

**22 August 2011**

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## **WIDE BAY AUSTRALIA LTD 2010/2011 FINAL RESULTS**

The Directors of Wide Bay Australia Ltd today confirmed the company's final consolidated results for the year, with an after-tax profit of \$22.7 million – a 1.67% increase over that of 2010.

Managing Director, Mr Ron Hancock said that the results include an after-tax profit contribution of \$2.3 million from Wide Bay's wholly owned lenders mortgage insurance company Mortgage Risk Management Pty Ltd ("MRM"), which compares to a \$2.9 million contribution from the previous year.

Commenting on the result, Mr Hancock said that, with the slowing housing market and the flow on effects of Cyclone Yasi and the Queensland floods, the profit had been contained with the loan book only growing marginally over the 12 months. "However, given the challenging environment in which we have had to operate, I believe that this is a highly commendable outcome", Mr Hancock said. MRM was also affected by increased provisioning over that of the previous year to allow for a slow increase in loan arrears. While arrears have shown some increase over the past six months, they are still within an acceptable band and are being monitored and managed constantly. Mr Hancock stated that arrears had now been stable for the past two months.

The Board has declared a final fully franked dividend of 30 cents per share to be paid on 4 October 2011 which is consistent with the interim dividend. The Board has also resolved to maintain the Dividend Reinvestment Plan with the discount reduced from 7.5% to 5%.

Mr Hancock stated that the cost-to-income ratio for the chief entity improved from 55.4% for 2010 to 54.3%. "This measure of the Company's efficiency has long been a stand-out when compared with our peers", Mr Hancock said.

He said Wide Bay has also been able to maintain a steady margin in excess of 2%, which provides the basis for a steady profit going forward.

Loan approvals for the year were \$308 million, compared to \$369 million for 2010 Financial Year. Management are looking at initiatives to increase lending including a wider use of brokers, which in the past the Company has chosen to contain at around 20% of total loan approvals. Wide Bay's total loan portfolio as at 30 June 2011 was \$2.28 billion.

**MORE/...**

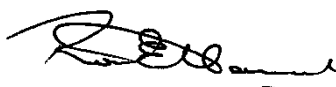
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Mr Hancock said the Company's funding is strong with capacity in Wide Bay's "warehouse" facilities, as well as extensive capacity in the "Repo" facility with the Reserve Bank of Australia which has no current outstanding drawings.

Mr Hancock said Wide Bay has received strong support from investors with term deposits and call accounts throughout the year. These funds increased by \$146 million - an increase of 11.16%.

The Company has relocated some branches during the year to better commercial locations. Wide Bay currently has 43 branches and agencies in regional Queensland from Robina on the Gold Coast through to Cairns in Far North Queensland and also has interstate branches located in Melbourne and Sydney and a lending outlet in Adelaide.

Mr Hancock noted that the trading conditions are expected to be competitive in the ensuing twelve months with the extent of growth uncertain due to the weakness in the current housing market, however he expected that Wide Bay would be well prepared to handle any growth opportunities that emerge during the year.



**Ron Hancock AM**  
**Managing Director**

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