



Your own personal bank

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ASX RELEASE

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Market update

BOQ today provides a market update on its operating performance, prior to the full year results being released on 18 October.

Provisioning

As part of its normal processes in finalising the financial statements for the year ended 31 August 2012, BOQ has reviewed the adequacy of provisioning levels and has decided to top-up collective provisions by \$15 million to reflect the ongoing challenges that exist in the broader economy and property market, particularly in South-East Queensland.

As a result, the bad debts expense for the second half will be in the range of \$70 million to \$75 million, approximately \$10 - \$15 million above consensus analyst expectations. While this increase is not material to the overall level of provisions, given the provisioning undertaken at the half year and the associated capital raising, the Board believes it is prudent to provide a market update in this instance.

Normalised NPBT

Normalised underlying profit before tax for the half year ended 31 August 2012 is expected to be between \$220 million and \$225 million, which is within the range of analyst expectations.

In addition, following the credit review that occurred in the first half, an operational review has been undertaken and has identified some legacy issues that relate to prior periods. As a consequence, the quantum of items normalised for the half year are expected to be approximately \$10 million (after tax) higher than the first half. These normalised items include:

- Operational loss provisions for refunds to a limited number of customers relating to incorrect interest charges on specific accounts from prior periods
- Legal expenses associated with Owner-Manager and Storm Financial litigation
- Government guarantee break fees
- Restructuring and other related expenses, including redundancies and consultant costs.

Statutory NPAT

As a result of these items, statutory net profit after tax is expected to be \$70 million to \$75 million for the second half, a significantly improved position on the first half results.

These figures are preliminary and subject to audit finalisation.

Further detail will be provided with the release of the full year results on 18 October.

For more information:

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