

Strategy
+ Execution
+ Passion

100%
Success



Bank of Queensland
Annual General Meeting 2007

Strategy
+ Execution
+ Passion

100%
Success



Chairman's Address Neil Roberts

Elected Chairman



1987

Appointed Director



1995

Retires with BOQ
in prime condition



2007



Recognising 20 years of leadership

Strategy
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Bank of Queensland
In the news

Strategy
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Managing Director's Presentation

David Liddy

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Our overall strategy is simple:

we want to be **the other bank**, deliver the best customer experience possible and be a clear alternative to our competitors



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**This simple premise has been behind
our strategy evolution over time...**

- In 2002 we said we wanted to:
 - Expand the Queensland branch network
 - Reduce costs
 - Replace our core IT system
 - Grow assets
 - To be recognised as the most efficient and profitable regional bank



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- In 2007 we said we wanted to:
 - Build a genuine business banking presence
 - Maintain double-digit EPS growth
 - Maintain growth above the rest of the banking system
 - Expand nationally
 - Leverage IT infrastructure
 - Increase our organic growth
 - Make strategic acquisitions to support our expansion



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The next step is
execution



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- We have:
 - Grown from 93 to 267 branches and 13 transaction centres, including branches in every state in Australia
 - Expanded our franchised branch base to 188 with a total of 18 corporate branches converted to OMBs
 - Implemented a new core banking IT system
 - Successfully acquired and integrated UFJ Equipment Finance, ATM Solutions, and Orix Debtor Finance
 - Merged with Pioneer and Home Building Societies



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■ We have:

- Grown loans under management from \$5bn in 2001 to \$19bn in 2007
- Grown business banking from \$658m in 2001 to \$5.3bn in 2007
- Reduced cost-to-income ratio from the high 70s to 62.6%
- Maintained a BOQ-branded ATM fleet of more than 2,400



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The third ingredient
is **passion**



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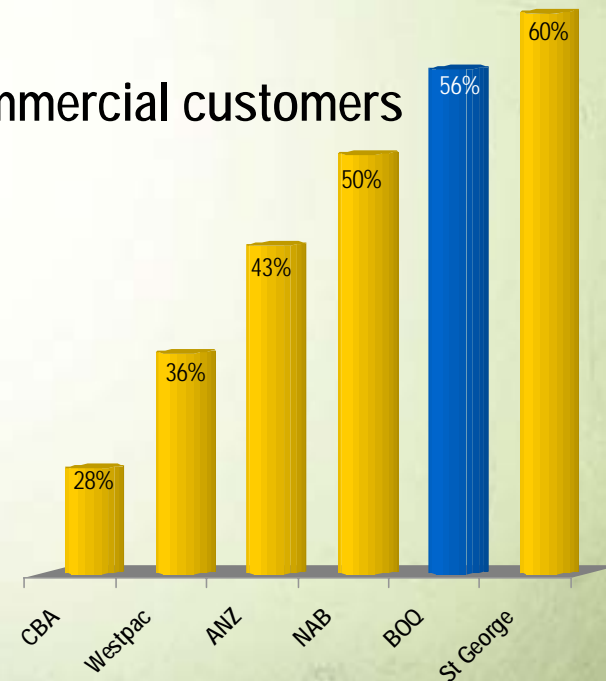
Passion

- Customer service
 - Second highest customer satisfaction in retail and SME customers
 - BOQEF won 'Victorian Equipment Financier of the Year' for the second year in a row

Retail customers



Commercial customers



August 2007 QLD MFI Customer Satisfaction - 6 months to August 2007

August 07 East & Partners Business Banking Sentiment



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Passion

- Community engagement
 - Expanded community involvement including significant fundraising growth in our own Banking on Our Kids appeal - \$90,000 raised by staff in 2007
- Our people
 - Employee commitment index grew to 3.8 (out of 5) in 2007
 - Continued focus on becoming an employer of choice in Australian banking and attracting the best franchisees
- Consolidator of choice
 - Positioning as a natural partner for building societies and credit unions



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Together, this equals
100% success



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Financial results

	FY06	FY07
Headline profit after tax (statutory)	\$92.7m	\$129.8m ↑ 40%
Normalised cash profit after tax	\$86.7m	\$106.1m ↑ 22%
Cash EPS (normalised diluted)	79.8¢	93.0¢ ↑ 17%
Ordinary full year dividend	57¢	69¢ ↑ 21%
Net interest margin	1.83%	1.81% ↓ 2bps
Cost to income ratio (normalised cash)	64.5%	62.6% ↓ 1.9%pts



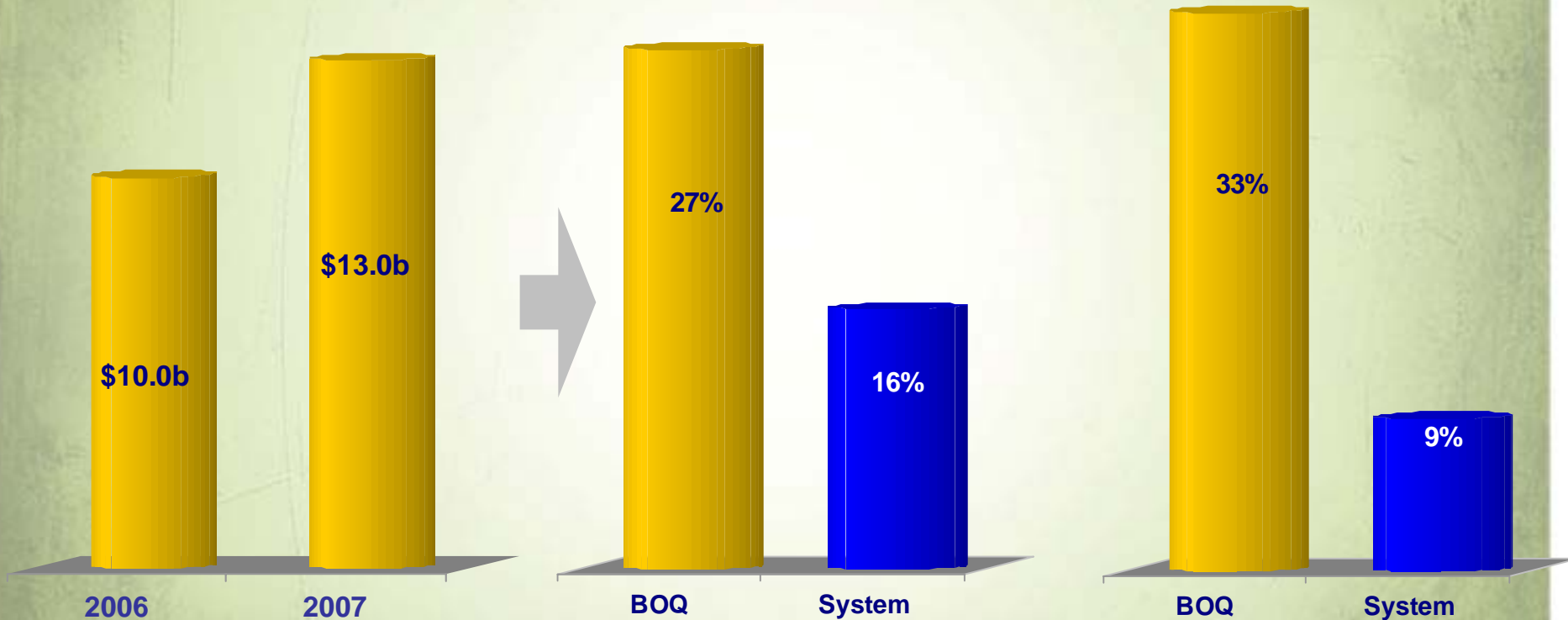
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Strong lending and deposit growth

Loan approvals \uparrow 30%

Lending growth 27% *

Retail deposit growth 33% *

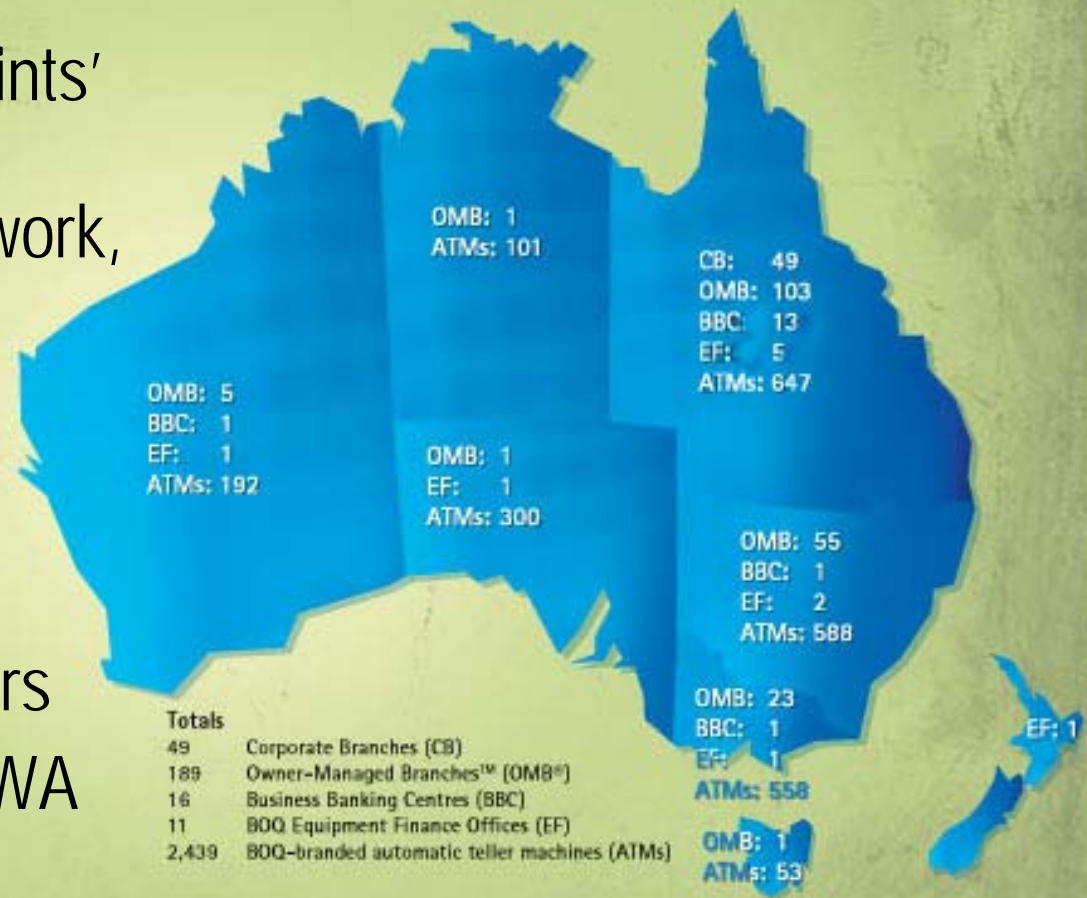


* Includes growth upon the acquisition of Pioneer Permanent Building Society Ltd.

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Growing national presence

- Over 2,600 'touchpoints'
- Growing branch network, complemented by acquisitions
- Home acquisition to boost branch numbers to a critical mass in WA >30 branches

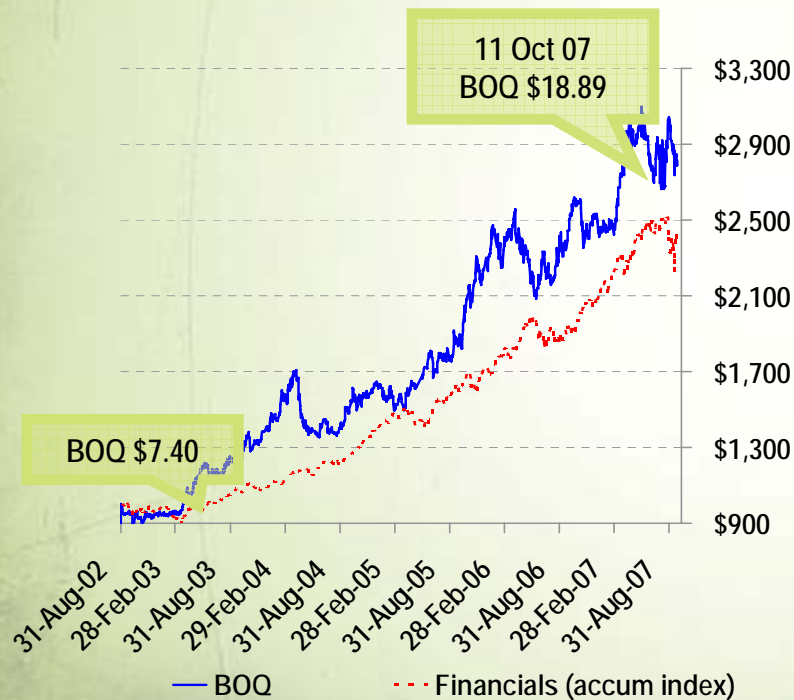


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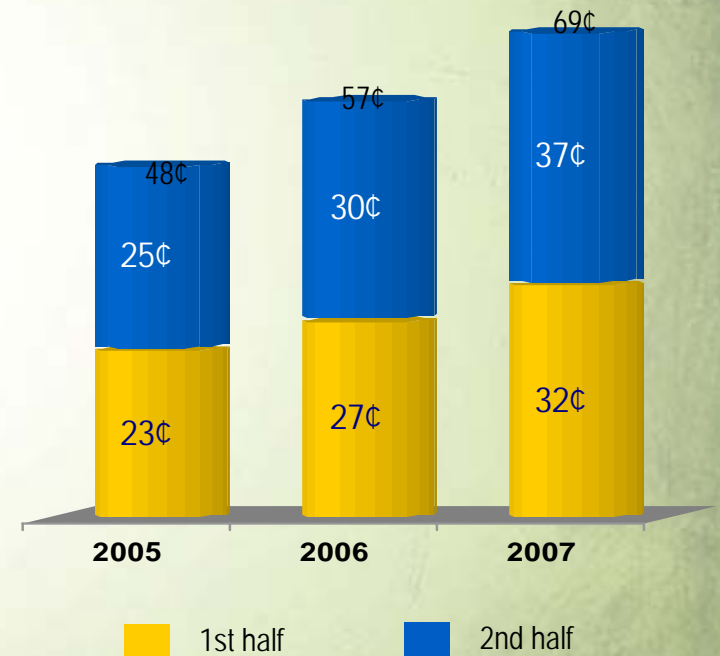
Increasing shareholder returns

- 25% average 5 year annual total shareholder return

BOQ share price v Financials index



Dividends*



* Excludes special dividends, on a cash normalised profit basis

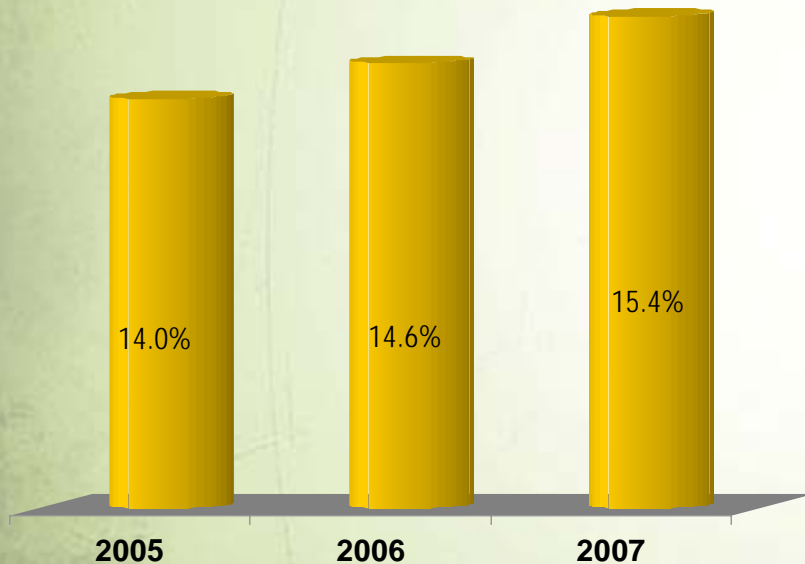


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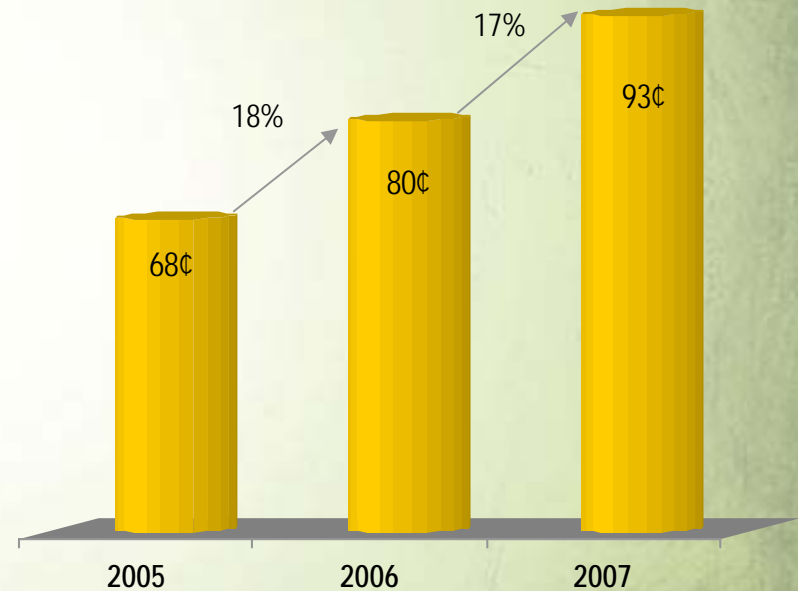
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Growing shareholder returns

Cash ROE



Cash diluted EPS growth



Based on cash normalised earnings = After tax profit excluding the impacts of significant and non-recurring items and amortisation of Customer Contracts



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Funding in turbulent times

- World credit markets remain uncertain
- BOQ is active across various markets and in particular has continued its strong retail funding growth
- This diversification has mitigated the impact on BOQ
- Liquidity levels are strong and 85% of liquid assets are either cash or eligible to be exchanged for cash at the Reserve Bank



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Funding in turbulent times

- Key to BOQ's funding philosophy has been and will remain, diversification of funding sources
- BOQ's access to senior debt domestically and in offshore markets remains robust
- Access to securitisation warehouse funding is still available
- BOQ completed term securitisations in August and October and will continue to access these markets on an opportunistic basis



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Capital initiatives

- Preference Share issue (PEPS)
 - \$150m issue, ability to accept up to \$50m in oversubscriptions
 - The issue does not close until 10 December 2007 but indications are that demand is strong and it may be fully subscribed
 - Existing holders of ordinary shares, RePS and S1RPS will be given priority in allocation
- Other capital initiatives
 - DRP with respect to the final dividend for FY07 was underwritten



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A busy year for transactions



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Proposed Bendigo Bank merger

- Merger proposal rejected by Bendigo Bank Board
- We believed merger was in the best interests of BOQ and Bendigo shareholders
- Was reliant on support from the Bendigo Board
- We have moved on



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Pioneer merger

- Successfully integrated Pioneer's IT systems in November
- Added 23 branches and transaction centres to our network
- Strengthens BOQ's growing presence in boom areas of Central and North Queensland and gives the Bank more scale in our home Queensland market, one of the strongest in the country
- Has brought total assets of more than \$300 million and deposits of more than \$400 million



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Mackay Permanent Building Society

- BOQ withdrew from merger following approval of Wide Bay bid by MPB Board
- BOQ takes a disciplined approach to acquisitions
- Our Pioneer Permanent Building Society acquisition already delivers us with a significant presence in Mackay
- We made an attractive offer reflecting the value of MPB to BOQ. No benefit to shareholders in increasing offer



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Home merger

- Home shareholders voted in favour of the merger on November 30
- Proposal values Home at \$600m¹
- Great opportunity to expand upon Home's WA footprint
- Expect to open more branches in WA and expand business banking opportunities
- Will look to convert Home branches to Owner-Managed Branches
- Expect to be cash EPS accretive in FY09

HOME 
building society

29 branches

\$2.4b loans under mgmt

\$2.2b retail deposits

\$21m in FY07 normalised NPAT

1. Based on 32.6m Home shares in addition to executive options, with the BOQ share price at 30 August 2007 of \$18.25

2. Based on 5.7m Mackay Permanent shares



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Credit card alliance and portfolio sale

- Sale announced in April 2007 and settled July 2007
- Citigroup to provide BOQ credit cards
 - “white labelled” distribution arrangement
- 12 month migration process
- Customers benefit from greater support, better product range and more extensive systems
- BOQ can leverage Citigroup’s manufacturing expertise
- Removes need for significant further investment in credit card technology



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Strategic intent going forward

- Understanding and growing our core, maximising our adjacencies
 - Core capability is distribution
- Be the 'real' banking alternative – the 'other bank'
- National distribution – but “big small bank not a small big bank” approach
- Aggressive customer acquisition – service-led, not by price or lower credit quality
- Market out-performance across all sectors
- Target complementary acquisitions
- Integration of cost management with growth leadership



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Our progress so far this year...

- momentum is continuing in the first quarter
- lending approvals are up 28% on pcp
- housing approvals are up 26% on pcp
- total deposits up 24% on pcp

... but margins are under pressure industry-wide...we are no exception



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Our priorities

- Successful execution of acquisitions
- Continued distribution expansion
- More brand investment
- 'Red carpet' retail and business banking delivery
- Sound capital/liquidity management
- To be the consolidator of choice



The big
small bank



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A new executive team



Ram Kangatharan
Group Executive
& Chief Financial
Officer



Robert Hines
Group Executive
Retail Financial
Services



David Marshall
Group Executive
Business Financial
Services



Iain Blacklaw
Group Executive
IT & Operations



Daniel Musson
Group Executive
People &
Corporate
Services



Bruce Auty
Group Executive
Group Risk



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Resolution 2(a): To re-elect Peter Fox as a Director

Proxy voting results

	<i>Votes</i>	<i>%</i>
For:	24,606,173	61.08%
Open:	15,361,498	38.13%
Total For & Open:	39,967,671	99.21%
Against:	315,732	0.79%
Abstain:	87,370	



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Resolution 2(b): To re-elect Bill Kelty as a Director

Proxy voting results

	<i>Votes</i>	<i>%</i>
For:	22,583,574	56.13%
Open:	15,357,184	38.16%
Total For & Open:	37,940,758	94.29%
Against:	2,298,109	5.71%
Abstain:	131,906	



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Resolution 3: Terms of Perpetual Equity Preference Shares Proxy voting results

	<i>Votes</i>	<i>%</i>
For:	24,058,682	60.16%
Open:	15,420,299	38.56%
Total For & Open:	39,478,981	98.72%
Against:	514,366	1.28%
Abstain:	374,892	



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Resolution 4: Modify the Constitution

Proxy voting results

	<i>Votes</i>	<i>%</i>
For:	23,598,205	58.93%
Open:	15,459,836	38.61%
Total For & Open:	39,058,041	97.54%
Against:	983,973	2.46%
Abstain:	325,558	



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Resolution 5: Approval of Future Issues under the Senior Management Option Plan Proxy voting results

	<i>Votes</i>	<i>%</i>
For:	22,142,192	55.40%
Open:	15,417,486	38.58%
Total For & Open:	37,559,678	93.98%
Against:	2,408,589	6.02%
Abstain:	402,506	



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Resolution 6: Remuneration report (non-binding resolution)

Proxy voting results

	<i>Votes</i>	<i>%</i>
For:	21,963,637	55.08%
Open:	15,339,159	38.47%
Total For & Open:	37,302,796	93.55%
Against:	2,573,416	6.45%
Abstain:	494,561	

