

UBS 11th Annual Australian
Financial Services Conference
21 June 2012

Bank of Queensland

Stuart Grimshaw
Managing Director and CEO



Your own personal bank

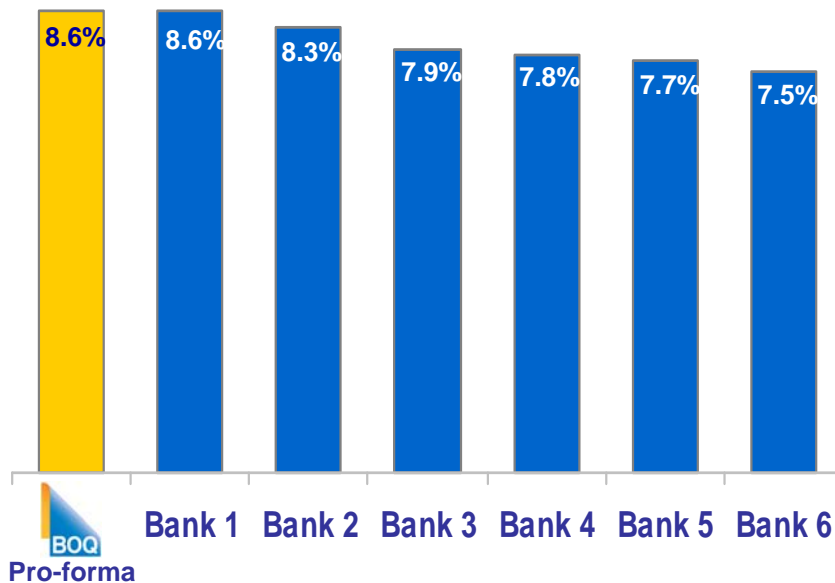
Key highlights

- ▶ Strengthened balance sheet
- ▶ New management team – highly experienced bankers
- ▶ Unique distribution model with clear competitive advantage
- ▶ Footprint in growth markets of Queensland & Western Australia
- ▶ Focus on profitable customer segments that value relationship banking

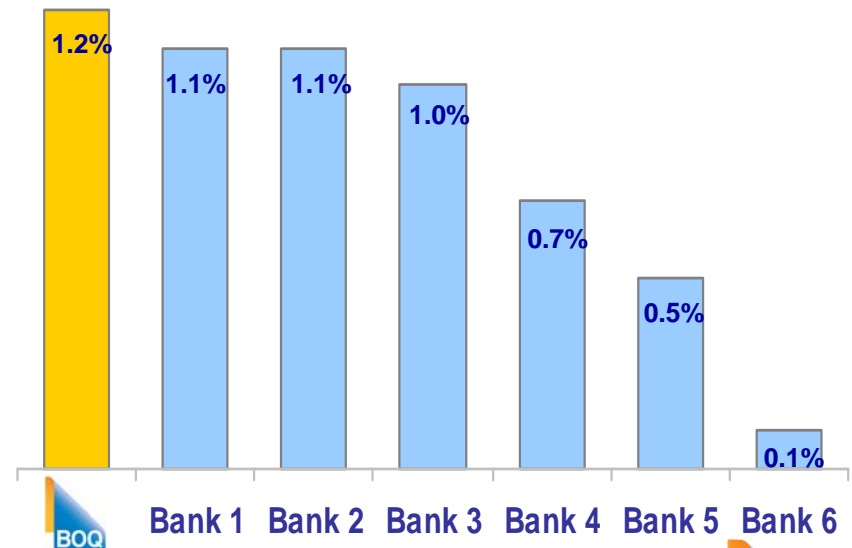
Balance sheet strength

- ▶ Equity raising places BOQ's Core Tier 1 capital position at top end of peer range
- ▶ Prudent approach to collective provisioning provides enhanced protection against a further deterioration in the Queensland economy

Core Tier 1 vs. peers¹



Collective provision vs. peers²



(1) BOQ pro-forma Core Tier 1 ratio as at 1H12 on a Basel II basis. Recent company announcements and APS 330 disclosures. Peer ratios not adjusted for recent capital issuance.

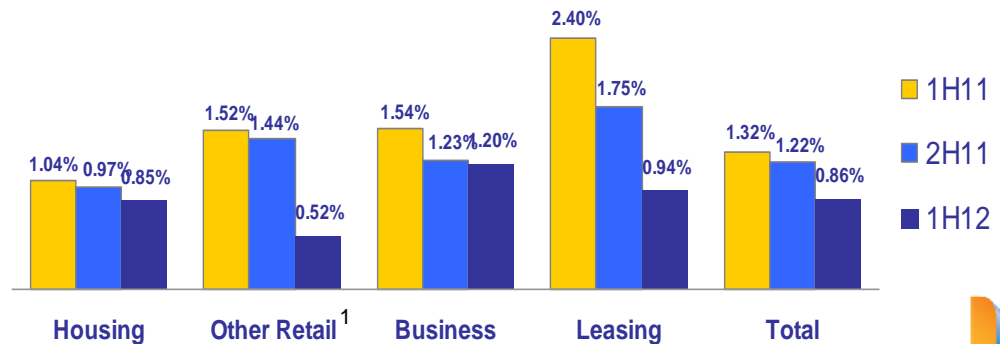
(2) Collective provision as a percentage of RWA. Peer ratios sourced from company financial reports.
Bank of Queensland Limited ABN 32 009 656 740

Asset quality

- ▶ A comprehensive review of BOQ's Commercial Loan Portfolio was undertaken during March 2012
- ▶ A detailed assessment was made of the higher risk exposures and segments
- ▶ \$2.1bn (approximately 35%) of the Commercial Loan Portfolio was reviewed
- ▶ Specific and collective provision coverage has been significantly improved

Arrears 30-89 days by product

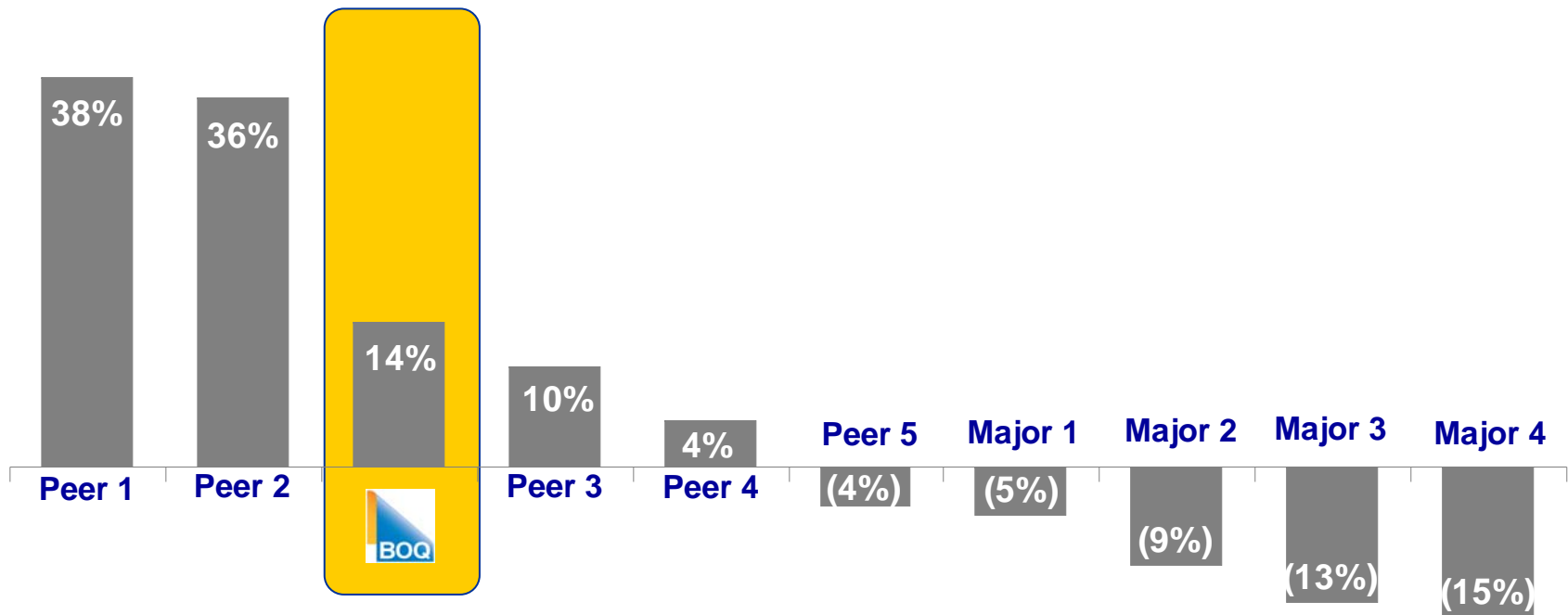
- ▶ New arrears 30 – 89 days reduced across all products



(1) Other Retail includes Lines of Credit.

Major bank customers not net promoters

National Customer Advocacy Net Promoter Score



Source Roy Morgan Consumer Finance Survey 12 months to December 2011. Net Promoter Score is calculated by subtracting the detractors (scores of 1 to 6) from Promoters (scores of 9 or 10). Net Promoter is a customer loyalty metric developed by (and a registered trademark of) Fred Reichheld, Bain & Company, and Satmetrix.

BOQ's competitive advantage

- ▶ BOQ Owner-Manager model is unique in that it provides longevity & continuity of relationship, and clear link to small business (the branch manager is a small business owner too)
- ▶ Other banks cannot counter this competitive advantage because their models do not encourage longevity or align the branch manager's interest with the customer
- ▶ The competitive advantage has particular appeal in the relationship-sensitive market segment, which tends to be the 35+ age group, the wealthier, and small-to-medium businesses
- ▶ These are segments in which BOQ already has a strong presence and the feedback from these segments suggests BOQ is well-positioned for further growth

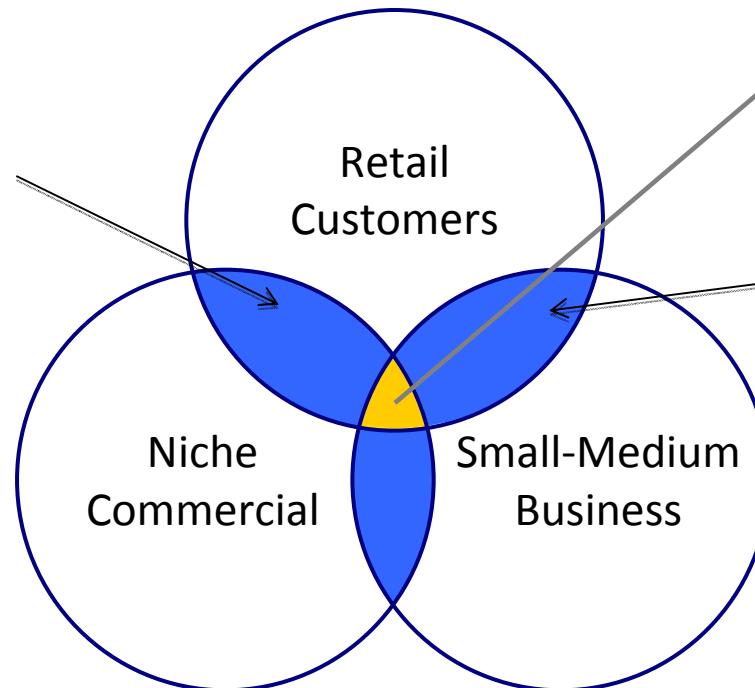
How we will do it

- ▶ Create value from enduring financial relationships with retail, small-medium business and niche commercial customers

- 35+ age group in asset/wealth accumulation phase
- Typically families with multiple accounts
- Urban and Regional centers – particularly in QLD and WA but more broadly where franchises can be built
- Value relationships and value-for-money banking

- Niche commercial employees

- Relationship-based niche opportunities
- Target sectors including agriculture, property and regional resource services e.g. oil & gas
- WA, QLD and Vic, NSW



**Enduring
Financial
Relationships**

- SME employees
- Smaller businesses
- Broad sector focus including services, manufacturing and tourism
- Value relationship and advice

Long term opportunities

- ▶ Footprint vs. market share gaps offer significant opportunities for long term upside

Metric	Where we are today	Best in class competitor
1.1	Share of wallet ¹ <ul style="list-style-type: none"> Banking: 59% Wealth: 0% 	<ul style="list-style-type: none"> Banking: 58% Wealth: 7%
2.1	Retail market share ² <ul style="list-style-type: none"> QLD: 6.0% WA: 1.2% 	<ul style="list-style-type: none"> QLD: 18.2% WA: 20.4%
2.2	SME market share ³ <ul style="list-style-type: none"> QLD: 4.8% WA: 1.3% 	<ul style="list-style-type: none"> ~26%
3.1	Share of broker channel <ul style="list-style-type: none"> 0% 	<ul style="list-style-type: none"> ~30%
3.2	Points of presence (branches only) <ul style="list-style-type: none"> QLD: 149 / 10.0% WA: 30 / 4.5% 	<ul style="list-style-type: none"> QLD: 205 / 13.7% WA: 118 / 17.8%
4.1	Net promoter score <ul style="list-style-type: none"> 14% 	<ul style="list-style-type: none"> Majors: -5% Banks: 36% Overall: 38%
5.1	Franchisee and staff engagement <ul style="list-style-type: none"> Franchisee NPS +10% Staff engagement 75% (2010) 	<ul style="list-style-type: none"> Franchise sector avg +39% Staff engagement >80%

(1) Banking includes Cards, Loans, Accounts; Wealth includes Managed Investments, Personal Super (Work Super excluded).

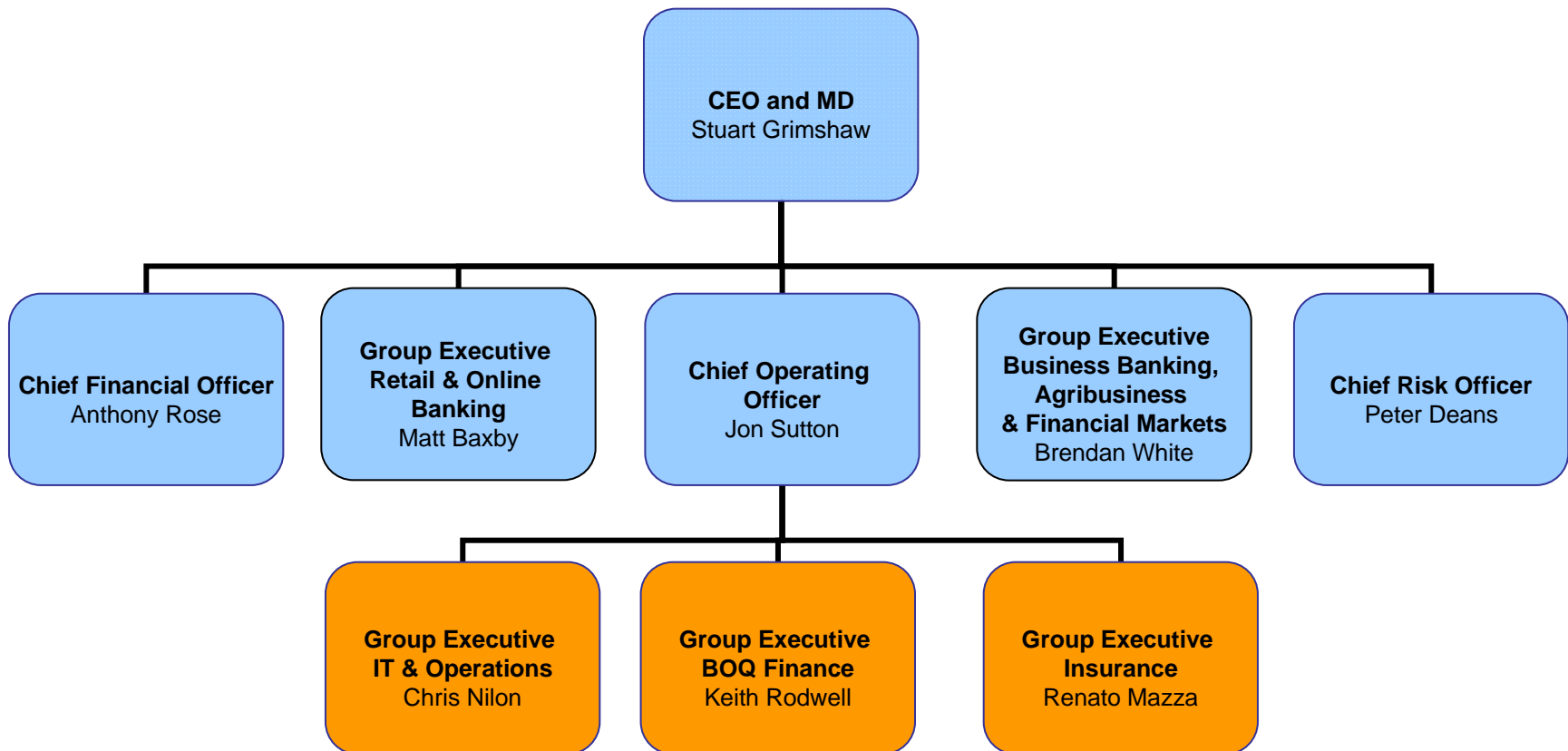
(2) All household lending (loans and cards).

(3) Share of business loans under \$5M.

Source: Annual Reports, APRA, BOQ analysis, Canstar Market Share, Roy Morgan Research, Franchise Relationships Institute

Group Executive structure

26 March 2012 (announced)



Outlook

- ▶ Credit growth has been subdued. We expect this to continue through to 2H12
- ▶ The new Management team will be driving the realisation of opportunities in the core geographical markets (extractive industry, downstream small business, logistics, etc) of Queensland and Western Australia; the two main growth states in Australia
- ▶ Focusing on the relationship based businesses of business banking, agribusiness and core retail customers
- ▶ Plan to target growth above system over the long term whilst maintaining costs at or under inflation
- ▶ Continue to focus on productivity improvements and being there for our customers when they need us; delivered through our unique Owner-Managed Branch model





Your own personal bank