

Growth. Evolution. Achievement.

Annual General Meeting '09



'09

Chairman's address

Mr Neil Summerson

'09

Managing Director's address

Mr David Liddy

Growth. Evolution. Achievement.

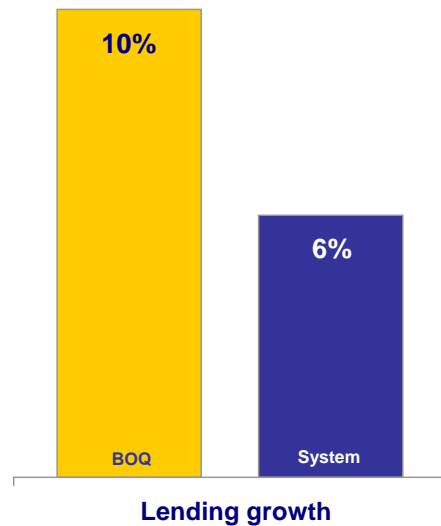


Strong financial results in tough market

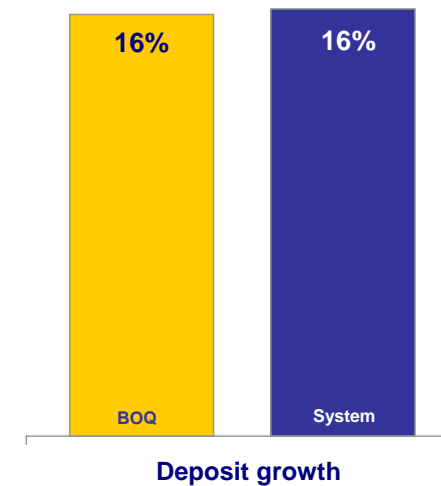
	<u>2008</u>	<u>2009</u>		
Normalised cash NPAT	\$155.4m	\$187.4m	▲	21%
Cash EPS (normalised Fully Diluted)	99.9¢	98.4¢	▼	1.5%
Ordinary dividend	73¢	52¢	▼	21¢
Loan growth (pcp)	*23%	10%		
Retail deposit growth (pcp)	*25%	16%		
Net interest margin	1.67%	1.56%	▼	11bps
Cost to income ratio (normalised cash)	56.1%	49.9%	▼	6.2%

Moderated growth continues

► Lending growth : 1.8x system*



► Deposit growth : 1.0x system*

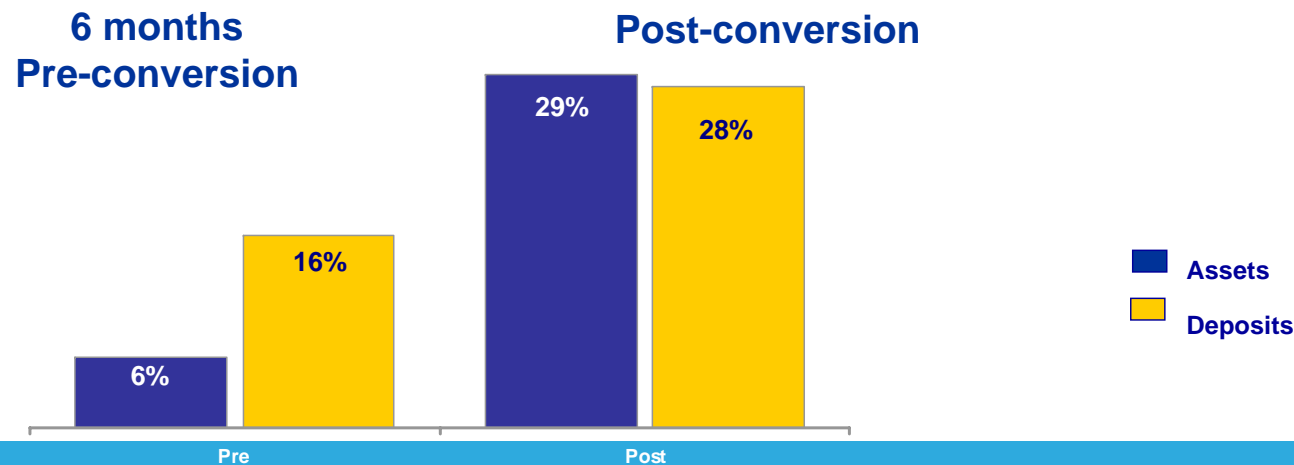


* Last 12 months
Source: APRA data

Unique OMB distribution productivity

- ▶ Through the GFC the OMB model has continued to demonstrate unmatched productivity... both on the assets and liabilities side
- ▶ We have now converted 39 corporate branches to OMBs where average monthly settlements have increased 64% post conversion

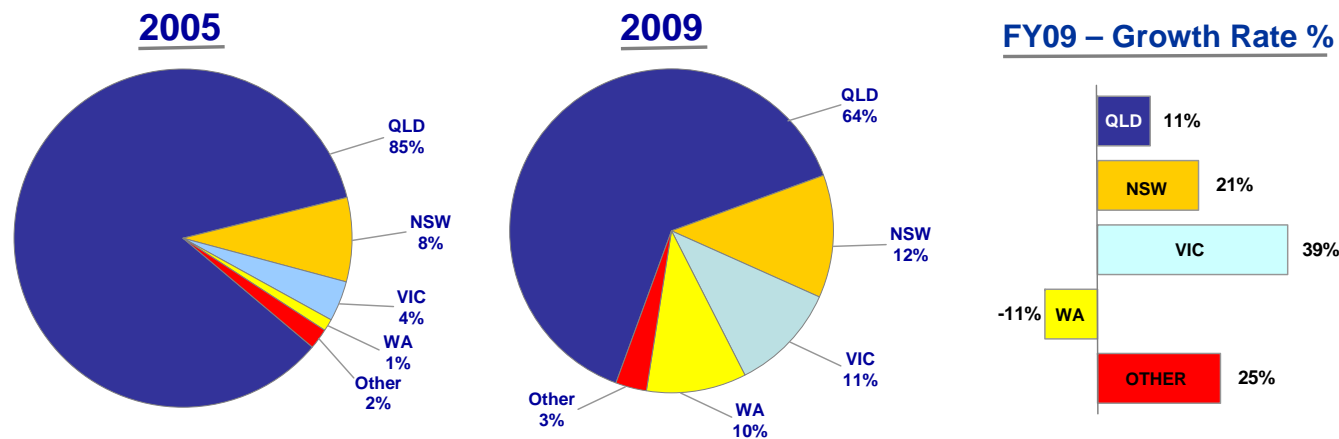
Annualised growth before and after conversion*



Note: For Qld branches converted with at least 3 months of results since conversion

Geographic diversification growing

- ▶ BOQ historically has had most of its business in Queensland
- ▶ As a result of interstate OMB expansion and acquisition of Home there has been a material and growing geographic diversification trend

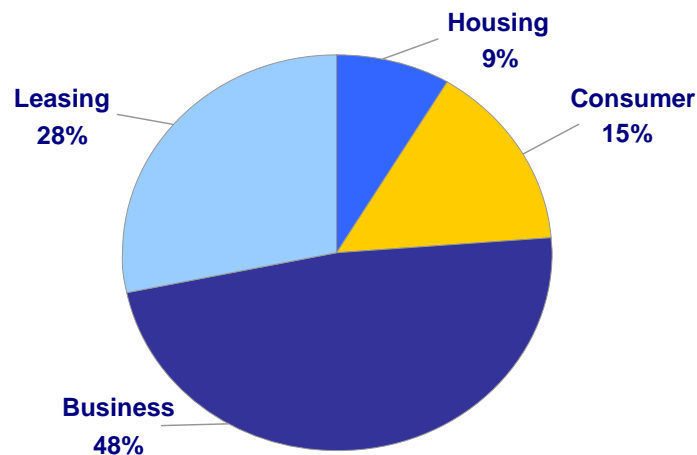


- ▶ Material change in mix of loan portfolio – greater distribution across all states ex WA. In WA after exiting broker channel organic growth backfilling

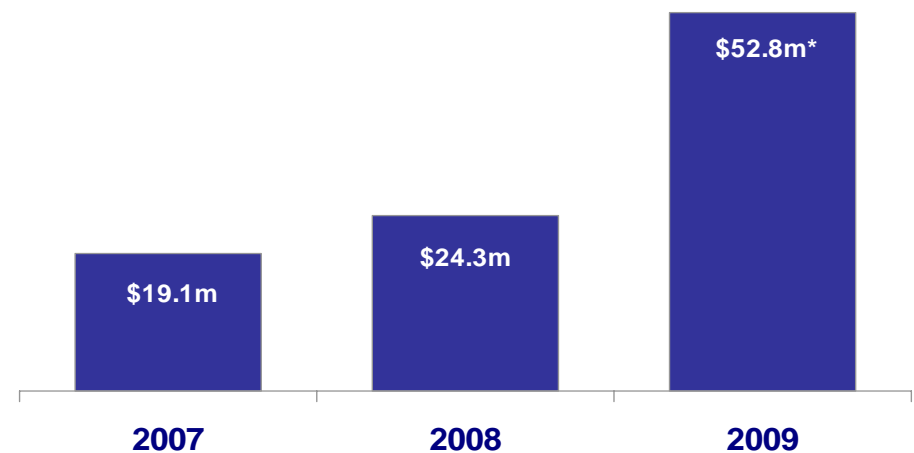
Bad debt peaking in FY10

- ▶ Bad debts continue to increase, but tracking well below majors with early signs of improvement in housing as economy shows signs of improvement
- ▶ Leasing and commercial portfolios showed increased stress in 2H09
- ▶ Expect to hit peak bad debts in FY10

Bad debts by product



Underlying bad debts

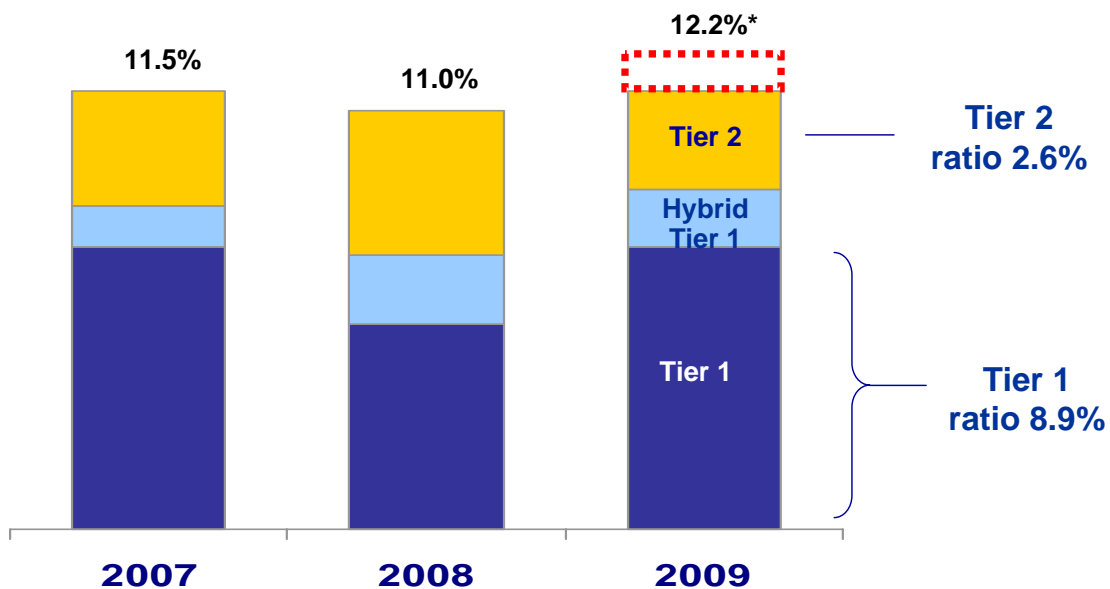


* Excludes the impairment charges of \$7.2m made in 1H09 for the NSW distribution restructure

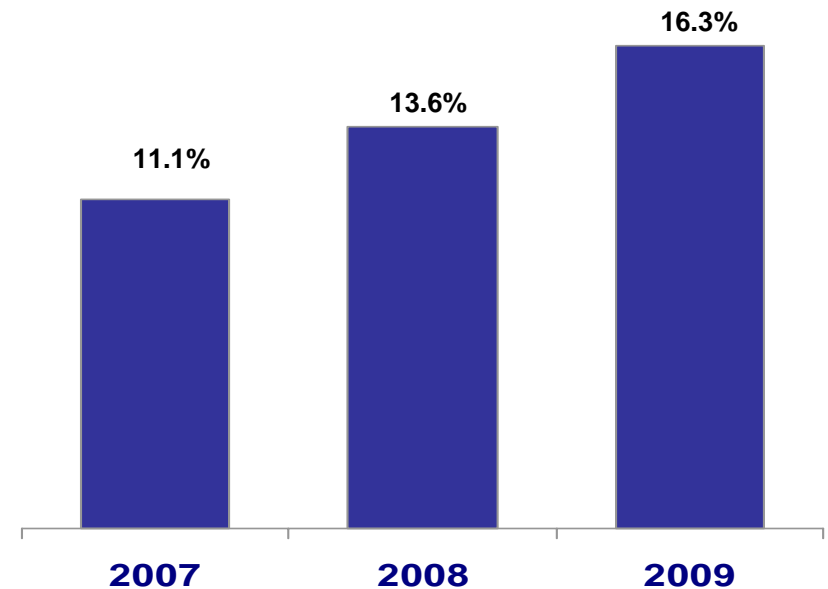
Strong capital base and liquidity

- ▶ Tier 1 capital improved 1.7% to 8.9%, or 9.6% including retail entitlement
- ▶ High liquidity levels remain well in excess of APRA and internal benchmarks

Capital adequacy



Liquidity



*Includes issue of \$110.8m under the Retail Entitlement Offer which settled on 18th Sep 09

Finalisation of Project Pathways

Work streams	1	Efficiency program	▶ The Efficiency Stream was difficult, however has 'right sized' us for the stage of the cycle we're in
	2	Portfolio Optimisation Program (POP)	▶ The Portfolio Optimisation Program identified retail and SME as our focus, and brought these channels together
	3	Strategic partner search	▶ The strategic partner stream was fruitful in identifying potential partners, however we decided not to take on a strategic partner at this time

Your award winning bank

- ▶ Bank of Queensland won the 'Best Value Savings Institution in Australia' award from CANSTAR CANNEX
- ▶ BOQ's online banking services were recently highly rated 5 out of 6 stars by PC Authority magazine
- ▶ TNS Business Finance Monitor Survey ranked BOQ number 1 in business customer satisfaction
- ▶ Equipment Finance broker association CAFBA voted BOQ 2009 Financier of the Year



Andrew Spicer, CEO of CANSTAR CANNEX presenting award to David Liddy.

Corporate Social Responsibility

- ▶ **Community**
- ▶ **Customers**
- ▶ **Environment**
- ▶ **Employees**
- ▶ **Shareholders**

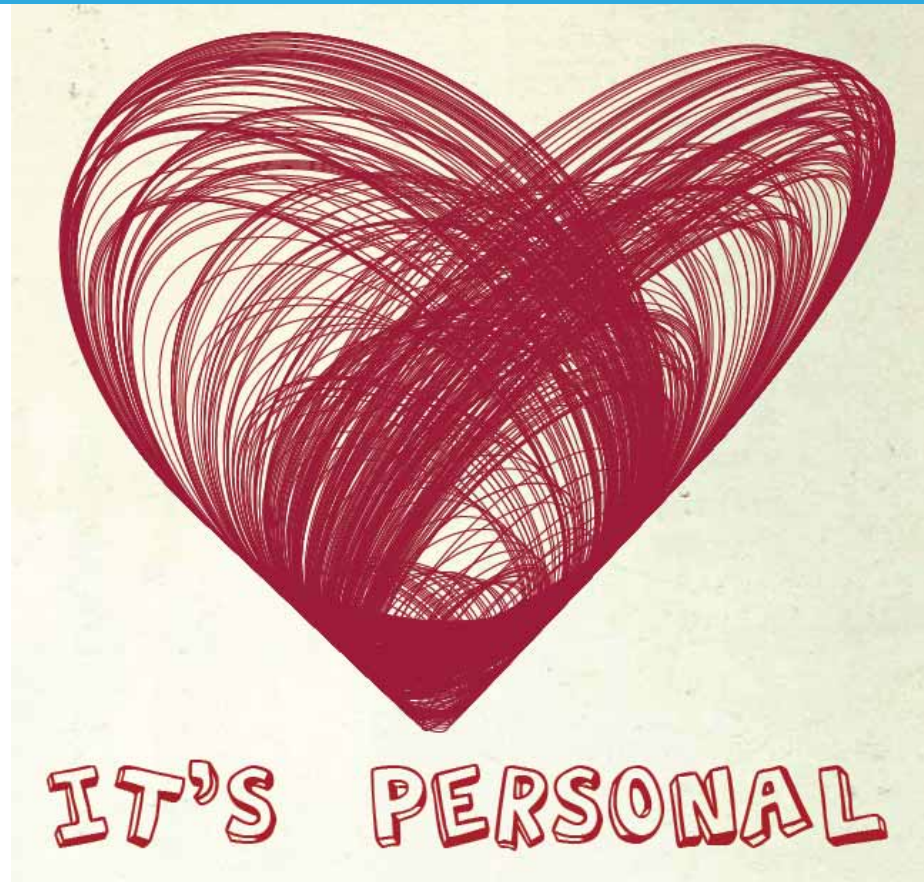


'09

New branding
It's personal

Bank of
Queensland
bank different®

Our guiding philosophy....



Our upcoming tagline

Your own personal bank

A large graphic of a blue document corner with an orange tab, partially overlapping the tagline and the bank name.

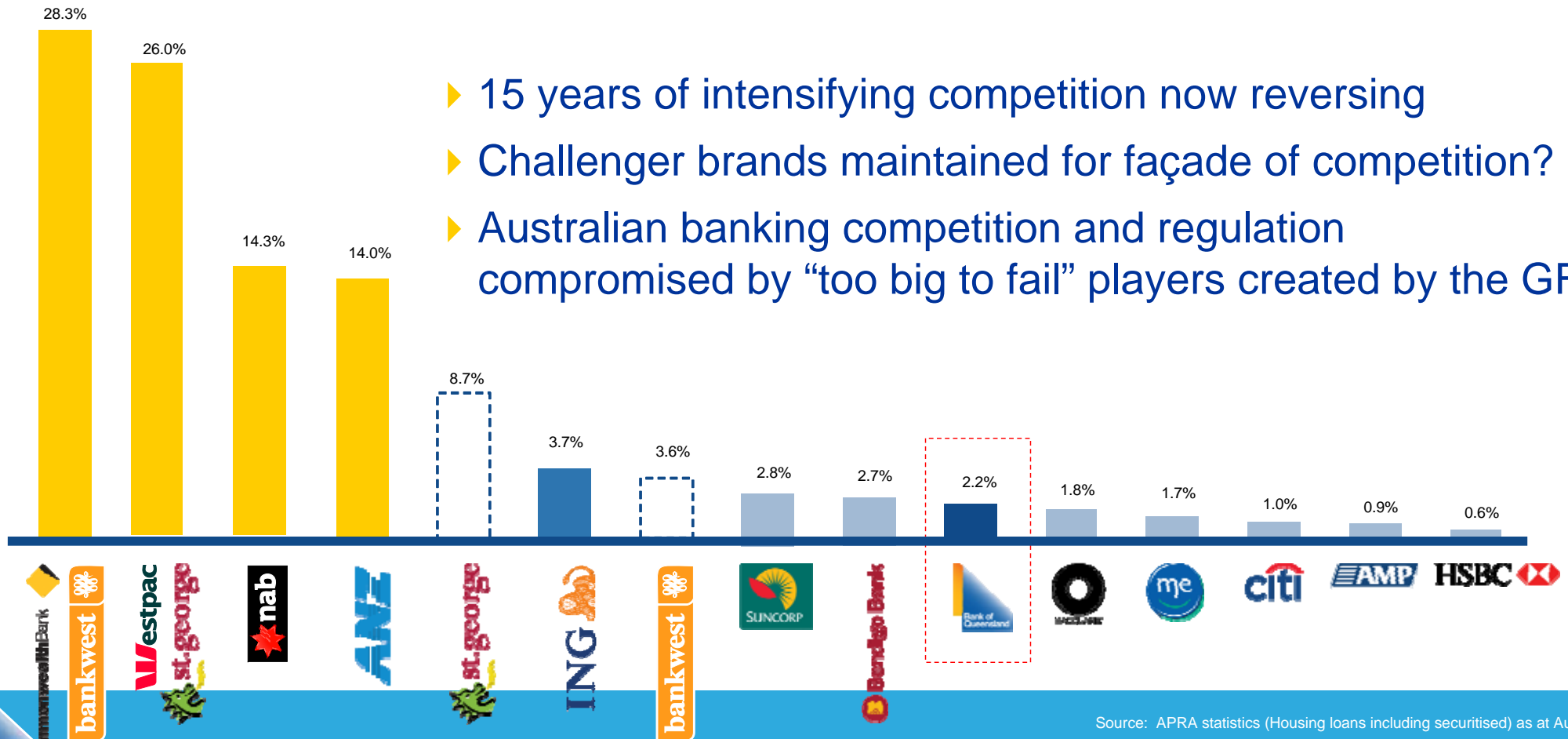
**Bank of
Queensland**

'09

Outlook

The new banking landscape

- ▶ 15 years of intensifying competition now reversing
- ▶ Challenger brands maintained for façade of competition?
- ▶ Australian banking competition and regulation compromised by “too big to fail” players created by the GFC?



Source: APRA statistics (Housing loans including securitised) as at August 2009

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Is competition important?

YES

- ▶ Regional banks, and the building society / credit union sector, are needed in the financial services landscape to provide competition for Australian consumers and businesses
- ▶ Competition in residential and business lending, and stronger, viable non-major banks will ultimately act to stabilise regional employment markets

What is needed for real competition post-GFC?

1. Securitisation markets

- ▶ Regionals / smaller players have historically had access to securitisation markets providing funding at AAA-rated levels allowing them to compete with the major banks
- ▶ Extension of the AOFM mandate by a further \$8bn is positive – but unlikely to have significant impact on COF
- ▶ Introduction of a Govt guarantee scheme for RMBS (recommended by Joint Senate inquiry)
- ▶ A sustainable market recovery requires initiatives that promote liquidity and investor participation

2. ACCC's role

- ▶ ACCC should take a more proactive role in monitoring competitive behaviour
- ▶ Longer term competitive dynamics to be included in assessments
- ▶ Regulatory capital and funding issues need to be included in assessing the competitive landscape

What is needed for real competition post-GFC?

3. Flattening of Government guarantee fee for term funding

- ▶ This is NOT asking for a handout – it's asking for the playing field to be levelled again!
- ▶ Current fee structure has inadvertently advantaged the major banks
- ▶ Unguaranteed market is exploiting this cost differential as markets wean off guarantee
- ▶ Senate Committee recommended Government review the need to apply differential premia
- ▶ A flat fee would promote a more equitable outcome for all ADIs, early recovery in credit markets and less reliance on the guarantee

4. Media and public opinion

- ▶ 15 years of an increasing number of banking players is being reversed... going unnoticed?
- ▶ Massive PR and advertising budgets available to the major banks
- ▶ Short term wins on fees or rates means nothing in the long term, without a true alternative in banking

Prospects for FY10 and beyond...

- ▶ Our first three months results indicate continuing strong lending growth above system

Headwinds	Tailwinds
<ul style="list-style-type: none">▶ Retail cost of funds trending higher again▶ Wholesale markets returning to normal but RMBS and ABS remains expensive▶ Impairment charges expected to peak in the first half of FY10▶ Regulatory and compliance burden increasing - proposed liquidity and capital requirements	<ul style="list-style-type: none">▶ Cost disciplines holding, sustainable reductions in phase 2 underway▶ NIM expansion glide path on track▶ Growth opportunities in Retail and SME showing signs of strength▶ Small acquisition opportunities at attractive prices increasingly available

'09

Formal Business

Mr Neil Summerson

Resolution 2a

- ▶ Re-elect Mr David Graham as a director of the company

	Votes	%
For:	59,224,782	80.89%
Open:	4,117,833	5.62%
Total For and Open:	63,342,615	86.51%
Against:	9,876,279	13.49%
Abstain:	254,668	N/A

Resolution 2b

- ▶ Re-elect Ms Carmel Gray as a director of the company

	Votes	%
For:	67,439,221	92.08%
Open:	4,126,782	5.63%
Total For and Open:	71,566,003	97.71%
Against:	1,671,711	2.28%
Abstain:	236,537	N/A

Resolution 2c

- ▶ Re-elect Mr John Reynolds as a director of the company

	Votes	%
For:	68,567,375	93.64%
Open:	4,127,030	5.64%
Total For and Open:	72,694,405	99.28%
Against:	532,572	0.73%
Abstain:	246,819	N/A

Resolution 3

► Ratification of Issue of Shares – DRP underwriting

	Votes	%
For:	67,650,313	93.22%
Open:	4,165,585	5.74%
Total For and Open:	71,815,898	98.96%
Against:	753,380	1.04%
Abstain:	773,901	N/A

Resolution 4

► Ratification of Issue of Shares – February 2009 Placement

	Votes	%
For:	66,570,055	92.85%
Open:	4,184,700	5.84%
Total For and Open:	70,754,755	98.69%
Against:	942,659	1.31%
Abstain:	1,347,341	N/A

Resolution 5

► Ratification of Issue of Shares – August 2009 Placement

	Votes	%
For:	58,508,385	91.96%
Open:	4,202,181	6.60%
Total For and Open:	62,710,566	98.56%
Against:	915,088	1.44%
Abstain:	5,366,685	N/A

Resolution 6

► Adopt Remuneration Report

	Votes	%
For:	56,927,109	78.69%
Open:	4,093,186	5.66%
Total For and Open:	61,020,295	84.35%
Against:	11,321,488	15.65%
Abstain:	1,134,321	N/A

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