



# Insider Trading Policy

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## Introduction

This policy has been developed to help you understand insider trading and your obligations under Australian law.

It applies to directors and employees of Bank of Queensland and of any of its subsidiaries.

During your career with Bank of Queensland you may become aware of information that could have an impact on the price of shares and other financial products in the market. This information could be 'inside information'.

This information is usually confidential and subject to your duties of confidence to the Bank and to customers. The insider trading rules in the Corporations Act also affect how you can use this information.

As well as potentially serious civil and criminal liability arising from breaches of insider trading laws, insider trading is also a serious breach of conditions of employment within Bank of Queensland and may lead to disciplinary action up to and including dismissal.

The policy is not intended to be a substitute for you obtaining your own legal advice. If you have any particular concerns on insider trading you should speak with your manager, the General Manager - Human Resources or the Company Secretary.

## General policy

If you have price sensitive information about a company's financial products which is not generally available to others, under the Corporations Act you cannot:

- apply for, acquire or dispose of those financial products, or enter into an agreement to do any of those things, or
- procure that another person does any of those things in relation to those financial products.

If you have price sensitive information about a company's financial products that are listed on a financial market (such as the Australian Securities Exchange), then you must not, directly or indirectly, communicate that information to a person if you know, or you ought reasonably to know, that the person is likely to deal or trade in those financial products.

These rules not only prevent you from trading but also prevent you from encouraging other people to trade or giving that information to someone else who is likely to trade or encourage others to trade.

### Who is an insider?

You are an insider:

- if you have **information** that is not **generally available** but if it were, a reasonable person would expect it to have a **material effect** on the price or value of **financial products** ('**inside information**'), and
- you know, or ought reasonably to know, that the information is inside information.

### What is a financial product?

Financial product has a very wide meaning in the Corporations Act. Not all financial products are subject to the insider trading rules. For the purpose of this policy, a reference to a financial product is only to those products which are subject to the insider trading rules.

The insider trading rules apply to the following financial products:

- securities - including a company's shares, debentures (including convertible notes), managed investment interests made available by it, units of shares or of managed investment interests and exchange traded and over the counter put and call options over any of those securities,
- derivatives - including exchange traded options, equity swaps, futures or options, equity futures or other futures which relate to any financial products of a company,
- managed investment products,
- superannuation products, and
- any other financial product that can be traded on a financial market (that is, tradeable on a stock exchange or futures exchange or other type of licensed financial market).

### What constitutes information?

**Information** means any fact, matter or circumstance and includes:

- matters of supposition (eg, rumours or innuendo) or which are otherwise insufficiently definite to warrant being made known to the public, and
- matters relating to the intentions, or likely intentions, of a person.

The information can be in any form (eg, written or verbal).

Information is **generally available** if:

- it consists of readily observable matter, or
- it has been made known to people who commonly invest in the type of financial product involved and a reasonable period has elapsed for it to be disseminated to those people, or
- it consists of deductions, conclusions or inferences made or drawn from readily observable matter or information that has been disseminated.

Information has a **material effect** on the price or value of financial products if the information would, or would be likely to, influence people who commonly acquire financial products in deciding whether or not to acquire or dispose of the particular financial products.

You may come into possession of inside information if you become aware of any of the following when it is not generally available:

- actual profit results,
- internal forecasts of profit results,
- changes of strategic direction of the business,
- details of a new discovery, new product or substantial new business contract,
- the appointment or resignation of a chief executive officer, executive director or chairman,
- an actual or proposed major acquisition or disposal of assets,
- a float or other share issue, capital raising, takeover, merger, purchase, sale or partial sale of business,
- actual or proposed major litigation,
- any plans involving securities or securities futures or other financial products.

This information may relate to Bank of Queensland, one of its subsidiaries, a corporate customer or any other company.

In the course of your duties you may come into possession of inside information if you are involved in relationship management with a customer, credit research or credit decisions, structuring of a customer's business or banking solutions or advising a corporate customer or a corporate customer of one of the Bank's subsidiaries.

## Specific rules

You must follow the rules below if you are an insider:

- you must not apply for, acquire, or dispose of, financial products of the company to which the inside information relates, either for yourself or for another person,
- you must not get another person (whether a family member, friend, associate, colleague or your private company or trust) to apply for, acquire, or dispose of, the financial products for you, or for another person or for themselves,
- if the financial products are also listed on a financial market (such as the Australian Securities Exchange) you must not, either directly or indirectly, give the inside information, or allow it to be given, to another person who you know, or should know, would be likely to do any of the prohibited things described above,
- with regard to financial products issued by a customer of the Bank and where you have access to inside information about that customer, you must not apply for, acquire or dispose of or offer or agree to acquire or dispose of those financial products or attempt to influence others (including family, associates, colleagues, private company or trustee) to do so,
- you must not give any inside information to any person who is an employee or contractor of Bank of Queensland and/or its subsidiaries who is a trader in, or distributor of, financial products or get them to buy or sell for you or another person while you remain an insider,
- if you liaise with industry analysts or business journalists working on the business activities of Bank of Queensland, you must not give them any inside information about Bank of Queensland, or confirm with them any suspicions or hunches which they may have, even if these hunches are based on their own research and analysis.

## When do you stop being an insider?

You will no longer be an insider once the inside information becomes generally available (as described on page 2 - see **What Constitutes Information?**).

## Personal trading policy

The above general policy applies to all financial products to which the insider trading rules in the Corporations Act apply.

This part of the policy applies to you in respect of your dealings with Bank of Queensland shares, reset preference shares or any other securities or financial products which may be issued by the Bank.

Employees of the Bank will have different access to price sensitive information depending on their position. It is more likely that directors and senior management

employees of the Bank will have access to price sensitive information. **Senior management employees** are generally those at the level of general manager or above and other senior positions as designated by the Managing Director or the Board from time to time.

The following policy applies to all employees (including directors and senior management employees):

- no director or employee can trade in or get someone else to trade in financial products of the Bank in breach of insider trading rules,
- at no time can directors or employees engage in short term speculative trading in Bank of Queensland financial products. This rule is designed to encourage support for Bank of Queensland's long term objectives and discourage short term actions which could affect the share price or lead to market speculation, and
- any director or employee who trades in financial products of Bank of Queensland on a financial market should use only one or two brokers, and preferably only one.

### **Trading windows**

The following additional rules apply to directors and senior management employees as described above:

- trading in the Bank's financial products on a financial market is restricted to a 6 week period immediately following two days after:
  - the release of Bank of Queensland's half year results,
  - the release of Bank of Queensland's yearly results,
  - the issue of a prospectus or product disclosure statement offering financial products in, or issued by Bank of Queensland, or
  - the annual general meeting
- in the case of senior management, to trade in these windows, approval must be obtained from the Managing Director or his delegate before trading in Bank of Queensland financial products,
- in the case of directors, to trade in these windows, approval must be obtained from the Chairman before trading in Bank of Queensland financial products,
- in the case of the Chairman, to trade in these windows, approval must be obtained from the Corporate Governance Committee before trading in Bank of Queensland financial products.

Trading may be permitted outside these windows if special circumstances exist. Approval must be obtained from the Managing Director in the case of senior management employees, from the Chairman in the case of directors and from the Corporate Governance Committee in the case of the Chairman. Whether special circumstances exist will be a matter for the Managing Director, Chairman or

Corporate Governance Committee (as the case may be) to decide but will generally only apply in limited circumstances such as:

- cases of financial or personal hardship or necessity,
- legal duties and obligations (eg, the administration of a deceased estate or transfers under Family Court orders),
- transfers to related entities (eg, to a personal superannuation fund or a family trust).

Those people affected by the additional rules must be aware that they are still subject to the general rule that they must not trade in those financial products whilst in possession of inside information.

While it is not compulsory, Bank of Queensland believes it would be prudent for all directors and employees affected by the additional rules to maintain a record or register of personal trading in Bank of Queensland financial products.

If you require any further information or assistance please contact your manager, the General Manager - Human Resources or the Company Secretary.

### **Hedging policy**

All employees are strictly prohibited from entering into hedging arrangements in relation to their unvested employee shares, securities or options received as part of their performance-based remuneration, whether directly or indirectly. Any employee who attempts to hedge unvested shares, securities or options renders those instruments liable to forfeiture.

Directors and executives are prohibited from hedging any shares or securities of Bank of Queensland or its subsidiaries.

“Hedging” refers to using financial products to protect against or limit the risk associated with equity instruments, such as shares, securities or options.

### **Margin lending**

From 14 October 2009, all directors and employees of the Bank are prohibited from entering into arrangements for margin borrowing, short selling or stock lending in respect of shares, securities or options of Bank of Queensland or its subsidiaries, other than margin borrowing arrangements in respect of exercise of options already issued to an employee under the Managing Director Option Plan or Senior Management Option Plan, as set out below:

- MD options issued on 1 November 2005 (Tranche 3) – expiry date 20 December 2010;
- MD options issued on 1 November 2006 (Tranche 4) – expiry date 20 December

2011;

- Options issued on 20 December 2004 (SMOP 4) – expiry date 20 December 2009;
- Options issued on 17 October 2005 (SMOP 5) – expiry date 17 October 2010;
- Options issued on 20 November 2006 (SMOP 6) – expiry date 20 November 2011;
- Options issued on 1 November 2007 (SMOP 7) – expiry date 1 November 2012.

In addition, where an employee wishes to enter into margin borrowing arrangements in accordance with the above exception, the employee must inform the Chairman prior to entering into any such arrangement.

**Being aware of and adhering to this policy protects you, the Bank and all of the Bank's shareholders.**