

18 August 2009

**WIDE BAY AUSTRALIA LTD
MARKET UPDATE.**

Mr Ron Hancock, Managing Director of Wide Bay Australia Ltd has today provided an update of the society and group's projected performance for 2008/2009.

Wide Bay Australia, the chief entity itself, is expected to achieve an after tax profit of approximately \$20.3 million, compared to \$18.4 million for 2007/2008 – an increase of 10% and a strong result given the challenges to maintain margins and increased wholesale funding costs.

Assets in the chief entity had grown from \$2.26 billion in 2008 to \$2.47 billion at 30 June 2009.

He advised that a final fully franked dividend of 30 cents is forecast to be paid in October 2009.

Mr Hancock advised that Wide Bay Australia Ltd's wholly owned mortgage insurance captive, Mortgage Risk Management Pty Ltd ("MRM") has recently been restructured in the light of the deteriorating credit ratings of MRM's reinsurer, Radian Guaranty Inc ("Radian") and the unavailability of a suitable alternative. Radian had indicated that it was seeking to withdraw from international operations.

With MRM adjusting its operations and until the reinsurance industry re-emerges and a suitable reinsurer can be retained, Wide Bay Australia will use Genworth Financial and QBE Lenders Mortgage Insurance Limited as the society's preferred mortgage insurers for the bulk of future lending.

MRM has now commuted its reinsurance arrangements with Radian, and a significant refund of unearned reinsurance costs will be received.

While restructuring the captive's operations, he said the Board had also reviewed the holding of several investments by MRM, which had previously been held to maturity and retained at cost.

Given the current economic conditions, he said this policy had been reviewed and a decision made to adopt fair value for these investments. Two independent experts were retained to assess and agree a fair value of those investments.

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As a result of this MRM has now made a provision for impairment losses for \$4.866 million which, together with a realised loss of \$803,415 incurred during the year in respect of a sale of an NAB Income Securities investment, has resulted in MRM showing a loss of approximately \$2.38 million.

Mr Hancock said the fair value calculation would be carried out regularly and adjustments made as applicable.

With respect to future trading of the captive, he said MRM had always adopted a ten year earning pattern for premiums received and there are still significant unearned premiums yet to be booked. As a result, he forecast that MRM will produce strong results over the next few years.

As a result of this restructuring and accounting changes to MRM, Mr Hancock advised that the consolidated after tax profit for the group is expected to be in the range of \$17.2 million - compared to \$18.2 million for the 2007/2008 financial year, a reduction of 5.5%.

Wide Bay Australia Ltd's financial statements are expected to be lodged in detail with the ASX on the completion of the audit towards the end of next week.

ENDS

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