1300 552 270**.

Annual Report Mailing

The Company's Annual Report is available online at **www.widebayaust.com.au** under Shareholder Information. The default option for receiving Annual Reports is via this website. You have the choice of receiving an email when the Annual Report becomes available online or electing to receive a printed Annual Report by mail. To change your Annual Report elections online visit **www.computershare.com.au/easyupdate/wbb**

If you do not have internet access call **1300 308 185** and follow the voice instructions.

FINANCIAL GLOSSARY

For your reference, this glossary provides definitions for some of the terms used in financial reporting, particularly by financial institutions listed on the ASX.

Not all terms may have been used in the Annual Report and Financial Statements.

Accrual	Refers to when income is due or an expense is incurred during a period but has not yet been received or paid. A specific example of an accrual would be loan interest - which accrues throughout the month and then gets billed to the borrower as their monthly payment.
ADI	An Authorised Deposit-taking Institution is a corporation authorised under the Banking Act 1959 and includes banks, building societies and credit unions regulated by APRA.
AGM	Annual General Meeting
APRA	Australian Prudential Regulation Authority
ASIC	Australian Securities and Investments Commission
Asset	A resource which has economic value and can be converted to cash. Assets for an ADI include its loans because income is derived from the loan fees and interest payments generated.
ASX	Australian Securities Exchange Limited (ABN 98 008 624 691)
Bad Debt	The amount that is written off as a loss and classified as an expense, usually as a result of a poor-performing loan.
Basel	The Basel Accords are the recommendations on banking laws and regulations issued by the Basel Committee on Banking Supervision, which has the purpose of improving the consistency of capital regulations internationally.
Basis Point	One hundredth of one percent or 0.01 percent. The term is used in money and securities markets to define differences in interest rates or yields.
Capital Adequacy Ratio	A ratio of an ADI's capital to its risk, obtained by dividing total capital by risk-weighted assets. This ratio shows an ADI's capacity to meet the payment terms of liabilities and other risks.
Cost-to-Income Ratio	Obtained by dividing operating costs by operating income, this ratio shows a company's costs in relation to its income. A lower ratio can be an indication that a company is better at controlling its costs.
Credit Rating	An analysis of a company's ability to repay debt or other obligations.
Dividend	A portion of a company's profits that may be paid regularly by the company to its shareholders.
Dividend Payout Ratio	The amount of dividends paid to shareholders relative to the amount of total net income of a company, represented as a percentage.
Dividend Yield	Computed by dividing the annual dividend by the share price.
DRP	A Dividend Reinvestment Plan allows shareholders to reinvest some or all of their dividends into additional shares.
Earnings per Share	The amount of company earnings per each outstanding share of issued ordinary shares.
Ex-Dividend Date	The date used to determine a shareholder's entitlement to a dividend.
Liability	A company's debts or obligations that arise during the course of business operations. Liabilities for ADI's include interest-bearing deposits.
Liquidity	For an ADI, liquidity is a measure of the ability of the ADI to fund growth and repay debts when they fall due, including the paying of depositors.
Market Capitalisation	The total value of a company's shares calculated by multiplying the shares outstanding by the price per share.
NCD	A Negotiable Certificate of Deposit is a short term security typically issued by an ADI to a larger institutional investor in order to raise funds.
Net Interest Income	The difference between the revenue that is generated from an ADI's assets, and the interest expense incurred on its liabilities.
Net Interest Margin (NIM)	The difference between the average interest rate earned on interest generating assets and the average interest rate incurred on liabilities.
Net Profit After Tax (NPAT)	Total revenue minus total expenses, with the tax that will need to be paid factored in.
Net Tangible Asset Backing per Share	An indication of a company's net worth, calculated by dividing the underlying value of the company (total assets minus total liabilities) by the number of shares on issue.
Non Interest Income	Income derived primarily from fees and commissions, rather than income from interest-earning assets.
Price-to-Earnings Ratio (P/E Ratio)	A measure of the price paid for a share relative to the annual income or profit earned by the company per share.
Provisioning	An amount set aside for loans which are believed to be irrecoverable and are expected to be written off, in part or in total, as bad debts at a future date.
Record Date	The date used to identify shares traded and registered up until Ex-Dividend Date.
Return on Average Ordinary Equity	A measurement of how well a company uses the funds provided by its shareholders, represented by a ratio of the company's profit to shareholders' equity.
RMBS	Residential mortgage-backed securities are a type of bond backed by residential mortgages on residential, rather than commercial, real estate.
Securitisation	Refers to setting aside a group of income-generating assets, such as loans, into a pool against which securities are issued. Securitisation is performed by an ADI in order to raise new funds.
SSP	Special Service Provider such as an authorised settlement clearing house.
Subordinated Capital Notes	Subordinated notes, or subordinated debentures, are a type of capital represented by debt instruments. Subordinated notes have a claim against the borrowing institution that legally follows the claims of depositors. Subordinated notes or debentures come ahead of stockholders.
Subprime Loans	Refers to credit granted to borrowers whose credit rating is considered to be weak or below average.
Tier 1 Capital	Describes the capital adequacy of an ADI. Tier 1 Capital is core capital and includes equity capital, reserves and retained earnings.
Tier 2 Capital	Describes the capital adequacy of an ADI. Tier 2 Capital is secondary capital that includes items such as general loss reserves and subordinated term debt.
Underlying Profit	The actual reflection of a company's profit. One-off items may be removed from the statutory profit for the company to arrive at this profit figure.

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