Bank of Queensland Limited
ABN 32 009 656 740

Profit announcement for the half-year ended 29 February 2008

The half-year financial report has been subject to an independent review by the external auditor

Released 10 April 2008

Contents

FINANCIAL SUMMARY

	Half-year ended				
	29/02/08	31/08/07	Increase / Decrease	28/02/07	Increase / Decrease
	$m	$m		$m	
Shareholders' Equity:					
Issued capital	1,383.5	615.7	125%	598.2	131%
Reserves and retained profits	301.0	238.6	26%	175.3	72%
Total equity	1,684.5	854.3	97%	773.5	118%
Financial Position: (1)					
Total assets under management	28,430.2	21,653.3	31%	19,219.4	48%
Total loans under management (2)	24,280.7	19,224.5	26%	16,994.3	43%
Total assets on balance sheet	27,084.0	20,037.3	35%	18,345.4	48%
Retail deposits	12,875.5	9,160.9	41%	8,284.4	55%
Wholesale deposits	5,301.2	3,559.4	49%	3,280.7	62%
Financial Performance:					
Statutory net profit	57.8	81.4	(29%)	48.4	19%
Underlying profit (3) (4)	95.0	90.6	5%	77.9	22%
Normalised profit for the year after tax (4)	58.6	55.7	5%	48.4	21%
Add: Non-cash item tax effected (5)	6.7	1.3	-	0.7	-
Normalised cash net profit after tax	65.3	57.0	15%	49.1	33%
Shareholder Performance:					
Market capitalisation at balance date	2,046.8	2,101.0	(3%)	1,684.5	22%
Share price at balance date	$14.00	$18.56	(25%)	$15.04	(7%)
Statutory Ratios:					
Net interest margin	1.62%	1.77%	(15bp)	1.85%	(23bp)
Capital adequacy ratio	10.8%	11.5%	(7bp)	12.1%	(13bp)
Net tangible assets per share	$7.68	$6.41	20%	$5.67	35%
Fully franked ordinary dividend per share	35.0c	37.0c	(5%)	32.0c	9%
Diluted earnings per share	42.3c	69.8c	(39%)	42.9c	(1%)
Normalised Ratios (cash basis) (4) (5)					
Cost to income ratio	58.7%	61.4%	(2.7bp)	64.0%	(5.3bp)
Dividend payout ratio to ordinary shareholders	78%	75%	-	73%	-
Diluted earnings per share	47.6c	49.6c	(4%)	43.4c	10%
Return on average ordinary equity	13.1%	15.7%	-	15.0%	-

(1) On acquisition of Home Building Society Ltd ("Home"), the Bank acquired $2,668.2m of loans and advances and $2,503.5m of deposits.

(2) Before Collective Provision for impairment.

(3) Underlying profit is profit before impairment on loans and advances and income tax expense.

(4) Excluding significant and non-recurring items. In the current half year end, Home integration costs after tax of $0.7m and due diligence costs on other transactions of $0.2m have been excluded. In the second half of 2007 financial year the Bank sold its credit card portfolio to Citigroup Pty Limited realising a pre-tax profit of $41.6m and an after tax profit of $29.1m. Also excluded were after tax costs of $2.8m incurred in relation to the integration of Pioneer Permanent Building Society ("Pioneer") and after tax costs of $0.6m associated with the proposed merger with Bendigo Bank Limited.

(5) Non-cash item relates to amortisation of customer contracts.

Rule 4.2A.3

Appendix 4D

Half-year report
For the period ended 29 February 2008

1. Company details and reporting period

Name of entity:	**Bank of Queensland Limited**
ABN:	32 009 656 740
Reporting Period	29 February 2008
Previous corresponding period	28 February 2007

2. Results for announcement to the market

				$m
Revenues from ordinary activities	Up	15%	to	252.9
Profit from ordinary activities after tax attributable to members	Up	19%	to	57.8
Net profit for the period attributable to members	Up	19%	to	57.8

Dividends	Amount per security	Franked amount per security
Interim dividend	35c	100%
Semi-annual dividend on:		
- Reset preference shares (RePS)	257c	257c
- Series 1 reset preference shares (S1RPS)	261c	261c
- Perpetual Equity Preference Shares (PEPS)	216c	216c
Previous corresponding period	32c	100%
Semi-annual dividend on:		
- Reset preference shares (RePS)	255c	255c
- Series 1 reset preference shares (S1RPS)	259c	259c

Record date for determining entitlements to the:	
- Reset preference shares (RePS)	31 March 2008
- Perpetual Equity Preference Shares (PEPS)	31 March 2008
- Series 1 reset preference shares (S1RPS)	2 April 2008
- Ordinary dividend	2 May 2008

3. Net tangible assets per security

- 29 February 2008 - $7.68;
- 31 August 2007 - $6.41; and
- 28 February 2007 - $5.67.

4. Entities over which control has been gained or lost during the period

The Bank acquired 100% of Home Building Society Ltd (“Home”) and its subsidiaries on 18 December 2007.

The Series 2007-2 REDS Trust securitisation vehicle was established on 2 November 2007.

The Series 2001-2 REDS Trust securitisation vehicle closed on 8 October 2007.

5. Dividends

Refer to page 19 of the attached Statutory Financial Report for the period ended 29 February 2008.

6. Dividend reinvestment plan

The Bank of Queensland Dividend Reinvestment Plan provides shareholders with the opportunity to convert all or part of their entitlement to a dividend into new shares. Shares are issued under the Plan at a discount of 2.5% on the weighted average share price of the Bank’s shares sold on the Australian Stock Exchange during the five trading days immediately following the Record Date for determination of the relevant dividend. Shares issued are fully paid and rank equally with existing fully paid ordinary shares.

7. Associates and joint venture entities

Acquired during the period as a result of the acquisition of Home:

- Ocean Springs Pty Ltd – 9.31% holding;
- Dalyellup Beach Pty Ltd – 17.08% holding;
- Wanneroo North Pty Ltd – 21.42% holding;
- East Busselton Estate Pty Ltd – 25.00% holding;
- Coastview Nominees Pty Ltd – 5.81% holding; and
- Satterley Austin Cove Pty Ltd – 3.70% holding.

8. Accounting standards used for foreign entities

Not applicable

9. Dispute or qualifications if audited

The attached Half-Year Statutory Financial Report has been reviewed by the independent auditor, KPMG. There is no dispute or qualification to the financial report.

10. Half-year statutory financial report

Refer to page 7 of the attached Profit Announcement for the period ended 29 February 2008.

Sign here: ……………………………. ……………………
Company Secretary Date

Print name: Brad Edwards

bank different™

BANK OF QUEENSLAND LIMITED
and its Controlled Entities

A.B.N. 32 009 656 740

CONSOLIDATED INTERIM FINANCIAL REPORT

HALF-YEAR ENDED 29 FEBRUARY 2008

CONTENTS

DIRECTORS' REPORT
Half-year ended 29 February 2008

The directors present their report together with the consolidated financial report for the half-year ended 29 February 2008 and the review report thereon.

Directors
The directors of the Bank of Queensland Limited ("the Bank") at any time during or since the end of the half-year are:

Name	Period of directorship
Neil Roberts Chairman	Director since November 1987. Chairman since June 1995.
David Liddy Managing Director	Managing Director since April 2001.
Antony Love Deputy Chairman	Director since June 1995. Deputy Chairman since April 2003.
Neil Summerson	Director since December 1996.
Peter Fox	Director since May 2001.
Bill Kelty	Director since August 2001.
John Reynolds	Director since April 2003.
Carmel Gray	Director since April 2006.
David Graham	Director since October 2006.
Anthony Howarth	Appointed as Director on 18 December 2007.

Principal activities

The principal activity of the Consolidated Entity is the provision of financial services to the community. The Bank has an authority to carry on banking business under the Banking Act 1959 (Commonwealth) (as amended). There were no significant changes during the current period in the nature of the activities of the Consolidated Entity. During the period, the Bank acquired Home Building Society Ltd ("Home") on 18 December 2007.

Review of Operations

Profitability

Profit after tax for the six months ended 29 February 2008 increased by 19% to $57.8m compared with the February 2007 result of $48.4m.

Income

Total operating income increased by 15% during the period to $252.9m. Net interest income for the period ended 29 February 2008 increased by 21% to $185.9m from the prior comparative period result of $154.1m.

Other operating income increased by 2% to $67.0m for the period ended 29 February 2008 from $65.5m in the prior comparative period.

Net interest income

Net interest income increased by 21% to $185.9m for the period ended 29 February 2008 compared to the prior comparative period ended 28 February 2007 of $154.1m. This was due to the Bank being able to deliver strong asset growth. The Bank acquired Home in December 2007 which contributed to the increase in net interest income.

Review of operations (continued)

Other operating income

Other operating income for the period ended 29 February 2008 increased by 2% over the prior comparative period to $67.0m. Other operating income has been adversely affected by the impact of the financial market volatility on the Bank's trading book.

Expenses

The Bank's expenses increased by 12% for the period ended 29 February 2008 to $159.2m, from the prior comparative period result of $141.7m. However, non-operational expenses such as non-recurring Home integration costs amounting to $1.1m, amortisation of customer contracts amounting to $9.6m, and due diligence costs on other transactions of $0.2m are included in the six months expenses.

If these amounts were excluded, the Bank's expenses in the six months would be $148.4m, an increase of 5% on the prior comparative period. This increase in costs is due to the growth in activity levels and also the expansion of the Bank's distribution network.

Efficiency

The Bank's cost to income ratio decreased from the period ended 28 February 2007 result of 64.5% to 62.9% for the period ended 29 February 2008. Excluding one off items (Home integration costs) of $1.1m, due diligence costs on other transactions of $0.2m and customer contract amortisation (non-cash) of $9.6m, the normalised cash cost to income ratio is 58.7% indicating a steady improvement in efficiency in line with market guidance provided.

Asset quality and provisioning

<u>Impairment on loans and advances</u>
Expenses relating to impairment on loans and advances were $9.2m for the six months ended 29 February 2008, a reduction of $0.1m on the prior comparison period.

<u>Impaired assets</u>
Impaired assets increased in gross terms to $16.2m as at 29 February 2008 from $11.4m at 31 August 2007. Impaired assets as a percentage of non-securitised loans have remained steady at 0.09% at 29 February 2008 from 0.09% at 31 August 2007. Specific provisions have been raised for $9.6m (60%) of impaired assets.

Lending approvals and asset growth

Lending approvals for the six months ended 29 February 2008 were $7.0 billion, an increase of $1.4 billion over the comparative 2007 approval result of $5.6 billion. This increase of 25% is due to the increased points of presence in the retail and business banking network and highlights the effectiveness of the Bank's distribution model. Home has contributed to 14% of this increase since acquisition.

The lending approval growth translated into a loans under management balance of $24.3 billion, an increase of $5.1 billion from 31 August 2007 which represents growth of 53% on an annualised basis. Of this increase, $2,669.2m relates to the acquisition of Home on 18 December 2007. Excluding Home, loans under management grew by 22% on an annualised basis.

Of the loans under management balance of $24.3 billion, $23.0 billion is on balance sheet and $1.3 billion off balance sheet. The off balance sheet lending relates to the REDS EHP leasing trusts which are not consolidated for accounting purposes and off balance sheet housing assets managed by Home.

Retail deposit growth

Retail deposits have shown strong growth for the period ended 29 February 2008 and have reached $12.9 billion, an increase of $3.7 billion from 31 August 2007, which represents growth of 82% on an annualised basis. Of this increase of $3.7 billion, $2,457.9m relates to the acquisition of Home on 18 December 2007. Excluding Home, retail deposits grew by 28% on an annualised basis.

The introduction of new product offerings and new interstate owner managed branches have been the key drivers of the strong growth in retail deposits.

Review of operations (continued)

Capital management

The Board has set the following capital targets:

- Tier 1 capital target range to be between 7% to 8% of risk weighted assets; and
- Total capital target to be 11.0% with a minimum of 10% to be held at all times.

The total capital adequacy at 29 February 2008 was 10.8% and Tier 1 capital was 7.4%. Residual Tier 1 Capital ("RePS", "S1RPS" and "PEPS") comprise 25% of Tier 1 capital.

The Bank continued with an active capital management program, combining securitisation of housing and leasing assets and the maintenance of the Dividend Reinvestment Plan.

Branch network expansion

The Bank has opened 5 branches during the period and has also added 30 branches with the Home acquisition to bring total branches to 270 as at 29 February 2008. Of these 270 branches, 118 are outside of Queensland. The Bank also converted 4 corporate branches into owner managed branches during the first half.

Shareholder returns

Diluted earnings per share has decreased by 1% to 42.3c for the period ended 29 February 2008, compared to the period ended 28 February 2007 result of 42.9c.

The Bank has declared an interim dividend of 35 cents per share fully franked. This is an increase of 3 cents (9%) from the 2007 interim dividend of 32 cents.

Subsequent events

On 19 March 2008, the Bank was issued shares in Visa Inc for no consideration. This results in a gain of approximately A$9.0m before income tax expense.

The financial effect of this transaction has not been brought to account in the financial statements for the period ended 29 February 2008.

Lead auditor's independence declaration under section 307C of the *Corporations Act 2001*

The lead auditor's independence declaration is set out on page 10 and forms part of the directors' report for the half-year ended 29 February 2008.

Rounding of amounts

The Bank is a company of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 (as amended by Class Order 04/667 dated 15 July 2004) and in accordance with that Class Order, amounts in this financial report and directors' report have been rounded off to the nearest hundred thousand dollars, unless otherwise stated.

Dated at Brisbane this tenth day of April 2008.

Signed in accordance with a resolution of the directors:

__________________	__________________
Neil Roberts	David Liddy
Chairman	Managing Director

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the directors of Bank of Queensland Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 29 February 2008 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

John Teer
Partner

Brisbane
10 April 2008

CONSOLIDATED INTERIM INCOME STATEMENT
For the half-year ended 29 February 2008

	Note	**29 February 2008 $m**	28 February 2007 $m
Interest income	5	879.6	604.3
Less: Interest expense	5	693.7	450.2
Net interest income		185.9	154.1
Other operating income	5	67.0	65.5
Total operating income		252.9	219.6
Less: Expenses	6	159.2	141.7
Profit before impairment on loans and advances and tax		93.7	77.9
Less: Impairment on loans and advances	10	9.2	9.3
Profit before income tax		84.5	68.6
Less: Income tax expense	7	26.7	20.2
Profit for the period	15	57.8	48.4
Basic earnings per share		45.5c	44.3c
Diluted earnings per share		42.3c	42.9c

The consolidated interim income statement should be read in conjunction with the accompanying notes.

CONSOLIDATED INTERIM STATEMENT OF RECOGNISED INCOME AND EXPENSES
For the half-year ended 29 February 2008

	Note	**29 February 2008 $m**	28 February 2007 $m
Cash flow hedges:			
Net gains / (losses) taken to equity	15	45.0	(0.6)
Net losses transferred to income statement	15	(0.9)	(1.3)
Change in fair value of assets available for sale	15	(0.4)	(0.2)
Net income / (expense) recognised directly in equity		43.7	(2.1)
Profit for the period		57.8	48.4
Total recognised income and expense for the period		101.5	46.3
Attributable to:			
Equity holders of the parent		101.5	46.3

The amounts recognised directly in equity are disclosed net of tax.

The consolidated interim statement of recognised income and expenses should be read in conjunction with the accompanying notes.

CONSOLIDATED INTERIM BALANCE SHEET
As at 29 February 2008

	Note	**29 February 2008 $m**	31 August 2007 $m
Assets			
Cash and liquid assets		352.7	479.1
Due from other financial institutions		66.1	46.8
Other financial assets		2,902.2	1,606.9
Derivative financial instruments		109.9	35.3
Loans and advances at amortised cost	9	22,924.1	17,600.8
Property, plant and equipment		26.5	19.7
Other assets		141.4	120.5
Intangible assets	16	561.1	128.2
Total assets		27,084.0	20,037.3
Liabilities			
Due to other financial institutions		112.8	121.5
Deposits	12	18,176.7	12,720.3
Derivative financial instruments		192.7	58.1
Accounts payable and other liabilities		254.6	233.4
Current tax liabilities		3.8	21.2
Provisions		15.6	12.7
Deferred tax liabilities		49.1	11.6
Borrowings including subordinated notes	13	6,594.2	6,004.2
Total liabilities		25,399.5	19,183.0
Net assets		1,684.5	854.3
Equity			
Issued capital	14	1,383.5	615.7
Reserves	15	136.1	87.6
Retained profits	15	164.9	151.0
Total equity		1,684.5	854.3

The consolidated interim balance sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
For the half-year ended 29 February 2008

	29 February 2008 $m	28 February 2007 $m
Cash flows from operating activities		
Interest received	904.6	614.3
Fees and other income received	91.4	82.2
Interest paid	(681.2)	(443.3)
Cash paid to suppliers and employees	(181.8)	(143.0)
Operating income tax paid	(35.0)	(11.3)
Other taxes paid	(0.3)	(0.3)
	97.7	98.6
Increase in operating assets:		
Loans and advances at amortised cost	(2,647.9)	(1,867.5)
Other financial assets	(949.8)	(160.0)
Increase in operating liabilities:		
Deposits	2,938.5	1,190.5
Securitisation liabilities	356.5	806.5
Net cash from operating activities	(205.0)	68.1
Cash flows from investing activities		
Payments for property, plant and equipment	(3.1)	(2.8)
Payments for intangible assets - software	(7.6)	(7.4)
Profit distribution received from equity accounted investments	1.8	-
Payments for acquisition of Home Building Society Ltd	(66.2)	-
Payments for acquisition of Pioneer Permanent Building Society Limited	-	(7.2)
Proceeds from sale of property, plant and equipment	0.3	0.8
Net cash from investing activities	(74.8)	(16.6)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	56.8	29.0
Costs of capital issues	(6.4)	-
Proceeds from borrowings	981.4	1,276.8
Repayment of borrowings	(1,054.8)	(1,244.4)
Proceeds from issue of Perpetual Equity Preference Shares	200.0	-
Dividends paid	(23.6)	(23.3)
Net cash from financing activities	153.4	38.1
Net increase / (decrease) in cash and cash equivalents	(126.4)	89.6
Cash and cash equivalents at beginning of year	479.1	261.8
Cash and cash equivalents at end of half year	352.7	351.4

The consolidated interim statement of cash flows should be read in conjunction with the accompanying notes.

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
Half-year ended 29 February 2008

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half-year ended 29 February 2008

1. Reporting entity

Bank of Queensland Limited ("the Bank") is a company domiciled in Australia. The consolidated interim financial report of the Bank as at and for the half-year ended 29 February 2008 comprises the Bank and its subsidiaries ("the Consolidated Entity") and the Consolidated Entity's interest in equity accounted investments.

The consolidated annual financial report of the Consolidated Entity as at and for the year ended 31 August 2007 is available upon request from the Bank's registered office at Level 17, 259 Queen Street, Brisbane QLD 4000 or at www.boq.com.au.

2. Statement of compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134: *Interim Financial Reporting* and the Corporations Act 2001.

The consolidated interim financial report does not include all the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Consolidated Entity as at and for the year ended 31 August 2007.

The consolidated interim financial report was approved by the Board of Directors on 10 April 2008.

The Consolidated Entity is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 (updated by CO 05/641 effective 28 July 2005 and CO 06/51 effective 31 January 2006) and in accordance with that Class Order, amounts in this financial report and directors' report have been rounded off to the nearest hundred thousand dollars, unless otherwise stated.

3. Significant accounting policies

The accounting policies applied by the Consolidated Entity in this consolidated interim financial report are the same as those applied by the consolidated entity in its consolidated financial report as at and for the year ended 31 August 2007.

4. Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Consolidated Entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 31 August 2007.

5. Net income

	Consolidated	
	29 February 2008 $m	28 February 2007 $m
Interest income		
Loans and advances	775.2	552.2
Trading and other securities	104.4	52.1
Total interest income	879.6	604.3
Interest expense		
Retail deposits	(303.2)	(184.3)
Wholesale deposits and borrowings	(390.5)	(265.9)
Total interest expense	(693.7)	(450.2)
Net interest income	185.9	154.1
Income from operating activities		
Other customer fees and charges	56.6	54.0
Securitisation income [1]	3.1	2.0
Net gain / (loss) from financial instruments at fair value	(2.8)	5.0
Commission – insurance and financial planning	4.0	1.9
Franchise fees	1.7	0.4
Bad debts recovered	0.6	0.5
ATM branding royalties	4.7	1.0
Foreign exchange income – customer based	2.4	1.9
Income from outside operating activities		
Profit on sale of non-current assets	0.2	0.5
Other income	1.9	2.9
Share of fee revenue paid to Owner Managed Branches [2]	(5.4)	(4.6)
Total other revenue from ordinary activities	67.0	65.5
Total operating income	252.9	219.6

[1] Represents securitsation income from the Bank's leasing trusts which are not consolidated.
[2] Represents the share of fees paid to Owner Managed Branches.

6. Expenses

	Consolidated	
	29 February 2008 $m	28 February 2007 $m
Operating expenses		
Advertising	6.3	4.0
Commissions to Owner Managed Branches	6.3	4.7
Communications and postage	6.0	4.8
Printing and stationery	2.3	2.4
Non-lending losses	2.6	1.1
Amounts set aside to provisions for credit card rewards	-	2.6
Processing costs	15.8	15.4
Amortisation – securitisation set-up costs	1.0	0.8
Other operating expenses	4.0	4.5
	44.3	40.3
Administrative expenses		
Professional fees	2.6	3.5
Directors' fees	0.5	0.4
Other	2.0	1.8
	5.1	5.7
Computer costs		
Data processing	23.5	22.9
Amortisation – software (intangible)	6.9	6.8
Amortisation – technology infrastructure (intangible)	0.7	1.2
Depreciation – IT equipment	1.0	1.1
	32.1	32.0
Occupancy expenses		
Lease rental	7.6	6.9
Depreciation of plant, furniture, equipment and leasehold improvements	1.8	1.5
Other	0.8	0.8
	10.2	9.2
Employee expenses		
Salaries and wages	40.7	39.8
Superannuation contributions	5.3	4.8
Fringe benefits tax	0.7	0.7
Amounts set aside to provisions for employee entitlements	1.3	0.7
Payroll tax	2.7	2.4
Equity settled transactions	3.4	3.4
Other	2.7	1.6
	56.8	53.4
Other		
Amortisation – customer contracts (intangible) (1)	9.6	1.1
Home integration costs (2)	1.1	-
Expenses	159.2	141.7

(1) Increase from prior period relates to the amortisation of customer contracts recognised upon acquisition of Home Building Society Ltd on 18 December 2007.

(2) Relates to non-recurring integration costs associated with the acquisition of Home Building Society Ltd.

7. Income tax expense

The Consolidated Entity's consolidated effective tax rate for the six months ended 29 February 2008 was 31.6%. The effective tax rate for the year ended 31 August 2007 was 29.6% and for the six months ended 28 February 2007 was 29.4%.

8. Dividends

	Half-year ended			
	29 February 2008 $m		28 February 2007 $m	
	Cents per share	$m	Cents per share	$m
Ordinary shares				
Final 2007 dividend (fully franked) paid 26 November 2007 (2006: 27 November 2006)	37	42.5	30	33.0
Preference shares recognised as liability				
Half-yearly RePS dividend (fully franked) paid 15 October 2007 (2006: 16 October 2006)	257	1.2	257	1.2
Half-yearly S1RPS dividend (fully franked) paid 22 October 2007 (2006: 20 October 2006)	261	1.7	261	1.7
		2.9		2.9
Dividends not recognised in the balance sheet				
In addition to the above dividends, since half-year end the directors have proposed the following:				
Interim 2008 dividend (fully franked) expected to be paid on 16 May 2008 (2007: 10 May 2007) out of retained profits at 29 February 2008, but not recognised as a liability in the balance sheet	35	51.2	32	35.9
Half-yearly PEPS dividend (fully franked) expected to be paid on 15 April 2008 (2007: nil) but not recognised as a liability in the balance sheet	216	4.3	-	-
Dividends recognised in the balance sheet				
Half-yearly RePS dividend (fully franked) expected to be paid on 15 April 2008 (2007: 16 April 2007) and recognised as a liability in the balance sheet	257	1.2	255	1.2
Half-yearly S1RPS dividend (fully franked) expected to be paid on 21 April 2008 (2007: 20 April 2007) and recognised as a liability in the balance sheet	261	1.7	259	1.7
		58.4		38.8

9. **Loans and advances at amortised cost**	Consolidated **29 February 2008 $m**	31 August 2007 $m
Residential property loans – secured by mortgages [1]	11,839.7	8,591.5
Securitised residential property loans – secured by mortgages [1]	5,004.0	4,218.8
Personal loans [1]	459.2	336.6
Credit cards	0.2	0.4
Overdrafts	373.4	328.3
Commercial loans [1]	3,723.4	3,135.5
Leasing finance	1,830.4	1,167.6
Gross loans and advances at amortised cost	23,230.3	17,778.7
Less:		
Unearned lease finance income	(286.2)	(164.0)
Collective provision for impairment	(10.4)	(7.7)
Specific provisions for impairment	(9.6)	(6.2)
Total loans and advances at amortised cost	22,924.1	17,600.8
Product concentration of credit risk for loans and advances at amortised cost (net of specific provision and unearned income):		
Residential	16,842.7	12,809.6
Consumer	457.7	335.4
Commercial	4,090.9	3,461.5
Leases	1,543.2	1,002.0
Total before collective provision	22,934.5	17,608.5

As at 29 February 2008, there was $1,314.4m (2007: $1,616.0m) of leasing assets and $31.8m (2007: Nil) of housing assets which are not consolidated and are under management by the Consolidated Entity. The leasing assets are held in the REDS EHP Trusts. The Bank is not exposed to the majority of risk and benefits of these Trusts and the residual income units in the Trusts are held by entities not related to the Bank.

[1] On 18 December 2007, the Bank acquired Home Building Society Ltd which resulted in the following increase of gross loans on acquisition date totalling $2,669.2m (refer note 16):

- Residential property loans - $1,283.4m;
- Securitised residential property loans - $355.0m;
- Personal loans - $334.0m; and
- Commercial loans - $696.8m.

10. Provisions for impairment

	Consolidated	
	29 February 2008 $m	31 August 2007 $m
Specific provision:		
Balance at the beginning of the period	6.2	5.7
Add: Expensed during the period	9.8	19.1
Add: Acquired during the period [1]	0.2	0.2
Less: Amounts written off against specific provision	(6.6)	(18.0)
Less: Release on sale of credit card portfolio	-	(0.8)
Balance at the end of the period	9.6	6.2
Collective provision:		
Balance at the beginning of the period	7.7	8.1
Add: Expensed / (released) during the period	(0.6)	1.8
Add: Acquired during the period [1]	3.3	0.8
Less: Release on sale of credit card portfolio	-	(3.0)
Balance at the end of the period	10.4	7.7
Total provisions for impairment	20.0	13.9

[1] Provisions acquired relate to the acquisition of Home Building Society Ltd on 18 December 2007, the accounting is provisional (refer to Note 16). The prior period provisions acquired relate to the acquisition of Pioneer Permanent Building Society Limited on 5 December 2006.

11. Asset quality

	Consolidated					
	29 February 2008			31 August 2007		
	Balance $m	**Specific Provision $m**	**Expected Realisation $m**	Balance $m	Specific Provision $m	Expected Realisation $m
a) Impaired assets						
Non-accrual loans:						
- Without specific provisions	-	-	-	-	-	-
- With specific provisions	16.2	9.6	6.6	11.4	6.2	5.2
b) Past due loans [1]	110.6	-	110.6	85.8	-	85.8

[1] Loans which are 90 or more days past due are not classified as impaired assets where the estimated net realisable value of the security is sufficient to cover the repayment of all principal and interest amounts due. Losses are not anticipated from these loans as they are adequately secured, for housing products usually by residential mortgage, and are spread across a range of customer and product groups.

12. Deposits

	Consolidated 29 February 2008 $m	Consolidated 31 August 2007 $m
Deposits at call [1]	7,518.4	6,148.4
Term deposits [1]	6,715.3	3,740.9
Certificates of deposit	3,943.0	2,831.0
Total	18,176.7	12,720.3
Concentration of deposits:		
Retail deposits	12,875.5	9,160.9
Wholesale deposits	5,301.2	3,559.4
Total	18,176.7	12,720.3

[1] On 18 December 2007, the Bank acquired Home Building Society Ltd which resulted in an increase of $781.3m of call deposits and $1,722.2m of term deposits as at acquisition date. (Refer to Note 16)

13. Borrowings including subordinated notes

The Consolidated Entity recorded the following movements on borrowings including subordinated notes:

	Securitisation liabilities $m	EMTN Program $m	Borrowings including subordinated notes $m	Preference shares $m	Total $m
Half-year ended 29 February 2008					
Balance at the beginning of the period	4,375.8	1,251.5	265.0	111.9	6,004.2
Proceeds from issues	1,114.9	981.4	-	-	2,096.3
Repayments	(713.3)	(1,054.8)	-	-	(1,768.1)
Deferred establishment costs	(2.2)	-	-	-	(2.2)
Amortisation of deferred costs	1.4	-	-	-	1.4
Foreign exchange translation	(44.7)	(103.7)	-	-	(148.4)
Home acquisition	365.0	-	46.0	-	411.0
Balance at the end of the period	5,096.9	1,074.4	311.0	111.9	6,594.2

	Securitisation liabilities $m	EMTN Program $m	Borrowings including subordinated notes $m	Preference shares $m	Total $m
Half-year ended 28 February 2007					
Balance at the beginning of the period	3,256.5	1,105.0	345.0	111.9	4,818.4
Proceeds from issues	1,276.8	741.7	7.1	-	2,025.6
Repayments	(470.3)	(660.0)	(30.0)	-	(1,160.3)
Deferred establishment costs	(3.1)	-	-	-	(3.1)
Amortisation of deferred costs	0.9	-	-	-	0.9
Foreign exchange translation	-	(9.8)	-	-	(9.8)
Balance at the end of the period	4,060.8	1,176.9	322.1	111.9	5,671.7

14. Issued capital

	Consolidated 29 February 2008 $m	Consolidated 28 February 2007 $m
Issued and paid up capital		
(a) *Ordinary shares*		
Balance at the beginning of the period –113,188,223 (2007: 106,469,145) fully paid	615.7	531.2
Dividend reinvestment plan – 1,099,240 shares (2007: 1,006,789)	18.9	14.8
Share Issuance – 1,349,489 shares (2007: nil)	23.6	-
Exercise of options – 2,954,547 shares (2007: 3,051,908)	33.2	29.0
Home Acquisition – 27,603,771 shares (2007: nil) [1]	496.9	-
Pioneer Acquisition – nil shares (2007: 1,479,923) [1]	-	23.2
Balance at the end of the period – 146,195,270 (2007: 112,007,765), fully paid	1,188.3	598.2
(b) *Perpetual Equity Preference Shares ("PEPS")*		
Issue of PEPS – 2,000,000 (2007: nil) [1]	195.2	-
Balance at the end of the period	195.2	-
Total issued and paid up capital	1,383.5	598.2

[1] Net of costs after tax.

15. Reserves and retained profits

Consolidated

Half-year ended 29 February 2008	Employee benefits reserve $m	General reserve for credit losses $m	Cashflow hedge reserve $m	Available for sale reserve $m	Total reserves $m	Retained profits $m
Balance at the beginning of the period	16.1	57.5	12.4	1.6	87.6	151.0
Total recognised income and expense	-	-	44.1	(0.4)	43.7	57.8
Dividends to shareholders	-	-	-	-	-	(42.5)
Equity settled transactions	3.4	-	-	-	3.4	-
Transfers	-	1.4	-	-	1.4	(1.4)
Balance at the end of the period	19.5	58.9	56.5	1.2	136.1	164.9

Half-year ended 28 February 2007	Employee benefits reserve $m	General reserve for credit losses $m	Cashflow hedge reserve $m	Available for sale reserve $m	Total reserves $m	Retained profits $m
Balance at the beginning of the period	9.2	49.8	1.2	0.8	61.0	97.6
Total recognised income and expense	-	-	(1.9)	(0.2)	(2.1)	48.4
Dividends to shareholders	-	-	-	-	-	(33.0)
Equity settled transactions	3.4	-	-	-	3.4	-
Transfers	-	5.8	-	-	5.8	(5.8)
Balance at the end of the period	12.6	55.6	(0.7)	0.6	68.1	107.2

16. Changes in the composition of the Group

(a) Acquisition of subsidiary

Current period

On 18 December 2007, the Bank acquired all the shares of Home Building Society Ltd ("Home") for $600.2 million in a combination of cash and ordinary shares in the Bank. Home operates as an authorised deposit taking institution providing various financials services, and includes property development activity, and in the period from 18 December to 29 February 2008 contributed profit of $4.7 million. If the acquisition had occurred on 1 September 2007, management estimates that consolidated total operating income would have been $276.8 million and consolidated profit would have been $66.0 million for the six months ended 29 February 2008.

The acquisition had the following effect on the Consolidated Entity's assets and liabilities:

	Recognised values on acquisition $m	Fair value adjustments [1] $m	Pre-acquisition carrying amounts $m
Cash	37.2	-	37.2
Loans and advances	2,665.7	(2.5)	2,668.2
Investments accounted for using the equity method	43.7	16.0	27.7
Other financial assets	365.6	-	365.6
Derivative financial instruments	6.0	-	6.0
Property, plant and equipment	7.0	-	7.0
Other assets	2.8	-	2.8
Deferred tax assets	1.6	-	1.6
Intangible assets	1.6	(168.6)	170.2
Deposits	(2,503.5)	-	(2,503.5)
Borrowings including subordinated notes	(411.0)	-	(411.0)
Deferred tax liabilities	(12.4)	-	(12.4)
Accounts payable and other liabilities	(40.2)	-	(40.2)
Provisions	(4.7)	-	(4.7)
Net identifiable assets and liabilities	159.4	(155.1)	314.5
Goodwill and other identifiable intangibles on acquisition [1]	440.8		
Total Consideration	600.2		
Consideration paid, satisfied in Bank ordinary shares [2]	496.9		
Consideration paid, satisfied in cash [3]	103.3		
Cash acquired	(37.1)		
Net cash outflow	66.2		

[1] The initial accounting for the acquisition of Home during the half-year ended 29 February 2008 has been provisionally determined as the Bank is still in the process of identifying and determining the fair values to be assigned to Home's identifiable assets and liabilities.
[2] Shares were issued at $18.00, based on the closing price on the day of acquisition.
[3] Includes cash of $91.6 million, option payments of $7.4 million and incidental costs of $4.3 million.

The goodwill recognised has been attributed to the cash generating unit. The Bank is required to perform annual impairment testing of goodwill and this testing will be conducted during the six months ended 31 August 2008.

16. Changes in the composition of the Group (continued)

(a) Acquisition of subsidiary (continued)

Prior period

During the comparative interim period, the Bank acquired all of the shares of Pioneer Permanent Building Society Limited on 5 December 2006.

	Recognised values on acquisition $m	Fair value adjustments $m	Pre-acquisition carrying amounts $m
Cash	16.2	-	16.2
Loans and advances	341.4	-	341.4
Other financial assets	133.5	-	133.5
Property, plant and equipment	4.2	-	4.2
Other assets	4.8	-	4.8
Deferred tax assets	0.8	0.7	0.1
Intangible assets	-	(2.0)	2.0
Deposits	(456.3)	-	(456.3)
Borrowings including subordinated notes	(16.6)	-	(16.6)
Current tax liabilities	(0.1)	-	(0.1)
Accounts payable and other liabilities	(6.2)	-	(6.2)
Provisions	(6.1)	-	(6.1)
Net identifiable assets and liabilities	15.6	(1.3)	16.9
Customer contracts recognised on acquisition	7.0		
Goodwill on acquisition	24.0		
Total Consideration	46.6		
Consideration paid, satisfied in Bank ordinary shares	23.2		
Consideration paid, satisfied in cash *	23.4		
Cash acquired	(16.2)		
Net cash outflow	7.2		

* Includes cash of $21.1 million and incidental costs of $2.3 million.

(b) Securitisation vehicles

Current Period

The Series 2007-2 REDS Trust was established during the year on 2 November 2007.

The Series 2001-2 REDS Trust securitisation vehicle was closed on 8 October 2007.

Prior period

In the prior interim period, the Bank closed the Series 2006-1E REDS Trust on 2 November 2006.

The following securitisation vehicles were wound up during the prior period:

- Series 2000-1 REDS Trust on 25 September 2006; and
- Series 2000-2 REDS Trust on 19 February 2007.

17. Segment reporting

Business segments

The Consolidated Entity comprises one segment, this being the provision of banking services and products. This determination is based on the risks involved with the provision of these services and products and the Consolidated Entity's management reporting system.

Geographical segments

The Consolidated Entity's business segment operates principally in Australia, with the majority of customers being in Queensland, with the exception of leasing assets which are spread throughout Australia and New Zealand.

18. Average balances and margin analysis

	6 Months to 29 February 2008			6 Months to 31 August 2007		
	Average Balance	**Interest**	**Average Rate**	Average Balance	Interest	Average Rate
	$m	**$m**	**%**	$m	$m	%
Interest earning assets						
Gross loans and advances at amortised cost *	20,055.1	775.2	7.78	17,003.7	648.3	7.56
Investments and other securities *	3,019.9	104.4	6.95	1,784.7	58.5	6.50
Total interest earning assets	23,075.0	879.6	7.67	18,788.4	706.8	7.46
Non-interest earning assets						
Property, plant and equipment	22.7			20.6		
Other assets	572.2			361.7		
Provision for impairment	(16.4)			(11.9)		
Total non-interest earning assets	578.5			370.4		
Total assets	23,653.5			19,158.8		
Interest bearing liabilities						
Retail deposits *	10,930.5	303.2	5.58	8,705.5	223.1	5.08
Wholesale deposits and borrowings *	11,215.8	390.5	7.00	9,481.2	316.6	6.62
Total interest bearing liabilities	22,146.3	693.7	6.30	18,186.7	539.7	5.89
Non-interest bearing liabilities	288.1			147.3		
Total liabilities	22,434.4			18,334.0		
Shareholders' funds	1,219.1			824.8		
Total liabilities and shareholders' funds	23,653.5			19,158.8		
Interest margin and interest spread						
Interest earning assets	23,075.0	879.6	7.67	18,788.4	706.8	7.46
Interest bearing liabilities	22,146.3	693.7	6.30	18,186.7	539.7	5.89
Net interest spread (1)			1.37			1.57
Net interest margin - on average interest earning assets	23,075.0	185.9	1.62	18,788.4	167.1	1.77

* Calculated on average daily balances

(1) Interest spread is calculated after taking into account third party and OMB commissions

19. Related parties

Arrangements for related parties are consistent with those disclosed in the 31 August 2007 Annual Report.

20. Contingent liabilities

There have been no material changes in contingent liabilities since 31 August 2007.

21. Subsequent events

On 19 March 2008, the Bank was issued shares in Visa Inc for no consideration. This results in a gain of approximately A$9.0m before income tax expense.

The financial effect of this transaction has not been brought to account in the financial statements for the period ended 29 February 2008.

DIRECTORS' DECLARATION

In the opinion of the directors of Bank of Queensland Limited ("the Bank"):

(a) the financial statements and accompanying notes, set out on pages 11 to 27 are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of the Consolidated Entity as at 29 February 2008 and of its performance, for the half-year ended on that date; and

(ii) complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Bank will be able to pay its debts as and when they become due and payable.

Dated at Brisbane this tenth day of April 2008.

Signed in accordance with a resolution of the directors:

__________________	__________________
Neil Roberts	David Liddy
Chairman	Managing Director

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF BANK OF QUEENSLAND LIMITED

We have reviewed the accompanying interim financial report of Bank of Queensland Limited, which comprises the consolidated interim balance sheet as at 29 February 2008, and the consolidated income statement, consolidated statement of recognised income and expenses and consolidated statement of cash flows for the interim period ended on that date, a description of accounting policies, other explanatory notes 1 to 21 and the directors' declaration of the consolidated entity comprising the Bank and the entities it controlled at the half-year's end or from time to time during the interim period.

Directors' Responsibility for the Financial Report

The directors of the Bank are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity,* in order to state whether, on the basis of procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 29 February 2008 and its performance for the interim period ended on that date and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.* As auditor of Bank of Queensland Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Bank of Queensland Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Consolidated Entity's financial position as at 29 February 2008 and of its performance for the interim period ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

John Teer
Partner

Brisbane
10 April 2008

BANK OF QUEENSLAND LIMITED
CAPITAL ADEQUACY DETAILS

	Consolidated	
Capital adequacy	**29 February 2008 $m**	31 August 2007 $m
Qualifying capital		
Tier 1		
Issued Capital	1,188.4	615.7
Employee benefits reserve	19.5	16.1
Retained Profits	164.9	151.0
Add: Hybrids (RePS, S1RPS and PEPS)	249.0	111.9
Add: Upfront fee income	-	1.6
Less: Dividends not accrued	(27.0)	(20.9)
Add: Estimated participation in dividend reinvestment plan	12.0	6.9
Less: Deferred expenditure	(54.8)	(35.0)
Less: Non consolidated entities for capital reporting	(11.2)	(2.6)
Less: Equity investments in non-subsidiary entities exceeding prescribed limits	(0.8)	(0.8)
Less: Intangibles	(561.1)	(128.2)
Add: APRA transitional relief	-	111.9
Total Tier 1 capital	978.9	827.6
Tier 2		
Unrealised gains on cashflow hedge reserve	65.3	12.4
General reserve for credit losses net of tax effect	62.9	45.6
Term subordinated debt	311.0	265.0
Excess Tier 1 Hybrids	56.6	-
Total Tier 2 capital	495.8	323.0
Deductions: Credit support of a capital nature (REDS EHP Trusts)	(38.7)	(31.0)
Total qualifying capital	1,436.0	1,119.6
Total risk weighted assets	13,242.3	9,696.8
Risk-weighted capital ratios		
Tier 1 – Core	5.5%	7.4%
Tier 1 – Hybrid (RePS, S1RPS and PEPS)	1.9%	1.1%
Total Tier 1	7.4%	8.5%
Tier 2	3.7%	3.3%
Deductions	(0.3%)	(0.3%)
Total	10.8%	11.5%

Figures are denoted in $A Millions unless otherwise stated.	AIFRS Financial Year 2006	AIFRS Half Year Performance 1H/07	2H/07	AIFRS Financial Year 2007	AIFRS Half Year Performance 1H/08
Assets					
Assets under management					
Loans - net of specific and collective provision for doubtful debts	14,003.7	16,110.1	17,600.8	17,600.8	22,924.1
Liquid assets	1,447.3	1,814.5	2,168.1	2,168.1	3,430.9
Other assets	346.1	420.8	268.4	268.4	729.0
Total balance sheet assets	15,797.1	18,345.4	20,037.3	20,037.3	27,084.0
Securitised assets (off balance sheet)	1,069.6	874.0	1,616.0	1,616.0	1,346.2
Total assets under management	16,866.7	19,219.4	21,653.3	21,653.3	28,430.2
Loans under management (before collective provisions)					
Housing	9,767.0	11,118.2	12,809.6	12,809.6	16,874.5
Commercial	4,844.7	5,320.8	6,079.5	6,079.5	6,948.5
Consumer (3)	469.7	555.3	335.4	335.4	457.7
Total loans under management (before collective provisions)	15,081.4	16,994.3	19,224.5	19,224.5	24,280.7
Housing	65%	65%	67%	67%	69%
Commercial	32%	32%	31%	31%	29%
Consumer (3)	3%	3%	2%	2%	2%
Balance sheet loans (before collective provisions)					
Housing	9,767.0	11,118.2	12,809.6	12,809.6	16,842.7
Commercial	3,775.1	4,446.8	4,463.5	4,463.5	5,634.1
Consumer (3)	469.7	555.3	335.4	335.4	457.7
Total balance sheet loans (before collective provisions)	14,011.8	16,120.3	17,608.5	17,608.5	22,934.5
Housing	70%	69%	73%	73%	73%
Commercial	27%	28%	25%	25%	25%
Consumer (3)	3%	3%	2%	2%	2%
Lending approvals					
Housing	5,541.0	3,270.0	4,461.0	7,731.0	4,194.0
Commercial	4,148.0	2,063.0	2,749.0	4,812.0	2,624.0
Consumer	290.0	242.0	259.0	501.0	175.4
Total lending approvals	9,979.0	5,575.0	7,469.0	13,044.0	6,993.4
Funding					
Shareholders' equity	689.8	773.5	854.3	854.3	1,489.3
Perpetual Equity Preference Shares (PEPS)	-	-	-	-	195.2
Retail deposits	6,867.2	8,284.4	9,160.9	9,160.9	12,875.5
Wholesale deposits	3,082.4	3,280.7	3,559.4	3,559.4	5,301.2
Borrowings (including subordinated notes, securitisation liabilities and hybrid debt)	4,818.4	5,671.7	6,004.2	6,004.2	6,594.2
Other liabilities	339.3	335.1	458.5	458.5	628.6
Total funding	15,797.1	18,345.4	20,037.3	20,037.3	27,084.0
Retail deposit funding %	69%	72%	72%	72%	71%
Wholesale deposit funding %	31%	28%	28%	28%	29%
Retail funding as a % of total deposits and borrowings	47%	48%	49%	49%	52%

(1) Measures have been annualised where appropriate.
(2) The Bank is required to perform a trigger test at each balance date to determine whether the RePS, S1RPS or PEPS are dilutive. The RePS, S1RPS and PEPS are all dilutive at 29 February 2008.
(3) During the 2007 financial year the bank sold its credit card portfolio.
(4) APRA regulations were adjusted for AIFRS effective from 1 July 2006. The Capital Adequacy ratio for the first half of 2006 was prepared under previous AGAAP.
(5) Normalised measures exclude significant, non-recurring and non-cash items. In the 2007 year the significant item was the sale of the Bank's credit card portfolio which realised a pre-tax gain of $41.6m and an after tax gain of $29.1m. In the current half financial year the non-recurring items related to due diligence costs on other transactions of $0.1m after tax and Home integration costs of $0.7m after tax. In 2007 the non-recurring items related to Bendigo due diligence costs of $0.6m after tax and Pioneer integration costs of $2.8m after tax. In 2006, the significant item related to a tax benefit obtained on the disposal of the Bank's previous banking platform. The non-cash items presented for all financial periods relate to the amortisation of customer contracts.
(6) Balances obtained in the current half year upon acquisition of Home included gross loans and advances of $2,669.2m, retail deposits of $2,457.9m, wholesale deposits of $45.6m, collective and specific provisions totalling $3.5m and total assets of $3,133.7m. Balances obtained in 2007 upon acquisition of Pioneer included gross loans and advances of $342.4m, retail deposits of $456.3m, collective and specific provisions totalling $1.0m and total assets of $500.9m.
(7) Growth measures are calculated from the prior comparable period.
(8) RePS and S1RPS are classified as innovative hybrids for APRA reporting. PEPS are classified as non-innovative instruments for APRA reporting.
(9) At 31 August 2007, the Bank held an excess amount in respect of the APRA requirement for 50% basis points of risk weighted assets. This excess was released to retained earnings on 1 January 2008 to coincide with the introduction of Basel II.
(10) During the current financial year, former Pioneer branches were converted to BOQ Corporate and Owner Managed Branches.
(11) During the 2007 financial year the movement in the general reserve for credit losses excluded reserves obtained upon acquisition of Pioneer and reserves released upon sale of the credit card portfolio (tax effected).
(12) The increase in underlying profit excludes the significant item recognised upon sale of the Bank's credit card portfolio.

Figures are denoted in $A Millions unless otherwise stated.	AIFRS Financial Year 2006	AIFRS Half Year Performance 1H/07	2H/07	AIFRS Financial Year 2007	AIFRS Half Year Performance 1H/08
Growth Measures					
Increase in loans under management (before collective provisions)					
Housing	1,702.5	1,351.2	1,691.4	3,042.6	4,064.9
Commercial	892.6	476.1	758.7	1,234.8	869.0
Consumer [3]	104.8	85.6	(219.9)	(134.3)	122.3
Total increase in loans under management [6]	**2,699.9**	**1,912.9**	**2,230.2**	**4,143.1**	**5,056.2**
Loans under management growth [7]					
Housing	21.1%	27.3%	31.2%	31.2%	51.8%
Commercial	22.6%	21.7%	25.5%	25.5%	30.6%
Consumer [3]	28.7%	30.9%	(28.6%)	(28.6%)	(17.6%)
Total growth in loans under management [6]	**21.8%**	**25.6%**	**27.5%**	**27.5%**	**42.9%**
Increase in total assets (under management) [6]	2,478.1	2,352.7	2,433.9	4,786.6	6,776.9
Asset growth (under management) [7]	17.2%	20.8%	28.4%	28.4%	47.9%
Increase in total assets (on balance sheet)[6]	2,146.5	2,548.3	1,691.9	4,240.2	7,046.7
Asset growth (on balance sheet) [7]	15.7%	19.9%	26.8%	26.8%	47.6%
Increase in retail deposits [6]	1,023.9	1,417.2	876.5	2,293.7	3,714.6
Retail deposit growth [7]	17.5%	29.9%	33.4%	33.4%	55.4%
Financial Performance					
Net interest income	269.8	154.1	167.2	321.3	185.9
Other operating income:					
Securitisation fees	8.0	2.0	8.3	10.3	3.1
Loan application fees	-	-	-	-	-
Transaction & account keeping fees	94.3	54.0	57.8	111.8	56.6
Other	23.7	14.1	10.6	24.7	12.7
Significant item - profit on sale of credit card portfolio	-	-	41.6	41.6	-
Less: OMB share of fees	(10.8)	(4.6)	(5.1)	(9.7)	(5.4)
Total operating income	115.2	65.5	113.2	178.7	67.0
Net Income from ordinary activities	**385.0**	**219.6**	**280.4**	**500.0**	**252.9**
Operating expenses					
Staff	89.7	53.4	57.0	110.4	56.8
Occupancy	15.6	9.2	9.0	18.2	10.2
Computer	56.4	32.0	28.9	60.9	32.1
Operating	75.7	40.3	46.9	87.2	44.3
Administration	11.0	5.7	4.8	10.5	4.9
Non-recurring integration and due diligence costs [5]	-	-	4.8	4.8	1.3
Non-cash (amortisation of customer contracts)	0.7	1.1	1.6	2.7	9.6
Total operating expenses	**249.1**	**141.7**	**153.0**	**294.7**	**159.2**
Underlying profit before impairment on loans and advances and income tax	135.9	77.9	127.4	205.3	93.7
Less: Impairment on loans and advances	(12.3)	(9.3)	(11.6)	(20.9)	(9.2)
Profit before income tax	**123.6**	**68.6**	**115.8**	**184.4**	**84.5**
Less: Income tax expense	(30.9)	(20.2)	(34.4)	(54.6)	(26.7)
Profit after income tax	**92.7**	**48.4**	**81.4**	**129.8**	**57.8**
Add: Amortisation of customer contracts (after tax)	0.5	0.7	1.3	2.0	6.7
Less: Significant items (after tax)	(6.5)	-	(29.1)	(29.1)	-
Add: Bendigo due diligence costs (after tax)	-	-	0.6	0.6	-
Add: Pioneer integration costs (after tax)	-	-	2.8	2.8	-
Add: Home integration costs (after tax)	-	-	-	-	0.7
Add: Due diligence costs on other transactions (after tax)	-	-	-	-	0.1
Normalised cash profit after tax [5]	**86.7**	**49.1**	**57.0**	**106.1**	**65.3**
Less: Movement in general reserve for credit losses [11]	(4.2)	(3.4)	(0.2)	(3.6)	(1.4)
Normalised cash profit available for distribution to ordinary shareholders [5]	**82.5**	**45.7**	**56.8**	**102.5**	**63.9**

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Profitability Measures					
Increase in underlying profit (before tax and impairment) (12)	19.0	5.6	7.9	27.8	7.9
Underlying profit growth	16.3%	7.7%	10.1%	20.5%	9.2%
Increase in operating profit after tax (7)	2.8	8.4	28.7	37.1	9.4
Profit growth after tax (7)	3.1%	21.0%	54.5%	40.0%	19.4%
Operating profit after tax/average total assets (1)	0.6%	0.6%	0.8%	0.7%	0.5%
Total operating expenses/average total assets (1)	1.7%	1.7%	1.6%	1.6%	1.4%
Cost to income ratio	64.7%	64.5%	54.6%	58.9%	62.9%
Normalised cash cost to income ratio (5)	64.5%	64.0%	61.4%	62.6%	58.7%
Normalised non-interest income/total income	29.9%	29.8%	25.5%	27.4%	26.5%
Effective tax rate (%)	25.0%	29.4%	29.7%	29.6%	31.6%
Margin Analysis					
Interest rate margin	1.95%	2.03%	1.97%	2.00%	1.83%
Impact of payments to 3rd parties	0.12%	0.18%	0.20%	0.19%	0.21%
Net interest margin	1.83%	1.85%	1.77%	1.81%	1.62%
Asset Quality					
Specific bad and doubtful debt provision	5.7	6.0	6.2	6.2	9.6
Collective bad and doubtful debt provision	8.1	10.2	7.7	7.7	10.4
General reserve for credit losses	49.8	55.6	57.5	57.5	58.9
Total bad and doubtful debt provision and general reserve for credit losses	**63.6**	**71.8**	**71.4**	**71.4**	**78.9**
Collective provision plus general reserve as a % of risk weighted assets (9)	0.68%	0.68%	0.65%	0.65%	0.50%
Total specific provision/total impaired assets	78.1%	64.5%	54.4%	54.4%	59.3%
Total provision coverage of impaired assets (times)	8.15	7.20	5.90	5.90	4.50
Total impaired assets/average shareholders' equity	1.04%	1.27%	1.40%	1.48%	1.28%
Total impaired assets/non-securitised lending (at risk)	0.07%	0.08%	0.09%	0.09%	0.09%
Total impaired assets	7.3	9.3	11.4	11.4	16.2
Loans 90 days past due (non-securitised)	55.8	85.5	79.9	79.9	100.2
Loans 90 days past due (securitised)	4.5	8.9	5.9	5.9	10.4
Total loans 90 days past due	60.3	94.4	85.8	85.8	110.6
Total loans 90 days past due as a % of risk weighted assets	0.7%	1.0%	0.9%	0.9%	0.8%
Bad debts written off to specific provisions	10.8	7.8	10.2	18.0	6.6
Movement in specific provision	1.9	0.3	0.2	0.5	3.4
Less: Movement due to acquisition of subsidiaries (6)	-	(0.2)	-	(0.2)	(0.2)
Add: Movement due to sale of credit card portfolio	-	-	0.8	0.8	-
Underlying bad and doubtful debts	12.7	7.9	11.2	19.1	9.8
Movement in collective provision	(0.4)	2.1	(2.5)	(0.4)	2.7
Less: Movement due to acquisition of subsidiaries (6)	-	(0.7)	(0.1)	(0.8)	(3.3)
Add: Movement due to sale of credit card portfolio	-	-	3.0	3.0	-
Impairment on loans and advances (Refer to P&L detail)	12.3	9.3	11.6	20.9	9.2

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Return Analysis					
ROE - weighted average	15.7%	14.8%	22.4%	18.8%	11.6%
ROE - normalised cash	14.6%	15.0%	15.7%	15.4%	13.1%
ROA - average	0.6%	0.6%	0.8%	0.7%	0.5%
RORWA	1.1%	1.1%	1.7%	1.3%	0.9%
Per Share Data					
EPS Calculation					
Profit after income tax	92.7	48.4	81.4	129.8	57.8
Basic earnings available for ordinary shareholders	92.7	48.4	81.4	129.8	57.8
Add Back :					
- RePS dividends (2)	2.7	1.2	1.2	2.4	1.2
- S1RPS dividends (2)	3.3	1.7	1.8	3.5	1.7
Diluted earnings available to ordinary shareholders	98.7	51.3	84.4	135.7	60.7
Add back amortisation (tax effected):					
- Orix, Pioneer and Home customer contracts	0.5	0.7	1.3	2.0	6.7
Cash earnings	99.2	52.0	85.7	137.7	67.4
Less significant items	(6.5)	-	(29.1)	(29.1)	-
Add: Proposed Bendigo merger costs	-	-	0.6	0.6	-
Add: Pioneer integration costs	-	-	2.8	2.8	-
Add: Home integration costs (after tax)	-	-	-	-	0.7
Add: Due diligence costs on other transactions (after tax)	-	-	-	-	0.1
Normalised cash earnings - used for diluted EPS	92.7	52.0	60.0	112.0	68.2
Less: Movement in general reserve for credit losses (tax effected)	(4.2)	(3.4)	(0.2)	(3.6)	(1.4)
Normalised distributable cash earnings - used for diluted EPS	88.5	48.6	59.8	108.4	66.8
Weighted average number of shares used in:					
- Basic earnings per share	105.1	109.3	112.0	110.9	127.1
Add: Effect of SMOP and Managing Director options	2.3	2.2	2.7	2.4	1.7
Add: Effect of converting preference shares	8.7	8.0	6.3	7.1	14.8
- Diluted earnings per share	116.1	119.5	121.0	120.4	143.6
Basic earnings per share (c)	88.2	44.3	72.7	117.0	45.5
Diluted earnings per share (c)	85.0	42.9	69.8	112.7	42.3
EPS growth (basic) (7)	5.9%	15.4%	46.0%	32.7%	2.7%
EPS growth (diluted) (7)	5.5%	14.1%	47.3%	32.6%	(1.4%)
Normalised diluted cash earnings per share (c) (5)	79.8	43.4	49.6	93.0	47.6
Normalised diluted cash earnings per share (c) (on profits available for distribution to ordinary shareholders) (5)	76.2	40.7	49.3	90.0	46.5
Ordinary dividend per share (c)	57.0	32.0	37.0	69.0	35.0
Special dividend per share (c)	-	-	-	-	-
Franking percentage - all dividends	100%	100%	100%	100%	100%
Franking credits (consolidated)	20.5	18.1	26.4	26.4	32.4
NTA per share ($)	5.45	5.67	6.41	6.41	7.68
Dividend yield	3.73%	4.29%	3.95%	3.72%	5.03%
Payout ratio - ordinary shares (excludes RePS & S1RPS)	66%	74%	52%	60%	89%
Normalised cash payout ratio - ordinary shares - excludes special dividends (5)	71%	73%	75%	74%	78%
Cash distributable payout ratio excluding special dividends and significant items	74%	79%	75%	76%	80%
DRP takeup % (before underwriting)	46%	33%	45%	39%	n/a
Total ordinary shares on issue - period end	106.5	112.0	113.2	113.2	146.2
Ordinary shares (at record date)	109.5	112.2	114.8	114.8	146.2
Share price - period end ($)	15.29	15.04	18.56	18.56	14.00
Market cap value	1,628.4	1,684.5	2,101.0	2,101.0	2,046.8

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Capital Ratio Data					
Risk weighted assets	8,106.6	9,166.6	9,696.8	9,696.8	13,242.3
Ordinary shareholder funds and tier 1 reserves	549.5	656.1	715.7	715.7	729.9
Hybrids (RePS, S1RPS and PEPS) [8]	111.9	111.9	111.9	111.9	249.0
Sub debt, provisions and tier 2 reserves	373.2	367.8	323.0	323.0	495.8
Deductions	(25.6)	(25.6)	(31.0)	(31.0)	(38.7)
Total regulatory capital	1,009.0	1,110.2	1,119.6	1,119.6	1,436.0
APRA capital adequacy calculations					
Core tier 1	6.8%	7.2%	7.4%	7.4%	5.5%
Hybrid tier 1	1.4%	1.2%	1.1%	1.1%	1.9%
Total tier 1	8.2%	8.4%	8.5%	8.5%	7.4%
Tier 2 capital	4.6%	4.0%	3.3%	3.3%	3.7%
Deductions	(0.3%)	(0.3%)	(0.3%)	(0.3%)	(0.3%)
Total capital adequacy ratio [4]	**12.5%**	**12.1%**	**11.5%**	**11.5%**	**10.8%**
Other Information (Actual numbers)					
Number of corporate branches	55	49	40	40	47
Number of Owner Managed Branches - QLD	85	91	100	100	105
Number of Owner Managed Branches - NSW/ACT	51	51	55	55	55
Number of Owner Managed Branches - VIC	21	22	23	23	23
Number of Owner Managed Branches - WA	2	4	4	4	6
Number of Owner Managed Branches - NT	1	1	1	1	1
Number of Owner Managed Branches - TAS	-	1	1	1	2
Number of Owner Managed Branches - SA	-	-	1	1	1
Number of Pioneer corporate branches and service centres [10]	-	21	10	10	-
Number of Home corporate branches	-	-	-	-	30
Number of total branches	**215**	**240**	**235**	**235**	**270**
Number of BOQ owned ATMs	214	218	223	223	240
Number of BOQ branded ATMs	2,246	2,370	2,216	2,216	2,289
Total BOQ branded ATMs	2,460	2,588	2,439	2,439	2,529
Number of Pioneer ATMs	-	24	24	24	-
Number of Home owned / branded ATMs	-	-	-	-	34
Number of BOQ branded EFTPOS machines	6,577	7,157	7,733	7,733	8,037
Number of employees (FTEE)	1,049	1,119	1,024	1,024	1,316

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