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Bank of Queensland Share Purchase Plan (SPP) Offer 2008/09

15 December 2008 to 23 January 2009

SPP Lead Manager



Agenda

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1. Share Purchase Plan Offer 2008

- ▶ Offer to purchase up to \$10,000 worth of new shares
- ▶ Participating in this offer will allow you to increase your BOQ shareholding at a discount to the average market price without paying any brokerage or other charges
- ▶ The issue price per share will be the lesser of:
 - (a) a significant 7.5% discount to the Volume Weighted Average Price over the 5 business days* before and including the closing date for the offer on which shares are traded; and
 - (b) \$10.08
- ▶ This offer is part of the Bank's continuing plan to actively and effectively manage its capital base and to fund future growth

* 'Business day' has the same meaning as in the ASX Listing Rules (5 days from 19 January to 23 January 2009).

2. Trading environment

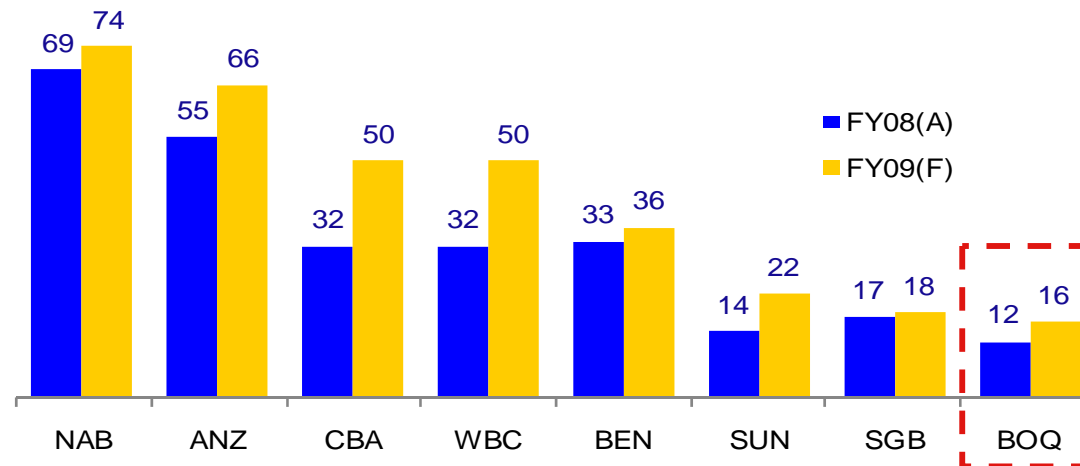
- ▶ Challenging market conditions
- ▶ No direct exposure to sub-prime, CDOs, etc
- ▶ Focus remains on well secured housing and SME lending
- ▶ Ability to be flexible so that we can quickly respond to changing market conditions
- ▶ Strong growth in retail deposits
- ▶ Leveraging off QLD and WA economies
- ▶ Focus on cost control

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3. Core focus – low risk retail banking

- ▶ Retail lending of ~72% of loans under management
- ▶ Well positioned with 77% exposure to QLD and WA
- ▶ Total of only 69 exposures > \$10m: ~5% of assets under management
- ▶ Low risk portfolio with bad debts expense significantly lower relative to peer group

Bad & Doubtful Debts (BDD)/Average Gross Loans (bps)



Source: ABN AMRO

4. Strong financial results

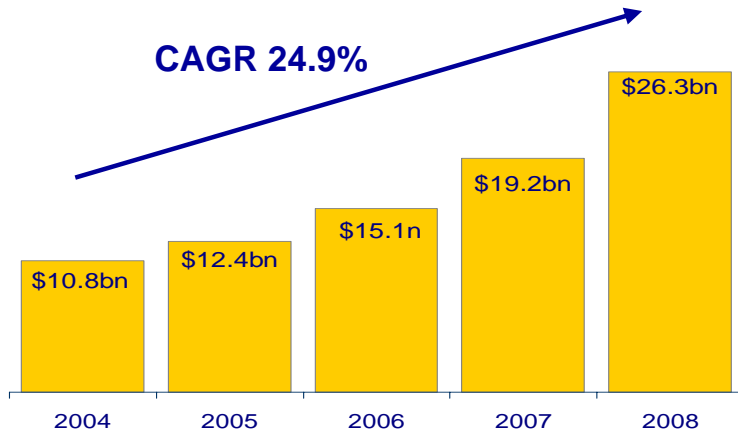
| | <u>FY07</u> | <u>FY08</u> | | |
|---|-------------|-----------------|---|---------|
| Normalised cash profit after tax | \$106.1m | \$155.4m | ↑ | 46% |
| Cash EPS (normalised fully diluted) | 93.0¢ | 102.9¢ | ↑ | 11% |
| Ordinary dividend | 69¢ | 73¢ | ↑ | 6% |
| Loan growth (pcp) | 27% | *23% | | |
| Retail deposit growth (pcp) | 33% | *25% | | |
| Net interest margin | 1.81% | 1.67% | ↓ | (14bps) |
| Cost to income ratio (normalised cash) | 62.6% | 56.1% | ↓ | 6.5pts |

* Excludes acquisition balances of Home Building Society Ltd.

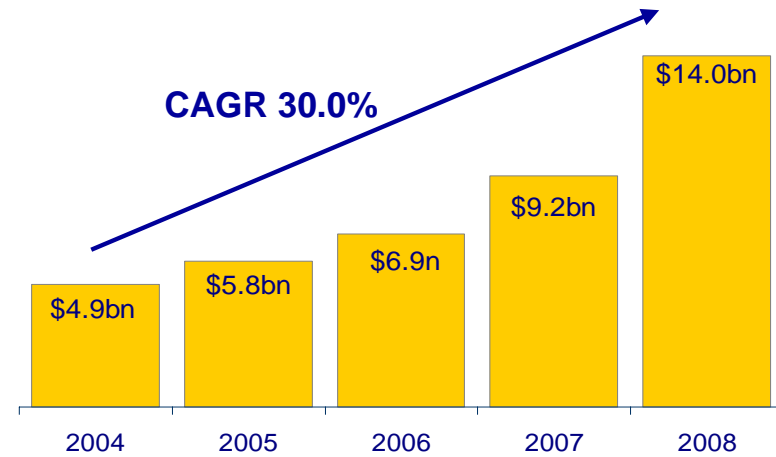
5. A sought-after track record

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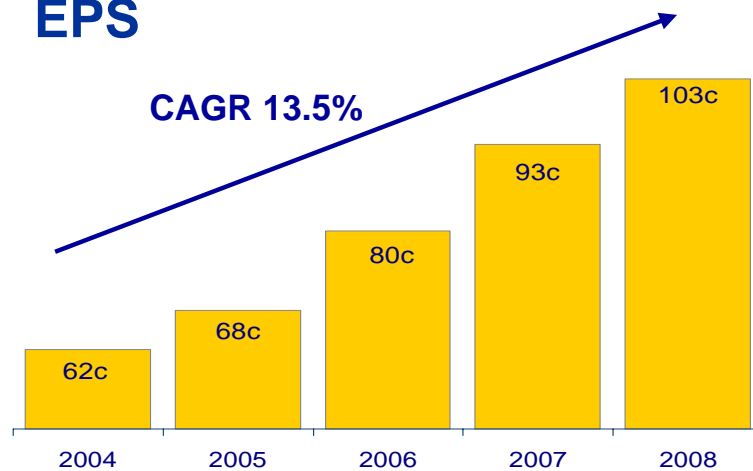
Total loans under management



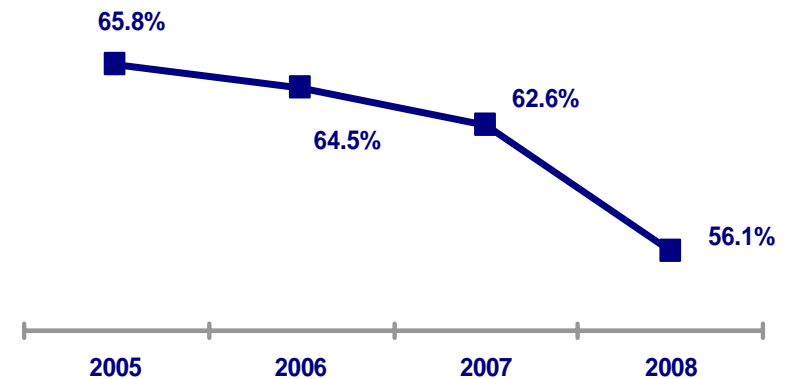
Retail deposits



EPS



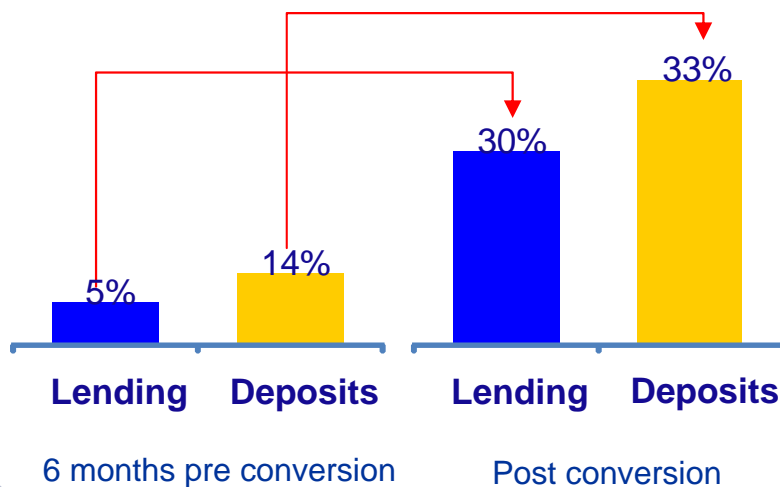
Cost-to-Income Ratio



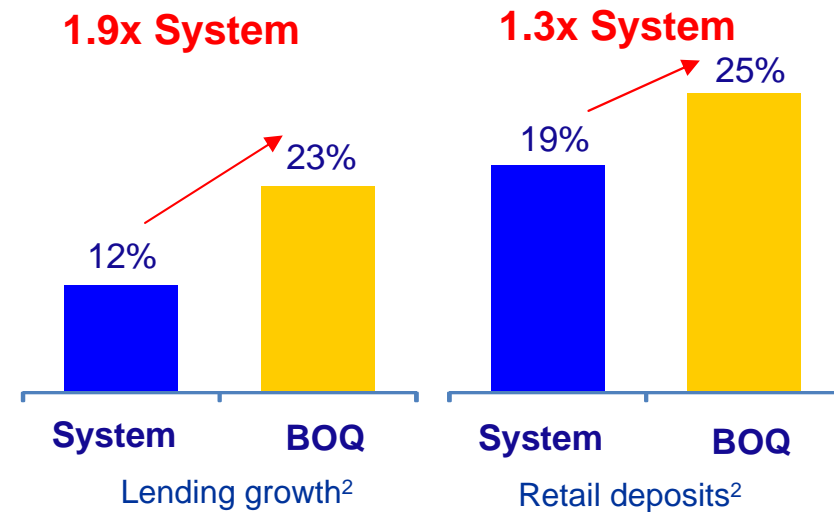
6. High performance growth model

- ▶ BOQ's Owner Manager Branch (OMB) model gives the Bank a substantial edge on growth
- ▶ Average monthly settlements typically increase by ~65% post Corporate to OMB conversion
- ▶ BOQ has delivered above system growth in lending and deposits

Annualised growth before and after conversion to OMB¹



Above system lending and retail deposit growth (FY08)



Source: APRA data

- 1) For branches converted with at least three months of results post conversion, as at 31 Aug 08
- 2) Excludes acquisition balances of Home Building Society Ltd

7. Funding and liquidity

- ▶ Strong capital and liquidity / funding base
- ▶ Key to BOQ's philosophy has been first and foremost to grow 'sticky' retail deposits, then tap diverse range of wholesale funding sources
- ▶ Our flexibility enabled us to quickly and effectively adjust our focus to maximising retail deposits, which grew 25%* in FY08
- ▶ Government guaranteed market provides an alternative source of funding
- ▶ Liquidity
 - FY08 holding ~16.0% liquidity with 94% of securities held either in cash or securities eligible for RBA repurchase agreements
 - Capital position supported by recent DRP and this SPP

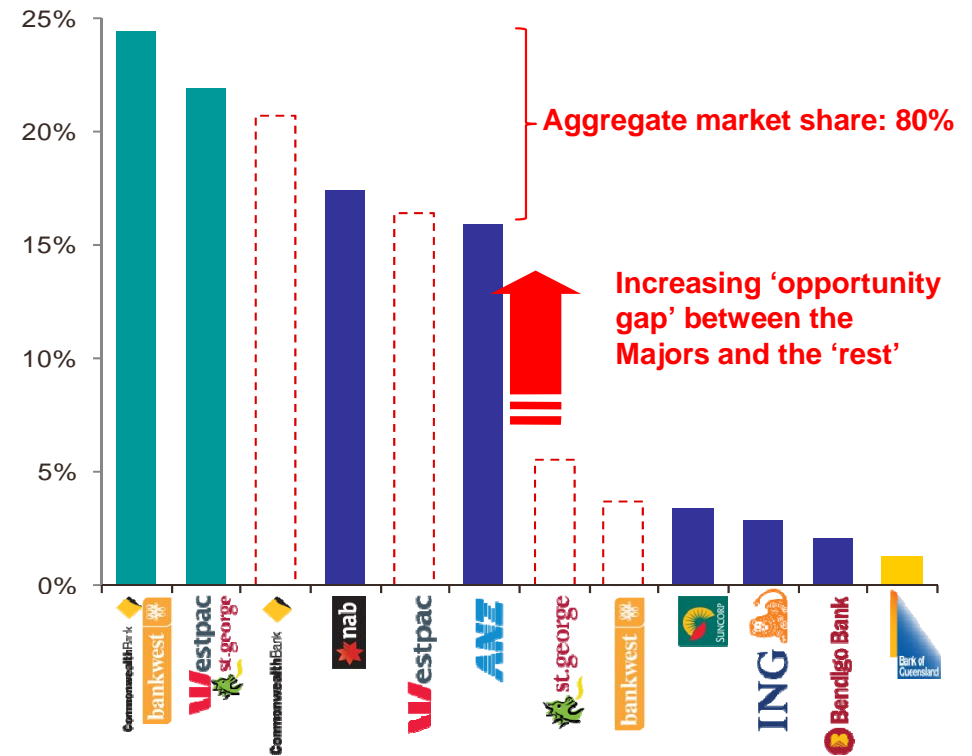
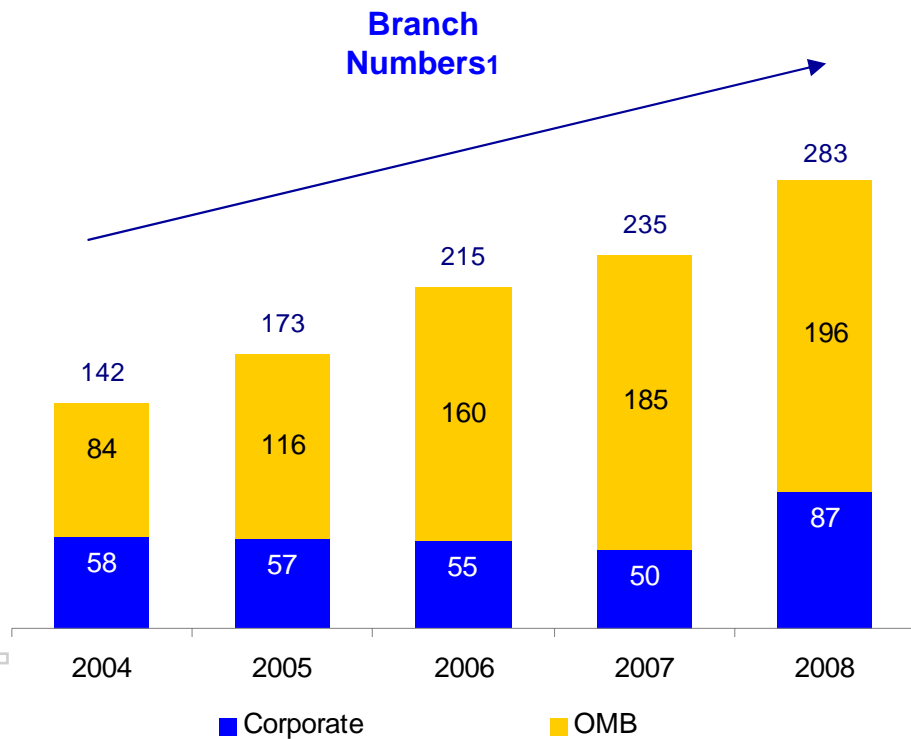
* Excludes acquisition balances of Home Building Society Ltd.

8. Growth opportunities

- ▶ BOQ now has a sizable high performance OMB platform to pursue the 'opportunity gap' to the Majors

The 'high growth' platform has been built ...

... to gain market share²



1. Includes Home Corporate branches, transaction centres and Private Bank sites. 2. Gross loans and advances as at 30 Sep 2008 (Source: APRA)
3. Pro forma combined without adjustment.

9. Summary

- ▶ Strong performance given current economic climate
- ▶ Low risk retail banking
- ▶ Portfolio benefiting from major presence in strong states, particularly Qld and WA
- ▶ Continued access to funding
- ▶ Cautiously confident
- ▶ The Share Purchase Plan Offer is a great opportunity to acquire more shares in BOQ at a discount to the average market price

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Appendix. SPP Timetable

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| | |
|----------------------------------|------------------------------------|
| Offer opens | 15 December 2008 |
| Pricing period to determine VWAP | 19 January 2009 to 23 January 2009 |
| Closing date for offer | 23 January 2009 |
| Issue shares | 2 February 2009 |
| Despatch allotment confirmations | 5 February 2009 |
| Quotation of new shares on ASX | 6 February 2009 |

Shareholders are encouraged to consider the offer carefully and to obtain their own financial advice in relation to the offer before applying for shares.
ABN AMRO Morgans Limited is Lead Manager to the Plan.