

RELEASE TO AUSTRALIAN STOCK EXCHANGE LIMITED
9 October 2007

Wide Bay – 2008 profit and dividend forecast

Wide Bay Australia Ltd (Wide Bay) today announced that it is expecting a 12.0% increase in net profit after tax to \$18.2 million for the financial year ending 30 June 2008.

This expected increase follows the 12.4% increase in profitability for the year ended 30 June 2007 and the 16.6% increase in 2006.

“2008 is expected to be yet another year of strong profit growth for Wide Bay”, Managing Director Ron Hancock said. “Importantly, the quality of our earnings has always been particularly good, with a very low bad debts experience, no low-doc loans and an increasingly diversified income base.”

A key factor in Wide Bay’s success has been its operational efficiency which, in turn, is a function of a long-standing, highly competent management team. Wide Bay is the most efficient building society in Australia with a cost to income ratio of 53.6%.

Wide Bay’s increase in profitability will be shared with its shareholders in the form of fully franked dividends. For the 2008 financial year, Wide Bay anticipates distributing more than 92% of net profit after tax, or approximately \$0.66 per share, fully franked.

Wide Bay

Wide Bay is an ASX-listed building society with a market capitalisation as at 5 October 2007 of \$297.5 million. Wide Bay first listed on ASX on 19 September 1994.

Based in Bundaberg, Wide Bay’s origins stem from four regional Queensland building societies that commenced operations approximately 40 years ago before merging between 1979 and 1983.

Wide Bay currently has 36 branches and agencies of which 34 are located in Queensland. In recent years, new branches have been established in Sydney and Melbourne with lending centres introduced in Adelaide and Townsville.

Wide Bay plays an active part in the communities in which it operates, supporting local activities, organisations and events and building its reputation around a true community banking philosophy.

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Wide Bay Australia Ltd

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wide bay
AUSTRALIA LTD
banking your way

WIDE BAY AUSTRALIA HOUSE

Once Again Boutique

OPOMETRIST

Largest financial institution in Central/North Queensland

- Commenced operations in 1966
- A combination of 4 regional building societies
 - Gympie and North Coast Building Society
 - Maryborough Permanent Building Society
 - Burnett Permanent Building Society
 - Port Curtis Permanent Building Society
- An expanding network of branches and agencies
 - 34 in Queensland from Robina Gold Coast to Cannonvale
 - 1 branch in Sydney
 - 1 branch in Melbourne
 - 2 lending outlets – Townsville & Adelaide
- Diversified business model
 - Retail banking
 - Margin lending
 - Commercial lending
 - In-house mortgage insurance
 - Financial planning network



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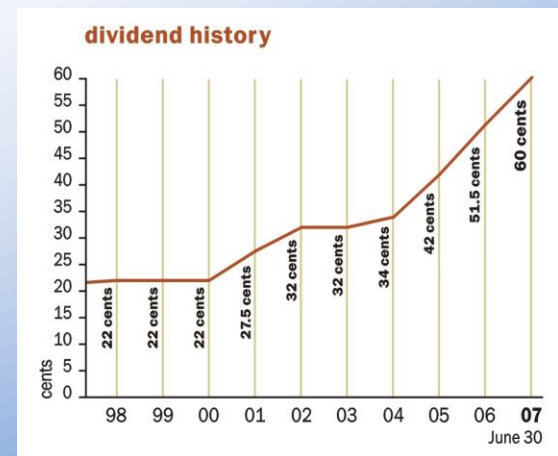
Strong balance sheet with consistent double digit growth

- Currently in excess of \$1.7 billion in assets
 - Growth of 26.44% over the last 3 years
 - Consistent strong growth over many years
- Loans – residential loans comprise 99.33% of loan book of which 98.3% are fully covered by lenders mortgage insurance
- No Sub Prime, Low Doc or Reverse Mortgages
- Limited broker business comprising only 8% of total approvals in the last 12 months
- Strategic partnership with Professional Investment Services and Australian Loan Company Ltd - residential and margin loan lending
- Currently hold a “BBB-” investment grade rating from Standard & Poor’s
- Access to securitisation/warehousing programs since 1997
 - Seven public issues to date totaling \$1.94 billion
 - \$600 million facility currently in place, drawn to \$186 million
- State of art computer system including recent installation of electronic loan processing system
 - Development of systems able to be handled by Wide Bay in-house computer personnel
 - Loan processing and mortgage documentation settlements in-house



A growing and diversified profile

- Average growth in net profit of 18.04% pa for last 3 years
 - Average growth in dividends of 20.88% pa for the same period
- Diversified income streams and operations
 - Margin lending product recently developed
 - One of four approved lenders for the Aviva Navigator platform
 - Lenders mortgage insurance company since 1999
 - 100% owned by Wide Bay
 - Net profit after tax of \$2.23 million in 2007
 - Reinsurance with Radian Insurance Inc. – USA based “AA” rated
 - Meets APRA standards for concessional risk weighting for capital
 - Internally capitalised
 - Financial planning
 - 25% stake in Financial Technology Securities Pty Ltd
 - 25% stake held by Aviva – 5th largest insurance group in the world
 - Balance held by employees
 - Excellent return on capital, access to residential and margin loans
- Have implemented Prosper - a Customer Service system to facilitate cross selling of products. Appointed Sales Manager and staff to manage system



Margin loan product

Wide Bay has developed a margin lending product in association with our financial planning company Financial Technology Securities and Navigator Australia

Wide Bay is one of 4 margin loan providers with a formal standing agreement with Navigator Australia as an approved lender

Available to accredited financial planners

The product concentrates on managed funds on the Navigator investment platform as security

Cannex Financial Services stated in April 2007,

“Wide Bay has succeeded in its goal of developing a margin loan for the Navigator platform that is competitive with other leading margin loan facilities in the Australian marketplace”

The results of a survey carried out by Cannex, placed Wide Bay’s product a close second when benchmarked with St George Margin Lending, Leveraged Equities and Colonial Geared Investments

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A team approach – a special culture

- A stable, experienced team
- Senior managers across all aspects of business
- Infrastructure capable of managing a significantly larger business
- Succession planning in place across all business units
- Board Renewal Policy adopted and ratified at last AGM
- Staff share plan for all staff has been in place since issuing shares in 1992, which encourages staff commitment and interest

Wide Bay Management Experience

Title	Experience
Managing Director	39 years
Director / Executive Manager	33 years
Operations and IT Manager	32 years
Training Manager	30 years
Administration Manager	28 years
Marketing Manager	22 years
Branch Development Manager	12 years
Manager – Structured Finance, Products and Interstate Operations	12 years
Chief Financial Officer	7 years
Loans Manager	6 years
Internal Auditor	5 years

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Sharemarket Profile

- Shares on issue 25.00 million
- Share price performance:
 - 12 month high \$13.55
 - 12 month low \$11.10
 - As at 4 October 2007 \$12.15
- Market capitalisation \$303.71 million
- Price/earnings ratio:
 - 2007A 18.67x
 - 2008F 16.67x
- Price/NTA ratio:
 - 2007A 3.3x



Financial Indicators - Past 2 Years

	<u>30 June</u> <u>2006</u>	<u>30 June</u> <u>2007</u>	
Net profit after tax – actual	\$14.48m	\$16.27m	↑12.38%
Earnings per share	57.5c	64.8c	↑12.74%
Ordinary dividends	51.5c	60.0c	↑16.50%
Loans portfolio	\$1.43bn	\$1.55bn	↑8.62%
Total assets	\$1.65bn	\$1.73bn	↑5.25%
Shareholders' equity	\$88.36m	\$92.52m	↑4.71%
Cost to income ratio	56.7%	53.6%	↓3.1%
Loan Approvals	\$417.01m	\$485.23m	↑16.36%
Market Capitalisation	\$212.57m	\$299.97m	↑41.11%

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Financial Indicators – Forecast

	Actual <u>30 June</u> <u>2007</u>	Forecast <u>30 June</u> <u>2008</u>	
Net profit after tax *	\$16.27m	\$18.22m	↑12.0%
Earnings per share	64.8c	72.9c	↑12.5%
Ordinary dividends	60.0c	66.0c	↑10.0%
Loans portfolio	\$1.55bn	\$1.81bn	↑16.8%
Total assets	\$1.73bn	\$1.97bn	↑13.9%
Shareholders' equity	\$92.52m	\$97.50m	↑5.4%
Cost to income ratio	53.6%	53.9%	↑0.3%
Loan Approvals	\$485.23m	\$619.00m	↑27.6%
Market Capitalisation	\$299.97m		

*Forecast has been adjusted to reflect estimate of recent interest rate fluctuations

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Corporate Strategy

- In Queensland, the bulk of loans to be sourced via the retail branch network and financial planning services
- Loans to be sourced via brokers/home builders in New South Wales, Victoria and South Australia
- Commercial loans where security over property is available/taken
- No balance sheet or start up capital lending available
- Continue strong focus on arrears servicing (currently the best for some years)
- To offer 'community banking' facilities to all areas where operations are based
- Lending to consist of prime loans excluding all sub-prime, low-doc or reverse mortgages

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Future Corporate Strategy

- Continue with mortgage insuring RMBS with rated captive mortgage insurer – MRM Pty Ltd.
- Develop the margin loan product with Financial Technologies Pty Ltd
- Grow margin lending with accredited financial planners
- Continue with policy of full documentation and not offering sub-prime, low-doc loans, or reverse mortgages
- Continue to grow operational areas through the expansion of branch network on a controlled basis
- Grow financial planning business interstate
- Develop as a preferred lender of Navigator platform
- Utilise retail deposits and ANZ warehouse trusts for funding of lending growth of RMBS and margin lending portfolio
- Monitor further acquisition opportunities

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