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Bank of Queensland Limited
ABN 32 009 656 740

Profit announcement for the half-year ended 28 February 2007

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

Released 4 April 2007

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MEDIA RELEASE
2007

4 April 2007

BOQ record profit driven by branch expansion and above system growth in loans and deposits

Bank of Queensland today announced an interim Net Profit After Tax of \$48.4 million for the first half of the 2006/07 financial year, an increase of 21% on the prior comparable period (pcp).

The result comes on the back of growth in loans under management of 26% (pcp) and growth in retail deposits of 30% (pcp) and has been driven by BOQ's expanded branch network, new products, business banking and equipment finance.

"We are exceeding our targets when it comes to lending and deposit growth and continue to be well ahead of the banking system," BOQ Managing Director David Liddy said today.

The result is built on an underlying profit of \$77.9 million (up 22% pcp) leading to growth in cash diluted Earnings Per Share of 15%.

Bank of Queensland's Board also announced an interim ordinary dividend of 32 cents per share, an increase of 5 cents or 19% (pcp).

Key indicators include:

- Lending growth of 1.7 times system (LUM growth of 26%);
- Deposit growth 2.8 times system (retail deposit growth of 30%);
- Improvement of net interest margin of 2 basis points over the half;
- Maintenance of high credit quality;
- Continued growth in numbers and performance of Owner-Managed Branch network; and,
- Six successful conversions of corporate branches to OMBs.

"We now have a total of 10 Queensland branches we have changed from corporate branches to OMBs, and we have seen immediate and strong growth following the conversion in each and every one," he said.

"We have scheduled 11 new Owner-Managed Branches to open this half including OMBs in South Australia, W.A. and Victoria along with the conversion of more Queensland corporate branches to OMBs."

Mr Liddy said Bank of Queensland was bolstering its branch network through continued interstate expansion, conversion of Queensland corporate branches to OMBs, and the addition of Pioneer Building Society branches.

"The OMB has been a fundamental platform in BOQ's success to date, and will continue to be so as we grow and expand nationally. Importantly, we are increasing our network of OMBs in Queensland which will have a direct impact on our revenue generation in our home state."

Mr Liddy said business banking, particularly in the equipment finance, debtor finance and SME sectors, had continued to outperform the market.

"We have had 22% growth in the business loans portfolio compared to the first half last year. In particular, our equipment finance book has grown at 21% (pcp) and our debtor finance portfolio has grown 39% (pcp), leveraging the bolt-on Orix acquisition in December 2005.

"This growth, combined with our booming branch network, has BOQ perfectly placed for the SME market," he said.

Pioneer integration:

The commencement of integration following the successful merger of Pioneer Permanent Building Society, based in Mackay, Queensland, during the half highlighted the strength of BOQ's execution skills.

"We have seen excellent customer and business retention in the Pioneer customer base since the merger was approved by shareholders and integration commenced," Mr Liddy said.

"The Pioneer merger will give us an expanded customer base in the fast-growing Central and North Queensland regions, and bring our branch numbers in Queensland up to a very competitive footprint.

"The Pioneer merger, along with our acquisitions of UFJ Equipment Finance and Orix Debtor Finance over the last few years, highlights the execution skills Bank of Queensland's executive team has developed and the successful track record we have achieved."

Bendigo Bank merger proposal:

Bank of Queensland is moving forward on its proposal to merge with Bendigo Bank. BOQ has proposed a timeframe and process which, if agreed, would see the transaction progress through due diligence towards a Merger Implementation Agreement.

"I see BOQ and Bendigo as natural allies against the big banks. It is our aim to create a sustainable force and alternative in the Australian financial services landscape," Mr Liddy said.

"There have been some concerns raised in the past fortnight by some members of the Bendigo community, however as the merger discussions progress we believe these concerns will be allayed.

"We have committed to preserving Bendigo Community Bank branches. We have committed to preserving the Bendigo headquarters. We have committed to preserving the Bendigo brands. We have committed to retaining key executives and giving significant Board representation.

"If we work on the premise, and I believe most in the finance sector do, that mergers are going to occur involving the regional banks, then there is no better fit for Bendigo Bank than Bank of Queensland," Mr Liddy said.

"For Bendigo shareholders we believe the price is extremely attractive and we believe a merged team is best-suited to understanding their culture, growing the business and has the operational and integration experience to make it work," Mr Liddy said.

"We both understand how to run growing branch networks involving third parties, whether they are franchisees or community boards.

"I believe we have shown our skills and experience in execution and that together a combined BOQ and Bendigo Bank will be a powerhouse in the Australian retail banking market and provide greater returns to the shareholders of both companies," he said.

Bank of Queensland 2007 Interim Result Snapshot

	1H06	2H06	1H07	Change on 1H06 (pcp)
Net Profit After Tax	\$40.0m	\$46.2m	\$48.4m	21%
Retail Deposits	\$6.4b	\$6.9b	\$8.3b	30%
Loan Approvals	\$4.5b	\$5.5b	\$5.6b	24%
Loans Under Management	\$13.5b	\$15.1b	\$17.0b	26%
Housing	\$8.7b	\$9.8b	\$11.1b	27%
Business	\$4.4b	\$4.8b	\$5.3b	22%
Consumer	\$0.4b	\$0.5b	\$0.6b	31%
Assets Under Management	\$15.9b	\$16.9b	\$19.2b	21%
Cost to Income Ratio	64.0%	65.0%	64.0%	-%
Diluted Cash Earnings Per Share (available for ordinary shareholders)⁽¹⁾	35.5c	40.7c	40.8c	15%
Dividend per share	27c	30c	32c	19%

(1) Excludes significant items and excludes movement in the general reserve for credit losses.

- **Net Profit After Tax up 21% pcp:** NPAT \$48.4 million continues strong growth in profit over the last five years.
- **Interest Margin on track:** The Bank has increased its margin 2 basis points to 1.85%. Improving our margin in the current competitive environment has been a significant achievement for the Bank.
- **Asset quality still strong:** Impaired assets to non-securitised lending remains steady at 0.08% compared to the first half of 2006.
- **Expense growth:** Expense growth of 25% (pcp) has been driven by business volume with associated increases in OMB commissions, processing and IT, along with salaries which were reviewed and increased to meet market demands.
- **Key alliances:** Key alliances with Genesys (wealth management), BOQ insurance partners (Vero, St Andrews, CGU), Macquarie (margin lending), Challenger (non-conforming loans), Keycorp (merchant services) have added depth to BOQ's customer offering.
- **Credit Card portfolio outsourcing:** Bank of Queensland's outsourcing of its credit card business is progressing with partner Citibank. Bank of Queensland intends to utilise its outsourcing agreement to expand its offering to customers through new BOQ-branded cards and products, better processing and more efficient manufacture.
- **Owner-Managed Branch growth:** Four new interstate OMBs opened and six Queensland corporate branches converted to OMBs during the half.
- **Shareholder value increases:** Market cap reaching approximately \$1.9 billion (at close of trade yesterday) and Total Shareholder Return (TSR) of 24% (5 year average).

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FINANCIAL SUMMARY

	Half-year ended				
	28/02/07	31/08/06	Increase / Decrease	28/02/06	Increase / Decrease
	\$m	\$m		\$m	
Shareholders' Equity:					
Issued Capital	598.2	531.2	13%	517.3	16%
Reserves and retained profits	175.3	158.6	11%	121.0	45%
Total Equity	773.5	689.8	12%	638.3	21%
Financial Position: ⁽¹⁾					
Total assets under management	19,219.4	16,866.7	14%	15,913.2	21%
Total loans under management ⁽²⁾	16,994.3	15,081.4	13%	13,530.8	26%
Total assets on balance sheet	18,345.4	15,797.1	16%	15,305.5	20%
Retail deposits	8,284.4	6,867.2	21%	6,377.2	30%
Wholesale deposits	3,280.7	3,082.4	6%	3,349.6	(2%)
Financial Performance:					
Underlying profit ^{(3) (4)}	77.9	72.3	8%	63.6	22%
Net profit after tax ⁽⁴⁾	48.4	46.2	5%	40.0	21%
Less : Movement in general reserve for credit losses (tax effected) ⁽⁵⁾	(3.4)	(1.7)	-	(2.5)	-
Non-cash items: Amortisation of customer contracts (tax effected)	0.9	0.4	-	0.1	-
Net profit after tax available for distribution to ordinary shareholders	45.9	44.9	2%	37.6	22%
Shareholder Performance:					
Market capitalisation at balance date	1,684.5	1,628.4	3%	1,635.3	3%
Share price at balance date	\$15.04	\$15.29	(2%)	\$15.50	(3%)
Statutory Ratios:					
Net interest margin	1.85%	1.83%	2bp	1.83%	2bp
Cost to income ratio	64.5%	65.2%	(7bp)	64.1%	4bp
Capital adequacy ratio	12.1%	12.5%	(4bp)	11.8%	3bp
Net tangible assets per share	\$5.67	\$5.45	4%	\$5.01	13%
Fully franked ordinary dividend per share	32.0c	30.0c	7%	27.0c	19%
Dividend payout ratio to ordinary shareholders	74%	63%	-	72%	-
Diluted earnings per share	42.9c	47.4c	(9%)	37.6c	14%
Return on average ordinary equity	14.8%	17.5%	-	13.7%	-
Other Ratios: ⁽⁶⁾					
Cost to income ratio	64.0%	65.0%	(10bp)	64.0%	0bp
Dividend payout ratio to ordinary shareholders	78.0%	73.0%	-	76.0%	-
Diluted earnings per share	40.8c	40.7c	0%	35.5c	15%
Return on average ordinary equity	14.0%	14.9%	-	12.9%	-

(1) On acquisition of Pioneer Permanent Building Society Limited ("Pioneer"), the Bank acquired \$341.4m of loans and advances and \$456.3m 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 items. In the half-year ending 31 August 2006, the Bank booked a \$6.5m tax benefit relating to the disposal of its previous banking platform.

(5) Excludes Pioneer's general reserve for credit losses of \$0.9m on acquisition.

(6) Based on net profit after tax distributable to ordinary shareholders excluding significant items and non-cash items. Non-cash items relate to amortisation of customer contracts.

Appendix 4D

Half-year report For the period ended 28 February 2007

1. Company details and reporting period

Name of entity:	Bank of Queensland Limited
ABN:	32 009 656 740
Reporting Period	28 February 2007
Previous corresponding period	28 February 2006

2. Results for announcement to the market

				\$m
Revenues from ordinary activities	Up	24%	to	219.6
Profit from ordinary activities after tax attributable to members	Up	21%	to	48.4
Net profit for the period attributable to members	Up	21%	to	48.4

Dividends	Amount per security	Franked amount per security
Interim dividend	32c	32c
Semi-annual dividend on:		
- Reset preference shares (RePS)	255c	255c
- Series 1 reset preference shares (S1RPS)	259c	259c
Previous corresponding period	27c	27c
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 ordinary dividend	24 April 2007	



**BANK OF QUEENSLAND LIMITED
and its Controlled Entities**

A.B.N. 32 009 656 740

**CONSOLIDATED INTERIM FINANCIAL REPORT
HALF-YEAR ENDED 28 FEBRUARY 2007**

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DIRECTORS' REPORT
Half-year ended 28 February 2007

The directors present their report together with the consolidated financial report for the half-year ended 28 February 2007 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	Appointed as director on 11 October 2006.

Bruce Phillips resigned as a director on 11 October 2006.

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.

Operating and finance review

Profitability

Profit after tax for the six months ended 28 February 2007 increased by 21% to \$48.4m compared with the February 2006 result of \$40.0m.

Income

Total income increased by 24% during the period to \$219.6m. Net interest income for the period ended 28 February 2007 increased by 21% to \$154.1m from the prior comparative period result of \$126.9m.

Other operating income increased by 30% to \$65.5m for the period ended 28 February 2007 from \$50.2m in the prior comparative period.

Net interest income

Net interest income increased by 21% to \$154.1m for the period ended 28 February 2007 compared to the prior comparative period ended 28 February 2006 of \$126.9m. This was due to the Bank being able to deliver strong asset growth and maintain margins. The Bank was able to increase net interest margin to 1.85% from the 2006 margin of 1.83%. The Bank also acquired Pioneer in December 2006 which contributed to the increase in net interest income.

Operating and finance review (continued)

Other operating income

Other operating income for the period ended 28 February 2007 increased by 30% over the prior comparative period to \$65.5m. This is mainly due to a 20% increase in customer fees and charges as those branches opened in the past two years approach operational maturity and also the impact of the acquisition of Pioneer.

Expenses

The Bank's expenses increased by 25% for the period ended 28 February 2007 to \$141.7m, from the prior comparative period result of \$113.5m. However, non-operational expenses such as non-recurring Pioneer integration costs and amortisation of customer contracts amounting to \$1.7m are included. The balance of the increase in expenses is due to growth in activity levels and the costs associated with expanding the Bank's distribution network.

Efficiency

The Bank's cost to income ratio increased from the period ended 28 February 2006 result of 64.1% to 64.5% for the period ended 28 February 2007. However, if the \$1.1m in customer contract amortisation is excluded, then the cost to income ratio is 64.0%. If the non-recurring costs of approximately \$0.6m relating to the Pioneer acquisition are also excluded, the cost to income ratio is 63.8% indicating a steady improvement in efficiency in line with market guidance provided.

Asset quality and provisioning

Impairment on loans and advances

Expenses relating to impairment on loans and advances were \$9.3m for the six months ended 28 February 2007. This expense consisted of \$7.9m of specific provision impairment expense and \$1.4m of expense relating to the Bank's collective provision.

The impairment expense of \$9.3m for the period ended 28 February 2007 compares with \$8.9m for the six months ended 31 August 2006 and \$3.4m for the period ended 28 February 2006. This increase reflects the substantial growth in the Bank's loan book, particularly in relation to unsecured lending.

Impaired assets

Impaired assets increased in gross terms to \$9.3m as at 28 February 2007 from \$7.3m at 31 August 2006. Impaired assets as a percentage of non-securitised loans has increased slightly to 0.08% at 28 February 2007 from 0.07% at 31 August 2006.

Lending approvals and asset growth

Lending approvals for the six months ended 28 February 2007 were \$5.6 billion, an increase of \$1.1 billion over the comparative 2006 approval result of \$4.5 billion. This increase of 24% is due to the increased points of presence in the retail and business banking network.

The lending approval growth translated into a loans under management balance of \$17.0 billion, an increase of \$1.9 billion from 31 August 2006 which represents growth of 26% on an annualised basis. Of this increase, \$341.4m relates to the acquisition of Pioneer on 5 December 2006. If the Pioneer acquisition is excluded, loans under management grew by 21% on an annualised basis.

Of the loans under management balance of \$17.0 billion, \$16.1 billion is on balance sheet and \$0.9 billion off balance sheet. The off balance sheet lending relates to the REDS EHP leasing trusts which are not consolidated for accounting purposes.

Retail deposit growth

Retail deposits have shown strong growth for the period ended 28 February 2007 and have reached \$8.3 billion, an increase of \$1.4 billion from 31 August 2006, which represents growth of 42% on an annualised basis. Of this increase of \$1.4 billion, \$456.3 million relates to the acquisition of Pioneer on 5 December 2006. If the Pioneer acquisition is excluded, retail deposits grew by 28% on an annualised basis.

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

Operating and finance review (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 28 February 2007 was 12.1% and Tier 1 capital was 8.4%. Innovative Share Capital ("RePS" and "S1RPS") comprise 15% of Tier 1 capital. The Bank has not issued any non-innovative capital instruments.

The Bank continues to actively manage capital, with a combination of housing and leasing asset securitisations and maintenance of the Dividend Reinvestment Plan.

Branch network expansion

The Bank has opened four branches during the period and has also added 21 branches with the Pioneer acquisition to bring total branches to 240 as at 28 February 2007. Of these 240 branches, 79 are outside of Queensland. The Bank also converted six corporate branches into owner managed branches during the first half.

Shareholder returns

Diluted earnings per share has increased by 14% to 42.9c for the period ended 28 February 2007, compared to the period ended 28 February 2006 result of 37.6c.

The Bank has declared an interim dividend of 32 cents per share fully franked. This is an increase of 5 cents (19%) from the 2006 interim dividend of 27 cents and is 2 cents higher than the 2006 final dividend of 30 cents.

Subsequent events

On 21 December 2006, the Bank signed an exclusive heads of agreement with Citigroup Pty Limited for the sale of the Bank's credit card portfolio and an ongoing strategic alliance for Citigroup Pty Limited to provide BOQ-branded cards to its customers. Formal agreements have not been completed as at the date of this report.

The financial effect of this transaction has not been brought to account in the financial statements for the period ended 28 February 2007.

On 19 March 2007, the Bank announced it had approached the Board of Bendigo Bank Limited ("Bendigo") seeking an agreement on a conditional proposal for a merger through a Scheme of Arrangement.

This proposal is conditional on:

- The recommendation of the merger proposal by the Bendigo Board;
- Receiving regulatory approvals; and
- Meeting conditions customary of a transaction of this nature.

The financial effect of this transaction has not been brought to account in the financial statements for the period ended 28 February 2007.

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

The lead auditor's independence declaration is set out on page 14 and forms part of the directors' report for the half-year ended 28 February 2007.

Rounding of amounts

The Bank is a company of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 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 fourth day of April 2007.

Signed in accordance with a resolution of the directors:

Neil Roberts
Chairman

David Liddy
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 28 February 2007 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
4 April 2007

CONSOLIDATED INTERIM INCOME STATEMENT
For the half-year ended 28 February 2007

	Note	28 February 2007 \$m	28 February 2006 \$m
Interest income	5	604.3	472.2
Less: Interest expense	5	450.2	345.3
Net interest income		154.1	126.9
Other operating income	5	65.5	50.2
Total operating income		219.6	177.1
Less: Expenses	6	141.7	113.5
Profit before impairment on loans and advances and tax		77.9	63.6
Less: Impairment on loans and advances	10	9.3	3.4
Profit before income tax		68.6	60.2
Less: Income tax expense	7	20.2	20.2
Profit for the period	16	48.4	40.0
Basic earnings per share		44.3c	38.4c
Diluted earnings per share		42.9c	37.6c

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 28 February 2007

	Note	28 February 2007 \$m	28 February 2006 \$m
Cash flow hedges:			
Net gains / (losses) taken to equity	16	(0.6)	1.4
Net gains transferred to income statement	16	(1.3)	0.9
Change in fair value of assets available for sale	16	(0.2)	-
Net income / (expense) recognised directly in equity		(2.1)	2.3
Profit for the period		48.4	40.0
Total recognised income and expense for the period		46.3	42.3
Attributable to:			
Equity holders of the parent		46.3	42.3

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

**CONSOLIDATED INTERIM BALANCE SHEET
As at 28 February 2007**

	Note	28 February 2007 \$m	31 August 2006 \$m
Assets			
Cash and liquid assets		351.4	261.8
Due from other financial institutions		39.0	45.0
Other financial assets			
Trading securities		1,384.2	1,083.3
Investment securities available for sale		23.7	25.6
Derivative financial instruments		16.2	31.6
Loans and advances at amortised cost	9	16,110.1	14,003.7
Property, plant and equipment		23.4	19.6
Deferred tax assets		-	53.9
Other assets		259.3	162.9
Intangible assets	12	138.1	109.7
Total assets		18,345.4	15,797.1
Liabilities			
Due to other financial institutions		125.1	95.6
Deposits	13	11,565.1	9,949.6
Derivative financial instruments		23.4	11.5
Accounts payable and other liabilities		160.9	161.7
Current tax liabilities		7.6	54.5
Provisions		16.5	16.0
Deferred tax liabilities		1.6	-
Borrowings including subordinated notes	14	5,671.7	4,818.4
Total liabilities		17,571.9	15,107.3
Net assets		773.5	689.8
Equity			
Issued capital	15	598.2	531.2
Reserves	16	68.1	61.0
Retained profits	16	107.2	97.6
Total equity		773.5	689.8

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 28 February 2007

	28 February 2007 \$m	28 February 2006 \$m
Cash flows from operating activities		
Interest received	614.3	482.0
Fees and other income received	82.2	43.4
Interest paid	(443.3)	(359.5)
Cash paid to suppliers and employees	(144.1)	(98.5)
Operating income tax paid	(11.3)	(20.1)
Other taxes paid	(0.3)	(0.3)
	<u>97.5</u>	<u>47.0</u>
<i>(Increase) / decrease in operating assets:</i>		
Loans and advances at amortised cost	(1,867.5)	(1,226.4)
Trading securities	(167.4)	(635.2)
Investment securities	6.0	(1.6)
Investment securities available for sale	1.4	0.8
<i>Increase / (decrease) in operating liabilities:</i>		
Deposits	1,190.5	1,041.0
Borrowings including subordinated notes	(437.9)	(313.0)
Net cash used in operating activities	<u>(1,177.4)</u>	<u>(1,087.4)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(2.8)	(1.9)
Payments for intangible assets - software	(7.4)	(9.1)
Payments for acquisition of Orix division Debtor Finance	-	(66.1)
Payments for acquisition of Pioneer Permanent Building Society Limited	(6.1)	-
Proceeds from sale of property, plant and equipment	0.8	0.4
Net cash used in investing activities	<u>(15.5)</u>	<u>(76.7)</u>
Cash flows from financing activities		
Proceeds from issue of ordinary shares	29.0	18.1
Costs of capital issues	-	(0.4)
Note issue proceeds	1,276.8	849.2
Dividends paid	(23.3)	(27.0)
Net cash provided by financing activities	<u>1,282.5</u>	<u>839.9</u>
Net increase / (decrease) in cash and cash equivalents	89.6	(324.2)
Cash and cash equivalents at beginning of year	<u>261.8</u>	<u>571.6</u>
Cash and cash equivalents at end of half year	<u>351.4</u>	<u>247.4</u>

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 28 February 2007

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**CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half-year ended 28 February 2007**

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 28 February 2007 comprises the Bank and its subsidiaries ("the consolidated entity").

The consolidated annual financial report of the consolidated entity as at and for the year ended 31 August 2006 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 2006.

The consolidated interim financial report was approved by the Board of Directors on 4 April 2007.

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

Except as described below, 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 2006.

In the prior financial year the consolidated entity adopted AASB 132: *Financial Instruments: Disclosure and Presentation* and AASB 139: *Financial Instruments: Recognition and Measurement* in accordance with the transitional rules of AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*. This change has been accounted for by adjusting the opening balance of retained profits and reserves at 1 September 2005, as disclosed in the Reconciliation of movements in reserves (note 16).

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 2006.

BANK OF QUEENSLAND LIMITED and its controlled entities

5. Net income	Consolidated	
	28 February 2007 \$m	28 February 2006 \$m
Interest income		
Loans and advances	552.2	427.6
Trading and other securities	52.1	44.6
Total interest income	604.3	472.2
Interest expense		
Retail deposits	(184.3)	(132.0)
Wholesale deposits and borrowings	(265.9)	(213.3)
Total interest expense	(450.2)	(345.3)
Net interest income	154.1	126.9
Income from operating activities		
Other customer fees and charges (non-securitised)	53.3	44.3
Other customer fees and charges (securitised)	0.7	0.6
Securitisation income ⁽¹⁾	2.0	1.2
Net income from financial instruments at fair value	5.0	1.2
Commission – insurance and financial planning	1.9	1.2
Franchise fees	0.4	2.2
Bad debts recovered	0.5	0.6
ATM Solutions branding royalties	1.0	1.1
Foreign exchange income – customer based	1.9	1.4
Income from outside operating activities		
Profit on sale of non-current assets	0.5	0.4
Other income	2.9	1.0
Total other revenue from ordinary activities	70.1	55.2
Share of fee revenue paid to Owner Managed Branches ⁽²⁾	(4.6)	(5.0)
Other operating income	65.5	50.2
Total operating income	219.6	177.1

⁽¹⁾ Represents securitisation income from the Bank's leasing trusts which are not consolidated.

⁽²⁾ Represents the share of fees paid to Owner Managed Branches.

BANK OF QUEENSLAND LIMITED and its controlled entities

6. Expenses	Consolidated	
	28 February 2007 \$m	28 February 2006 \$m
Operating expenses		
Advertising	4.0	4.1
Commissions to Owner Managed Branches	4.7	2.9
Communications and postage	4.8	3.8
Printing and stationery	2.4	2.7
Non-lending losses	1.1	0.6
Amounts set aside to provisions for credit card rewards	2.6	1.8
Processing costs	15.4	13.9
Amortisation – securitisation set-up costs	0.8	0.6
Other operating expenses	4.5	4.0
	40.3	34.4
Administrative expenses		
Professional fees	3.5	2.8
Directors' fees	0.4	0.3
Other	1.8	1.6
	5.7	4.7
Computer costs		
Data processing	22.9	16.6
Amortisation – software (intangible)	6.8	5.9
Amortisation – technology infrastructure (intangible)	1.2	1.6
Depreciation – IT equipment	1.1	1.4
	32.0	25.5
Occupancy expenses		
Lease rental	6.9	5.7
Depreciation of plant, furniture, equipment and leasehold improvements	1.5	1.2
Other	0.8	0.6
	9.2	7.5
Employee expenses		
Salaries and wages	39.8	31.4
Superannuation contributions	4.8	3.6
Fringe benefits tax	0.7	0.7
Amounts set aside to provisions for employee entitlements	0.7	0.2
Payroll tax	2.4	1.9
Equity settled transactions	3.4	2.0
Other	1.6	1.4
	53.4	41.2
Other		
Amortisation – customer contracts (intangible) ⁽¹⁾	1.1	0.2
	141.7	113.5
Expenses		

⁽¹⁾ Increase from prior period relates to the amortisation of customer contracts recognised upon acquisition of the Pioneer Permanent Building Society Limited on 5 December 2006.

7. Income tax expense

The consolidated entity's consolidated effective tax rate for the six months ended 28 February 2007 was 29.4%. The effective tax rate for the year ended 31 August 2006 was 25.0% and for the six months ended 28 February 2006 was 33.6%.

The tax rate for the year ended 31 August 2006 included a non-recurring tax benefit of \$6.5m which related to the disposal of the Bank's former core banking system.

8. Dividends

	Half-year ended			
	28 February 2007		28 February 2006	
	Cents per share	\$m	Cents per share	\$m
<i>Ordinary shares</i>				
Final 2006 dividend (fully franked) paid 27 November 2006 (2005: 25 November 2005)	30	33.0	25	26.2
Special 2005 dividend (fully franked) paid on 25 November 2005	-	-	15	15.8
		<u>33.0</u>		<u>42.0</u>
<i>Preference shares recognised as liability</i>				
Half-yearly RePS dividend (fully franked) paid 16 October 2006 (2005: 17 October 2005)	257	1.2	372	2.2
Half-yearly S1RPS dividend (fully franked) paid 20 October 2006 (2005: 20 October 2005)	261	1.7	261	1.7
		<u>2.9</u>		<u>3.9</u>
<i>Dividends not recognised in the balance sheet</i>				
In addition to the above dividends, since half-year end the directors have proposed the following:				
Interim 2007 dividend (fully franked) expected to be paid on 10 May 2007 (2006: 11 May 2006) out of retained profits at 28 February 2007, but not recognised as a liability in the balance sheet	32	35.8	27	28.6
<i>Dividends recognised in the balance sheet</i>				
Half-yearly RePS dividend (fully franked) expected to be paid on 16 April 2007 (2006: 17 April 2006) and recognised as a liability in the balance sheet	255	1.2	255	1.2
Half-yearly S1RPS dividend (fully franked) expected to be paid on 20 April 2007 (2006: 20 April 2006) and recognised as a liability in the balance sheet	259	1.7	259	1.7
		<u>38.7</u>		<u>31.5</u>

On 13 December 2006, Pioneer paid a dividend of \$5.3m to shareholders. This dividend was announced to those shareholders of Pioneer prior to the acquisition of 100% of the capital of Pioneer by the Bank on 5 December 2006. This dividend was paid out of Pioneer's earnings up to 5 December 2006.

BANK OF QUEENSLAND LIMITED and its controlled entities

9. Loans and advances at amortised cost	Consolidated	
	28 February	31 August
	2007	2006
	\$m	\$m
Residential property loans – secured by mortgages ⁽¹⁾	7,226.5	6,584.3
Securitised residential property loans – secured by mortgages	3,892.5	3,183.1
Personal loans ⁽¹⁾	302.4	246.8
Credit cards	254.7	224.3
Overdrafts ⁽¹⁾	299.9	265.1
Commercial loans ⁽¹⁾	2,716.3	2,480.1
Leasing finance	1,659.4	1,182.9
Gross loans and advances at amortised cost	16,351.7	14,166.6
Less:		
Unearned lease finance income	(225.4)	(149.1)
Collective provision for impairment	(10.2)	(8.1)
Specific provisions for impairment	(6.0)	(5.7)
Total loans and advances at amortised cost	16,110.1	14,003.7
Product concentration of credit risk for loans and advances at amortised cost (net of specific provision and unearned income):		
Residential	11,118.2	9,767.0
Consumer	555.3	469.7
Commercial	3,014.7	2,743.7
Leases	1,432.1	1,031.4
Total before collective provision	16,120.3	14,011.8

As at 28 February 2007, there was \$874.0m (2006: \$1,069.6m) of leasing assets which are not consolidated. These 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 5 December 2006, the Bank acquired Pioneer Permanent Building Society Limited which resulted in the following increase of gross loans on acquisition date totalling \$342.4m (refer note 17):

- Residential property loans - \$270.3m;
- Personal loans - \$12.9m;
- Overdrafts - \$25.0m; and
- Commercial loans - \$34.2m.

BANK OF QUEENSLAND LIMITED and its controlled entities

10. Provisions for impairment	Consolidated	
	28 February 2007 \$m	31 August 2006 \$m
<i>Specific provision:</i>		
Balance at the beginning of the period	5.7	3.8
Add: Expensed during the period	7.9	12.7
Add: Acquired during the period ⁽¹⁾	0.2	-
Less: Amounts written off against specific provision	(7.8)	(10.8)
Balance at the end of the period	6.0	5.7
<i>Collective provision:</i>		
Balance at the beginning of the period	8.1	-
Adjustment to retained profits on transition to AIFRS	-	8.5
Add: Expensed during the period	1.4	(0.4)
Add: Acquired during the period ⁽¹⁾	0.7	-
Balance at the end of the period	10.2	8.1
Total provisions for impairment	16.2	13.8

The total of the general reserve for credit losses and collective provision equals 50 basis points of risk weighted assets on a tax effected basis to meet APRA requirements.

⁽¹⁾ Provisions acquired relate to the acquisition of the Pioneer Permanent Building Society Limited.

11. Asset quality	Consolidated					
	28 February 2007			31 August 2006		
	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	9.3	6.0	3.3	7.3	5.7	1.6
b) Past due loans ⁽¹⁾	94.4	-	94.4	60.3	-	60.3

⁽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 well secured, for housing products usually by residential mortgage, and are spread across a range of customer and product groups.

BANK OF QUEENSLAND LIMITED and its controlled entities

	Consolidated	
	28 February 2007 \$m	31 August 2006 \$m
12. Intangible assets		
Goodwill ⁽¹⁾	44.0	21.0
Customer contracts ⁽¹⁾	10.2	4.3
Computer software	66.6	66.0
Technology infrastructure	17.3	18.4
Total	138.1	109.7

⁽¹⁾ The increase in goodwill and customer contracts is due to the acquisition of Pioneer Permanent Building Society Limited. Refer note 17.

Goodwill

On 5 December 2006, the Bank acquired Pioneer Permanent Building Society Limited and recognised goodwill of \$23.0m. This goodwill was attributed to Pioneer Permanent Building Society Limited as 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 2007.

13. Deposits

Deposits at call ⁽¹⁾	5,263.9	4,341.2
Term deposits ⁽¹⁾	3,865.4	3,199.3
Certificates of deposit	2,435.8	2,409.1
Total	11,565.1	9,949.6
 Concentration of deposits		
Retail deposits	8,284.4	6,867.2
Wholesale deposits	3,280.7	3,082.4
Total	11,565.1	9,949.6

⁽¹⁾ On 5 December 2006, the Bank acquired Pioneer Permanent Building Society Limited which resulted in an increase of \$179.3m of call deposits and \$277.0m of term deposits as at acquisition date. Refer note 17.

14. Borrowings including subordinated notes

The consolidated entity recorded the following movements on borrowings including subordinated notes:

	Securitisation liabilities	EMTN Program	Borrowings including subordinated notes	Preference shares	Total
	\$m	\$m	\$m	\$m	\$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

BANK OF QUEENSLAND LIMITED and its controlled entities

14. Borrowing including subordinated notes (continued)

	Securitisation liabilities	EMTN Program	Borrowings including subordinated notes	Preference shares	Total
	\$m	\$m	\$m	\$m	\$m
<i>Half-year ended 28 February 2006</i>					
Balance at the beginning of the period	2,602.5	1,168.4	231.0	-	4,001.9
Opening AIFRS reclassification	(5.8)	33.6	-	123.0	150.8
Proceeds from issues	849.2	564.3	-	-	1,413.5
Repayments	(473.5)	(403.3)	-	-	(876.8)
Deferred establishment costs	(0.8)	-	-	-	(0.8)
Amortisation of deferred costs	1.7	-	-	-	1.7
Foreign exchange translation	-	2.2	-	-	2.2
Conversion to ordinary shares	-	-	-	(11.1)	(11.1)
Balance at the end of the period	2,973.3	1,365.2	231.0	111.9	4,681.4

	Consolidated	
	28 February 2007	28 February 2006
	\$m	\$m

15. Issued capital

Issued and paid up capital

(a) Ordinary shares

Balance at the beginning of the period – 106,469,145 (2006: 101,100,189), fully paid	531.2	475.3
Dividend reinvestment plan – 1,006,789 shares (2006: 1,101,943)	14.8	14.7
Exercise of options – 3,051,908 shares (2006: 2,374,500)	29.0	16.1
Reset Preference Shares conversion – nil shares (2006: 925,789)	-	11.2
Employee share plan – nil shares (2006: 189)	-	-
Pioneer Acquisition – 1,479,923 shares (2006: nil)	23.2	-
Balance at the end of the period – 112,007,765 (2006: 105,502,610), fully paid	598.2	517.3

(b) Reset Preference Shares (“RePS”) ⁽¹⁾

Balance at the beginning of the period – nil (2006: 583,488), fully paid	-	58.0
Re-classification to debt on transition to AIFRS	-	(58.0)
Balance at the end of the period – nil (2007: nil), fully paid	-	-

(c) Series 1 Reset Preference Shares (“S1RPS”) ⁽¹⁾

Balance at the beginning of the period – nil (2006: 647,417), fully paid	-	63.1
Re-classification to debt on transition to AIFRS	-	(63.1)
Balance at the end of the period – nil (2007: nil), fully paid	-	-

Total issued and paid up capital	598.2	517.3
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⁽¹⁾ Preference shares are classified as debt for the current year. Refer Note 14.

BANK OF QUEENSLAND LIMITED and its controlled entities

16. Reserves and retained profits

	Consolidated					
	Employee Benefits reserve	General Reserve for credit losses	Cashflow hedge reserve	Available for sale reserve	Total Reserves	Retained profits
	\$m	\$m	\$m	\$m	\$m	\$m
Half-year ended 28 February 2007						
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

	Consolidated					
	Employee Benefits reserve	General Reserve for credit losses	Cashflow hedge reserve	Available for sale reserve	Total Reserves	Retained profits
	\$m	\$m	\$m	\$m	\$m	\$m
Half-year ended 28 February 2006						
Balance at the beginning of the period	3.7	-	-	-	3.7	112.8
Net effect of initial adoption of AIFRS	-	43.9	(6.9)	-	37.0	(35.0)
Total recognised income and expense	-	-	2.3	-	2.3	40.0
Dividends to shareholders	-	-	-	-	-	(41.8)
Equity settled transactions	2.0	-	-	-	2.0	-
Transfers	-	3.6	-	-	3.6	(3.6)
Balance at the end of the period	5.7	47.5	(4.6)	-	48.6	72.4

17. Changes in the composition of the Group
Acquisition of subsidiary
Current period

On 5 December 2006, the Bank acquired all the shares of Pioneer Permanent Building Society Limited ("Pioneer") for \$45.5 million in a combination of cash and ordinary shares in the Bank. Pioneer is a provider of financial services and in the 3 months to 28 February 2007 contributed profit of \$0.6m. If the acquisition had occurred on 1 September 2006, management estimates that consolidated total operating income would have been \$224.1 million and consolidated profit would have been \$49.0 million for the six months ended 28 February 2007.

The acquisition had the following effect on the consolidated entity's assets and liabilities:

	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	0.7	0.6	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	15.5	(1.4)	16.9
Customer contracts recognised on acquisition	7.0		
Goodwill on acquisition	23.0		
Total Consideration	45.5		
Consideration paid, satisfied in Bank ordinary shares	23.2		
Consideration paid, satisfied in cash *	22.3		
Cash acquired	(16.2)		
Net cash outflow	6.1		

* Includes cash of \$21.1 million and incidental costs of \$1.2 million.

Prior period

During the comparative interim period, the Bank acquired the Debtor Finance division of Orix Australia Corporation Limited on 22 December 2005.

Details of the acquisition were as follows:

	Recognised values on acquisition \$m	Fair value adjustments \$m	Pre-acquisition carrying amounts \$m
Debtor finance receivables	77.7	0.6	77.1
Accounts payable and other liabilities	(23.5)	-	(23.5)
Provisions	(0.1)	-	(0.1)
Net identifiable assets and liabilities	54.1	0.6	53.5
Customer contracts recognised on acquisition	5.0		
Goodwill on acquisition	8.1		
Consideration paid, satisfied in cash*	67.2		
Cash acquired	-		
Net cash outflow	67.2		

* Includes incidental costs of \$1.1 million.

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

Securitisation vehicles

Current period

The Bank established the Series 2006-1E REDS Trust on 2 November 2006.

The following securitisation vehicles were wound up during the period:

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

Prior period

In the prior interim period, the Bank established the REDS Warehouse Trust No.2.

The following securitisation vehicles were wound up during the period:

- Symphony Trust No 3 on 15 September 2005; and
- Series 1999-1 REDS Trust on 28 February 2006.

18. 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.

19. Average balances and margin analysis

	6 Months to 28 February			6 Months to 31 August		
	2007			2006		
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
	\$m	\$m	%	\$m	\$m	%
Interest earning assets						
Gross loans and advances at amortised cost *	15,152.3	552.2	7.35	13,586.1	487.8	7.12
Investments and other securities *	1,657.6	52.1	6.34	1,944.2	57.0	5.82
Total interest earning assets	16,809.9	604.3	7.25	15,530.3	544.8	6.96
Non-interest earning assets						
Property, plant and equipment	21.0			18.8		
Other assets	348.7			307.3		
Provision for impairment	(15.7)			(14.0)		
Total non-interest earning assets	354.0			312.1		
Total assets	17,163.9			15,842.4		
Interest bearing liabilities						
Retail deposits *	7,616.7	184.3	4.88	6,657.6	147.8	4.40
Wholesale deposits and borrowings *	8,551.4	265.9	6.27	8,388.8	254.1	6.01
Total interest bearing liabilities	16,168.1	450.2	5.62	15,046.4	401.9	5.30
Non-interest bearing liabilities	254.6			160.1		
Total liabilities	16,422.7			15,206.5		
Shareholders' funds	741.2			635.9		
Total liabilities and shareholders' funds	17,163.9			15,842.4		
Interest margin and interest spread						
Interest earning assets	16,809.9	604.3	7.25	15,530.3	544.8	6.96
Interest bearing liabilities	16,168.1	450.2	5.62	15,046.4	401.9	5.30
Net interest spread			1.63			1.66
Net interest margin - on average interest earning assets	16,809.9	154.1	1.85	15,530.3	142.9	1.83

* Calculated on average daily balances

20. Related parties

Except as disclosed below, arrangements for related parties are consistent with those disclosed in the 31 August 2006 Annual Report:

- Bruce Phillips, a non-executive director, resigned on 11 October 2006. Mr Phillips had been a director since November 1996;
- David Graham was appointed as a non-executive director on 11 October 2006; and
- With the appointment of David Graham as a director of the Bank, the Bank's arrangements with DDH Graham Limited will be disclosed as a related party. Mr Graham is Chairman and Managing Director of DDH Graham Limited. DDH Graham Limited provides funding to the Bank through introduced customer money market deposit accounts, and in turn the bank pays DDH Graham Limited a commission based on the value of deposited funds held with the Bank.

21. Contingent liabilities

There have been no material changes in contingent liabilities since 31 August 2006.

22. Events subsequent to balance date

On 21 December 2006, the Bank signed an exclusive heads of agreement with Citigroup Pty Limited for the sale of the Bank's credit card portfolio and an ongoing strategic alliance for Citigroup Pty Limited to provide BOQ-branded cards to its customers. Formal agreements have not been completed as at the date of this report.

The financial effect of this transaction has not been brought to account in the financial statements for the period ended 28 February 2007.

On 19 March 2007, the Bank announced it had approached the Board of Bendigo Bank Limited ("Bendigo") seeking an agreement on a conditional proposal for a merger through a Scheme of Arrangement.

This proposal is conditional on:

- The recommendation of the merger proposal by the Bendigo Board;
- Receiving regulatory approvals; and
- Meeting conditions customary of a transaction of this nature.

The financial effect of this transaction has not been brought to account in the financial statements for the period ended 28 February 2007.

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 9 to 32 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 28 February 2007 and of its performance, as represented by the results of its operations and its cash flows, 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 fourth day of April 2007.

Signed in accordance with a resolution of the directors:

Neil Roberts
Chairman

David Liddy
Managing Director



INDEPENDENT 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 28 February 2007, 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 22 and the directors' declaration set out on page 33 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 designing, implementing 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 an opinion 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 28 February 2007 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 to the audit of the annual report.

A review of the 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 28 February 2007 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
4 April 2007

**BANK OF QUEENSLAND LIMITED
CAPITAL ADEQUACY DETAILS**

	Consolidated	
	28 February 2007 \$m	31 August 2006 \$m
Capital adequacy		
Qualifying capital		
Tier 1		
Issued Capital	598.2	531.2
Employee benefits reserve	12.6	9.2
Retained Profits	107.2	97.6
Add: Hybrids (RePS and S1RPS)	111.9	111.9
Add: Upfront fee income	-	2.2
Less: Dividends not accrued	(17.9)	(16.0)
Add: Estimated participation in dividend reinvestment plan	8.2	7.5
Less: Deferred expenditure	(24.5)	(27.2)
Less: Non consolidated entities for capital reporting	(1.5)	(1.5)
Less: Excess deferred tax assets	-	(53.9)
Less: Intangibles	(138.1)	(109.6)
Add: APRA transitional relief	111.9	110.0
Total Tier 1 capital	768.0	661.4
Tier 2		
Unrealised gains on cashflow hedge reserve	(0.7)	1.2
General provision for doubtful debts net of tax effect	46.3	40.6
Term subordinated debt	322.2	331.4
Total Tier 2 capital	367.8	373.2
Deductions: Credit support of a capital nature (REDS EHP Trusts)	(25.6)	(25.6)
Total qualifying capital	1,110.2	1,009.0
Risk adjusted assets and off-balance sheet exposures		
Risk adjusted assets	Risk Weight	
Cash, balances with RBA, and Commonwealth and State government securities maturing within 12 months	0%	-
Claims on local governments, public sector entities, Australian and OECD banks	20%	222.2
Loans secured by residential real estate	50%	3,429.2
Other loans	100%	3,980.7
Other assets	100%	88.0
Total risk adjusted assets	8,795.6	7,720.1
Risk adjusted off-balance sheet exposures	371.0	386.5
Total risk weighted assets	9,166.6	8,106.6
Risk-weighted capital ratios		
Tier 1 – Core	7.2%	6.8%
Tier 1 – Hybrid (RePS)	1.2%	1.4%
Total Tier 1	8.4%	8.2%
Tier 2	4.0%	4.6%
Deductions	(0.3%)	(0.3%)
Total	12.1%	12.5%

	AIFRS ⁽¹⁾	AIFRS		AIFRS	AIFRS
	Financial Year 2005	Half Year Performance		Financial Year 2006	Half Year Performance
		1H/06	2H/06		1H/07
Figures are denoted in \$A Millions unless otherwise stated.					
Assets					
Assets under management					
Loans - net of specific and general / collective provision for doubtful debts	11,591.1	12,915.3	14,003.7	14,003.7	16,110.1
Liquid assets	1,766.6	2,127.8	1,447.3	1,447.3	1,814.5
Other assets	292.9	262.4	346.1	346.1	420.8
Total balance sheet assets	13,650.6	15,305.5	15,797.1	15,797.1	18,345.4
Securitised leasing assets (off balance sheet)	738.0	607.7	1,069.6	1,069.6	874.0
Total assets under management	14,388.6	15,913.2	16,866.7	16,866.7	19,219.4
Loans under management (before general / collective provisions)					
Housing	8,064.5	8,732.9	9,767.0	9,767.0	11,118.2
Commercial	3,952.1	4,373.6	4,844.7	4,844.7	5,320.8
Consumer	364.9	424.3	469.7	469.7	555.3
Total loans under management (before general / collective provisions)	12,381.5	13,530.8	15,081.4	15,081.4	16,994.3
Housing	65%	65%	65%	65%	65%
Commercial	32%	32%	32%	32%	32%
Consumer	3%	3%	3%	3%	3%
Balance sheet loans (before general / collective provisions)					
Housing	8,064.5	8,732.9	9,767.0	9,767.0	11,118.2
Commercial	3,214.1	3,765.9	3,775.1	3,775.1	4,446.8
Consumer	364.9	424.3	469.7	469.7	555.3
Total balance sheet loans (before general / collective provisions)	11,643.5	12,923.1	14,011.8	14,011.8	16,120.3
Housing	69%	68%	70%	70%	69%
Commercial	28%	29%	27%	27%	28%
Consumer	3%	3%	3%	3%	3%
Lending approvals					
Housing	3,896.0	2,430.0	3,111.0	5,541.0	3,270.0
Commercial	3,385.0	1,929.0	2,219.0	4,148.0	2,063.0
Consumer	232.0	135.0	155.0	290.0	242.0
Total lending approvals	7,513.0	4,494.0	5,485.0	9,979.0	5,575.0
Funding					
Shareholders' equity	591.8	638.3	689.8	689.8	773.5
Hybrid equity (RePS & S1RPS)	121.1	-	-	-	-
Retail deposits	5,843.3	6,377.2	6,867.2	6,867.2	8,284.4
Wholesale deposits	2,869.7	3,349.6	3,082.4	3,082.4	3,280.7
Borrowings (including subordinated notes, securitisation liabilities and hybrid debt)	4,001.9	4,681.4	4,818.4	4,818.4	5,671.7
Other liabilities	222.8	259.0	339.3	339.3	335.1
Total funding	13,650.6	15,305.5	15,797.1	15,797.1	18,345.4
Retail deposit funding %	67%	66%	69%	69%	72%
Wholesale deposit funding %	33%	34%	31%	31%	28%

⁽¹⁾ The 2005 comparative figures have been restated to comply with all AIFRS, except for AASB 132 Financial Instruments: Presentation and Disclosure and AASB 139 Financial Instruments: Recognition and Measurement, where we have applied the exemption to restate comparative information. As such, the areas affected by hedge accounting, provision for doubtful debts, preference shares and loan application fees and expenses are not comparable for 2005.

⁽²⁾ Measures have been annualised where appropriate.

⁽³⁾ The Bank is required to perform a trigger test at each balance date to determine whether the RePS and S1RPS are dilutive. Both the RePS and S1RPS are dilutive.

⁽⁴⁾ Please note the EPS comparatives for the 2006 financial year have been restated for the bonus element contained within the Bank's 2006 Dividend Reinvestment Plan in accordance with AASB 133 para 64. This factor as applied is 0.9997.

⁽⁵⁾ APRA regulations were adjusted for AIFRS effective from 1 July 2006. The Capital Adequacy ratio for 2005 and the first half of 2006 were prepared under previous AGAAP.

⁽⁶⁾ Normalised measures exclude significant and non cash items. In 2005 the significant item relates to the sale of ATM Solutions and for 2006 it relates to a tax benefit obtained on the disposal of the Bank's previous banking platform. Non-cash items relate to the amortisation of customer contracts.

⁽⁷⁾ Balances obtained upon acquisition of Pioneer included gross loans and advances of \$342.4m, retail deposits of \$456.3m and total assets of \$500.8m.

⁽⁸⁾ Growth measures are calculated from the prior comparable period.

⁽⁹⁾ REPS and S1RPS are classified as innovative hybrids under APRA guidance. The Bank has not issued any non-innovative capital instruments.

	AIFRS ⁽¹⁾	AIFRS		AIFRS	AIFRS
	Financial Year 2005	Half Year Performance		Financial Year 2006	Half Year Performance
		1H/06	2H/06		1H/07
Figures are denoted in \$A Millions unless otherwise stated.					
Growth Measures					
Increase in loans under management (before general / collective provisions)					
Housing	964.8	668.4	1,034.1	1,702.5	1,351.2
Consumer	80.2	59.4	45.4	104.8	85.6
Commercial	472.0	421.5	471.1	892.6	476.1
Total increase in loans under management ⁽⁷⁾	1,517.0	1,149.3	1,550.6	2,699.9	1,912.9
Loans under management growth ⁽⁸⁾					
Housing	13.6%	16.5%	21.1%	21.1%	27.3%
Consumer	28.2%	27.3%	28.7%	28.7%	30.9%
Commercial	13.6%	22.5%	22.6%	22.6%	21.7%
Total growth in loans under management	14.0%	18.7%	21.8%	21.8%	25.6%
Increase in total assets (under management) ⁽⁷⁾	1,923.7	1,524.6	953.5	2,478.1	2,352.7
Asset growth (under management) ⁽⁸⁾	15.4%	19.3%	17.2%	17.2%	20.8%
Increase in total assets (on balance sheet) ⁽⁷⁾	3,723.0	1,654.9	491.6	2,146.5	2,548.3
Asset growth (on balance sheet) ⁽⁸⁾	37.5%	17.8%	15.7%	15.7%	19.9%
Increase in retail deposits ⁽⁷⁾	959.6	533.9	490.0	1,023.9	1,417.2
Retail deposit growth ⁽⁸⁾	19.6%	18.2%	17.5%	17.5%	29.9%
Financial Performance					
Net interest income	232.4	126.9	142.9	269.8	154.1
Other operating income:					
Securitisation fees	4.1	1.2	6.8	8.0	2.0
Loan application fees	22.4	-	-	-	-
Transaction & account keeping fees	80.1	44.9	49.4	94.3	54.0
Other	12.5	9.1	14.6	23.7	14.1
Significant item - profit on sale of ATM Solutions	22.8	-	-	-	-
Less: OMB share of fees	7.8	5.0	5.8	10.8	4.6
Total operating income	134.1	50.2	65.0	115.2	65.5
Net Income from ordinary activities	366.5	177.1	207.9	385.0	219.6
Operating expenses					
Staff	78.9	41.2	48.5	89.7	53.4
Occupancy	16.2	7.5	8.1	15.6	9.2
Computer	51.6	25.5	30.9	56.4	32.0
Operating	71.3	34.4	41.3	75.7	40.3
Administration	8.2	4.7	6.3	11.0	5.7
Other (amortisation of customer contracts)	0.6	0.2	0.5	0.7	1.1
Total operating expenses	226.8	113.5	135.6	249.1	141.7
Underlying profit before impairment on loans and advances and income tax	139.7	63.6	72.3	135.9	77.9
Less: Impairment on loans and advances	13.4	3.4	8.9	12.3	9.3
Profit before income tax	126.3	60.2	63.4	123.6	68.6
Less: Income tax expense	36.4	20.2	10.7	30.9	20.2
Profit after income tax	89.9	40.0	52.7	92.7	48.4
Add: Amortisation of customer contracts (tax effected)	-	0.1	0.4	0.5	0.9
Less: RePS/S1RPS Dividends	7.7	-	-	-	-
Less: Significant items (after tax)	14.7	-	6.5	6.5	-
Less: Movement in general reserve for credit losses excluding reserves obtained upon acquisition of Pioneer (tax effected)	-	2.5	1.7	4.2	3.4
Normalised cash profit available for distribution to ordinary shareholders ⁽⁶⁾	67.5	37.6	44.9	82.5	45.9

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	AIFRS ⁽¹⁾ Financial Year 2005	AIFRS Half Year Performance		AIFRS Financial Year 2006	AIFRS Half Year Performance 1H/07
		1H/06	2H/06		
Figures are denoted in \$A Millions unless otherwise stated.					
Profitability Measures					
Increase in underlying profit (before tax and impairment)	32.8	(21.2)	8.7	(3.8)	5.6
Underlying profit growth	30.7%	(25.0%)	13.7%	(2.7%)	7.7%
Increase in operating profit after tax	25.4	(13.8)	12.7	2.8	(4.3)
Profit growth after tax	39%	(25.7%)	31.7%	3.1%	(8.2%)
Operating profit after tax/average total assets ⁽²⁾	0.8%	0.6%	0.7%	0.6%	0.6%
Total operating expenses/average total assets ⁽²⁾	1.9%	1.6%	1.7%	1.7%	1.7%
Cost to income ratio	61.9%	64.1%	65.2%	64.7%	64.5%
Cash cost to income ratio	61.7%	64.0%	65.0%	64.5%	64.0%
Normalised cost to income ratio ⁽⁶⁾	65.8%	64.0%	65.0%	64.5%	64.0%
Non-interest income/total income	36.6%	28.3%	31.3%	29.9%	29.8%
Effective tax rate (%)	28.8%	33.6%	16.9%	25.0%	29.4%
Margin Analysis					
Interest rate margin	1.99%	1.95%	1.94%	1.95%	2.03%
Impact of payments to 3rd parties	0.16%	0.12%	0.11%	0.12%	0.18%
Net interest margin	1.83%	1.83%	1.83%	1.83%	1.85%
Asset Quality					
Specific bad and doubtful debt provision	3.8	4.3	5.7	5.7	6.0
General / collective bad and doubtful debt provision	52.4	7.8	8.1	8.1	10.2
General reserve for credit losses	-	47.5	49.8	49.8	55.6
Total bad and doubtful debt provision and general reserve for credit losses	56.2	59.6	63.6	63.6	71.8
General / collective provision plus general reserve as % of:					
Risk weighted assets (tax effected at 30%)	0.50%	0.50%	0.50%	0.50%	0.50%
Total specific provision/total impaired assets	67.9%	56.6%	78.1%	78.1%	64.5%
Total provision coverage of impaired assets (times)	10.04	10.52	11.64	11.64	10.28
Total impaired assets/ave. shareholders' equity	0.85%	1.12%	1.10%	1.04%	1.27%
Total impaired assets/non-securitised lending (at risk)	0.06%	0.08%	0.07%	0.07%	0.08%
Total impaired assets	5.6	7.6	7.3	7.3	9.3
Loans 90 days past due (non-securitised)	43.6	44.0	55.8	55.8	85.5
Loans 90 days past due (securitised)	7.1	8.6	4.5	4.5	8.9
Total loans 90 days past due	50.7	52.6	60.3	60.3	94.4
Bad debts written off to specific provisions	10.2	3.6	7.2	10.8	7.8
Movement in specific provision	(0.4)	0.5	1.4	1.9	0.1
Underlying bad and doubtful debts	9.8	4.1	8.6	12.7	7.9
Movement in general / collective provision	3.6	(0.7)	0.3	(0.4)	1.4
Impairment on loans and advances (Refer to P&L detail)	13.4	3.4	8.9	12.3	9.3
<p>⁽¹⁾ The 2005 comparative figures have been restated to comply with all AIFRS, except for AASB 132 Financial Instruments: Presentation and Disclosure and AASB 139 Financial Instruments: Recognition and Measurement, where we have applied the exemption to restate comparative information. As such, the areas affected by hedge accounting, provision for doubtful debts, preference shares and loan application fees and expenses are not comparable for 2005.</p> <p>⁽²⁾ Measures have been annualised where appropriate.</p> <p>⁽³⁾ The Bank is required to perform a trigger test at each balance date to determine whether the RePS and S1RPS are dilutive. Both the RePS and S1RPS are dilutive.</p> <p>⁽⁴⁾ Please note the EPS comparatives for the 2006 financial year have been restated for the bonus element contained within the Bank's 2006 Dividend Reinvestment Plan in accordance with AASB 133 para 64. This factor as applied is 0.9997.</p> <p>⁽⁵⁾ APRA regulations were adjusted for AIFRS effective from 1 July 2006. The Capital Adequacy ratio for 2005 and the first half of 2006 were prepared under previous AGAAP.</p> <p>⁽⁶⁾ Normalised measures exclude significant and non cash items. In 2005 the significant item relates to the sale of ATM Solutions and for 2006 it relates to a tax benefit obtained on the disposal of the Bank's previous banking platform. Non-cash items relate to the amortisation of customer contracts.</p> <p>⁽⁷⁾ Balances obtained upon acquisition of Pioneer included gross loans and advances of \$342.4m, retail deposits of \$456.3m and total assets of \$500.8m.</p> <p>⁽⁸⁾ Growth measures are calculated from the prior comparable period.</p> <p>⁽⁹⁾ REPS and S1RPS are classified as innovative hybrids under APRA guidance. The Bank has not issued any non-innovative capital instruments.</p>					

	AIFRS ⁽¹⁾	AIFRS		AIFRS	AIFRS
	Financial Year 2005	Half Year Performance		Financial Year 2006	Half Year Performance 1H/07
		1H/06	2H/06		
Figures are denoted in \$A Millions unless otherwise stated.					
Return Analysis (Cash Basis)					
ROE - weighted average	16.6%	13.7%	17.5%	15.7%	14.8%
ROE - distributable ⁽⁶⁾	12.6%	12.9%	14.9%	14.0%	14.0%
ROA - average	0.8%	0.6%	0.7%	0.6%	0.6%
RORWA	1.2%	1.0%	1.3%	1.1%	1.1%
Per Share Data					
Profit after income tax	89.9	40.0	52.7	92.7	48.4
Less: RePS and S1RPS dividends	(7.7)	-	-	-	-
Basic earnings available for ordinary shareholders	82.2	40.0	52.7	92.7	48.4
Add Back :					
- RePS dividends ⁽³⁾	4.3	1.5	1.2	2.7	1.2
- S1RPS dividends ⁽³⁾	3.4	1.7	1.6	3.3	1.7
Diluted Earnings available to ordinary shareholders	89.9	43.2	55.5	98.7	51.3
Add back amortisation (tax effected):					
- ATM Solutions network rights	0.6	-	-	-	-
- Orix customer contracts	-	0.1	0.4	0.5	0.3
- Pioneer customer contracts	-	-	-	-	0.6
Cash earnings	90.5	43.3	55.9	99.2	52.2
(Less) / Add significant items	(14.7)	-	(6.5)	(6.5)	-
Cash earnings - diluted EPS calculations	75.8	43.3	49.4	92.7	52.2
Less: Movement in general reserve for credit losses (tax effected)	-	(2.5)	(1.7)	(4.2)	(3.4)
Normalised cash earnings - available for distribution to ordinary shareholders	75.8	40.8	47.7	88.5	48.8
Weighted average number of shares used in:					
- Basic earnings per share ⁽⁴⁾	98.7	104.1	105.9	105.1	109.3
- Diluted earnings per share ⁽⁴⁾	111.6	114.8	117.2	116.1	119.5
Basic earnings per share (c) ⁽⁴⁾	83.3	38.4	49.8	88.2	44.3
Diluted earnings per share (c) ⁽⁴⁾	80.6	37.6	47.4	85.0	42.9
EPS growth (basic)	28.7%	(22.9%)	29.7%	5.9%	(11.0%)
EPS growth (diluted)	28.3%	(21.8%)	26.1%	5.5%	(9.5%)
Normalised diluted cash earnings per share (c) (on profits available for distribution to ordinary shareholders) ^{(4) (6)}	67.9	35.5	40.7	76.2	40.8
Ordinary Dividend per share (c)	48.0	27.0	30.0	57.0	32.0
Special Dividend per share (c)	15.0	-	-	-	-
Franking percentage - all dividends	100%	100%	100%	100%	100%
Franking credits (consolidated)	24.4	25.0	69.1	69.1	18.1
NTA per share (\$)	6.10	5.01	5.45	5.45	5.67
Dividend yield	5.41%	3.51%	3.89%	3.73%	4.29%
Payout ratio - ordinary shares (excludes RePS & S1RPS)	79%	72%	63%	66%	74%
Cash distributable payout ratio excluding special dividends and significant items	72%	76%	73%	75%	78%
DRP takeup % (before underwriting)	35%	47%	45%	46%	n/a
Total ordinary shares on issue - period end	101.1	105.5	106.5	106.5	112.0
Ordinary shares (entitled to dividend)	104.4	105.5	109.5	109.5	112.0
Share price - period end (\$)	11.65	15.50	15.29	15.29	15.04
Market cap value	1,177.8	1,635.3	1,628.4	1,628.4	1,684.5

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	AIFRS ⁽¹⁾	AIFRS		AIFRS	AIFRS
	Financial Year 2005	Half Year Performance		Financial Year 2006	Half Year Performance
		1H/06	2H/06		1H/07
Figures are denoted in \$A Millions unless otherwise stated.					
Capital Ratio Data					
Risk weighted assets	7,309.4	7,704.7	8,106.6	8,106.6	9,166.6
Ordinary shareholder funds and tier 1 reserves	530.3	547.6	549.5	549.5	656.1
Hybrids (RePS and S1RPS) ⁽³⁾	121.1	109.9	111.9	111.9	111.9
Sub debt, provisions and tier 2 reserves	267.8	269.7	373.2	373.2	367.8
Deductions	(16.4)	(17.1)	(25.6)	(25.6)	(25.6)
Total regulatory capital	902.8	910.1	1,009.0	1,009.0	1,110.2
APRA capital adequacy calculations					
Core tier 1	7.3%	7.1%	6.8%	6.8%	7.2%
Hybrid tier 1	1.7%	1.4%	1.4%	1.4%	1.2%
Total tier 1	9.0%	8.5%	8.2%	8.2%	8.4%
Tier 2 capital	3.6%	3.5%	4.6%	4.6%	4.0%
Deductions	(0.2%)	(0.2%)	(0.3%)	(0.3%)	(0.3%)
Total capital adequacy ratio⁽⁶⁾	12.4%	11.8%	12.5%	12.5%	12.1%
Other Information (Actual numbers)					
Number of corporate branches	57	57	55	55	49
Number of Owner Managed Branches - QLD	82	83	85	85	91
Number of Owner Managed Branches - NSW/ACT	21	30	51	51	51
Number of Owner Managed Branches - VIC	13	16	21	21	22
Number of Owner Managed Branches - WA	-	-	2	2	4
Number of Owner Managed Branches - NT	-	-	1	1	1
Number of Owner Managed Branches - TAS	-	-	-	-	1
Number of Pioneer corporate branches and exclusive agencies	-	-	-	-	21
Number of total branches	173	186	215	215	240
Number of Bank ATMs	172	188	214	214	218
Number of BOQ branded ATMs	1,729	2,032	2,246	2,246	2,370
Total BOQ branded ATMs	1,901	2,220	2,460	2,460	2,588
Number of Pioneer ATMs	-	-	-	-	24
Number of BOQ branded EFTPOS machines	5,663	5,956	6,577	6,577	7,157
Number of employees (FTEE)	883	956	1,049	1,049	1,119
<p>⁽¹⁾ The 2005 comparative figures have been restated to comply with all AIFRS, except for AASB 132 Financial Instruments: Presentation and Disclosure and AASB 139 Financial Instruments: Recognition and Measurement, where we have applied the exemption to restate comparative information. As such, the areas affected by hedge accounting, provision for doubtful debts, preference shares and loan application fees and expenses are not comparable for 2005.</p> <p>⁽²⁾ Measures have been annualised where appropriate.</p> <p>⁽³⁾ The Bank is required to perform a trigger test at each balance date to determine whether the RePS and S1RPS are dilutive. Both the RePS and S1RPS are dilutive.</p> <p>⁽⁴⁾ Please note the EPS comparatives for the 2006 financial year have been restated for the bonus element contained within the Bank's 2006 Dividend Reinvestment Plan in accordance with AASB 133 para 64. This factor as applied is 0.9997.</p> <p>⁽⁵⁾ APRA regulations were adjusted for AIFRS effective from 1 July 2006. The Capital Adequacy ratio for 2005 and the first half of 2006 were prepared under previous AGAAP.</p> <p>⁽⁶⁾ Normalised measures exclude significant and non cash items. In 2005 the significant item relates to the sale of ATM Solutions and for 2006 it relates to a tax benefit obtained on the disposal of the Bank's previous banking platform. Non-cash items relate to the amortisation of customer contracts.</p> <p>⁽⁷⁾ Balances obtained upon acquisition of Pioneer included gross loans and advances of \$342.4m, retail deposits of \$456.3m and total assets of \$500.8m.</p> <p>⁽⁸⁾ Growth measures are calculated from the prior comparable period.</p> <p>⁽⁹⁾ REPS and S1RPS are classified as innovative hybrids under APRA guidance. The Bank has not issued any non-innovative capital instruments.</p>					