

Bank of Queensland 128th Annual General Meeting

12 December 2002



AGM Address Chairman Neil Roberts

12 December 2002



AGM Address Managing Director David Liddy

12 December 2002



A year of progress and action

- Strategic overhaul
- Management changes
- Getting fit for growth
- Cultural change



Scorecard - 2001 five point plan

Achieved

Strategy



1. Organise around where we create value



2. Increase efficiency



3. Find new opportunities



4. Deepen and broaden customer relationships



5. Build capabilities and culture to succeed

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2002: Building the launch pad



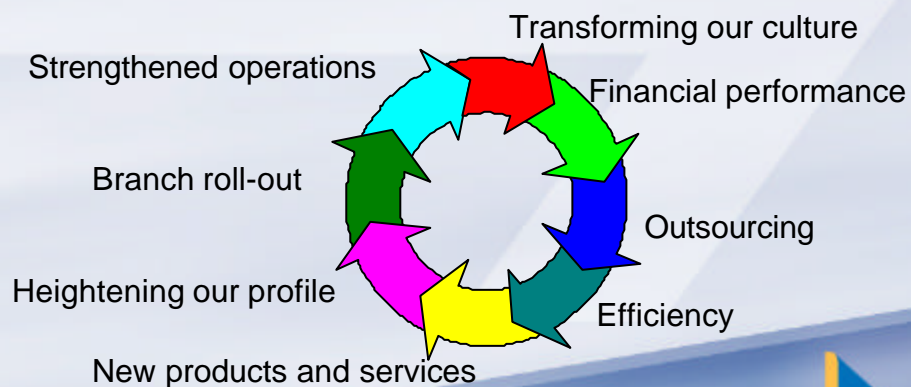
2002: A record year

- Record profitability
 - \$28.7m NPAT
- Record sales
 - \$3.7b in approvals
- Record assets under management
 - \$6.6b
- Record EPS Growth
 - 18.7%

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BOQ 2002: Turnaround highlights



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1. Transforming internal culture

- Training
- Communication
- Staff as shareholders
- Improved Bank-wide profitability understanding
- Empowerment
- General Manager branch visit program
- Recognition & reward

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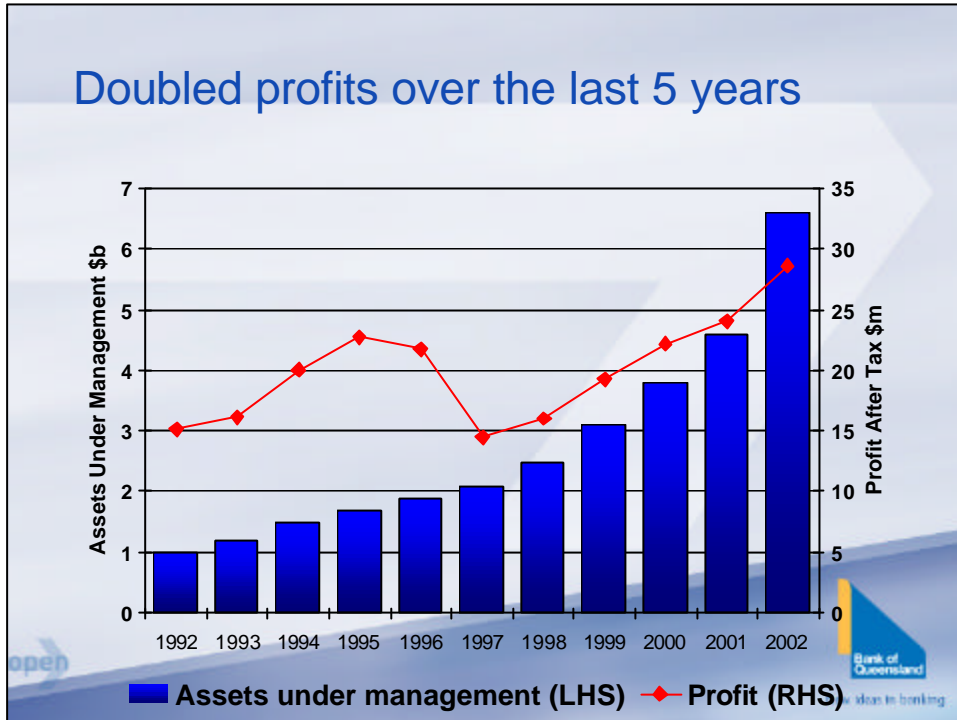
2. Financial performance

- Asset growth of 27% without sacrifice of quality
- Retail funding growth of 16%
- No increase in absolute costs
- Productivity: sales up 31%

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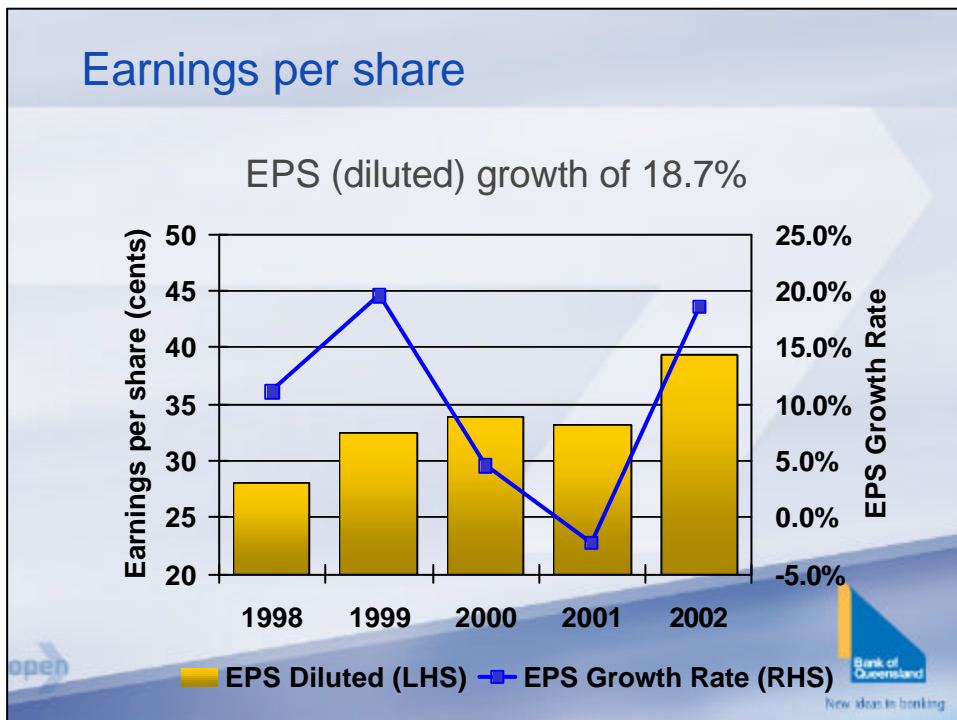


Doubled profits over the last 5 years



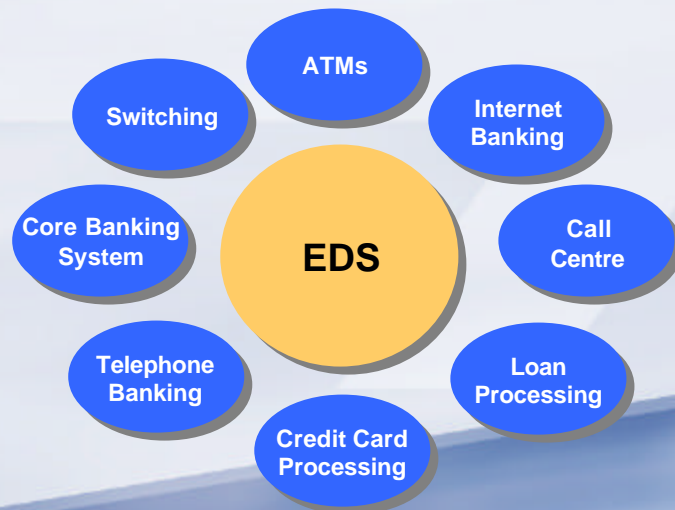
Earnings per share

EPS (diluted) growth of 18.7%





3. Outsourcing



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Platform for future technology investment

- Investing heavily in IT through EDS as part of the \$480m 10 year contract
- \$100m prospective cost savings
- Rebuilding our IT and processing platform
- Already delivered internet and phone banking
- Significant investments are:
 - Delivering a new core banking system by first quarter 2004
 - New card processing systems
 - Replacing ATM fleet by mid 2003

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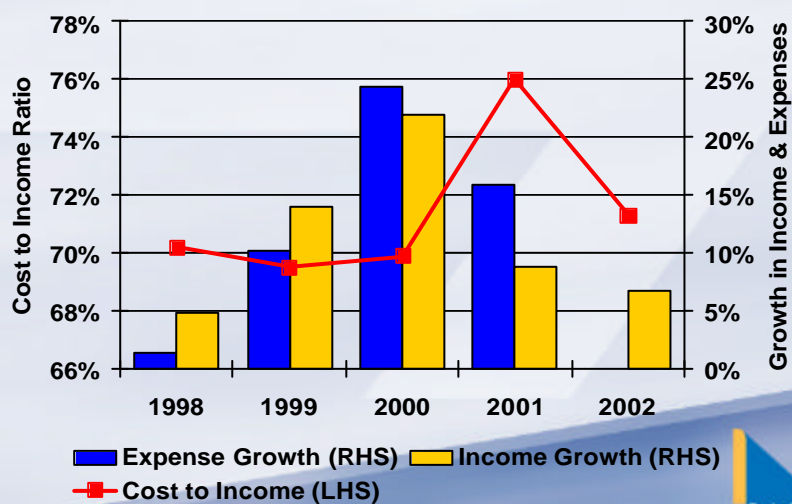
4. Laying an efficient foundation for growth

- Making efficiency a cultural mindset
- Performance Enhancement Program
 - Upgraded target from \$12M to \$16M
- Recently launched PEP2
- Productivity management
- Cost-to-income ratio

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Cost-to-income ratio (Headline Expenses)



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5. Branch roll-out

- Program to open 34 new branches by 2004
- 13 communities have new BOQ branches
- 2 more branches open next week, giving us 108 branches
- 120 branches by end of this financial year
- Fosters enormous amount of community and political goodwill
- Aim to translate this to customers

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6. Strengthened operations

- Redesigned 'Private Agency' distribution model into 'Owner-Manager' network
 - Creates value for Bank
 - Owner managers have skin in game
- New branch delivery model
- Stable IT environment
- 100 new ATMs by June
- Major processes overhaul
- Restructured Business Banking
- New Mortgage Referral Business unit

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7. New products and services

- Queenslander Advantage
- Insurance partnership with Royal & SunAlliance/St Andrews
- Wealth management partnership with ABN AMRO Morgans
- Phone banking
- Internet banking

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www.boq.com.au

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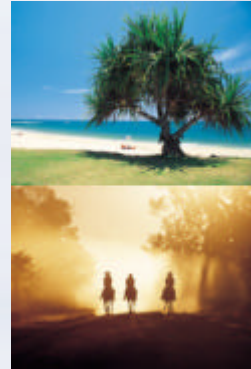
Bank of Queensland

New ideas in banking



8. Heightening our profile

- Rebranding
- New logo, philosophy
- Customers want to switch
- Magnified community profile
- Increased advertising spend
- Positioning TV/radio ads
- Next phase of advertising now in pipeline



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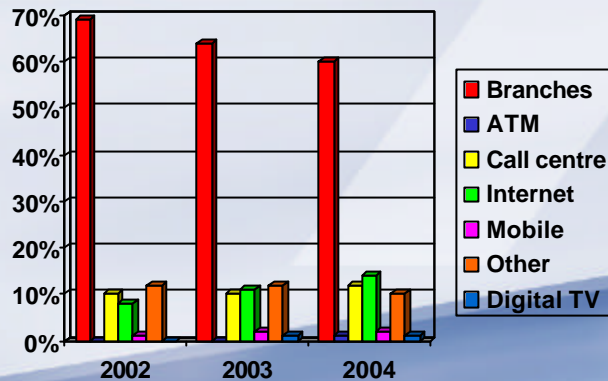


Strategy and Future Direction



Branches still most important sales channel

Global total sales through range of channels



Source: Cap Gemini Ernst & Young 2002



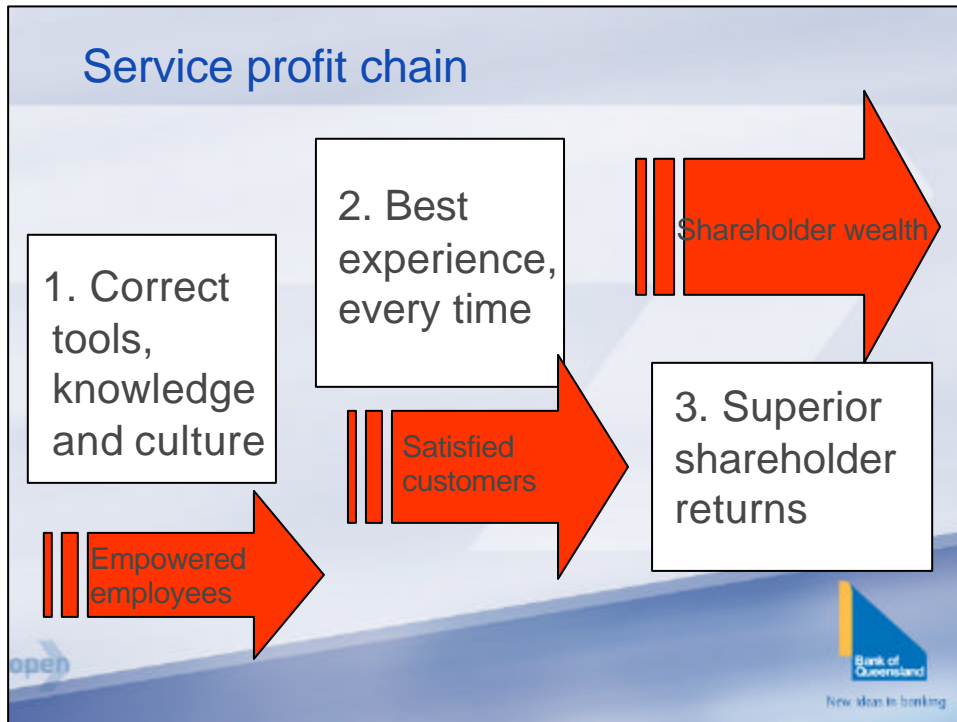
Our goal

We will be Australia's most respected, efficient and profitable regional bank

Our Vision:

To be a great Queensland company working hard to provide new ideas in banking and the best customer service experience

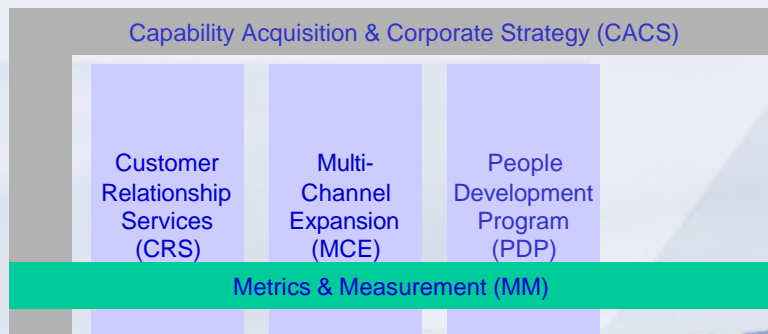




- ## Our strategic intent
- Grow reach and scale
 - Broader business mix
 - Differentiate our service - customer choice, convenience and community
 - Grow our income faster than our costs
 - Build a high performance culture
-
- The slide features a blue gradient background with a large white arrow pointing right. The Bank of Queensland logo and tagline 'New ideas in banking' are visible in the bottom right corner.

Blueprint for growth

Five core strategic programs:



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Our plan - how we will achieve it

- Looking for external growth opportunities
- Highly motivate our staff by empowering them to run their own businesses
- Provide a truly differentiated customer experience by wowing customers through Aggressive Hospitality program
- Develop partnerships
- Drive further benefits from outsourcing

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Business Banking

- Service differentiation
- Establishment of regional Business Suites
- Enhanced sales disciplines
- Increased visibility in business community
- Identification of key industry segments
- Recruitment of additional team members
- Improved product range

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Retail Banking

- Expand branch network
- Branch-based productivity
- Consumer lending
- Wealth management
- Improve product range
- Empower staff

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2003: Capitalising on strengths

- We are a local Queensland company in our growing, dynamic home State
- We have a highly recognised, liked brand with untapped potential
- We are working hard to earn a reputation around excellent service and convenience
- We have the people who can make a difference
- We are small. 'Small companies punch harder!'

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Our financial goals for 2003

- Continued strong asset growth
- Double digit EPS growth
- Cost to income ratio of 68%
- ROE of 14%
- Expansion of branch network to 120 branches

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Outlook

- Good prospects for our Queensland economy
- Housing expected to slow but now robust
- Interest rates stable
- Have kept forecasts conservative
- Near record sales week recently
- First quarter (ending 30 Nov) of current year saw very strong total lending approvals

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AGM Shareholder questions

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