

INTERIM REPORT TO SHAREHOLDERS  
for the half-year to february 28, 2005



bank different

## A MESSAGE FROM THE CHAIRMAN

Once again I am happy to report a strong result in the first half of the 2005 fiscal year.

Media and analyst response to the announcement of our interim after tax profit of \$35.9 million, was encouraging.

The result represented an increase of 28 per cent on the previous comparable period, (the first half of 2004) when we announced an after tax profit of \$28.1 million and is a reflection of the bank's continuing strong asset growth and control of costs.

The board decided to pay an interim dividend of 23 cents per share, an increase of 10 per cent on the interim dividend for 2004.

As detailed in this report, our Interim figures show us on course to meet or exceed our targets for the full year.

Aspects of the Bank's operational achievements during the half year which are worth noting are:

- ◆ consolidating in Queensland with 138 branches and 11 business banking centres;
- ◆ continuing our interstate expansion with 22 new branches across NSW, ACT and Victoria;
- ◆ growing the branch network to 160 branches from 93 in 2001;
- ◆ boosting business banking to 40 per cent of total loans under management;
- ◆ completing the implementation of a \$40 million new core banking system;
- ◆ conducting a refit and modernisation of every branch;
- ◆ integrating and strategically positioning BOQ Equipment Finance and ATM Solutions to underpin growth and provide customer reach; and
- ◆ increasing the ATM network from 120 to more than 2,100 nationally.

Management has also reiterated its commitment to meet the targets which were set at the 2004 AGM, including:

- ◆ lending portfolio growth of 1.5 times growth across the finance sector;
- ◆ cash Earnings per Share growth of 10-12 per cent;
- ◆ cost-to-income ratio of 63 cents in the dollar;
- ◆ 100 interstate branches by August 2006.



As those of you who receive a cash dividend will notice, we have once again included a brochure from the charity National Children's Medical Research Foundation (NCMRF).

Shareholders who currently receive their dividends in cash can choose to donate all or part of future dividends (unfortunately not the current dividend) to this charity by filling out the enclosed form. Donations are growing strongly.

Bank of Queensland was the first corporation in Australia to support this innovative fundraising venture and I am delighted that support for this worthy charity is growing, although it is important to note that participation is a matter entirely for each shareholder.

I thank you for your ongoing support.

Yours sincerely,

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

**Neil Roberts**  
Chairman

## STRONG HALF-YEAR RESULTS

Bank of Queensland has recorded a strong half-year Net Profit After Tax (NPAT) of \$35.9 million, a 28% increase on the previous corresponding period (pcp). This excellent result has been driven by the performance of its expanding branch network and business banking.

### key financial highlights were:

**Total income up 14% pcp** to \$155.5 million: Net interest income of \$101.6 million was up 15% pcp. Non-interest income rose by 13% pcp to \$53.9 million.

**Assets under Management increased** to \$13.3 billion, an 18% increase on the pcp.

**Cost-to-Income Ratio reduced:** Our cost-to-income ratio continued to decrease, putting us on target to take advantage of increased second half revenues to reach the target of 63% set for the full year.

**Retail deposits up 17% pcp** (20% on an annualised basis) to \$5.4 billion, helping fund balance sheet growth. Interstate Owner-Managed Branches particularly have grown deposits strongly, achieving self funded asset growth of up to 60%.

**Improved interest margin:** Product realignment, strong retail deposit growth and the withdrawal from the mortgage broker market has reasserted growth in BOQ's interest margin in the last six months, with it increasing from 2.18% in 2H04 to 2.25% in 1H05.

### key operational highlights were:

**15 new branches opened:** The Bank continued its aggressive branch roll-out strategy, bringing the total number of branches to 160 (at the time of printing this report). The Bank is now represented interstate by 22 Owner-Managed Branches.

**2,100 ATMs nationally.** BOQ's ATM Solutions has deployed 2,100 ATMs Australia-wide, more than 1,200 branded BOQ. ATM Solutions has contributed \$1 million in profit this half.

**New headquarters:** All Head Office departments, including ATM Solutions and BOQ Equipment Finance, successfully moved to the BOQ Centre at its prime CBD location at 259 Queen Street.

**[changemybank.com.au](http://changemybank.com.au):** An innovative website was launched to attract new customers by making switching to BOQ easier.

## SIX MONTH OUTLOOK

It is anticipated the next six months will see a combination of a slowing in overall credit system growth and the continuation of competitive pressures in the SME business banking market, deposits and home lending.

Notwithstanding a slowing in the housing sector, continued above system lending growth is anticipated. Early indications for interstate expansion are positive with strong lending approvals and better-than-anticipated deposit growth. The Bank is on track to meet its target of 100 interstate branches by August 2006. The unique Owner-Managed Branch model will continue to underpin this expansion into southern markets.

With the early success of the initial interstate rollout the Bank is confident it will achieve its goal of 1.5x system growth in lending and 2x system growth in deposits. This will provide the platform to achieve cash EPS growth for the full year in the range of 10% to 12% whilst continuing to invest in asset growth, new branches, brand recognition and interstate expansion.

## ADDING SHAREHOLDER VALUE

### increased dividend and benefits

Shareholders will be pleased that the Bank has declared a fully franked dividend of 23 cents per share for this half-year, an increase of two cents on the previous corresponding period.

The Shareholder Benefits Package was also enhanced through the year to better reward investors who support the Bank.

### enhanced payment options

The Bank has improved options for Shareholders to receive their dividends.

The Dividend Reinvestment Plan (DRP) gives shareholders the option to reinvest their dividend into additional shares without paying brokerage or fees. Currently the DRP has a 43% participation rate.

Shareholders can receive dividends by cheque or by direct credit to a nominated Australian bank, building society or credit union account.

The Bank also gives Shareholders the opportunity to support The National Children's Medical Research Foundation by donating their dividend to the national Investing in Hope charity. The Bank was the first Australian company to participate in this campaign.

### reducing annual report costs

With the assistance of shareholders, the Bank has succeeded in significantly reducing the costs of producing and mailing Annual Reports.

By law, the Bank must send an Annual Report to all shareholders unless otherwise instructed.

If you no longer wish to receive an Annual Report, or have several holdings and only wish to receive one Annual Report, please complete the Annual Report Election Form enclosed.

## KEY DATES FOR SECOND HALF 2005

### Ordinary Shares (BOQ)

Final profit and final dividend announcement	13 October 2005
Ex-dividend date	19 October 2005
Record date	25 October 2005
Payment date	11 November 2005
Annual General Meeting Sofitel Hotel, Brisbane 10am (registration from 9.15am)	8 December 2005

### RePS (BOQPA)

Announcement date	20 September 2005
Ex-dividend date	23 September 2005
Record date	29 September 2005
Payment date	17 October 2005

### S1RPS (BOQPB)

Announcement date	23 September 2005
Ex-dividend date	29 September 2005
Record date	5 October 2005
Payment date	20 October 2005

## SHAREHOLDER ENQUIRIES

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

Computershare Investor Services Pty Limited should be contacted for all matters relating to Bank of Queensland shares, including the Dividend Reinvestment Plan, dividend payments and payment dates.

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