

Growth. Evolution. Achievement.

# Shareholder '09 Review



**The Bank's goal throughout 2008/09 has been to emerge from the economic crisis a stronger, leaner, more competitive bank.  
A bank that continues to grow, evolve and achieve.**



## Contents

Operational highlights	2	Executive team	16
Financial highlights	4	Your Board	18
Chairman's report	6	Remuneration overview	21
Managing Director's report	10	Outlook	23
Corporate Social Responsibility	15	Financial calendar	24

---

**Front cover:** Chris Nilon, General Manager of IT, climbed three of the highest peaks in Antarctica on his annual leave in December 2008, including Mt Vinson where this photo was taken.

# Project Pathways completed

**Project Pathways, launched in December 2008, was the formal process to further enhance the Bank's strength through efficiency initiatives, portfolio optimisation and strategic partnerships.**

The project, which had the main aim of maximising shareholder value, was successfully completed in August 2009.

## Efficiency program

- > Estimated annual cost savings of approximately \$50m.
- > Executed initiatives that allowed the Bank to become competitive with major banks on a cost-to-income ratio basis.
- > Organisation restructure resulted in a single management structure and shared services function to better service the Bank's unique Owner-Managed Branch™ (OMB) network.

## Portfolio optimisation

- > Completed enhancements to direct channels and the OMB network to incentivise stronger growth in retail deposits.
- > Focused on increasing our share of the SME market, via enhanced product offerings and cross-sell capability.

## Strategic partner

- > BOQ received interest from a number of parties, with capital raising providing competitive pricing for potential shareholders.
- > BOQ will remain an independent and credible alternative to the major banks.



# highlights

## '08/'09

**Our focus remains on building shareholder value, and in the current economic environment it is imperative we continue to think outside the square to do this.**

### Strong growth

- > BOQ continued to outperform competitors in loan growth, with 88% of this growth funded through retail deposits.

### Awards for excellence

- > Bank of Queensland won the 'Best Value Savings Accounts in Australia' award from CANSTAR CANNEX.
- > Managing Director David Liddy was named Australia's Financial Services Executive of the Year by Australian Banking & Finance Magazine.
- > 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.

### Improved capital position

- > The retail entitlement shareholder offer raised \$111m in September 2009.
- > The institutional offer and placement raised \$230m in August 2009.
- > Raised \$108m in January 2009 through institutional placement and share purchase plan.

Even throughout the global financial crisis, the Bank's unique OMB network continued to demonstrate unmatched productivity.

We have now converted 39 corporate branches to high-yielding OMBs, where we have seen average monthly settlements increase 64% after conversion.

 **10%**

**Lending growth**

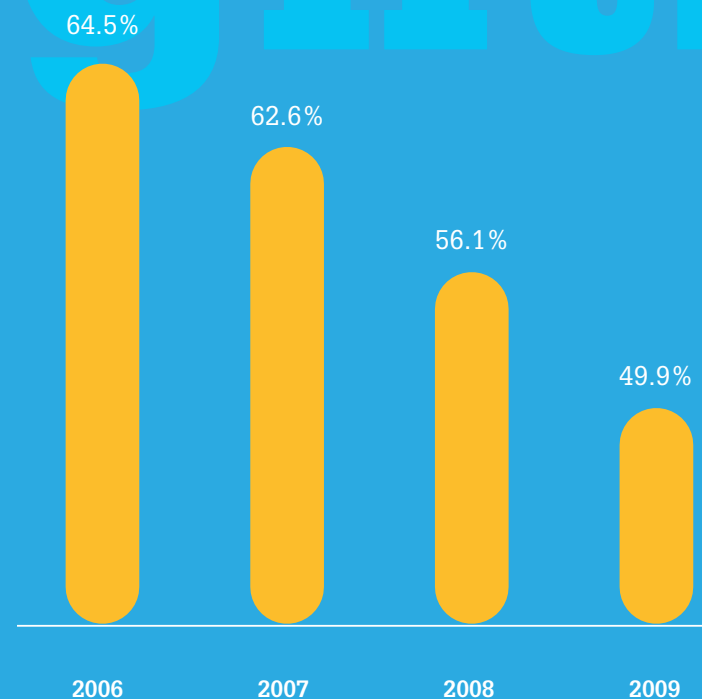
 **16%**

**Retail deposit growth**

# Financial

# Highlights

- > Despite adverse market conditions and reduced net interest margins, continued growth in lending and deposits combined with rigorous cost surveillance helped drive normalised cash net profit after tax 21% higher to \$187.4m.
- > Controlled approach to expense management, along with efficiencies identified by Project Pathways, resulted in normalised cash cost-to-income ratio dropping 6.2% to 49.9%.
- > Continued focus on well-secured housing and SME lending, maintained sound asset quality. Bad debts have been increasing, but are still tracking well below major bank peers.
- > In response to prevailing market conditions, BOQ adopted a prudent dividend policy, declaring a full-year dividend of 52 cents fully franked per share.



Normalised cash cost-to-income ratio

## Financial summary

\$ millions (unless otherwise stated)

	2009 \$m	2008 \$m	2007 \$m	2006 \$m	2005 \$m
<b>Financial position:</b>					
Total assets under management	<b>34,545.8</b>	30,912.5	21,653.3	16,866.7	14,388.6
Total loans under management	<b>28,866.3</b>	26,291.8	19,224.5	15,081.4	12,381.5
Total assets on balance sheet	<b>34,012.0</b>	29,883.2	20,037.3	15,797.1	13,650.6
Retail deposits	<b>16,248.9</b>	13,984.5	9,160.9	6,867.2	5,843.3
<b>Financial performance:</b>					
Normalised cash net profit after tax	<b>187.4</b>	155.4	106.1	86.7	75.6
<b>Shareholder performance:</b>					
Market capitalisation at balance date	<b>2,327.7</b>	2,377.4	2,101.0	1,628.4	1,177.8
Share price at balance date	<b>\$11.65</b>	\$15.86	\$18.56	\$15.29	\$11.65
Fully franked ordinary dividend per share	<b>\$0.52</b>	\$0.73	\$0.69	\$0.57	\$0.48
<b>Ratios:</b>					
Net interest margin	<b>1.56%</b>	1.67%	1.81%	1.83%	1.83%
Capital adequacy ratio	<b>11.5%</b>	11.0%	11.5%	12.5%	12.4%
Normalised cash cost-to-income ratio <sup>1,2</sup>	<b>49.9%</b>	56.1%	62.6%	64.5%	65.8%

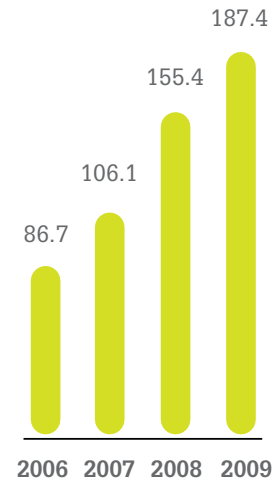
(1) Excluding significant and non-recurring items.

(2) Non cash items relate to amortisation of identifiable assets.

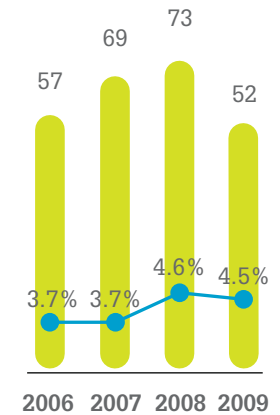
# Chairman's Report



FY 2009 funding mix



Normalised cash net profit after tax  
\$ million



Dividends  
Cents per share  
● Dividend yield



It is no exaggeration to say that the past 18 months has been an unprecedented time, not only for the Australian financial services industry, but for the global economy. Fortunately, the unique strength of our domestic banking system and the stimulus of expansionary fiscal and monetary policy have to a large degree insulated Australia from the worst of the global recession.

Notwithstanding, an inescapable consequence of the global financial crisis for Australian banks has been the severe contraction of traditional wholesale funding channels. Despite intensified demand within the marketplace for alternate funding, over the past 12 months Bank of Queensland has consolidated one of the strongest capital positions of Australian banks and sourced additional liquidity.

Another undoubted impact on the Australian financial system has been the significant increase in impaired assets for many banks. Notably, Bank of Queensland's impaired assets in the 2009

financial year were much lower than our competitors, reflecting our continued focus on well-secured housing and SME lending.

The deteriorating economy forced many Australian companies to fail in the 2009 financial year which in turn forced bad debts upwards for banks. Fortunately Bank of Queensland's position is much better than the major banks due to our lower risk profile and our traditionally low levels of corporate exposure.

Against this backdrop of challenges, the Bank's ability to increase normalised cash net profit after tax by 21% to \$187.4 million is an outstanding achievement.

Consistent with the prudent approach by the wider banking market, directors remained conscious of the over-riding need to preserve capital given prevailing market conditions and declared a reduced final dividend of 26 cents per share fully franked. This lifted the full-year dividend to 52 cents per share fully franked.

---

**During the year under review we not only increased profitability but also, through the successful completion of Project Pathways, created a platform that will strategically drive our continued growth into the future.**

---

Project Pathways was the formal process announced at our 2008 AGM designed to further strengthen the Bank's foundations and forward growth prospects through efficiency initiatives, portfolio optimisation, strategic partnerships and complementary mergers.

Within six months this comprehensive diagnostic review of our entire organisation had identified \$50 million in annualised cost saving opportunities. Among the key restructuring outcomes achieved through Project Pathways was the merging of our Retail and Business Financial Services channels into a single Banking

channel, that will better drive targeted growth in the retail and SME segments.

In early 2009 the Bank commenced the search for a strategic partner and received significant interest from European and Asian investors. The improved market conditions in August 2009 allowed for a successful capital raising where the potential strategic partners competed for BOQ stock.

The Bank received tremendous support from shareholders for the 1-for-9 pro-rata non-renounceable Entitlement Offer which was successfully completed in September 2009. The retail component raised \$111 million and followed the completion of an institutional component and placement which raised approximately \$230 million.

Our institutional shareholders subscribed for approximately 93% of their entitlements. This exceptional show of support by our institutional shareholders is an endorsement of the Bank's business model and strategic growth blueprint.

# Growth

A photograph of two female volleyball players in blue athletic wear jumping over a net against a clear blue sky. The net is in the foreground, and the players are in the background, reaching upwards. The overall scene is bright and energetic, symbolizing growth and competition.

**“We are a strong competitor ..... focused on continuing to grow our business further and faster than the others.”**

Following the successful completion of our \$340m equity raising, the Bank’s Tier 1 capital position is now one of the strongest of Australian banks. This new capital will allow BOQ to take advantage of emerging growth opportunities and to support BOQ’s unique Owner-Managed Branch™ network in pursuing its natural growth potential.

Furthermore, in a clear reinforcement of our credit standing in the debt markets, the Bank's Government guaranteed bond issue launched in early July was three times oversubscribed and raised \$750 million.

As a result of these various equity and debt raising initiatives, the Bank has exceptionally strong capital and liquidity positions which will enable us to fully capitalise on growth opportunities we expect to progressively unfold throughout the current financial year and beyond.

I must thank your Board for the valued strategic input and sage advice collectively made to the Bank's successful result. In addition to guiding the Bank through this challenging time, your Board has also undertaken a comprehensive review to improve the Bank's Corporate Governance policies to ensure continued best practice in governing our bank.

Our Managing Director David Liddy must also be congratulated on his appointment as Deputy Chair of the Australian Bankers' Association (ABA). Given the key role played by the ABA in the regulation of a stable Australian banking system, his appointment to this influential position reflects Mr Liddy's standing and respect within the domestic banking sector.

On behalf of the Board, I thank all shareholders for their loyalty and support over the past year and going forward.

At the start of the new financial year there were emerging signs of a more buoyant Australian economic outlook, with both household spending and business investment gaining traction. In early September the Reserve Bank of Australia noted that domestic economic conditions had not only been stronger than expected, but that sentiment in global financial markets had also continued to improve.

The RBA's synopsis indicates that there should be more conducive trading conditions for the Bank in 2010 than the past 12 months and we believe this, combined with the sustainable lower cost base now in place as a result of the successfully completed Project Pathways, can be leveraged to grow shareholder wealth in the year ahead.

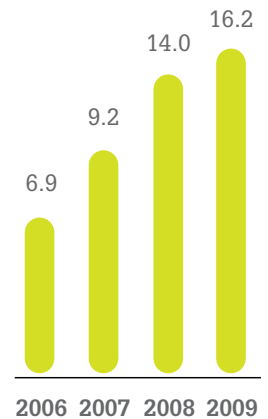


**Neil Summerson**

Chairman



# Managing Director's Report



etail deposits  
\$ billion

FY 2009 g g i n n i n



Bank of Queensland emerged at the end of the 2009 financial year a leaner, more robust bank with a platform ready to strategically drive our continued growth forward.

The Bank has continued to grow despite the challenging economic environment and has again recorded a strong profit. Stringent asset quality surveillance and targeted cost savings combined to underpin the Bank's normalised cash net profit after tax of \$187.4 million, a 21% increase over the prior year.

Not only did we achieve our earnings forecasts, but also again outpaced the vast majority of our competitors in loan growth. Increasing retail deposits was particularly important during the first half of the year under review as higher costs of funding led to banks vying for alternative funding sources.

As a result aggressive sector-wide competition for deposits intensified during the year. At BOQ, the productivity and flexibility of our unique Owner-Managed Branch model ensured we were

able to quickly and efficiently realign the Bank's operational focus to driving deposit growth. With Owner-Managers directly incentivised, the Bank's retail deposits increased 16% from the previous record year.

Also contributing to the strong retail deposit growth achieved was an enhanced product offering. In 2009 CANSTAR CANNEX rated Bank of Queensland as providing the best value nationally for savings accounts - with our Online Savings, Cash Management and Term Deposit products all rated as offering outstanding value for customers.

In the second half of the year we focused on margin improvement in our deposit book, which stifled further growth somewhat but overall put us in a relatively strong position.

The Bank's positive result is also due to our highly disciplined focus on maintaining strong asset quality. As at 31 August 2009, unlike our competitors with large exposures, Bank of Queensland had only 67 exposures over \$10

million, reinforcing that we are essentially a domestic retail bank focused on low risk housing and small commercial lending.

In Australia we have seen many companies struggling in the past year, increasing bad debts for banks. Bank of Queensland has faced a moderate increase in bad debts as was expected with the downturn in the economy, but this is well below those incumbent on the major Australian banks.

Despite the challenging economic environment the Bank started the new financial year more strongly placed than ever to capitalise on future growth opportunities, largely due to Project Pathways.

Project Pathways represents one of the most significant strategic initiatives undertaken by the Bank for many years. Comprising three core streams - efficiency, portfolio optimisation and strategic partnerships, Pathways was implemented to take advantage of opportunities arising out of the financial crisis, to counter the negative effects of the economic

downturn and to lay a foundation for our forward growth.

As part of the efficiency stream of Pathways, a cross sectional team of BOQ senior staff examined every aspect of our expenditure in order to effectively target \$50 million in annualised cost savings opportunities. One of the main initiatives of the team and the Portfolio Optimisation Program was to streamline costs and synergies of the Retail and Business Financial Services channels. As a result, these channels were merged into a single Banking division.

One of the most positive outcomes of the efficiency stream of Pathways is the Bank's reduction in the cost-to-income ratio. The cost disciplines we have put in place combined with our expanding revenue base have seen our normalised cash cost-to-income ratio decrease to 49.9% in FY 2009, a 6.2% decrease from the previous year. This is a long way from the 76% cash cost-to-income ratio the Bank had back in 2001, the year I joined BOQ.



# Evolution

A photograph showing two pilots in a cockpit of a small aircraft, flying over a vast, mountainous landscape. The pilot in the foreground is wearing a red shirt and sunglasses, looking out the window. The pilot in the background is also wearing a red shirt and sunglasses. The aircraft is white with blue accents. The background shows a range of mountains under a clear blue sky.

**“BOQ has emerged from the recent changes to the financial services landscape well placed to become the credible alternative to the major banks in Australia.” – David Liddy**

By September 2009 we had successfully completed Project Pathways with the efficiency program executed, the portfolio optimisation strategy underway and we had completed an additional equity raising to further bolster our already strong balance sheet.

The retail and institutional equity raisings completed in September 2009 were heavily subscribed, raising \$340 million and contributing to the highest capital position held in the 135 year history of the Bank. Our high capital ratio of 12.2% (Tier One 9.6%) at the writing of this report, is one of the strongest of all Australian banks, and well in excess of both APRA requirements and our own internal benchmarks.

We did look at possible merger and acquisition activity as part of the strategic partnership arm of Project Pathways and received interest from a number of parties looking to gain a strategic relationship with the Bank. However, in the context of preserving the value creation from the Pathways

internal initiatives for our existing shareholders, our long term ambitions as an independent bank, and the improving equity markets, we decided to pursue the capital raising rather than choose a strategic partner.

In other initiatives designed to optimise the performance of our sector leading distribution channel, we have now converted 39 corporate branches to higher-yielding Owner-Managed Branches and the under-performing New South Wales branches have now been consolidated to improve the overall performance of the region.

Interstate expansion of our Owner-Managed Branches will continue and this expansion, combined with our acquisition of Western Australia's Home Building Society in December 2007, is diminishing BOQ's traditional geographic concentration in Queensland. This reduces the Bank's geographic risk and provides a nationwide base to further grow our brand.

The Bank has continued its corporate social responsibility strategy which is the process that ensures all stakeholders of the Bank – including shareholders, customers, employees, the environment and community – all collectively benefit as the Bank grows.

As part of our commitment to shareholders we are focused on maximising shareholder value. To do this we will continue to focus on optimising the Bank's portfolio through enhancing our direct channels, using the power of our OMB network to grow deposits and increasing revenue from the SME market through cross selling and enhanced product offerings.

With the Australian public continuing to widely demand a credible, customer-centric alternative to the major banks, our unique OMB channel and the unprecedented strength of our financial position clearly present a major opportunity for us in the immediate future to bridge the void in the banking market following the takeovers of St George and Bank West.

We intend to harness this opportunity so that we can continue to be a rewarding investment for shareholders.



**David Liddy**

Managing Director and  
Chief Executive Officer





# Corporate Social Responsibility

## Community

- > The Bank's annual Banking on our Kids appeal raised more than \$180,000 for Children's Hospital Foundations Australia (CHFA) to be used to support initiatives leading to breakthrough treatments and cures for sick and injured children.
- > BOQ donated \$100,000 to the victims of the Victorian bushfires and \$50,000 to the Queensland Premier's Disaster Relief Appeal to help those impacted by floods.
- > The Bank matched over \$40,000 raised by employees through its Dollar-for-Dollar program.

- > Shareholders donated over \$30,000 to children's hospitals around Australia via the Investing in Hope program.

## Customers

- > The Bank has been monitoring and improving service by conducting regular mystery shopping exercises across our branch network.
- > 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.

## Environment

- > 92.4 tonnes of paper and cardboard were recycled by Bank of Queensland this financial year, saving approximately 1,202 trees.
- > The Bank more than halved its carbon footprint originating from travel-related activities estimated to be equal to the annual greenhouse gas emissions from around 16 average Australian households.
- > The Bank recycles obsolete mobile phone handsets, Blackberries and computer equipment.
- > The Bank is using vegetable-based inks and recycled paper in large printing jobs.

- > The Bank works with transport and logistic service providers with a focus on reducing carbon emissions from its fleet operations via hybrid vehicles.
- > The Bank is partnering with a plastic card manufacturer with the capability of offering cards made from up to 88% recycled plastic.

## Employees

- > The Bank has revitalised its induction process to ensure employees are properly welcomed and quickly become accustomed to the BOQ culture.

# Executive team



## **David Liddy**

*Managing Director &  
Chief Executive Officer*

In April 2001, David was appointed as Managing Director & Chief Executive Officer. Since his appointment, the Bank has recorded a succession of record half-year and full-year profits which have occurred through a complete transformation of the Bank, with the opening of new branches, through a unique Owner-Managed Branch Model and a return to more traditional, face-to-face, people-focused business and commercial banking services.



## **Ram Kangatharan**

*Group Executive &  
Chief Financial Officer*

Ram Kangatharan was appointed in October 2007. He is responsible for Finance, Treasury 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 USA.



## **David Marshall**

*Group Executive  
Banking*

David Marshall was appointed Group Executive Banking in April 2009. He is responsible for the Bank's franchise banking, corporate branch banking, Private Banking, as well as Business Banking, Equipment Finance, Property Finance, Debtor Finance and Trade Finance. David joined the Bank as Group Executive Business Financial Services in September 2007. He has had 23 years' banking experience including senior national roles in business and retail banking and risk management with CBA and Westpac.





### **Bruce Auty**

*Group Executive  
Group Risk*

Bruce Auty joined Bank of Queensland in 2004 and 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 has 40 years' experience in corporate, investment, commercial and retail banking in the USA, 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.

# Your Board

## Neil Summerson

B Com, FCA, FAICD, FAIM

*Chairman, Non-Executive Independent Director – Age: 61*

Neil Summerson is a Chartered Accountant with 39 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, IDEC Pty Ltd and Australian Property Growth Fund. Mr Summerson has been a Director of the Bank since December 1996 and was appointed Chairman on 20 August 2008. Mr Summerson is Chair of the Bank's Remuneration and Nomination Committee and a member of the Audit Committee.

## Anthony Howarth, AO

FAICD, SF Fin

*Deputy Chairman, Non-Executive Independent Director – Age: 57*

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 31 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 member of the Rio-Tinto WA Future Fund, 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, Risk Committee and Corporate Governance Committee.

## David Liddy

MBA, FAICD, SF Fin

*Managing Director & Chief Executive Officer, Executive Non-Independent Director – Age: 59*

David Liddy has over 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 Deputy Chairman of the Australian Bankers' Association Council, Chairman of the Queensland Museum Foundation and a Board member of the Brisbane Lions Australian Football Club. He is also a member of the Federal Treasurer's Financial Sector Advisory Council and the Queensland Government's Smart State Council. Mr Liddy is a Senior Fellow of the Financial Services Institute of Australasia and a Fellow of the Australian Institute of Company Directors.



## Steve Crane

B Com, SF Fin, MAICD, FAIM

*Non-Executive Independent Director – Age: 57*

Steve Crane was appointed a Director of the Bank at the Annual General Meeting on 11 December 2008. He has almost 40 years' experience in financial markets in Australia, including experience at both AMP and BZW Australia, where he was promoted to Managing Director – Financial Markets in 1995 and became Chief Executive in 1996. In 1998, when RBS Group (Australia) Pty Limited (formerly ABN AMRO Australia Pty Limited) acquired BZW Australia and New Zealand, Steve became Chief Executive and remained in this role until his retirement in June 2003. Steve is now a member of RBS Group's (Australia) Advisory Council and a Director of Transfield Services, APA Ethane Limited, The Sunnyfield Association, Taronga Conservation Society Australia, Australian Reward Investment Alliance, and Chairman of Global Valve Technology Limited. Mr Crane is a member of the Bank's Corporate Governance Committee and the Chair of the Budget Committee.

## Roger Davis

B.Econ (Hons), Masters Philosophy

*Non-Executive Independent Director – Age: 57*

Roger Davis was appointed a Director of the Bank on 20 August 2008. He has almost 31 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, Ardent Leisure Management Ltd and Ardent Leisure Ltd, Aristocrat Leisure Ltd, Territory Insurance Office and Trust Ltd. He was formerly Chair of Pengana Hedgefunds Ltd and Esanda, and 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. Mr Davis is a member of the Risk Committee.

## Peter Fox

B Bus (Hons)

*Non-Executive Non-Independent Director – Age: 48*

Peter Fox has been with the Linfox Group for over 22 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 Committee.

## David Graham

B Com, B.Econ (Hons), MBA, FCPA

*Non-Executive Non-Independent Director – Age: 67*

David Graham has had extensive experience in the financial sector specialising in capital markets 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 Chairman of DDH Graham Limited, an advisory and funds management company he founded in 1981. He is a member of the Audit and Budget Committees.



# Your Board

## **Carmel Gray**

B Bus

*Non-Executive Independent Director – Age: 60*

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 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. Ms Gray is Chair of Information Technologies Australia Pty Ltd. Ms Gray is a member of the Bank's Risk Committee and the Chair of the Audit Committee.

## **Bill Kelty, AC**

B Econ

*Non-Executive Non-Independent Director – Age: 61*

Bill Kelty has over 32 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 1988-1996. He is Chair of the Bank's Corporate Governance Committee.

## **John Reynolds**

B Sc (Hons), Dip Ed, FAICD, FAIM

*Non-Executive Independent Director – Age: 66*

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



## Remuneration overview

<b>Directors</b>	<b>Short-term \$</b>	<b>Post- employment \$</b>	<b>Other long-term \$</b>	<b>Termination benefits \$</b>	<b>Shares-based payments \$</b>	<b>Total \$</b>
<b>Non-Executive Directors</b>						
Neil Summerson	231,500	23,217	-	-	-	254,717
Anthony Howarth	117,917	10,613	-	-	-	128,530
Steve Crane <sup>1</sup>	67,500	6,075	-	-	-	73,575
Roger Davis	112,083	10,088	-	-	-	122,171
Peter Fox	90,000	8,789	-	-	-	98,789
David Graham	155,814	14,023	-	-	-	169,837
Carmel Gray	135,083	12,158	-	-	-	147,241
Bill Kelty	97,833	9,416	-	-	-	107,249
John Reynolds	154,500	13,924	-	-	-	168,424
<b>Former Director</b>						
Antony Love <sup>2</sup>	33,333	3,000	188,661	-	-	224,994
<b>Executive Director</b>						
David Liddy	2,238,230	13,829	56,994	-	-	3,788,132
<sup>1</sup> Commenced 11 December 2008 <sup>2</sup> Retired 11 December 2008						

<b>Executives</b>	<b>Short term \$</b>	<b>Post- employment \$</b>	<b>Other long-term \$</b>	<b>Termination benefits \$</b>	<b>Share-based payments \$</b>	<b>Total \$</b>
<b>Executives</b>						
Ram Kangatharan	777,837	13,829	815	-	247,277	1,039,758
David Marshall	546,425	39,206	747	-	144,549	730,927
Daniel Musson	456,853	35,293	625	-	143,449	636,220
Jim Stabback	460,260	34,147	388	-	14,476	509,271
Bruce Auty	414,444	41,581	4,077	-	236,502	696,604
<b>Former Executive</b>						
Robert Hines <sup>1</sup>	518,598	30,863	-	651,998	476,412	1,677,871
Len Stone <sup>2</sup>	230,750	49,000	-	734,214	395,791	1,409,755
<sup>1</sup> Resigned on 9 April 2009 <sup>2</sup> Resigned on 29 May 2009						



# Achievement



# Outlook

- > The OMB network is proving its resilience and productivity in the toughest of conditions.
- > We expect to continue to grow profitably all aspects of our business ahead of our competitors while maintaining pricing and credit disciplines.
- > We have executed a series of efficiency initiatives that give us line of sight to achieving a cost-to-income ratio that challenges the major banks even at a fraction of their size and without the benefit or risk of corporate lending.
- > Bad debts are tracking upwards along with the economic downturn but are likely to remain below banking peers.
- > Management is expecting a gradual net interest margin improvement in the 2010 financial year.
- > A dividend payout ratio of 50 to 60% is expected to remain while challenging market conditions continue and pending resolution of our strategic ambitions.



# Financial calendar

## 2009

### Ordinary shares (BOQ)\*

Ex-dividend date	13 November 2009
Record date	19 November 2009
Final dividend payment date	1 December 2009
Annual General Meeting	10 December 2009

## 2010

### Ordinary shares (BOQ)\*

Interim results and interim dividend announcement	15 April 2010
Ex-dividend date	28 April 2010
Record date	4 May 2010
Interim dividend payment date	18 May 2010
Final results and final dividend announcement	14 October 2010
Ex-dividend date	12 November 2010
Record date	18 November 2010
Final dividend payment date	2 December 2010
Annual General Meeting	9 December 2010

### RePS (BOOPA)\*

Announcement date	17 March 2010
Ex-dividend date	22 March 2010
Record date	26 March 2010
Payment date	15 April 2010
Announcement date	20 September 2010
Ex-dividend date	23 September 2010
Record date	29 September 2010
Payment date/ Dividend reset date	15 October 2010

### PEPS (BOQPC)\*

Announcement date	17 March 2010
Ex-dividend date	22 March 2010
Record date	26 March 2010
Payment date	15 April 2010
Announcement date	20 September 2010
Ex-dividend date	23 September 2010
Record date	29 September 2010
Payment date	15 October 2010

\* Dates are subject to change

## **New share registry**

On Monday, 29 June 2009 Bank of Queensland changed share registries to:

### **Link Market Services Limited**

Level 19, 324 Queen Street  
Brisbane Qld 4000

Australia: 1800 779 639

International: +61 2 8280 7626

Facsimile: +61 2 9287 0303

Email: [boq@linkmarketservices.com.au](mailto:boq@linkmarketservices.com.au)

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

## **Australian Business and Company Numbers**

ABN 32 009 656 740

ACN 009 656 740

## **Registered office**

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

Telephone: (07) 3212 3333

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

## **E-communications**

Register now to receive Annual Reports, dividend advices and other company information from Bank of Queensland by email. By registering for this free service, you can receive significant company announcements as they happen. Furthermore, by reducing printing, there are significant cost savings for the Bank and you are helping to save the Australian environment.

To register please call the share registry on 1800 779 639.

## **Annual General Meeting**

The 2009 Annual General Meeting will be held at the Sofitel Hotel, 249 Turbot Street, Brisbane on Thursday, 10 December 2009 (registration commences at 9.15am).





Growth. Evolution. Achievement.