

**RELEASE TO THE AUSTRALIAN SECURITIES EXCHANGE LIMITED**  
9 June 2009

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**STATEMENT TO THE MARKET**

Please find attached information released by Standard & Poor's Ratings Services advising it has changed its outlook for Wide Bay Australia Ltd (Wide Bay) and Wide Bay's captive mortgage insurance subsidiary, Mortgage Risk Management Pty Ltd (MRM) - from negative to stable.

Standard & Poor's have affirmed ratings of 'BBB-/A-3' for Wide Bay and 'BBB-' for MRM.



Ron Hancock  
Managing Director



## Press Release

### **Wide Bay Australia, MRM Outlook Revised To Stable On Improved Funding And Liquidity; Ratings Affirmed**

Melbourne, June 5, 2009—Standard & Poor's Ratings Services said today that it had revised its outlook on Queensland-based building society Wide Bay Australia Ltd. and Wide Bay's captive mortgage insurer Mortgage Risk Management Pty Ltd. to stable from negative. At the same time, the 'BBB-/A-3' counterparty credit ratings on Wide Bay and 'BBB-' rating on MRM were affirmed.

"The outlook revision mainly reflects an amelioration of our funding and liquidity concerns on Wide Bay due to the dislocation of wholesale funding markets, and our confidence that Wide Bay's integration of Mackay Permanent Building Society (MPBS) is proceeding satisfactorily in the context of the current rating level," said Standard & Poor's credit analyst Gavin Gunning. Wide Bay has recently sourced an additional funding facility from a 'AA' rated Australian major bank, and was successful in its application to the Australian Office of Financial Management, who have committed as a cornerstone investor for up to A\$350 million of Wide Bay's residential mortgage-backed securities (RMBS). Further, Wide Bay is likely to derive synergy benefits in excess of its base-case estimates for the MPBS acquisition, with no material diminution to date in the customer base, and integration of staff and systems proceeding satisfactorily.

The ratings on Wide Bay are underpinned by the building society's good-quality Queensland regional franchise in residential lending and retail deposit-taking, and very good asset quality. These strengths are moderated by business, product, and geographic concentration in its business and financial profile, and the small size of its core capital base, by international standards.

The outlook could revert to negative should dislocation affecting wholesale funding markets intensify again and cause renewed stress on Wide Bay's financial profile, or should asset quality deteriorate beyond Standard & Poor's expectations. In particular, a withdrawal or tempering of support by either of Wide Bay's wholesale banking providers is likely to have negative ratings momentum.

"Standard & Poor's notes that Wide Bay has some scope for a moderate diminution in asset quality at the current rating level--assuming all other rating factors remain equal--with no change in the outlook. However, we believe that positive ratings momentum would be unlikely in the short to medium term," Mr. Gunning added.

#### **About Standard & Poor's**

Standard & Poor's, a subsidiary of The McGraw-Hill Companies (NYSE:MHP), is the world's foremost provider of independent credit ratings, indices, risk evaluation, investment research and data. With offices in 23 countries and markets, Standard & Poor's is an essential part of the world's financial infrastructure and has played a leading role for more than 140 years in providing investors with the independent benchmarks they need to feel more confident about their investment and financial decisions. For more information, visit <http://www.standardandpoors.com>

#### **Media contact:**

Richard Noonan, Melbourne, (61) 3 9631 2133, [richard\\_noonan@standardandpoors.com](mailto:richard_noonan@standardandpoors.com)

#### **Credit analysts:**

Gavin Gunning, Financial Institutions Ratings, Melbourne, [gavin\\_gunning@standardandpoors.com](mailto:gavin_gunning@standardandpoors.com)  
Anna Hughes, Financial Institutions Ratings, Melbourne, [anna\\_hughes@standardandpoors.com](mailto:anna_hughes@standardandpoors.com)