

INTERIM REPORT TO
SHAREHOLDERS

6 MONTHS TO FEBRUARY 28 2003

growing

Bank of
Queensland

CHAIRMAN'S REVIEW

Dear Shareholder

On behalf of the Board of Bank of Queensland, I am pleased to report to you on the significant achievements we have made in the first six months of this financial year, a period of great growth and change culminating in a record half-year profit of \$21.3 million.



Our focus this year continues to be building sustainable, profitable growth by:

- ◆ controlling our expenses and reducing our cost-to-income ratio
- ◆ growing our retail and especially our business customer base
- ◆ growing our distribution channels, including the continued expansion of our branch network
- ◆ developing new industry-competitive products and services
- ◆ focusing on technological improvements, including launching Phone and Internet banking

As a Bank, we have done what we said we would do and created a very sound result for our shareholders.

We are well on track to meet, and in many cases, exceed, our previously announced objectives for the full year.

A handwritten signature in blue ink, appearing to read 'Neil Roberts'. The signature is written in a cursive, flowing style and is positioned above the printed name and title.

Neil Roberts
Chairman

EXCELLENT HALF-YEAR RESULTS

Bank of Queensland's record half-year profit of \$21.3 million, a 38% increase on the last half and a very pleasing 60% on the first six months of the previous financial year, was well ahead of market expectations.

The result represented diluted earnings per share of 28 cents for the period, up 33% on the last half and 51% on the corresponding period last year.

This is an extremely pleasing result for the Board and, I'm sure, for our shareholders.

Banking highlights:

- ◆ **Record \$2.3 billion lending:** The Bank approved \$2.3 billion of loans during the period, an increase of 7% on the last half and a very significant 51% on the corresponding period last year
- ◆ **10% growth in assets:** Assets under management increased to \$7.3 billion, a 10% increase on the last half and 25% on the previous comparable period.
- ◆ **Retail deposits up 14%:** The Bank's commitment to increasing retail deposits paid off with a rise to \$3.4 billion, up 14% on the previous six months and 22% on the first half of 2002.
- ◆ **12% increase in revenue:** Revenue grew 12% on the previous six months to \$101 million, up 20% on the first half of the 2002 financial year. Net interest income increased 13% on the last six months and non-interest income by 11%.
- ◆ **31% business banking growth:** Our presence in the valuable business banking market – a key area for our future growth – increased significantly, the value of our business book rising by 31% compared to first half 2002.

Operational highlights:

- ◆ **Efficiency increased:** The Bank's cost to income ratio fell to 65% from 73% putting the Bank on track to meet its stated goal of 64% by the end of August 2004.
- ◆ **Performance Enhancement Program (PEP) upgraded:** The estimated \$16 million of benefits to be delivered by the PEP was upgraded to \$24 million.
- ◆ **10 new branches opened:** Our commitment to increasing our reach and exposure in the community saw our network reach 108 branches in the half.
- ◆ **Core Banking System project:** The project to replace our outdated Core Banking System and deliver a more efficient, customer-focused operation was initiated.

DIVIDEND INCREASED

Shareholders will be very pleased that we have declared a fully franked dividend of 17 cents per share for the half year, an increase of two cents on the last half. The dividend will be paid on April 30, 2003.

The Bank has recorded a 40% takeup of the Dividend Reinvestment Plan (DRP) by existing shareholders.

SHARE PURCHASE PLAN

The Bank has just announced a new Share Purchase Plan (SPP) offer which gives shareholders the opportunity to subscribe for up to \$5000 worth of new Bank of Queensland shares (last year up to \$3000 of shares) at a 2.5% discount to the market price and without paying brokerage or other transaction costs.

All shareholders on the share register as at May 9 will be eligible to apply. An information pack will be mailed to these shareholders in mid-May. The SPP complements the DRP.

REDUCING ANNUAL REPORT COSTS

The Bank will run programs to reduce the cost of producing and distributing Annual Reports. By law, Bank of Queensland must send an Annual Report to all shareholders unless instructed otherwise.

Therefore, the Bank will send a simple form to all shareholders who currently receive an Annual Report allowing them to opt out of receiving a report if they wish.

Shareholders who hold several blocks of shares (and therefore receive several copies of the Annual Reports) will be given the option of receiving just one copy.

THE NEXT SIX MONTHS AND BEYOND

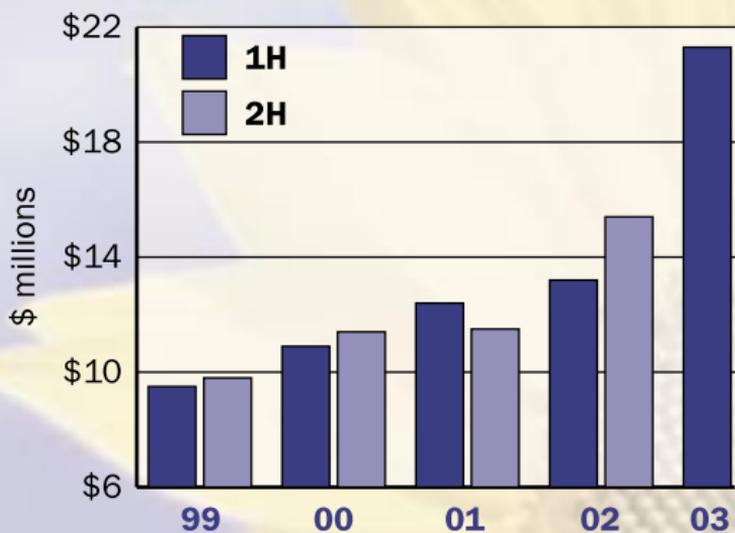
The success of our operations in the first six months of the year has built a strong platform for second half growth. We expect to outperform our stated objectives for the full year, with a second half result in line with that of the first six months.

This should result in earnings per share (EPS) growth for the full year of between 30% and 35% with a return on equity (ROE) of approximately 15%.

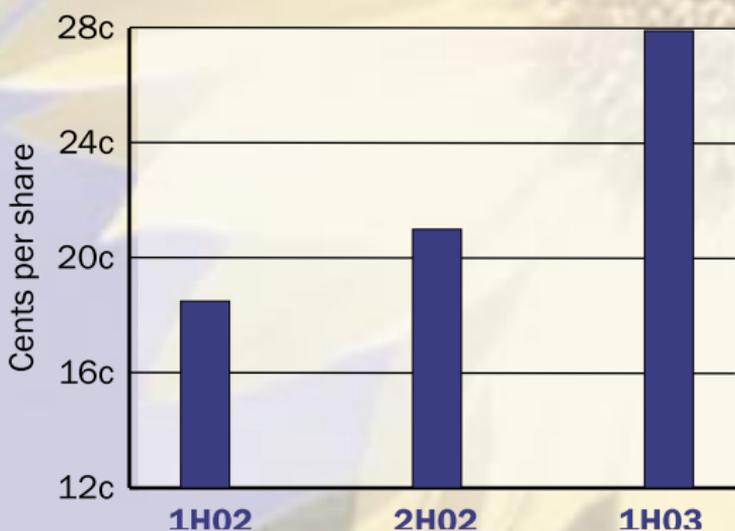
The next six months will see us work to consolidate our first half performance while investing in further business growth by opening branches, increasing business banking resources, replacing our outdated Core Banking System and automated teller machines and strengthening consumer awareness of our brand.

The Performance Enhancement Program (PEP) will continue to be a key plank in our drive to eliminate revenue leakage, provide opportunities and basically assist our drive to grow sustainably. It is now estimated the PEP will provide \$24 million of benefits, comprising \$14 million in cost savings and \$10 million in new revenue initiatives.

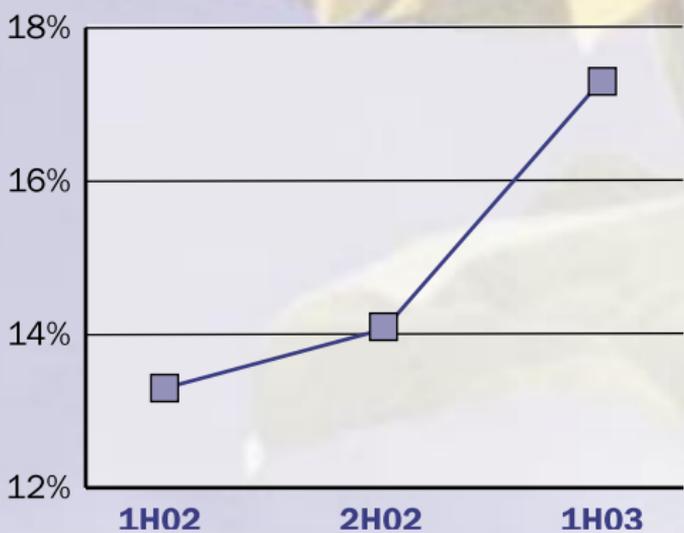
PROFIT AFTER TAX



EARNINGS PER SHARE



RETURN ON EQUITY



HALF YEAR RESULTS

Half year ended

	28/02/03	31/08/02	28/02/02
	\$M	\$M	\$M
Net operating income	101.1	89.8	84.1
Operating expenses	65.8	62.7	61.3
Bad and doubtful debts	4.6	5.3	3.9
Operating profit before income tax	30.7	21.7	18.9
Income tax attributable to operating profit	9.4	6.3	5.6
Operating profit after income tax	21.3	15.4	13.3

DIVIDENDS

1H03 (interim dividend)
2H02 (full-year dividend)
1H02 (interim dividend,
previous corresponding period)

Fully franked amount per security

17 cents
15 cents
14 cents

KEY DATES

Ordinary shares (BoQ)

Interim profit and interim dividend announced	4 April 2003
Ex-dividend date	10 April 2003
Record date	16 April 2003
Interim dividend paid	30 April 2003
Final profit and final dividend announced	17 October 2003
Ex-dividend date	23 October 2003
Record date	29 October 2003
Final dividend paid	14 November 2003
Annual General Meeting 10am Sheraton Hotel, Brisbane	11 December 2003

RePS (BoQPA)

Interim dividend payment	15 April 2003
Announcement date	18 September 2003
Ex-dividend date	23 September 2003
Record date	29 September 2003
Dividend payment date	15 October 2003

SHARE REGISTRY

**Bank of Queensland's Share Registry
is Computershare Investor Services
Pty Limited.**

Computershare Investor Services Pty Limited can be contacted for all matters relating to Bank of Queensland shares, including the Dividend Reinvestment Plan and Share Purchase Plan.

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