Appendix 4D
Half year report
Period ending 31 December 2014

Name of Entity	Wide Bay Australia Ltd
ABN	40 087 652 060
Half Year Ended	31 December 2014
Previous Corresponding Reporting Period	6 months to 31 December 2013

Results for announcement to the market

				$A'000
Revenue from ordinary activities	Down	6.73%	to	70,189
Profit from ordinary activities after tax attributable to members	Down	9.65%	to	6,495
Net profit for the period attributable to members	Down	9.65%	to	6,495

Wide Bay Australia Ltd and it subsidiaries recorded a net profit after tax attributable to owners of the chief entity of $6.495 million for the half-year ended 31 December 2014. This result was achieved with a 4.3% annualised growth in the loan book in the chief entity.

The operating profit before tax for contributing entities was as follows:

Entity	**Dec 14 $A'000**	**Dec 13 $A'000**
Wide Bay Australia Ltd (the chief entity) - Building Society	9,160	8,958
Mortgage Risk Management Ltd (MRM) - Insurance captive	6	1,201
MPBS Holdings Pty Ltd - Mackay property	164	158
Corporate - other	(2)	(1)
Profit before income tax	9,328	10,316
Income tax	2,834	3,126
Profit for the half-year	6,494	7,190

Attributable to:		
Owners of the company	**6,495**	**7,190**
Non-controlling interests	(1)	-
Profit for the half-year	6,494	7,190

Wide Bay Australia Ltd (the chief entity)

The chief entity reported a profit after tax of $6.346 million for the half-year to 31 December 2014 (31 December 2013: $6.191milllion), representing an increase of 2.5%.

The loan book recorded growth on an annualised basis of 4.3% across the half-year, increasing from $2.224 billion at 30 June 2014 to $2.271 billion at 31 December 2014. As a result, the net interest grew by 3.7% compared to the corresponding prior period, from $24.6 million to $25.5 million. The company's NIM has improved 7 points compared to the half-year ended 31 December 2013 to sit at 1.81%. The NIM saw some improvement as a result of turnover and easing in the term deposit rates, with retail deposits comprising the major source of funding for the company.

Arrears continued to trend downwards, with total arrears past due 30 days (excluding the effects of hardship accounts) decreasing from $43.0 million at 30 June 2014 to $25.9 million at 31 December 2014. Arrears past due 30 days represented 1.1% of total loans and advances at 31 December 2014 compared to 1.9% at 30 June 2014.

Total expenses, excluding bad and doubtful debts, were controlled in line with the strategic objective of the company, increasing from $20.0 million for the half-year to 31 December 2013 to $20.3 million for half-year to 31 December 2014, an increase of 1.5%.

Mortgage Risk Management Pty Ltd (MRM)

MRM reported a profit after tax of $4,000 for the half-year to 31 December 2014, compared to the $841,000 in the corresponding half-year to 31 December 2013.

No new business has been written in MRM since August 2012, and as the company continues to wind down, a 'breakeven' result was in line with the expectations of the board of directors.

The reduction in the net profit after tax was directly attributable to the net underwriting result. There was a return of reserves (provisions) in the half-year to 31 December 2013 which reflected the improvement in the arrears position within the portfolio at that time. There was no equivalent return of reserves in the half-year to 31 December 2014.

Due to the performance of the portfolio in the half-year and the improvement in the arrears, there were no changes to the previous valuation assumptions. However, the board of MRM recognises the volatility of insurance liabilities as the portfolio runs off, and the challenged economic environment in which a portion of the loans originated.

The board of directors have established reserves in MRM in line with the actuarial guidance obtained, to ensure all impaired loans are adequately provided for, with risk margins for new arrears in the portfolio. Capital in the company is strong and materially in excess of the prudential and board levels established.

MPBS Holdings Pty Ltd & Corporate - other

MPBS Holdings Pty Ltd disclosed a net profit of $0.164 million in the half-year to 31 December 2014 (31 December 2013: $0.158 million) as a result of rent received from leased office space in the building at Victoria Street, Mackay.

Wide Bay Australia Mini Lease Pty Ltd is nearing completion of wind down.

Dividends (distributions) - Ordinary shares	Amount per security	Franked amount per security
Final dividend (30 June 2014) - paid 03 October 2014	15.0c	15.0c
Interim dividend (31 December 2014)	14.0c	14.0c
The record date for determining entitlements to the dividends	06 March 2015	

Net tangible assets per security

	Current period	Previous corresponding period
Net tangible asset backing per ordinary share	$ 4.24	$ 4.16

Details of associates and joint venture entities

Controlled entities	Country of incorporation	% Holding		Contribution to consolidated operating profit after income tax	
		Current period	Previous corresponding period	Current period $A'000	Previous corresponding period $A'000
Mortgage Risk Management Pty Ltd	Australia	100	100	4	841
Wide Bay Australia Mini Lease Pty Ltd	Australia	51	51	(2)	(1)
Mackay Permanent Building Society Ltd	Australia	100	100	-	-
MPBS Insurance Pty Ltd	Australia	100	100	-	-
MPBS Holdings Pty Ltd	Australia	100	100	164	158
F.I. Software Solutions Pty Ltd	Australia	100	100	-	-
Wide Bay Performance Rights Pty Ltd	Australia	100	-	-	-

Dividends

Amount per security		Amount per security	Franked amount per security	Amount per security of foreign source dividend
Interim dividend	**Current year**	14.0c	14.0c	Nil
	Previous year	13.0c	13.0c	Nil

Interim dividends on all securities	Current period $A'000	Previous corresponding period $A'000
Ordinary securities		
Interim dividend payable 27 March 2015 - previous period paid 28 March 2014	5,152	4,711
Total	5,152	4,711

DIVIDEND REINVESTMENT PLAN

The board of directors resolved to continue the dividend reinvestment plan for the interim dividend for the half year ended 31 December 2014.

The choices are for Full Participation where the dividend on all fully paid shares or contributing shares held is reinvested in new shares, or Partial Participation where the dividend on a specified number of shares is reinvested in new shares.

To participate in the plan, shareholders must complete the Application Form and lodge the form with the Company's Share Registry. Full terms and conditions of the dividend reinvestment plan and the application form will be forwarded to shareholders by the Company's Share Registry.

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

Issue price of the new shares
The shares issued under the Plan in respect of the final dividend for the current year will be issued at a discount of 2.5% on the weighted average sale price of the Company's shares sold during the five trading days immediately following the Record Date.

The final date for the receipt of the application form for participation in the dividend reinvestment plan is 09 March 2015.

Wide Bay Australia Ltd

ABN 40 087 652 060

Interim report
for the half-year 31 December 2014

Wide Bay Australia Ltd ABN 40 087 652 060
Interim report - 31 December 2014

Contents

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by Wide Bay Australia Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The Directors present this report on the company's consolidated accounts for the six month period ended 31 December 2014, in accordance with the provisions of the Corporations Act 2001.

DIRECTORS

The Directors in office during or since the end of the half-year period 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 an independent director and a member of the Audit Committee. He is aged 59.

Mr Martin J Barrett BA (ECON), MBA

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 and is a member of the Risk Committee. He is aged 50.

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 was the Chairman of the Audit Committee until 2 February 2015. He remains a member of the Audit Committee. Mr Sawyer is also 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 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 59.

Mr Gregory N Kenny GAICD GradDipFin

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.

Ms Sandra Birkensleigh BCom, CA, GAIDC, ICCP (Fellow) – Appointed 2 February 2015

Ms Birkensleigh was appointed to the Board on 2 February 2015. Ms Birkensleigh was a partner at PricewaterhouseCoopers for 16 years until 2013. During her career her predominant industry focus has been Financial Services (Banking and Wealth Management). Ms Birkensleigh has also advised on risk management in other sectors such as retail and consumer goods, retail and wholesale electricity companies, resources and the education sector. Ms Birkensleigh is currently a non-executive director of five Wealth Management and Insurance subsidiaries of the National Australia Bank and a Board of Management member and Treasurer of Children's Therapy Centre. Ms Birkensleigh is an independent director. She was appointed as the Chairperson of the Audit Committee upon her appointment to the Board on 2 February 2015, and also as a member of the Group Board Remuneration Committee and the Risk Committee. She is aged 60.

The independent non-executive directors each have many years of experience and it is considered with their diverse backgrounds and knowledge that they continue to make an integral contribution to the ongoing development of the company.

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

Principal Activities

Wide Bay Australia Ltd (Wide Bay) is an approved deposit-taking institution and licensed credit and financial services provider. Wide Bay provides deposit, credit, insurance and banking services to personal and business customers across Australia, principally in regional and metropolitan Queensland. The majority of the company's loan book is comprised of residential mortgage loans. Personal loans were offered for the first time in 2013 and business commenced in 2014, although the portfolios are not yet a material part of the loan book. Funding for loans is raised through a combination of retail and wholesale deposits as well as through securitisation markets.

Mortgage Risk Management Pty Ltd (MRM) is Wide Bay Australia Ltd's wholly-owned lenders mortgage insurer, which ceased writing new business in August 2012.

There were no significant changes during the period in the nature of the activities of the consolidated entity.

Profitability

Wide Bay Australia Ltd recorded a consolidated net profit after tax attributable to owners of the company for the half-year to 31 December 2014 of $6.495 million. This represents a 9.65% decrease from $7.190 million in the prior corresponding period. This decrease is primarily due to a reduced contribution from MRM which was just over break even in this half-year, compared to the prior corresponding half-year where MRM contributed a profit of $0.841 million. The reduction in the net profit after tax was directly attributable to the net underwriting result. There was a return of reserves (provisions) in the half-year to 31 December 2013 which reflected the improvement in the arrears position within the portfolio at that time. There was no equivalent return of reserves in the half-year to 31 December 2014.

The chief entity reported a profit after tax of $6.346 million for the half-year to 31 December 2014 (31 December 2013: $6.191milllion), representing an increase of 2.5%.

The loan book recorded growth on an annualised basis of 4.3% across the half-year, increasing from $2.224 billion at 30 June 2014 to $2.271 billion at 31 December 2014. As a result, the net interest grew by 3.7% compared to the corresponding prior period, from $24.6 million to $25.5 million. The company's NIM has improved 7 points compared to the half-year ended 31 December 2013 to sit at 1.81%. The NIM saw some improvement as a result of turnover and easing in the term deposit rates, with retail deposits comprising the major source of funding for the company.

Financial Position

Loans approved during the half-year amounted to $233.924 million, which is a 32.67% increase over the prior corresponding period. The strong growth in loan approvals is a result of management's focus on driving sales in the both the branch network and third party sales business. Sales will remain a major focus in 2015 as further emphasis is placed on growing the loan book in the market while meeting the challenged economic environment and strong competition from the big four and regional banks.

Arrears continued to trend downwards, with total arrears past due 30 days (excluding the effects of hardship accounts) decreasing from $43.0 million at 30 June 2014 to $25.9 million at 31 December 2014. Arrears past due 30 days represented 1.1% of total loans and advances at 31 December 2014 compared to 1.9% at 30 June 2014.

Retail deposits continue to be Wide Bay's largest source of funding and saw growth of 4.82% in the six month period, resulting in an increase to $1.828 billion. This is a commendable result in a market where strong competition for retail deposits continues.

Capital Management

The group is in a strong capital position with the consolidated capital ratio at the end of December 2014 standing at 14.90%, with Tier 1 capital accounting for 12.23%. The consolidated capital ratio has increased from 14.29% at 30 June 2014.

Dividends

A final dividend in respect of the year ended 30 June 2014 of 15 cents per ordinary share (fully franked) was paid on 3 October 2014.

An interim dividend in respect of the half-year ended 31 December 2014 of 14 cents per ordinary share (fully franked) was declared on 18 February 2015.

Outlook and Strategy

Wide Bay's Sales and Distribution network will focus on increasing loan approvals across the second half of the financial year. Competition from the big 4 and regional banks is expected to challenge Wide Bay's growth strategies. The company will continue to offer a competitive range of residential mortgage, business banking and personal loan products to the target markets.

In accordance with the 3 year strategic plan, there will ongoing investment in IT development, enhancement of broker channels and training of personnel in the second half of the financial year.

Increased efficiencies and productivity gains have been targeted in a project to offset the costs of investments in sales, IT and personnel, with a medium term goal of reducing the company's cost to income ratio.

Subsequent Events

Dividend

On 18 February 2015 the directors of Wide Bay Australia Ltd declared an interim dividend of 14.0 cents per ordinary share (fully franked) in respect of the December 2014 half-year, payable on 27 March 2015. The amount estimated to be appropriated in relation to this dividend is $5.152 million. The dividend has not been provided for in the 31 December 2014 half-year financial statements.

Bank Status and Change of Name

On 4 February 2015, consent was received from the Australian Prudential Regulation Authority (APRA) for Wide Bay Australia Ltd to transition from a building society to a bank.

The consent follows shareholder approval on 20 January 2015 of change of company name to Auswide Bank Ltd. APRA's consent was required prior to the company commencing use of the restricted word "bank".

The change from Wide Bay Australia Ltd to Auswide Bank Ltd will come into effect on 1 April 2015.

Appointment of Director

Ms Sandra Birkensleigh was appointed as a non-executive director of Wide Bay Australia on 2 February 2015.

There have been no other events subsequent to balance date of a nature which require reporting.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration for the half year ended 31 December 2014 has been received and been included in this financial report.

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

John Humphrey

Director

18 February 2015 - Bundaberg

Wide Bay Australia Ltd
Condensed consolidated statement of profit or loss and other comprehensive income
For the half-year 31 December 2014

	Notes	**Consolidated** 6 months to 31/12/2014 $'000	6 months to 31/12/2013 $'000
Interest revenue	2	**65,613**	69,068
Borrowing costs	2	**(39,757)**	(44,087)
Net interest revenue		**25,856**	24,981
Other non interest revenue		**4,576**	6,182
Total operating income		**30,432**	31,163
Bad and doubtful debts expense		**(424)**	(180)
Other expenses		**(20,680)**	(20,667)
Profit before income tax		**9,328**	10,316
Income tax expense		**(2,834)**	(3,126)
Profit for the period		**6,494**	7,190
Other comprehensive income			
Items that may be reclassified to profit or loss			
Revaluation of Cash Flow Hedge to fair value		**(1,030)**	-
Income tax relating to these items		**309**	-
		(721)	-
Items that will not be reclassified to profit or loss			
Revaluation of RMBS investments to fair value		**(6)**	(26)
Income tax relating to these items		**2**	8
		(4)	(18)
Total comprehensive income for the period		**5,769**	7,172
Profit is attributable to:			
Owners of Wide Bay Australia Ltd		**6,495**	7,190
Non-controlling interests		**(1)**	-
		6,494	7,190
Total comprehensive income for the period is attributable to:			
Owners of Wide Bay Australia Ltd		**5,770**	7,172
Non-controlling interests		**(1)**	-
		5,769	7,172
		Cents	Cents
Basic earnings per share		**17.74**	19.84
Diluted earnings per share		**17.74**	19.84

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Wide Bay Australia Ltd
Condensed consolidated statement of financial position
As at 31 December 2014

	Notes	Consolidated as at 31/12/2014 $'000	as at 30/06/2014 $'000
ASSETS			
Cash and cash equivalents		**82,270**	63,604
Due from other financial institutions		**10,286**	10,286
Accrued receivables		**11,837**	11,662
Other financial assets		**243,705**	248,118
Current tax assets		**314**	150
Loans and advances		**2,271,296**	2,223,975
Other investments		**337**	337
Property, plant and equipment		**18,284**	18,071
Deferred income tax assets		**6,133**	6,691
Other assets		**8,386**	9,244
Goodwill		**42,057**	42,057
		2,694,905	2,634,195
Total assets		**2,694,905**	2,634,195
LIABILITIES			
Deposits and short term borrowings		**1,827,894**	1,743,812
Payables and other liabilities		**20,060**	21,110
Securitised loans		**611,281**	634,130
Deferred income tax liabilities		**2,025**	2,268
Provisions		**7,567**	8,897
Subordinated capital notes		**28,000**	28,000
		2,496,827	2,438,217
Total liabilities		**2,496,827**	2,438,217
Net assets		**198,078**	195,978
EQUITY			
Parent entity interest in equity			
Contributed equity	5	**165,350**	163,551
Reserves		**13,758**	14,483
Retained earnings		**19,042**	18,015
Capital and reserves attributable to owners of Wide Bay Australia Ltd		**198,150**	196,049
Non-controlling equity interest			
Contributed equity		**1**	1
Retained profits		**(73)**	(72)
Total outside equity interest		**(72)**	(71)
Total equity		**198,078**	195,978

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

		Attributable to owners of Wide Bay Australia Ltd									
Consolidated entity	Notes	**Contributed equity $'000**	**Retained earnings $'000**	**Asset Revaluation Reserve $'000**	**General Reserve $'000**	**Statutory Reserve $'000**	**Doubtful Debts Reserve $'000**	**Available for Sale Reserve $'000**	**Cash Flow Hedging Reserve $'000**	**Non-controlling interests $'000**	**Total equity $'000**
Balance at 1 July 2013		162,377	10,113	3,418	5,834	2,676	2,388	186	-	(70)	186,922
Profit attributable to members of parent company		-	7,190	-	-	-	-	-	-	-	7,190
Profit attributable to minority shareholders		-	-	-	-	-	-	-	-	(1)	(1)
Decrease due to revaluation decrement on RMBS investments		-	-	-	-	-	-	(26)	-	-	(26)
Deferred tax liability adjustment on revaluation decrement on RMBS investments		-	-	-	-	-	-	8	-	-	8
Subtotal		**-**	**7,190**	**-**	**-**	**-**	**-**	**(18)**	**-**	**(1)**	**7,171**
Dividends provided for or paid	7	-	(1,450)	-	-	-	-	-	-	-	(1,450)
Balance at 31 December 2013		**162,377**	**15,853**	**3,418**	**5,834**	**2,676**	**2,388**	**168**	**-**	**(71)**	**192,643**

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

		Attributable to owners of Wide Bay Australia Ltd									
Consolidated entity	Notes	**Contributed equity $'000**	**Retained earnings $'000**	**Asset Revaluation Reserve $'000**	**General Reserve $'000**	**Statutory Reserve $'000**	**Doubtful Debts Reserve $'000**	**Available for Sale Reserve $'000**	**Cash Flow Hedging Reserve $'000**	**Non-controlling interests $'000**	**Total equity $'000**
Balance at 1 July 2014		163,551	18,015	3,418	5,834	2,676	2,388	167	-	(71)	195,978
Profit attributable to members of parent company		-	6,495	-	-	-	-	-	-	-	6,495
Profit attributable to minority shareholders		-	-	-	-	-	-	-	-	(1)	(1)
Decrease due to revaluation decrement on RMBS investments		-	-	-	-	-	-	(6)	-	-	(6)
Deferred tax liability adjustment on revaluation decrement on RMBS investments		-	-	-	-	-	-	2	-	-	2
Decrease due to revaluation decrement on cash flow hedge		-	-	-	-	-	-	-	(1,030)	-	(1,030)
Deferred tax liability adjustment on revaluation decrement on cash flow hedge		-	-	-	-	-	-	-	309	-	309
Subtotal		**-**	**6,495**	**-**	**-**	**-**	**-**	**(4)**	**(721)**	**(1)**	**5,769**
Issue of share capital		1,799	-	-	-	-	-	-	-	-	1,799
Dividends provided for or paid	7	-	(5,468)	-	-	-	-	-	-	-	(5,468)
Subtotal		1,799	(5,468)	-	-	-	-	-	-	-	(3,669)
Balance at 31 December 2014		**165,350**	**19,042**	**3,418**	**5,834**	**2,676**	**2,388**	**163**	**(721)**	**(72)**	**198,078**

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

	Notes	**Consolidated** **6 months to 31/12/2014 $'000**	6 months to 31/12/2013 $'000
Cash flows from operating activities			
Interest received		**64,943**	68,552
Interest paid		**(39,221)**	(48,595)
Other non interest income received		**6,504**	6,068
Cash paid to suppliers and employees		**(19,550)**	(28,756)
Income tax paid		**(2,684)**	(4,182)
Net cash inflow (outflow) from operating activities		**9,992**	(6,913)
Cash flows from investing activities			
Net increase/(decrease) in investment securities		**4,408**	(14,769)
Net increase/(decrease) in amounts due from other financial institutions		**6,029**	6,057
Net increase/(decrease) in loans		**(50,871)**	33,123
Net increase/(decrease) in other investments		**-**	200
Purchase of non current assets		**(1,014)**	(956)
Net cash (outflow) inflow from investing activities		**(41,448)**	23,655
Cash flows from financing activities			
Net increase/(decrease) in deposits and other borrowings		**81,966**	44,615
Net increase/(decrease) in amounts due to other financial institutions and other liabilities		**(28,175)**	(47,734)
Proceeds from share issue		**418**	-
Dividends paid		**(4,087)**	(1,450)
Net cash inflow (outflow) from financing activities		**50,122**	(4,569)
Net increase in cash and cash equivalents		**18,666**	12,173
Cash and cash equivalents at the beginning of the financial year		**63,604**	74,993
Cash and cash equivalents at end of period		**82,270**	87,166

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 Basis of preparation of half-year report

These condensed consolidated financial statements for the half-year reporting period ended 31 December 2014 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

These condensed consolidated financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by Wide Bay Australia Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

(a) Principles of consolidation

The condensed 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.

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 law.

1 Basis of preparation of half-year report (continued)

(b) Income tax (continued)

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 accumulated 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, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

1 Basis of preparation of half-year report (continued)

(d) Leases

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

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

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

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

(e) Financial instruments

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

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

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

Financial assets at fair value through profit and loss
A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in 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.

1 Basis of preparation of half-year report (continued)

(e) Financial instruments (continued)

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 profit or loss and other comprehensive income.

(f) Derivative financial instruments

Hedge accounting
The Group designates certain hedging instruments, which include derivatives in respect of interest rate risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Currently, the group has only entered into cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Note 6 sets out the details of the fair values of the derivative instruments used for hedging purposes.

Cash flow hedges
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the ‘other gains and losses’ line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction in no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

(g) 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.

1 Basis of preparation of half-year report (continued)

(g) Fair value of assets and liabilities (continued)

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.

(h) Impairment of assets

At the end of each reporting period, the directors assess 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 (or more frequently if events or changes in circumstances may indicate impairment), intangible assets with indefinite lives and intangible assets not yet available for use.

(i) 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.

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.

1 Basis of preparation of half-year report (continued)

(j) 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. The recoverable amount of goodwill is most sensitive to the achievement of budgeted growth rates and impairment of the asset will be tested formally at year end.

(k) 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.

(l) 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.

(m) 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.

(n) 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.

(o) 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.

(p) 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.

1 Basis of preparation of half-year report (continued)

(p) Revenue (continued)

Premium Revenue - Mortgage Risk Management Pty Ltd (MRM)
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.

(q) 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.

(r) New and amended standards adopted by the economic entity

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.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

(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.

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.

Consolidated entity	**Average Balance $'000**	**Interest $'000**	**Average Interest Rate %**
Interest revenue December 2014			
Deposits with other financial institutions	**40,586**	**654**	**3.20**
Investment securities	**204,841**	**3,149**	**3.05**
Loans and advances	**2,302,380**	**61,527**	**5.30**
Other	**25,034**	**283**	**2.24**
	2,572,841	**65,613**	**5.06**
Borrowing costs December 2014			
Deposits from other financial institutions	**589,014**	**11,628**	**3.92**
Customer deposits and NCD's	**1,809,326**	**27,128**	**2.97**
Subordinated notes	**28,000**	**1,001**	**7.09**
	2,426,340	**39,757**	**3.25**
Net interest revenue December 2014		**25,856**	**1.81**

Consolidated entity			
Interest revenue December 2013			
Deposits with other financial institutions	57,350	684	2.36
Investment securities	205,674	3,162	3.05
Loans and advances	2,253,458	64,912	5.71
Other	26,503	310	2.33
	2,542,985	69,068	5.39
Borrowing costs December 2013			
Deposits from other financial institutions	630,451	12,568	3.95
Customer deposits and NCD's	1,738,431	30,083	3.43
Subordinated notes	28,000	1,436	10.17
	2,396,882	44,087	3.65
Net interest revenue December 2013		24,981	1.74

3 Capital adequacy

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 risk; and

(v) the amount, form and quality of capital held to act as a buffer against these and other exposures.

3 Capital adequacy (continued)

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

	Consolidated		**Chief Entity**	
	as at 31/12/2014 $	as at 30/06/2014 $	**as at 31/12/2014 $**	as at 30/06/2014 $
Total risk weighted assets	**1,037,936,986**	1,063,422,672	**1,035,279,617**	1,060,944,227
Capital base	**154,694,307**	151,960,540	**152,008,219**	149,543,312
Risk-based capital ratio	**14.90%**	14.29%	**14.68%**	14.10%

4 Credit risk

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

	Consolidated		**Chief Entity**	
	as at 31/12/2014 $	as at 30/06/2014 $	**as at 31/12/2014 $**	as at 30/06/2014 $
30 days and less than 60 days	**7,944,746**	15,481,298	**7,944,746**	15,481,298
60 days and less than 90 days	**2,579,438**	7,262,763	**2,579,438**	7,262,763
90 days and less than 182 days	**4,734,037**	9,587,526	**4,734,037**	9,587,526
182 days and less than 273 days	**4,835,417**	1,830,451	**4,835,417**	1,830,451
273 days and less than 365 days	**1,526,911**	4,692,619	**1,526,911**	4,692,619
365 days and over	**4,293,404**	4,136,824	**4,293,404**	4,136,824
	25,913,953	42,991,481	**25,913,953**	42,991,481

5 Issued capital

	31/12/2014 Number	31/12/2013 Number
Issued capital		
Balance at the beginning of the period - 30 June	**36,452,951**	36,238,600
Dividend reinvestment plan	**259,502**	-
Staff share allocation	**84,155**	-
Balance at the end of the period - 31 December	**36,796,608**	36,238,600

6 Financial instruments

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
- Financial liabilities

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

6 Financial instruments (continued)

(a) Fair value hierarchy

AASB 13 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:

(a) **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.
(b) **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, and
(c) **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 table provides 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:

6 Financial instruments (continued)

(b) Valuation techniques (continued)

Consolidated entity **At 31 December 2014** ***Recurring fair value measurements*** **Financial assets**	**Level 1** **$'000**	**Level 2** **$'000**	**Level 3** **$'000**	**Total** **$'000**
Financial assets at fair value through profit or loss				
Investment in floating rate notes	**-**	**3,284**	**-**	**3,284**
Available-for-sale financial assets	**-**	**4,314**	**-**	**4,314**
	-	**7,598**	**-**	**7,598**
Total financial assets recognised at fair value on a recurring basis	**-**	**7,598**	**-**	**7,598**
Non-financial assets				
Total non-financial assets	**-**	**-**	**-**	**-**
Financial liabilities				
Financial liabilities at fair value through other comprehensive income:				
Derivative liabilities	**-**	**1,030**	**-**	**1,030**
Total financial liabilities recognised at fair value on a recurring basis	**-**	**1,030**	**-**	**1,030**

Non-recurring fair value measurements **Consolidated entity** **At 30 June 2014**	**Level 1** **$'000**	**Level 2** **$'000**	**Level 3** **$'000**	**Total** **$'000**
Recurring fair value measurements				
Financial assets				
Financial assets at fair value through profit or loss				
Investment in floating rate notes	**-**	**5,491**	**-**	**5,491**
Available-for-sale financial assets	**-**	**5,107**	**-**	**5,107**
Total financial assets recognised at fair value on a recurring basis	**-**	**10,598**	**-**	**10,598**
Financial liabilities				
Financial liabilities at fair value through other comprehensive income:				
Derivative liabilities	**-**	**-**	**-**	**-**
Total financial liabilities recognised at fair value on a recurring basis	**-**	**-**	**-**	**-**

6 Financial instruments (continued)

(c) Valuation techniques used to measure Level 2 fair values

Description	Fair Value		Valuation	Inputs Used
	Consolidated			
	$'000	$'000		
	31 December 2014	30 June 2014		
Financial Assets				
Available-for-sale financial assets	4,314	5,107	Mark to market value	Consideration, maturity and interest rates
Financial assets designated at fair value through profit or loss	3,284	5,491	Mark to market value	Consideration, maturity and interest rates
Financial Liabilities				
Derivative liabilities	(1,030)	-	Mark to market value	Consideration, maturity and interest rates
	6,567	**10,598**		

7 Dividends

A final fully franked dividend in respect of the year ended 30 June 2014 of 15.0 cents per ordinary share ($5.468 million) was paid on 3 October 2014.

The Board declared a fully franked dividend of 14.0 cents per ordinary share ($5.152 million), for the six months to 31 December 2014, payable on 27 March 2015. In accordance with Accounting Standards, dividends are only provided for as declared or paid, therefore this dividend has not been provided for in the interim financial statements.

8 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 operates principally within the states of Queensland, New South Wales and Victoria.

9 Contingent Liabilities

There has been no change in contingent liabilities since the last annual reporting date.

10 Events subsequent to balance date

(a) Name change and bank status

On 4 February 2015, consent was received from the Australian Prudential Regulation Authority (APRA) for Wide Bay Australia Ltd to transition from a building society to a bank.

The consent follows shareholder approval on 20 January 2015 of a change of company name to Auswide Bank Ltd. APRA's consent was required prior to the company commencing use of the restricted word "bank".

The change from Wide Bay Australia Ltd to Auswide Bank Ltd will come into effect on 1 April 2015.

10 Events subsequent to balance date (continued)

(b) Appointment of Director

Ms Sandra Birkensleigh was appointed as a non-executive director of Wide Bay Australia Ltd on 2 February 2015.

There have been no other events subsequent to balance date of a nature which require reporting.

In the directors' opinion:

(a) the interim financial statements and notes for the financial period ended 31 December 2014 are in accordance with the *Corporations Act 2001*, including:
   - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
   - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year on that date, and

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

This declaration is made in accordance with a resolution of directors.

John Humphrey
Director

Bundaberg
18 February 2015

Deloitte.

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Independent Auditor's Review Report to the Members of Wide Bay Australia Ltd

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Wide Bay Australia Ltd, which comprises the condensed consolidated statement of financial position as at 31 December 2014, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Wide Bay Australia Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, 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, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Wide Bay Australia Ltd is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Jamie Gatt
Partner
Chartered Accountants
Sydney, 18 February 2015

Deloitte Touche Tohmatsu
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The Directors
Wide Bay Australia Ltd
Level 5
16 – 20 Barolin Street
BUNDABERG QLD 4670

18 Feburary 2015

Dear Board Members

Wide Bay Australia Ltd

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Wide Bay Australia Ltd.

As lead audit partner for the review of the financial statements of Wide Bay Australia Ltd for the half-year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Jamie Gatt
Partner
Chartered Accountants