wide bay
AUSTRALIA LTD
banking your way

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Wide Bay Australia announces Interim Results for the period ended 31 December 2012

Wide Bay Australia Ltd (Wide Bay) today announced a net after tax consolidated profit for the six month period to 31 December 2012 of $5.557m. The consolidated results comprise an after tax profit from Wide Bay Australia Ltd, the chief entity, of $6.447m (2011:$8.490m) and a loss from Mortgage Risk Management Pty Ltd (MRM) of $0.994m (2011:$0.067m surplus). Also affecting this result were one off costs of approximately $700,000 associated with due diligence and adviser costs as the Company actively tried to grow the business through acquisition.

The Board today declared a fully franked interim dividend of $0.13cps, which will be payable on 28 March 2013 and has also decided to withhold the DRP in respect of this dividend.

The loss in MRM, which significantly affected the profit result, was due to that business being in wind down mode following the transfer of the bulk of the mortgage insurance to QBE. Wide Bay, the chief entity, does have $20.4m invested in capital in MRM and as it continues to wind down (subject to actuarial calculations and regulatory approval), it is expected that there will be a gradual return of that capital which will increase Wide Bay’s overall capital position. However, with MRM writing no new business, it is expected that small losses will continue to be generated as that business winds down.

Commenting on the Half Year result, new Chief Executive, Martin Barrett, said that the slowdown in the housing industry in Queensland, in particular following the significant natural disasters which had hit the State together with the consequent competitive environment for the business that was available, were the main contributing factors to this result.

While the period to 31 December 2012 did deliver loan approvals of $160m compared to $132m for the prior corresponding period, this was still lower than recent historical levels.

“There had also been a noticeable but marginal improvement in loan enquiries until the recent January floods caused by Cyclone Oswald but it is still too early to tell what impact that may have on loan approvals in the second half”, Mr. Barrett said.

“Despite the competitive environment, Wide Bay again managed to maintain its margin in the range of 2% (currently 1.986%) as it has for several years and has moved its loan rates throughout the period in line with other lenders”, said Mr. Barrett.

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Looking ahead, Mr. Barrett is confident that the current strategic planning taking place within the Company will assist Wide Bay in growing its loan book organically as well as introducing a range of new products not previously offered by Wide Bay.

For further information, please contact:

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