

Strategy
+ Execution
+ Passion

100%
Success



Agenda

1. Financial Statements and Reports

To receive and consider the financial statements for the year ended 31 August 2007 and the related Directors' Report and Auditor's Report.

(Refer to Item 1 of the Explanatory Statement).

2. Election of Directors (Ordinary Resolutions)

- (a) To re-elect a director, Peter Fox, who retires by rotation in accordance with the Constitution and, being eligible, offers himself for re-election.
- (b) To re-elect a director, Bill Kelty, who retires by rotation in accordance with the Constitution and, being eligible, offers himself for re-election.

(Refer to Item 2 of the Explanatory Statement).

3. Terms of Perpetual Equity Preference Shares

To consider and, if thought fit, pass the following resolution as a special resolution:

'That for the purposes of section 254A(2) of the Corporations Act and for all other purposes, the terms of issue of the Perpetual Equity Preference Shares tabled at the meeting and signed for the purposes of identification by the Chairman, and as summarised in Attachment A of the Explanatory Statement, are approved.'

(Refer to Item 3 of the Explanatory Statement).

4. Modify the Constitution

To consider and, if thought fit, pass the following resolution as a special resolution:

'That for the purposes of section 136 of the Corporations Act and for all other purposes, the modifications to Schedule 1 of the Constitution tabled at the meeting and signed for the purposes of identification by the Chairman, and as set out in Attachment B of the Explanatory Statement, are approved.'

(Refer to Item 4 of the Explanatory Statement).

5. Approval of Future Issues Under the Senior Management Option Plan

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

'That further issues of options over ordinary shares under the Bank's Senior Management Option Plan be approved as an exception to ASX Listing Rule 7.1 pursuant to Exception 9 in ASX Listing Rule 7.2.'

This resolution is subject to voting exclusions as set out at the end of this Notice.

(Refer to Item 5 of the Explanatory Statement).

6. Remuneration Report - Non-Binding Resolution

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

'That the remuneration report, contained in the Bank's 2007 Annual Report, be adopted.'

The resolution is advisory only and does not bind the directors.

(Refer to Item 6 of the Explanatory Statement).

Notice of meeting

The 133rd Annual General Meeting of Bank of Queensland Limited (Bank) will be held at the Sofitel Hotel, 249 Turbot Street, Brisbane on Thursday, 6 December 2007 at 10.00am.

Proxies

1. A member who is entitled to vote at the meeting may appoint:
 - (a) one proxy if the member is only entitled to one vote; or
 - (b) one or two proxies if the member is entitled to more than one vote.
2. Where the member 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 member of the Bank.
4. If you require an additional proxy form, the Bank will supply it on request.
5. If a member appoints the Chairman of the meeting as the member's proxy and does not specify how the Chairman is to vote on an item of business, the Chairman will vote, as proxy for that member, 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 10:00 am on Tuesday, 4 December 2007:
 - (a) by post to:
Computershare Investor Services
Pty Limited
GPO Box 242
MELBOURNE VIC 3001
(reply paid envelope provided); or
 - (b) by delivery to:
Computershare Investor Services
Pty Limited
Level 19
307 Queen Street
BRISBANE QLD; or
 - (c) by fax on (07) 3237 2152.

Alternatively, members may register the appointment of proxies online at www.computershare.com/au/proxy/boq using the secure online access information set out in the proxy form.

Voting Rights

All of the shares that are quoted shares at 7:00 pm on Tuesday, 4 December 2007 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 ASX Limited, the Bank will disregard votes cast on resolution 5 by Mr David Liddy, and an associate of Mr Liddy, who is the only director eligible to participate in the Senior Management Option Plan, 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.

Important note

Please note that if you appoint Mr David Liddy as your proxy and do not direct him how to vote on resolution 5 (on which he personally cannot vote) then a vote cast by him on that resolution will not be counted.

If you appoint him as your proxy, we strongly urge you to direct him how to vote on each resolution. Alternatively, we suggest that you appoint someone else (such as the Chairman) as your proxy.

Dated 31 October 2007

By order of the Board



Brad Edwards

Secretary

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 no later than 10.00 am on Tuesday, 4 December 2007.

Success

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 also provided under the requirements of the ASX Listing Rules and Corporations Act 2001 (Cth).

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 the Bank.

Item 2 – Election Of Directors

(a) Mr Peter Fox

Mr Fox retires by rotation in accordance with the Bank's Constitution and, being eligible, offers himself for re-election.

Mr Fox was appointed as a director of the Bank in May 2001 and was last elected in December 2004.

Mr Fox is the Executive Chairman of Fox Group Holdings. He is a director of the Alfred Foundation and a member of the Australian Graduate School of Management Advisory Council (UNSW). He is a member of the Bank's Budget Review Committee.

The Board recommends that shareholders vote in favour of his re-election as a director.

(b) Mr Bill Kelty

Mr Kelty retires by rotation in accordance with the Bank's Constitution and, being eligible, offers himself for re-election.

Mr Kelty was appointed as a director of the Bank in August 2001 and was last elected in December 2004.

Mr Kelty is 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 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 - 2000 and a member of the Reserve Bank Board from 1988 - 1996. He is a member of the Bank's Corporate Governance Committee.

The Board recommends that shareholders vote in favour of his re-election as a director.

Item 3 – Terms Of Perpetual Equity Preference Shares

The Bank is seeking shareholder approval of the proposed terms of the Perpetual Equity Preference Shares ("BOQ PEPS") which will be the subject of a proposed offer under a prospectus to be issued by the Bank.

The Bank would be able to issue BOQ PEPS under the Bank's current Constitution without shareholder approval except for the proposed terms of issue permitting the Bank to redeem those shares in certain circumstances. The Constitution does not presently set out redemption terms for preference shares.

The Bank is therefore seeking approval of the terms of issue of the BOQ PEPS as required by section 254A(2) of the Corporations Act.

BOQ PEPS offer holders floating rate, discretionary, preferred, noncumulative semi-annual dividends. As part of its ongoing capital management strategy, the Bank intends to issue BOQ PEPS to raise \$150 million, with an ability to raise up to an additional \$50 million in oversubscriptions.

Existing Bank shareholders (ordinary, RePS and S1RPS) will be eligible for priority in allocation ahead of the general public offer allocation.

The proceeds from the issue of BOQ PEPS will increase the Bank's Tier 1 capital as part of its ongoing capital management and will be used to fund further growth of its business. The BOQ PEPS have been structured to qualify as Non-Innovative Residual Tier 1 Capital.

Neither the approval of the proposed terms of issue nor the issue of BOQ PEPS by the Bank affects the rights of holders of the Bank's existing classes of preference shares, RePS and S1RPS, so no separate approval is required from those security holders.

The key terms and conditions of BOQ PEPS include:

- floating rate, discretionary, preferred, noncumulative semi-annual dividends;
- redeemable (subject to APRA approval) after 5 years or semi-annually thereafter at the option of the Bank;
- rank behind RePS, equal with S1RPS and ahead of ordinary shares for dividends and return of capital on winding up;
- redeemable (subject to APRA approval) on a change of control of the Bank or if unable to be redeemed, will convert to ordinary shares.

The summary terms sheet for the BOQ PEPS is set out in Attachment A. A full set of the proposed terms of issue are available at www.boq.com.au.

Item 4 - Modify The Constitution

As noted above, the present Constitution does not set out redemption terms for preference shares. Changes in prudential requirements of APRA now allow redemption of preference shares in approved circumstances.

The Bank proposes that the Constitution be amended to include redemption terms so that future issues of preference shares with terms of redemption do not require a separate shareholder approval, unless those terms are different to those in the proposed modification to the Constitution.

The terms proposed to be included in schedule 1 of the Constitution are consistent with the BOQ PEPS terms of issue. However, they are flexible enough to be used for a different class of preference shares, should the Bank elect to do so.

The terms allow the Board to establish certain redemption conditions in the specific terms of issue of a preference share, provided they are generally consistent with the terms in the Constitution.

For example, the redemption terms allow the Bank to issue preference shares which are redeemable at the option of the Bank, the holder or both, and/or on the happening of some event, each as specified in the terms of issue set by the Board for such shares.

The proposed modification to the Constitution is set out in Attachment B.

Item 5 - Approval Of Future Issues Under The Senior Management Option Plan

5.1 Background and rationale

The Board adopted the Senior Management Option Plan (SMOP) in 2001 and issues of options under the SMOP were approved by shareholders in 2004. Shareholders are asked by this resolution to renew that approval.

Since 2001, the Bank has made annual issues of options to senior managers as part of its remuneration policy of providing effective long term incentives for performance of senior managers.

Since the date of the last approval of the SMOP in December 2004, 10,170,000 options have been issued under the SMOP. Currently, there are approximately 8.2 million unexercised SMOP options on issue. Option issues have been disclosed in detail to ASX and in the Bank's annual reports. Each option has a non-exercise period of three years and all options on issue are subject to performance hurdles.

Before each annual option issue, the Remuneration and Nomination Committee consider appropriate performance hurdles having regard to the Bank's remuneration policies and business objectives to ensure that the incentives provided to management match those objectives and are aligned to shareholders interests.

Item 5 - Approval Of Future Issues Under The Senior Management Option Plan continued next page

success

A large, stylized graphic of the number '100%' in a light green color, positioned at the top left of the page.

The Board intends to continue to make regular issues under the SMOP, including in the current year. As part of its policy of providing transparency in executive remuneration, the Board is seeking to renew the approval of shareholders for future issues under the SMOP for the purposes of Listing Rule 7.2.

The Listing Rules limit the number of securities which may be issued over any twelve month period without shareholder approval to 15% of the Bank's issued capital (15% Rule).

Under Listing Rule 7.2, shareholders may approve issues of options under an employee incentive plan as an exception to the 15% Rule so that issues of options under the plan are not considered for the purposes of calculating the capacity to issue securities under the 15% Rule.

This approval continues for 3 years, at which time it must either be renewed or it expires and issues under the plan revert to being a part of the 15% Rule.

If issues of options under the SMOP are approved as an exception to the 15% Rule, this has the additional benefit of assisting the Bank to manage its capital requirements more efficiently and to ensure that the full range of capital raising opportunities are available for capital management and acquisitions, as necessary.

If the resolution is not passed, issues of options under the SMOP may be made but must fall within and be permitted by the 15% Rule at the time of issue.

5.2 Terms and conditions of the SMOP

A summary of the terms and conditions of the SMOP is set out in Attachment C to this Explanatory Statement.

A copy of the SMOP is available on the Bank's website at www.boq.com.au.

5.3 Recommendation

The Board recommends that you vote in favour of Resolution 5. None of the non-executive directors are entitled to participate in the SMOP. Mr David Liddy, the managing director, does not hold any options under the SMOP. However he does hold options that have been issued pursuant to his employment agreement and these options have been issued on terms consistent with the SMOP. It is not intended that he participate in the SMOP.

Item 6 - Remuneration report (non-binding resolution)

Under the Corporations Act, listed companies are required to put to their shareholders a resolution to adopt the remuneration report contained in the Annual Report.

The resolution is advisory only and does not bind the directors.

The remuneration report sets out the Board's policies for director and senior manager remuneration, including a discussion of the relationship of remuneration to the Bank's performance, and other information required by the Corporations Act about director and senior manager remuneration.

Attachment A. BOQ PEPS Summary Terms Sheet

General	
Security	Perpetual Equity Preference Shares
Face Value	A\$100 per BOQ PEPS
Term	BOQ PEPS are preference shares, which are perpetual. The instrument can only be Redeemed by Bank of Queensland and not by the Holders.
Dividends	
Dividend Rate	<p>The Dividend Rate will be calculated as $(BBR + \text{Margin}) \times (1 - \text{Tax Rate})$</p> <p>Where:</p> <ul style="list-style-type: none"> ▪ BBR – is the 180 day Bank Bill Swap Rate on the first Business Day of each Dividend Period (or a near equivalent rate for a shorter Dividend Period). ▪ Margin – a fixed percentage margin to be determined by the Directors and set out in the Prospectus. ▪ Tax Rate – the tax rate applicable to BOQ's franking account which is currently 30%.
Dividend Amount	<p>Dividends will be calculated as:</p> $\frac{\text{Face Value} \times \text{Dividend Rate} \times \text{Days in Dividend Period}}{365}$
Dividend Payment Dates / Dividend Periods	Dividends will be calculated and are scheduled to be paid semi-annually in arrears. The first Dividend is scheduled to be paid on 15 April 2008. Dividend Payment Dates are the 15th day of April and October of each year. If any of these dates are not Business Days, then payment will be made on the next Business Day.
Franking	<p>If any Dividend is not franked to 100%, the cash component of the Dividend will be increased in accordance with the following formula:</p> $\text{Dividend} = \frac{d}{1 - [t \times (1 - f)]}$ <p>Where:</p> <ul style="list-style-type: none"> ▪ d – is the Dividend; ▪ t – the Australian corporate tax rate at the Dividend Payment Date which is currently 30%; and ▪ f – is the franking percentage of the Dividend, expressed as a decimal.

Attachment A. BOQ PEPS Summary
Terms Sheet continued next page

success

annual general meeting 2007

attachment a: boq peps summary terms sheet



Attachment A. BOQ PEPS Summary Terms Sheet (continued)

<p>Dividend payment tests</p>	<p>Dividends are non-cumulative. Holders have no claim or entitlement in respect of a non-payment.</p> <p>The payment of any Dividend is subject to:</p> <ul style="list-style-type: none"> ▪ the Directors at their sole discretion determining that the Dividend is payable; ▪ Bank of Queensland having sufficient profits lawfully available; ▪ the amount of the Dividend not exceeding Distributable Profits (as determined by APRA) on the relevant Dividend Payment Date, unless otherwise approved by APRA; ▪ payment of the Dividend not resulting in any breach of APRA's then prevailing capital adequacy standards and guidelines or any other regulatory requirement, unless otherwise approved by APRA; ▪ APRA having given its prior written approval to the payment of the Dividend and having not stated that if the proposed payment is made the BOQ PEPS will not be treated as Non-Innovative Residual Tier 1 Capital; and ▪ in the case of an Optional Dividend, APRA giving its prior written approval.
<p>Dividend Stopper</p>	<p>If Bank of Queensland fails to pay a Dividend in full within 3 Business Days after the relevant Dividend Payment Date, or fails to Redeem or Convert as required in accordance with the Terms of Issue, Bank of Queensland may not, without approval of a special resolution passed at a separate meeting of Holders, make any dividend or interest payments, return capital or distribute retained profits, on any:</p> <ul style="list-style-type: none"> ▪ Ordinary Shares; or ▪ S1RPS or any other Capital Securities of Bank of Queensland ranking equal to the BOQ PEPS in respect of dividends or distributions; or ▪ other Capital Securities of Bank of Queensland ranking junior to the BOQ PEPS in respect of dividends or distributions. <p>These restrictions will no longer apply if:</p> <ul style="list-style-type: none"> ▪ two consecutive Dividends scheduled to be paid on the BOQ PEPS after the restrictions come into effect have been paid in full; or ▪ an Optional Dividend has been paid to the Holders equal to the unpaid amount of the two immediately preceding Dividends prior to the date of payment of the Optional Dividend; or ▪ all BOQ PEPS have been Redeemed or Converted. <p>The restrictions do not prevent the pro rata payment of dividends on BOQ PEPS and other Capital Securities of the Bank ranking equal to the BOQ PEPS in respect of dividends or distributions (such as S1RPS).</p>
<p>Redemption or Conversion</p>	
<p>When can the BOQ PEPS be Redeemed or bought back?</p>	<p>Bank of Queensland may choose to Redeem the BOQ PEPS:</p> <ul style="list-style-type: none"> ▪ on the fifth anniversary of the Issue Date and on each subsequent Dividend Payment Date; or ▪ following the occurrence of a Tax Event or Regulatory Event. <p>Bank of Queensland can elect to Redeem the BOQ PEPS by redemption, buy-back or cancellation for an amount equal to the Redemption Price which includes any Dividend payable for the Dividend Period ending on the Redemption Date.</p> <p>The BOQ PEPS are not Redeemable at the option of the Holder and Bank of Queensland is not in any circumstances obliged to Redeem the BOQ PEPS except under a Control Event.</p>

Control Event	<p>After a Control Event the Directors must, within 20 Business Days or within 5 Business Days after APRA notifies Bank of Queensland of its written approval, choose whether to redeem, buy-back or cancel the BOQ PEPS for cash. If APRA does not provide written approval for Redemption, Conversion of the BOQ PEPS for a number of Ordinary Shares (subject to APRA's prior written approval and the Maximum Conversion Number test) will occur.</p> <p>A Control Event includes a recommended unconditional takeover offer which has achieved an interest over 50% or a finally approved scheme of arrangement where a person acquires more than 50% of the Bank.</p>
Conversion Number	<p>Conversion Number = $\frac{\text{Face Value} + \text{Unpaid Dividends}}{\text{Pre-Conversion VWAP} \times (1 - \text{DF})}$</p> <p>Where:</p> <ul style="list-style-type: none"> ▪ DF – is the discount factor of 0.025. ▪ Pre-Conversion VWAP – is the average daily volume weighted average prices of Ordinary Shares during the 20 Business Days on which Ordinary Shares were traded on ASX preceding the Conversion Date. ▪ Unpaid Dividends means the Dividend that would be payable on a BOQ PEPS if Redeemed by redemption or cancellation for a Dividend Period ended on the Conversion Date as if that date was the Redemption Date.
Maximum Conversion Number test	<p>The Maximum Conversion Number test is whether on the Conversion Date the Conversion Number does not exceed the Maximum Conversion Number.</p> <p>Maximum Conversion Number = $\frac{\text{Face Value}}{\text{Pre-Issue VWAP} \times 0.5}$</p> <p>Where the Pre-Issue VWAP is the average daily volume weighted average prices of Ordinary Shares during the 20 Business Days on which Ordinary Shares were traded on ASX preceding the Issue Date.</p> <p>If the Conversion Number is a higher number of Ordinary Shares than the Maximum Conversion Number, a Holder will not be Converted unless the Holder elects to Convert at the Maximum Conversion Number.</p>
No Redemption	<p>If on Redemption, any Dividend cannot be paid as a result of the Dividend payment test not being satisfied, Redemption will not occur and the Dividend Stopper will apply.</p>
Ranking	
Ranking for the payment of Dividends	<p>The BOQ PEPS rank subordinate to the RePS, equal to the S1RPS and in priority to Ordinary Shares for payment of Dividends.</p>
Ranking in a winding up or liquidation of Bank of Queensland	<p>The BOQ PEPS rank subordinate to all creditors (including depositors) and current RePS holders, equal to current S1RPS holders, and in priority to Ordinary Shareholders for return of capital on winding up.</p>

SUCCESS

annual general meeting 2007

attachment a: boq peps summary terms sheet



Attachment B: Modifications to Constitution

In Schedule 1 to the Constitution:

1. Insert a new sub-clause 1.1A as follows:

“1.1A Rights on Redemption

If the Issue Terms for the Preference Share state that the Preference Share is redeemable, the right on redemption to payment of:

- (a) the amount of any dividend (whether declared or not) accrued on the Preference Share but unpaid at the date of redemption; and
- (b) any additional amount (which may include the amount of capital paid up on the Preference Share) specified in the Issue Terms as payable on redemption,

in priority to the ordinary shares and any other class of shares specified in the Issue Terms.”

2. Insert a new clause 2.4 as follows:

“2.4 Redemption

If the Preference Share is to be redeemable:

- (a) whether, and in what circumstances, redemption is at the option of the holder or the Company or is fixed to some other date or event;
- (b) the dates on, or circumstances in which, the Preference Shares will, or may be, redeemed;
- (c) the method or methods by which the Preference Share will or might be redeemed, which may include redemption, cancellation or buy back;
- (d) the method by which the amount payable on redemption will or may be calculated or otherwise determined, including amounts payable or not payable at the discretion of the Board, and the manner and time for payment;

- (e) the treatment of the redemption terms attaching to the Preference Share on the occurrence of specified events, including the payment or non-payment of dividends or obtaining or not obtaining regulatory approvals; and
- (f) the extent to which voting rights attaching to the Preference Share may not apply in respect of the redemption, cancellation or buy back of the Preference Share in accordance with the Issue Terms.”

3. Insert a new clause 3A as follows:

“3A. Redemption Rights

The Company must give effect to a redemption of a Preference Share at the time specified in the Issue Terms for that redemption to take place. On redemption, the holder must surrender the certificate (if any) for the Preference Share and provide such other information and do such things as are required by the Company in accordance with the Issue Terms.”

Attachment C. Summary of the Bank's Senior Management Option Plan

1. The plan is open to employees in management positions. Executive (but not non-executive) directors of the Bank are eligible to participate in the plan. It is not intended that Mr David Liddy, the Managing Director, will participate in the plan.
2. The Board may determine the number of options to be issued under the plan and the exercise price and other terms of issue of those options.
3. Subject to the Board resolving otherwise, options are exercisable not less than 3 years and not more than 5 years after they are granted to eligible employees.
4. Options which are exercisable, but which have not been exercised, lapse on the first to occur of the following events:
 - (a) their expiry date;
 - (b) 6 months after the option holder ceases employment because of a Qualifying Reason, ie death, total and permanent disability, redundancy, retirement or other reason determined by the Board;
 - (c) the option holder ceasing employment with any body corporate within the Bank of Queensland Limited Group for any reason other than a Qualifying Reason;
 - (d) 6 months after a Capital Event (50% or more of the Bank's ordinary shares are acquired by way of takeover or scheme of arrangement, the Bank is wound up or liquidated or another event which the Board considers to be a capital event); or
 - (e) if the option holder has acted fraudulently, dishonestly or in breach of the option holder's obligations to the Bank.
5. If an option holder ceases employment because of a Qualifying Reason, then a proportion of unvested options will become exercisable, such proportion being based on the time elapsed in the non-exercise period. The Board may allow more unvested options to become exercisable than the formula allows.
6. If a Capital Event occurs, all unvested options become exercisable.
7. Each option will convert into one ordinary fully paid share on exercise.
8. Option holders do not participate in new issues of securities made by the Bank but adjustments are to be made to the number of shares over which the options exist and/or the exercise price to take into account changes to the capital structure of the Bank that occur by way of pro rata and bonus issues according to the formula set out in the plan and the Listing Rules.
9. In any reconstruction, options will be similarly reconstructed in accordance with the Listing Rules.
10. The aggregate number of shares issued by the Bank following exercise of the relevant options under the plan, together with shares issued by the Bank under any other employee share or option scheme during any 5 year period (disregarding offers that do not need disclosure under section 708 of the Corporations Act), must not exceed 5% of the Bank's total issued ordinary shares.

A copy of the SMOP is available on the Bank's website at boq.com.au.

SUCCESS

annual general meeting 2007

attachment c. summary of the bank's senior management option plan