A new vision.
A new era.
The next chapter.

Shareholder review 2011

Contents

Financial summary

$ millions (unless otherwise stated)	**2011 $m**	2010 $m	2009 $m	2008 $m	2007 $m
Shareholders' equity					
Issued capital	2,153.3	2,057.6	1,903.1	1,439.4	615.7
Reserves and retained profits	420.3	347.2	208.3	251.5	238.6
Total equity	2,573.6	2,404.8	2,111.4	1,690.9	854.3
Financial position:					
Total assets under management	39,900.8	38,811.3	34,545.8	30,912.5	21,653.3
Total loans under management [1]	33,356.2	32,003.1	28,866.3	26,291.8	19,224.5
Total assets on balance sheet	39,900.8	38,597.8	34,012.0	29,883.2	20,037.3
Retail deposits	20,317.9	18,083.3	16,248.9	13,984.5	9,160.9
Wholesale deposits	9,308.7	10,005.2	7,948.3	6,052.0	3,559.4
Financial performance:					
Statutory net profit	158.7	181.9	141.1	138.7	129.8
Underlying cash profit [2,3,4]	447.4	379.1	315.0	250.8	171.2
Normalised profit for the year after tax [3]	170.4	190.4	177.6	148.6	104.1
Add: Non-cash items (tax effected) [4]	6.2	6.6	9.8	6.8	2.0
Normalised cash net profit after tax	176.6	197.0	187.4	155.4	106.1
Shareholder performance:					
Market capitalisation at balance date	1,686.0	2,120.3	2,327.7	2,377.4	2,101.0
Share price at balance date	$7.48	$9.83	$11.65	$15.86	$18.56
Statutory ratios:					
Net interest margin	1.63%	1.60%	1.56%	1.67%	1.81%
Capital adequacy ratio	11.4%	11.7%	11.5%	11.0%	11.5%
Net tangible assets per share	$7.95	$7.47	$6.62	$6.01	$6.41
Fully franked ordinary dividend per share	$0.54	$0.52	$0.52	$0.73	$0.69
Diluted earnings per share	63.1c	77.0c	74.4c	89.6c	112.7c
Normalised ratios (cash basis): [3,4]					
Net interest margin [5]	1.65%	1.60%	1.56%	1.67%	1.81%
Cost-to-income ratio	44.5%	45.8%	49.9%	56.1%	62.6%
Dividend payout ratio to ordinary shareholders	69%	57%	53%	71%	74%
Diluted earnings per share	69.8c	83.4c	98.4c	99.9c	93.0c
Return on average ordinary equity	8.0%	9.6%	11.8%	13.0%	15.4%

(1) Before Collective Provision for Impairment.
(2) Underlying cash profit is profit before impairment on loans and advances and income tax expense excluding non-cash and non-recurring items.
(3) Excluding significant and non-recurring items (tax effected).
(4) Non-cash items relate to amortisation of acquired intangibles.
(5) Excluding amortisation of fair value adjustments.

↑4%

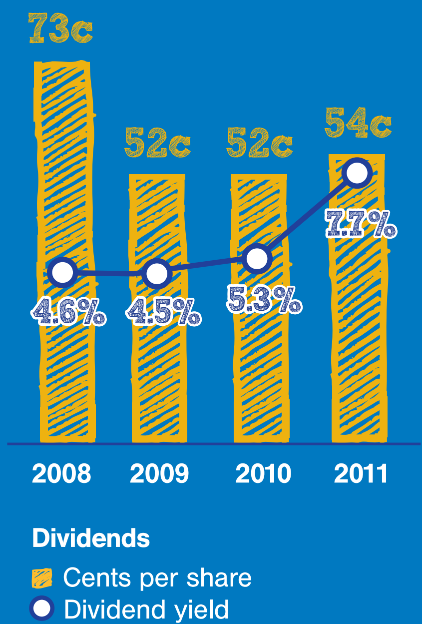
Lending growth

↑12%

Retail deposit growth

Highlights

- Our Owner-Managed Branch network continues to grow its revenue profile and quality origination, which contributed to an improvement in the Bank's underlying financial performance.
- Newly acquired businesses (CIT A&NZ and St Andrew's Insurance) have been successfully integrated and are performing above original forecasts. The Group deployed $105m in June 2010 and has received payback of $70m in the first 14 months.
- Expense management initiatives have created a more efficient organisation, reflected in our cost-to-income ratio reducing to 44.5%.
- BOQ once again outperformed the Australian banking sector in terms of lending and deposit growth, recording approximately 1.4 times more growth in loans and 1.5 times more growth in deposits than the industry average.
- A final ordinary dividend of 28 cents per share will be paid, taking the full year 2011 dividend to 54 cents per share fully franked. This represents a payout ratio of 69%, an increase from 57% in the prior year on a cash normalised basis.



Chairman's report

In my time on the BOQ Board, which has spanned 15 years, the last three years have undoubtedly been the most challenging. The difficult economic conditions and natural disasters in 2011 have impacted materially on our profit and share price.

The European sovereign debt issues have created a crisis of confidence as investors and consumers across the globe anticipate how governments will manage their enormous levels of debt and prevent recession in many advanced economies.

Neil Summerson
Chairman

At the time of writing this report, Greece was on the brink of defaulting on its sovereign debt obligations and analysts were trying to predict how this event would affect other economically weak, debt-laden countries, such as Ireland, Portugal, Spain and Italy.

The United States too, has its debt problems and has lost significant financial backing from China and Japan, being respectively the first and second largest foreign holders of US Treasury bonds. China has stated that they see the US as a growing credit risk and Japan is understandably focusing its investment on internal reconstruction efforts following their earthquake and tsunami.

Australia has little direct exposure to the countries most at risk, but a slowdown in Europe or the US would certainly affect the world's emerging economic leader, China, which would in turn have consequences for Australia, most notably through weakened demand for our natural resources. The International Monetary Fund has estimated global growth will weaken in 2012, making this a credible risk.

Chairman's report continued

While domestic conditions are much better than overseas, consumers are acting with caution and this can be seen through higher rates of savings, which have been of benefit to the banking sector, but detrimental to the retail and property markets.

Our banking sector has not been immune from the consequences of these difficult times, with many customers seeking hardship relief and higher levels of mortgage default which historically have been negligible for our Bank. A portion of this can be attributed to the dreadful one-off natural disasters in Queensland at the start of 2011.

Profit

While natural disasters are outside our control, the business aspects that the Bank can control have gone well and are tracking to plan. BOQ was able to announce a normalised net profit after tax of $176.6 million for the full year to 31 August 2011 and importantly an 18% increase of underlying profit when compared to the prior corresponding period.

This result was lower than what the Bank wanted to achieve, mainly due to the increase in bad debts to $201 million as a result of a combination of large property exposures, the current economic conditions, and the extreme weather events.

Assisting the Bank to achieve this profit were continued cost disciplines and positive contributions from recent acquisitions, namely St Andrew's Insurance and vendor finance organisation CIT, which has now been rebranded to BOQ Finance to incorporate both Equipment Finance and Debtor Finance.

Leadership

The Board appointed Mr Stuart Grimshaw as the Bank's new Managing Director and CEO in November 2011, to succeed Mr David Liddy. Mr Grimshaw has worked across all facets of the banking and finance industry, including most recently as CEO of Caledonia Investments, which manages approximately $2 billion for retail investors.

With his diverse background and impressive track record, the Board has every confidence that Stuart has the skills and experience the Bank needs to lead it into the next phase of its strategic growth.

The Board would like to thank Mr Liddy for more than ten years of exceptional leadership. Mr Liddy has effected a massive cultural change at BOQ, transforming a small regional bank into a true challenger brand, with a culture of innovation, integrity, passion, teamwork and achievement. He has been a true leader in every sense of the word, which was particularly crucial during the Global Financial Crisis and the Board would like to sincerely wish him all the best going forward.

Future

It is still too premature to determine what will happen to the worldwide financial markets overseas and what the outcome will be for Australia, although it is believed that the Australian economy will be strong enough to withstand a crisis. This is primarily due to Australia's sound financial sector.

BOQ has a clear strategy to grow and our new team leader will make it happen. While the share price is disappointing at present it does reflect circumstances and events primarily outside our control and these will reverse as economic conditions improve. Western Australia and Queensland are the two states where economic activity will boom in the years ahead. With 71 per cent of our business in these two states, BOQ is in a unique position to capitalise on this opportunity.

BOQ is a strong, dynamic organisation, with a 137-year history of enduring and prospering through many economic cycles. I am confident that the Board and management will continue to grow our company, and shareholder value.

On behalf of your Board, I thank all shareholders for your loyalty and support.

Managing Director's view

"I look forward to leading BOQ through the next stage in its growth trajectory and I believe our goal to be the real alternative in Australian financial services is eminently achievable."

Stuart Grimshaw
Managing Director and
Chief Executive Officer

Managing Director's view continued

While only having just taken over the Managing Director's role, the Bank is no stranger to me. The strong regional franchise and brand name have been attractive to shareholders and customers, which has been reinforced through its growth over recent years.

Over the past three years we have seen the values of the regional banks wane as the larger banks grew strength from the adverse global conditions. Where BOQ used to trade at a premium to the major banks, this has now been reversed. However, the prospects for growth are still just as attractive at BOQ as they were prior to the GFC. We do have some issues to deal with in regard to the reliance on wholesale funding, and we are not by ourselves, but the fundamental strength of the Bank still exists as strongly as ever. In the period just passed we were able to demonstrate an underlying profit growth of 18% which is a much stronger outcome than most of our peers. We arrived later into the asset impairment cycle than the major banks but we are seeing the end in sight.

The ability to compete in the financial services market relies upon the ability to adapt to changing conditions and that is something BOQ has a long and proud history of doing. Recognising and respecting customers, and being there for them, are hallmarks of this Company. Having great, and committed, staff are essential components to any strategy of any Company and in my short time here this cornerstone appears firmly in place. While the economic climate is variable, the strong positions we have in Queensland and Western Australia are real strengths on which we will continue to focus and build.

My predecessor David Liddy has done a tremendous job growing the Company, not just through the introduction of the highly successful Owner-Managed Branch model, but also via the integration of six strategic acquisitions. In the year ahead we intend to continue to grow our Finance and Insurance lines and we will continue to look at further bolt-on acquisition opportunities should they emerge, at the right price, in these areas.

I look forward to leading BOQ through the next stage in its growth trajectory and I believe our goal to be the real alternative in Australian financial services is eminently achievable. The support of our staff, customers and you our shareholders will be important to this success.

About Stuart Grimshaw

Stuart has held a wide variety of roles across many functions of banking and finance in a career spanning almost 30 years in Australian financial services, most recently as a Non-Executive Director of Suncorp Group Ltd and Chief Executive Officer of Caledonia Investments Pty Ltd.

Stuart joined Caledonia in 2009 to assist in the growth and development of the group through a challenging external environment. Caledonia currently manages approximately $2 billion for more than 400 investors.

Prior to joining Caledonia, Stuart spent seven years leading a variety of functions at Commonwealth Bank of Australia (CBA). Initially joining the Bank as Chief Financial Officer in 2001, Stuart was appointed Group Executive, Investment and Insurance Services ("IIS") in 2002. Over the next four years, he led the integration of Colonial First State in to CBA and the consolidation of the IIS division, which was renamed Wealth Management. His next move was to Premium Business Services in 2006 where he drove a change in the capability and culture of this division as well as re-energising the focus on, and growth of, CBA's business banking segment.

Prior to joining CBA, Stuart spent a decade with National Australia Bank Limited (NAB), during which time he worked across a range of business areas including Credit, Corporate Banking, Corporate Financial Services and Global Business Financial Services. His final appointment at NAB was as Chief Executive Officer – Great Britain. In this role, Stuart was responsible for managing the performance of the Yorkshire and Clydesdale Banks, which involved dealing with regulators, the Board of Directors and a staff of 7,500 people.

Stuart commenced his career at Australia and New Zealand Banking Group (ANZ) in 1983.

On a personal note, Stuart lives in Brisbane and was a talented hockey player who represented his country of origin, New Zealand, in the 1984 Olympic Games. As President of Hockey Australia and a Director of Melbourne Football Club, Stuart remains passionate about sport.

Operational overview

"Our strong growth and expense management assisted BOQ to record a normalised cash net profit after tax of $176.6 million for the full year to 31 August 2011."

Ram Kangatharan
Chief Operating Officer

During the year under review we successfully integrated two acquired businesses while investing in brand, product, technology, compliance, collections and regulatory initiatives.

Importantly, while we have implemented these projects against a backdrop of unfavourable economic conditions, we also continued to grow the business. BOQ once again outperformed the Australian banking sector in terms of lending and deposit growth, recording approximately 1.4 times more growth in loans and 1.5 times more growth in deposits than the industry average. This was achieved whilst also focusing on cross sales, with BOQ distribution of St Andrew's products recording a 31% increase in premiums in financial year 2011.

We have also continued to deliver on our commitments to the market in that we are a more efficient and productive organisation, reflected in our normalised cost-to-income ratio reducing to 44.5%.

Our strong growth and expense management assisted BOQ to record a normalised cash net profit after tax of $176.6 million for the full year to 31 August 2011. Our normalised cash NPAT was adversely affected by a significant increase in bad debts as a result of one-off commercial deals, the current economic conditions, and extreme weather events. Underlying bad debts increased to $201 million in the full year to 31 August 2011. We have however taken proactive steps to manage our arrears and believe bad debts will fall in 2012.

St Andrew's Insurance and vendor finance business, CIT, the latter having been re-branded to BOQ Finance, have both been successfully integrated into the BOQ group and have already been highly successful not just financially, but also in terms of the expertise and people they have brought to our organisation.

The strong underlying performance of the business is reflected in underlying profits (excluding bad debts) recording an increase of 18% from 2010 at $447.4 million.

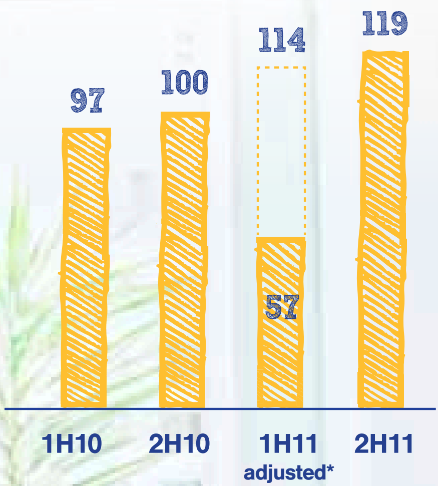
Going forward there will be growth opportunities across our three business lines of Banking, Finance and Insurance. We will be focusing on building scale in BOQ Finance, diversifying the St Andrew's Insurance business and we will be further enhancing our Banking product suite and cross sale capability.

BOQ
Your own personal bank

BOQ Finance
Smart finance, your way

St Andrew's
AUSTRALIA

Financial overview



Normalised cash NPAT
$ million

Adjusting for flood provision and one-off losses on large exposures, cash NPAT increased 18%.

* Adjustment to 1H11 bad debts - $45m provision relating to weather related events and $35m large exposure specific provisions.

Ewan Cameron
Chief Financial Officer

BOQ announced a normalised cash net profit after tax of $176.6 million, a statutory profit of $158.7 million and an underlying profit of $447.4 million for the full year to 31 August 2011, which is an increase of 18% when compared to the underlying profit recorded in 2010.

Realising the financial benefits from recent acquisitions, a controlled approach to expense management and balance sheet growth in excess of the industry average all contributed to this strong result, although we were impacted by higher bad debts as a result of weather events and economic conditions.

The Bank's Board of Directors have declared a final divided for 2011 of 28 cents per share, taking the full year dividend to 54 cents per share, which is a payout ratio of 69%. We expect steady growth in dividends going forward as profits rebound, maintaining a 50-60% payout ratio.

Our net interest margin has been maintained at 1.65% despite non-earning headwinds including increased funding costs as previously flagged, but margins have been supported by strong deposit and lending growth and increased income from acquisitions.

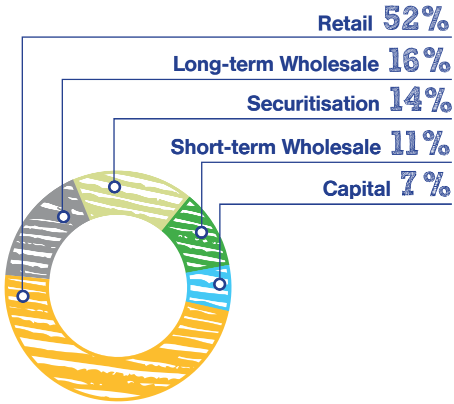
Capital and funding

The Bank maintained an exceptionally strong level of Tier 1 capital, higher than required by APRA and the Bank's internal benchmarks, which will enable BOQ to capitalise on growth opportunities that are expected to progressively unfold going forward.

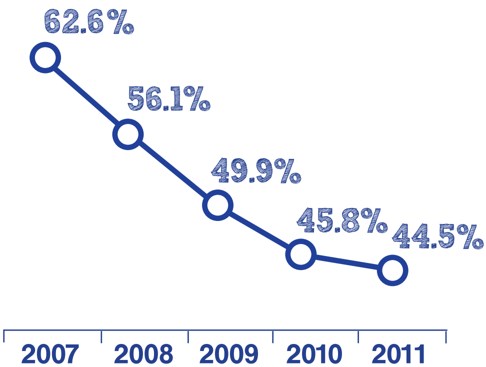
There are a number of proposed regulatory changes, including Basel III, on the horizon, but we are well positioned for these changes and do not believe that our capital strategy will be impacted in the coming year.

Cost disciplines

It's pleasing how well our expense disciplines have now been embedded across the business and this is demonstrated by our cost-to-income ratio reducing to 44.5% for the full year to 31 August 2011, a result ahead of our own expectations.



FY2011 Funding mix



Normalised cost-to-income ratio*
%

* Based on normalised cash costs, excludes impacts of normalisation items and amortisation of customer contracts.

Group Risk report

Group Risk is an independent function responsible for managing risk exposure through the provision of frameworks, policies, and processes and the ongoing monitoring of the Bank's risk profile, encompassing credit risk, liquidity risk, market risk, operational risk, and compliance.

Darryl Newton
Chief Risk Officer

Risk management approach

BOQ has adopted a “Three lines of defence” approach to risk management:

- First line of defence: involves the identification and management of risks at the point of origination in line with approved bank policies and credit risk appetite. Governance structures embedded within the first line of defence ensure that specific risks are managed appropriately.
- Second line of defence: responsible for risk monitoring and reporting to provide executive management and the Risk Committee with sufficient oversight. The Risk function is the second line.
  - → Market Risk has continued to enhance the sophistication of risk oversight with additional stress testing, scenarios, and potential loss monitoring implemented in the current year.
  - → The second line of defence was extended during 2011 to include a credit ‘hindsighting’ function for the overview of credit risk practices post origination.
- Third line of defence: provides an independent assurance function to evaluate risk management practices and compliance.
  - → Internal Audit conduct independent reviews of branches and business units. During the year Internal Audit have substantially changed their approach, becoming more risk-based in their approach to selecting and conducting audits.
  - → Credit Risk Review function is a more independent risk-based third line of defence, and is responsible for reviewing the portfolio quality and lending practices within branches and head office portfolios.

Risk appetite

BOQ’s risk appetite is set by the Board and defines the risks the Bank is prepared to take and the circumstances in which they are taken.

Credit risk appetite is subject to ongoing review with settings revised as organisational strategies and economic conditions change and new risks emerge.

- Over the past two years the Bank has managed property concentration risk through reduced risk appetite for large single name exposures in the property sector.
- We have rationalised exposures to asset categories in the leasing portfolio.

Regulatory compliance

The Bank’s compliance risk framework continues to evolve as regulatory reforms occur. Major compliance programs currently in progress include National Consumer Credit Protection and Anti-Money Laundering, both of which represent significant investments for BOQ.

Basel III regulatory reforms, in respect of liquidity and capital, will be phased in from 2013. The Bank is positioning itself to be compliant and ensure systems and processes are adequate to monitor the new requirements once effective.

Strategy and Technology

David Tonuri
Group Executive,
Strategy and Customers

Strategy

Our objective is to deliver a truly personal experience to our customers in each of their interactions with BOQ.

At the core of that strategy is our unique Owner-Managed Branch model, where our branches are locally owned and operated and whose success in the long run is directly linked to the level of service delivered to our customers and the satisfaction that they experience in being a BOQ customer. It is that model which sets BOQ apart as the real alternative in financial services in Australia.

Chris Nilon
Group Executive,
IT and Operations

In the year just passed, we have launched a range of innovative new products designed to enhance the customer experience, including Day2Day Plus, Save to Win, BusinessFirst Package, our new Discounted Variable Home Loan and a new Superannuation Savings Account.

We have opened new branches, installed new ATMs, expanded our call centre and hired more business bankers, all with the objective of making BOQ even easier to do business with.

We also firmly believe in the philosophy of "if you are not serving the customer, you are serving someone who is" and for that reason we have introduced an internal customer service survey which directly determines remuneration outcomes for our support centre staff.

Social media

Tech-savvy people interested in banking news and tips can follow BOQ on twitter.com/BOQ and facebook.com/BOQOnline

Technology

Over the past financial year, we have been investing in technology because we understand the economic benefits of meeting our customers' growing needs, while also ensuring our staff have the systems to enable them to work to the best of their ability.

Security enhancements

We have introduced Verified by Visa which provides extra protection for customers when they use their BOQ Visa Debit card to purchase from participating retailers online.

Internet Banking continues to be monitored with sophisticated fraud detection tools and IT security processes and systems.

Internal systems improved

Branches have begun to receive an increase in data networking performance, improving the speed of day-to-day technology capabilities and new customer relationship management software is enabling our front line people to better service the needs of our customers.

Our intranet, the main tool that we use to communicate with staff, has been enhanced to ensure that our people continue to be engaged and informed of developments and an upgraded email system is making emailing and scheduling easier, while also allowing for integration with other time-saving software.

As part of our continued efforts towards low-energy computing, we've begun consolidation of our central computing platforms, which not only reduces our power consumption, but also improves our IT resiliency.

Technology mobility

The Bank continues to review the latest advancements in mobile technology. As part of our internal innovation capability we've enabled a select number of the latest generation smartphones and tablet devices for use internally by staff and ultimately for use in day-to-day staff interactions with customers.

Mobile Banking

The capability to authorise International and Real Time Gross Settlement (RTGS) payments via our award-winning Mobile Banking has been introduced and many other functional enhancements are planned for the near future.

BOQ Finance and Insurance

Renato Mazza
Group Executive,
Insurance and CEO
St Andrew's Insurance

Keith Rodwell
Group Executive,
BOQ Finance

BOQ Finance

It is now over a year since BOQ's strategy to establish a bank-owned finance company was initiated. Branded BOQ Finance, it is fully integrated and operational, combining the best of being a bank and a finance company, creating a specialist, asset finance company. BOQ Finance operates 5 business lines reflecting the specialist risk knowledge and unique needs of the respective distribution channels.

The Equipment Finance business is the largest business by assets and has been significantly strengthened this year. Improvements in delinquencies and losses combined with refinements to our risk policies and distribution agreements have the business well positioned for growth.

The Cashflow Solutions business provides invoice discounting facilities to SMEs. These facilities utilise receivables as security to allow our customers to grow. BOQ Finance is a market leader in Queensland and during 2011 additional resources were placed in Sydney and Melbourne to facilitate growth in these much larger markets.

The acquired business of CIT ANZ was split into two. Vendor Finance partners with manufacturers to provide finance to their customers. The focus in 2011 was the investment in IT systems, building on our existing relationships in the IT and Office Products industries (including relationships with Apple and Dell) as well as adding new relationships. In July 2011 we announced a partnership with Lenovo, the fourth-largest personal computer (PC) vendor in the world, to provide finance to Lenovo's customers under the banner name of Lenovo Financial Services.

The Dealer Finance business provides floorplan and end customer finance to dealers in the motorcycle, marine and power equipment industries (including Honda). Utilising a web-based application, credit assessment and documentation system, with additional customisation for the auto industry, we launched our motor vehicle finance business. The business is now operating with the first dealership on board in June. Both businesses are set for growth in 2012.

St Andrew's Insurance

- Since BOQ purchased St Andrew's Insurance (Australia) Pty Ltd and St Andrew's Life Insurance Pty Ltd in July 2010, business activity has continued to gather pace and we have been in discussions with a number of significant brands to form corporate partnership with us, so that they can offer our Insurance solutions to their customers.
- As at 31 August 2011, the majority of the cost to BOQ for purchasing St Andrew's had been paid back by the dividends generated in the 14 months since acquisition.
- Contributing to this has been an increase in cross-selling from the BOQ network particularly in credit protection products, as BOQ customers sought to further protect their financial positions in the aftermath of the GFC.
- Cost-to-income ratio for the Insurance business is still being maintained in the low 30% range.
- We have recruited many new key people to help drive our growth, developed a high potential managers program, aligned our short-term incentive program to St Andrew's profitability and put in place a 360 degree evaluation mechanism to help ensure the continuous self-improvement of our people.
- Product diversification strategies are being implemented with new product launches planned for 2012.
- In the next three to four years, we intend to double the size of our Insurance business by improving the sales productivity of existing corporate partners, acquiring new corporate partner relationships, developing new product lines and looking for complementary acquisition opportunities.

Corporate Social Responsibility

At BOQ we are very proud of our annual Banking on our Kids appeal, which raises funds for Children's Hospital Foundations Australia (CHFA) to support its five hospital partners around Australia and their initiatives leading to breakthrough treatments and cures for sick and injured kids.

Little Lexi Oliver is just one of the million children assisted by doctors at one of the five hospitals who has beaten the odds by surviving three open-heart surgeries in her six short years.

Lexi was born with a heart that has only one pumping chamber instead of two; a complex condition affecting just one in 20,000 children.

Lexi was diagnosed in-utero and endured her first open-heart surgery when she was five weeks old; the six-hour procedure reducing the build-up of pressure on her heart so it remained beating.

Today, Lexi is a keen swimmer and her family are very thankful for the care and support they have received during these difficult times.

Lexi Oliver
Age 6

Community

- $1 million has been raised through our Banking on our Kids appeal since its inception in 2004, with $274,000 donated in 2011. All funds go to Children's Hospital Foundations Australia (CHFA).
- BOQ's Re-building Communities program was launched to help communities impacted by natural disasters. Over 110 community and sporting groups have been provided with donations to address specific needs, such as having new carpet laid, buying new computers, sourcing new sporting equipment and general building repairs.
- BOQ is helping The Smith Family to provide disadvantaged kids with mentoring support and financial scholarships, so that they can realise their potential through education. More than 1,000 Australian secondary schools have signed up to use this free innovative teaching resource.
- The Bank matched over $31,000 raised by employees through its Dollar-for-Dollar program.
- Shareholders donated more than $45,000 to children's hospitals around Australia this year via the Investing in Hope program, taking the total contributed since the program started in 2004 to over $200,000.
- Each November all BOQ branches nationally act as a collection point for new toys and books to support The Smith Family, who provide Christmas presents to disadvantaged children as part of their annual Toy and Book Appeal.
- As a result of BOQ's continued support, the Financial Basics Foundation have been able to provide 1,500 high schools across Australia with the following financial literacy resources free of charge:
  - → Operational Financial Literacy - a financial teaching resource and curriculum covering topics such as saving, budgeting, credit, financial planning and mobile phone use.
  - → ESSI Money - an online simulation game that provides high school students an opportunity to learn about Earning, Saving, Spending and Investing money in a fun and engaging way.
- BOQ also works with the Australian Red Cross and Starlight Children's Foundation Australia to provide assistance with their very worthy endeavours.

Environment

BOQ undergoes independent carbon impact assessments and despite having a low carbon footprint, began participating in the Carbon Disclosure Project (CDP) in 2011. CDP is a world-wide database of climate change information that assists the Bank to disclose our greenhouse gas emissions and target reductions, which ultimately has the added benefit of also helping us to lower electricity costs.

Green initiatives include investing in new energy efficient equipment, power saving modules for lighting, air-conditioning and office equipment; recycling of paper, obsolete mobile phones, computers and cartridges and including environmental considerations in supplier evaluations and selection processes to ensure the companies we work with are also doing their part for the environment.

Your Board

Neil Summerson
B Com, FCA, FAICD, FAIM
Chairman – Age: 63

Neil Summerson is a Chartered Accountant with more than 40 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 Natural Resources USA Corporation, Australian Made Campaign Limited, Australian Property Growth Limited and Property Funds Australia 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 Nomination Committee and a member of the Budget and Audit Committees.

David Liddy
MBA, FAICD, SF Fin
Former Managing Director – Age: 61

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 and his last day at BOQ was on 31 August 2011. He has a Masters in Business Administration, and Chairman of the Queensland Museum Foundation. 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.

Note: Stuart Grimshaw (not pictured) became Managing Director and CEO of BOQ on 1 November 2011.

Steve Crane
B Com, SF Fin, FAICD
Director – Age: 59

Steve Crane was appointed a Director of the Bank at the Annual General Meeting on 11 December 2008. He has over 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 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 the Advisory Council of RBS Group (Australia) and a Director of Transfield Services, APA Pipeline Limited, Taronga Conservation Society Australia, and Chairman of Global Valve Technology Limited and nib holdings limited. Mr Crane is a member of the Bank's Risk Committee and Corporate Governance Committee and Chair of the Budget Committee.

Roger Davis

B Econ (Hons), Master of Philosophy

Director – Age: 59

Roger Davis was appointed a Director of the Bank on 20 August 2008. He has 32 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 Chartis Australia Ltd, Charter Hall 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, the Nomination Committee and the Information Technology Committee.

Carmel Gray

B Bus

Director – Age: 62

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. She is Chair of Bridge Point Communications Pty Ltd's Board of Directors. Ms Gray is a member of the Bank's Risk and Budget Committees and the Chair of the Audit Committee.

Bill Kelty AC

B Econ

Director – Age: 63

Bill Kelty has over 34 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, Chairman of the Ministerial Regional Commission 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 to 2000 and a member of the Reserve Bank Board from 1988 to 1996. He is Chair of the Bank's Corporate Governance Committee and a member of the Audit Committee.

Your Board continued

John Reynolds
B Sc (Hons), Dip Ed, FAICD, FAIM
Director – Age: 68

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 Australia and overseas. He was formerly Chairman of Arrow Energy Limited. He is a Director of Mater Health Services Brisbane Limited, Chair of Mater Education Limited and an advisor to various private companies and professional organisations. Mr Reynolds is Chairman of the Bank's Risk Committee and a member of the Audit Committee, Remuneration Committee and Nomination Committee.
He is Chair of the St Andrew's Remuneration Committee.

Michelle Tredenick
B Sc
Director – Age: 50

Michelle Tredenick was appointed a Director of the Bank in February 2011. She has more than 25 years' experience in the banking, insurance and wealth management industries across Australia and New Zealand. Michelle has held senior executive roles and been a member of the Executive Committee for National Australia Bank, MLC and Suncorp as well as serving as an Executive Director for NAB and MLC companies. During her career, she has held various roles as Chief Information Officer, Head of Strategy as well as line responsibility for corporate superannuation, insurance and wealth management businesses. Michelle is a member of the Australia Post E-Services Advisory Committee and she is Chair of Comparehealth Pty Ltd. She is a member of the Bank's Remuneration Committee and the St Andrew's Remuneration Committee and Chair of the Bank's Information Technology Committee.

David Willis
B Com, ACA, ICA
Director – Age: 55

David Willis has over 33 years' experience in financial services in the Asia Pacific, the UK and the US. He is a qualified Accountant in Australia and New Zealand and has had some 17 years' experience working with Australian and foreign banks. David is a Director of New Zealand Post and Kiwi Bank, a Director of CBH (A Grain Cooperative in Western Australia) and Interflour Holdings, a Singapore-based flour Milling company. He is also a director of Parcel Direct Group based in Sydney and a director of Converga Pty Ltd. David chairs a Sydney-based Charity "The Horizons Program".
He was appointed a Director of the Bank in February 2010 and is Chair of the Remuneration Committee, a member of the Corporate Governance Committee and a member of the St Andrew's Remuneration Committee.

Remuneration overview

	Short-term $	Post employment $	Other long-term $	Termination benefits $	Share based payments $	Total $
Non-Executive Directors						
Neil Summerson	**355,000**	15,199	-	-	-	370,199
Steve Crane	**164,000**	14,760	-	-	-	178,760
Roger Davis	**160,167**	14,415	-	-	-	174,582
Carmel Gray	**199,000**	15,199	-	-	-	214,199
Bill Kelty	**150,000**	13,500	-	-	-	163,500
John Reynolds	**214,333**	15,199	-	-	-	229,532
Michelle Tredenick [1]	**76,813**	6,913	-	-	-	83,726
David Willis	**161,916**	14,550	-	-	-	176,466
Former Director						
David Graham [2]	**16,339**	1,471	-	-	-	17,810
Former Executive Director						
David Liddy [3]	**2,218,388**	14,987	-	566,667	168,069	2,968,111
Executives						
Ram Kangatharan [4]	**1,106,898**	15,229	5,234	-	790,270	1,917,631
Ewan Cameron	**667,855**	15,229	931	-	126,070	810,085
Darryl Newton	**528,143**	15,229	592	-	107,262	651,226
David Tonuri [5]	**297,457**	9,056	274	-	40,417	347,204
Chris Nilon [6]	**408,296**	15,229	36,759	-	86,237	546,521
Keith Rodwell	**922,335**	21,790	-	-	136,337	1,080,462
Renato Mazza	**550,785**	15,295	6,078	-	97,490	669,648
Brad Edwards	**356,441**	23,439	8,510		14,570	402,960
Thomas Nguyen	**666,195**	26,103	-	-	36,243	721,791
Former Executives						
Jim Stabback [7]	**202,678**	19,741	-	-	-92,046	130,373

(1) Appointed 22 February 2011.
(2) Resigned 8 October 2010.
(3) Retired 31 August 2011.
(4) Ram Kangatharan was appointed as Acting MD and CEO for the period 1 September 2011 to 31 October 2011.
(5) Appointed on 24 January 2011.
(6) Commenced 31 January 2011.
(7) Resigned on 28 February 2011.

Financial calendar

2011

Ordinary shares (BOQ)*	
Ex-dividend date	**9 November 2011**
Record date	**15 November 2011**
Final dividend payment date	**2 December 2011**
Annual General Meeting	**8 December 2011**

2012

Ordinary shares (BOQ)*	
Interim results and interim dividend announcement	**19 April 2012**
Ex-dividend date	**2 May 2012**
Record date	**8 May 2012**
Interim dividend payment date	**25 May 2012**
Final results and final dividend announcement	**18 October 2012**
Ex-dividend date	**15 November 2012**
Record date	**21 November 2012**
Final dividend payment date	**8 December 2012**
Annual General Meeting	**13 December 2012**

PEPS (BOQPC)*	
Announcement date	**13 March 2012**
Ex-dividend date	**16 March 2012**
Record date	**22 March 2012**
Payment date	**16 April 2012**
Announcement date	**13 September 2012**
Ex-dividend date	**18 September 2012**
Record date	**24 September 2012**
Payment date	**15 October 2012**
BOQ option to Redeem	**17 December 2012**

* Dates are subject to change.

Financial glossary

AGM	Annual General Meeting.
APRA	Australian Prudential Regulation Authority.
Arrears	The part of a debt that is overdue after one or more required payments have been missed.
ASIC	Australian Securities and Investments Commission.
Asset	An asset is a resource which has economic value and can be converted to cash. Assets for a bank includes its loans because income is derived from the loan fees and interest payments generated.
Asset quality	Refers to the quality of bank lending, including if loans will fall into arrears and the likelihood of defaults.
Assets under management	The total value of loans and other assets a bank is managing.
ASX	Australian Securities Exchange.
Bad debt	The amount that is written off as a loss and classified as an expense, usually as a result of a poor-performing loan.
Basel	The Basel Accords are the recommendations on banking laws and regulations issued by the Basel Committee on Banking Supervision, which has the purpose of improving the consistency of capital regulations internationally.
Bolt-on acquisition	An acquisition that fits naturally within the company's existing business lines and strategy.
Capital adequacy ratio	A ratio of a bank's capital to its risk, obtained by dividing total capital by risk-weighted assets. This ratio shows a bank's capacity to meet the payment terms of liabilities and other risks.
Cost-to-income ratio	Obtained by dividing operating cost by operating income, this ratio shows a company's costs in relation to its income. A lower ratio can be an indication that a company is better at controlling its costs.
Dividend	A portion of a company's profits that may be paid regularly by the company to its shareholders.
Dividend payout ratio	The amount of dividends paid to shareholders relative to the amount of total net income of a company, represented as a percentage.
Earnings per share	The amount of company earnings per each outstanding share of issued ordinary shares.
Liability	A company's debts or obligations that arise during the course of business operations. Liabilities for banks include interest-bearing deposits.

Financial glossary continued

Liquidity	For a bank, liquidity is a measure of the ability of the bank to fund growth and repay debts when they fall due, including the paying of depositors.
Net interest income	The difference between the revenue that is generated from a bank's assets, and the expenses associated with paying out its liabilities.
Net interest margin (NIM)	The difference between the interest income generated by a bank and the amount of interest the bank pays out to their depositors, divided by the amount of their interest-earning assets.
Net Profit after Tax (NPAT)	Total expenses minus total revenue with tax that will need to be paid factored in.
Net Tangible Assets (NTA)	An indication of a company's net worth, calculated by dividing the underlying value of the company (total assets minus total liabilities) by the number of shares on issue.
Non interest income	Income derived primarily from fees, rather than income from interest-earning assets.
Normalised cash NPAT	The NPAT, after significant non-cash and non-recurring items that have occurred in the period under review have been deducted (or normalised out).
Price-to-earnings ratio (P/E ratio)	A measure of the price paid for a share relative to the annual net income or profit earned by the company per share.
Return on average ordinary equity	A measurement of how well a company uses the funds provided by its shareholders, represented by a ratio of the company's profit to shareholders' equity.
Statutory net profit	NPAT without any items normalised out.
System growth	A reference to the growth of a sector or group, otherwise known as a system, where individual unit growth is compared to the average of the total growth of the system. In banking, lending and deposit growth is often compared by system.
Tier 1 Capital	A term used to describe the capital adequacy of a bank. Tier 1 Capital is core capital and includes equity capital and disclosed reserves.
Tier 2 Capital	A term used to describe the capital adequacy of a bank. Tier 2 Capital is secondary bank capital that includes items such as undisclosed reserves, general loss reserves, subordinated term debt, and more.
Underlying profit	A term used to describe the actual reflection of a company's profit. One-off items may be removed from the statutory profit for the company to arrive at this profit figure.

Shareholder information

Change of AGM venue

The 2011 Annual General Meeting will be held in the Ballroom, Level 5 at the Hilton Hotel Brisbane, on Thursday, 8 December 2011 at 10.00am AEST (registration commences at 9.15am). Enter the Hilton either via the Queen Street Mall or 190 Elizabeth Street, Brisbane.

Share registry

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Company details

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