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RELEASE TO THE AUSTRALIAN STOCK EXCHANGE LTD

Wide Bay Australia Ltd forecasts continuing profit growth and lift in interim dividend

In an update to be provided at the Annual General Meeting to be held in Bundaberg today, Wide Bay Australia Ltd (Wide Bay) has confirmed that based on current performance and forecasts, that they anticipate an increase in profit to 31 December 2006 of 12% over the corresponding period last year and an overall increase for the 12 months of at least 16%.

The Directors confirm that the Resetting Convertible Preference Shares (RCP's), in keeping with previous advises, will be converted to Ordinary Shares on 20 December 2006. Under the relative terms and conditions and the current price of Ordinary Shares, the RCP's will convert to 4,366,843 shares, bringing the total Ordinary Shares on issue to 24,905,397.

The Board believes that the conversion to Ordinary Shares will strengthen Wide Bay's capital, as both the rating agencies and APRA have limitations on their criteria for acceptance of RCP's and hybrids in relation to tier 1 capital. APRA limits the amount of these hybrids that can be included in tier 1 capital to 20% of total tier 1 capital with the balance in upper tier 2.

The Board is conscious of any dilution to the existing shareholders as a result of the conversion but they confirm that at the current levels the conversion will in fact have a positive effect. When the RCP's were issued in December 2001 the market rate applicable to that form of capital raising was a margin of 240 points over BBSW. During the current six months this will equate to the RCP's receiving a franked dividend of 33 cents per share based on the number of shares being converted.

To ensure that there would not be a doubling of dividends paid to RCP holders for the six months to 31 December 2006, the Board has resolved to move the interim dividend normally paid in March so that it is paid to all Ordinary shareholders prior to RCP conversion on 20 December 2006. This fully franked dividend will be 30 cents per Ordinary Share to paid on 19 December 2006 and compares favourably to the interim dividend of 25 cents paid in March 2005). This change will ensure that all shares are treated equally relative to the earnings of the first six months. The next dividend payable will be the final dividend, which is normally paid in September. To ensure that shareholders are aware of this decision individual advice will be forwarded to all Ordinary Shareholders.

The Board has also confirmed that lending continues to be strong for residential dwellings and they will introduce their limited margin loan product within the next few weeks.

They confirm the society's captive mortgage lender insurer, Mortgage Risk Management Pty Ltd (MRM) continues to perform strongly. Their investment in the associated financial planning entity was also performing to expectations.

Further to the Annual Report, the branch network has now expanded to include a branch in Noosa Civic Shopping Centre and new branches are scheduled for Robina Town Centre on the Gold Coast and Centro Gympie Shopping Centre early in the new calendar year. Negotiations were under way for a further branch in Townsville.

One of the strengths of Wide Bay has always been the ability to achieve efficiencies, which results in a low cost to income ratio compared with the building society and credit union industry. The recent KPMG survey carried out in respect of the financial year to June 2006 was indeed a pleasing result. For the first time ever, Wide Bay emerged as the best performance of all building societies in Australia, achieving a result for last year of 56.57%. After an adjustment for an extraordinary profit pertaining to a sale of a business for one credit union, Wide Bay also outperformed all credit unions in Australia as well.

This is a great result and is no doubt influenced by many issues, some of which will include our management style and their commitment to maximising efficiencies and overall performances.

ENDS

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