

*I'm pleased to update our shareholders on another successful six months for BOQ*

**CHAIRMAN'S LETTER  
MAY 2015**

*Dear shareholder,*

**SIGNIFICANT EARNINGS AND  
DIVIDEND INCREASE**

At our 2015 half year results we announced another solid financial performance with record cash earnings after tax of \$167 million, up 19% on the prior year. On a statutory basis our profit after tax was up 14% to \$154 million, a significant profit increase over a 12 month period.

Our strong financial result allowed the Board to increase the interim dividend to 36 cents per share, up 13% on last year's interim dividend.

Whilst the financial sector as a whole has performed strongly in 2015, BOQ outperformed the sector by delivering a

Total Shareholder Return of 14% for the six months to February 2015 compared to 12% for the ASX200 Financials ex-REITs index.

**MEET BOQ'S NEW CEO**

In January we announced Jon Sutton's appointment as Managing Director and Chief Executive Officer.

Jon is a highly-experienced executive with more than 20 years banking experience at BOQ and Commonwealth Bank of Australia. He joined BOQ as Chief Operating Officer in July 2012 and has been central to the development and execution of our new strategy. Prior to BOQ, Jon spent 18 years at CBA culminating in his appointment as CEO of its subsidiary Bankwest.

Jon has the skills, experience and passion to lead BOQ through our transformation and continue our strong momentum.

Also in January we farewelled long-standing director Steve Crane when he retired from the Board. His expertise over the last six years were invaluable in helping BOQ navigate through the global financial crisis, turn around performance and lift shareholder returns.

I thank Steve for his service and wish him all the very best in his future endeavours.

**PROFIT RESULTS**

*In 12 months to 1H15  
Cash Earnings UP 19%  
Statutory Result UP 14%*



**CONSISTENT DIVIDENDS**  
(Cents per share)

*In 12 months to 1H15  
UP 13%*





## TRANSFORMATIONAL STRATEGY CONTINUES DELIVERING

Our business strategy is delivering growth without compromising margins or quality. In the last six months we've seen a return to growth with strong contributions from across the business.

After re-entering the broker market with a small pilot just two years ago, we now have 2,000 accredited brokers across the country who added \$400 million in mortgages to our books over the last six months. We expect to have a further 500 accredited brokers by the end of the financial year.

Our acquisition of BOQ Specialist a year ago is also creating opportunities to reach new customers and markets. In its first full six months of contribution BOQ Specialist added \$350 million in mortgages to our books. The business is comfortably on track to achieve the earnings guidance of \$38 million we provided at the time of acquisition. Diversifying our growth channels provides a more sustainable base for future profit.

Work is underway on a Virgin Money branded mortgage which we expect to launch in the first half of 2016 through broker and digital channels. This is a significant opportunity

for us given the brand's appeal to customers that are distinctly different from BOQ's traditional customers.

We've continued to be disciplined with our growth and the ongoing decrease in our impairment expense is a direct result. We've also maintained our focus on margins, continuing to improve our funding mix which has more than offset tighter lending spreads.

The significance of our ongoing digitisation program cannot be understated. By digitising our back office processes, we will reduce processing time and remove paper from branches, improving productivity and enabling our people to spend more time with customers.

In December our Brisbane employees moved to our new 5 Green Star rated head office at Newstead. This building not only enables greater use of technology, giving us a more flexible, productive and engaged workforce, but is also better for the environment.

While I commend our progress, I also acknowledge we're only partway through delivering our transformation. Much work still lays ahead to continue broadening our distribution capabilities and improving our processes to deliver the full growth, efficiency and financial benefits of this strategy.

## NAVIGATING THE CURRENT ECONOMIC CONDITIONS

Australia's economy is running below its long-run trend as it transitions from a mining-led economy and the immediate economic outlook remains subdued. However, I'm confident that our current strategy with its focus on diversifying growth channels and uncompromising risk management puts BOQ in a strong position to navigate these changes and continue delivering sustainable and profitable growth. We also continue to lobby the Government and regulators for fast implementation of Financial System Inquiry recommendations that will close the competitive gap that favours the big four banks.

Finally, I'd like to take this opportunity to thank all of our team members for their work in delivering our results. Every day they're working to bring to life our dream to be Australia's most loved bank. And of course, I thank all of our shareholders for their ongoing support.

Yours sincerely,

**ROGER DAVIS**  
Chairman

## 2015 FINANCIAL CALENDAR

### Ordinary shares

Full year results & dividend announcement	8 October 2015
Ex-dividend date	29 October 2015
Record date	2 November 2015
Final dividend payment date	24 November 2015
Annual General Meeting	26 November 2015

### Shareholder Centre

For further information of interest to shareholders such as shareholder services, financial disclosures and announcements, please visit BOQ's Shareholder Centre at [www.boq.com.au/shareholder](http://www.boq.com.au/shareholder)

### Share registry services

For information about your specific shareholding or to update your details, please contact

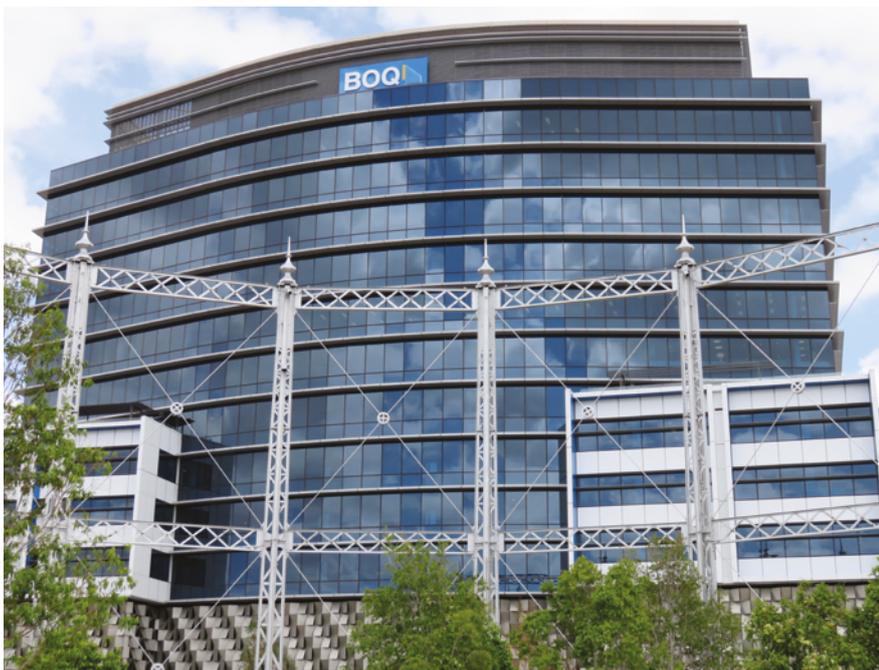
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The BOQ 5 Green Star rated head office at Newstead