Bank of Queensland 2009 Interim Result Snapshot

	1H08	2H08	1H09	Change on 1H08 (pcp)
Normalised Cash Net Profit After Tax	$65.3m	$90.1	$84.2m	29%
Retail Deposits	$12.9b	$14.0b	$16.1b	25%
Loan Approvals	$7.0b	$6.9b	$6.4b	(8%)
Loans Under Management (before collective provisions)	$24.3b	$26.3b	$27.5b	13%
Housing	$16.9b	$18.4b	$19.4b	15%
Business	$6.9b	$7.4b	$7.7b	10%
Consumer	$0.5b	$0.5b	$0.4b	(8%)
Assets Under Management	$28.4b	$30.8b	$33.5b	18%
Normalised Cash Cost to Income Ratio	59%	54%	54%	(5%)
Normalised Diluted Cash Earnings Per Share	47.6c	55.3c	47.3c	-
Dividend per share	35c	38c	26c	(26%)

- **Net Profit After Tax up 29% pcp:** Normalised Cash Net Profit After Tax of $84.2 million for the first half of the 2008/09 financial year, an increase of 29% on the prior corresponding period (pcp).
- **Asset quality still strong:** Our focus on well-secured housing and SME lending is reflected in our strong asset quality. Unlike our peer group, we have no impaired single name exposures of significance.

- **Expense discipline:** We continue to take a controlled approach to expense growth, with the Project Pathways efficiency initiatives targeting significantly lower operating costs going forward.

- **Dividend policy:** Given the volatile market conditions and increased cost of equity, it has been necessary and prudent for the Bank to adopt a more conservative dividend policy in order to ensure retention of capital to enable its continued growth.

- **Interest Margin:** Net interest margin down by 10 basis points in the half reflecting increased funding costs and an increase in our liquidity levels. We expect to see a similar trend to FY08, with NIM improvement in the second half.

- **Funding:** The reduced availability of wholesale funding increased reliance on retail deposits. Retail deposits are funding 169% of year to date LUM growth and in the last 12 months retail and wholesale sources have funded $1.4b in additional liquidity.

Project Pathways

- **Efficiency review:** We have made significant progress with the efficiency review, achieving a step change annualised $50 million reduction in our cost base and having completed an internal restructure and amalgamated our business and retail divisions to streamline our delivery and concentrate our focus on the SME and housing markets. We are also consolidating our NSW branches down to a core of approximately 45 which we believe will provide us with a platform for a future healthy network of branches.

- **Portfolio Optimisation Program:** The product and channel diagnostic are complete, and our priorities include growing SME market share, improving cross sell capability and enhancing our product suite.

- **M&A / Strategic Partner initiative:** The opportunity to bridge the 'void' in the banking market left behind by consolidation of SGB and BWA is compelling – there is a strong case for a real alternative to the majors given the decline in competition. We continue to talk to a range of people in the market about various ideas and concepts, and we have put processes in place to examine opportunities if they arise and to move quickly to capitalise on them.

[1] Growth figures refer to system growth on prior corresponding period