



# Half year results Announcement



# Chairman's Letter

Roger Davis, Chairman

23rd May 2014

Dear Shareholder,

I'm pleased to provide you with an update on what has been another successful six months for BOQ. The strong financial performances we have delivered in recent periods demonstrate that our strategy continues to deliver results, in an environment that remains challenging particularly for non-major banks.

For the six months to 28 February 2014, BOQ reported cash earnings after tax of \$140.2 million, an increase of 17% compared to the same period last year. The statutory result was \$134.7 million, up 34% on the same time last year. Both measures were record results for a half year and followed our record cash result for the previous financial year.

All of the key financial indicators around the Bank's performance continue to head in the right direction with basic cash earnings per share, cash net interest margin and cash return on tangible equity all increasing whilst our cash cost to income ratio and impairment expenses continue to decrease.

As a result of the Bank's strong underlying performance and your Board's confidence in its future prospects we have now been able to increase the 1H14 dividend to 32 cents per share fully franked, up 14% on the first half last year.

Having re-established BOQ's fundamentals, we have now been able to refocus on generating sustainable and profitable growth across the business. Our mortgage broker expansion interstate is delivering promising results while the Business Bank has a healthy new business pipeline in segments that fit within our strict risk guidelines. Capital and funding remain as strengths of the Bank, with a Common Equity Tier 1 ratio amongst the strongest in the industry and our Deposits to Loans ratio maintained at 68%.

As you may be aware, on 11 April 2014, the same day we reported our half year results, we also announced the acquisition of the Professional Finance, Asset Finance & Leasing and deposit book of Investec Bank (Australia).

This acquisition delivers to BOQ a high quality loan portfolio, a strong deposit book and increased diversification and scale, as well as a niche distribution capability which fits nicely with BOQ's own relationship-based distribution model. The acquisition is expected to be completed before the end of BOQ's 2014 financial year and is expected to be accretive to cash earnings per share in the first full year following the completion, in BOQ's 2015 financial year.

During the half, I was also pleased to announce the appointment of two new Directors to the Board, following our stated intent to increase the number of Directors from 8 to 10. Margaret Seale, who has more than 25 years' experience in senior executive roles in Australia and overseas and is also a Telstra Director, joined the Board in January. Bruce Carter, who has a distinguished career as an accountant, Company Director and Government Advisor, was appointed at the end of February. Both Margaret and Bruce bring significant experience and valuable insights to your Board and I look forward to working with them both in the years ahead.

We believe we are showing it's possible to love a bank. I can assure you that the Board, along with CEO Stuart Grimshaw, his executive team and BOQ employees continue to strive to live up to this goal in everything we do.

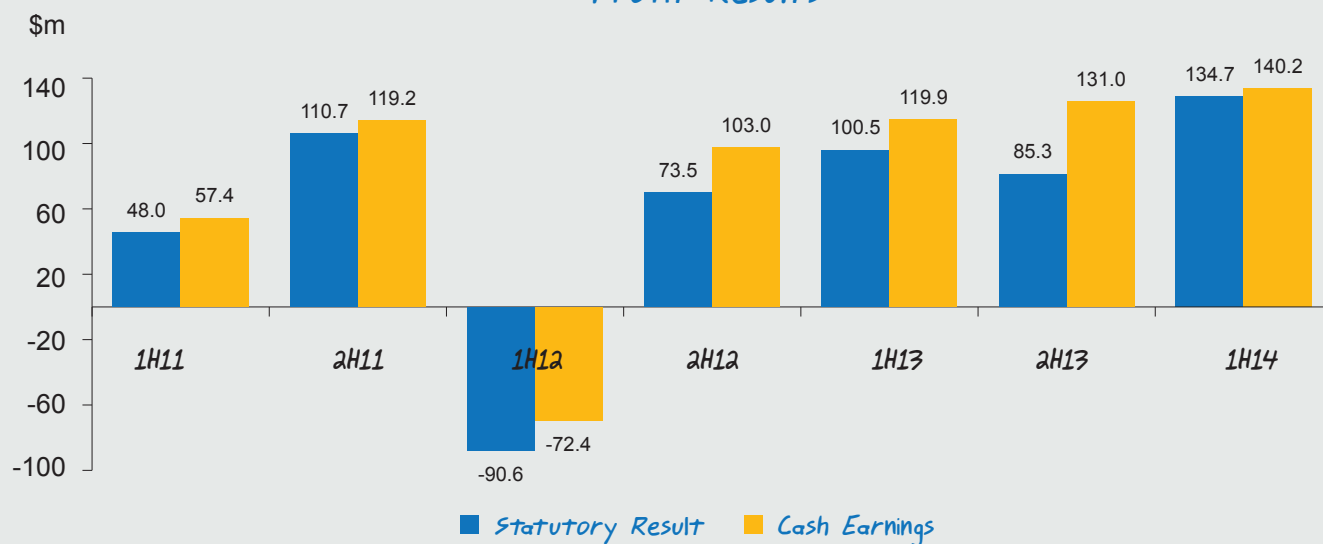
I would like to thank them for their collective efforts over the past two and a half years in particular as they have helped to reshape the bank – our recent results reflect the effort they have put in. I would also like to thank you for your ongoing support of the company.

Yours sincerely,

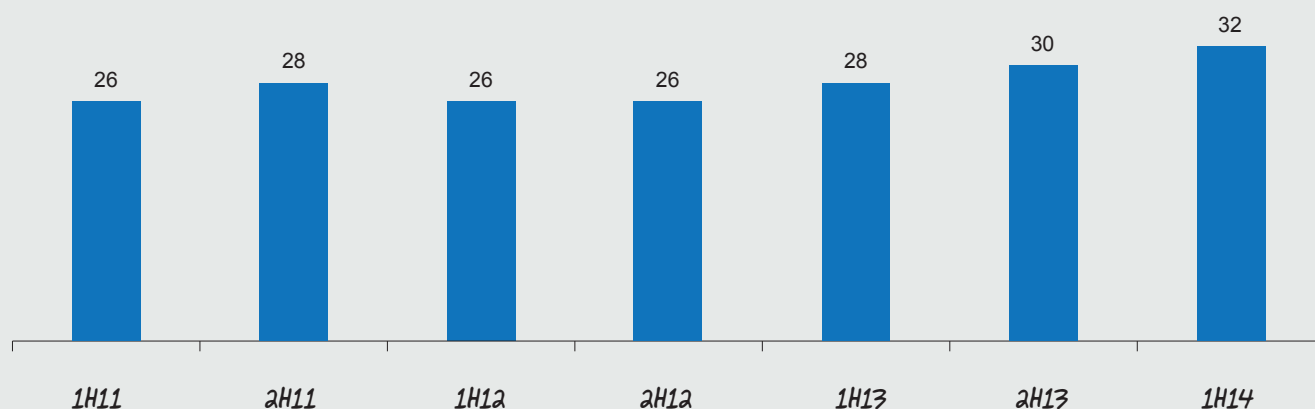
Roger Davis  
Chairman

# Shareholder Information

## Profit Results



## Consistent Dividends (cents per share)



## Key Dates

ORDINARY SHARES*	
Full year results and dividend announcement	9 October 2014
Ex-dividend date	3 November 2014
Record date	6 November 2014
Annual General Meeting	27 November 2014
Final dividend payment date	27 November 2014

\* Dates are subject to change.