

SHAREHOLDER  
REVIEW

108

## BOQ's values

**PASSION:** Working with dedication and enthusiasm, and always doing the best job we can.

**COURAGE:** Taking the best, not the easiest, options and having the strength to think and act differently from our competitors.

**ACHIEVEMENT:** Always contributing to the best of our abilities, maintaining a sense of urgency and being motivated to act.

**INTEGRITY:** Doing the right thing by customers, shareholders, the community, the environment and our employees.

**TEAMWORK:** The engine room of our growth. Working hard, having fun and celebrating our success.

**Secure, strong, flexible, unique** - four traits which collectively helped underwrite another year of significant growth for the Bank and as any elite gymnast will testify, are essential ingredients for success at the ultimate level. They also underpin our commitment to Corporate Responsibility, enabling us to align our values and actions with the expectations of all our stakeholders. From our shareholders, customers and employees through to the community and environment, our unique relationships are built around security, strength and flexibility.



### **About this review**

*Our 2008 Shareholder Review was designed to provide shareholders with a brief overview of Bank of Queensland's performance. In line with the Bank's environmental goals this smaller and easier to read version of the Annual Report, significantly conserves valuable resources, including paper stock. It strictly adheres to our environmental policy being printed on waterless presses and on Forest Stewardship Council (FSC) accredited paper from sustainable forests.*



secure, strong,  
flexible, unique

‘08

# ‘07/‘08 highlights

**SECURE:** Bank of Queensland is a 134-year-old financial institution with an expanding national presence. We do not lend internationally and have minimal exposure to poorer quality, or “sub-prime” mortgage lending. With the unfolding global market uncertainty experienced from late in 2007, the Bank has placed issues such as risk assessment, liquidity, capital adequacy and funding costs at the forefront of our business planning agenda. As a result of these endeavours, at year-end, our portfolio quality and capital position are as secure as they’ve ever been.



### **Branch network strengthened**

- > Successful merger with Western Australia-based Home Building Society and the opening of new branches swell BOQ's national branch network to 286 and customer base to over 650,000.

### **Above system lending and deposit growth**

- > Despite difficult market conditions, BOQ again outstrips Australian banking sector performance, recording retail deposit and lending growth 1.3 and 1.9 times respectively ahead of the system (this excludes the contribution from Home Building Society).

### **Successful integrations**

- > Integration of Pioneer Permanent Building Society was successfully completed, providing the Bank with strong market synergies in the booming Central and North Queensland economies.
- > Integration of Home Building Society in Western Australia was completed in September 2008, nine months ahead of schedule.

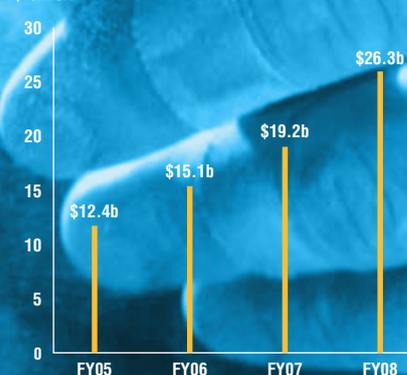
### **Corporate accolades**

- > BOQ heralded as Best Mid Cap Company in Australia by Asia Money Magazine.

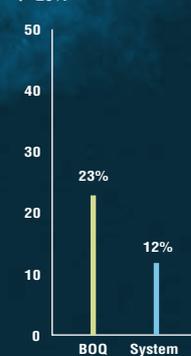
# Financial highlights

- > Continued focus on asset quality, combined with strong increases in lending and deposit growth, drive headline normalised cash net profit after tax up 46% to \$155.4 million.
- > Earnings growth guidance met with normalised cash diluted earnings per share up 11% to 102.9 cents per share.
- > Full year dividend increases 6% to 73 cents fully franked, comprising 35 cents for the first half and 38 cents for the second half.
- > BOQ out-performs overall banking sector by maintaining asset quality at levels similar to the prior year, with impaired assets to non-securitised loans increasing only 0.08% despite continued market volatility.
- > An ongoing focus on efficiency and operating costs has driven a reduction of 10% in the normalised cash cost-to-income ratio to 56.1%, a significant achievement in a difficult market.

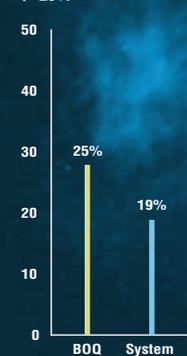
**Loans under management**  
\$ billion



**Lending growth**  
↑ 23%\*



**Retail deposits**  
↑ 25%\*



\* Excludes acquisition balances of Home Building Society.

## Financial summary

\$ millions (unless otherwise stated)

|   | 2008<br>\$m<br>AIFRS | 2007<br>\$m<br>AIFRS | 2006<br>\$m<br>AIFRS | 2005<br>\$m<br>AIFRS | 2004<br>\$m<br>AGAAP |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Financial position:</b>                |                      |                      |                      |                      |                      |
| Total assets under management             | 30,804.5             | 21,653.3             | 16,866.7             | 14,388.6             | 12,464.6             |
| Total loans under management              | 26,291.8             | 19,224.5             | 15,081.4             | 12,381.5             | 10,864.2             |
| Total assets on balance sheet             | 29,775.2             | 20,037.3             | 15,797.1             | 13,650.6             | 9,927.6              |
| Total deposits                            | 20,036.5             | 12,720.3             | 9,949.6              | 8,713.0              | 8,302.4              |
| <b>Financial performance:</b>             |                      |                      |                      |                      |                      |
| Normalised profit for the year after tax  | 136.7                | 104.1                | 86.2                 | 75.2                 | 61.7                 |
| Normalised cash net profit after tax      | 155.4                | 106.1                | 86.7                 | 75.6                 | 63.4                 |
| <b>Shareholder performance:</b>           |                      |                      |                      |                      |                      |
| Market capitalisation at balance date     | 2,377.4              | 2,101.0              | 1,628.4              | 1,177.8              | 908.8                |
| Share price at balance date               | \$15.86              | \$18.56              | \$15.29              | \$11.65              | \$9.72               |
| Fully franked ordinary dividend per share | \$0.73               | \$0.69               | \$0.57               | \$0.48               | \$0.43               |
| <b>Ratios:</b>                            |                      |                      |                      |                      |                      |
| Net interest margin                       | 1.67%                | 1.81%                | 1.83%                | 1.83%                | 2.02%                |
| Capital adequacy ratio                    | 11.0%                | 11.5%                | 12.5%                | 12.4%                | 11.6%                |
| Normalised cash cost-to-income ratio      | 56.1%                | 62.6%                | 64.5%                | 65.8%                | 64.0%                |



**“In my first report to shareholders as Chairman of Bank of Queensland, I look back on what has been a very challenging year”.**

The repercussions from the sub-prime problems in the United States have created immense pressure on the entire banking industry. While Bank of Queensland has had no direct exposure to the failed US companies, we have not been immune to the increased costs all banks have faced to secure their funding.

To manage our risk and in line with our funding strategy, we continued to diversify our borrowing, accessing across the interbank market, securitisation, short and long term senior debt, and domestic and offshore markets. This strategy ensured our liquidity was maintained at ample levels to support our operations throughout the year.

Shareholders would have witnessed the escalating market volatility. In response, the Bank heightened cost disciplines already in place across all levels of the organisation. By financial year end, all major expense categories had been kept flat relative to income growth.

Not surprisingly, there has been substantial fear in the market from shareholders as to the strength of the Australian banks. We are however most fortunate that the Australian

banking industry is one of the strongest and most well regulated in the world.

It is noteworthy that even in this difficult environment, the Bank has announced our normalised cash net profit after tax of \$155.4 million, an increase of 46% from the previous year.

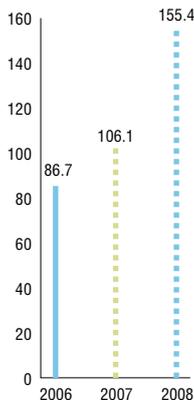
Directors were able to declare a final dividend of 38 cents per share fully franked, which lifted the full year dividend to 73 cents per share fully franked. This compares to the 69 cents per share fully franked dividend paid the prior year.

In FY 2008, our balance sheet was strengthened by gains from the acquisitions of Home and Pioneer Building Societies.

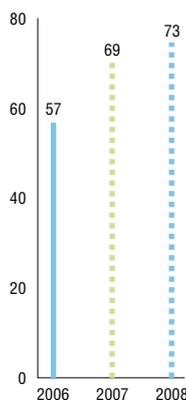
In late November 2007, we successfully completed the integration of Pioneer Building Society, which consolidated our strategic presence in the buoyant Central and North Queensland economy, adding \$300 million to our asset base, and delivering decisive revenue and earnings growth.

Furthermore, after receiving overwhelming support from Home's shareholders, we

**Normalised cash net profit after tax**  
\$ million



**Dividends**  
Cents per share



acquired Western Australia's largest building society in December 2007. After the move to a single brand in May 2008, our integration of Home Building Society was successfully completed nine months ahead of schedule in September 2008. At the close of the financial year the synergies being realised were already tracking on an upward basis.

The integration of these building societies in these testing market conditions is a testimony to the skills of our senior executives and the commitment and service orientation of our front line people.

I also congratulate our senior managers, the Bank's Owner-Managers and business bankers throughout Australia and the 2,500

BOQ people who so admirably support their efforts. Their dedication and loyalty to our proud brand should be applauded.

In August 2008, we announced that our Managing Director, David Liddy, had agreed to extend his contract until 2011. David has had an enormous impact on the Bank's success over recent years, including the introduction of our highly effective Owner-Managed Branch™ model and dramatically expanding our reach from 93 branches solely within Queensland, to 286 nationally. His decision to remain at our helm for another three years is undoubtedly wonderful news for all shareholders.

I would also like to acknowledge our outgoing Chairman Neil Roberts, who has played an equally influential role for the Bank. In Mr Roberts' 13 years as Chairman, the Bank's market capitalisation has grown from \$25 million to over \$2.4 billion at the time of his retirement.

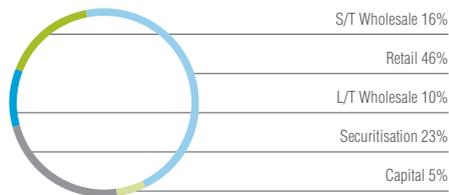
We are also fortunate to have appointed two highly qualified people to the Bank's Board during the year under review. Mr Tony Howarth, the former Chairman of Home Building Society, is our new Deputy Chairman. In addition Mr Roger Davis, who has extensive Australian and international banking and finance experience, including previous positions with Citibank and ANZ, joined us as a Director in August 2008.

I also pay tribute to Tony Love who is retiring as a Director at this year's Annual General Meeting. Tony has been a valuable Director for 14 years and has Chaired the Governance Committee and the Audit and Risk Committee during his term. I wish him well in his retirement.

Following Tony's retirement, Steve Crane has offered himself for election as a Director and the Board fully supports his election. Steve has extensive public company experience following a distinguished career in the banking and financial services industries. His skills and experience will be a valuable addition to the existing mix of skills on the Board.

Last but not least, I would like to thank our shareholders for their continued support throughout these troubled times. Although the immediate outlook for our operating environment remains uncertain, we remain robust and strongly positioned to weather the storm.

#### FY 2008 funding mix



**Neil Summerson**

Chairman

# '08

**FLEXIBLE:** With wholesale funding costs escalating through the year and mortgage-backed securitisation channels diminishing, the focus for all banks has been on increasing their retail funding bases. As a much smaller bank our flexibility enabled us to quickly and effectively switch our operational and marketing focus to building retail deposits, as is clearly evidenced by our strong growth in retail deposits. ■ Our ability to adapt acquired complementary businesses to the Bank of Queensland brand also plays a pivotal role in our continued growth and profitability. This is evidenced by our integration with Home Building Society being completed nine months ahead of schedule and synergies already being realised.





**“The external events impacting on, and the outcomes achieved by, Bank of Queensland in FY 2008 highlight just how robust and effective our chosen business model is.”**

The sub-prime problems flowing out of the United States and subsequent global liquidity crisis have caused one of the toughest years on record for the banking industry.

Our effort in recording a 46% rise in headline normalised net cash profit after tax of \$155.4 million was unquestionably a significant achievement in a trading environment not conducive to the banking sector's growth.

Bank of Queensland's stringent cost and asset quality surveillance, along with continued efficiency gains, combined to produce this positive result.

**Maintaining a strong balance sheet**

In FY 2008, we maintained stringent surveillance on the quality of our balance sheet and specific market conditions that could impact it.

Accordingly, our commercial lending throughout the year remained extremely disciplined. The Bank's exposure to residential building and construction projects remained

within pre-set risk parameters, and at financial year end continued to perform well.

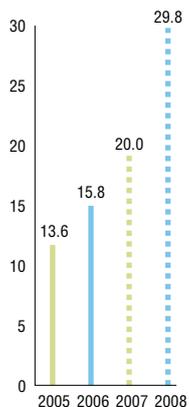
We have not suffered any underlying deterioration of credit as, unlike our larger competitors, Bank of Queensland's portfolio has no significant corporate exposures. As at 31 August 2008, the Bank had only 69 exposures over \$10 million, representing less than 5% of assets under management, with over half of these facilities due to mature within one year.

In FY 2008, we experienced only a relatively small increase in bad debt provisions, with impaired assets as a percentage of non-secured loans increasing only 0.08%.

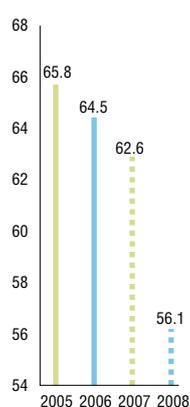
As widely publicised, the events of the past 12 months have had a profound impact on the Australian banking sector's funding channels and costs.

As shareholders may be aware, a result of the global credit crisis has been an upward repricing of risk which has dramatically diminished opportunities in securitisation

**Assets on balance sheet**  
\$ billion



**Normalised cash cost-to-income ratio**  
%





markets and significantly increased the cost of banks' funding sources.

To ensure strong levels of liquidity, in April 2008 we successfully raised \$628 million through an automobile and equipment receivables backed securitisation issue. The Bank also raised over \$200 million through a hybrid capital issue, to help fund our forward growth and to maintain our Tier 1 capital adequacy ratios.

### Leveraging off acquisitions

In late November 2007, we successfully completed the integration of Mackay-based

Pioneer Permanent Building Society, following their members' acceptance of our \$49.6 million merger proposal twelve months prior. This acquisition significantly bolstered our foothold in the booming central Queensland economy.

Members of Home Building Society also overwhelmingly endorsed our \$592 million merger proposal in November 2007. This merger with Home has delivered us an additional 24 branches, \$2.7 billion in loans and advances and, significantly, in today's competitive funding environment, \$2.5 billion in retail deposits.

As part of the integration process which was successfully completed nine months ahead of schedule in September 2008, all Home Building Society operations have been migrated to the Bank of Queensland brand and four overlapping branches have been consolidated.

With Western Australia's resource boom continuing to fuel the local economy, we remain committed to growing our retail footprint in this state under the Bank of Queensland banner in the near future.

### Branch network

Given the overriding need to integrate Home and Pioneer Permanent into our operations and a softening of some interstate economies, particularly New South Wales, the Bank consciously slowed the rate of new branch openings in FY 2008.

At the time of this report's publication our Australia-wide footprint stood at 286 branches.

The Owner-Managed Branch™ model continued to drive shareholder value through superior sales productivity and a variable cost structure aligned to performance. The success of this model was evidenced by the Bank's retail deposits which grew to \$14.0 billion in this difficult financial year.

A small number of Owner-Managed Branches™ struggled in the lagging New South Wales economy. The Bank assumed control of a number of these branches which we will manage until they are performing at a more successful level.

### Outlook

There is no doubt that FY 2009 will present both opportunities and challenges. While we expect it will be at least 12 to 18 months before the market problems of liquidity and high borrowing costs stabilise, the underlying fundamentals of our strategy remain strong.

Whilst the forecast for economic conditions in the world are uncertain at the time of writing, the Reserve Bank of Australia and the Federal Government will no doubt continue to closely monitor developments and take action to ease the pressure on the local economy. The Government's recent actions to guarantee all deposits in Australia for the next three years, and to guarantee term wholesale funding by Australian financial institutions, is an excellent example of this.

Bank of Queensland importantly has robust asset quality, which reinforces the fact that at the core we are solely a retail bank with essentially low-risk retail assets. We will, however, maintain our rigorous focus on risk assessment.

Additional opportunities for strategic acquisitions in the foreseeable future are likely to materialise, particularly given the operating challenges ahead for smaller financial institutions. Backed by our proven track record of successfully integrating past acquisitions, the Bank is intent on maintaining a proactive position in the financial services consolidation process.

Overall, we will keep adjusting our strategy to respond to the changing market conditions ahead with the aim of continuing to be a rewarding investment for our shareholders.



**David Liddy**

Managing Director



**UNIQUE:** Our unique and highly motivated Owner-Managed Branch network continued to spearhead our sector leading performance. Our chosen business model provides a distinct advantage over our competitors, most of whom continue to rely on traditional, less customer-centric corporate branch models. ■ The unique OMB model drives shareholder value through superior sales productivity, minimal branch start-up costs for the Bank and a variable cost structure aligned to performance. With this model we are able to uphold an advanced customer service focus and generate more revenue for the Bank and its shareholders.

# '09 blueprint

## 1. Enhance shareholder value

- > Maintain efficiency gains of recent years by further reductions to the cost-to-income ratio.

## 2. Achieve strong growth

- > Leverage strong footholds in Australia's two leading economies (Queensland and Western Australia) to maintain growth and asset quality.
- > Realise increased productivity from maturing branch network and continued conversion of corporate branches to Owner-Managed Branches™.

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### 3. Continue to make disciplined acquisitions

- > Deliver full synergies from the Home Building Society integration.
- > Continue to target complementary acquisitions, particularly those that build on our competitive advantage in the Queensland and Western Australian power economies.

### 4. Maintain strong asset quality

- > Continue focus on well-secured housing and SME lending.
- > Maintain current low level of large exposures.

### 5. Further strengthen funding sources

- > Maximise diversification of funding sources.
- > Leverage strong retail funding franchise to grow long-lasting term deposits.
- > Build internal securitisation assets for contingent liquidity and maintain adequate liquidity levels.

**STRONG:** Given our bias to the stronger growth economies and our strategy over recent years to insulate ourselves from the higher risk segments of the consumer market by outsourcing credit cards, margin lending and insurance, Bank of Queensland's underlying business has remained very strong. ■ Our expansion strategy will continue to centre on rolling out the Bank's Owner-Managed Branch™ (OMB) model. This is a low cost expansion strategy which provides us with a strong competitive advantage, and a branch network that is far more profitable than the conventional corporate outlets operated by our competitors.

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### Community

BOQ proudly supports the communities in which it operates through fundraising activities, local level sponsorships and community partnerships in five major areas: education, health, welfare, the arts and the environment.

- > The Bank's annual *Banking on our Kids* appeal raised \$170,000 for Children's Hospital Foundations Australia (CHFA) to be used to support initiatives leading to breakthrough treatments and cures for sick and injured children.



- > The most successful fundraising branch this year was BOQ Toowoomba which raised over \$20,000 for *Banking on our Kids* through a range of local activities including a charity day at the horse races.
- > The Bank matched over \$85,000 raised by employees through its Dollar-for-Dollar program, supporting initiatives including the Leukaemia Foundation's World's Greatest Shave, Movember and the Starlight Foundation's Wishgranting program.
- > Staff participated in the Bank's Workplace Giving Program, donating more than \$8,000 to charity directly from their pre-tax pay.
- > Shareholders donated over \$22,000 to children's hospitals around Australia via the Investing in Hope program.
- > We strengthened our partnerships with the Starlight Children's Foundation Australia, the Financial Basics Foundation, Flying Arts and the Queensland Museum Foundation.
- > BOQ became a new sponsor of the Brisbane Centre for Young People, which aims to give street kids a chance at becoming productive members of society by providing housing and education.

- > This year's Managing Director's Gold Award for Community Involvement, which recognises and rewards the outstanding contributions employees make in their communities, went to Helena Youse who works tirelessly to help disadvantaged youth in her community. Helena received \$20,000 to donate to the non-profit organisation of her choice, while 5 Silver Award recipients received \$5,000 to donate.

### Customers

At Bank of Queensland we are committed to providing customers with innovative and socially responsible banking solutions along with the best possible customer service experience.

- > Our responsible lending and hardship provision policies are being reviewed to respond to the changed market conditions.
- > We are discussing with customers what they want and using this information to design a set of service standards to ensure consistent delivery of a quality customer service experience.
- > A customer charter is being developed to reinforce our service commitments.

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## Environment

We are reducing our environmental footprint via a number of energy-saving and recycling initiatives because we recognise our responsibility to protect and enhance the environment in which we operate:

- > 107 tonnes of paper and cardboard were recycled by Bank of Queensland this financial year, saving approximately 1,400 trees.
- > The Bank underwent an independent carbon impact assessment by EDS Australia, which captured energy and emissions data from each business unit, IT application and asset.
- > We invested in new energy efficient equipment to reduce electricity consumption.
- > Lighting and air conditioning have been put on automatic timers to switch off when not in use.
- > All water taps in the Bank's head office have been fitted with flow restrictors.
- > We also partner with Guides Australia on a cork recycling initiative.

## Employees

We realise that attracting and retaining the best possible people is paramount, so we have created a workplace that makes BOQ a company people want to work for and an

environment and culture where they can succeed.

- > The Employee Assist Program, the Bank's free counselling service for staff, assisted in resolving personal issues and enhancing productivity for a number of employees.
- > We introduced new flexible working practices to improve work life balance.
- > Regular employee surveys are conducted to gauge satisfaction and to improve workplace conditions and culture.
- > BOQ has recently implemented a new on-site recruitment solution with dedicated and skilled resources to ensure best practice and a structured and transparent approach to recruitment.

## Government & Regulators

The Bank has a number of practices and policies in place that meet the demands of regulators and corporate responsibility industry bodies. These are continually reviewed to ensure we manage any compliance issues and future risks.

- > We are preparing for energy targets and compliance standards introduced by the government's National Greenhouse Emissions Reporting (NGER) Act.
- > A corporate social responsibility committee has been established to review activities and

respond to future regulatory requirements.

- > We are developing a corporate social responsibility reporting framework.

## Shareholders

Our aim is to be a quality investment for our shareholders by driving efficiencies, identifying strategic opportunities and ensuring our leaders are committed to the Bank's performance. It is also our responsibility to provide shareholders with honest and clearly understandable information about our operations.

- > Although the Corporations Legislation Amendment (Simpler Regulatory System) Act 2007 states that we no longer have to send annual reports to shareholders unless specifically requested to, the Bank has developed this shareholder review to maintain proactive contact with shareholders and to better communicate the performance of the Bank.
- > The dedicated Shareholder Centre on the Bank of Queensland website is undergoing improvements.
- > We are reviewing share registry services to ensure the best possible services are being provided.

### **David Liddy**

*Managing Director &  
Chief Executive Officer*

David Liddy was appointed Managing Director of Bank of Queensland in April 2001. His 40 years' experience in banking includes international postings in London and Hong Kong. He has significant broad-based general management competencies and a proven record in achieving strong business performance.

### **Ram Kangatharan**

*Group Executive &  
Chief Financial Officer*

Ram Kangatharan was appointed in October 2007. He is responsible for Finance, Treasury, Group Risk, Legal and Management Information Systems. He is a senior finance executive with global corporate experience in a range of industries including banking, telecommunications and investments. He was most recently with EDS (Electronic Data Systems) in the US.

### **Robert Hines**

*Group Executive  
Retail Financial Services*

Robert Hines was appointed Group Executive Retail Financial Services in September 2007. He is responsible for the Bank's franchise banking, corporate branch banking, Private Banking, Direct Banking, Alliances, Wealth Management and Insurance Operations. For the prior seven years he was the Bank's Chief Financial Officer. Robert has 23 years' experience in retail and investment banking in London, Sydney and Brisbane.

### **David Marshall**

*Group Executive  
Business Financial Services*

David Marshall was appointed Group Executive Business Financial Services in September 2007. He is responsible for Business Relationship Banking, Equipment Finance, Property Finance, Debtor Finance, Trade Finance and Risk Management. He has had 23 years' banking experience including senior national roles in business and retail banking and risk management with CBA and Westpac.



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**Bruce Auty**

*Group Executive Group Risk*

Bruce Auty was appointed Group Executive Group Risk in September 2007. His responsibilities include Credit Risk Assessment, Credit Risk Review, Credit Policy, Portfolio Performance, Internal Audit, Operational Risk, Compliance and Fraud. Bruce, who joined the Bank in 2004, has 40 years' experience in corporate, investment, commercial and retail banking in the U.S.A., Australia and New Zealand.

**Daniel Musson**

*Group Executive  
People & Corporate Services*

Daniel Musson was appointed in October 2007 to oversee the Bank's Brand Management, Product Management, Human Resources, Customer Relations, Investor Relations and Corporate Affairs functions. He has broad experience in senior marketing, brand, product and customer management roles across the banking, insurance and retail sectors. He was most recently Head of Product and Underwriting Personal Insurance with the Insurance Australia Group (IAG).

**Jim Stabback**

*Group Executive IT & Operations*

Jim Stabback joined Bank of Queensland in September 2008 as Group Executive, IT & Operations. In this role, he oversees the strategic focus of the Bank's IT platform and its service delivery, along with the Bank's important outsourcing relationships with EDS and Fiserv. Jim has over 20 years' experience managing large scale operations, technology and service delivery management in the financial services and telecommunications industries.



### Neil Summerson

B Com, FCA, FAICD, FAIM

*Chairman – Age: 60*

Neil Summerson is a Chartered Accountant with 38 years' experience and is a past Chairman of the Queensland branch of the Institute of Chartered Accountants. He was formerly the Queensland Managing Partner at Ernst & Young. He is a Director of AmerAlia Inc, Australian Made Campaign Limited, Australian Property Growth Limited and Moore Stephens (Queensland) Limited. He is a former Chairman of the Brisbane Water Board and is currently Chairman of Motorama Holdings Pty Ltd, Leyshon Corporation Limited and Australian Property Growth Fund. Mr Summerson was appointed Chairman on 20 August 2008.

### Neil Roberts

BA, LLB, FAICD

*Former Chairman – Age: 69  
(not pictured)*

Neil Roberts became a Director of the Bank in November 1987 and was elected Chairman in June 1995. He officially retired as Chairman on 20 August 2008. Neil was formerly Senior Partner in Queensland of the commercial national law firm Minter Ellison. He is President of the Queensland Library Foundation, the past President of Queensland Private Enterprise Centre, and a past President of The Brisbane Club.

### Anthony Howarth, AO

FAICD, FAIM, SF Fin

*Deputy Chairman – Age: 58*

Tony Howarth was Chairman of Home Building Society Ltd which merged with the Bank in December 2007. He has worked in the banking and finance industry for over 30 years. His work has involved a number of overseas appointments. He has been the Managing Director of Challenge Bank Limited and the CEO of Hartleys Limited. He was a former Chairman of Alinta Limited (retired 24 July 2006) and is currently Chairman of Mermaid Marine Australia Limited and non-executive Director of AWB Limited and Wesfarmers Limited. He is also involved with a number of business and community organisations being Chairman of St John of God Health Care Group, President of the Australian Chamber of Commerce and Industry and Chair of the Committee for Perth. In addition he is a Director of the Rio-Tinto WA Future Fund, the Western Australian Community Foundation and is on the University of Western Australia's Senate. Tony was appointed Deputy Chair of the Bank in August 2008 and is a member of the Remuneration and Nomination Committee. He is now a member of the Risk Committee.\*

### David Liddy

MBA, SF Fin, MAICD

*Managing Director – Age: 58*

David Liddy has 40 years' experience in banking, including international postings in London and Hong Kong. He was appointed Managing Director of the Bank in April 2001. He has a Masters in Business Administration. He is Chairman of the Queensland Museum Foundation, a Director of the Royal Children's Hospital Foundation, and a member of the Queensland University of Technology Council. He is a member of the Federal Treasurer's Financial Sector Advisory Council and a Director of the Brisbane Lions Australian Football Club. Mr Liddy is also a Senior Fellow of the Financial Services Institute of Australasia, a Member of the Australian Institute of Company Directors and sits on the Australian Bankers' Association Council.



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## Peter Fox

B Bus (Hons)

*Director – Age: 46*

Peter Fox has been with the Linfox Group for over 21 years. After a diverse career within the organisation, he was appointed, in chronological order, National Fleet Manager, Executive Officer, and Director of Linfox Pty Ltd, culminating in his appointment as Executive Chairman of Fox Group Holdings in 1994. Mr Fox was appointed a Director of the Bank in May 2001. He is also a Director of the Alfred Foundation and a member of the Australian Graduate School of Management Advisory Council (UNSW). He is a member of the Bank's Budget Review Committee.

## David Graham

B Com, B Econ (Hons), MBA,  
F CPA, FAIM

*Director – Age: 66*

David Graham has had extensive experience in the financial sector specialising in capital market transactions. He was appointed as a non-executive Director of the Bank in October 2006. He has been a non-executive Director of a number of ASX listed companies and he is currently a non-executive Director of Bandanna Energy Limited. He is Executive Chairman of DDH Graham Limited, an advisory and funds management company he founded in 1981. He is a member of the Audit Committee.\*

## Carmel Gray

B Bus (Econ & Acc)

*Director – Age: 59*

Carmel Gray was appointed a Director of the Bank on 6 April 2006. Ms Gray has had an extensive career in IT and Banking. Ms Gray was Group Executive Information Technology and General Manager Information Technology at Suncorp from 1999 to 2004. Prior to her Suncorp appointment she was General Manager of Energy Information Solutions Pty Ltd and Managing Director of Logica Pty Ltd. She is Chair of Information Technologies Australia Pty Ltd. She is a member of the Bank's Budget Review Committee and the Corporate Governance Committee. Carmel is also Chair of the Audit Committee and a member of the Risk Committee.\*

## Bill Kelty

B Econ

*Director – Age: 60*

Bill Kelty has over 31 years' experience in industrial relations. He was appointed a Director of the Bank in August 2001 and is currently a Director of the Linfox Group and a Commissioner of the Australian Football League. He is also involved in the Foundation for Rural and Regional Taskforce and was previously Chairman of the Federal Government's Regional Development Taskforce. Mr Kelty was Secretary of the Australian Council of Trade Unions from 1983-2000 and a member of the Reserve Bank Board from 1988 to 1996. He is a member of the Bank's Corporate Governance Committee.



### Antony Love

B Com, AAUQ, FAPI, FREI, FAICD

*Director – Age: 61*

Antony Love is a property consultant with 38 years' experience and is a Director of McGees Property. He is also a Director of AP Eagers Limited and Campbell Brothers Limited. He is Chairman of the Bank's Budget Review Committee and Chair of the Corporate Governance Committee. He has been a Director since June 1995 and served as Deputy Chairman from April 2003 to August 2008.

### John Reynolds

B. Sc (Hons), B Bus, Dip Ed, FAIM

*Director – Age: 65*

John Reynolds was appointed a Director of the Bank in April 2003. He has extensive CEO-level experience at Top 100 media and resource companies in Australia and overseas. He is Chairman of Arrow Energy Limited. He is a Director of Mater Health Services Brisbane Limited, an advisor to various private companies and holds a number of university positions. Mr Reynolds is Chairman of the Bank's Risk Committee, a member of the Bank's Remuneration & Nomination Committee and a member of the Audit Committee.\*

### Roger Davis

B Econ (Hons), Masters Philosophy

*Director – Age: 56*

Roger Davis was appointed a Director of the Bank on 20 August 2008. He has almost 30 years' experience in banking and investment banking in Australia, the US and Japan. He is currently a consulting Director at Rothschild Australia Limited. He was previously a Managing Director at Citigroup where he worked for over 20 years and more recently was a Group Managing Director at ANZ Bank. He is a Director of Macquarie Office Management Ltd, Macquarie Leisure Operations Ltd, Aristocrat Leisure Ltd, Centric Wealth Management Ltd and Territory Insurance Office and Trust Ltd. He was formally Chair of Pengana Hedgefunds Ltd and Esanda. He was formerly a Director of ANZ (New Zealand) Limited, CitiTrust in Japan and Citicorp Securities Inc. in the USA. He has a Bachelor of Economics (Hons) degree from the University of Sydney, a Master of Philosophy degree from Oxford and is a Rhodes Scholar. Roger is a member of the Risk Committee.\*

*\* The Board resolved on 8 October 2008 to split the Audit and Risk Committee into two separate committees for oversight of Audit and Risk.*



| Directors                      | Short-term<br>\$ | Post-<br>employment<br>\$ | Other<br>long-term<br>\$ | Termination<br>benefits<br>\$ | Shares-based<br>payments<br>\$ | Total<br>\$ |
|--------------------------------|------------------|---------------------------|--------------------------|-------------------------------|--------------------------------|-------------|
| <b>Non-Executive Directors</b> |                  |                           |                          |                               |                                |             |
| Neil Summerson                 | 134,750          | 55,130                    | -                        | -                             | -                              | 189,880     |
| Anthony Howarth <sup>1</sup>   | 63,929           | 5,754                     | -                        | -                             | -                              | 69,683      |
| Roger Davis <sup>2</sup>       | 7,500            | 675                       | -                        | -                             | -                              | 8,175       |
| Peter Fox                      | 90,000           | 10,077                    | -                        | -                             | -                              | 100,077     |
| David Graham                   | 94,500           | 8,505                     | -                        | -                             | -                              | 103,005     |
| Carmel Gray                    | 93,000           | 8,370                     | -                        | -                             | -                              | 101,370     |
| Bill Kelty                     | 100,000          | 10,753                    | -                        | -                             | -                              | 110,753     |
| Antony Love                    | 104,000          | 17,372                    | -                        | -                             | -                              | 121,372     |
| John Reynolds                  | 145,083          | 12,925                    | -                        | -                             | -                              | 158,008     |
| <b>Former Directors</b>        |                  |                           |                          |                               |                                |             |
| Neil Roberts <sup>3</sup>      | 124,750          | 127,352                   | -                        | 648,041                       | -                              | 900,143     |
| <b>Executive Directors</b>     |                  |                           |                          |                               |                                |             |
| David Liddy                    | 1,990,326        | 13,197                    | 31,958                   | -                             | 683,895                        | 2,719,376   |

<sup>1</sup> Commenced 18 December 2007

<sup>2</sup> Commenced 20 August 2008

<sup>3</sup> Retired 20 August 2008

## Executives

|                             | Short term<br>\$ | Post-<br>employment<br>\$ | Other<br>long-term<br>\$ | Termination<br>benefits<br>\$ | Share based<br>payments<br>\$ | Total<br>\$ |
|-----------------------------|------------------|---------------------------|--------------------------|-------------------------------|-------------------------------|-------------|
| <b>Executives</b>           |                  |                           |                          |                               |                               |             |
| Robert Hines                | 900,565          | 47,519                    | 22,374                   | -                             | 253,411                       | 1,223,869   |
| Ram Kangathran <sup>1</sup> | 784,296          | 12,233                    | 555                      | -                             | 124,748                       | 921,832     |
| Len Stone                   | 559,544          | 56,608                    | 13,117                   | -                             | 182,811                       | 812,080     |
| David Marshall <sup>2</sup> | 688,548          | 33,483                    | 525                      | -                             | 71,285                        | 793,841     |
| Daniel Musson <sup>3</sup>  | 668,867          | 27,026                    | 397                      | -                             | 71,285                        | 767,575     |
| Bruce Auty                  | 522,682          | 35,978                    | 4,650                    | -                             | 160,931                       | 724,241     |
| <b>Former Executive</b>     |                  |                           |                          |                               |                               |             |
| Donna Quinn <sup>4</sup>    | 60,773           | 2,062                     | -                        | 72,274                        | -                             | 135,109     |
| Iain Blacklaw <sup>5</sup>  | 306,850          | 29,295                    | -                        | 12,512                        | -                             | 348,657     |

<sup>1</sup> Commenced 29 October 2007

<sup>2</sup> Commenced 3 September 2007

<sup>3</sup> Commenced 12 November 2007

<sup>4</sup> Resigned 26 October 2007

<sup>5</sup> Resigned 9 July 2008

## Financial calendar

## 2008

| <b>Ordinary Shares (BOQ)*</b> |                  |
|-------------------------------|------------------|
| Ex-dividend date              | 7 November 2008  |
| Record date                   | 13 November 2008 |
| Final dividend payment date   | 24 November 2008 |
| Annual General Meeting        | 11 December 2008 |

**Annual General Meeting**

The Annual General Meeting will be held at the Sofitel Hotel, 249 Turbot Street, Brisbane on Thursday, 11 December 2008 at 10am (registration commences at 9.15am).

## 2009

| <b>Ordinary Shares (BOQ)*</b>                     |                  |
|---|------------------|
| Interim results and interim dividend announcement | 9 April 2009     |
| Ex-dividend date                                  | 29 April 2009    |
| Record date                                       | 5 May 2009       |
| Interim dividend payment date                     | 19 May 2009      |
| Final results and final dividend announcement     | 15 October 2009  |
| Ex-dividend date                                  | 13 November 2009 |
| Record date                                       | 19 November 2009 |
| Final dividend payment date                       | 1 December 2009  |
| Annual General Meeting                            | 10 December 2009 |

| <b>Reset Preference Shares (BOQPA)*</b>            |                   |
|--|-------------------|
| Announcement date                                  | 17 March 2009     |
| Ex-dividend date                                   | 20 March 2009     |
| Record date  | 26 March 2009     |
| Payment date                                       | 15 April 2009     |
| Announcement date                                  | 18 September 2009 |
| Ex-dividend date                                   | 23 September 2009 |
| Record date  | 29 September 2009 |
| Payment date                                       | 15 October 2009   |
| <b>Perpetual Equity Preference Shares (BOQPC)*</b> |                   |
| Announcement date                                  | 17 March 2009     |
| Ex-dividend date                                   | 20 March 2009     |
| Record date  | 26 March 2009     |
| Payment date                                       | 15 April 2009     |
| Announcement date                                  | 18 September 2009 |
| Ex-dividend date                                   | 23 September 2009 |
| Record date  | 29 September 2009 |
| Payment date                                       | 15 October 2009   |

\* Dates are subject to change

## **Australian Business and Company Numbers**

ABN 32 009 656 740  
ACN 009 656 740

## **Registered Office**

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Limited  
Level 17, BOQ Centre  
259 Queen Street  
Brisbane Qld 4000

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Facsimile: (07) 3212 3399

Website: [www.boq.com.au](http://www.boq.com.au)

Investor Relations:  
(07) 3212 3463

Customer Service:  
1300 55 72 72

## **Auditors**

KPMG  
Central Plaza One  
345 Queen Street  
Brisbane Qld 4000

## **Share Registry**

Computershare Investor  
Services Pty Ltd  
Level 19, CPA Building  
307 Queen Street  
Brisbane Qld 4000

Telephone: 1800 779 639  
Facsimile: 07 3237 2152

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