wide bay
AUSTRALIA LTD
banking your way

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Wide Bay Australia Ltd (WBB) releases half year results

Wide Bay Australia Ltd. has today announced a net after-tax consolidated profit for the 6 months to 31 December 2011 of $8.73 million. The consolidated results included an after-tax profit for:

Wide Bay Australia (Chief Entity) - $8.49 million (2010 $10.02 million)
Mortgage Risk Management Pty Ltd (MRM) - $0.067 million (2010 $1.60 million)

Commenting on the half year result, Managing Director, Ron Hancock said that the result of the chief entity principally reflected the slow and competitive housing industry throughout the period, which had seen Wide Bay's loan approvals for the six months, decline from $167 million in 2010 to $132 million in 2011. The slowing in the loan approvals had been forecast previously and also resulted in a decline of the overall loan book of $49 million.

MRM's decline in profit from $1.60 million to $67,000 was larger than that foreseen at the time of the Annual General Meeting and was the result of increased provisioning required for loans in arrears as well as significant additional losses on the sales of repossessed properties during the six months reporting period. This was as a direct result of inactivity in the housing market and continued falling house prices.

Mr Hancock further stated that Wide Bay had made a conscious decision to clear the repossessions that had been accumulating and that this would not be repeated in the second half of the financial year. Arrears were now showing a steady improvement, with unsold repossessions now reduced to eleven (11).

He said there had recently been an increase in enquiries in the housing market and the company is now experiencing an increased demand for housing loans. He expected a stronger performance for the remainder of this financial year.

Wide Bay's S&P credit rating was upgraded in December 2011 from a BBB-/A3 to BBB/A2 with a stable outlook. Mr Hancock said this new rating would open up additional funding opportunities.

Margins had been maintained at the 2% range for most of the year and currently stood at 1.995%. Wide Bay continues to target a margin in excess of 2% and recently increased its variable loan rates by 10 points in line with many other lenders.

He said a fully franked dividend of 22.5 cents will be payable on 30 March 2012. The Board has retained a 5% discount on the Dividend Reinvestment Plan for this dividend.

Wide Bay expects the remainder of the financial year to show improved lending and containment of any further decline in the loan book and as noted above expects a better second half contribution to the group results from MRM.

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