

27 August 2014

Wide Bay Australia Ltd (WBB) 2013/14 Final Results

Underlying Cash NPAT up 16.0%

The Directors of Wide Bay Australia Ltd (Wide Bay) today confirmed the company's final financial results for 2013/14.

Martin Barrett, Managing Director, advised the consolidated net profit of the Wide Bay group after income tax was \$14.063m. "This compares to the \$2.453m net profit for the previous financial year which was adversely affected by one-off impairment and doubtful debt items."

"The \$14.063m result, which does not include any material one-off items, is 16% up on the underlying cash profit of \$12.126m disclosed for 12/13."

Based on this result, the Wide Bay Board has declared a final fully franked dividend of 15.0 cents per ordinary share to be paid on 3 October 2014. The combined interim and final dividend for the 13/14 financial year will be 28.0 cents per ordinary share.

"Following the challenges of the previous financial year we have seen Wide Bay build a platform for sustained profitable growth into the future," Mr Barrett said. "The 15.0 cents dividend confirms the Board policy to pay out 70% to 80% of consolidated profits in dividends to our shareholders". The Board of Directors confirmed that the Dividend Reinvestment Plan, which was reintroduced for the interim dividend, will continue for the final dividend.

The decline in the total loan book was arrested in the second half of the financial year. After the run-off of a non-core portfolio of loans in the first half, the loan book grew, on an annualised basis, by 2.8% in the second half of the 13/14 financial year. The 30 June 2014 balance was \$2.224b compared to \$2.193b at 31 December 2013.

Mr Barrett confirmed the strength of Wide Bay's capital level which remains in excess of the Board target of 13.00%. "Our capital adequacy ratio at 30 June 2014, excluding our wholly owned mortgage insurance subsidiary, was 14.29% compared to 13.82% in 2013. Our tier 1 capital ratio at 30 June 2014 was 11.68% compared to 11.15% in 2013."

Mr Barrett expanded on the results in Mortgage Risk Management Pty Ltd (MRM), the wholly owned mortgage insurer.

"Following a significant increase in provisioning in the 2012/13 financial year, expense claims in MRM during 13/14 were aligned to budget expectations. After clearing \$3.4m of bad debts, the majority of which had been provided for, MRM retains healthy provisions of \$6.8m for expense claims and unexpected losses we may encounter in the next 3 financial years."

Total arrears in the Wide Bay loan book greater than 30 days past due (excluding the effects of hardship accounts) have decreased from \$87.9m (3.95%) to \$43.0m (1.93%) in the year to 30 June 2014. "This was the result of improvements in the arrears and collections systems of the group, including the portfolio of loans insured with MRM, the wholly owned insurance captive."

"The arrears project included a review of the systems and procedures, retraining of staff and the addition of resources in the risk and collections departments, which has resulted in an improvement in the arrears in the 13/14 financial year," Mr Barrett said.

John Humphrey, Chairman of the Wide Bay Board reported that "The Board has seen substantial progress in the implementation of the 3 year strategic plan, which was presented in May of 2013, and this has established a base for sustained growth and progress."

The Chairman advised that the strategic plan focused on bringing growth to residential lending, business banking and personal loans, with the objective of growing the loan book through the branch network and mortgage broker introduced loans.

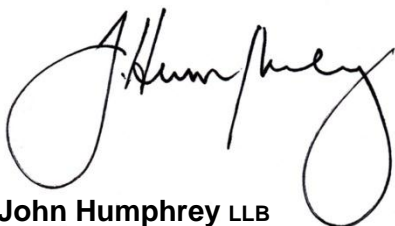
Mr Humphrey advised that approvals in residential lending increased 24.3% to \$414m in 13/14 compared to \$333m in 12/13. "This was the result of improving the skills, capability and accountability of the branch network, the rebuilding and strengthening of Wide Bay's 3rd party broker platform, and growth from the areas in South East Queensland from the Gold Coast to the Sunshine Coast."

Investment in technology is a key plank in the strategic plan, with a goal of delivering productivity and cost-to-income efficiencies in the short term. Work is well advanced on the new core banking and loans systems which are due for completion in the third quarter of the 14/15 financial year.

The Board has targeted productivity and expense reductions to ensure the benefits are brought to account in line with amortisation of these material investments.

Mr Humphrey confirmed that there is intense competition in the market with generous low interest rates and offers from financial institutions. "The growth experienced across the second half of the 13/14 financial year has continued into the first quarter of 14/15, and Wide Bay will continue to invest in technology to deliver competitive products on an efficient basis. In addition, the Board remains focused on the risk framework and enhancement of the credit quality as the loan book grows."

The Chairman expressed the Board's delight with the benefits of the implementation of the strategic plan. Despite the challenges in the market, and competition from the major and regional banks, Wide Bay is positioned to compete and grow following the strategic advances of the past 12 months.



John Humphrey LLB
Chairman



Martin Barrett BA(ECON) MBA
Chief Executive Officer

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About Wide Bay Australia Ltd

Wide Bay Australia Ltd is an Approved Deposit-taking Institution (ADI) and is Queensland's largest and Australia's fourth largest building society based on assets and loans under management of approximately \$2.8 billion. As an ADI, Wide Bay Australia is prudentially supervised by the Australian Prudential Regulation Authority (APRA).

The company has an Australian Credit and Australian Financial Services Licence issued by the Australian Securities and Investment Commission (ASIC) and provides a range of loans, deposits and related banking services. It also offers insurance and other financial services by arrangement with third party providers.

Wide Bay Australia Ltd (ASX Code: WBB) listed on the Australian Securities Exchange (ASX) in 1994.

The company employs over 280 staff and delivers its services from its Head Office in Bundaberg, Queensland and via a network of retail outlets located principally in regional Queensland from Cairns to the Gold Coast, plus a national mortgage broking presence managed from Brisbane.

Wide Bay Australia has played an active role as a 'good corporate citizen' in the local communities in which it operates for over 50 years.

The company's vision is "To be the leader in banking leader in our communities. We achieve this through our **exceptional** people providing an **exceptional** customer experience. We will always **exceed** expectations".