

22 July 2005

Dear Shareholder

DIVIDEND REINVESTMENT SCHEME

I advise that due to the strength of the Society's capital position, your Directors have resolved to suspend the Dividend Reinvestment Scheme (DRS) until further notice.

The Society's Capital Adequacy at 30 June 2005 was 16.9%, which was well above regulatory requirements set by APRA. APRA is responsible for the regulation of Authorised Deposit-taking Institutions (ADI) in Australia.

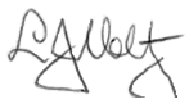
For Shareholders currently in the DRS, please find enclosed a Direct Credit Form to enable future dividends to be paid by direct credit into your account at your nominated financial institution. A reply-paid envelope has been provided for your convenience.

On resumption of the DRS, dividend payment elections under the DRS will still be valid and will override direct credit elections, unless the Society's Share Registry is notified otherwise. Shareholders will be notified and given the opportunity to review their dividend payment elections at that time.

In accordance with the Board's policy of keeping Shareholders fully informed, I also enclose a copy of a recent announcement made to the Stock Exchange of Newcastle Limited (NSX) regarding the Society's lending activity for the year ending 30 June 2005.

Please do not hesitate to contact myself should you have any queries regarding this information.

Yours faithfully



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LARRY VOLTZ
COMPANY SECRETARY

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MEDIA RELEASE

21 July 2005

Record lending year for Pioneer

An improved range of tailored lending products has seen Pioneer Permanent Building Society (NSX: PBS) write a record \$124 million in new loans and overdrafts for the year ending 30 June 2005.

This is an increase of 29% compared with loan approvals made in 2003/04 and continues the recent strong growth of Pioneer.

General Manager, Mr Allan Richardson, stated the increase was driven largely by the Society continuing to review its product range and offering products that borrowers wanted.

"We recently introduced a new loan product specifically designed to help new home buyers, which offers a discounted variable interest rate for the life of the loan. The response has been fantastic, from all over Queensland," said Mr Richardson.

"While residential lending remains core, the Society is continuing to expand in the business and commercial loans area following the appointment of a number of experienced commercial lenders" he said.

Strong lending has continued into the new financial year with over \$10 million in loans approved in the first two weeks of July.

Pioneer expects a streamlined loan approvals process – the result of a conversion to new banking software in June 2005 – will further increase the competitiveness of its lending products.

"Even though the housing market is showing signs of slowing, the new software automates many processes to increase our speed of customer service and reduce administrative costs. This is part of our continual customer service improvement in all areas of our business and the improved efficiencies will benefit Shareholders as well," said Mr Richardson.

Mr Richardson stated the ongoing improvement to products and services, combined with a strong balance sheet and experienced management, is strengthening Pioneer's position as a quality regional banking provider.

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For more information:

Mr Larry Voltz
Company Secretary
(07) 4951 2344

Pioneer Permanent was established as a Mackay-based Building Society in 1967 and now has a network of over 50 outlets across regional Queensland. The Society listed on the Stock Exchange of Newcastle Limited (NSX) in March 2004. Pioneer provides a full range of banking and financial services and continues to reinvest funds into the communities in which it operates.