ANNUAL REPORT 2014

wide bay australia

"Change across Wide Bay Australia is essential and underway in every aspect of our business. Our guiding light must always be how we can better serve and support our customers and how we can provide greater convenience and access to help our customers achieve their financial goals.

~ Martin Barrett, Managing Director

GROWTH & FOUNDATIONS FOR A STRONG FUTURE

LEADERSHIP & GROWTH

FINANCIAL PERFORMANCE

GROWTH & FOUNDATIONS FOR A STRONG FUTURE

We are committed to continually improving our performance for the benefit of our shareholders, our customers, our employees and our community.

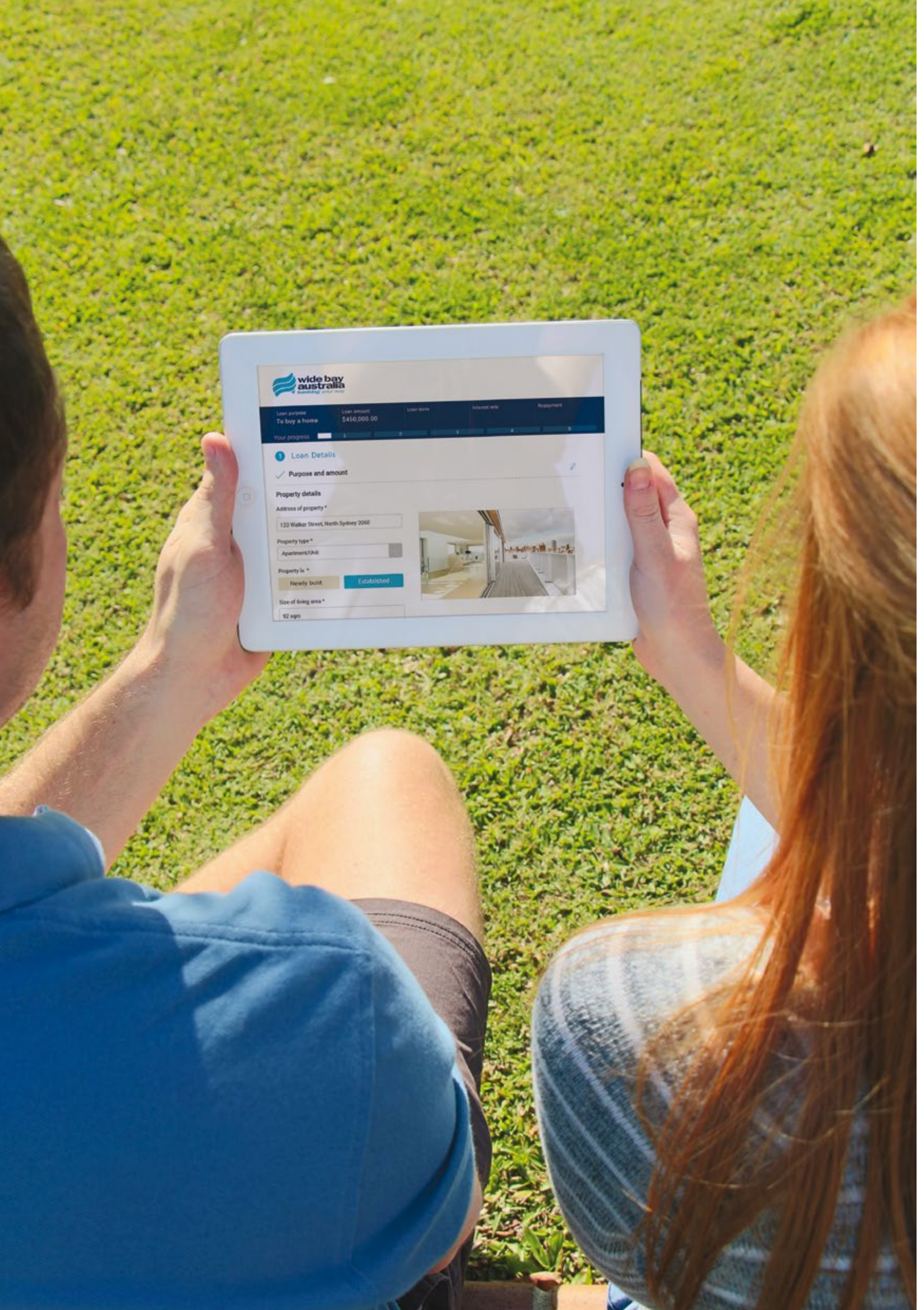
OUR DIFFERENCE

It's our refreshing approach to banking that sets us apart from the rest!

At Wide Bay Australia we hold high values, which many others have long forgotten. We believe in our people, we're available and responsive to our customer and shareholder needs.

We offer a competitive and attractively featured range of banking products and services for retail and business customers through our branches and nationwide, online and through our third party broker and introducer alliances.

We celebrate success and value relationships, flexibility, accessibility and will always strive to exceed your expectations.



> Our strategic initiatives are well progressed & we continue to focus on our key priorities.
>
> ~ Martin Barrett, Managing Director

TECHNOLOGY REVITALISATION

The competitive landscape and mounting pressures in the Australian financial sector have led to consolidation with the Big 4 Banks growing in dominance. Wide Bay Australia operates in a very competitive market and needs to respond with exceptional service, price, capability and innovation.

A revision of our strategic technology objectives identified a number of areas we will focus on. We are committed to:

- Competing with our peers in technology
- Delivering a superior experience to our customers
- Providing secure and efficient technology systems
- Leveraging data to gain a better understanding of our customers

As a result, we are significantly increasing our investment in technology and have several major projects underway. The realisation of these initiatives will significantly lift our capabilities, further enhance our services and increase efficiency and productivity.

Key Technology Projects

i. Internet Banking Upgrade
ii. Mobile Banking Upgrade
iii. Loan Origination Upgrade – Mortgage Broker & Retail Lending
iv. Core Banking Upgrade

Internet Banking

Customers are no longer satisfied with transactional internet banking systems that allow them just to transfer money and pay bills. Internet banking systems are fast becoming powerful customer engagement tools. Once implemented, our new system will provide the tools we need to keep customers on our site for longer, engage with them on a deeper level and ultimately generate cross sell opportunities. This solution delivers a fast, fun and secure online banking experience to personal and business banking customers alike.

Mobile Banking

Traditionally, mobile banking has been seen as simply a portal for customers to log in, perform their banking and log off. Our new mobile banking system will incorporate powerful functionality and user experience capabilities to allow us to increase engagement with our customers and stay ahead of our competitors. This system will be intuitive, easy to use, highly secure and can be delivered seamlessly across all smartphones.

Loan Origination Upgrade

Once implemented, our new loan origination system will enable us to process incoming loan applications quickly and provide an immediate approval decision to applicants. Automatic loan application functions will significantly improve our 'time to yes', reduce both processing costs and risk and improve service levels and user experience.

In addition to Mortgage Broker and Retail Lending applications, the new system will also cater to online origination and will capture new loan applications from our website or other online platforms. The system will present a seamless guided and intuitive borrowing experience while capturing all necessary information required for credit decisioning and loan approval. It will enable our lenders to provide a conditional approval to the customer as soon as the required data has been entered and interactively processed.

TECHNOLOGY REVITALISATION CONT.

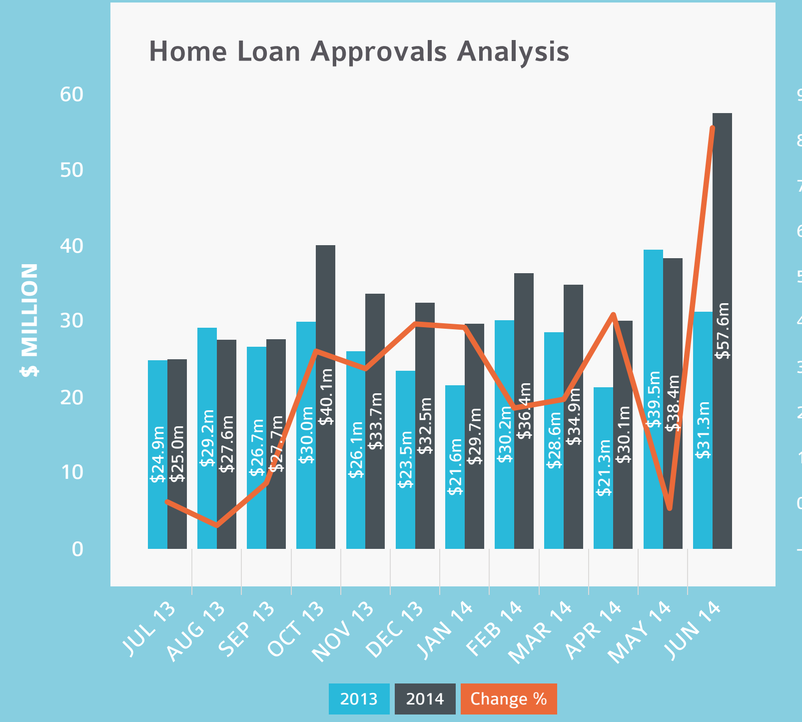
In addition to these benefits, the tracker portal allows loan applicants, Wide Bay lenders and mortgage brokers to remain informed of the status of each loan application. It enables the originating parties to participate in the processing of the loan application and to upload required documentation directly into the loan application file, eliminating difficulties experienced in traditional applications.

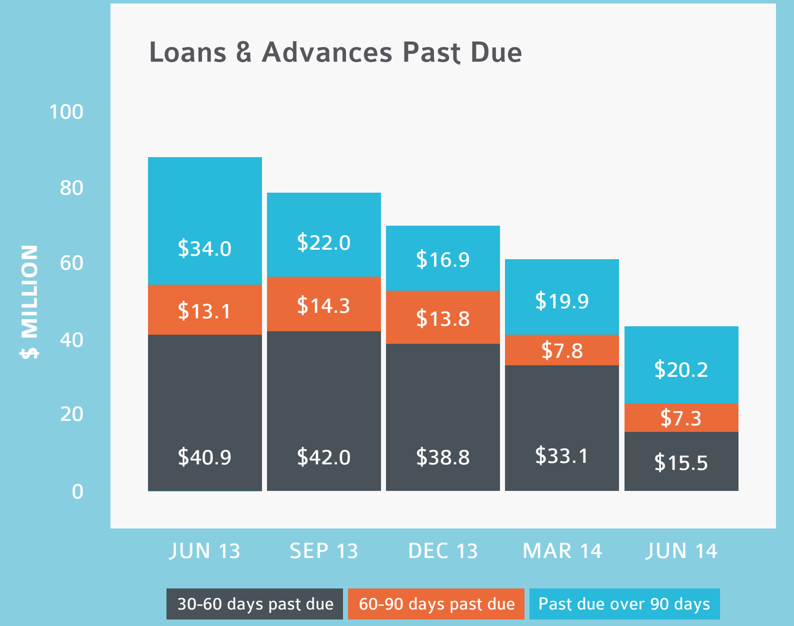
Core Banking Update

Our core banking system upgrade is scheduled for implementation during 2014/15 and will significantly increase our capabilities. The upgrade builds additional automation and capability on the existing strong and flexible core banking platform. Customer Relationship Management and deeper integration across all business processes will enable us to strengthen and grow our business to provide exceptional service for our customers.

Ready for the future!

Our investment in technology will drive Wide Bay Australia into an exciting future. We are extremely excited about the benefits that will accrue to our shareholders, customers, employees and key business partners that will result from implementing these key technology initiatives.





*excluding the effects of hardship accounts

RISK & COMPLIANCE CULTURE

It is essential to have a risk and compliance management program implemented to reduce risk in an organisation. Wide Bay Australia has always recognised this necessity and has been proactive in eliminating risk where possible and reducing those that cannot be eliminated.

In the last 12 months greater emphasis has been placed by the company on further improving our compliance and risk management culture across the whole organisation and it is recognised as a key priority in the company's strategic plan.

We have already made many material improvements. An example of how this effort has translated into reality is that despite tighter credit controls on new lending, and our home loan approvals gaining momentum, our loans arrears are trending down with further improvement expected.

Numerous key initiatives are underway which will continue this momentum including:

- Implementation of new technology solutions to make it easier for our customers and to help reduce manual errors through the incorporation of auto decisioning functions.
- Continuous improvement and refinement of credit policy will help meet business expectations while ensuring sustainability of the business.
- The embedding of an integrated risk management framework into our 'day to day' management of the business by identifying, assessing, managing, mitigating and reporting risks.

Each business unit is responsible for managing the outcome of risk related activities under a "Three Lines of Defence" model as follows:

i. **Line 1** – Business Units – front line business units manage risk as part of 'day to day' operations.
ii. **Line 2** – Risk and Compliance Management – provide support, oversight and risk and compliance expertise by developing and maintaining an integrated risk management framework. Risk and Compliance also measure risk exposures to support the risk decisions of the business and make credit risk decisions under approved delegations.
iii. **Line 3** – Audit Management – independently assesses the effectiveness and efficiency of the internal controls, risk management processes and governance systems created by the business units, while supporting and providing assurance on these functions.

- Ensuring sustainability – continuous improvement working towards reducing arrears levels.
- Our people – training our people to increase capabilities, for example, training our loan collections and credit teams.

These risk and compliance initiatives affect all levels of the organisation. Wide Bay Australia personnel at all levels are taking an active role in this journey of cultural change.

LEARNING & DEVELOPMENT

Effective learning and development of our staff is critical for any successful business to grow and thrive.

At Wide Bay Australia, we recognise that our people are significant to our success and are one of our most important assets.

A key platform in our strategic plan is a commitment to dedicating resources for our employees and investing in our people talent.

A priority for our Human Resources team is to recruit, develop and retain the best employees based on attitude, skills and capability, and to build a workforce that is engaged and committed.

We are already benefiting from increased investment in staff training and continuous development.

Learning and development initiatives targeted for 2014/15 include:

1. Transformation Project – delivery of skills to improve on processes and procedures to provide efficiencies and productivity.
2. E-Learning Platform – an improved platform for delivery of training.
3. Sales Training Program – a sales training program to drive confidence in selling and increase sales revenue.
4. Technology upgrade – key technology initiatives which will significantly deliver 'best practice' service to our customers.

As a direct result of these learning and development initiatives, our people will be highly trained, able to identify customer solutions quickly and work more effectively and efficiently.

Our investment in our people will ensure Wide Bay will meet the expectations of shareholders, customers and key business partners.

COMMUNITY

It has been another successful year for us in the community. We've ventured into the world of social media and launched our Facebook & LinkedIn pages.

Both of these communities are consistently growing and have gained a significant number of followers.

We've continued to support groups, schools, clubs & fundraisers across the communities we operate in, both financially and with branded promotional items. We've also established a 'Not-for-Profit Loan Referral Program', allowing not-for-profit organisations the opportunity to be financially rewarded for referring home loans or personal loans to us.

We genuinely love supporting our local communities and are committed to continuing this involvement through a number of key initiatives in the new financial year. These include:

- Plans to increase our presence and engagement across social media via platforms such as Twitter, Instagram and to create a YouTube channel that can be accessed via tablets in branches.
- Implementation of 'Our Community' Grants Scheme.
- Implementation of a Staff Volunteer Program.
- Continuing focus on clubs and active promotion of the 'Not-for-Profit Loan Referral Program'.

We've always been proud of our significant involvement in the community and will continue to be actively involved into the future.

Left: Lucas, Ryan & Noah Dunnill with Ziggy at the Wide Bay Australia Ring Road Run.

"Our previous bank found issues with everything and kept telling us "we can't do that". We talked to Paul Rehbein and he genuinely wanted to help us! He's a fantastic asset to Wide Bay Australia – he's knowledgeable, friendly and nothing is too much trouble. We couldn't be happier with the products and service we receive from Paul and Wide Bay Australia - THANK YOU!

~ Nick & Skye Larsen, Bundaberg

Left: Nick, Skye, Charlize & Parker Larsen with Lending Consultant, Paul Rehbein.

RETAIL BANKING

Over the past 12 months our retail network continued to gain traction as we built on our core priorities of accountability, clarity of roles and responsibilities, and the required level of focus to be successful in Retail Banking in today's ever changing market.

We commenced a program of sustained investment in our branches, people, product development and processes, particularly around creating a better customer experience in our branches. These investments are making a significant difference to our overall positioning and competitiveness in the market place.

Heading into 2014/15 we will continue to focus on:

- The structure of our retail business through the ongoing development of our Contact Centre, training for all branch based roles, Saturday openings in key locations and the right level of resources in our branches to maintain our high customer service standards.
- Customer Relationship Management through detailed customer analytics, needs analysis, product penetration and increasing our share of wallet.
- Building relationships with our customers, colleagues and communities. We need to ensure that we stay relevant to our key stakeholders and meet the expectations that have been set.
- Right people in the right roles, with appropriate training that will better enable us to serve our customers. Our people remain critical to our ongoing success and are the 'heart' of our Retail Banking operation.
- Our branch revitalisation program through the modernisation of our branch design to incorporate the things that are important to our customers. We are building our digital capability in branch and turning our branches into an 'experience centre', with easy banking a feature and the best technology and products on show.
- Reviewing our product features and pricing, to ensure that we are at the leading edge of the market in terms of value, functionality and meeting our customers' needs.
- Rewarding and recognising our staff to enable us to recruit the best on offer in the market and to retain our key people.
- Developing strong strategic alliances with our Third Party product providers to build on their customer experience with Wide Bay.

"We are thrilled with the ongoing personal service and attention we receive from Samantha and the entire Wide Bay Australia team. We are continually impressed with her expertise, friendly nature and proactive attitude. If you're looking for someone that cares about you and your business, I'd suggest you try Wide Bay Australia.

~ Alex & Kitty Mackay, Toowong, Brisbane

BUSINESS BANKING

Small and medium businesses (SMEs) fuel the growth in our local communities. Wide Bay Australia should play a significant part in assisting such businesses to achieve their goals. We will do this by offering SMEs a suite of banking and finance products & services that are delivered and maintained by local Business Bankers. Our Business Bankers are focused on delivering face-to-face service so that long term relationships are built. This is our point of difference.

Over the course of 2014/15 our Business Banking team will specifically work on the following initiatives:

- Partner with Chamber of Commerce & Industry Queensland (CCIQ) to deliver value to their member base.
- Be out and about in our local communities in core regions working with business owners to position us as the alternative to the competitors.
- Operate in accordance with our internal risk management framework and processes so that we build a sustainable balance sheet and revenue stream.

Accordingly, we will experience growth in loans and business accounts and, with the support of Third Party product providers, associated products such as leasing and EFT merchant facilities. The Business Banking team is highly energised and anticipating a year of great activity.

Left: Kitty Mackay with Business Banker, Samantha Atholwood.

"These are exciting times for the Third Party business as we activate more new broker relationships in Sydney, Melbourne, Brisbane, Perth, Adelaide and the major regional cities and towns.

MORTGAGE BROKER ALLIANCES

It has been 16 months since we commenced transforming our Third Party business. The central plank of the transformation was communicating to mortgage brokers about our national reach and extensive banking platform that services all Australians.

The most significant wins over the financial year have been the relationships built and maintained with key aggregators and individual brokers. These are a testament to our approach to doing business which is modelled on the values of high touch service.

We are committed to continually improving our services to brokers and will achieve our key priorities through numerous initiatives. Our lending will continue to grow, we will increase customer acquisition & penetration and credit & operational risk will continue to be managed effectively.

The Third Party team continues to grow. Our Broker Loan Consultants run relationships with brokers around the country. They are accessible and available whenever our brokers require them.

In early 2015, we will implement our new loan origination system which will simplify the processes that brokers experience when they introduce customers to us. The system will deliver speedy lending outcomes for brokers and customers.

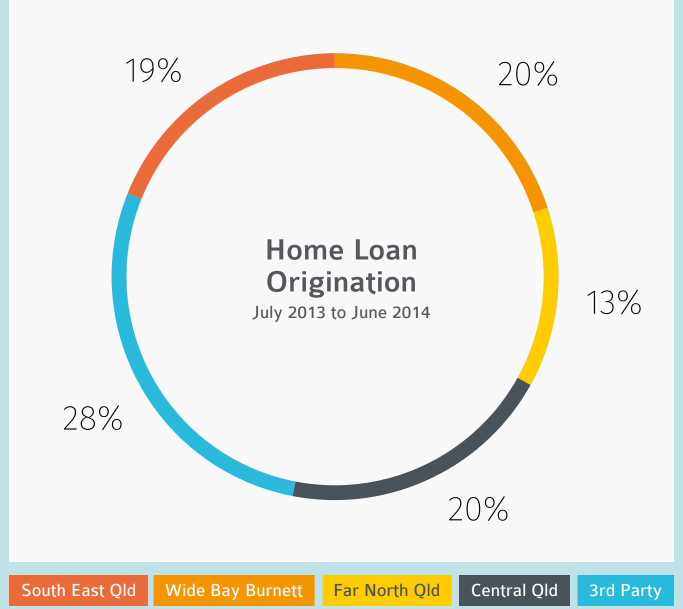
STRATEGIC DIRECTION

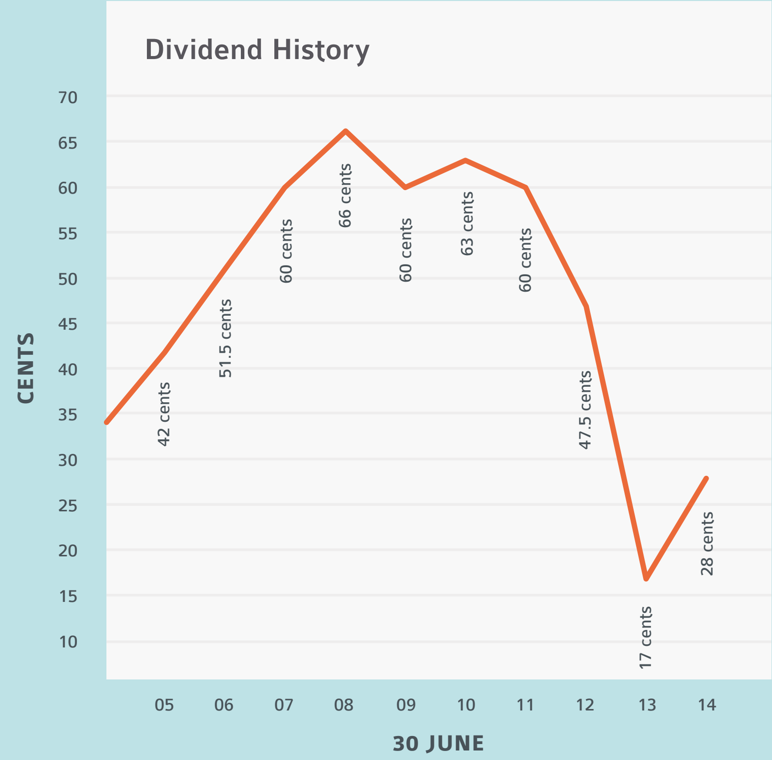
We have made substantial investments in energy and resources to work towards achieving our strategic plan. We stand by our promise to continually improve our performance for the benefit of all our stakeholders. There is still work to do, however our strategic initiatives are well progressed and these investments are significantly contributing to achieving our overall strategic goals.

These investments include a commitment to:

- Technology and digital platforms – we want to be the leader in our class, to be innovative and make it easier for our customers
- Ongoing development and refinement of our products to ensure competitiveness
- Continuous improvement to our risk and compliance culture
- Learning & development to improve the skills, capabilities and talent of our people
- Continuing our branch revitalisation program
- Active involvement in our local communities
- Growth in our Business Banking and Third Party business segments

We have identified and developed our key priorities for 2014/15 and will strive to continue to achieve success. The implementation of these initiatives will help us build a strong foundation for continued growth in the future.





OUR FUTURE

Our future is looking bright!

The last 12 months has brought substantial changes to our operations. We are expanding in new and exciting ways and investing in new areas to grow and diversify our overall position.

Our core Retail and Business Banking region today runs from Mackay to Gympie. We are highly respected across these communities we call 'home'. Our customers have voted us their best banking choice and we're targeting to be the number 1 choice for even more people.

The South East Queensland market sits just below our core region and based on recent trends we are also making inroads into these emerging markets with our customer numbers growing and the percentage of home loans originating in this region at an all time high.

In addition, our Third Party mortgage broker business continues to grow. Our Broker Loan Consultants have established mutually beneficial relationships around the country and are activating new relationships daily.

Our investment in key technology projects will bring a level of innovation to our organisation.

All these initiatives are positioning us better to grow and compete on a national level by expanding our footprint, both physically and digitally. This will also mean increased customer convenience and satisfaction, deeper and more meaningful relationships, and greater efficiencies and productivity.

We know there are numerous challenges in this fast paced and competitive environment, but we are committed to being proactive and continually improving our performance for the benefits of our shareholders, customers, employees and community.

These are exciting times for Wide Bay Australia Ltd as we continue to develop, grow and establish foundations for a strong future!

LEADERSHIP & GROWTH

We demonstrate oustanding leadership to ensure we control our destiny, build on our reputation and add to our achievements. Our managers are challenged to be leaders. They are focused on delivering value to both our shareholders and customers and support their teams to achieve the same.

BILL SCHAFER

BCom CA

Chief Financial Officer & Company Secretary

Bill joined Wide Bay Capricorn Building Society Ltd in 2001 and has significant experience in the financial services industry. Bill's responsibilities include oversight of the Accounting & 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; budget preparation and financial analysis for key stakeholders, the Board and management.

DALE HANCOCK

BBus SAFin

Group Treasurer

Dale joined Wide Bay Capricorn Building Society Ltd in 1996 as Structured Finance Manager and was appointed to the position of Group Treasurer in 2013. Prior to joining Wide Bay, he gained experience working for a Chartered Accountant firm specialising in accounting, taxation and audit. Dale's responsibilities include supervising the group's wholesale funding, treasury and liquidity operations.

ANDREW MCARDLE

BBus (Acc&Fin) SAFin CPA

General Manager - Sales & Distribution

Andrew joined Wide Bay Australia Ltd in 2013 as Sales Manager for Retail Banking and was appointed to General Manager of Sales and Distribution thereafter. He has held senior roles in analysis and strategy, product sales and people management, planning and operations and compliance in both retail and commercial environments and has over 20 years experience in the financial services sector. Andrew has key responsibilities for the retail branch network, residential & consumer lending, plus core retail and alliance product sales & relationships.

CHARLTON NEVIS

BA MBA

General Manager – Third Party

Charlton joined Wide Bay Australia Ltd in 2013 and has extensive significant experience across the financial services sector. He has established Wide Bay's Third Party division and has developed and implemented its mortgage broker strategy. Charlton's responsibilities include the development of relationships across aggregators and brokers nationally. Ultimately, Charlton's team of broker specialists drive the Wide Bay proposition to Australian mortgage brokers across the country.

LEADERSHIP TEAM

MARK RASMUSSEN

MBA

General Manager – Business Banking & Operations

Mark joined Wide Bay Australia Ltd in early 2014 as the General Manager for Business Banking and Operations. He has held senior roles in corporate and business banking, property, product development and strategy, product sales and people management, planning and operations and compliance in both retail and commercial /corporate environments and has over 25 years of experience in the financial services sector. Mark's responsibilities include the management of Wide Bay Australia's business banking sales and operations, loans administration and documentation, administration and property and procurement.

STEPHEN CAVILLE

AdvDipEEng

Chief Information Officer

Steve joined Wide Bay Capricorn Building Society Ltd in 2000 as a Senior System Administrator and was appointed to the position of Chief Information Officer in 2010. Prior to Wide Bay, he gained a broad spectrum of qualifications and experience in the Royal Australian Air Force. Steve's responsibilities include oversight of the IT Department where he has been instrumental in the development of Wide Bay's IT Strategic Plan & implementation of key technology projects.

GAYLE JOB

FIFS

General Manager - Human Resources

Gayle joined Burnett Permanent Building Society in 1977 gaining significant experience in financial services including branch operations, product development, documentation of policies & procedures, training and compliance. Gayle's appointment in 2013 to General Manager, Human Resources has allowed her to focus on improvement of our people engagement and development. This includes payroll management and remuneration, recruitment, learning and development, performance management, employment law regulation and compliance, staff welfare and OH&S.

MARTIN BARRETT

BA(ECON) MBA

Managing Director

Martin joined Wide Bay Australia in February 2013 and is responsible for overseeing the company's operations and business strategy. He has a 28 year career across diverse banking institutions, both nationally and internationally. This includes senior executive roles in retail, commercial, corporate and specialist areas. Martin holds a Bachelor of Arts (Economics) from Murdoch University and an MBA from the University of Western Australia. He is also a member of the Australian Institute of Management.

LEADERSHIP TEAM CONT.

RAY LINDERBERG
BBus (Comm) AIFS

General Manager - Marketing & Products

Ray joined Wide Bay Capricorn Building Society Ltd in 1986 as Marketing Manager and was appointed to General Manager, Marketing & Products in 2013. Ray has extensive experience in marketing and the financial services industry and has been instrumental in many company initiatives. Ray's responsibilities include oversight of the Marketing & Products business unit and management of the company's brand, marketing, communications and product strategy.

FRANCES MCLEOD
FIFS

General Manager – Strategy Implementation & Productivity Improvement

Frances' financial services career started with Burnett Permanent Building Society in 1974 and she has been an integral part of the Wide Bay Australia story. She has extensive experience across a vast array of sectors and until 2013 acted as the Chief Operating Officer and Executive Director. Frances' responsibilities include coordinating, updating, providing strategic support and monitoring the WBA strategic plan. She pro-actively seeks to improve company performance via sound, pro-active leadership and improved productivity.

MICHAEL MCLENNAN
BBus CPA

General Manager - Internal Audit

Michael joined Wide Bay Australia Ltd in 2011 as Chief Risk Officer and was appointed General Manager, Internal Audit in 2014. He has over 25 years experience, both domestic and international, in financial and risk management of financial institutions. Michael's responsibilities encompass the third line of defence in our Three Lines of Defence model and include assessment of the effectiveness and efficiency of internal control, risk management and governance systems.

CRAIG LONERGAN
MBA, AMIIA, F Fin

Chief Risk Officer

Craig joined Wide Bay Australia Ltd in February 2014 as General Manager Internal Audit, bringing over 25 years experience within the financial services industry having held senior leadership roles in Australia, Papua New Guinea and the Solomon Islands. Craig was appointed to the Chief Risk Officer role in early July 2014 and is responsible for creating and maintaining a culture of risk awareness and accountability by assisting the Board of Directors in developing the risk appetite statement, promoting an enterprise-wide risk management philosophy and establishing prudent guidelines to help the business manage and mitigate identified risks.

BRANCH & OFFICE DIRECTORY

Bundaberg & Burnett

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

Cairns

- Shop 16B Redlynch Central Shopping Centre
Cnr Larsen & Redlynch Connector Roads
Redlynch QLD 4870

Townsville

- Shop 1A Stockland Townsville Shopping Centre (Kmart)
Cnr Nathan Street & Ross River Road
Cranbrook QLD 4814
- Shop 12 Stockland North Shore Shopping Centre
Cnr Main & Water Street, **Burdell** QLD 4818

Whitsundays

- Shop 1 Deicke Arcade
Main Street, **Proserpine** QLD 4800

Mackay & Sarina

- Wide Bay Australia House
73 Victoria Street, **Mackay CBD** QLD 4740
- Shop 2124 Caneland Central
Cnr Victoria Street & Mangrove Road
Mackay CBD QLD 4740
- Macrossan & Amiet Solicitors*
(referral agency – loans and deposits. No cash transactions)
55 Gordon Street, **Mackay CBD** QLD 4740
- Shop 146B Mt Pleasant Shopping Centre
Cnr Phillip Street & Bucasia Road
Mt Pleasant QLD 4740
- Fourways Plaza
Nebo Road, **West Mackay** QLD 4740
- Shop 4 Sarina Beach Road Shopping Centre
Sarina Beach Road, **Sarina** QLD 4737
- Calen Electrical Sales & Service
(Agency – new accounts, deposits and withdrawals only)
18 McIntyre Street, **Calen** QLD 4798

Rockhampton & Capricorn Coast

- Shop 24 Allenstown Plaza
Canning Street, **Allenstown** QLD 4700
- Shop 83 Stockland Rockhampton Shopping Centre
Yaamba Road, **North Mackay** QLD 4701
- 6 James Street, **Yeppoon** QLD 4703

Central Highlands & Coalfields

- Shop 18 Central Highlands Marketplace
2-10 Codenwarra Road, **Emerald** QLD 4720

Gladstone & Tannum Sands

- 78 Goondoon Street, **Gladstone CBD** QLD 4680
- Shop 7 Tannum Central Shopping Centre
101 Hampton Drive, **Tannum Sands** QLD 4680

Fraser Coast

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

Gympie

- Shop 38 Gympie Central
Bruce Highway, **Gympie** QLD 4570
- Shop 27/28 Goldfields Plaza
Monklands Street, **Gympie** QLD 4570

Sunshine Coast

- Shop 1, 1 Emerald Street, **Cooroy** QLD 4563
- Shop 5, 84 Poinciana Avenue, **Tewantin** QLD 4565
- Shop 1064 Noosa Civic Mall
28 Eenie Creek Road, **Noosaville** QLD 4566
- Shop 12 Nambour Central Mall
Lowe Street, **Nambour** QLD 4560
- Shop 2 Ryan's Plaza
Cnr Ocean Street & Horton Parade
Maroochydore QLD 4558
- Shop 47 Stockland Caloundra
47 Bowman Road, **Caloundra** QLD 4551

South East

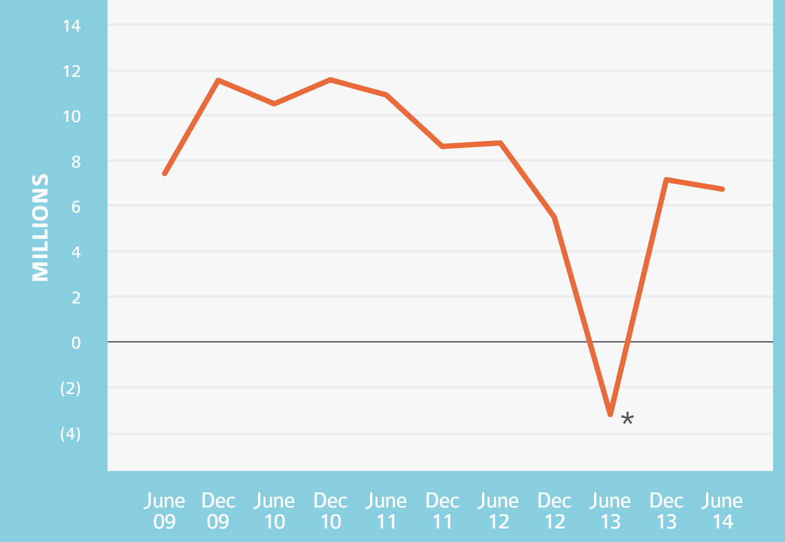
- Shop 3 Wide Bay Australia House
1957-1961 Logan Road
Upper Mount Gravatt QLD 4122
- 156 Morayfield Road, **Morayfield** QLD 4506

Broker Loan Centres

- Unit 10, 621 Coronation Drive, **Toowong** QLD 4066
- Shop 11, The Rocket
203 Robina Town Centre Drive
Robina, Gold Coast QLD 4226

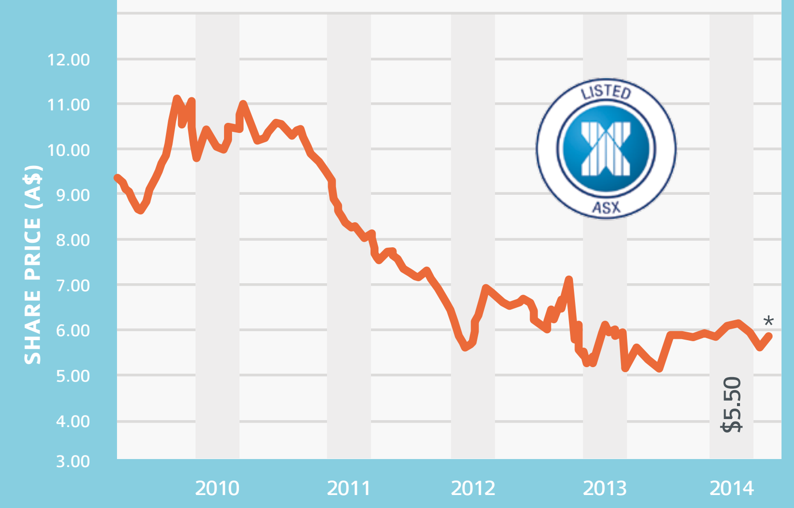
**Hoss Pty Ltd acts as Wide Bay Australia's authorised Australian Financial Services Representative: AFS 310794 and Australian Credit Representative: CRN 366231*

Six Monthly after Tax Profit/(Loss)



*after impairment of investment in financial planning business

Share Price History



* $5.80 - 1st September 2014

MANAGING DIRECTOR'S REPORT

It has been a significant year for Wide Bay Australia as we have sought to re-position the organisation with improved capability, strengthened risk settings, established and commenced implementation of a clear strategic plan and worked on a new performance culture across the organisation. The changes that have been made provide me with confidence that the organisation is back onto a growth path.

Some significant revenue lines of the past have dissipated. This includes dividends from a financial planning group we hold a 25% shareholding in, and revenues that were previously significant, up until 2012, from Mortgage Risk Management (an in house lenders mortgage insurance provider now in run off). As such, turning the organisation around and putting it back onto a sustainable organic growth footing has been the key priority.

To achieve growth the following initiatives were taken up during the year:

1. The establishment of a dedicated new Business Banking platform.
2. A complete re-build and significantly improved capability in our home loan broker division.
3. Enhanced capability, new skills and investment in our branch based distribution.
4. Significant investment in technology that will improve both our customers experience and our productivity.
5. The establishment of a robust performance management framework and clear KPI's across all roles.
6. A significant improvement in arrears across the organisation achieved via an improved risk capability and culture.

While sustainable improvement and change takes time, we have made substantial progress. There is still much more to do, however our results for 2014 have shown encouraging improvement:

» NPAT of $14.063m compared to $2.453m in 2013 (adversely impacted by one-off impairment and provisioning).
» A 16% increase in our cash profit, up from $12.126m in 2013.
» Growth in our home loan book in the second half and home loan approvals up by 24% over the previous year.
» Total arrears in the loan book greater than 30 days past due (excluding the effects of hardship accounts) have decreased from $87.9m (3.95%) to $43m (1.93%).
» An improved fully franked final dividend of 15c per share bringing total dividends to 28c per share for the year.
» Being recognised as Australia's best Building Society, as rated by our customers (independently assessed and awarded by MOZO).

Expenses have been balanced as we faced into the need to invest in capability while improving productivity. Of course we remain with some legacy costs associated with Mortgage Risk Management including an annual $1.2m loan commute cost incurred from 2012 for 5 years, and a lot of work remains as we face into the challenges of the market. External factors continue to create more challenges than assistance. The regulatory environment continues to become more complex and more demanding, resulting in improved risk management but increasing costs and resources. Home lending is fiercely competitive and of course our capital requirements and thus costs are higher than the big banks due to current regulatory settings that favour the few.

External factors aside, my focus, along with my team is to continue to build a sustainable business that provides confidence to shareholders with steadily improving returns.

Returning to growth, in a low growth environment and a highly competitive industry, requires us to re-examine our business and adapt to the future. Providing customer convenience and broadening our virtual footprint are key priorities. In this regard the organisation has recently, and will need to continue to, invest in technology. This investment must have two significant outcomes:

1. Improve our speed of delivery while reducing our processes and costs to service.
2. Increase our sales footprint and customer convenience.

We are currently in the implementation stage of major IT projects which include an update to our core operating system and a major update on our lending and mobile banking IT platforms. Both programs of work will be completed by June 2015 and will provide significant benefits for the years ahead.

To ensure the success of these programs we have established a Transformation Team that has responsibility to ensure that we maximise the productivity benefits from the system investments and we convert Wide Bay Australia into a highly efficient business with a lower cost to income ratio and significantly faster delivery for customers.

Of course the future, while uncertain, does have aspects that are more definite. Digital solutions, digital capability and digital demand will continue to advance at significant pace. Businesses of today need to be able to adapt and thrive in an ever developing online world while also meeting the needs of those clients that are digitally resistant. We are committed to the digital world and we see this as a significant opportunity as it disrupts today's practices and traditional approaches.

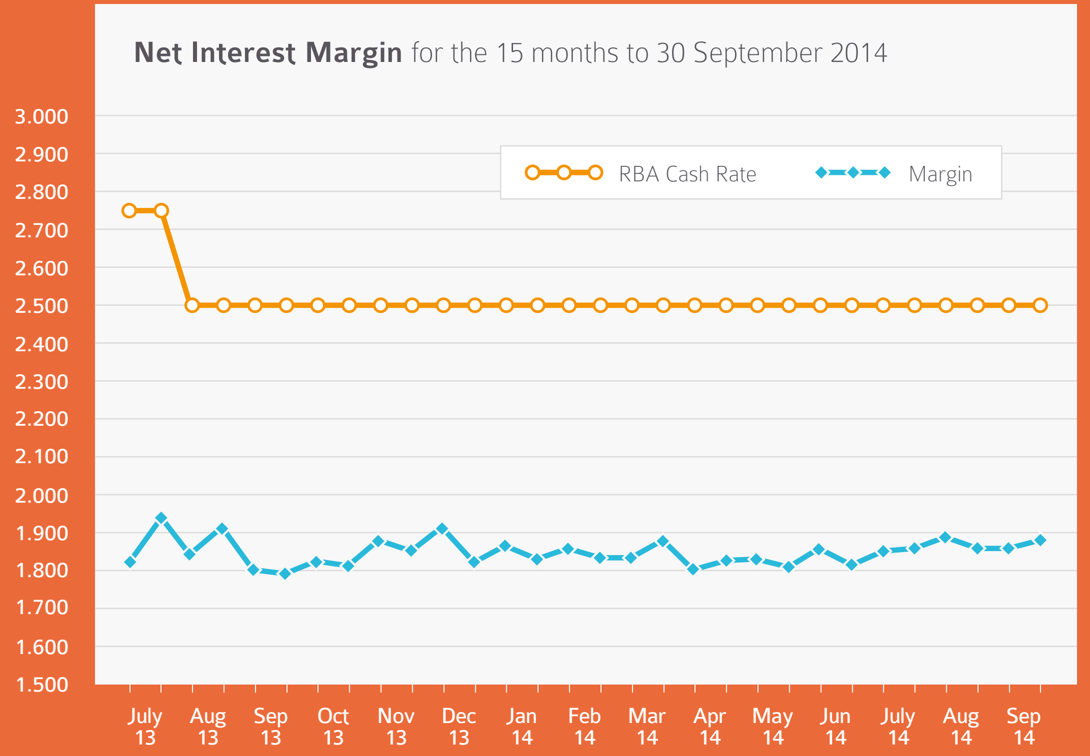
We have applied to our prudential regulator, the Australian Prudential Regulation Authority (APRA) to become a bank. While this provides no advantage from a rating or funding perspective it provides clarity to the market about our credentials and security. The term 'bank' has a greater resonance and understanding with the younger generation and it seems prudent timing for us to make that change. A big consideration over the year ahead, once the banking license is gained, will be the positioning of our organisation. This of course also means determining our brand name and brand messages for the future.

Finally I'm pleased with the progress that we have made. Significant work remains, however the dedication and hard work of the Wide Bay Australia team and the support of the Board give me confidence for the future.

The future is one of ongoing change and continuous digital evolution. We must be willing to make bold decisions to take advantage of the disruption this will continue to create to our traditional business model. To ignore, to fail to plan and to stick to traditional thinking, with competitive disadvantage, will not lead to long term success. We are aware of this and are determined to be a winner in the exciting future ahead!

I'd like to thank my staff, the Board, our shareholders and our customers for their invaluable support throughout the year.

Martin Barrett
Managing Director
16 September 2014 - Bundaberg



CHAIRMAN'S REPORT

Last year was a year of transition and development. It was the first year that Martin Barrett completed as Managing Director and the focus was very much on implementing our strategic plan. It followed a year where the company had delivered a disappointing result which was impacted by a number of unforeseen write-offs. Your Board understood that a significantly improved result needed to be delivered in 2013-14.

Against this background, I am very pleased to be able to advise that Wide Bay Australia has achieved a much improved financial result in the 2013-14 financial year with an after tax profit of $14.063m. The Wide Bay Australia Board declared a fully franked final dividend of 15 cents per ordinary share which will be paid in October 2014.

Together with the interim dividend of 13 cents per share, our total dividend for the year was 28 cents per share fully franked. This result was in line with the guidance provided in my Chairman's Message last year and the restoration of the dividend will, I am sure, be welcomed by shareholders.

We have continued during the year to make good progress with the implementation of our strategic plan. Highlights include the establishment of a dedicated new Business Banking platform, enhancement of our mortgage broker division, a significant improvement in the arrears position and enhancement of our risk management capability. We have also continued to strengthen our executive team and invested in training for our staff to develop their capabilities. While we have made good progress, there is still a lot to be done to ensure we are well positioned to compete for business going forward in our important markets.

We will retain a strong focus on cost control while at the same time investing in staff development, infrastructure and systems to support future growth. We are currently undertaking a very significant upgrade of our IT infrastructure to enhance our capabilities. We expect this to be completed during the current financial year and for the full benefits to flow in subsequent years.

We have positive expectations of what we will achieve in the current year. Business conditions remain challenging, due mainly to strong competition, but I am pleased to be able to say that we have seen growth in our loan book in each of the first three months of this financial year. We are budgeting for continuing growth in the loan book throughout the remainder of the financial year. The extent of any growth in the loan book will be heavily dependent on the interest rate environment over the next 12 months. Official interest rates remain at low levels however we are seeing growth in fixed rate loans which may mean that the market is thinking that the next move in official interest rates by the Reserve Bank of Australia will be an increase.

For more on operational developments, I refer you to the Managing Director's Report included in this Annual Report.

Board renewal is ongoing. Peter Sawyer, a long standing non-executive director and Chairman of Wide Bay Australia's Audit Committee has signalled his intention to retire during the next 6 months. On behalf of all the other directors and our shareholders, I would like to thank Peter for an immense contribution to the company during his long period of service on the Board. We hope to be in a position to announce the appointment of a new director as a replacement for Peter in the near future.

All that the company achieves is through the efforts of our staff. I would like to thank Martin, the management team and all our employees for their tireless efforts during what has been a demanding but successful year. It is very pleasing that our staff have embraced the changes that have been made during the year to improve the performance of the company - change, though a constant in modern commercial environments, is always challenging. It is particularly pleasing to be able to report that thanks to the efforts of our staff, Wide Bay Australia has been recognised as Australia's 'best' Building Society as rated by customers for the second year in a row.

To my fellow Directors I would express my thanks for your efforts and assistance during the year.

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

John Humphrey
Chairman
16 September 2014 - Bundaberg

BOARD OF DIRECTORS

MARTIN BARRETT
BA(ECON) MBA

Managing Director

Director of Mortgage Risk Management Pty Ltd

Board Member since: September 2013

Mr Barrett has extensive experience in the banking sector, having previously held the positions of Managing Director (Queensland and Western Australia) and General Manager NSW/ACT Corporate & Business Bank at St George Bank Ltd. Prior to working at St George Bank, Mr Barrett held senior roles at regional financial institutions in the UK and at National Australia Bank.

BARRY DANGERFIELD

Non-Executive Director

Director of Mortgage Risk Management Pty Ltd

Chairman of the Group Board Remuneration Committee

Member of the Audit Committee

Member of the Risk Committee

Board Member since: November 2011

Mr Dangerfield has had a successful 39 year banking career with Westpac Banking Corporation having held positions across Queensland and Northern Territory as Regional Manager of Business Banking, Head of Commercial and Agribusiness and Regional General Manager of Retail Banking.

GREG KENNY
GAICD, GradDipFin

Non-Executive Director

Director of Mortgage Risk Management Pty Ltd

Chairman of the Risk Committee

Member of the Audit Committee

Member of the Group Board Remuneration Committee

Board Member since: November 2013

Mr Kenny has had a long and successful career with Westpac Banking Corporation and St George Bank Ltd, and prior to that with Bank of New York and Bank of America in Australia. At St George he held the positions of Managing Director (NSW and ACT), General Manager Corporate and Business Bank and General Manager Group Treasury and Capital Markets.

PETER SAWYER
FCA, FAICD, FIFS

Non-Executive Director

Chairman of the Audit Committee

Member of the Group Board Remuneration Committee

Member of the Risk Committee

Board Member since: June 1987

Until 2008, Peter was a partner of the firm Ulton, Chartered Accountants with offices in Bundaberg, Maryborough, Hervey Bay & Gladstone. Mr Sawyer is Chairman of the Bundaberg Friendly Society Medical Institute which runs the Friendly Society Private Hospital and Pharmacies in Bundaberg.

JOHN HUMPHREY
LL.B

Chairman

Member of the Audit Committee

Board Member since: February 2008

Professor Humphrey was appointed Chairman of the Board following the 2009 Annual General Meeting. He was a senior partner in the Brisbane office of international law firm, King & Wood Mallesons (until 1 January 2013), where he specialised in commercial law and corporate mergers and acquisitions. He is now Executive Dean of the Faculty of Law at Queensland University of Technology and is currently a non-executive Director of Horizon Oil Limited and Downer-EDI Limited.

FINANCIAL PERFORMANCE

We are committed to performing smarter and working harder to produce better returns and achieve sustainable growth.

DIRECTORS' STATUTORY REPORT 2014

REVIEW AND RESULTS OF OPERATIONS

The consolidated net profit after income tax for the 2013/14 financial year was $14.063m compared to the result of $2.453m for the 2012/13 year.

There were no material one-off items included in the financial results for 13/14. The $14.063m exceeds the 12/13 underlying cash NPAT of $12.126m, which excluded material impairments and one-off items, by 16.0%

The loan book of Wide Bay Australia Ltd (Wide Bay) stood at $2.224b at 30 June 2014. After a significant run-off in a non-core portfolio of loans in the first half of the financial year, the loan book totalled $2.193b at 31 December 2013. Growth in the loan book in the second half amounted to 2.8% on an annualised basis. Home loan approvals across the 13/14 financial year totalled $414m, an increase of 24.3% on the $333m in home approvals for the 12/13 financial period.

Personal loans

Funding of personal loans commenced in the last quarter of the 12/13 financial year. The personal loan book continues to grow in line with budget expectations, and although immaterial in the total loan portfolio, reached a level of $5.4m at the conclusion of the financial year. Personal loans have not been reported as a separate segment for the financial year.

Mortgage Risk Management Pty Ltd (MRM)

Following a significant increase in provisioning in the 12/13 financial year, the claims expense in MRM was in line with budget expectations across the 13/14 financial year. The total claims expense for the year was $3.4m and the Total Insurance Liabilities, based on actuarial advice, were $6.8m at 30 June 2014.

These 'Provisions' have been calculated to cover all claims arising in the next 3 financial years, while maintaining significant risk buffers in place to account for claims which may be brought to account unexpectedly.

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES

As reported in the previous year, the Managing Director, Martin Barrett delivered a 3 year Strategic Plan to the Board in May 2013 outlining the direction and initiatives for the company. Substantial progress has been made with the implementation of the strategies outlined.

Residential lending

The strategic plan focused on bringing growth to residential lending with the objective of growing the loan book through the branch network and mortgage broker introduced loans in the 2013/14 financial year.

As reported above, approvals in residential lending increased 24.3% compared to 12/13 as a result of:

- 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;
- Building Wide Bay's 3rd party broker platform by better defining, managing and growing home lending via the Broker and Mortgage Alliance introducers;
- Growth in demand from south-east Queensland from the Gold Coast north to the Sunshine Coast; and
- An ongoing emphasis on resourcing the 3rd party platform and 1st party network for growth into the 14/15 financial year.

Business Banking

Previously, Wide Bay announced the introduction of Business Banking with a staged origination phase. The new channel is to provide both growth opportunity as well as revenue diversification. The model targets SME customers primarily in the Wide Bay core catchment area. The Business Banking segment commenced funding the first commercial loans in April of 2014.

Risk

The Board and management of Wide Bay have committed to addressing the risk framework of the group, and strengthening the risk management 'culture' of the organisation. This has resulted in enhanced measurement, monitoring and reporting of risk related matters in the financial year. Of particular note is the establishment of a separate Board Risk Committee to provide a further strengthening of the oversight and improvement of the risk framework across the organisation. The Board remains focused on the improvement of the credit quality as the loan book grows.

Arrears and collections

A specific project was developed to improve the arrears and collections systems of the group, including the portfolio of loans insured with MRM, the wholly owned insurance captive.

This 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. In accordance with data disclosed in the financial statements, total arrears greater than 30 days past due (excluding the effects of hardship accounts) have decreased from $87.9m to $43.0m in the year to 30 June 2014.

Technology

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. Both projects have required significant financial and resource investment by the company. The investment in technology and efficient product delivery is a key strategic platform for the Board and management of Wide Bay.

A parallel project has been established to review the efficiency gains and cost reductions which can be harvested from the investments in IT. The Board has targeted productivity and expense reductions to ensure the benefits are brought to account in line with amortisation of these material investments.

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.

CAPITAL

The capital adequacy ratio for the Wide Bay group (excluding MRM) at 30 June 2014 was 14.29% (2013: 13.82%). The tier 1 capital ratio at 30 June 2014 was 11.68% (2013: 11.15%).

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

DIVIDENDS

An interim dividend of 13.0 cents per ordinary share was declared and paid 28 March 2014. A fully franked dividend of 15.0 cents per ordinary share has been declared by the Board and will be paid on 03 October 2014.

The Board has resolved to continue the Dividend Reinvestment Plan for the final dividend payable on 03 October 2014.

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 of 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 a member of the Audit Committee and is an independent director. He is aged 59.

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, a member of the Group Board Remuneration Committee, a member of the Risk Committee and is an independent director. He was appointed as a director of Mortgage Risk Management Pty Ltd on 21 January 2011. He is aged 64.

Mr Barry Dangerfield

Mr Dangerfield was appointed to the Board on 22 November 2011. Mr Dangerfield has had a successful 39 year banking career with Westpac Banking Corporation having held positions across Queensland and the Northern Territory of Regional Manager Business Banking, Head of Commercial and Agribusiness and Regional General Manager Retail Banking. Mr Dangerfield was appointed to the Board of Mortgage Risk Management Pty Ltd on 19 November 2013. Mr Dangerfield is the Chairman of the Group Board Remuneration Committee, a member of the Audit Committee, a member of the Risk Committee and is an independent director. He is aged 58.

Mr Gregory N Kenny GAICD GradDipFin – Appointed 19 November 2013

Mr Kenny was appointed to the Board on 19 November 2013. Mr Kenny has had a long and successful career with Westpac Banking Corporation and St George Bank Ltd, and prior to that with Bank of New York and Bank of America in Australia. At St George he held the positions of Managing Director (NSW and ACT), General Manager Corporate and Business Bank and General Manager Group Treasury and Capital Markets. Mr Kenny was appointed to the Board of Mortgage Risk Management Pty Ltd on 19 November 2013. He is the Chairman of the Risk Committee, a member of the Audit Committee, a member of the Group Board Remuneration Committee and is an independent director. He is aged 58.

Mr Martin J Barrett BA(ECON), MBA – Appointed 19 September 2013

Mr Barrett commenced as Chief Executive Officer of Wide Bay Australia Ltd on 4 February 2013, and was subsequently appointed Managing Director on 19 September 2013. Mr Barrett has extensive experience in the banking sector, having previously held the positions of Managing Director (Queensland and Western Australia) and General Manager NSW/ACT Corporate & Business Bank at St George Bank. Prior to working at St George Bank, Mr Barrett held senior roles at regional financial institutions in the UK and at National Australia Bank. Mr Barrett was appointed as a director of Mortgage Risk Management Pty Ltd on 19 November 2013. He is an executive director. He is aged 49.

Mr John F Pressler OAM FAICD, FIFS – Retired 19 November 2013

Mr Pressler was appointed to the Board in 1988. He retired as a director of the company following the Annual General Meeting on 19 November 2013. He is a prominent figure in Emerald's agricultural and horticultural industries and is the Chairman of the listed Lindsay Australia Limited. Mr Pressler also retired as Chairman of Mortgage Risk Management Pty Ltd on 19 November 2013, a position he was appointed to in 2011. Until his retirement Mr Pressler was Chairman of the Group Board Remuneration Committee, a member of the Audit Committee and was an independent director. He is aged 72.

Mrs Frances M McLeod MAICD, FIFS – Retired 19 November 2013

Mrs McLeod was appointed to the Board in 2003. She retired as a director of the company following the Annual General Meeting on 19 November 2013. She has continued on in her position as General Manager – Strategy, Implementation and Productivity Improvement since her retirement from the Board and has a wide range of experience based on her involvement with the Company for over 40 years. Mrs McLeod also retired as a director of Mortgage Risk Management Pty Ltd on 19 November 2013. Mrs McLeod was an executive director until her retirement and is aged 56.

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. He is an Associate of the Institute of Chartered Accountants.

DIRECTORS' MEETINGS

During the financial year, 19 meetings of the Directors (including 6 special meetings), 8 meetings of the Audit Committee, 2 meetings of the Remuneration Committee and 6 meetings of the Risk Committee were held, in respect of which each Director attended the following number:

	BOARD		AUDIT		REMUNERATION		RISK	
	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED
JS Humphrey	19	15	8	5	n/a	n/a	n/a	n/a
PJ Sawyer	19	19	8	8	2	2	6	6
B Dangerfield	19	18	8	7	2	2	6	6
GN Kenny	12	12	5	5	1	1	6	6
MJ Barrett	19	19	8	8*	n/a	n/a	6	6^
JF Pressler	7	6	3	3	1	1	n/a	n/a
FM McLeod	7	6	3	3*	n/a	n/a	n/a	n/a

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

^ Mr Barrett, who is not a member of the Risk Committee, attended the Risk 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	
JS Humphrey	31,551	
PJ Sawyer	1,077,567	
B Dangerfield	42,076	
MJ Barrett	41,000	
FM McLeod	144,954	– Retired 19 November 2013

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

No persons or entities related to key management personnel provided services to the Company during the year.

REMUNERATION REPORT

The Board Remuneration Committee consists of independent Directors Mr Barry Dangerfield, Mr Peter Sawyer and Mr Greg Kenny. Mr John Pressler was the Chairman of the Committee until his retirement from the Board on 19 November 2013, at which time Mr Barry Dangerfield was appointed Chairman of the Committee.

The objective of the Board Remuneration Policy is to maintain behaviour that supports the sustained financial performance and security of Wide Bay Australia Ltd and to reward efforts which increase shareholder and customer value. This objective is upheld by:

- Appropriately balanced measures of performance weighted towards long-term shareholder interests;
- Variable performance based pay for Executives/Senior Managers involving a long-term incentive plan subject to an extended period of performance assessment;
- Recognition and reward for strong performance;
- A considered balance between the capacity to pay and the need to pay to attract and retain capable staff at all levels;
- The exercise of Board discretion as an ultimate means to mitigate unintended consequences of variable pay and to preserve the interests of the shareholders; and
- Short-term and long-term incentive performance criteria are structured within the overall risk management framework of the Company.

Remuneration of Non-Executive Directors

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. The Company's non-executive Directors receive only fees (including superannuation) for their services. They are not entitled to receive any benefit on retirement or resignation (other than superannuation) and do not participate in any share based remuneration.

Remuneration of Executive Directors and Senior Executives

Remuneration of executive Directors and other senior executives for 2013/14 was subject to the Remuneration Committee and ratified by the Board. The remuneration policy for executives uses a range of components to focus the Managing Director and senior executives on achieving Wide Bay's strategy and business objectives. Wide Bay Australia's overall philosophy is to adopt, where possible, a Total Target Reward methodology which links remuneration directly to the performance and behaviour of an individual with Wide Bay's results.

The Total Target Reward framework is designed to:

- Reward those who deliver the highest relative performance through the Company's incentive programs;
- Attract, recognise, motivate and retain high performers;
- Provide competitive, fair and consistent rewards, benefits and conditions;
- Align the interests of senior executives and shareholders through ownership of Company shares.

In setting an individual's Total Target Reward, the Committee considers:

- Input from the Company's Managing Director on the Total Target Reward for senior executives who report directly to the Managing Director;
- Market data from comparable roles in the financial services industry;
- The performance of both the individual and Wide Bay Australia Ltd over the last year; and
- General remuneration market environment and trends.

Each individual's actual remuneration will reflect:

- The degree of individual achievement in meeting key performance measures under the performance management framework;
- Parameters approved by the Board based on the Company's financial and risk performance and other qualitative factors;
- Wide Bay Australia Ltd's share price performance and relative shareholder returns; and
- The timing and level of deferral in relation to any vesting conditions applicable.

Components of the Total Target Reward include:

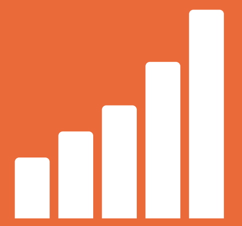
- Fixed annual remuneration provided as cash and benefits (including employer superannuation and fringe benefits) (FAR);
- Cash based short-term incentive (STI) reflecting both individual and business performance for the current year that supports the longer term objectives of Wide Bay; and
- Equity based long-term incentives (LTI) provided to drive management decisions focussed on the long-term prosperity of Wide Bay through the use of challenging performance hurdles.

Performance based payments were made to senior executives under the STI scheme for the year as follows:

- Mr M Barrett (Managing Director): $75,000 cash bonus granted 6 August 2013, paid 30 September 2013 as an incentive payment for achievement of non-financial Key Performance Indicator ('KPI') targets relating to the financial year ended 30 June 2013. These KPI targets included preparing a plan for the strategy and structure of the company going forward, and introducing a sales and performance operating rhythm for the senior management team.
- Messrs B Schafer, M McLennan, C Nevis, A McArdle and S Caville (Senior Executives): each received a $10,000 cash bonus granted 24 July 2014, paid 15 August 2014 for achievement of non-financial KPI targets relating to the financial year ended 30 June 2014. These KPI targets included providing strong leadership, promoting a performance culture across the organisation, training and development of staff, and developing and embedding risk and control frameworks across the organisation.

KPI targets were considered by the Remuneration Committee to be appropriate measures of performance as these had been specifically chosen for each executive with the overall aim of achieving the strategy and business objectives of the Company. The KPI targets for the Managing Director were assessed by the Remuneration Committee. The KPI targets for the other senior executives were assessed by the Managing Director and then ratified by the Remuneration Committee.

No incentive payments based on financial KPIs were made during the year.



Maintaining behaviour that supports our sustained financial performance.

Rewarding efforts which increase shareholder and customer value.

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			
		$	$	$	$	$	$	$	$	$
		Fixed	*Performance Based*					*Performance Based*		
SPECIFIED DIRECTORS										
Humphrey, JS Chairman (non- exec)	2012/2013	102,122	-	-	9,190	-	-	-	-	111,312
	2013/2014	101,888	-	-	9,424	-	-	-	-	111,312
Sawyer, PJ Director (non- exec)	2012/2013	75,917	-	-	6,833	-	-	-	-	82,750
	2013/2014	75,744	-	-	7,006	-	-	-	-	82,750
Dangerfield, B Director (non-exec)	2012/2013	75,917	-	-	6,833	-	-	-	-	82,750
	2013/2014	75,744	-	-	7,006	-	-	-	-	82,750
Kenny, GN Director (non- exec) Appointed 19/11/13	2012/2013	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2013/2014	46,611	-	-	4,312	-	-	-	-	50,923
Barrett, MJ Managing Director from 19/09/13, Chief Executive Officer (04/02/13 to 18/09/13) (Reported as Other Key Management Personnel in previous financial year)	4/02/2013 to 30/06/2013	185,973	-	-	6,335	-	-	-	3,353	195,661
	2013/2014	482,225	75,000	-	17,775	-	-	-	7,982	582,982
Pressler, JF Director (non- exec) Retired 19/11/13	2012/2013	75,917	-	-	6,833	-	-	-		82,750
	2013/2014	29,715	-	-	2,749	-	-	-		32,464
McLeod, FM Director & General Manager – Strategy Implementation & Productivity Improvement Retired as a director 19/11/13	2012/2013	305,208	-	1,522	16,457	-	-	-	7,708	330,895
	01/07/2013 to 19/11/2013	93,682	-	-	7,677	-	-	-	1,510	102,869
Hancock, RE Managing Director Retired 4/02/13	2012/2013	1,130,240	-	4,750	8,333	84,162	-	-	-	1,227,485
	2013/2014	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
TOTAL REMUNERATION – SPECIFIED DIRECTORS										
	2012/2013	1,951,294	n/a	6,272	60,814	84,162	-	-	11,061	2,113,603
	2013/2014	905,609	75,000	-	55,949	-	-	-	9,492	1,046,050

		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				
		$	$	$	$	$	$	$	$	$
		Fixed	*Performance Based*					*Performance Based*		
OTHER KEY MANAGEMENT PERSONNEL										
Schafer, WR Chief Financial Officer	2012/2013	296,847	-	760	16,457	-	-	-	6,421	320,485
	2013/2014	295,616	10,000	-	17,775	-	-	-	5,284	328,674
McLennan, MB[1] Chief Risk Officer	15/03/2013 to 30/06/2013	51,361	-	-	4,800	-	-	-	2,948	59,109
	2013/2014	182,647	10,000	-	16,680	-	-	-	3,387	212,714
Caville, SM Chief Information Officer	2012/2013	167,799	-	813	15,102	-	-	-	3,955	187,669
	2013/2014	167,463	10,000	-	15,490	-	-	-	3,220	196,173
Nevis, C General Manager Third Party	27/05/2013 to 30/06/2013	11,997	-	-	1,080	-	-	-	285	13,362
	2013/2014	156,845	10,000	-	14,393	-	-	-	2,585	183,823
McArdle, AJ General Manager Sales & Distribution	15/03/2013 to 30/06/2013	44,107	-	-	3,970	-	-	-	910	48,987
	2013/2014	159,137	10,000	-	14,720	-	-	-	2,660	186,517
Rasmussen, MS General Manager Business Banking and Operations	2012/2013	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	03/02/2014 to 30/06/2014	78,846	-	-	6,837	-	-	-	1,407	87,090
Butler, SV General Manager Operations	01/07/2012 to 15/03/2013	116,715	-	-	10,505	-	-	-	2,741	129,961
	2013/2014	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Ashton, AR Internal Auditor	01/07/2012 to 15/03/2013	97,744	-	-	8,724	-	-	-	2,119	108,587
	2013/2014	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Hancock, DA Group Treasurer	01/07/2012 to 15/03/2013	130,583	-	1,011	11,657	-	-	-	-	143,251
	2013/2014	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
TOTAL REMUNERATION – SPECIFIED EXECUTIVES										
	2012/2013	917,153	-	2,584	72,295	-	-	-	19,379	1,011,411
	2013/2014	1,040,553	50,000	-	85,895	-	-	-	18,543	1,194,991

[1] On 1 July 2014 M McLennan transferred from the role of Chief Risk Officer to General Manager Internal Audit. C Lonergan was appointed to the role of Chief Risk Officer as at 1 July 2014.

EMPLOYMENT CONTRACTS

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

Current 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 30th June results and the overall performance including discretionary as determined by the Remuneration Committee and paid on the 30th 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 30th June results and overall performance including discretionary as determined by the Remuneration Committee and paid on the 1st 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).

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[2]

- 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 – Third Party – C M Nevis

- 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.

General Manager – Sales & Distribution – A J McArdle

- 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 – Business Banking & Operations – M S Rasmussen – from 3rd February 2014

- Contract dated 3 February 2014
- Term of agreement – no fixed term
- Wide Bay Australia or M S Rasmussen may terminate this agreement by providing 3 months written notice or provide payment in lieu of the notice period.

[2] On 1 July 2014 M McLennan transferred from the role of Chief Risk Officer to General Manager Internal Audit. C Lonergan was appointed to the role of Chief Risk Officer as at 1 July 2014.

Non-Current Personnel

Executive Director (retired 19 November 2013) & 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.

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 2014, 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:

	$ 2014	$ 2013
Services provided in connection with the:		
Tax Return (including Subsidiaries)	16,589	20,018
Tax Advice	-	22,283
Other Assurance Services	68,090	84,232
Other Services	17,903	42,592
	102,582	169,125

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

P J Sawyer
Director

25 August 2014 - Bundaberg

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 2014 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
ii. no contraventions of any applicable code of professional conduct in relation to the audit.

Bentleys Brisbane Partnership

Stewart Douglas
Partner

25 August 2014 - Brisbane

16.0%

Increase to the underlying cash profit.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

STATEMENT OF

COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2014

		CONSOLIDATED		CHIEF ENTITY	
	NOTE	$ 2014	$ 2013	$ 2014	$ 2013
Interest revenue	2	**134,202,850**	154,282,722	**133,590,585**	153,371,592
Borrowing costs	2	**84,549,451**	103,348,500	**84,701,389**	103,546,078
Net interest revenue		**49,653,399**	50,934,222	**48,889,196**	49,825,514
Share of profit of associate	11	**-**	150,000	**-**	150,000
Other non interest revenue	3	**10,238,336**	11,442,159	**9,695,452**	9,125,813
Employee benefits expense		**18,539,500**	17,395,090	**18,539,500**	17,395,090
Depreciation expense		**1,195,961**	1,182,891	**1,134,711**	1,121,641
Amortisation expense		**359,973**	349,509	**359,973**	349,509
Occupancy expense		**2,575,074**	2,472,973	**2,671,149**	2,570,939
Bad and doubtful debts expense	10	**360,473**	2,365,125	**360,000**	2,346,029
Other expenses	3	**16,668,615**	35,032,942	**17,107,260**	32,185,493
Profit before income tax		**20,192,139**	3,727,851	**18,412,055**	3,132,626
Income tax expense	4	**6,129,836**	846,193	**5,465,747**	2,922,927
Profit from continuing operations		**14,062,303**	2,881,658	**12,946,308**	209,699
OTHER COMPREHENSIVE INCOME					
Items that may be reclassified subsequently to profit or loss					
Revaluation of RMBS investments to fair value		**(27,126)**	83,059	**(27,126)**	83,059
Less deferred tax relating to comprehensive income		**8,138**	(24,918)	**8,138**	(24,918)
Other comprehensive income for the year		**(18,988)**	58,141	**(18,988)**	58,141
Total comprehensive income for the year		**14,043,315**	2,939,798	**12,927,320**	267,840
PROFIT ATTRIBUTABLE TO:					
OWNERS OF THE PARENT ENTITY		**14,062,638**	2,452,505	**12,946,308**	209,699
Non-controlling		**(335)**	429,153	**-**	-
		14,062,303	2,881,658	**12,946,308**	209,699
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the parent entity		**14,043,650**	2,510,646	**12,927,320**	267,840
Non-controlling interests		**(335)**	429,152	**-**	-
		14,043,315	2,939,798	**12,927,320**	267,840
EARNINGS PER SHARE					
Basic earnings per share (cents per share)	28	**38.75**	6.78		
Diluted earnings per share (cents per share)	28	**38.75**	6.78		

STATEMENT OF

FINANCIAL POSITION

AS AT 30 JUNE 2014

	NOTE	CONSOLIDATED $ 2014	CONSOLIDATED $ 2013	CHIEF ENTITY $ 2014	CHIEF ENTITY $ 2013
ASSETS					
Cash and cash equivalents	6	**63,604,301**	74,993,169	**52,754,096**	64,539,258
Due from other financial institutions	7	**10,286,421**	12,666,416	**10,286,421**	12,666,416
Accrued receivables	8	**11,662,495**	7,544,909	**11,591,133**	7,469,248
Financial assets	9	**248,117,712**	268,813,236	**242,626,415**	261,850,788
Current tax assets	13	**149,714**	313,659	**149,714**	313,659
Loans and advances	10	**2,223,974,886**	2,229,139,636	**2,224,977,803**	2,227,344,333
Other investments	11	**336,504**	665,631	**14,337,548**	14,666,675
Property, plant & equipment	12	**18,070,737**	16,957,605	**14,688,347**	13,518,855
Deferred income tax assets	13	**6,690,630**	8,078,850	**6,427,718**	7,684,578
Other assets	14	**9,244,871**	11,150,761	**8,929,300**	10,658,833
Goodwill	15	**42,057,110**	42,057,110	**43,316,012**	43,316,012
TOTAL ASSETS		**2,634,195,381**	2,672,380,982	**2,630,084,507**	2,664,028,655
LIABILITIES					
Deposits and short term borrowings	16	**1,743,812,432**	1,707,382,180	**1,749,493,593**	1,712,515,240
Payables and other liabilities	17	**21,109,505**	33,850,584	**20,023,248**	31,338,698
Securitised loans	10	**634,130,085**	701,603,087	**634,130,085**	701,603,087
Deferred income tax liabilities	18	**2,267,848**	2,433,207	**1,774,780**	1,940,139
Provisions	19	**8,897,253**	12,189,987	**2,739,880**	2,648,896
Subordinated capital notes	20	**28,000,000**	28,000,000	**28,000,000**	28,000,000
TOTAL LIABILITIES		**2,438,217,123**	2,485,459,045	**2,436,161,586**	2,478,046,060
NET ASSETS		**195,978,258**	186,921,937	**193,922,921**	185,982,595
EQUITY					
Parent entity interest in equity					
Contributed equity	21	**163,550,831**	162,377,263	**163,550,831**	162,377,263
Reserves	22	**14,482,677**	14,501,665	**14,482,677**	14,501,665
Retained profits		**18,015,375**	10,113,299	**15,889,413**	9,103,667
Total parent entity interest in equity		**196,048,883**	186,992,227	**193,922,921**	185,982,595
Non-controlling interests	23				
Contributed equity		**1,000**	1,000		
Retained profits		**(71,625)**	(71,290)		
Total non-controlling interests		**(70,625)**	(70,290)		
TOTAL EQUITY		**195,978,258**	186,921,937	**193,922,921**	185,982,595

STATEMENT OF

CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2014

	NOTE	CONSOLIDATED $ 2014	CONSOLIDATED $ 2013	CHIEF ENTITY $ 2014	CHIEF ENTITY $ 2013
CASH FLOWS FROM OPERATING ACTIVITIES					
Interest received		**133,883,448**	154,042,949	**133,271,184**	153,131,822
Dividends received		**217**	262,757	**750,217**	262,757
Borrowing costs		**(88,626,461)**	(105,895,811)	**(88,778,400)**	(106,093,389)
Other non interest income received		**11,317,422**	12,549,945	**10,376,279**	9,164,162
Cash paid to suppliers & employees		**(39,359,058)**	(40,910,454)	**(35,079,068)**	(39,045,458)
Income tax paid		**(4,734,893)**	(7,881,809)	**(4,734,893)**	(7,881,906)
NET CASH FLOWS FROM OPERATING ACTIVITIES	24	**12,480,675**	12,167,577	**15,805,319**	9,537,988
CASH FLOWS FROM INVESTING ACTIVITIES					
Net increase in investment securities		**22,354,871**	28,302,810	**20,883,720**	25,411,579
Net increase in amounts due from other financial institutions		**(5,106,235)**	(7,938,261)	**(5,106,235)**	(7,938,261)
Net increase in loans		**1,969,311**	(140,864)	**(828,577)**	3,799,544
Net increase in other investments		**250,000**	(1,267,367)	**250,000**	(1,267,367)
Purchase of non current assets		**(2,667,484)**	(1,320,254)	**(2,667,484)**	(1,320,254)
NET CASH USED IN INVESTING ACTIVITIES		**16,800,463**	17,636,064	**12,531,424**	18,685,241
CASH FLOWS FROM FINANCING ACTIVITIES					
Net increase in deposits and other borrowings		**38,457,541**	81,325,660	**39,005,642**	83,615,587
Net increase in amounts due to other financial institutions and other liabilities		**(74,219,680)**	(99,613,748)	**(74,219,680)**	(99,613,748)
Proceeds from share issue		**264,436**	1,181,363	**264,436**	1,181,363
Dividends paid		**(5,172,303)**	(13,745,850)	**(5,172,303)**	(13,745,850)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(40,670,006)**	(30,852,575)	**(40,121,905)**	(28,562,648)
NET INCREASE/(DECREASE) IN CASH HELD		**(11,388,868)**	(1,048,934)	**(11,785,162)**	(339,419)
Cash at beginning of financial year		**74,993,169**	76,042,103	**64,539,258**	64,878,677
CASH AT END OF FINANCIAL YEAR	6	**63,604,301**	74,993,169	**52,754,096**	64,539,258

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 2014

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 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 THE YEAR:									
Profit attributable to members of parent company	-	2,452,505	-	-	-	-	-	-	2,452,505
Profit attributable to non-controlling interests	-	-	-	-	-	-	-	429,153	429,153
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)
SUB-TOTAL	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
BALANCE AT 01 JULY 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
TOTAL COMPREHENSIVE INCOME FOR THE YEAR:									
Profit attributable to members of parent company	-	14,062,638	-	-	-	-	-	-	14,062,638
Profit attributable to non-controlling interests	-	-	-	-	-	-	-	(335)	(335)
Decrease due to revaluation decrement on RMBS investments	-	-	-	-	-	-	(27,126)	-	(27,126)
Deferred tax liability adjustment on revaluation decrement on RMBS investments	-	-	-	-	-	-	8,138	-	8,138
SUB-TOTAL	162,377,263	24,175,937	3,418,279	5,833,939	2,676,071	2,387,810	166,578	(70,625)	200,965,252
Issue of share capital for staff share plan	185,309	-	-	-	-	-	-	-	185,309
Issue of share capital for dividend reinvestment plan	988,259	-	-	-	-	-	-	-	988,259
Dividends provided for or paid - ordinary shares	-	(6,160,562)	-	-	-	-	-	-	(6,160,562)
BALANCE AT 30 JUNE 2014	163,550,831	18,015,375	3,418,279	5,833,939	2,676,071	2,387,810	166,578	(70,625)	195,978,258

STATEMENT OF

CHANGES IN EQUITY

CONTINUED

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 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 THE 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)
SUB-TOTAL	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
Issue of share capital for dividend reinvestment plan	-	-	-	-	-	-	-	-	-
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
BALANCE AT 01 JULY 2013	162,377,263	9,103,667	3,418,279	5,833,939	2,676,071	2,387,810	185,566	-	185,982,595
TOTAL COMPREHENSIVE INCOME FOR THE YEAR:									
Profit attributable to members of parent company	-	12,946,308	-	-	-	-	-	-	12,946,308
Decrease due to revaluation decrement on RMBS investments	-	-	-	-	-	-	(27,126)	-	(27,126)
Deferred tax liability adjustment on revaluation decrement on RMBS investments	-	-	-	-	-	-	8,138	-	8,138
SUB-TOTAL	162,377,263	22,049,975	3,418,279	5,833,939	2,676,071	2,387,810	166,578	-	198,909,915
Issue of share capital for staff share plan	185,309	-	-	-	-	-	-	-	185,309
Issue of share capital for dividend reinvestment plan	988,259	-	-	-	-	-	-	-	988,259
Dividends provided for or paid - ordinary shares	-	(6,160,562)	-	-	-	-	-	-	(6,160,562)
BALANCE AT 30 JUNE 2014	163,550,831	15,889,413	3,418,279	5,833,939	2,676,071	2,387,810	166,578	-	193,922,921

NOTES TO THE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

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, 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/chief entity"). Wide Bay Australia is a for-profit listed public company, incorporated and domiciled in Australia.

a) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the chief entity and all of the subsidiaries. Subsidiaries are entities the chief entity controls. The chief entity controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in note 11.

The assets, liabilities and results of the subsidiaries are fully consolidated into the financial statements of the consolidated entity from the date on which control is obtained. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the consolidated entity.

Equity interests in a subsidiary not attributable, directly or indirectly, to the consolidated entity are presented as 'non-controlling interests'. The consolidated entity initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profits or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of profit or loss and other comprehensive income.

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 to profit or loss 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 profit or loss 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 profit or loss.

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 reporting 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 profit or loss. When revalued assets are sold, amount 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.

NOTE 1

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 profit or loss 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.

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) Fair value of assets and liabilities
The consolidated entity measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the economic entity would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held in assets. Where this information is not available, other valuation techniques are adopted and where significant, are detailed in the respective note to the financial statements.

g) 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.

h) 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 profit or loss reflects the group's share of the results of operations of the associate.

NOTE 1

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.

i) 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.

j) Trade and other payables
Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balances are recognised as a liability with the amounts normally paid within 30 days of recognition of the liability.

k) 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 expected to be paid later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

l) 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.

m) 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.

n) 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.

o) 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.
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.

p) 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.

q) Adoption of new and revised accounting standards
The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of new Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The adoption of the following Accounting Standards and Interpretations with a mandatory application date of 1 January 2013 have resulted in additional disclosures:

i) ***AASB 12: Disclosure of Interests in Other Entities***
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 adoption of this standard has resulted in additional disclosures around Wide Bay Australia's investments in subsidiaries and associates.

NOTE 1

ii) AASB 13: Fair Value Measurement

AASB 13 provides a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance that was previously dispersed throughout the Australian Accounting Standards. Subject to limited exceptions, AASB 13 is applied when fair value measurements of disclosures are required or permitted by other AASBs. The adoption of this standard has resulted in more detailed fair value disclosures for the Group, but has not significantly impacted the amounts recognised in the consolidated entity's financial statements.

r) New standards and interpretations not yet adopted

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

i) 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 1 January 2015 with early adoption permitted.

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

ii) AASB 2012-3: Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities

(applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard provides clarifying guidance relating to the offsetting of financial instruments, which is not expected to impact the Group's financial statements.

iii) Interpretation 21: Levies

(applicable for annual reporting periods commencing on or after 1 January 2014).

Interpretation 21 clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time. This Interpretation is not expected to significantly impact the Group's financial statements.

iv) AASB 2013-3: Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets

(applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard amends the disclosure requirements in AASB 136: Impairment of Assets pertaining to the use of fair value in impairment assessment and is not expected to significantly impact the Group's financial statements.

v) AASB 2013-4: Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting

(applicable for annual reporting periods commencing on or after 1 January 2014).

AASB 2013-4 makes amendments to AASB 139: Financial Instruments: Recognition and Measurement to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. This Standard is not expected to significantly impact the Group's financial statements.

(vi) AASB 2013-5 Amendments to Australian Accounting Standards - Investment Entities

(applicable for annual reporting periods commencing on or after 1 January 2014).

AASB 2013-5 amends AASB 10: Consolidated Financial Statements to define an „investment entity" and requires, with limited exceptions, that the subsidiaries of such entities be accounted for at fair value through profit or loss in accordance with AASB 9 and not be consolidated. Additional disclosures are also required. As neither the parent nor its subsidiaries meet the definition of an investment entity, this Standard is not expected to significantly impact the Group's financial statements.

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 p), 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 2014	$	$	%
Deposits with other financial institutions	55,788,914	1,532,820	2.75
Investment securities	206,515,969	6,091,913	2.95
Loans and advances	2,253,418,425	125,963,525	5.59
Other	25,634,682	614,592	2.40
	2,541,357,990	134,202,850	5.28
BORROWING COSTS 2014			
Deposits from other financial institutions	613,768,329	24,289,381	3.96
Customer deposits and NCD's	1,750,221,615	57,383,290	3.28
Subordinated notes	28,000,000	2,876,780	10.27
	2,391,989,944	84,549,451	3.53
NET INTEREST REVENUE 2014		49,653,399	
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	

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		CHIEF ENTITY	
	$ 2014	$ 2013	$ 2014	$ 2013
Profit relating to mortgage insurance activities (also refer Note 1. o)				
Premium revenue	**488,219**	799,854	**-**	-
Included in the profit before income tax are the following revenue items:				
Other revenue				
Dividends				
Controlled entities	**-**	-	**750,000**	-
Other corporations	**217**	217	**217**	217
Fees and commissions	**7,813,686**	8,210,866	**7,813,686**	8,210,866
Revaluation of investment securities to fair value	**408,750**	286,750	**-**	-
Other revenue	**1,527,464**	2,144,472	**1,131,549**	914,730
	10,238,336	11,442,159	**9,695,452**	9,125,813

The profit before income tax is arrived at after charging the following items:

	CONSOLIDATED $ 2014	CONSOLIDATED $ 2013	CHIEF ENTITY $ 2014	CHIEF ENTITY $ 2013
Other expenses				
Fees and commissions	**8,608,000**	10,111,929	**8,608,000**	10,111,929
Provisions for employee entitlements	**343,752**	147,769	**343,752**	147,769
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	**8,554,347**	8,681,667	**8,155,508**	8,128,534
Underwriting expenses	**(837,484)**	8,714,316	**-**	-
	16,668,615	35,032,942	**17,107,260**	32,185,493
Superannuation contributions paid	**1,362,126**	1,206,603	**1,362,126**	1,206,603

NOTE 4

INCOME TAX

	CONSOLIDATED $ 2014	CONSOLIDATED $ 2013	CHIEF ENTITY $ 2014	CHIEF ENTITY $ 2013
Major components of tax expense for the year are:				
Current income tax	4,898,837	6,614,988	4,366,108	8,659,564
Deferred income tax	1,230,999	(5,768,795)	1,099,639	(5,736,637)
Income tax reported in profit or loss	6,129,836	846,193	5,465,747	2,922,927

The prima facie tax on profit before income tax differs from the income tax provided as follows:

	CONSOLIDATED $ 2014	CONSOLIDATED $ 2013	CHIEF ENTITY $ 2014	CHIEF ENTITY $ 2013
Prima facie tax on profit before income tax at 30% (2013 - 30%)	6,057,642	1,118,355	5,523,617	939,788
Tax effect of permanent differences				
Depreciation of buildings	55,641	55,646	55,641	55,646
Franked dividends	-	(78,827)	-	(78,827)
Other items - net	16,553	(248,981)	111,489	80,320
Intra-group dividend (MRM)	-	-	(225,000)	-
MRM impairment	-	-	-	1,926,000
Income tax expense attributable to profit from ordinary activities	6,129,836	846,193	5,465,747	2,922,927

NOTE 5

DIVIDENDS PAID

	CONSOLIDATED $ 2014	CONSOLIDATED $ 2013	CHIEF ENTITY $ 2014	CHIEF ENTITY $ 2013
Dividends paid during the year				
Interim for current year	4,711,018	4,711,018	4,711,018	4,711,018
Fully franked dividend on ordinary shares				
Final for previous year	1,449,544	9,034,832	1,449,544	9,034,832
Fully franked dividend on ordinary shares				
	6,160,562	13,745,850	6,160,562	13,745,850

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 15 cents per ordinary share ($5.468 million), for the six months to 30 June 2014, payable on 03 October 2014.
The final dividend for the six months to 30 June 2013 ($1.450 million) was paid on 04 October 2013, and was disclosed in the 2012/13 financial accounts in accordance with Accounting Standards.
The tax rate at which the dividends have been franked is 30% (2013 - 30%).

	CONSOLIDATED $ 2014	CONSOLIDATED $ 2013	CHIEF ENTITY $ 2014	CHIEF ENTITY $ 2013
The amount of franking credits available for the subsequent financial year are:				
Balance as at the end of the financial year	16,637,890	14,543,802	16,637,890	14,543,802
Credits that will arise from the payment of income tax payable per the financial statements	(149,714)	(313,659)	(149,714)	(313,659)
Debits that will arise from the payment of the proposed dividend	(2,343,404)	(621,233)	(2,343,404)	(621,233)
	14,144,772	13,608,910	14,144,772	13,608,910
Dividends - cents per share				
Dividend proposed				
Fully franked dividend on ordinary shares	15.0	4.0	15.0	4.0
Interim dividend paid during the year				
Fully franked dividend on ordinary shares	13.0	13.0	13.0	13.0
Final dividend paid for the previous year				
Fully franked dividend on ordinary shares	4.0	25.0	4.0	25.0

NOTE 6

CASH AND CASH EQUIVALENTS

	CONSOLIDATED $ 2014	CONSOLIDATED $ 2013	CHIEF ENTITY $ 2014	CHIEF ENTITY $ 2013
Cash on hand and at banks	8,554,802	13,052,419	8,554,096	13,039,258
Deposits on call	55,049,499	61,940,750	44,200,000	51,500,000
	63,604,301	74,993,169	52,754,096	64,539,258

NOTE 7

DUE FROM OTHER FINANCIAL INSTITUTIONS

	CONSOLIDATED $ 2014	CONSOLIDATED $ 2013	CHIEF ENTITY $ 2014	CHIEF ENTITY $ 2013
Deposits with SSP's	10,161,836	12,541,831	10,161,836	12,541,831
Subordinated loans	124,585	124,585	124,585	124,585
	10,286,421	12,666,416	10,286,421	12,666,416
Maturity analysis				
Up to 3 months	-	-	-	-
From 3 to 12 months	-	-	-	-
From 1 to 5 years	-	-	-	-
No maturity specified	10,286,421	12,666,416	10,286,421	12,666,416
	10,286,421	12,666,416	10,286,421	12,666,416

NOTE 8

ACCRUED RECEIVABLES

	CONSOLIDATED $ 2014	CONSOLIDATED $ 2013	CHIEF ENTITY $ 2014	CHIEF ENTITY $ 2013
Interest receivable	3,536,251	3,127,259	3,536,251	3,127,259
Securitisation receivables	1,708,008	2,259,260	1,708,008	2,259,260
Other	6,418,236	2,158,390	6,346,874	2,082,729
	11,662,495	7,544,909	11,591,133	7,469,248

NOTE 9

FINANCIAL ASSETS

	CONSOLIDATED $ 2014	CONSOLIDATED $ 2013	CHIEF ENTITY $ 2014	CHIEF ENTITY $ 2013
Financial assets held to maturity				
Bills of exchange and promissory notes	-	27,768,320	-	27,768,320
Certificates of deposit	172,145,269	147,056,182	172,145,269	147,056,182
Financial assets available for sale				
RMBS Investments	5,106,919	7,036,136	5,106,919	7,036,136
Financial assets at fair value through profit & loss designated on initial recognition				
Investments in Floating Rate Notes	5,491,297	6,962,448	-	-
Financial assets at amortised cost				
Notes - Securitisation program & other	65,374,227	79,990,150	65,374,227	79,990,150
	248,117,712	268,813,236	242,626,415	261,850,788
Maturity analysis				
Up to 3 months	173,655,268	158,678,832	173,655,268	157,678,832
From 3 to 12 months	7,063,109	24,181,806	3,571,812	24,181,806
From 1 to 5 years	2,000,000	5,962,448	-	-
Later than 5 years	65,399,335	79,990,150	65,399,335	79,990,150
	248,117,712	268,813,236	242,626,415	261,850,788

NOTE 10

LOANS AND ADVANCES

	CONSOLIDATED $ 2014	CONSOLIDATED $ 2013	CHIEF ENTITY $ 2014	CHIEF ENTITY $ 2013
Term loans	1,992,857,967	1,802,308,293	1,992,857,967	1,802,308,293
Loans to controlled entities	-	-	1,002,797	(1,794,761)
Continuing credit loans	233,543,371	429,006,598	233,543,491	429,006,598
Leases receivable	-	542	-	-
	2,226,401,338	2,231,315,433	2,227,404,255	2,229,520,130
Provision for impairment	(2,426,452)	(2,175,797)	(2,426,452)	(2,175,797)
Total loans	2,223,974,886	2,229,139,636	2,224,977,803	2,227,344,333
Provision for impairment				
Specific provision				
Opening balance	(2,175,797)	(883,492)	(2,175,797)	(879,641)
Bad and doubtful debts provided for during the year	(250,655)	(1,292,305)	(250,655)	(1,296,156)
Total provision for impairment	(2,426,452)	(2,175,797)	(2,426,452)	(2,175,797)
Charge to profit and loss for bad and doubtful debts comprises:				
Specific provision	(250,655)	(1,292,305)	(250,655)	(1,296,156)
Bad debts recognised directly	(109,818)	(1,072,820)	(109,345)	(1,049,873)
	(360,473)	(2,365,125)	(360,000)	(2,346,029)
Maturity analysis				
Up to 3 months	2,154,321	5,011,616	2,154,321	5,011,616
From 3 to 12 months	1,475,789	4,924,427	1,475,789	4,924,427
From 1 to 5 years	25,570,522	23,877,213	25,570,522	23,877,213
Later than 5 years	2,194,774,254	2,195,326,380	2,195,777,171	2,193,531,077
	2,223,974,886	2,229,139,636	2,224,977,803	2,227,344,333

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 $634.130 million (30 June 2013 - $701.603 million).
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 $ 2014	CONSOLIDATED $ 2013	CHIEF ENTITY $ 2014	CHIEF ENTITY $ 2013
Unlisted shares - at cost	336,504	665,631	336,384	665,511
Controlled entities - at directors' valuation	-	-	14,001,164	14,001,164
	336,504	665,631	14,337,548	14,666,675

Investment in controlled entities comprises:

Name	Country of incorporation	JUNE 2014 %	JUNE 2013 %	Contribution to consolidated operating profit after income tax		Investment carrying value	
CHIEF ENTITY							
Wide Bay Australia Ltd	Australia			12,196,308	6,479,699		
CONTROLLED ENTITIES							
Mortgage Risk Management Pty Ltd	Australia	100	100	1,539,984	(4,845,713)	14,000,000	14,000,000
Wide Bay Australia Mini Lease Pty Ltd	Australia	51	51	(348)	446,668	1,041	1,041
MPBS Insurance Pty Ltd	Australia	100	100	-	-	2	2
MPBS Holdings Pty Ltd	Australia	100	100	326,694	221,851	1	1
F.I. Software Solutions Pty Ltd	Australia	100	100	-	-	120	120
				1,866,330	(4,177,194)	14,001,164	14,001,164
INVESTMENT IN ASSOCIATE COMPRISES:							
Financial Technology Securities Pty Ltd	Australia	25	25	-	150,000	-	-
				14,062,638	2,452,505	14,001,164	14,001,164

The carrying amounts of unlisted shares were reassessed by the directors as at 30 June 2014 with the reassessments being based on the projections of the current market values of the shares.

Controlled entities

Mortgage Risk Management Pty Ltd

(MRM) MRM is a wholly owned subsidiary of Wide Bay Australia Ltd and is a registered lenders' mortgage insurance provider. The company 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.

During the 2011/12 financial year the insurance for a portfolio 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 2012/13. 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 were evidence of impairment of the investment in the entity. Impairment losses of $6.42m were recognised in the chief entity, in the year ended 30 June 2013, reducing the value of the investment from $20.42m to $14.00m.

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.

Wide Bay Mini Lease Pty Ltd

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

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

MPBS Insurance Pty Ltd

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

F.I. Software Solutions Pty Ltd

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

Widcap Securities Pty Ltd

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.

Wide Bay Performance Rights Pty Ltd

Wide Bay Performance Rights Pty Ltd is the trustee company for the Wide Bay Australia Performance Rights Plan, set up to assist in the retention and motivation of executives, senior managers and qualifying employees. At the reporting date, there had been no transactions in the company.

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; 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.

In the 2012/13 financial year, the directors resolved that a provision for impairment for 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.

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

NOTE 11

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

	$ JUN 14	$ JUN 13
Share of associate's balance sheet:		
Current Assets	318,857	842,983
Non-current assets	864,336	678,899
Current Liabilities	(214,621)	(552,169)
Non-current liabilities	(143,460)	(151,136)
Net Assets	825,112	818,577
Share of associate's revenue and profit:		
Revenue	2,092,104	2,559,273
Profit before income tax	52,473	187,778
Adjustment of accrual	-	31,963
Income tax	(22,309)	(69,741)
Profit after income tax	30,164	150,000

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 $ 2014	CONSOLIDATED $ 2013	CHIEF ENTITY $ 2014	CHIEF ENTITY $ 2013
Freehold land and buildings				
At independent valuation - July 2012	9,680,000	9,680,000	9,680,000	9,680,000
Provision for depreciation	357,100	178,550	357,100	178,550
Land and buildings 73 Victoria St Mackay	3,504,890	3,500,000	-	-
At independent valuation - July 2012				
Provision for depreciation	122,500	61,250	-	-
	12,705,290	12,940,200	9,322,900	9,501,450
Movement in carrying amount				
Carrying amount at beginning of year	12,940,200	13,180,000	9,501,450	9,680,000
Additions	4,890	-	-	-
Revaluation decrement (net)	-	-	-	-
Depreciation	239,800	239,800	178,550	178,550
Carrying amount at end of year	12,705,290	12,940,200	9,322,900	9,501,450

	CONSOLIDATED $ 2014	CONSOLIDATED $ 2013	CHIEF ENTITY $ 2014	CHIEF ENTITY $ 2013
Plant and equipment				
At cost	29,781,921	27,122,653	29,781,921	27,122,653
Provision for depreciation	24,416,474	23,105,248	24,416,474	23,105,248
	5,365,447	4,017,405	5,365,447	4,017,405
Movement in carrying amount				
Carrying amount at beginning of year	4,017,405	3,989,750	4,017,405	3,989,750
Additions	2,672,391	1,320,254	2,672,391	1,320,254
Disposals	8,215	-	8,215	-
Depreciation	1,316,134	1,292,599	1,316,134	1,292,599
Carrying amount at end of year	5,365,447	4,017,405	5,365,447	4,017,405
	18,070,737	16,957,605	14,688,347	13,518,855

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 $ 2014	CONSOLIDATED $ 2013	CHIEF ENTITY $ 2014	CHIEF ENTITY $ 2013
Income tax receivable	149,714	313,659	149,714	313,659
Deferred income tax assets are attributable to:				
Employee leave provisions	798,900	769,500	798,900	769,500
Other provisions	2,704,216	3,981,344	2,698,286	3,980,189
Property, plant & equipment	625,834	641,842	625,834	632,970
Unrealised losses on investments	2,009,074	2,159,224	1,886,449	1,886,449
MPBS project costs	57,726	-	57,726	-
Other project acquisition costs	78,459	104,612	78,459	104,612
Premium on loans purchased				
(First Mac)	147,005	107,103	147,005	107,103
Subordinated notes prepaid expenses	14,216	38,801	14,216	38,801
Share issue costs	32,449	64,897	32,449	64,897
Other items	222,751	211,528	88,394	100,058
	6,690,630	8,078,850	6,427,718	7,684,578

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 $ 2014	CONSOLIDATED $ 2013	CHIEF ENTITY $ 2014	CHIEF ENTITY $ 2013
Prepayments	**9,244,871**	11,150,761	**8,929,300**	10,658,833
	9,244,871	11,150,761	**8,929,300**	10,658,833

NOTE 15

GOODWILL ON CONSOLIDATION

Pursuant to a bidder's statement lodged with the Australian Securities 8 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 1i), and recognises the acquisition date as 10 January 2008.

	CONSOLIDATED $ 2014	CONSOLIDATED $ 2013	CHIEF ENTITY $ 2014	CHIEF ENTITY $ 2013
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

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 entities.

The goodwill disclosed in the Statement of Financial Position at 30 June 2014 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 2015 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 2015) was 3.0% (2013: 2.5%);
iii. the terminal growth rate (beyond five years) was 3.0% (2013: 2.5%); and
iv. the post-tax discount rate used in the impairment testing was 9.48% (2013: 9.80%) which represents the Cost of Equity to the consolidated group at 30 June 2014. The equivalent pre-tax rate was 13.54% (2013: 14.00%).

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 - 1.8% (2013: 1.0%); and
ii. discount rate - 10.7% (2013: 11.2%).

NOTE 16

DEPOSITS AND SHORT TERM BORROWINGS

	CONSOLIDATED $ 2014	CONSOLIDATED $ 2013	CHIEF ENTITY $ 2014	CHIEF ENTITY $ 2013
Call deposits	**471,426,192**	447,756,403	**477,107,353**	452,889,463
Term deposits	**1,133,827,244**	1,171,830,698	**1,133,827,244**	1,171,830,698
Negotiable certificates of deposit	**138,558,996**	87,795,079	**138,558,996**	87,795,079
	1,743,812,432	1,707,382,180	**1,749,493,593**	1,712,515,240
Maturity analysis				
On call	**535,472,818**	511,803,029	**554,877,071**	516,936,089
Up to 3 months	**648,484,778**	795,270,089	**648,484,778**	795,270,089
From 3 to 12 months	**504,463,831**	347,713,202	**490,740,739**	347,713,202
From 1 to 5 years	**55,391,005**	52,595,860	**55,391,005**	52,595,860
Later than 5 years	**-**	-	**-**	-
	1,743,812,432	1,707,382,180	**1,749,493,593**	1,712,515,240

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 $ 2014	CONSOLIDATED $ 2013	CHIEF ENTITY $ 2014	CHIEF ENTITY $ 2013
Trade creditors	**2,276,927**	5,534,054	**2,276,927**	5,534,054
Accrued interest payable	**13,599,140**	19,513,868	**13,599,140**	19,513,868
Other creditors	**5,233,438**	8,802,662	**4,147,181**	6,290,776
	21,109,505	33,850,584	**20,023,248**	31,338,698
Maturity analysis				
Up to 3 months	**14,621,984**	25,663,291	**13,535,727**	23,151,405
From 3 to 12 months	**2,488,602**	7,406,164	**2,488,602**	7,406,164
From 1 to 5 years	**3,998,919**	781,129	**3,998,919**	781,129
Later than 5 years	**-**	-	**-**	-
	21,109,505	33,850,584	**20,023,248**	31,338,698

NOTE 18

INCOME TAX LIABILITIES

	CONSOLIDATED $ 2014	CONSOLIDATED $ 2013	CHIEF ENTITY $ 2014	CHIEF ENTITY $ 2013
Deferred income tax liabilities are attributable to:				
Asset revaluation reserve	**1,958,045**	1,958,045	**1,464,977**	1,464,977
Prepayments	**164,658**	212,239	**164,658**	212,239
Accrued interest	**-**	34,035	**-**	34,035
MPBS acquisition adjustments	**73,755**	110,633	**73,755**	110,633
Visa debit card costs	**-**	38,727	**-**	38,727
Special reserve	**71,390**	79,528	**71,390**	79,528
	2,267,848	2,433,207	**1,774,780**	1,940,139
	2,267,848	2,433,207	**1,774,780**	1,940,139

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 $ 2014	CONSOLIDATED $ 2013	CHIEF ENTITY $ 2014	CHIEF ENTITY $ 2013
Employee entitlements				
Balance at beginning of year	**2,565,000**	2,898,000	**2,565,000**	2,898,000
Annual leave and long service leave provided for during the year	**370,764**	147,769	**370,764**	147,769
Annual leave and long service leave payments made during the year	**(272,764)**	(480,769)	**(272,764)**	(480,769)
Balance at end of year	**2,663,000**	2,565,000	**2,663,000**	2,565,000
Maturity Analysis				
Current provision	**1,570,813**	2,093,259	**1,570,813**	2,093,259
Non-current provision	**1,092,187**	471,741	**1,092,187**	471,741
	2,663,000	2,565,000	**2,663,000**	2,565,000
Unearned direct premiums and outstanding claims				
Balance at beginning of year	**9,541,091**	5,521,569	**-**	-
Transfers to/(from) the provision during the year	**(3,140,000)**	(4,574,588)	**-**	-
Payments from the provision during the year	**(243,718)**	(555,066)	**-**	-
Balance at end of year	**6,157,373**	9,541,091	**-**	-

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 $ 2014	CONSOLIDATED $ 2013	CHIEF ENTITY $ 2014	CHIEF ENTITY $ 2013
Other provisions	**76,880**	83,896	76,880	83,896
Total provisions	**8,897,253**	12,189,987	**2,739,880**	2,648,896

NOTE 20

SUBORDINATED CAPITAL NOTES

	CONSOLIDATED $ 2014	CONSOLIDATED $ 2013	CHIEF ENTITY $ 2014	CHIEF ENTITY $ 2013
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 2014 NO.	SHARES JUNE 2014 $	SHARES JUNE 2013 NO.	SHARES JUNE 2013 $
Fully paid ordinary shares				
All ordinary shares have equal voting, dividend and capital repayment rights.				
Balance at beginning of year	**36,238,600**	162,377,262	**36,139,327**	161,810,414
Issued during the year				
Staff Share Plan	**36,550**	185,309	**99,273**	566,849
Dividend Reinvestment Plan	**177,801**	988,260	**-**	-
Balance at end of year	**36,452,951**	163,550,831	**36,238,600**	162,377,263

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

03 April 2014 - 36,550 ordinary shares were issued.

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.

NOTE 21

	CONSOLIDATED 2014	CONSOLIDATED 2013	CHIEF ENTITY 2014	CHIEF ENTITY 2013
The total number of shares issued to employees since the inception of the staff share plan	2,600,278	2,563,728	2,600,278	2,563,728
The total number of shares issued to employees during the financial year	36,550	99,273	36,550	99,273
	$	$	$	$
The total market value at date of issue, 03 April 2014 (19 December 2012)	215,645	585,711	215,645	585,711
The total amount paid or payable for the shares at that date	185,309	566,849	185,309	566,849

Dividend Reinvestment Plan (DRP)

The DRP was reintroduced by the board of directors during the 2013/14 financial year.

28 March 2014 - 177,801 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 28 March 2014 were issued at a discount of 2.5% 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 $ 2014	CONSOLIDATED $ 2013	CHIEF ENTITY $ 2014	CHIEF ENTITY $ 2013
Movements in reserves				
Available for Sale Reserve				
Balance at beginning of year	185,566	127,425	185,566	127,425
Increase/(decrease) due to revaluation of RMBS investments to mark-to-market	(27,126)	83,059	(27,126)	83,059
Deferred tax liability adjustment on revaluation of RMBS investments	8,138	(24,918)	8,138	(24,918)
Balance at end of year	166,578	185,566	166,578	185,566

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

	CONSOLIDATED $ 2014	CONSOLIDATED $ 2013	CHIEF ENTITY $ 2014	CHIEF ENTITY $ 2013
Asset revaluation reserve				
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 $ 2014	CONSOLIDATED $ 2013	CHIEF ENTITY $ 2014	CHIEF ENTITY $ 2013
Statutory reserve				
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.

	CONSOLIDATED $ 2014	CONSOLIDATED $ 2013	CHIEF ENTITY $ 2014	CHIEF ENTITY $ 2013
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 2001/02.

	CONSOLIDATED $ 2014	CONSOLIDATED $ 2013	CHIEF ENTITY $ 2014	CHIEF ENTITY $ 2013
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 was required to establish a general reserve for doubtful debts. The amount was 0.5% of Risk Weighted Assets, and the board resolved to retain this reserve.

	CONSOLIDATED $ 2014	CONSOLIDATED $ 2013	CHIEF ENTITY $ 2014	CHIEF ENTITY $ 2013
Total Reserves	14,482,677	14,501,665	14,482,677	14,501,665

NOTE 23

OUTSIDE EQUITY INTEREST

	CONSOLIDATED $ 2014	CONSOLIDATED $ 2013
Reconciliation of outside equity interest in controlled entities:		
Opening balance	(70,290)	(499,443)
Share of operating profit/(loss)	(335)	429,153
Closing balance	(70,625)	(70,290)

NOTE 24

CASH FLOW STATEMENT

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

	CONSOLIDATED $ 2014	CONSOLIDATED $ 2013	CHIEF ENTITY $ 2014	CHIEF ENTITY $ 2013
Profit after tax from continuing operations	14,062,638	2,881,658	12,946,308	209,699
Depreciation & amortisation	1,555,934	1,532,399	1,494,684	1,471,149
Bad debts expense	360,473	2,365,125	360,000	2,346,029
(Profit)/Loss on disposal of non-current assets	3,133	-	3,133	-
(Increase)/Decrease in Assets				
Accrued interest on investments	140,103	277,329	140,103	277,330
Impairment of investments	-	7,377,261	-	13,797,261
Prepayments	2,037,915	2,347,552	1,730,454	2,355,146
Inventories	5,101	37,116	5,101	37,116
Sundry debtors	1,053,460	5,464,692	1,216,974	(3,241,603)
Deferred tax asset	(1,238,506)	(5,204,495)	(1,256,860)	(5,151,976)

NOTE 24

	CONSOLIDATED $ 2014	CONSOLIDATED $ 2013	CHIEF ENTITY $ 2014	CHIEF ENTITY $ 2013
Increase/(Decrease) in Liabilities				
Increase in creditors & accruals	(5,695,028)	2,536,526	(1,179,744)	2,808,789
Increase in deferred tax payable	165,359	(559,743)	165,359	(559,743)
Increase in income tax payable	(313,659)	(7,035,612)	(163,945)	(4,958,978)
Increase in employee entitlement provisions	343,752	147,769	343,752	147,769
Net cash flows from operating activities	12,480,675	12,167,577	15,805,319	9,537,988

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 $ 2014	CONSOLIDATED $ 2013	CHIEF ENTITY $ 2014	CHIEF ENTITY $ 2013
Capital expenditure commitment				
Capital expenditure contracted for within one year	920,000	135,900	920,000	135,900
Lease expenditure commitments				
Non cancellable operating leases				
Up to 1 year	2,534,364	2,358,421	2,534,364	2,358,421
From 1 to 2 years	2,014,140	1,817,888	2,014,140	1,817,888
From 2 to 5 years	2,337,185	2,165,320	2,337,185	2,165,320
Total lease expenditure	6,885,689	6,341,629	6,885,689	6,341,629

NOTE 26

EMPLOYEE ENTITLEMENTS

	CONSOLIDATED $ 2014	CONSOLIDATED $ 2013	CHIEF ENTITY $ 2014	CHIEF ENTITY $ 2013
Employee entitlements				
The aggregate employment entitlement liability is comprised of:				
Provisions - (note 19)	2,663,000	2,565,000	2,663,000	2,565,000

NOTE 27

CONTINGENT LIABILITIES AND CREDIT COMMITMENTS

	CONSOLIDATED $ 2014	CONSOLIDATED $ 2013	CHIEF ENTITY $ 2014	CHIEF ENTITY $ 2013
Approved but undrawn loans	76,036,526	49,650,638	76,036,526	49,650,638
Approved but undrawn credit limits	92,740,504	130,312,947	92,740,504	130,312,947
Bank guarantees	258,469	237,375	258,469	237,375
	169,035,499	180,200,960	169,035,499	180,200,960

NOTE 28

EARNINGS PER SHARE

	CONSOLIDATED $ 2014	CONSOLIDATED $ 2013	CHIEF ENTITY $ 2014	CHIEF ENTITY $ 2013
Basic earnings per share (cents per share)	38.75	6.78		
Diluted earnings per share (cents per share)	38.75	6.78		

Information relating to the calculation of the earnings per share is as follows:	BASIC $ 2014	BASIC $ 2013	DILUTED $ 2014	DILUTED $ 2013
Calculation of numerator				
Net profit attributable to shareholders	14,062,638	2,452,505	14,062,638	2,452,505
Less dividends paid on preference shares	-	-	-	-
Numerator	14,062,638	2,452,505	14,062,638	2,452,505
Weighted average number of shares				
Ordinary shares	36,293,202	36,192,091	36,293,202	36,192,091
Potential ordinary shares	-	-	-	-
Total weighted average ordinary shares	36,293,202	36,192,091	36,293,202	36,192,091

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 otherwisestated.

i) Directors

JS Humphrey	Chairman - Non-executive Director
MJ Barrett	Managing Director
FM McLeod	Executive Director (retired 19 Nov 2013), General Manager Strategy & Productivity
JF Pressler	Director - Non-executive (retired 19 Nov 2013)
PJ Sawyer	Director - Non-executive
B Dangerfield	Director - Non-executive
GN Kenny	Director - Non-executive (appointed 19 Nov 2013)

ii) Executives

WR Schafer	Chief Financial Officer, Company Secretary
MB McLennan	Chief Risk Officer
SM Caville	Chief Information Officer
AJ McArdle	General Manager Sales & Distribution
C Nevis	General Manager 3rd Party
MS Rasmussen	General Manager Business Banking and Operations (appointed 3 Feb 2014)

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 $ 2014	CONSOLIDATED $ 2013	CHIEF ENTITY $ 2014	CHIEF ENTITY $ 2013
Remuneration for the year ended 30 June 2014				
Short term benefits				
Cash salary and fees	1,946,162	2,868,447	1,946,162	2,868,447
Cash bonus	125,000	-	125,000	-
Non-monetary	-	8,856	-	8,856
Post employment benefits				
Superannuation	141,844	133,109	141,844	133,109
Retirement benefits	-	84,162	-	84,162
Termination benefits	-	-	-	-
Share based payments	-	-	-	-
Other long term benefits	28,035	30,440	28,035	30,440
	2,241,041	3,125,014	2,241,041	3,125,014

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. Similar rates are, however, available to the general public, therefore this interest rate would approximate an arms length interest 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.

LOANS FOR THE YEAR ENDED 30 JUNE 2014	BALANCE* 30 JUNE 2013 $	INTEREST CHARGED $	WRITE-OFF $	BALANCE* 30 JUNE 2014 $	NUMBER IN GROUP 30 JUNE 2014
Directors	(1,599,467)	22,289	-	(832,385)	2
Executives	(2,135,033)	32,899	-	(873,403)	3
TOTAL: KEY MANAGEMENT PERSONNEL	(3,734,500)	55,188	-	(1,705,788)	5

LOANS FOR THE YEAR ENDED 30 JUNE 2013	BALANCE* 30 JUNE 2012 $	INTEREST CHARGED $	WRITE-OFF $	BALANCE* 30 JUNE 2013 $	NUMBER IN GROUP 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

NOTE 29

INDIVIDUALS WITH LOANS ABOVE $100,000 IN REPORTING PERIOD	BALANCE 30 JUNE 2013 $	INTEREST** CHARGED $	WRITE-OFF $	BALANCE* 30 JUNE 2014 $	HIGHEST IN PERIOD $
Directors					
MJ Barrett	(469,082)	18,205	-	(562,742)	(567,931)
FM McLeod (retired 19/11/2013)	(287,721)	4,084	-	(269,643)	(287,721)
Executives					
WR Schafer	(519,127)	23,245	-	(494,427)	(519,127)
AJ McArdle	-	9,654	-	(339,820)	(346,000)

Does not include SM Caville as his loans were less than $100,000.

* Balance at financial year end or the date the individuals ceased being key management personnel.

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

Balances are for the period individuals were considered key management personnel.

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 2013	RECEIVED AS REMUNERATION	OPTIONS EXERCISED	NET CHANGE OTHER	BALANCE* 30 JUNE 2014
Directors					
JS Humphrey	31,551	-	-	-	31,551
MJ Barrett	8,000	-	-	33,000	41,000
FM McLeod (retired 19/11/2013)	144,954	-	-	-	144,954
JF Pressler (retired 19/11/2013)	-	-	-	-	-
PJ Sawyer	1,077,567	-	-	-	1,077,567
B Dangerfield	42,076	-	-	-	42,076
Executives					
WR Schafer	15,750	-	-	-	15,750
SM Caville	35,639	-	-	-	35,639
AJ McArdle	1,765	-	-	-	1,765
TOTAL	1,357,302	-	-	33,000	1,390,302

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.

* Balance at financial year end or the date the individuals ceased being key management personnel.

e) Other key management personnel transactions

There were no other transactions in which key management personnel provided services to the company.

NOTE 30

REMUNERATION OF AUDITORS

	CONSOLIDATED $ 2014	CONSOLIDATED $ 2013	CHIEF ENTITY $ 2014	CHIEF ENTITY $ 2013
Amounts received or due and receivable by the auditors of the chief entity, Bentleys Brisbane Partnership, are as follows:				
Audit or review of the financial statements of the entity and any other entity in the economic entity	224,768	186,268	224,768	186,268
Tax returns (including subsidiaries)	16,589	20,018	16,589	20,018
Tax advice	-	22,283	-	22,283
Other assurance services	68,090	84,232	68,090	84,232
Other services	17,903	42,592	17,903	42,592
Accrual adjustment	(5,726)	22,607	(5,726)	22,607
	321,625	378,000	321,625	378,000
Amounts received or due and receivable by the auditors of Mortgage Risk Management Pty Ltd, KPMG, are as follows:				
Audit or review of the financial statements of the entity	22,600	22,000	-	-
Other regulatory audit services (APRA Return)	11,300	11,000	-	-
	33,900	33,000	-	-
KPMG related practices:				
Other regulatory audit services	21,000	40,500	-	-
	21,000	40,500	-	-
	376,525	451,500	321,625	378,000

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, personal loans and business banking.

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.

Funding of business loans commenced in April 2014. The business 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

FAIR VALUE MEASUREMENTS

The economic entity measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- financial assets held for sale
- available-for-sale financial assets
- freehold land and buildings

The economic entity does not subsequently measure any liabilities at fair value on a non-recurring basis.

a) Fair value hierarchy

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that is significant to the measurement can be categorised into as follows:

Level 1
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2
Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3
Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.
If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

b) Valuation techniques

The economic entity selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the economic entity are consistent with one or more of the following valuation approaches:

Market approach: valuation techniques that use prices and other relevant information generated by Market transactions for identical or similar assets or liabilities.

Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the economic entity gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following tables provide the fair values of the economic entity's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

	LEVEL 1 $	LEVEL 2 $	LEVEL 3 $	LEVEL 4 $
CONSOLIDATED 2014				
Recurring fair value measurements:				
Financial assets				
Financial assets at fair value through profit or loss:				
Investment in floating rate notes	-	5,491,297	-	5,491,297
Available-for-sale financial assets	-	5,106,919	-	5,106,919
TOTAL FINANCIAL ASSETS RECOGNISED AT FAIR VALUE ON A RECURRING BASIS	-	10,598,216	-	10,598,216
Non-financial assets				
Freehold land and buildings	-	12,705,290	-	12,705,290
TOTAL NON-FINANCIAL ASSETS RECOGNISED AT FAIR VALUE ON A RECURRING BASIS	-	12,705,290	-	12,705,290
CHIEF ENTITY 2014				
Recurring fair value measurements:				
Financial assets				
Financial assets at fair value through profit or loss:				
Available-for-sale financial assets	-	5,106,919	-	5,106,919
Shares in unlisted companies	-	14,001,164	-	14,001,164
TOTAL FINANCIAL ASSETS RECOGNISED AT FAIR VALUE ON A RECURRING BASIS	-	19,108,083	-	19,108,083

NOTE 34

	LEVEL 1 $	LEVEL 2 $	LEVEL 3 $	LEVEL 4 $
Non-financial assets				
Freehold land and buildings	-	9,322,900	-	9,322,900
TOTAL NON-FINANCIAL ASSETS RECOGNISED AT FAIR VALUE ON A RECURRING BASIS	-	9,322,900	-	9,322,900
CONSOLIDATED 2013				
Recurring fair value measurements:				
Financial assets				
Financial assets at fair value through profit or loss:				
Investment in floating rate notes	-	6,962,448	-	6,962,448
Available-for-sale financial assets	-	7,036,136	-	7,036,136
TOTAL FINANCIAL ASSETS RECOGNISED AT FAIR VALUE ON A RECURRING BASIS	-	13,998,584	-	13,998,584
Non-financial assets				
Freehold land and buildings	-	12,940,200	-	12,940,200
TOTAL NON-FINANCIAL ASSETS RECOGNISED AT FAIR VALUE ON A RECURRING BASIS	-	12,940,200	-	12,940,200
CHIEF ENTITY 2013				
Recurring fair value measurements:				
Financial assets				
Financial assets at fair value through profit or loss:				
Available-for-sale financial assets	-	7,036,136	-	7,036,136
Shares in unlisted companies	-	14,001,164	-	14,001,164
TOTAL FINANCIAL ASSETS RECOGNISED AT FAIR VALUE ON A RECURRING BASIS	-	21,037,300	-	21,037,300
Non-financial assets				
Freehold land and buildings	-	9,501,450	-	9,501,450
TOTAL NON-FINANCIAL ASSETS RECOGNISED AT FAIR VALUE ON A RECURRING BASIS	-	9,501,450	-	9,501,450

c) Valuation techniques and inputs used to measure Level 2 fair values

DESCRIPTION	FAIR VALUE CONSOLIDATED $ JUN 14	FAIR VALUE CONSOLIDATED $ JUN 13	VALUATION TECHNIQUE(S)	INPUTS USED
FINANCIAL ASSETS				
Available-for-sale financial assets	**5,106,919**	7,036,136	Mark to market value	Consideration, maturity and interest rates
Investment in floating rate notes through profit or loss	**5,491,297**	6,962,448	Mark to market value	Consideration, maturity and interest rates
NON-FINANCIAL ASSETS				
Freehold land and buildings	**12,705,290**	12,940,200	Market approach using recent observable market data,income approach using discounted cash flow methodology	Price per hectare/ square metre, market borrowing rate
	23,303,506	26,938,784		

The fair value of freehold land and buildings is determined at least every three years based on valuations by an independent valuer. At the end of each intervening period, the directors review the independent valuation and when appropriate, update the fair value measurement to reflect current market conditions.

There were no changes during the period in the valuation techniques used by the economic entity to determine Level 2 fair values.

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 takes responsibility to ensure the company and consolidated entity maintain a level and quality of capital commensurate with the type, amount and concentration of risks to which the company and consolidated group are exposed from their 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 the Board's targets. The Board's target is for the capital adequacy ratio to be maintained above 13%. During the 2014 and 2013 financial years the capital adequacy ratios of both the consolidated and chief entities were maintained above the target ratio.

NOTE 35

The capital adequacy calculations at 30 June 2014 and 30 June 2013 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	
	$ 2014	$ 2013	$ 2014	$ 2013
Total risk weighted assets	**1,063,422,672**	1,033,696,379	**1,060,944,227**	1,030,340,368
Capital base	**151,960,540**	142,816,198	**149,543,312**	140,725,982
Risk-based capital ratio	**14.29%**	13.82%	**14.10%**	13.66%

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 $1,413,217 or increase by $1,413,217 (2013: decrease by $497,940 or increase by $497,940). 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.

The maturity analysis for the respective groups of financial assets and liabilities have been included in the notes to the financial statements.

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 36 branches and agencies across Queensland, and a business centre in Toowong, Brisbane, which conducts the company's third party and interstate business. 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.

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.

NOTE 35

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

	CONSOLIDATED		CHIEF ENTITY	
	$ 2014	$ 2013	$ 2014	$ 2013
30 days and less than 60 days	**15,481,298**	40,915,178	**15,481,298**	40,915,178
60 days and less than 90 days	**7,262,763**	13,052,608	**7,262,763**	13,052,608
90 days and less than 182 days	**9,587,526**	16,732,261	**9,587,526**	16,732,261
182 days and less than 273 days	**1,830,451**	7,618,941	**1,830,451**	7,618,941
273 days and less than 365 days	**4,692,619**	6,576,124	**4,692,619**	6,576,124
365 days and over	**4,136,824**	3,044,653	**4,136,824**	3,044,653
	42,991,481	87,939,765	**42,991,481**	87,939,765

As at 30 June 2014 there were fifteen loans (30 June 2013: four 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:

	% 2014	% 2013
Queensland	**86.8**	81.2
Victoria	**5.6**	7.9
New South Wales	**6.2**	8.6
South Australia	**0.7**	1.1
Western Australia	**0.6**	1.1
Tasmania	**0.1**	0.1
	100.0	100.0

Regional loan staff & panel valuers are locally based ensuring an in depth knowledge of the local economy & developments in the real estate market.

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 2.89% (2013 - 3.39%)
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 2.81% (2013 - 3.21%)
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 2.92% (2013 - 3.88%)
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 4.32% (2013 - 4.90%)
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 2014 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.

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:

	$ 2014	$ 2013
WB Trust No. 6	-	36,689
WB Trust 2010-1	28,600	196,000
WB Trust No. 3	359,400	413,400
WB Trust No. 4	-	30,638
WB Trust 2009-1	122,600	259,800
WB Trust 2008-1	619,400	490,300
WB Trust 2006-1	65,200	105,700
WB Trust 2005-1	-	95,100

24.3%

Increase in residential lending.

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		FROM 1 TO 5 YEARS		NON INTEREST BEARING		TOTAL CARRYING AMOUNT PER BALANCE SHEET		WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	
	$ 2014	$ 2013	$ 2014	$ 2013	$ 2014	$ 2013	$ 2014	$ 2013	$ 2014	$ 2013	% 2014	% 2013
FINANCIAL ASSETS												
Cash and cash equivalents	59,997,391	72,546,721	-	-	-	-	3,606,910	2,446,448	63,604,301	74,993,169	2.73	3.42
Due from other financial institutions	10,191,421	12,571,416	-	-	-	-	95,000	95,000	10,286,421	12,666,416	2.31	3.19
Accrued receivables	-	-	-	-	-	-	11,635,359	7,512,672	11,635,359	7,512,672	-	-
Financial assets	20,192,160	26,214,546	177,252,188	181,860,639	50,673,363	60,738,052	-	-	248,117,712	268,813,236	3.21	3.97
Loans and advances	1,730,003,221	1,914,166,115	205,326,337	165,716,870	292,137,242	151,432,448	-	-	2,226,401,338	2,231,315,433	5.65	6.45
Other investments	-	-	-	-	-	-	376,185	705,312	376,185	705,312	-	-
Other assets	-	-	-	-	-	-	8,929,299	10,659,753	8,929,299	10,659,753	-	-
Total financial assets	1,820,384,193	2,025,498,798	382,578,525	347,577,509	342,810,605	212,170,500	24,642,753	21,419,184	2,569,350,615	2,606,665,991		
FINANCIAL LIABILITIES												
Deposits and short term borrowings	471,426,192	447,756,403	1,216,995,234	1,207,029,917	55,391,005	52,595,860	-	-	1,743,812,432	1,707,382,180	3.29	4.13
Payables and other liabilities	-	-	-	-	-	-	21,109,506	33,850,584	21,109,506	33,850,584	-	-
Securitised loans	492,744,533	601,880,324	58,481,642	52,107,141	83,207,376	47,615,622	-	-	634,130,085	701,603,087	3.73	4.54
Provisions	-	-	-	-	-	-	8,897,253	12,189,987	8,897,253	12,189,987	-	-
Subordinated capital notes	-	-	28,000,000	28,000,000	-	-	-	-	28,000,000	28,000,000	10.08	10.73
Total financial liabilities	964,170,726	1,049,636,727	1,303,476,877	1,287,137,058	138,598,382	100,211,482	30,006,759	46,040,571	2,435,949,275	2,483,025,838		

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	
	$ 2014	$ 2013	**$ 2014**	$ 2013
FINANCIAL ASSETS				
Cash and cash equivalents	**63,604,301**	74,993,169	**63,604,301**	74,993,169
Due from other financial institutions	**10,286,421**	12,666,416	**10,286,421**	12,666,416
Accrued receivables	**11,635,359**	7,512,672	**11,635,359**	7,512,672
Financial assets	**248,117,712**	268,813,236	**249,410,962**	268,813,236
Loans and advances	**2,226,401,338**	2,231,315,433	**2,233,714,347**	2,231,315,433
Other investments	**376,185**	705,312	**376,185**	705,312
Other assets	**8,929,299**	10,659,753	**8,929,299**	10,659,753
Total financial assets	**2,569,350,615**	2,606,665,991	**2,577,956,874**	2,606,665,991
FINANCIAL LIABILITIES				
Deposits and short term borrowings	**1,743,812,432**	1,707,382,180	**1,738,210,118**	1,701,869,645
Payables and other liabilities	**21,109,507**	33,850,584	**21,109,506**	33,850,584
Securitised loans	**634,130,085**	701,603,087	**636,212,997**	702,691,282
Provisions	**8,897,253**	12,189,987	**8,897,253**	12,189,987
Subordinated capital notes	**28,000,000**	28,000,000	**28,000,000**	28,000,000
Total financial liabilities	**2,435,949,276**	2,483,025,838	**2,432,429,874**	2,478,601,498

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.

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.

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 2014 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 2014.

Signed in accordance with a resolution of the Directors.

J S Humphrey
Director

P J Sawyer
Director

25 August 2014 - Bundaberg

INDEPENDENT AUDITOR'S REPORT

to the members of Wide Bay Australia Ltd

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 2014, and the statement of profit or loss and other 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).

Auditors' 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Wide Bay Australia Ltd on 25 August 2014, would be in the same terms if given to the directors as at the time of this auditor's report.

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 2014 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 2014.

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 2014 complies with section 300A of the *Corporations Act 2001*.

Bentleys Brisbane Partership

Stewart Douglas
Partner

26 August 2014 - Brisbane

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 which is comprised of three independent Directors. Mr John Pressler was the Chairman of the Committee until his retirement on 19 November 2013, at which time Mr Barry Dangerfield was appointed Chairman of the Committee. The Committee carries out a performance evaluation of the Managing Director and other senior executives, which is provided to the Board following a report of discussions between the Chairman of the Committee and the Managing Director.

Wide Bay Australia is in compliance with Principle 1 and full details of the 'Board Charter' and the 'Remuneration Committee 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	– 6 Years in office
John Pressler	– 25 years in office (retired 19 November 2013)
Peter Sawyer	– 27 years in office
Barry Dangerfield	– 3 years in office
Greg Kenny	– first year in office (appointed 19 November 2013)

The independent non-executive Directors each have many years of experience in their fields and, with their knowledge of the industry together with their diversified backgrounds, they 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:-

Martin Barrett	– first year in office (appointed 19 September 2013)
Frances McLeod	– 10 years in office (retired 19 November 2013)

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 – 'Corporate Code of Conduct' and 'Continuous Disclosure'.

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 Principles 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. This has been achieved in the 2014 year.	As at 30 June 2014, 33% of management were women (this is an increase from 25% in June 2013).
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 30 June 2014 was nil. (Note: In 2013, there was 1 female executive Director out of a total of 5 directors – 20%). The Diversity Policy will be taken into consideration for future appointments to the Board of Directors.

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 2014, 81% of Wide Bay Australia's employees were women
Proportion of women in senior management* positions within Wide Bay Australia.	As at 30 June 2014, 33% of the senior management positions were held by women.
Proportion of women on the Board	As at 30 June 2014, there were no women on the Board of Directors due to the resignation of F McLeod. 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 & 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 Managing Director and the Chief Financial Officer are invited to Audit Committee meetings at the discretion of the Committee.

The names and qualification 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 – 'Continuous Disclosure Policy'.

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 – 'Continuous Disclosure Policy'.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

The Risk Committee has a documented Charter, approved by the Board. The 'Risk Committee Charter' is available on the Company's website **www.widebayaust.com.au**. The Risk Committee has the responsibility to set and oversee the risk profile and the risk management framework of the Company, and to ensure management have appropriate risk systems and practices to effectively operate within the Board approved risk profile. 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 Managing Director 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 – 'Risk 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 Managing Director, other executive Directors and senior executives is subject to the Group Board Remuneration Committee consisting of Barry Dangerfield (Chairman) and independent Directors, Peter Sawyer and Gregory Kenny. John Pressler was the Chairman of this Committee until his retirement from the Board on 19 November 2013.

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.

Details of performance based payments made to senior executives during the year are set out in the Directors' Statutory Report.

The names of the members of the Remuneration Committee and their attendance at meetings for 2013/14 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 – 'Remuneration Committee Charter'.

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 Qld 4670

Phone 07 4150 4000
Fax 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

Phone 07 3222 9777
Fax 07 3221 9250
Email admin@bris.bentleys.com.au

2014 ANNUAL GENERAL MEETING

The 2014 Annual General Meeting is to be held on **Tuesday 18 November 2014** at **11.00am** EST at King & Wood Mallesons, Level 33 Waterfront Place, 1 Eagle Street, Brisbane, 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	**18 November 2014**
Full year results and final dividend announcement	***27 August 2014***
Ex dividend date	8 September 2014
Record date	12 September 2014
Participation in DRP (final date for receipt of application)	15 September 2014
Dividend payment	03 October 2014
Half-year results and interim dividend announcement	***19 February 2014***
Ex dividend date	3 March 2014
Record date	7 March 2014
Dividend payment	28 March 2014

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

Phone 1300 552 270
Fax 07 3237 2152
Online Contact www-au.computershare.com/Investor/Contact
Website www.computershare.com.au

Issued Shares

The Company's securities listed on the Australian Securities Exchange (ASX) as at 16 September 2014 are:

CLASS OF SECURITY	ASX CODE	NUMBER
Permanent Ordinary Shares	WBB	36,452,951

Distribution of Shareholdings

PERMANENT ORDINARY SHARES

16 SEPTEMBER 2014

RANGE	NO. OF SHAREHOLDERS
1 - 1,000	1,301
1,001 - 5,000	2,066
5,001 - 10,000	652
10,001 - 100,000	508
100,001 - OVER	53
TOTAL NUMBER OF SHAREHOLDERS	4,580

Top 20 Shareholders

PERMANENT ORDINARY SHARES

16 SEPTEMBER 2014

	NAME	NO. OF SHARES	%
1	HSBC Custody Nominees (Australia) Limited	980,592	2.69
2	Hancock, RE & LP	802,996	2.20
3	Hancock, RE	677,241	1.86
4	National Nominees Limited	536,490	1.47
5	J P Morgan Nominees Australia Limited	476,335	1.31
6	Citicorp Nominees Pty Limited	474,143	1.30
7	Milton Corporation Limited	433,570	1.19
8	Sawyer, K	432,719	1.19
9	Sawyer, PJ ATF The Peter Sawyer Family A/C	408,486	1.12
10	Chantilly One Pty Ltd ATF RG Sprake & Co Super Fund A/C	402,577	1.10
11	Drenwood Pty Ltd	398,972	1.09
12	Cockerill, GD & DM ATF Graham Cockerill Super Fund A/C	363,382	1.00
13	Olsen, N	330,520	0.91
14	Hancock, RE & LP ATF The Hancock Family A/C	320,000	0.88
15	Hestearn Pty Ltd	308,543	0.85
16	Wealthcoach Pty Ltd ATF Sunrise A/C	285,236	0.78
17	Mertan Pty Ltd	275,973	0.76
18	Cran, D	264,074	0.72
19	Runge, B	249,756	0.69
20	McBride, KG & PA	245,888	0.67
	TOP 20 PERMANENT SHAREHOLDERS	8,667,493	23.78

Substantial Shareholders

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

PERMANENT ORDINARY SHARES

16 SEPTEMBER 2014

	NO. OF SHARES	% OF TOTAL
Hancock, RE (associated entities & associates)	2,146,464	5.89

On-Market Buyback

There is no on-market buy back.

Dividend Reinvestment Plan

On 19 February 2014 the Directors announced the reinstatement of the Dividend Reinvestment Plan (DRP). The DRP allows 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 on-line 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 on-line or electing to receive a printed Annual Report by mail. To change your Annual Report elections on-line 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.

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 Basal 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 per cent 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 cost 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 expenses associated with paying out its liabilities.
Net Interest Margin (NIM)	The difference between the interest income generated by an ADI and the amount of interest the ADI pays out to their depositors, divided by the amount of their interest-earning assets.
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.
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 shareholder's 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.
Tier 1 Capital	Describes the capital adequacy of an ADI. Tier 1 Capital is core capital and includes equity capital and disclosed reserves.
Tier 2 Capital	Describes the capital adequacy of an ADI. Tier 2 Capital is secondary capital that includes items such as undisclosed reserves, general loss reserves, subordinated term debt and more.
Underlying Cash NPAT	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.

growth & foundations for a strong future

Download
our Annual Report

WIDE BAY AUSTRALIA LTD

ABN 40 087 652 060

Australian Financial Services &
Australian Credit Licence 239686

Head Office
Wide Bay Australia House
16 - 20 Barolin Street
PO Box 1063
Bundaberg Queensland 4670

T 07 4150 4000
F 07 4152 3499
E widebay@widebayaust.com.au

1300 943 322
widebayaust.com.au