

ANNUAL GENERAL MEETING 2005

CHAIRMAN'S ADDRESS  
AND VOTING RESULTS

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# Chairman's Annual Address 2005

Ladies and Gentlemen, it is my privilege to present to you the Annual Report for Bank of Queensland for the 2004/2005 year.

## Overview

Four years ago, it was obvious that if we were to achieve our vision of becoming Australia's best regional bank, we had to deliver

consistently over time, total shareholder returns superior to those of our competitors. To achieve that we had to do a number of things. One of those things was to substantially increase our national market share which meant that we had to deliver above system asset growth over time. Because our market in Queensland was relatively mature, we decided that the time was right for us to access markets in the other states.

The problem was that the Bank was limited by ageing and inadequate electronic infrastructure. A decision was taken to replace that infrastructure. I cannot overstate the importance and complexity of that project, which culminated in the delivery just before the commencement of the last financial year of our new banking platform at a cost of \$40M. As some of you may recall, we suffered some teething problems immediately after installation but as I reported at the half year, those problems were by then well and truly behind us.

We called the years leading to the arrival of our new platform, the period during which we were "getting the Bank fit for growth", although the record shows that even then, the Bank was growing strongly.



**Bank of Queensland  
Chairman Neil Roberts**

Along with the new banking platform, there were many other initiatives undertaken by David and his Executive Team to get the Bank “fit for growth”. By the beginning of the last financial year (August 2004), we believed we were ready – ready to undertake the most aggressive strategic initiative this Bank has ever undertaken – the roll-out of our interstate branch program, using our Owner-Managed Branch model™ which has attracted so much attention.

I have highlighted these matters to emphasise that the 2004/5 year was always going to be a critical year for our shareholders. It would be the first full year of our interstate roll-out, and it would therefore present the market with its first opportunity to make a judgment as to whether we were up to the task of executing our inter-state growth strategy as opposed merely to talking about it.

Market sentiment at the mid-year was still somewhat sceptical. Our share price moved from circa \$10.10 before our half year result was announced, to circa \$10.76 afterwards.

By the time we had booked but not announced our full year’s results, the price of our shares stood at circa \$11.65. However, since the announcement of those results, the market appears at last to have accepted that we have the ability to execute our growth strategy successfully.

Our share price as of last night’s close was \$14.40, a rise of 35% since I reported to you last year.

During the year some significant decisions were taken and some significant goals were achieved.

We ceased to use mortgage brokers. By year end, we had replaced the inevitable loss of new business from the broker channel. Volumes had recovered to previous levels.

We opened 31 new branches, including 29 interstate. Some delays were encountered in New South Wales in obtaining site approvals for new branches which slowed the rate of branch openings.

We sold the Bank's ATM Solutions business for a one-off profit of \$15.5M which we returned to shareholders by way of the special dividend. At the same time we have retained branding on more than 2000 ATMs Australia-wide, and the revenue stream from those machines.

We began to utilise our new banking platform to introduce more efficient processes and to introduce market-leading products.

Finally, we produced another record profit, even when the profit from the sale of ATM Solutions is excluded.

Other major steps forward for shareholders this year include:



eCommunications – Shareholders can now receive their information, including the annual report, electronically.



Shareholders can through their dividends make gifts to Investing in Hope. Donations from BOQ shareholders totalled \$13,775.23 last year.



Our Dividend Reinvestment Plan saw another strong take up of 44% holders, totalling 36% of shares.



And of course we paid a special dividend of 15 cents a share.

Special mention should be made of the progress of the Bank in growing business banking. The acquisition of UFJ Leasing has proved to be a real boon for the Bank. The infrastructure we acquired as a result of that acquisition has become our platform for growth. Business lending is now running at about 40% of total lending, which is close to an ideal split for a bank of our size.

## Progress over four years

Last year, in addition to providing you with progress on an annual basis, I included some interesting information relating to progress we had made over a number of prior years.

The present Management Team has been in place since the end of our 2001 financial year, four years ago. They have achieved a great deal. This morning David will outline the details of our growth over that period.

That growth, which has been dramatic, confirms not only that we have appropriate strategic settings in place, but most importantly a very able team of Executives with a demonstrated capacity to get on with the job and deliver results.

Over that period:



Bank of Queensland's annual average Total Shareholder Return (TSR) was 27%.



The All Ordinary's TSR was 13%.

In short, Bank of Queensland delivered to its shareholders average returns which were more than double the average of the market.

I believe we are justified in being quietly confident that the fundamentals are in place to enable us, in time, to achieve our vision of becoming Australia's best regional bank

## Outlook for the current year

We now have 179 branches, with 40 interstate. Management will continue the Bank's interstate expansion. Management is confident that an additional 3 new branches will be established by Christmas, which will bring the total number of branches to 182. Management plans to have at least 215 branches, including 75 interstate, by the end of the financial year.

The current year has commenced strongly, with lending well ahead of last year. David will provide details when he delivers his address. Management will remain focussed on our growth strategy which we believe will continue to deliver improved results for shareholders in the period ahead.

Overall, the prospects for another good year remain bright.

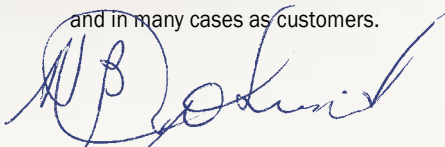
On a more sombre note, the Bank continues to bemoan the increasing impact of stifling and costly regulation, often with questionable benefit to customers and shareholders. I mentioned this last year but it bears repeating, if only to ensure that we continue to identify with the ever increasing chorus of businesses in Australia today who are finding that compliance costs are getting out of hand. Increasingly, dealing with compliance issues distracts Management from running the business. Furthermore, an increasing focus on regulatory matters tends to create a compliance culture in the organisation which diminishes a willingness to embrace what I might call responsible entrepreneurship, which is so essential in running a successful business.

## Conclusion

I would like to thank my fellow Directors for their support and guidance during the year. The burdens of office continue to increase. Directors are today required to give much more time and expertise to their organisations than they were even in the recent past. I appreciate very much the commitment of all of our Directors.

To David Liddy and his Executive Team, I record the appreciation of all of our shareholders for an inspired year of achievements. A lot remains to be done, but I believe we are on track, and that our objectives for the current year and the medium term will be achieved.

Finally, on behalf of the Board and Management, I thank all of you for continuing to support the Bank as shareholders and in many cases as customers.



**Neil Roberts**  
Chairman



## Resolution results

### Resolution 2(a): To re-elect Neil Roberts as a Director

	<b>Valid Votes</b>	<b>%</b>
For:	18,481,380	55.85%
Open:	14,488,738	43.79%
<b>Total For &amp; Open:</b>	<b>32,970,118</b>	<b>99.64%</b>
Against:	120,041	0.36%
Abstain:	98,575	

### Resolution 2(b): To re-elect Antony Love as a Director

	<b>Valid Votes</b>	<b>%</b>
For:	18,428,738	55.69%
Open:	14,514,336	43.86%
<b>Total For &amp; Open:</b>	<b>32,943,074</b>	<b>99.55%</b>
Against:	148,319	0.45%
Abstain:	97,341	

### Resolution 3: Non-Executive Directors' Remuneration

	<b>Valid Votes</b>	<b>%</b>
For:	15,843,796	75.49%
Open:	2,217,835	10.57%
<b>Total For &amp; Open:</b>	<b>18,061,631</b>	<b>86.06%</b>
Against:	2,531,205	12.06%
Abstain:	333,114	

## Resolution 4: Employee Share Plan

	<b>Valid Votes</b>	<b>%</b>
For:	16,828,437	51.17%
Open:	14,630,631	44.49%
<b>Total For &amp; Open:</b>	<b>31,459,068</b>	<b>95.66%</b>
<b>Against:</b>	<b>1,425,133</b>	<b>4.34%</b>
Abstain:	304,533	

## Resolution 5: Remuneration Report

	<b>Valid Votes</b>	<b>%</b>
For:	16,273,757	49.71%
Open:	14,646,505	44.73%
<b>Total For &amp; Open:</b>	<b>30,920,262</b>	<b>94.44%</b>
<b>Against:</b>	<b>1,820,955</b>	<b>5.56%</b>
Abstain:	447,517	



## Share registry

Bank of Queensland's Share Registry is  
Computershare Investor Services Pty Limited.

Computershare Investor Services Pty Limited  
can be contacted for all matters relating to Bank  
of Queensland shares, including the Dividend  
Reinvestment Plan.

Phone: 1800 779 639

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