



2013 SHAREHOLDER REVIEW

LOVE YOUR BANK



Over the last two years BOQ has built the foundations to return to profitable and sustainable growth. In May 2013 we shared our brand position for the future, launching our new brand with the tagline "It's possible to love a bank".

Our new brand builds on our reputation for superior customer service. As a smaller bank we're more flexible and responsive to our customers.

We've grown from humble beginnings in 1874 as the first permanent building society in Queensland to today where we have around 270 branches across every state and territory in Australia.

We're proud to continue challenging financial industry norms and we're working hard every day to prove that it's possible to love a bank.





2013 SHAREHOLDER REVIEW

CASH
EARNINGS $\uparrow$ \$250.9M
after tax

STATUTORY
PROFIT $\uparrow$ \$185.8M
after tax

FULL YEAR $\uparrow$ 58¢ PER SHARE
dividend

Year End Performance

\$ million	Aug-13	Aug-12
Cash earnings after tax	250.9	30.6
Statutory net profit after tax	185.8	(17.1)
Profit before loan impairment expense and tax	477.4	443.5
Full year dividend	58¢ per share	52¢ per share

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2013 SHAREHOLDER REVIEW

CHAIRMAN & MD'S REVIEW

Dear Shareholder,

Over the course of the 2013 financial year we continued to strengthen our business, deliver on strategic priorities and increase shareholder returns.

While challenges remain, particularly around the external market and economic volatility, much of the work required to transform ourselves into a fit, focused and different organisation is underway or nearing completion.

This work is driving stronger financial returns. Our cash earnings after tax for the full year to 31 August 2013 was \$250.9 million, up from \$30.6 million in FY12, although a direct comparison is difficult due to the significant bad debt provisions that impacted last year's result. The after-tax statutory net profit was \$185.8 million compared to a loss of \$17.1 million in FY12.

We increased cash net interest margin to 1.69% and reduced our cost to income ratio to 44.3%.

Loan impairment expense to gross loans and advances reduced to 32 basis points compared to 116 basis points in FY12.

The Bank's capital position also remained strong with common equity tier 1 and total capital adequacy ratio remaining at market-leading levels of 8.63% and 12.24% respectively.

Our strong financial performance and ongoing confidence in BOQ's future prospects allowed us to increase the final dividend to 30 cents per share fully franked, taking the full year dividend to 58 cents per share up from 52 cents last year.

In a low credit growth environment, we are taking a disciplined approach to pricing and credit, not buying market share. This will allow us to build sustainable long-term growth.

During 2013, our management team delivered on six of the seven key management targets for the year (refer to page 5 for further details).

Our focused strategy, financial strength and strong business performance was validated by the decision of ratings agency Standard & Poor's in September 2013 to upgrade our long-term credit rating to 'A-'.

This is the highest credit rating the Bank has ever held and should not only increase the range of funding opportunities available to us but, over time, help lower our cost of funding.

VISION AND STRATEGY

Last year we communicated our vision and strategy, focusing on four key areas of performance that we believe are critical for the Bank as we position ourselves for growth.

These are multi-channel optimisation, making it easier for our customers to do business with us in the manner they prefer; risk/return balance; operational excellence; and talent, capability and culture. The progress we made in each of these areas is outlined throughout this review.

MULTI-CHANNEL DISTRIBUTION

Although our owner-manager and corporate branch network has always been, and will continue to be, an essential part of our distribution network, it is important we give our customers more choice in how they want to interact with us.





We did this initially through a mortgage broker program in Western Australia, which has now been extended to New South Wales and Victoria, and by improving our digital and online banking offerings. We also acquired Virgin Money Australia, giving us access to an incredibly powerful brand, digital expertise and a further platform to offer banking products to different customers.

RISK/RETURN BALANCE

Underlying improvement in the credit quality of our portfolio was evidenced by improvement across all key metrics. Impairment expense was down 71% to \$114.6 million and total impaired assets fell 27% to \$381.6 million.

To achieve the right balance of return for risks taken, we are diversifying our balance sheet by pursuing higher margin and higher return on equity segments in business banking and agribusiness.

We also introduced a new balanced scorecard for owner-managed branches that balances lending, deposits, cross-sales and compliance components and closely aligns the interests of Owner-Managers, BOQ and shareholders. Significant work is underway to make sure we have the best possible branch mix and locations.

OPERATIONAL EXCELLENCE

Operational improvements mean we are now a far fitter organisation. During 2013, we continued to consolidate back-office operations and remove administrative tasks from branches. This allowed us to drive our cash cost to income ratio to 44.3%, down from 45.7% last year. The savings from these activities were reinvested into our business to help improve our products, processes and systems.

There is still more work to do in this area as the recent announcement regarding legacy product issues showed. As we improve the way we operate by introducing new products and initiatives such as simplified lending processes, these types of issues will be minimised. Our new Clear Path lending product is a good example of this improvement.

TALENT, CAPABILITY AND CULTURE

In a relatively generic financial services market, our organisation's talent, capability and culture continue to differentiate us from competitors and reinforce our challenger model.

Indeed, we believe our ongoing focus on customer service together with the fact that we are one of the few remaining independent banking options in the local market, will increasingly provide us with additional opportunities to successfully compete in attractive market segments.

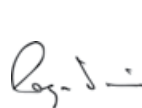
The true essence of this positioning strategy is captured by our new branding position, "It's possible to love a bank". Our ability to deliver this brand position clearly depends on the ability of our people to build long-lasting customer relationships and to go the extra mile for them wherever possible.

Because of our size, culture and operating model, we believe we are the best positioned of all the Australian banks to consistently achieve this goal and, significantly in this regard, we were recently voted Australia's best SME business bank for the fifth consecutive year in customer research conducted by banking advisory group East & Partners.

Renewal is important for every organisation and we continue to invest in employee development and recruitment to bring new skill sets and experience into the organisation.

This has consistently occurred across the Bank's management ranks during 2013 and also at Board level with Neil Summerson and John Reynolds both retiring during the year whilst Neil Berkett joined the Board from Virgin Media in the United Kingdom. We would particularly like to acknowledge Neil Summerson's many years of service as a Director and Chairman and wish him the best for the future.

Finally, we would like to recognise the efforts of the Executive Team and all employees – this year's achievements were made possible by their efforts. We would also like to thank shareholders for their ongoing support.



Roger Davis
Chairman



Stuart Grimshaw
Managing Director and
Chief Executive Officer





KEY DELIVERABLES

Table showing progress against key management targets

Metrics ¹	FY13 Actual	FY13 Target	Delivered
BOQ asset growth			
- Retail	0.6x system	1.0x system	X
- Business ²	3.6x system	1.0x system	✓
Net Interest Margin	169 basis points	Low-Mid 160s basis points	✓
Expense growth	2%	<Inflation	✓
Cost to Income	44.3%	45%	✓
Bad & Doubtful Debts to GLA	32 basis points	28 – 34 basis points	✓
Return on Tangible Equity ³	11.9%	~10%	✓

¹ Cash earnings basis

² Excluding the impact of impaired asset run-off; includes Commercial

³ Excluding goodwill and other intangibles

2013 SHAREHOLDER REVIEW

MULTI-CHANNEL OPTIMISATION

We're expanding and improving our ability to do business with customers in the way they choose – whether that's through branches, brokers, business bankers, our call centres, online or via social media. This is more convenient for customers and expands our options for generating business and reaching new customers.

CREATING THE BRANCH NETWORK OF THE FUTURE

To improve our branch network strategy and performance we've set up separate management teams for our owner-managed and corporate branches. This is an important step in reshaping our retail network to meet the challenges of a rapidly changing banking environment.

We've launched a range of initiatives to make our branches more productive, including a new balanced scorecard, corporate branch incentive program and sales toolkit.

We're also investigating options for rolling out different branch formats such as flagship stores, mini-branches and mobile lenders by September 2014.

INVESTING IN OUR DIGITAL ASSETS

We've upgraded our digital assets and relaunched our website, internet and mobile banking presence. Our longer-term plans include a mobile-first approach to online banking and a customisable internet banking site. We're also looking at ways to increase customer engagement through mobile and social media applications.

We see opportunities to improve customer interaction through our call centre by using technology such as videoconferencing, click to call/chat and social media.

EXPANDING OUR BROKER PROGRAM

In April 2013 we re-entered the mortgage broker market via a program in Western Australia. Since then we have accredited around 140 WA mortgage brokers.

Expanding this is a high priority for us over the next 12 months and we have already started accrediting brokers in New South Wales and Victoria.

ACQUIRING VIRGIN MONEY AUSTRALIA & NEW GROWTH OPPORTUNITIES

We were excited to acquire Virgin Money Australia (VMA) in April 2013.

Using one of the world's most loved and trusted brands will open up new markets, enabling us to attract new customer segments, diversify geographically and fulfil our potential as a challenger brand. With consumer preferences shifting towards technology, VMA's core competency in acquiring online customers gives us access to new capabilities and profitable online segments.

It's early days but we're already looking at high potential growth opportunities such as distributing BOQ banking products to their customers, most of whom would never have entered a BOQ branch.





2013 SHAREHOLDER REVIEW

RISK/RETURN BALANCE

We introduced numerous initiatives, including diversifying our balance sheet, increasing deposit funding and improving our risk framework, to ensure we achieve appropriate returns for any risks we take.

DIVERSIFYING OUR BALANCE SHEET

We diversified our balance sheet and revenue streams by geography, industry sector and asset class.

Senior corporate relationship executives, business bankers, business developers and private bank specialists have been recruited in Sydney, Melbourne and Perth. They provide geographic diversity outside our traditional Queensland market, focus on new business development and complement our national branch network.

At the same time we also established seven regional commercial centres in Mackay, Rockhampton, Toowoomba, Moree, Tamworth, Dubbo and Wagga Wagga.

In the new financial year, we'll continue to invest in our existing business hubs and increase cross-sell opportunities through our financial markets and trade finance capabilities and by growing BOQ Finance's general equipment finance and dealer businesses.

INCREASING DEPOSIT FUNDING

Deposits are an important part of the balance sheet mix and funded 68% of our lending portfolio at year end, an increase of 4% over the year despite intense competition in the market. Greater focus and productivity in the branch network helped achieve this.

We developed a new scorecard for owner-managed branches to balance lending, deposits, cross-sales and compliance components and provide greater alignment between the interests and rewards of Owner-Managers, BOQ and shareholders.

Our wealth strategy aims to increase deposits from the superannuation sector by targeting large industry, corporate, public sector and retail superannuation funds. We have enhanced our deposit product offer for self-managed super funds and are leveraging wealth industry platforms to build our term deposit book.

We will put in place more initiatives to secure deposits and other cross-sales in the 2014 financial year. The broker market holds considerable potential and we're already selling multiple products per customer.





IMPROVING RISK FRAMEWORKS

During the year we have completed the resetting of risk appetite across BOQ. This has included aligning the risk and operational processes of BOQ to the strategic direction set by the Board and management team. We now have well understood and embedded risk frameworks in place, which have improved our decision-making capability, portfolio management and reporting.

Improvements are also underway to strengthen our management of operational risks and regulatory compliance, following the identification of longstanding product issues during the year.

A major initiative completed during the year included introducing a formal accreditation process for corporate and owner-managed branches originating SME and small commercial lending transactions. Improved commercial credit training is being provided to frontline staff.

Improved risk management practices reduced our impaired assets 27% to \$381.6 million over the financial year. Loan impairment expense reduced significantly from \$401.0 million to \$114.6 million.

RELATIONSHIP BANKING

Banking is a people business and we work hard to build long-term customer relationships by providing a highly personalised service. We've used this model to move into new business areas and diversify our balance sheet by industry and geography.

One of our new business customers is fast-growing Mexican restaurant chain Guzman y Gomez. They've chosen to work with us because we communicate clearly and act quickly to support their business growth.

We believe business owners should want and expect more from their banker than just being a talking brochure. By taking the time to understand what Guzman y Gomez needs we've delivered customised solutions rather than generic products.

Our owner-manager network also helps differentiate us from competitors because being small businesses, they understand small business. And with the support of our national Business Banking team, we have a powerful and engaging service offering that we've expanded into new market segments that value relationship banking.

The strength of our model was endorsed in August 2013 when we were voted Australia's best SME business bank for the fifth consecutive year, widening the gap on our competitors, in customer research conducted by influential banking advisory group East & Partners.



2013 SHAREHOLDER REVIEW

OPERATIONAL EXCELLENCE

We made significant progress in our pursuit of operational excellence during the financial year, increasing efficiency as well as generating savings which were reinvested in the business. Though work is still required in this area, we have a clear roadmap in place to ensure our systems and processes support future growth plans and business needs.

OPERATIONALLY FIT

We established a Business Excellence team to support our strategic goals by reviewing and improving core business processes. This will remove unnecessary administrative tasks from branches, consolidate back-office operations and create operational centres of excellence.

For example, BOQ Finance and BOQ Equipment Finance operations joined forces to establish a single lending operations centre, providing an improved customer experience at a reduced cost.

A key aspect of getting fit is overhauling our lending processes to support retail and commercial lending growth. Our goal is to deliver fit-for-purpose lending solutions that enable the writing of high quality loans faster.

IMPROVING IT ARCHITECTURE AND FRAMEWORKS

Our IT strategy will develop our capability over the next three years to ensure we are smart, flexible, different and digital and able to automate processes and operate a near paperless office environment before 2016.

IT is moving to an operating model where we will develop and retain a team of enterprise architects that will set our direction and ensure conformity across the services and solutions our partners provide.

We will enhance our IT governance, customer relationship management capability, risk and security frameworks to provide more robust support for the business and our customers.

Our new IT direction will provide a platform for innovation, creativity and agility that will support future growth.



IMPROVING SYSTEMS, PROCESSES AND PRODUCTS

Work continues to improve processes and systems, particularly around the approval of loans. We will significantly reduce the turnaround time on loan applications by developing streamlined systems and processes for retail and commercial lending.

During the year, we found a number of longstanding product issues, some of which were up to ten years old and require a small percentage of customers to be repaid interest and fees that were charged incorrectly.

Completing the remediation effort is a priority as we now focus on addressing these product issues, improving controls to reduce the cost, and increasing the quality of compliance.

To ensure we are easier to deal with, a new simpler product suite will be introduced to provide more transparency to our customers. This will eventually replace the current packaged lending products and deliver cost and compliance benefits by ensuring our products and systems are aligned.

BETTER SYSTEMS, FASTER PROCESSING

We are giving our staff the right tools they need to help customers. Using our new Connect customer relationship management system we have significantly reduced the number of steps - by around 120 - required to open a new account. The simplified system and process gives our staff the ability to service customers quicker, improving their BOQ experience.

The new system is in pilot phase pending final approvals. We plan to roll it out through the rest of the branch network ensuring staff can focus on sales activities, quickly access customer information and reduce customer procedures.

In time, it will form the basis of a stronger sales and service culture across our business with a single view of customer information, significantly increasing our ability to understand their product needs.





2013 SHAREHOLDER REVIEW

TALENT, CAPABILITY AND CULTURE

Our people's commitment to customer service is what sets us apart. We've been busy building the right team, investing in our skill sets, improving how we collaborate and setting our vision. We have a talented and committed team that is working hard every day to prove that it's possible to love a bank.

BUILDING THE RIGHT TEAM WITH THE RIGHT SKILLS

Most of our Executive Team and a number of key management staff have joined us in the last two years. By complementing our existing workforce with key external hires, we have created a management team that is driving strategic and cultural change.

We've also improved our talent capability by building our diversity. We set ourselves the target of increasing the number of women in senior management roles from 12% in November 2012 to 25% by 2015. We are already close to this target with 22% of senior management roles being performed by women. Diversity fuels our innovation and enriches our decision-making abilities by introducing different perspectives and experiences.

BOOSTING COLLABORATION AND PRODUCTIVITY

We're building our culture and boosting productivity by bringing our staff together in new, collaborative workspaces. Perth staff were brought together during 2013 and by early 2014 our three Sydney offices will be merged, improving collaboration and achieving significant rental savings. We are also looking to bring our Melbourne staff together in the future.

By late 2014 Brisbane staff will begin the process of being united in our new Gasworks office at Newstead.

We're proud that our new home at Gasworks will be in a 5-star certified Green Star building, so we'll be using less energy and water and reducing our carbon footprint.





SUPPORTING OUR COMMUNITY

We've always been committed to giving back to the community and this year we continued to support our community partners. Our community investment strategy is focused on assisting young people and their families.

For the tenth consecutive year we ran our national Banking on our Kids appeal to raise money for Children's Hospital Foundations Australia - a partnership of five of Australia's major children's hospital foundations in Sydney, Melbourne, Brisbane, Perth and Adelaide. BOQ shareholders also supported this worthy charity by choosing to invest their dividends through our Investing in Hope program. Together these initiatives raised \$210,891 which will be used to fund vital equipment and research at the Foundation's five partner children's hospitals.

We have an ongoing partnership with The Smith Family, helping disadvantaged school students realise their potential through education. And we help improve financial literacy by sponsoring the Financial Basics Foundation's online simulation game ESSI Money which helps high school students learn about Earning, Saving, Spending and Investing. In 2013 the BOQ ESSI Money Challenge won a Money Smart Week Award in the schools category.

We also support staff with their own charity initiatives through our dollar-for-dollar program which donated approximately \$50,000 throughout the year.

IT'S
POSSIBLE
to LOVE A
BANK 

In May 2013 we launched our new brand with the tagline "It's possible to love a bank" – a tagline built around the fundamental truth that we form valuable, positive relationships with our customers.

Launch day saw extraordinary engagement levels, with branch and office staff from around the country taking to their local communities with random acts of love such as high-fives and coffee giveaways. We also launched our advertising campaign, and updated our corporate website and online banking systems. And so began our journey to challenge expectations about what's possible.

Within two months over 1.8 million people had seen our new cinema ads, more than 300,000 people had actively found and viewed our commercials on YouTube, and unique visits to our website were up 13%.

The early brand research has shown the launch's success with significant improvements in our brand awareness and improved consumer sentiment towards BOQ.

BOARD OF DIRECTORS

Neil Berkett

Independent Director

B.Com and Admin

Age: 57

Member of both the Audit and Information Technology Committees.

Stuart Grimshaw

Managing Director and Chief Executive Officer

PMD, MBA, BCA

Age: 52

Richard Haire

Independent Director

B.Ec, FAICD, FAIM

Age: 54

Chair of the Audit Committee and a member of both the Risk and Information Technology Committees.

Roger Davis

Chairman of the Board and Independent Director

B.Econ (Hons), Master of Philosophy
Age: 61

Chair of the Nomination & Governance Committee and a member of both the Audit and Risk Committees. He attends all other Board Committees meetings.



David Willis

Independent Director

B.Com, ACA,
ICA Director
Age: 57

Chair of the Human
Resources &
Remuneration Committee
and a member of the
Risk Committee.

Steve Crane

Independent Director

B.Com, SF Fin, FAICD
Age: 61

Chair of the Risk
Committee and a
member of both
the Nomination &
Governance and
Human Resources
& Remuneration
Committees.

Michelle Tredenick

Independent Director

B.Sc Director
Age: 52

Chair of the Information
Technology Committee
and a member of
both the Risk and
Human Resources
& Remuneration
Committees.

Carmel Gray

Independent Director

B.Bus
Age: 64

Member of each of
the Audit, Information
Technology and
Nomination &
Governance Committees.
(Absent for photograph)



EXECUTIVE TEAM

Our new Executive Team is driving strategic and cultural change throughout the organisation to ensure we become 'Fit, Focused and Different'.

Our organisation's talent, capability and culture differentiates us from competitors and helps to reinforce our challenger model.



Stuart Grimshaw

**Managing Director and
Chief Executive Officer**

Stuart has appointed a new Executive Team, addressed legacy issues and set us on a new strategic direction to return to profitable and sustainable growth. Stuart joined BOQ in November 2011. He lives in Brisbane and loves it.



Julie Bale

Chief Information Officer

Julie is improving our IT architecture and infrastructure, and enhancing our governance, risk and security frameworks. She's set a three-year strategy to develop a smart, flexible, different and digital workplace. Julie joined BOQ in December 2012. While she now considers herself a Queenslander, Julie ardently supports AFL club Collingwood and NRL club Melbourne Storm.



Matt Baxby

**Group Executive,
Retail and Online Banking**

Matt is improving our retail offering, putting in place a new strategy and structure to support our branch network and improve branch performance. He's also developing our digital capabilities to give customers a better online experience. Matt joined BOQ in May 2012. He is an avid cyclist who lives in Brisbane with his wife and their four children under seven years of age.



Brian Bissaker

CEO Virgin Money Australia

Brian is leading the development of Virgin Money Australia as an important growth business and key distribution channel for us. Brian joined BOQ in April 2013. His ideal weekend involves dawn surfing, long walks with his daughters, golf with his wife and evening music with friends.



Peter Deans

Chief Risk Officer

Peter has overseen the significant improvement in the asset quality of our portfolio by resetting risk appetite, implementing new risk frameworks and embedding a strong risk culture across BOQ. Peter joined BOQ in March 2012. He moved to Brisbane at the same time and only returns to Melbourne in the warmer months.



Karyn Munsie

Group Executive, Corporate Affairs, Investor Relations and Government Relations

Karyn is driving improvements in our disclosure and manages our corporate reputation. She joined BOQ in November 2012. On weekends Karyn frequents Brisbane playgrounds where she takes her boisterous two year old twins to expend their energy.



Anthony Rose

Chief Financial Officer

Anthony's strong fiscal management has strengthened our balance sheet through improved capital and funding. He has also significantly improved our internal and external financial reporting. Anthony joined BOQ in August 2012. His family of six is into trees, animals, water and sport - preferably when more than one is combined.



Jon Sutton

Chief Operating Officer

Jon leads our operational excellence program, increasing efficiencies and controlling costs. This has enabled us to reinvest savings back into the business and continually make improvements in a cost-effective manner. Jon joined BOQ in July 2012. He is a keen supporter of Sydney's Eastwood rugby union club.



Brendan White

Group Executive, Business Banking, Agribusiness and Financial Markets

Brendan is helping diversify our balance sheet by developing our business banking, financial markets and agribusiness capabilities nationally and investing in the teams required to support these segments. Brendan joined BOQ in April 2012. Brendan owns and breeds racehorses - he specialises in slow ones!

5 YEAR SUMMARY

\$ millions (unless otherwise stated)	2013 \$m	2012 \$m	2011 \$m	2010 \$m	2009 \$m
Shareholders' equity:					
Issued capital	2,562.6	2,660.1	2,153.3	2,057.6	1,903.1
Reserves and retained profits	255.2	239.1	420.3	347.2	208.3
Total equity	2,817.8	2,899.2	2,573.6	2,404.8	2,111.4
Financial position:					
Total assets under management	42,528.3	41,758.0	39,900.8	38,811.3	34,545.8
Total loans under management ¹	35,126.9	34,339.8	33,356.2	32,003.1	28,866.3
Total assets on balance sheet	42,528.3	41,758.0	39,900.8	38,597.8	34,012.0
Retail deposits	23,968.0	22,270.0	20,317.9	18,083.3	16,248.9
Wholesale deposits	7,730.7	8,901.9	9,308.7	10,005.2	7,948.3
Financial performance:					
Statutory net profit/(loss)	185.8	(17.1)	158.7	181.9	141.1
Underlying profit before tax ²	477.4	443.5	447.4	379.0	315.0
Less: Impairment on loans and advances	(114.6)	(401.0)	(200.5)	(104.2)	(66.0)
Cash earnings before tax	362.8	42.5	246.9	274.8	249.0
Cash earnings after tax ³	250.9	30.6	176.6	197.0	187.4
Shareholder performance:					
Market capitalisation at balance date	3,070.2	2,331.4	1,686.0	2,120.3	2,327.7
Share price at balance date	\$9.60	\$7.55	\$7.48	\$9.83	\$11.65
Statutory ratios:					
Net interest margin	1.69%	1.65%	1.63%	1.60%	1.56%
Capital adequacy ratio	12.24%	12.6%	11.4%	11.7%	11.5%
Cost to income ratio	54.4%	52.5%	47.0%	49.0%	58.8%
Dividend payout ratio to ordinary shareholders	99%	n/a	77%	62%	71%
Net tangible assets per share	\$6.96	\$6.94	\$7.95	\$7.47	\$6.62
Fully franked ordinary dividend per share	58c	52c	54c	52c	52c
Diluted earnings/(loss) per share	57.2c	(10.2c)	60.3c	77.0c	74.4c
Return on average ordinary equity	7.0%	(0.7%)	7.2%	8.9%	9.0%
Cash earnings ratios: ⁴					
Net interest margin ⁵	1.69%	1.67%	1.65%	1.60%	1.56%
Cost to income ratio	44.3%	45.7%	44.5%	45.8%	49.9%
Dividend payout ratio to ordinary shareholders	73%	n/a	69%	57%	53%
Diluted earnings per share	76.0c	7.9c	66.7c	83.4c	98.4c
Return on average ordinary equity	9.4%	1.3%	8.0%	9.6%	11.8%

¹ Before Collective Provision for impairment.

² Underlying profit before tax is profit before impairment on loans and advances, significant items and tax.

³ Cash earnings after tax exclude significant items (tax effected).

⁴ Excludes tax impact on significant items.

⁵ Excluding amortisation of fair value adjustments (acquisition).



BALANCE SHEET

	Consolidated		Bank	
	2013 \$m	2012 \$m	2013 \$m	2012 \$m
Assets				
Cash and liquid assets	873.2	670.5	242.2	227.7
Due from other financial institutions	118.5	119.7	23.8	23.5
Other financial assets	5,401.4	5,689.4	5,603.0	5,776.9
Derivative financial instruments	260.4	276.1	234.0	276.1
Loans and advances at amortised cost	34,989.3	34,147.2	31,491.2	30,654.6
Current tax assets	-	0.7	-	1.5
Shares in controlled entities	129.1	113.4	276.7	277.9
Property, plant and equipment	-	-	975.7	933.1
Deferred tax assets	37.8	38.5	26.4	26.1
Other assets	104.5	125.7	95.5	104.9
Intangible assets	592.7	554.6	71.5	59.3
Investments accounted for using the equity method	21.4	22.2	-	-
Total assets	42,528.3	41,758.0	39,040.0	38,361.6
Liabilities				
Due to other financial institutions	201.1	177.8	201.1	177.8
Deposits	31,698.7	31,171.9	31,785.5	31,288.7
Derivative financial instruments	137.4	253.0	109.5	130.3
Accounts payable and other liabilities	362.0	450.4	320.7	404.8
Current tax liabilities	23.0	-	23.1	-
Provisions	78.9	44.1	68.7	33.5
Insurance policy liabilities	72.5	73.5	-	-
Borrowings including subordinated notes	7,136.9	6,688.1	1,312.8	895.3
Amounts due to controlled entities	-	-	2,457.5	2,553.6
Total liabilities	39,710.5	38,858.8	36,278.9	35,484.0
Net assets	2,817.8	2,899.2	2,761.1	2,877.6
Equity				
Issued capital	2,562.6	2,660.1	2,564.3	2,666.0
Reserves	111.1	106.2	95.3	105.1
Retained profits	144.1	132.9	101.5	106.5
Total equity	2,817.8	2,899.2	2,761.1	2,877.6

FY2013 CASH REMUNERATION

				Previous years' Awards that vested during 2013 ¹¹	Awards rights forfeited / lapsed during 2013 ¹²	
	Base plus superannuation \$ ⁹	2013 STI Performance \$ ¹⁰	Total Cash Payments for the 2013 year \$	Deferred Cash Awards \$	Deferred Equity Awards \$	LTI Awards \$
Non-Executive Directors						
Steve Crane	175,826	0	175,826	0	0	0
Roger Davis	269,627	0	269,627	0	0	0
Carmel Gray	211,108	0	211,108	0	0	0
Michelle Tredenick	203,539	0	203,539	0	0	0
David Willis	188,259	0	188,259	0	0	0
Richard Haire	231,681	0	231,681	0	0	0
Neil Berkett ¹	15,850	0	15,850	0	0	0
Former Directors						
John Reynolds ²	71,655	0	71,655	0	0	0
Neil Summerson ³	302,787	0	302,787	0	0	0
Executive Director						
Stuart Grimshaw	1,293,464	703,125	1,996,589	-	-	-
Executives						
Jon Sutton	708,017	367,500	1,075,517	-	971,098	-
Anthony Rose	616,211	213,750	829,961	-	367,868	-
Peter Deans	609,028	210,950	819,978	48,500	-	-
Brendan White	600,098	287,350	887,448	-	685,887	-
Matthew Baxby	529,234	247,950	777,184	25,750	396,968	-
Karyn Munsie ⁴	361,780	128,900	490,680	-	-	-
Julie Bale ⁵	249,387	79,200	328,587	-	-	-
Brian Bissaker ⁶	190,298	60,950	251,248	-	-	-
Former Executives						
Renata Mazzo ⁷	183,811	-	183,811	30,000	42,620	(776,613)
Chris Nilon ⁸	116,245	-	116,245	-	51,151	(908,995)

¹ Appointed 30 July 2013

² Retired as Director on 13 December 2012

³ Retired as Chairman on 28 May 2013 and as a Director on 30 July 2013

⁴ Appointed 19 November 2012

⁵ Appointed 17 December 2012

⁶ Appointed 30 April 2013

⁷ Until 20 December 2012

⁸ Until 27 February 2013

⁹ Base Remuneration and Superannuation make up an Executive's fixed remuneration.

¹⁰ This is the 50% of the 2013 STI for performance during the 12 months to 31 August 2013 (payable October 2013). The remaining 50% is deferred into restricted shares, 50% released at 12 months and 50% released at 24 months subject to approval of the Board.

¹¹ The value of all deferred cash (to be paid in October 2013) and / or equity awards (closing

share price on vesting date) that vested during 2013 financial year. This includes the value of the award that vested, plus any interest and / or dividends accrued during the vesting period. This excludes deferred equity awards granted in previous years which have not vested in FY13.

¹² The value of any deferred cash and / or equity awards (closing share price on forfeited / lapsed date) that were forfeited / lapsed during the 2013 financial year.



SHAREHOLDER INFORMATION

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CAN 009 656 740



ISO 14001
Environmental
Management
System in use.



Manufactured
using elemental
chlorine free
(ECF) pulps.



Pulp is sourced
only from
responsibly
managed forests.

