

## 6. ITEM 6 – RATIFICATION OF THE ISSUE OF SERIES 1 RESET PREFERENCE SHARES

### 6.1 Background and rationale

On 7 October 2003, the Bank issued Series 1 Reset Preference Shares (S1RPS) to certain investors qualifying under section 708 of the Corporations Act, as part of the capital funding for the acquisition of UFJ Finance Australia Limited. The directors are seeking member ratification of the issue so that this issue is not considered in calculating the capacity of the Bank to issue further securities under the 15% Rule.

### 6.2 Terms of the Series 1 Reset Preference Share Issue

- (a) Number of S1RPS allotted – 250,000
- (b) Issue price – \$100 per S1RPS
- (c) Terms of the S1RPS – The S1RPS are perpetual preference shares, paying fixed non-cumulative fully franked dividends at a rate of 5.1975% per annum with certain terms periodically reset at the option of the Bank. Dividends will be payable in arrears commencing on 20 April 2004 and thereafter on each 20 April and 20 October until S1RPS are exchanged or varied. Dividends are only payable if:
  - the Directors, at their discretion, determine a dividend to be payable;
  - funds are legally available for the payment of dividends;
  - the Bank has complied with APRA's current capital adequacy guidelines; and
  - APRA has not issued any objection to the dividend or stated that if the proposed dividend is paid, the S1RPS will cease to be treated as tier 1 capital.

If a dividend is not paid, the Bank may in a subsequent period pay an optional dividend, subject to these conditions, up to an amount equal to two previously unpaid dividends.

S1RPS rank in priority to ordinary shares and behind RePS for the purposes of the payment of dividends. Generally, no voting rights attach to the S1RPS, except in specified circumstances.

S1RPS rank in priority to ordinary shares and behind RePS for a return of capital on a winding up but have no right to participate in a surplus on winding up.

The Bank may reset the dividend rate at 5 yearly intervals at a margin above a specified swap rate. The margin may not be changed until 15 years after the first date of issue of the S1RPS. In a specified period before a reset date, either the Bank or the holder may elect to exchange their S1RPS for ordinary shares of a value approximately equal to the original issue price at the then prevailing ordinary share market price less a discount of 2.5%. The Bank may also exchange S1RPS for ordinary shares in the event of certain tax and regulatory events. Either the Bank or the Holder may exchange S1RPS for ordinary shares in the event of certain control events such as a successful takeover.

A full copy of the S1RPS terms can be found on the Bank's website ([www.boq.com.au](http://www.boq.com.au)) or a copy may be inspected at the Bank's share registry. A full copy of the S1RPS terms were also included in the announcement made to the ASX on 3 October 2003.

- (d) The allottees of S1RPS under the issue comprised 35 private and institutional clients of ABN AMRO Rothschild and ABN AMRO Morgans.
- (e) Use of funds from the S1RPS issue – the purpose of the S1RPS issue is for the Bank to source cost effective tier 1 capital to fund the acquisition of UFJ Finance Australia Limited, while maintaining the Bank's target Tier 1 capital ratios under APRA prudential standards.

### Proxies

Shareholders unable to attend the meeting are urged to complete the proxy form and return it as soon as possible (see proxy form for details) and in any event not later than 10.00am on Tuesday, 9 December 2003.

## Notice of Annual General Meeting 2003

The 129th Annual General Meeting of Bank of Queensland Limited will be held at the Ballroom North, Sheraton Hotel, 249 Turbot Street, Brisbane on Thursday, 11 December 2003 at 10.00am.

### AGENDA

#### 1. Financial Statements and Reports

To receive and consider the financial statements for the year ended 31 August 2003 and the related Directors' Report and Auditor's Report.

#### 2. Election of Directors (Ordinary Resolutions)

- (a) To re-elect a director, Mr Bruce Phillips, who retires by rotation in accordance with the Constitution and, being eligible, offers himself for re-election.
- (b) To re-elect a director, Mr Neil Summerson, who retires by rotation in accordance with the Constitution and, being eligible, offers himself for re-election.
- (c) To elect a director, Mr John Reynolds, who retires in accordance with the Constitution and, being eligible, offers himself for election.

#### 3. Aggregate Maximum Amount of Non-Executive Directors' Fees

To consider and if thought fit pass the following resolution as an ordinary resolution:

'That an increase in the aggregate maximum amount of non-executive directors fees from \$500,000 per annum plus superannuation guarantee charge (SGC) contributions to \$872,000 per annum (inclusive of SGC contributions), to be allocated among the non-executive directors as they agree, be approved pursuant to ASX Listing Rule 10.17.'

(Refer to Item 3 of the Explanatory Statement)

#### 4. Ratification of Dividend Reinvestment Plan Underwriting

To consider and if thought fit pass the following resolution as an ordinary resolution:

'That the issue of 905,233 ordinary shares on 30 April 2003 under the underwriting arrangements for the Dividend Reinvestment Plan be approved pursuant to ASX Listing Rule 7.4.'

(Refer to Item 4 of the Explanatory Statement)

#### 5. Ratification of Issue of Ordinary Shares

To consider and if thought fit pass the following resolution as an ordinary resolution:

'That the issue of 3,530,000 ordinary shares on 15 August 2003 be approved pursuant to ASX Listing Rule 7.4.'

(Refer to Item 5 of the Explanatory Statement)

#### 6. Ratification of Issue of Series 1 Reset Preference Shares

To consider and if thought fit pass the following resolution as an ordinary resolution:

'That the issue of 250,000 Series 1 Reset Preference Shares on 7 October 2003 be approved pursuant to ASX Listing Rule 7.4.'

(Refer to Item 6 of the Explanatory Statement)

### PROXIES:

1. A securityholder who is entitled to vote at the meeting may appoint:
  - (a) one proxy if the securityholder is only entitled to one vote; or
  - (b) one or two proxies if the securityholder is entitled to more than one vote.
2. Where the securityholder appoints two proxies, the appointment may specify the proportion or number of votes that each proxy may exercise. If the appointment does not specify a proportion or number, each proxy may exercise one-half of the votes, in which case any fraction of votes will be disregarded.
3. A proxy need not be a securityholder of the Bank.
4. An additional Proxy Form may be obtained by telephoning the company's share registry.
5. If a securityholder appoints the chairperson of the meeting as the securityholder's proxy and does not specify how the chairperson is to vote on an item of business, the chairperson will vote, as proxy for that securityholder, in favour of that item on a poll.
6. The proxy form and the power of attorney or other authority (if any) under which it is signed (or a certified copy) must be received by the Bank at the Bank's share registry no later than 10.00am on Tuesday, 9 December 2003:
  - (a) by post: Computershare Investor Services Pty Limited  
GPO Box 523  
BRISBANE QLD 4000  
(reply paid envelope provided)
  - or by delivery to: Level 27  
Central Plaza One  
345 Queen Street  
BRISBANE QLD
  - or (b) by fax on (07) 3229 9860.

### VOTING RIGHTS

All of the shares that are quoted shares at 7.00pm on Tuesday, 9 December 2003 will be taken, for the purposes of the annual general meeting, to be held by the persons who held them at that time.

### VOTING EXCLUSIONS

In accordance with the Listing Rules of the Australian Stock Exchange Limited, the Bank will disregard votes cast:

- (a) on resolution 3, by a director or an associate of any director;
- (b) on resolution 4, by any person, or an associate of any person, who participated in the placement of shares under the underwriting arrangements;
- (c) on resolution 5, by any person, or an associate of any person, who participated in the ordinary share issue;
- (d) on resolution 6, by any person, or an associate of any person, who participated in the Series 1 Reset Preference Share issue,

unless the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

DATED 28 October 2003  
BY ORDER OF THE BOARD



Brad Edwards  
Secretary

## Explanatory Statement

### INTRODUCTION

This Explanatory Statement is provided to shareholders to inform them about the business of the meeting and each of the resolutions proposed in the accompanying Notice of Meeting. The information is provided under the requirements of the Listing Rules and the *Corporations Act 2001* (Cth) (**Corporations Act**).

#### 1. ITEM 1 – FINANCIAL STATEMENTS AND REPORTS

The Corporations Act requires the Financial Report (which includes the financial statements and Directors' declaration), the Directors' Report and the Auditor's Report to be laid before the Annual General Meeting. Shareholders will be given a reasonable opportunity at the meeting to ask questions and make comments on these reports, and on the business, operations and management of Bank of Queensland Limited (**the Bank**).

#### 2. ITEM 2 – ELECTION OF DIRECTORS

(a) Mr Bruce Phillips retires by rotation in accordance with the Bank's Constitution and, being eligible, offers himself for re-election.

Mr Phillips was appointed as a director of the Bank in November 1996 and was last elected in December 2001.

Mr Phillips is a consultant to ABN AMRO Morgans and a past Chairman of the Brisbane Stock Exchange. Currently he serves as a member of the Bank's Audit & Risk Committee and of the Budget Review Committee.

The Board strongly recommends shareholders vote in favour of his election as a director.

(b) Mr Neil Summerson retires by rotation in accordance with the Bank's Constitution and, being eligible, offers himself for re-election.

Mr Summerson was appointed as a director of the Bank in December 1996 and was last elected in December 2001.

Mr Summerson is a Chartered Accountant and past Chairman of the Queensland branch of the Institute of Chartered Accountants. He is a director of Uniting HealthCare Group, AmerAlia Inc, Australian Chamber of Commerce and Industry Limited, Australian Made Campaign Limited, and the Leyshon Group of Companies, and is Chairman of the Brisbane Water Advisory Board, Brisbane City Enterprises Limited, Santalucia Group of Companies and PQ Lifestyles Limited. Mr Summerson is currently chairman of the Bank's Audit & Risk Committee and a member of the Investment Committee and of the Corporate Governance Committee.

The Board strongly recommends shareholders vote in favour of his election as a director.

(c) In accordance with the ASX Listing Rules and the Bank's Constitution, Mr John Reynolds offers himself for election after having been appointed by the Board as a director since the last Annual General Meeting. Mr Reynolds was appointed to a casual vacancy on the Board in April 2003.

Mr Reynolds has extensive CEO-level experience at Top 100 media and resource companies in Australia and overseas, including as CEO/MD of Australian Provincial Newspapers and MD of David Syme & Co, publishers of The Age. Formerly a Director of Australian Provincial Newspapers and Independent Newspapers (Ireland), he is currently a Director of Queensland Cotton Holdings Limited, Tennis Australia and GDA Australia Pty Ltd and a Council Member of Southern Cross University.

Mr Reynolds is chairman of the Bank's Corporate Governance Committee and a member of the Remuneration & Nomination Committee and of the Investment Committee.

The Board strongly recommends shareholders vote in favour of his election as a director.

#### 3. ITEM 3 – AGGREGATE MAXIMUM AMOUNT OF NON-EXECUTIVE DIRECTORS' FEES

Total fees paid to non-executive directors of the Bank are limited to a maximum amount set by shareholders. The present limit (\$500,000 per annum) plus the compulsory superannuation guarantee charge (currently \$45,000) was set at the Bank's Annual General Meeting held in December 1999. Historically, the Bank has asked shareholders to review the limit every 4 years.

Since 1999, fees paid to the Bank's non-executive directors have fallen significantly below the market. An adjustment is therefore appropriate to ensure that directors are properly paid for the skills they bring to Board.

Further, non-executive directors of the Bank, in common with most listed public companies, are entitled to be paid (and have always been paid) as a component of their total remuneration, a retirement allowance on their retirement from the Board. Those entitlements arise under agreements approved by the Bank's shareholders. The Bank recognises these obligations by way of a monthly accrual in its accounts. Retirement benefits have long been generally accepted as an appropriate component of the total remuneration of directors, and have been recognised in companies legislation in Australia for many years.

In recent times, such arrangements have fallen out of favour in the Australian investment community. To respond to this change, your directors have decided to phase out retirement allowances by freezing them at their accrued levels as at 31 August 2003, subject to an annual CPI or similar adjustment. Directors will forego any future benefit under the relevant agreements.

To compensate directors in part for the abandonment of future benefits, a further adjustment of annual fees is appropriate.

Independent external advice has been sought to determine the appropriate adjustments. Whilst no decision has yet been made, at this stage it is considered that non-executive directors' fees will not exceed \$700,000 for the year ending 31 August 2004. This amount is inclusive of superannuation charge contributions.

These changes reflect the following:

- the phasing out of retirement allowances;
- provision for the possibility of future directors in light of the proposed expansion of the Bank's business;
- the increasing responsibility of and risks undertaken by directors including the increasing intensity of corporate governance requirements and the formation of two additional Board committees; and
- the fact that it is not intended that shareholders will be asked to reconsider this matter for another 4 years.

To accommodate these changes in the level of non-executive directors' fees, shareholders are asked to increase the aggregate limit of \$500,000 (exclusive of SGC contributions) to \$872,000 (inclusive of SGC contributions). This amount comprises both directors' fees and fees for service on Board committees.

#### 4. ITEM 4 – RATIFICATION OF THE ISSUE OF ORDINARY SHARES UNDER THE DIVIDEND REINVESTMENT PLAN UNDERWRITING

##### 4.1 Background and rationale

As part of the Bank's active management of its capital base, the Bank engaged ABN AMRO Rothschild (AAR) to underwrite the Bank's Dividend Reinvestment Plan (DRP) for the Bank's 2003 interim dividend.

On 30 April 2003, the Bank issued 905,233 shares by way of placement pursuant to the Dividend Reinvestment Plan Underwriting Agreement. Together with DRP participation by shareholders, this resulted in an amount equal to the interim dividend being reinvested in the Bank's business.

ASX Listing Rule 7.1 provides that any entity must not issue equity securities that total more than 15% of its fully paid ordinary shares in a 12 month period without the approval of shareholders (15% Rule).

The directors are seeking member ratification of the issue so that this issue is not considered in calculating the capacity of the Bank to issue further securities under the 15% Rule.

##### 4.2 Terms of the Ordinary Share Issue

- (a) Number of shares allotted – 905,233.
- (b) Issue price – \$7.62 per share.
- (c) Terms of the Ordinary Shares – The underwritten shares were issued on the same terms as existing ordinary shares.
- (d) Allottees of ordinary shares under the issue – Warnford Nominees Pty Ltd on behalf of AAR.
- (e) Use of funds from the Ordinary Share Issue – the Bank raised approximately \$6,897,000 from the issue. The funds raised were used for the general purposes of the Bank's business.

#### 5. ITEM 5 – RATIFICATION OF THE ISSUE OF ORDINARY SHARES

##### 5.1 Background and Rationale

On 15 August 2003, the Bank issued ordinary shares to certain investors qualifying under section 708 of the Corporations Act, as part of its capital funding for the acquisition of UFJ Finance Australia Limited. The directors are seeking member ratification of the issue so that this issue is not considered in calculating the capacity of the Bank to issue further securities under the 15% Rule.

##### 5.2 Terms of the Ordinary Share Issue

- (a) Number of shares allotted – 3,530,000.
- (b) Issue price – \$8.50 per share.
- (c) Terms of the Ordinary Shares – the ordinary shares are issued on the same terms as existing ordinary shares.
- (d) The allottees of the ordinary shares under the issue comprised 21 private and institutional clients of ABN AMRO Rothschild.
- (e) Use of funds from the Ordinary Share Issue – the Bank raised approximately \$30 million from the Ordinary Share Issue. The funds raised were applied towards the capital funding for the acquisition of UFJ Finance Australia Limited and maintaining the Bank's target tier 1 capital under APRA prudential standards after that acquisition.