Managing Director

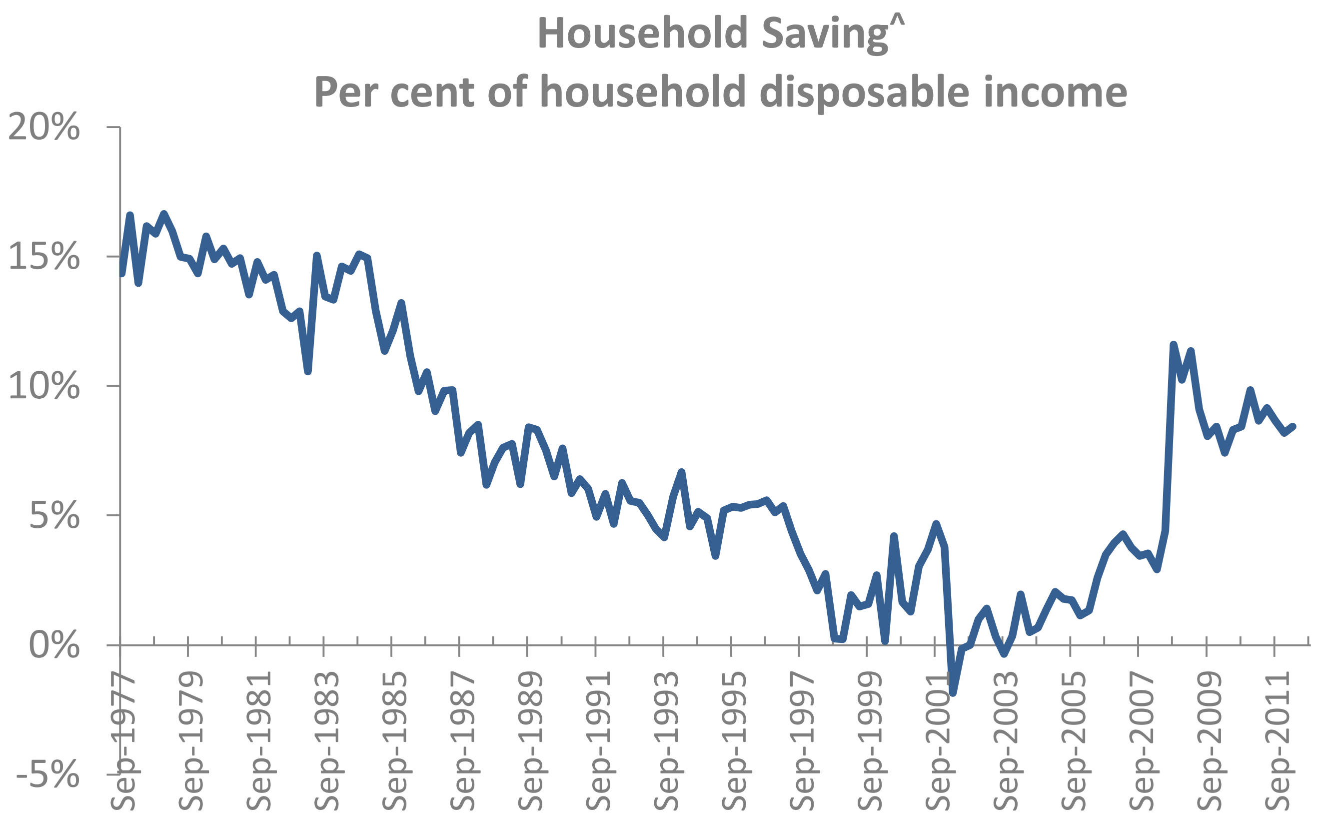
Stuart Grimshaw

OUTLINE

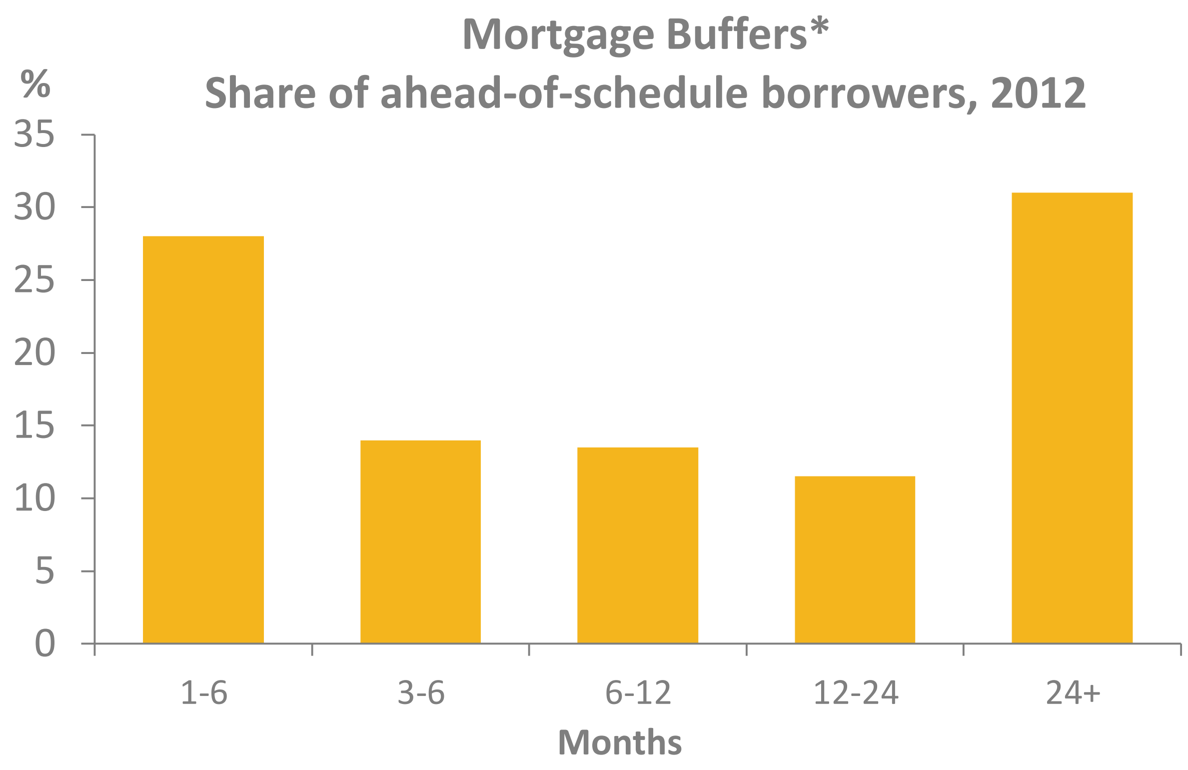
- Macro trends
- Where we have come from
- The way forward
- Summary

Macro trends

- Cautious consumers saving more and paying down debt faster



^Net of depreciation. Source: RBA



*Estimates from a sample of large banks. Source: RBA

Recap on 2012

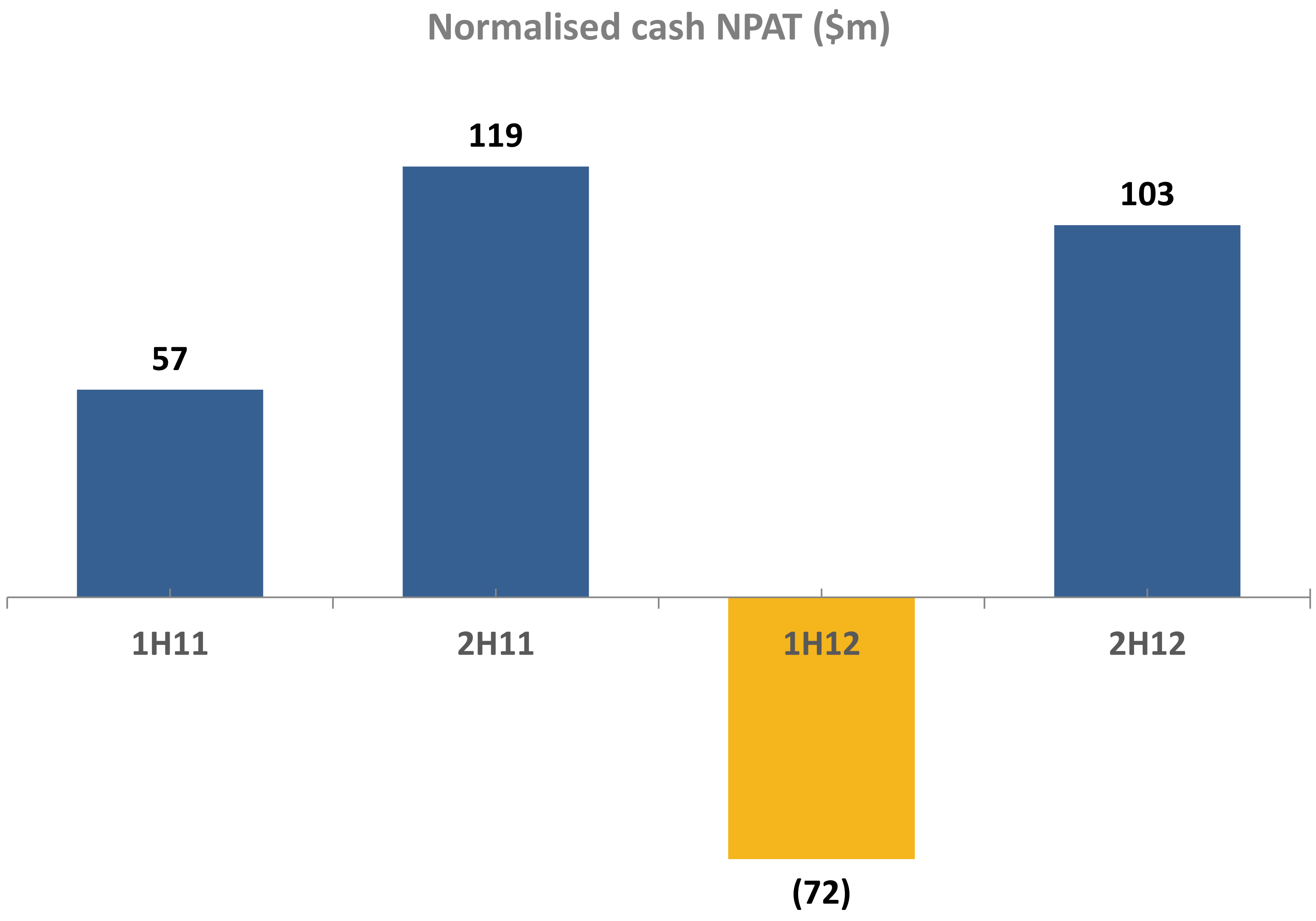
- Getting the fundamentals right
- Capital raising
- New risk framework
- Loss announced but strong return to profitability in the second half
- New management team

Financial performance overview

	2011	2012
Normalised underlying profit before tax	$447.4m	$443.5m
Normalised cash net profit (loss) after tax	$176.6m	$30.6m
Statutory net profit (loss) after tax	$158.7m	($17.1m)
Ordinary dividend	54¢	52¢
Retail deposit growth (pcp)	12%	10%
Normalised cash net interest margin	1.65%	1.67%

Return to profitability

- Return to profitability in second half
- Significant loan impairment expense reduction in second half



Leadership team: Dec 2012

CEO and MD
Stuart Grimshaw

Chief Financial Officer
Anthony Rose

Chief Operating Officer
Jon Sutton

Chief Risk Officer
Peter Deans

Chief Information Officer
Julie Bale

Group Executive Retail & Online Banking
Matt Baxby

Group Executive Business Banking, Agribusiness & Financial Markets
Brendan White

Group Executive Corporate Affairs, Investor Relations & Government Relations
Karyn Munsie

General Manager Human Resources
Ian Doyle

General Counsel
Brad Edwards

Key: New appointment | Existing appointment

New strategic focus

1. Multi-channel optimisation

- Branch focus on development of service and sales, incl. cross sales
- Online, mobile & social media capability to be developed
- Call centre optimisation & selective use of brokers (by Mar 2013)

2. Risk/Return balance

- Focus on higher margin, higher ROE customers and increased cross sell
- Business Banking, Agribusiness, Financial Markets, St Andrew's & BOQ Finance
- Targeting profitable customers/segments

3. Operational excellence

- End to end lending processes – retail and commercial
- Removing administrative tasks from the branch & consolidating back office processing
- Expense growth below inflation

4. Talent, capability & culture

- New Executive team in place
- Existing talent being complemented with selected external hires at lower levels
- Diversity and staff engagement
- Revitalised culture

Key management target progress

Metrics	FY13 target	1H13 progress
BOQ asset growth		
- Retail	1.0x system	✓
- Business#	1.0x system	✓
Net Interest Margin	Low-Mid 160s	✓
Expense growth	< Inflation	✓
Cost to Income	45%	✓
Bad & Doubtful Debts to GLA	28-34bps	✓
Return on Tangible Equity*	~10%	✓

These are internal management targets and are not forecasts or projections

Excluding the impact of impaired asset run-off
*Excluding goodwill and other intangibles

Summary

- We are getting the fundamentals right, which provides the opportunity for growth
- Loan book is known and prudently provided for
- New strategy is in place to enhance competitive advantage
- Outlook is positive although macro risks affecting all banks remain

fit focused
different

Annual
General
Meeting