



## RETAIL ENTITLEMENT OFFER

# Bank of Queensland Limited

ABN 32 009 656 740

Details of a 8-for-37 accelerated non-renounceable pro rata Entitlement Offer of Bank of Queensland ordinary shares ("New Shares") at an offer price of \$6.05 per New Share. Retail Entitlement Offer closes at 5.00pm (Sydney time) on Tuesday, 24 April 2012.

This is an important document which is accompanied by a personalised Entitlement and Acceptance Form and both should be read in their entirety. Please call your professional adviser or the Bank of Queensland Shareholder Information Line if you have any questions.



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*This Retail Entitlement Offer Booklet contains certain forward looking statements. Forward looking statements can generally be identified by the use of forward looking words such as: "anticipate", "believe", "estimate", "should", "will", "plan", "could", "may", "intends", "project", "forecast", "target", "likely" and other similar expressions, and include statements regarding outcome and effects of the equity raising. Indications of and guidance or outlook on future earnings, distributions or financial position or performance are also forward looking statements. The forward looking statements contained in this Retail Entitlement Offer Booklet involve known and unknown risks and uncertainties and other factors which are beyond the control of BOQ and may involve significant elements of subjective judgement as to future events which may or may not be correct. Forward looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Except as required by law or regulation, BOQ undertakes no obligation to update these forward looking statements.*

*To the maximum extent permitted by law, BOQ and its officers, employees, agents, associates and advisers do not make any representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of such information, or likelihood of fulfilment of any forward looking statement, and disclaim all responsibility and liability for these forward looking statements (including, without limitation, liability for negligence). Refer to the Risk Factors section of the Investor Presentation for a summary of certain risk factors that may affect BOQ when considering this information. There can be no assurance that actual outcomes will not differ materially from these forward looking statements. The financial guidance in relation to the half year ended 29 February 2012 contained in the Investor Presentation and information derived from it does not represent final actual numbers and has not been reviewed by BOQ's auditor. No review statements by BOQ's auditor have been made on this information. BOQ's actual financial statements for the half year, once published, may differ from the guidance in this Retail Entitlement Offer Booklet.*

*This Retail Entitlement Offer Booklet, the accompanying Chairman's Letter, any accompanying ASX announcements and the Entitlement and Acceptance Form do not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to any person that is, or is acting for the account or benefit of, a "U.S. person" (as defined in Regulation S under the U.S. Securities Act of 1933 (the "Securities Act")) ("U.S. Person"). The New Shares offered in the Entitlement Offer have not been, and will not be, registered under the Securities Act or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold to persons in the United States or to persons who are, or are acting for the account or benefit of, U.S. Persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. This Retail Entitlement Offer Booklet may not be distributed or released in the United States or to, or for the account or benefit of, U.S. Persons.*

## CHAIRMAN'S LETTER

3 April 2012

Dear Shareholder,

On 26 March 2012, Bank of Queensland Limited ("BOQ") announced it would seek to raise approximately \$450 million in new equity to strengthen BOQ's Core Tier 1 capital position, fund organic growth opportunities and fund the future redemption of Tier 2 Convertibles Notes.

On behalf of the Board, I am pleased to offer you the opportunity to subscribe for 8 New Shares for every 37 existing BOQ shares held at 7.00pm (Sydney) on Thursday, 29 March 2012 at the offer price of \$6.05 per New Share ("Entitlement Offer"). This represents a discount of 17.1% to the closing price of BOQ shares on ASX on Friday, 23 March 2012 and a 13.5% discount to the theoretical ex-rights price<sup>1</sup>.

On 28 March 2012, BOQ announced that it had successfully raised approximately \$150 million from an institutional placement and approximately \$134 million through the underwritten institutional component of the Entitlement Offer, with strong support from eligible institutional shareholders subscribing for approximately 92% of their entitlements. A copy of this announcement is included in this booklet.

This letter relates to the retail component of the Entitlement Offer ("Retail Entitlement Offer") which will raise approximately \$166 million.

Post completion, BOQ will have a pro forma Core Tier 1 ratio of 8.6% and a Tier 1 ratio of 9.5%.<sup>2</sup> This will place BOQ at the top end of its Australian banking peers in terms of capital strength.

You will find in the booklet with this letter the following information:

- Key Dates for the Retail Entitlement Offer;
- Instructions on "How to Apply" setting out how to accept all or part of your entitlement or apply for Additional New Shares in the Retail Entitlement Offer if you choose to do so;
- Investor Presentation dated 26 March 2012;
- Copies of ASX announcements relating to the Offer; and
- Important Information.

Also accompanying this booklet is an Entitlement and Acceptance Form which details your entitlement, to be completed in accordance with the instructions provided on the form and the instructions on "How to Apply".

The Retail Entitlement Offer closes at 5.00pm (Sydney time) on Tuesday, 24 April 2012. To participate, you need to ensure that your completed Entitlement and Acceptance Form is received by BOQ before this time and date OR you have paid your application monies via BPAY® pursuant to the instructions that are set out on the Entitlement and Acceptance Form. Please refer to the instructions on "How to Apply" in this booklet and on the Entitlement and Acceptance Form for further information.

Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable. Shareholders who do not take up their entitlement in full will not receive any value in respect of those entitlements they do not take up.

Eligible retail shareholders may also apply for additional New Shares in excess of their entitlements ("Additional New Shares"). Applications for Additional New Shares will be satisfied to the extent there is a shortfall in acceptances under the Retail Entitlement Offer. Allocations are subject to the absolute discretion of BOQ and BOQ may scale-back applications for Additional New Shares in any manner it decides.

New Shares and Additional New Shares will rank equally in all respects with existing shares and will be entitled to the fully franked half year dividend of 26 cents per share announced by BOQ on 26 March 2012.

Retail shareholders who have any queries about the Entitlement Offer should contact BOQ's Offer Information Line on 1800 779 639 (within Australia) or on +61 2 8280 7626 (from outside Australia) at any time from 8.30am to 7.30pm (Sydney time) Monday to Friday during the Retail Entitlement Offer period, or consult their stockbroker, accountant or other professional adviser.

On behalf of the Board and management team of BOQ, I invite you to consider this investment opportunity and thank you for your ongoing support.

Yours sincerely



Neil Summerson  
Chairman

<sup>1</sup> Theoretical ex-rights price is the theoretical price at which BOQ shares should trade immediately after the ex-date for the Entitlement Offer and includes the New Shares issued under the placement. <sup>2</sup> As at 1H12 on a Basel II basis.

# Key Dates

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## KEY DATES

EVENT <sup>1</sup>	DATE
Institutional Entitlement Offer and Placement ("Institutional Offer")	Monday, 26 March 2012 to Tuesday, 27 March 2012
Record Date for the Entitlement Offer	Thursday, 29 March 2012 at 7:00pm (Sydney time)
Despatch of Entitlement and Acceptance Form and Retail Entitlement Offer Booklet to Eligible Retail Shareholders	Completed by Tuesday, 3 April 2012
Retail Entitlement Offer opens	Tuesday, 3 April 2012
Retail Entitlement Offer closes	Tuesday, 24 April 2012 at 5:00pm (Sydney time)
Settlement of the Retail Entitlement Offer	Monday, 30 April 2012
Issue of New Shares under the Retail Entitlement Offer	Tuesday, 1 May 2012
Despatch of Transaction Confirmation statements	Tuesday, 1 May 2012
Normal trading of New Shares issued under the Retail Entitlement Offer expected to commence on ASX	Wednesday, 2 May 2012

### ENQUIRIES

If you have any questions, please call the Bank of Queensland Shareholder Information Line on 1800 779 639 (within Australia) or +61 2 8280 7626 (from outside Australia) at any time from 8.30am to 7.30pm (Sydney time) Monday to Friday during the Retail Entitlement Offer period, or consult your stockbroker, accountant or other professional adviser.

Website: [www.boq.com.au](http://www.boq.com.au)

<sup>1</sup> Timetable is subject to change at BOQ's absolute discretion. BOQ reserves the right to withdraw or vary the timetable for the Entitlement Offer without notice. In particular, BOQ reserves the right to extend the closing date of the Retail Entitlement Offer without prior notice. The commencement of quotation of New Shares is subject to confirmation from ASX.

# How to Apply

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## HOW TO APPLY

### 1. THE RETAIL ENTITLEMENT OFFER

Eligible Retail Shareholders (as defined in the Important Information section) are being offered the opportunity to subscribe for 8 New Shares for every 37 existing BOQ ordinary shares ("Shares") held at 7.00pm (Sydney time) on Thursday, 29 March 2012 ("Entitlement"), at the offer price of \$6.05 per New Share ("Offer Price").

You should note that not all BOQ shareholders will be eligible to participate in the offer of New Shares. Please read Important Information – Section 1.

Eligible Retail Shareholders may also apply for New Shares in excess of their Entitlement ("Additional New Shares"). Please note that Additional New Shares will only be allocated to Eligible Retail Shareholders if and to the extent that BOQ so determines, in its absolute discretion, having regard to circumstances as at the time of the close of the Retail Entitlement Offer. Any Additional New Shares will be limited to the extent that there are sufficient New Shares from Eligible Retail Shareholders who do not take up their full Entitlements or from New Shares that would have been offered to Ineligible Retail Shareholders if they had been entitled to participate in the Retail Entitlement Offer. BOQ may apply any scale-back to applications in its absolute discretion in any manner it decides.

New Shares and Additional New Shares issued pursuant to the Retail Entitlement Offer will be fully paid and rank equally with existing BOQ Shares on issue.

The Retail Entitlement Offer is being made pursuant to provisions of the Corporations Act 2001 (Cth) (as modified) which allow rights issues to be offered without a prospectus. As a result, it is important for Eligible Retail Shareholders to carefully read and understand the information on BOQ and the Retail Entitlement Offer made publicly available, prior to accepting all or part of their Entitlement or applying for Additional New Shares. In particular, please refer to this booklet, BOQ's half year and annual reports and other announcements made available at [www.boq.com.au](http://www.boq.com.au).

Your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and has been calculated as 8 New Shares for every 37 Shares you held as at the Record Date of 7.00pm (Sydney time) on Thursday, 29 March 2012 rounded up to the nearest whole New Share. If you have more than one registered holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding.

Note: The Entitlement stated on your personalised Entitlement and Acceptance Form may be in excess of the actual Entitlement you may be permitted to take up where, for example, you are holding Shares on behalf of a U.S. Person (see definition of Eligible Retail Shareholder in the Important Information section).

#### Nominees

The Retail Entitlement Offer is being made to all Eligible Retail Shareholders (as defined in the Important Information section). BOQ does not undertake to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares. Where any holder is acting as a nominee for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws. *Any person in the United States or any person that is, or is acting for the account or benefit of, a U.S. Person with a holding through a nominee may not participate in the Retail Entitlement Offer and the nominee must not take up any Entitlement or send any materials into the United States or to any person, that is, or is acting for the account or benefit of, a U.S. Person. BOQ does not undertake to advise you on any foreign laws.*

## HOW TO APPLY

### 2. CONSIDER THE RETAIL ENTITLEMENT OFFER IN LIGHT OF YOUR PARTICULAR INVESTMENT OBJECTIVES AND CIRCUMSTANCES

Please consult with your stockbroker, accountant or other professional adviser if you have any queries or are uncertain about any aspect of the Retail Entitlement Offer. You should also refer to the "Risk Factors" section in the Investor Presentation released to ASX on Monday, 26 March 2012 which is included in this booklet.

### 3. COMPLETE AND RETURN THE ACCOMPANYING ENTITLEMENT AND ACCEPTANCE FORM WITH YOUR APPLICATION MONIES OR MAKE A PAYMENT BY BPAY®

If you are an Eligible Retail Shareholder, you may do any one of the following:

- take up all or part of your Entitlement;
- take up all of your Entitlement and also apply for Additional New Shares in excess of your Entitlement; or
- do nothing, in which case all of your Entitlement will lapse.

If you decide to take up all or part of your Entitlement, or apply for Additional New Shares, please complete and return the personalised Entitlement and Acceptance Form with the requisite Application Monies or pay your Application Monies via BPAY® by following the instructions set out on the personalised Entitlement and Acceptance Form.

BOQ will treat you as applying for as many New Shares as your payment will pay for in full, subject to any scale-back it may determine to implement in its absolute discretion in respect of Additional New Shares. Amounts received by BOQ in excess of your Entitlement ("Excess Amount") may be treated as an application for as many Additional New Shares as your Excess Amount will pay for in full. If you are paying by BPAY®, please make sure to use the specific Biller Code and unique Reference Number on your personalised Entitlement and Acceptance Form. If you receive more than one personalised Entitlement and Acceptance Form, please only use the Reference Number specific to the Entitlement on that Form. If you inadvertently use the same Reference Number for more than one of your Entitlements, you will be deemed to have applied only for Additional New Shares on the Entitlement to which that Reference Number applies.

If you take no action you will not be allocated New Shares and your Entitlement will lapse. Your Entitlement to participate in the Retail Entitlement Offer is non-renounceable and will not be tradeable or otherwise transferable. Shareholders who do not take up their Entitlements in full will not receive any payment or value for those Entitlements they do not take up.

If you take up and pay for all or part of your Entitlement before the close of the Retail Entitlement Offer you will be issued your New Shares on Tuesday, 1 May 2012. If you apply for Additional New Shares then, subject to BOQ's absolute discretion to scale-back your application for Additional New Shares (in whole or part), you will be issued these on Tuesday, 1 May 2012. BOQ's decision on the number of Additional New Shares to be allocated to you will be final.

BOQ also reserves the right (in its absolute discretion) to reduce the number of New Shares allocated to Eligible Retail Shareholders, or persons claiming to be Eligible Retail Shareholders, if their claims prove to be overstated or if they or their nominees fail to provide information to substantiate their claims.

### 4. ACCEPTANCE OF THE RETAIL ENTITLEMENT OFFER

The method of acceptance of the Retail Entitlement Offer will depend on your method of payment being:

- by BPAY®; or
- by cheque, bank draft or money order.

## HOW TO APPLY

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY®, you will be deemed to have represented that you are an Eligible Retail Shareholder (as defined in the Important Information section).

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY®, you will also be deemed to have acknowledged, represented and warranted on your own behalf and on behalf of each person on whose account you are acting that:

- (a) you and each person on whose account you are acting for are not in the United States, and are not, and are not acting for the account or benefit of, a U.S. Person;
- (b) you and each person on whose account you are acting acknowledge that the New Shares have not been and will not be, registered under the Securities Act or under the securities laws of any state or other jurisdiction of the United States, or in any other jurisdiction outside Australia or New Zealand and accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities laws;
- (c) you and each person on whose account you are acting have not and will not send this Offer Booklet, the Entitlement and Acceptance Form or any other materials relating to the Retail Entitlement Offer to any person in the United States or a U.S. Person or a person who is acting for the account or benefit of, a U.S. Person;
- (d) if in the future you decide to sell or otherwise transfer the New Shares, you will do so in regular way transactions on the ASX or otherwise where neither you nor any person acting on your behalf know, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States or a U.S. Person or a person acting on behalf of a U.S. Person; and
- (e) if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is not in the United States or a U.S. Person, and is not acting for the account or benefit of a U.S. Person, and you have not sent this Retail Entitlement Offer Booklet, the Entitlement and Acceptance Form or any information relating to the Retail Entitlement Offer to any such person.

### Payment by BPAY®

For payment by BPAY®, please follow the instructions on the personalised Entitlement and Acceptance Form (which includes the Biller Code and your unique Reference Number). You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

Please note that should you choose to pay by BPAY®:

- you do not need to submit the personalised Entitlement and Acceptance Form but are taken to have made the declarations on that personalised Entitlement and Acceptance Form; and
- if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares (and Additional New Shares, if any) which is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 5.00pm (Sydney time) on Tuesday, 24 April 2012 (subject to variation). You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment.

Please make sure to use the specific Biller Code and unique Reference Number on your personalised Entitlement and Acceptance Form. If you have more than one holding of

## HOW TO APPLY

Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding. If you receive more than one personalised Entitlement and Acceptance Form, please only use the Reference Number specific to the Entitlement on that Form. If you inadvertently use the same Reference Number for more than one of your Entitlements, you will be deemed to have applied only for Additional New Shares on the Entitlement to which that Reference Number applies.

Any Application Monies received for more than your final allocation of New Shares and Additional New Shares will be refunded on or around Thursday, 3 May 2012 (except for where the amount is less than \$1.00 in which case it will be donated to a charity chosen by BOQ). No interest will be paid on any Application Monies received or refunded.

### **Payment by cheque, bank draft or money order**

For payment by cheque, bank draft or money order, you should complete your personalised Entitlement and Acceptance Form in accordance with the instructions on the form and return it accompanied by a cheque, bank draft or money order in Australian currency for the amount of the Application Monies, payable to "Bank of Queensland Limited" and crossed "Not Negotiable".

Your cheque, bank draft or money order must be:

- for an amount equal to \$6.05 multiplied by the number of New Shares (and Additional New Shares, if any) that you are applying for; and
- in Australian currency drawn on an Australian branch of a financial institution.

You should ensure that sufficient funds are held in the relevant account(s) to cover the Application Monies as your cheques will be processed on the day of receipt. If the amount of your cheque for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay for the number of New Shares you have applied for in your personalised Entitlement and Acceptance Form in full, you will be taken to have applied for such lower number of whole New Shares (and Additional New Shares, if any) as your cleared Application Monies will pay for (and taken to have specified that number of New Shares (and Additional New Shares, if any) on your personalised Entitlement and Acceptance Form). Alternatively, your application will not be accepted.

If the amount of your cheque for Application Monies includes an Excess Amount, BOQ will treat your application as an application for as many New Shares as your payment will pay for in full, subject to any scale-back BOQ may determine to implement in its absolute discretion in respect of Additional New Shares.

Any Application Monies received for more than your final allocation of New Shares and Additional New Shares will be refunded on or around Thursday, 3 May 2012 (except for where the amount is less than \$1.00 in which case it will be donated to a charity chosen by BOQ). No interest will be paid on any Application Monies received or refunded.

Cash payments will not be accepted. Receipts for payment will not be issued.

## HOW TO APPLY

### 5. MAIL

To participate in the Retail Entitlement Offer, your payment must be received no later than the close of the Retail Entitlement Offer, at 5.00 pm (Sydney time) on Tuesday, 24 April 2012. Shareholders who make payment via cheque, bank draft or money order should mail their completed personalised Entitlement and Acceptance Form together with Application Monies using the reply paid or self-addressed envelope provided with this booklet, or deliver to:

#### By mail

Bank of Queensland Limited  
C/- Link Market Services Limited  
Locked Bag 3415  
Brisbane QLD 4000  
AUSTRALIA

#### By hand (please do not use this address for mailing purposes)

Bank of Queensland Limited  
C/- Link Market Services Limited  
Level 15, 324 Queen Street, BRISBANE QLD 4000, AUSTRALIA

### 6. ONLINE

Eligible Retail Shareholders may also participate in the Retail Entitlement Offer by completing the Online Application Form and paying Application Monies by BPAY® in accordance with the instructions on the Online Application Form. It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 5.00pm (Sydney time) on Tuesday, 24 April 2012. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment.

# ASX Offer Announcements

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Investor Presentation  
Dated 26 March 2012



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# Bank of Queensland

## Market update and capital raising

26 March 2012

*Stuart Grimshaw*

*Managing Director and CEO*



Your own personal bank

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## Important notices

### Important Notice

This presentation (**Presentation**) has been prepared by Bank of Queensland Limited, ABN 32 009 656 740 (**BOQ**). This presentation has been prepared in relation to an accelerated non-renounceable entitlement offer (**Entitlement Offer**) and placement (**Placement**) of new ordinary shares in BOQ (**New Shares**), to be made under section 708AA and section 708A of the Corporations Act 2001 (Cth) (**Corporations Act**) as modified by ASIC Class Order [08/35].

The Entitlement Offer will be made to:

- ▶ eligible institutional shareholders of BOQ (**Institutional Entitlement Offer**); and
- ▶ eligible retail shareholders of BOQ (**Retail Entitlement Offer**).

In this Presentation the Placement together with the Entitlement Offer is referred to as the **Offer**. The Placement will be conducted contemporaneously with the Institutional Entitlement Offer.

### Summary information

The information contained in this Presentation is of a general nature and no representation or warranty, express or implied, is provided in relation to the accuracy or completeness of the information. None of the underwriter, nor any of their respective advisers, nor the advisers to BOQ or any other person including sources named in this document, have authorised, permitted or caused the issue, submission, dispatch or provision of this Presentation and, except to the extent referred to in this Presentation, none of them makes or purports to make any statement in this Presentation and there is no statement in this Presentation which is based on any statement by any of them.

Statements in this Presentation are made only as of the date of this Presentation unless otherwise stated and the information in this Presentation remains subject to change without notice.

The historical information in this Presentation is, or is based upon, information that has been released to the market. It should be read in conjunction with BOQ's other periodic and continuous disclosure announcements to ASX available at [www.asx.com.au](http://www.asx.com.au). Unless otherwise indicated, all references to BOQ's 1H11, 2H11 and FY2011 results in this Presentation are references to BOQ's audit reviewed results for the relevant half year or audited results for the relevant financial year.

### Not an offer

This Presentation is not a prospectus, disclosure document, product disclosure statement or other offering document under Australian law or under any other law. It is for information purposes only and is not an invitation nor offer of securities for subscription, purchase or sale in any jurisdiction. Any decision to purchase New Shares must be made on the basis of the information to be contained in a separate offer document to be prepared and issued to eligible investors. The retail offer booklet for the Retail Entitlement Offer will be available following its lodgement with ASX. Any eligible retail shareholder who wishes to participate in the Retail Entitlement Offer should consider the retail offer booklet in deciding to apply under that offer. Anyone who wishes to apply for New Shares under the Retail Entitlement Offer will need to apply in accordance with the instructions contained in the retail offer booklet and the entitlement and application form. This Presentation does not constitute financial product advice and does not and will not form any part of any contract for the acquisition of New Shares.

This Presentation does not purport to contain all the information that a prospective investor may require in evaluating a possible investment in BOQ nor does it contain all the information which would be required in a prospectus prepared in accordance with the requirements of the Corporations Act.



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## Important notices (cont)

### U.S. restrictions

This Presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or to any person that is, or is acting for the account or benefit of, a "U.S. person" (as defined in Regulation S under the U.S. Securities Act of 1933 (the "Securities Act")) ("U.S. Person"). The New Shares have not been, and will not be, registered under the Securities Act or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold to persons in the United States or to, or for the account or benefit of, U.S. Persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. This Presentation may not be distributed or released in the United States or to, or for the account or benefit of, U.S. Persons.

### Underwriter

The underwriter, its affiliates, directors, officers, employees, agents or associates may, from time to time, hold interests in the securities of, or earn brokerage, fees or other benefits from BOQ.

### Not investment advice

This Presentation has been prepared without taking account of any person's investment objectives, financial situation or particular needs and prospective investors should conduct their own independent investigation and assessment of the Offer and the information contained in, or referred to in, this Presentation.

An investment in BOQ is subject to investment risk including possible loss of income and principal invested. Please see the "Risk Factors" Section of this Presentation for further details.

### Financial amounts

All dollar values are in Australian dollars (A\$) and financial data is presented as at the date stated. The pro-forma financial information and past information provided in this Presentation is for illustrative purposes only and is not represented as being indicative of BOQ's views on its future financial condition and/or performance. Investors should note that past performance, including past trading or share price performance, of BOQ cannot be relied upon as an indicator of (and provides no guidance as to) future BOQ performance including future trading or share price performance.

### Future performance

This Presentation contains certain "forward looking statements". Forward looking statements can generally be identified by the use of forward looking words such as "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "will", "could", "may", "target", "plan" and other similar expressions within the meaning of securities laws of applicable jurisdictions, and include statements regarding outcome and effects of the equity raising. Indications of, and guidance or outlook on future earnings, distributions or financial position or performance are also forward looking statements. The forward looking statements contained in this Presentation involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of BOQ, and may involve significant elements of subjective judgement as to future events which may or may not be correct. Refer to the "Risk Factors" section of this Presentation for a summary of certain risk factors that may affect BOQ when considering this information.

There can be no assurance that actual outcomes will not differ materially from these forward-looking statements.

The financial guidance in relation to the six months to 29 February 2012 contained in this Presentation and information derived from it does not represent final actual numbers and has not been reviewed by BOQ's auditor. No review statements by BOQ's auditor have been made on this information. BOQ's actual financial statements for the six months to 29 February 2012, once published, may differ from the guidance in this Presentation.

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## Important notices (cont)

### Financial Performance

In assessing financial performance, BOQ discloses the net profit (loss) after tax on both a 'Statutory basis' and a 'Normalised Cash basis'. The Statutory basis is prepared in accordance with the Corporations Act 2001 and the Australian Accounting Standards, which comply with International Financial Reporting Standards (IFRS). The Normalised Cash basis is used by Management to present a clear view of BOQ's underlying operating results. This excludes a number of items that introduce volatility and/or one off distortions of BOQ's current period performance, and allows for a more effective comparison of BOQ's performance across reporting periods and against peers. These items, such as amortisation of intangibles from acquisitions, and accounting for economic hedges, are calculated consistently year on year and do not discriminate between positive and negative adjustments. BOQ also uses the measure of 'Normalised Underlying Profit', which represents the Normalised Income less Normalised Operating Expenses, to provide users with a view on the underlying growth rate of the business before bad debt and tax expenses, which often carry volatility between periods. Further details of items excluded from statutory profit are provided in the reconciliation of the net profit after tax ("Normalised Cash basis") in the Appendix of this Presentation.

### Pro forma

Investors should note that this presentation contains pro forma financial information. In preparing the pro forma financial information, certain adjustments were made to the historical financial information of BOQ that it considered appropriate to reflect the capital raising. The pro forma financial information does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission.

### Non-GAAP financial measures

Investors should also be aware that certain financial data included in this presentation are "non-GAAP financial measures" under Regulation G of the U.S. Securities Exchange Act of 1934, as amended. These non-GAAP financial measures may not have a standardized meaning prescribed by Australian Accounting Standards and therefore may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Although BOQ believes these non-GAAP financial measures provide useful information to users in measuring the financial performance and condition of the business, investors are cautioned not to place undue reliance on any non-GAAP financial measures and ratios included in this presentation.

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The information in this Presentation remains subject to change without notice. BOQ reserves the right to withdraw or vary the timetable for the Offer without notice.

### Acceptance

By attending an investor presentation or briefing, or accepting, assessing or reviewing this document you acknowledge and agree to the above.

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## Agenda

- ▶ Market update
- ▶ Strategy and outlook
- ▶ Capital raising

### *Appendix*

- ▶ Normalisation items
- ▶ Portfolio information
- ▶ Risk factors and selling restrictions

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## Market update



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## Introduction

- ▶ Release of preliminary expected results for the six months to 29 February 2012
- ▶ Preliminary 1H12 expected profitability<sup>1</sup>:
  - Normalised underlying profit before tax of \$222 million (1H11: \$216 million)<sup>2</sup>
  - Statutory net loss after tax of \$(91) million (1H11: \$48 million profit)<sup>2</sup>
- ▶ 1H12 net loss reflects a more conservative approach to provisioning which has been a factor in moving to strengthen the balance sheet
- ▶ Board has declared a fully franked interim dividend of 26 cents per share which has also been approved by APRA
- ▶ Finalised results to be released on 18 April 2012

(1) Subject to finalisation of 1H12 results review

(2) Normalised underlying profit before tax is before impairment on loans and advances, income tax expenses and excludes certain normalisation items. For a reconciliation of normalised cash profit after tax and statutory net profit (loss) after tax see Appendix.

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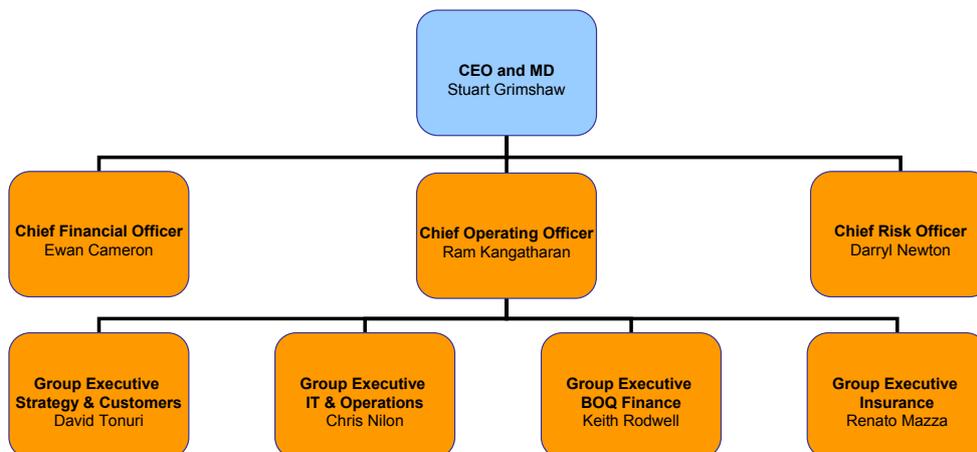
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## Group Executive structure

1 November 2011 (Stuart Grimshaw's first day as BOQ's CEO & MD)



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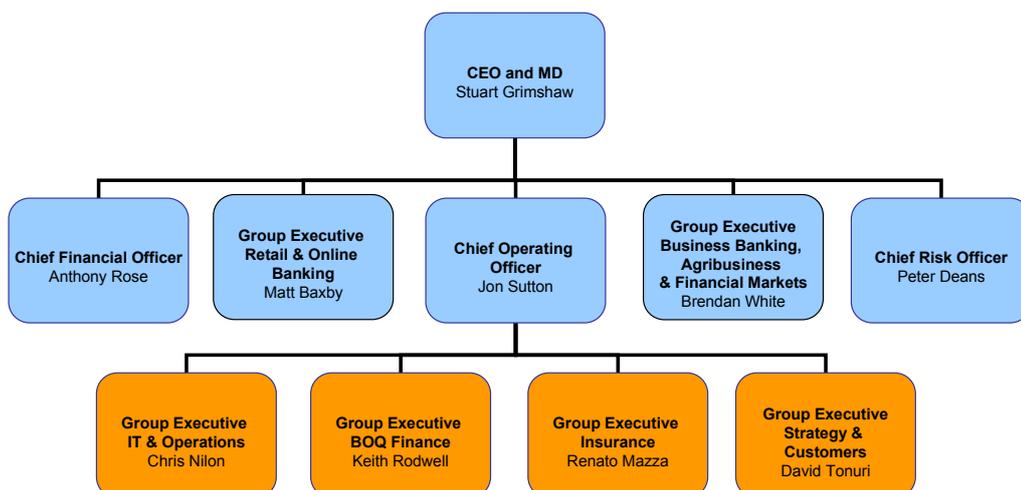
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## Group Executive structure

26 March 2012 (announced)



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## Preliminary 1H12 results summary

(\$ million)	1H11 <sup>1</sup>	1H12 <sup>2</sup>
Net interest income	310	326
Non-interest income	83	77
<b>Total operating income</b>	<b>393</b>	<b>403</b>
Operating expenses	(178)	(181)
<b>Normalised underlying profit before tax<sup>3</sup></b>	<b>216</b>	<b>222</b>
Impairment expense	(134)	(328)
<b>Normalised operating profit (loss) before tax<sup>3</sup></b>	<b>81</b>	<b>(106)</b>
Tax (expense) benefit	(24)	33
<b>Normalised cash net profit (loss) after tax<sup>3</sup></b>	<b>57</b>	<b>(72)</b>
<b>Statutory net profit (loss) after tax</b>	<b>48</b>	<b>(91)</b>
Normalised net interest margin <sup>4</sup>	1.65%	1.68%
Cost-to-income ratio (normalised cash)	45.2%	45.0%

Note: Numbers may not add due to rounding. Refer to the Financial Performance section of Important Notices for a description of non-IFRS profit measures

(1) 1H11 has been restated for the finalisation of the acquisition entries of CIT Group and St Andrew's Group

(2) Preliminary and unaudited

(3) Refer to the Appendix for a reconciliation of normalised cash net profit (loss) after tax and statutory net profit (loss) after tax

(4) Excluding amortisation of fair value adjustments

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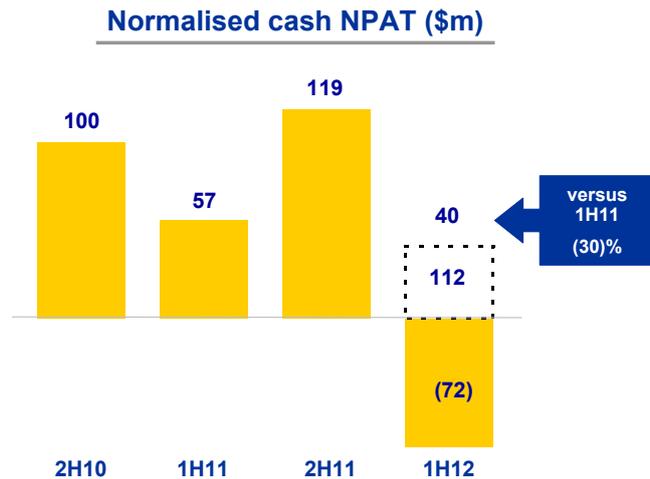
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## Normalised cash NPAT trend

- ▶ Collective Provisions overlay charge of \$160m has reduced normalised cash NPAT by \$112m, to a loss of \$72m
- ▶ Adjusted for Collective Provisions changes, Normalised Cash NPAT was \$40m



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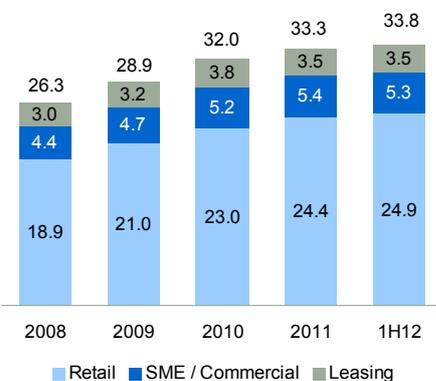


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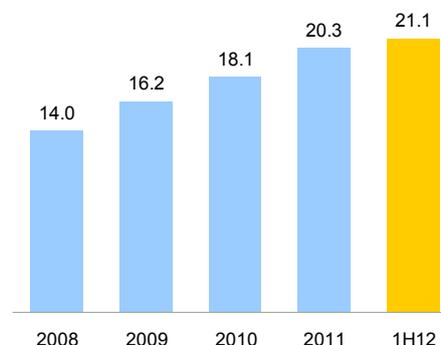
## Lending and deposit growth

- ▶ Loan growth fully funded by retail deposits in 1H12

**Loans under management (\$b)<sup>1</sup>**



**Retail deposits (\$b)**



Note: Numbers may not add due to rounding  
(1) Before collective provision for impairment  
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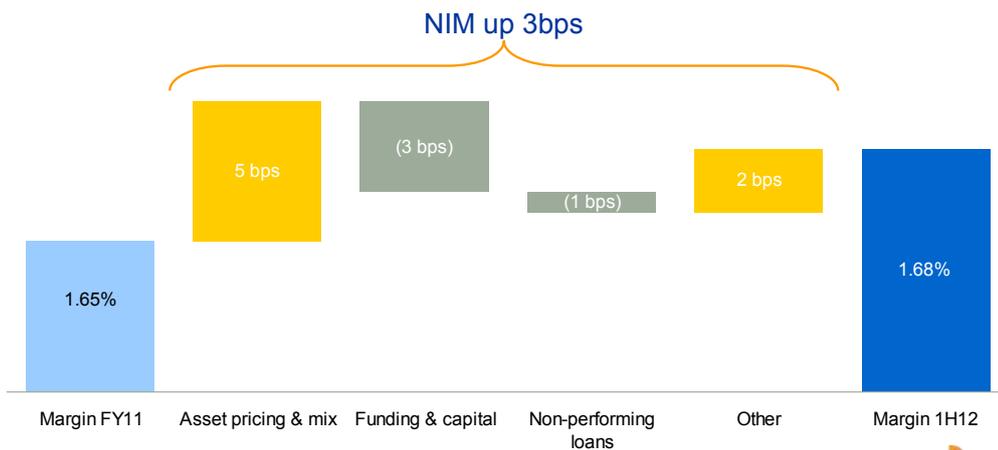
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## Net interest margin<sup>1</sup>

- Strong NIM performance in a tough funding environment



(1) Normalised cash net interest margin adjusted to exclude the amortisation of fair value adjustments.  
NIM on a statutory basis at 1H12 is 1.67%  
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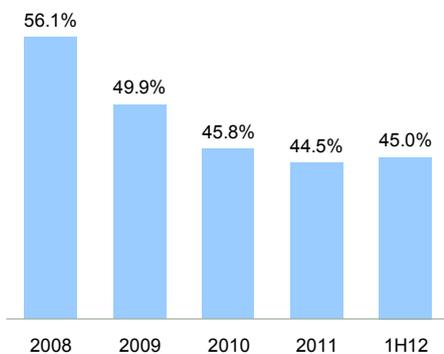


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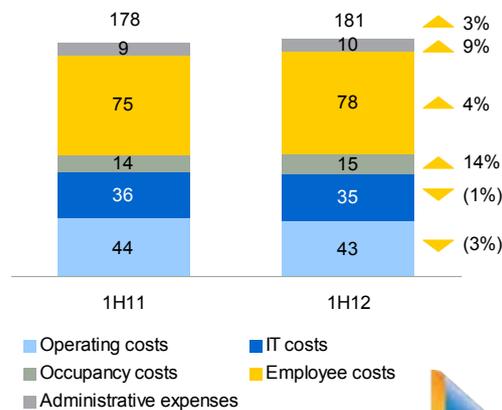
## Operating expenses

- Continued expense discipline

### Normalised cost-to-income ratio<sup>1</sup>



### Expense composition (\$m)<sup>1</sup>



Note: Numbers may not add due to rounding  
(1) Based on normalised cash costs, excludes impacts of normalisation items and amortisation of customer contracts  
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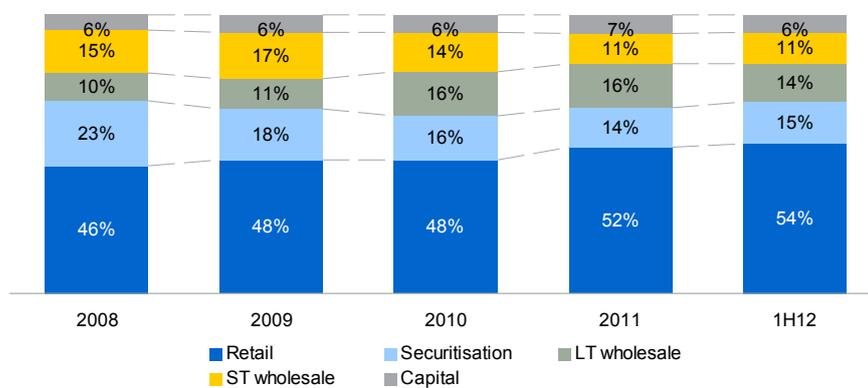


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## Funding mix

- ▶ Continued focus on retail funding
- ▶ Diversified funding channels domestic and offshore

Funding mix (%)



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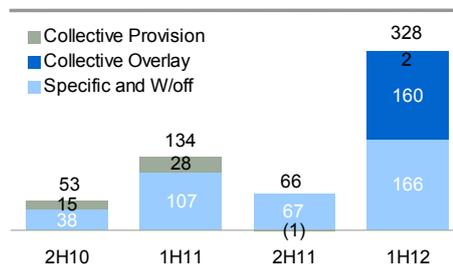


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## Increased impairment charges coupled with \$160 million collective provision overlay

- ▶ Commercial review of portfolio rating and provisioning approach resulted in an increased specific charge for the period
- ▶ The additional impairment expense that has arisen has been primarily due to the continued decline in commercial property prices in Queensland
- ▶ \$162 million collective provision plus overlay for both retail and commercial portfolios, leaving BOQ's collective coverage ahead of other Australian banks

Specific and collective expense (\$m)



Annualised impairment charge to gross loans (bps)<sup>1</sup>



Note: Numbers may not add due to rounding  
(1) Net of specific provision  
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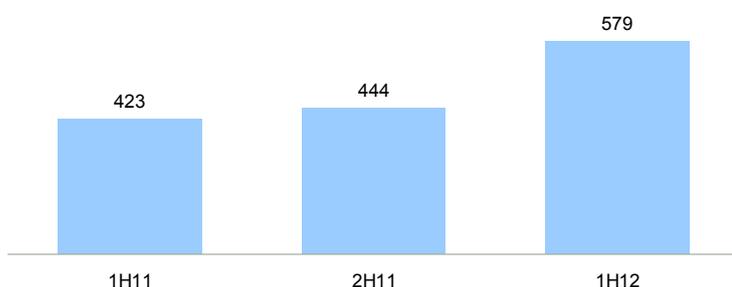


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## NPLs<sup>1</sup> increased by 30%

- ▶ \$135 million increase due to a combination of retail and commercial loans
- ▶ SE Queensland exposures were particularly prevalent

Total impaired loans (\$m)



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(1) Non-performing loans  
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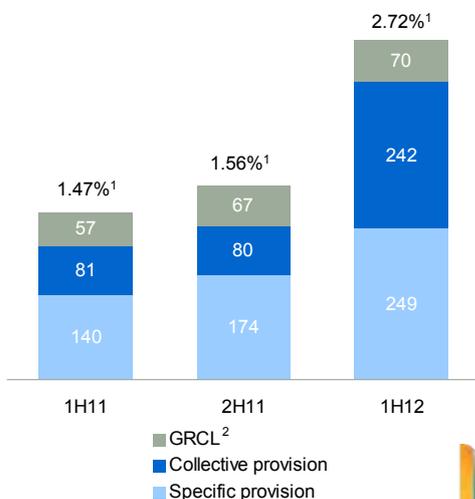


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## Strengthening and protecting the balance sheet

- ▶ Significantly improved specific and collective provision coverage
- ▶ Collective provision boosted by \$160m in overlays plus \$2m in provision changes

Provision coverage (\$m / %)



Portfolio metrics	1H11	2H11	1H12
Specific / Impaired	33%	39%	43%
Collective / RWA	43bps	39bps	117bps
GRCL <sup>2</sup> / RWA	30bps	33bps	34bps

(1) Total provisions / Risk Weighted Assets (RWA)

(2) General reserve for credit losses

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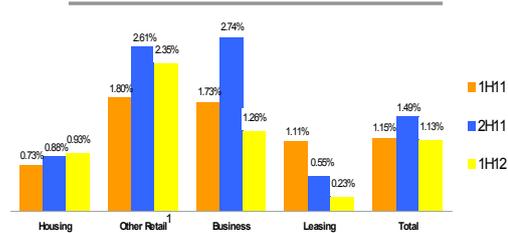


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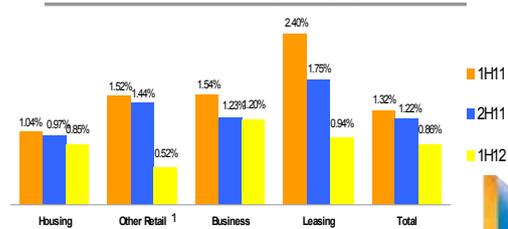
## Arrears management

- ▶ Home loan arrears saw an uptick in line with seasonal trends
- ▶ New Commercial and Other Retail helped by shift to impaireds
- ▶ New arrears 30 – 89 days appear to be stabilising

Arrears 90 days + by product



Arrears 30-89 days by product



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(1) Other Retail includes Lines of Credit  
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## Strategy and outlook



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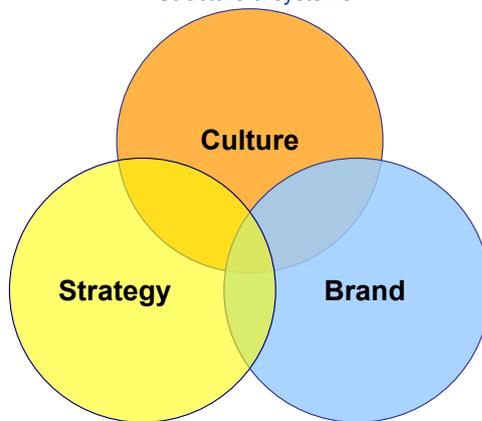
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## Model for success

- ▶ We have initiated a closely coordinated programme of work in the three key areas:

- Culture
  - ▶ Leadership behaviours
  - ▶ Mindset change
  - ▶ Structure & systems
- Strategy
- Brand

- ▶ Target markets
- ▶ Value propositions
- ▶ Operating model



- ▶ Identity
- ▶ Attributes
- ▶ Aspirations

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## How we will do it

- ▶ We will re-invent our challenger business and explore long term breakout options

### 1. A more disciplined and focused organisation

- Leadership & culture – new leaders appointed, cultural change kicked off with key leaders
- Accountability, delivery and performance – clearly defined roles & responsibilities
- Process efficiency and cost effectiveness – Performance Improvement Program underway
- OMB engagement, performance and risk – refinement of OMB model structure & incentives

### 2. Commitment to being a real challenger

- Target attractive niches – relationship segments (SME, agri & traditional)
- Offer a compelling alternative to traditional Majors – as above
- Simple, straight-forward banking – simplified products & processes
- Multi-channel – OMB, Brokers, online & telephone (on customers' terms)

### 3. Explore breakout options

- Partnering – scalable technology partnerships
- New technologies
- New business models – flexible and innovative technology & operating models

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## Short term priorities

- ▶ In the short term, we have some key themes and actions

Area of work	What is being looked at / changed:
<b>Quick wins</b>	<ul style="list-style-type: none"> <li>Opening up mortgage broker channel</li> <li>Expand telephone banking hours &amp; scope</li> </ul>
<b>Core process redesign</b>	<ul style="list-style-type: none"> <li>Internal process efficiency improvement (benchmarking to competitors, customer experience)</li> <li>Doing the work in the right place (get maintenance out of branches, redesign OM-BOQ responsibilities)</li> </ul>
<b>Leadership &amp; accountability</b>	<ul style="list-style-type: none"> <li>Key leadership appointments, setting role definitions and behavioural expectations</li> <li>De-layer, re-organise to localise decision making</li> </ul>
<b>OMB: Engagement, incentives, risk</b>	<ul style="list-style-type: none"> <li>Leverage off the existing strong OMB distribution network</li> <li>Improve cross sell</li> <li>Adjustments to incentives to reward appropriate risk behaviour</li> </ul>
<b>Building a winning business bank</b>	<ul style="list-style-type: none"> <li>Development and implementation of SME offer, channel strategy and branding</li> <li>Development and implementation of specific offers, channel strategy, branding for &gt;SME market</li> </ul>
<b>Challenger business model concept</b>	<ul style="list-style-type: none"> <li>Scoping options for challenger business model: based on product/pricing innovations, branding and channel strategies to support them</li> <li>Identify key product gaps e.g. fixed income retail products, wealth, life insurance etc.</li> </ul>

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## How we will measure operational success

- 1. Share of wallet** → means stronger relationships
- 2. Share of markets** → equals higher income
- 3. Share of channels** → opportunities to serve customers
- 4. Net Promoter Score<sup>1</sup>** → delivers more customers
- 5. Franchisee and staff engagement** → how we get things done

(1) Net Promoter Score (NPS) is a customer loyalty metric which measures the proportion of Promoters minus the proportion of Detractors when customers are asked how likely it is that they would recommend BOQ to a friend or colleague

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## Long term opportunities

- ▶ Footprint vs. market share gaps offer significant opportunities for long term upside

Metric	Where we are today	Best in class competitor
1.1	Share of wallet <sup>1</sup> <ul style="list-style-type: none"> <li>Banking: 59%</li> <li>Wealth: 0%</li> </ul>	<ul style="list-style-type: none"> <li>Banking: 58%</li> <li>Wealth: 7%</li> </ul>
2.1	Retail market share <sup>2</sup> <ul style="list-style-type: none"> <li>QLD: 6.0%</li> <li>WA: 1.2%</li> </ul>	<ul style="list-style-type: none"> <li>QLD: 18.2%</li> <li>WA: 20.4%</li> </ul>
2.2	SME market share <sup>3</sup> <ul style="list-style-type: none"> <li>QLD: 4.8%</li> <li>WA: 1.3%</li> </ul>	<ul style="list-style-type: none"> <li>~26%</li> </ul>
3.1	Share of broker channel <ul style="list-style-type: none"> <li>0%</li> </ul>	<ul style="list-style-type: none"> <li>~30%</li> </ul>
3.2	Points of presence (branches only) <ul style="list-style-type: none"> <li>QLD: 149 / 10.0%</li> <li>WA: 30 / 4.5%</li> </ul>	<ul style="list-style-type: none"> <li>QLD: 205 / 13.7%</li> <li>WA: 118 / 17.8%</li> </ul>
4.1	Net promoter score <ul style="list-style-type: none"> <li>14%</li> </ul>	<ul style="list-style-type: none"> <li>Majors: -5%</li> <li>Banks: 36%</li> <li>Overall: 38%</li> </ul>
5.1	Franchisee and staff engagement <ul style="list-style-type: none"> <li>Franchisee NPS +10%</li> <li>Staff engagement 75% (2010)</li> </ul>	<ul style="list-style-type: none"> <li>Franchise sector avg +39%</li> <li>Staff engagement &gt;80%</li> </ul>

(1) Banking includes Cards, Loans, Accounts; Wealth includes Managed Investments, Personal Super (Work Super excluded)

(2) All household lending (loans and cards)

(3) Share of business loans under \$5M

Source: Annual Reports, APRA, BOQ analysis, Canstar Market Share, Roy Morgan Research, Franchise Relationships Institute  
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## Outlook

- ▶ High exchange rate and weakened confidence has created a difficult economic environment, particularly notable in SE Queensland
- ▶ Credit growth has been subdued. We expect this to continue through to 2H12
- ▶ We see opportunities in our core geographical markets (extractive industry, downstream small business, logistics, etc) of Queensland and Western Australia
- ▶ We will focus on our relationship based businesses of business banking, agribusiness and our core retail customers
- ▶ We will target growth above system over the long term whilst maintaining costs at or under inflation
- ▶ We will focus on productivity improvements and being there for our customers when they need us

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# Capital raising



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# Introduction

- ▶ BOQ is undertaking a fully underwritten equity raising of approximately \$450 million
  - Institutional Placement to raise approximately \$150 million
  - Institutional Entitlement Offer to raise approximately \$135 million
  - Retail Entitlement Offer to raise approximately \$165 million
- ▶ Proceeds from the capital raising will be used to:
  - Strengthen BOQ's Core Tier 1 capital position from 6.4% to 8.6%
  - Fund organic growth opportunities
  - Fund the future redemption of the remaining \$105 million Tier 2 Convertible Notes
- ▶ Upon completion, BOQ's capital ratios will be amongst the strongest of any bank in Australia
  - Pro-forma Core Tier 1 ratio of 8.6%<sup>1</sup>
  - Pro-forma Tier 1 ratio of 9.5%<sup>1</sup>



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## Offer summary

### Offer Size and Structure

- ▶ Equity raising of approximately \$450 million
  - Institutional Placement to raise approximately \$150 million
  - Accelerated Institutional Entitlement Offer to raise approximately \$135 million
  - Retail Entitlement Offer to raise approximately \$165 million
- ▶ Approximately 74 million new BOQ ordinary shares to be issued (32% of issued capital)
- ▶ Offer is fully underwritten

### Entitlement Ratio and Offer Price

- ▶ 8 new shares for every 37 existing BOQ shares held at the Record Date (7.00pm (Sydney time) Thursday, 29 March 2012)
- ▶ Placement and Institutional and Retail Entitlement offer price of \$6.05 per share
  - 17.1% discount to BOQ's closing price on Friday, 23 March 2012
  - 13.5% discount to the Theoretical Ex-Rights Price (TERP)<sup>1</sup>

### Ranking and Dividend Eligibility

- ▶ New shares will rank equally in all respects with existing ordinary shares. Shares issued under the Institutional Placement do not participate in the Entitlement Offer
- ▶ New shares will be entitled to BOQ's fully franked interim dividend of 26 cents per share

(1) Theoretical ex-rights price is the theoretical price at which BOQ shares should trade immediately after the ex-date for the Entitlement Offer and includes the New Shares issued under the Placement.

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## Pro-forma capital position

- ▶ Capital position to be significantly strengthened following the capital raising

### Pro-forma BOQ Core Tier 1<sup>1</sup>



(1) As at 1H12 on a Basel II basis. Estimated 1H12 pro forma Basel III Core Tier 1 of 8.5%  
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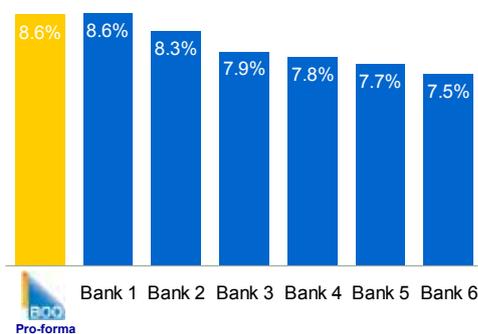


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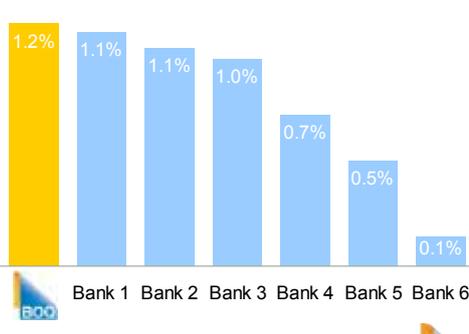
## Balance sheet strength

- ▶ Equity raising to place BOQ's Core Tier 1 capital position at top end of peer range
- ▶ Our prudent approach to collective provisioning provides enhanced protection against a further deterioration in the Queensland economy

### Core Tier 1 vs. peers<sup>1</sup>



### Collective provision vs. peers<sup>2</sup>



(1) BOQ pro-forma Core Tier 1 ratio as at 1H12 on a Basel II basis. Recent company announcements and APS 330 disclosures. Peer ratios not adjusted for recent capital issuance  
(2) Collective provision as a percentage of RWA. Peer ratios sourced from company financial reports  
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## Offer timetable<sup>1</sup>

<b>Institutional Entitlement and Placement Bookbuild opens</b>	▶ Monday, 26 March 2012
<b>Institutional Entitlement and Placement Bookbuild closes</b>	▶ Tuesday, 27 March 2012
<b>BOQ shares recommence trading</b>	▶ Wednesday, 28 March 2012
<b>Record date for the Entitlement Offer</b>	▶ 7.00pm, Thursday, 29 March 2012
<b>Retail Entitlement Offer opens</b>	▶ Tuesday, 3 April 2012
<b>Retail Offer Booklet dispatched to Eligible Retail Shareholders</b>	▶ Tuesday, 3 April 2012
<b>Settlement of the Placement and Institutional Entitlement Offer</b>	▶ Wednesday, 4 April 2012
<b>Institutional Allotment &amp; Quotation Date</b>	▶ Thursday, 5 April 2012
<b>Announcement of 1H12 Financial Results</b>	▶ Wednesday, 18 April 2012
<b>Retail Entitlement Offer closes</b>	▶ Tuesday, 24 April 2012
<b>Settlement of Retail Entitlement offer</b>	▶ Monday, 30 April 2012
<b>Normal trading of New Shares issued under the Retail Entitlement Offer</b>	▶ Wednesday, 2 May 2012

(1) The above timetable is indicative only and subject to change. All references to Sydney time. Bank of Queensland reserves the right to vary these dates or to withdraw the Offer at any time

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## Appendix: Normalisation items



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## Normalisation items

(\$ million)	<u>1H11</u>	<u>1H12<sup>1</sup></u>
<b>Normalised cash net profit (loss) after tax</b>	<b>57</b>	<b>(72)</b>
<i><u>Normalisation items after tax:</u></i>		
Amortisation of customer contracts	(3)	(6)
Amortisation of fair value adjustments (acquisition)	(2)	(2)
Hedge ineffectiveness	(2)	(3)
Integration / due diligence costs	(2)	(1)
Asset impairment (software)	-	(7)
Flood impact	(1)	-
<b>Statutory net profit (loss) after tax</b>	<b>48</b>	<b>(91)</b>

Note: Numbers may not add due to rounding. Refer to the Financial Performance section of Important Notices for a description of non-IFRS profit measures  
(1) Preliminary and unaudited  
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## Appendix: Portfolio information



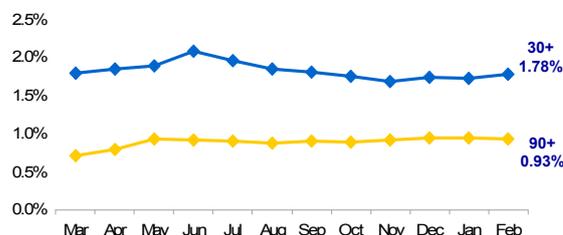
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## Home Loan portfolio

- ▶ Home loan arrears stabilised
- ▶ Impaireds up due to increased repossession activity, resulting in higher specific bad debt expense
- ▶ Losses driven by Gold Coast loss experience, in particular \$1m+ exposures
- ▶ Gold Coast exposure in 90+ arrears of \$48m (Home Loan & Line of Credit); 28% loss rate applied for collective overlay purposes

### Housing arrears 30 / 90 Days



Portfolio metrics	1H11	2H11	1H12
Portfolio size (\$b)	17.5	18.4	19.4
Impaired (\$m)	59.1	61.6	88.6
Impaired %	0.34%	0.34%	0.46%
Specific BDD expense (\$m)	10.3	10.7	20.3
Specific BDD / Portfolio (%Ann)	0.12%	0.12%	0.21%
Specific provisions (\$m)	12.3	16.9	27.6
Collective provisions (\$m)	2.0	6.5	37.9
Total provision coverage	0.08%	0.13%	0.34%

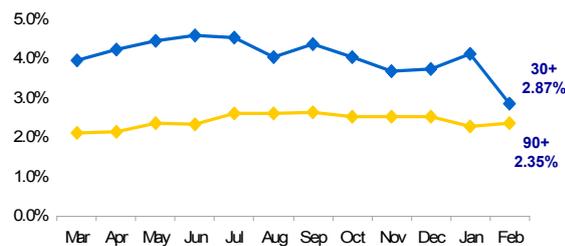


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## Lines of Credit portfolio

- ▶ 30 Day arrears showing positive trends until November as a result of increased collection activity
- ▶ Seasonal impact during December and January; February lower due to 29 day month
- ▶ Impact of Gold Coast driving increased specific provisions and increased collective
- ▶ Uplift in Provision Coverage to 80bps

Line of Credit 30 / 90 days



Portfolio metrics	1H11	2H11	1H12
Portfolio size (\$b)	5.7	5.5	5.2
Impaired (\$m)	23.5	27.7	45.5
Impaired %	0.41%	0.50%	0.87%
Specific BDD expense (\$m)	4.8	7.5	16.7
Specific BDD / Portfolio (%Ann)	0.17%	0.27%	0.64%
Specific provisions (\$m)	5.3	10.7	19.1
Collective provisions (\$m)	1.0	5.4	22.8
Total provision coverage	0.11%	0.29%	0.80%

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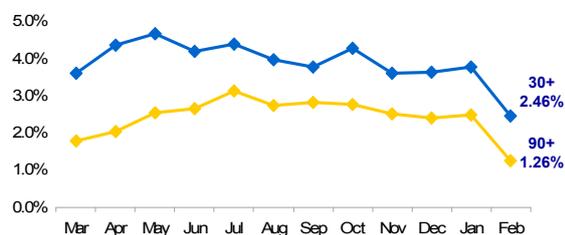


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## Commercial portfolio

- ▶ February improvement in Commercial Arrears driven by increased impaireds
- ▶ \$99m increase in impaired loans driven by the reduction in collateral security values
- ▶ Specific Impaired Coverage increasing from 38% to 44%
- ▶ Overall provision coverage significantly uplifted to 6.5%

Commercial 30 / 90 days



Portfolio metrics	1H11	2H11	1H12
Portfolio size (\$b)	5.2	5.4	5.3
Impaired (\$m)	337.1	325.0	424.2
Impaired %	6.42%	6.05%	8.04%
Specific BDD expense (\$m)	70.8	26.9	108.5
Specific BDD / Portfolio (%Ann)	2.70%	1.00%	4.11%
Specific provisions (\$m)	91.3	125.0	187.9
Collective provisions (\$m)	9.3	24.8	156.6
Total provision coverage	1.92%	2.79%	6.53%

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## Leasing portfolio continues to improve

- ▶ Improvements in asset quality trends holding; arrears at long term low levels
- ▶ Impaired running down from Aug 2011 peak of \$28m
- ▶ Maintaining strong collective provision against arrears accounts



Portfolio metrics (in Debtor Fin)	1H11	2H11	1H12
Portfolio size (\$b)	3.6	3.6	3.7
Impaired (\$m)	15.7	28.4	19.7
Impaired %	0.43%	0.80%	0.53%
Specific BDD expense (\$m)	19.0	23.5	20.3
Specific BDD / Portfolio (%Ann)	1.05%	1.32%	1.10%
Specific provisions (\$m)	10.9	19.3	13.9
Collective provisions (\$m)	31.1	22.8	20.3
Total provision coverage	1.16%	1.18%	0.92%

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## Appendix: Risks and selling restrictions



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## Risk factors

### Introduction

There are a number of factors, both specific to BOQ and of a general nature, which may affect the future operating and financial performance of BOQ, its investment returns and the value of its shares. Many of the circumstances giving rise to these risks are beyond the control of BOQ. This section describes certain specific areas that are believed to be the major risks associated with an investment in BOQ. Each of the risks described below could, if they eventuate, have a material adverse effect on BOQ's operating and financial performance. You should note that the risks in this section are not exhaustive of the risks faced by a potential investor in BOQ. You should consider carefully the risks described in this section, as well as other information in this presentation, and consult your financial or other professional adviser before making an investment decision.

### General risks

- ▶ **Changes in economic conditions:** The financial performance of BOQ could be affected by changes in economic conditions in Australia and overseas. Such changes include:
  - changes in economic growth, unemployment levels and consumer confidence which may lead to a general fall in the demand for BOQ's products and services;
  - changes in underlying cost structures for labour and service charges;
  - changes in fiscal and monetary policy, including inflation and interest rates, which may impact the profitability of BOQ or a general fall in the demand for BOQ's products and services;
  - declines in aggregate investment and economic output in Australia or in key offshore regions;
  - national or international political and economic instability or the instability of national or international financial markets including as a result of terrorist acts or war;
  - changes in asset values, particularly commercial and residential real estate.

The dislocation in credit and capital markets over the last 3 to 4 years has significantly impacted global economic activity including the Australian economy, with domestic and global economies slowing or in a recession and experiencing rising unemployment. This has led to a decrease in credit growth and the reduction in consumer and business confidence which has in turn impacted values of commercial and residential real estate. The Australian economy has performed well in some industry sectors, such as resources and resource related industries and services, but has slowed in other sectors such as some retail sectors and financial services. A further downturn in sectors of the Australian economy or in the Australian economy generally or slowing of the stronger sectors of the economy may lead to a lower demand for BOQ's products and services, or adversely affect the performance of BOQ's asset portfolio, and therefore could further adversely impact BOQ's financial performance and position.

Although BOQ will have in place a number of strategies to minimise the exposure to economic risk and will engage in prudent management practices to minimise its exposure to risk in the future, such factors may nonetheless have an adverse impact on BOQ's financial performance and position.

- ▶ **Share price risk:** There are general risks associated with an investment in the share market. As such, the value of New Shares may rise above or fall below the Offer Price, depending on the financial position and operating performance of BOQ. Further, broader market factors affecting the price of BOQ shares are unpredictable and may be unrelated or disproportionate to the financial or operating performance of BOQ. Such factors may include the economic conditions in Australia and overseas, investor sentiment in the local and international stock markets, consumer sentiment, changes in fiscal, monetary, regulatory and other government policies, national and international political and economic instability or the instability of national and international financial markets, interest and inflation rates and foreign exchange rates. Recent turmoil in global credit markets has negatively affected economies across the globe and led to increased volatility in stock markets, including ASX. Continued volatility in global markets could negatively impact the value of the New Shares.
- ▶ **Changes in Government Policy:** BOQ may be affected by changes in general government policy or legislation applying to companies or to banks and the financial services sector specifically. Some specific regulatory and policy issues are referred to below.

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## Risk factors (cont)

### Bank of Queensland specific risks

- ▶ **1H12 Financial Results:** The guidance as to BOQ's financial results for 1H12 contained in this Presentation is subject to finalisation of BOQ's half year financial statements and completion of the review by BOQ's auditors, KPMG. There is a risk that the actual results for 1H12 due to be released on 18 April 2012 may differ from the guidance provided in this Presentation.

- ▶ **Market risk:** Market risk is the risk that movements in market rates, prices and credit spreads will result in a loss of earnings to BOQ.

- **Funding risk** is the risk of over-reliance on a particular funding source, including securitisation, affecting the volatility in the cost or availability to BOQ of funds. Post the Lehman Brother's collapse and the onset of the global financial crisis in 2008 global and domestic credit and capital markets have generally seen higher wholesale cost of funds and in some cases reduction in the availability of funding sources. BOQ has maintained a well diversified wholesale funding base, preventing overreliance on one funding source. BOQ diversifies wholesale borrowing through the interbank market, securitisation and short and long term senior debt both domestically and offshore.

If BOQ's sources of funding prove to be insufficient or so expensive as to be uncompetitive, it may be forced to seek alternative funding arrangements or curtail its business operations and limit loan growth. The ability for BOQ to secure alternative funding will depend on a variety of factors, including prevailing market conditions, the availability of credit and BOQ's credit rating.

- **Interest rate risk** arises from a variety of sources, including mismatches between the repricing periods of assets and liabilities. As a result of these mismatches, movements in interest rates may affect earnings or the value of BOQ.

- **Currency risk** is the risk of loss of earnings due to adverse movements in foreign exchange rates. BOQ's foreign exchange rate exposures are managed through detailed policies set by the Board and monitored by the Asset and Liability Committee and the Bank's Treasury Department.

- **Counterparty risk** is the risk that a counterparty will be unable to honour its contractual obligations. A counterparty may default on its obligations due to bankruptcy, lack of liquidity, operational failure or other reasons. This risk may arise, for example, from entering into swap contracts under which counterparties have obligations to make payments to BOQ executing trades that fail to settle at the required time due to non-delivery by the counterparty or systems failure by clearing agents, exchanges, clearing houses or other financial intermediaries. Such counterparty risk is more acute in difficult market conditions where the risk of failure of counterparties is higher.

- BOQ continues to review its pricing model and funding mix in light of market conditions to ensure products are appropriately priced.

- ▶ **Credit and impairment risk:** As a financial institution, BOQ is exposed to the risks associated with extending credit to other parties. Credit risk is the risk of financial loss arising from a debtor or counterparty failing to meet their contractual debts and obligations or the failure to recover the recorded value of secured assets.

BOQ's lending activities cover a broad range of sectors, customers and products, including mortgages, consumer loans, commercial loans (including commercial property), equipment finance, vendor finance, debtor finance and other finance products. Less favourable economic or business conditions or deterioration in commercial and residential property markets, whether generally or in a specific industry sector or geographic region, could cause customers to experience an adverse financial situation, thereby exposing BOQ to the increased risk that those customers will fail to meet their obligations in accordance with agreed terms.

Recent market and economic conditions have led to increased impairment charges, and if these conditions deteriorate further, some customers and counterparties may experience higher levels of financial stress. As a result, BOQ has experienced an increase in defaults and write-offs and has increased its bad and doubtful debt provisioning. Should these provisions prove inadequate there may be a further adverse impact on BOQ's financial performance and financial position.

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## Risk factors (cont)

- ▶ **Liquidity risk:** Liquidity risk arises from the possibility of BOQ being unable to meet its financial obligations as they fall due as a result of mismatches in its cash flows from financial transactions. Liquidity risk is managed through a series of detailed policies, including the management of cash flow mismatches, the maintenance of a stable, core retail deposits base, the diversification of the funding base and the retention of adequate levels of high quality liquid assets. In accordance with global regulatory reviews of liquidity, APRA is currently reviewing its regulation of liquidity under Australian Prudential Standard APS 210 - Liquidity, which may require BOQ to alter its liquidity management framework. BOQ's liquidity risk management framework models its ability to fund under both normal conditions and during a crisis situation. This approach is designed to ensure that BOQ's funding framework is sufficiently flexible to ensure liquidity under a wide range of market conditions. The availability of funding from uncertain financial markets may increase liquidity risks to financial institutions generally, as discussed above under market risk.
  - ▶ **Operational risk:** Operational risk is the risk of loss, other than those captured in the credit and market risk categories, resulting from inadequate or failed internal processes, people or systems, or from external events. BOQ is exposed to a variety of risks including those arising from process error, fraud, technology failure, security and physical protection, franchise agreements entered into with owners of Owner Managed Branches (OMBs), customer services, staff skills and performance and product development and maintenance. BOQ manages this risk through appropriate reporting lines, defined responsibilities, policies and procedures and an operational risk program incorporating regular risk monitoring and reporting by each business unit. Operational risks are documented in risk databases which provide the basis for business unit and bank-wide risk profiles, the latter being reported to the Board on a regular basis. Although these steps are in place, there is no guarantee that BOQ will not suffer loss as a result of these risks.
  - ▶ **Insurance business:** St Andrews Insurance provides consumer credit insurance and life insurance. These insurance contracts involve the acceptance of significant insurance risk including those where the insured benefit is payable on the occurrence of a specified event such as death, injury or disability caused by accident or illness, or involuntary unemployment. The insured benefit is not linked to the market value of the investments held for the purpose of meeting that benefit and any financial risks are substantially borne by the separately prudentially regulated insurance entities within the BOQ Group, of which BOQ is the ultimate shareholder. This risk is largely mitigated by the insurance entities employing conservative investment strategies with little capital value at risk. Any reduction in the value of those investments and any increase in claims could adversely affect the financial performance and position of the insurance entities and the consolidated BOQ Group. In such an event, BOQ Group's provisions for insurance liabilities may prove inadequate to cover the ultimate liability for claims or other policy benefits, which may adversely affect the financial performance and position of BOQ.
  - ▶ **Reliance on external parties:** BOQ's operations depend on performance by a number of external parties under contractual arrangements with BOQ. As at 16 March 2012, approximately 77% of BOQ's branches are Owner Managed. Non-performance of contractual obligations and poor operational performance of OMBs may have an adverse effect on BOQ's business and financial performance. In addition, BOQ outsources a number of operational services such as information technology and banking platforms, and a number of customer facing products such as ATMs, credit cards, general insurance products and wealth management services. Although BOQ has taken steps to protect it from the effects of defaults under these arrangements, such defaults may have an adverse effect on BOQ's business continuity and financial performance.
  - ▶ **Changes in regulation and government policy:** BOQ is subject to substantial regulatory and legal oversight in Australia. The agencies with regulatory oversight of BOQ and its subsidiaries include, among others, APRA, the RBA, ACCC, ASX and ASIC. Failure to comply with legal and regulatory requirements may have a material adverse effect on BOQ and its reputation among customers and regulators and in the market. Changes to laws, regulations, policies or accounting standards, including changes in interpretation or implementation of laws, regulations, policies or accounting standards, could affect BOQ in substantial and unpredictable ways. These may include required levels, or the measurement, of bank liquidity and capital adequacy, limiting the types of financial services and products that can be offered, and/or reducing the fees which banks can charge on their financial services.
- Basel III:** Basel III is a comprehensive set of reform measures, developed by the Basel Committee on Banking Supervision, to strengthen the regulation, supervision and risk management of the banking sector globally. The proposed implementation of Basel III initiatives by APRA, particularly with respect to capital adequacy principles, may result in changes to BOQ capital adequacy ratio. The outcomes of the implementation of Basel III are uncertain and may require BOQ to allocate additional capital to meet these requirements. BOQ will work with APRA to determine if any changes to BOQ's business, including funding sources and levels of liquidity, will need to be made in the future to comply with proposed changes.

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## Risk factors (cont)

- ▶ **Changes in technology:** Technology plays an increasingly important role in the delivery of financial services to customers in a cost effective manner. BOQ's ability to compete effectively in the future will, in part, be driven by its ability to maintain an appropriate technology platform for the efficient delivery of its products and services.
- ▶ **Industry competition:** There is substantial competition for the provision of financial services in the markets in which BOQ operates. The effect of competitive market conditions may adversely impact the earnings and assets of BOQ. These competitive pressures may occur at other levels, such as the competition for acceptable wholesale funding discussed above.
- ▶ **Risks to Bank of Queensland's growth strategy:** Risks that relate to BOQ's growth strategy are interrelated and include risk of local market saturation, risks associated with geographical diversification, changes in wholesale funding markets and changes in general economic conditions.
  - Risk of local market saturation:* Despite the size of the Queensland market, BOQ faces the challenge of maintaining a high penetration rate in that market in order to achieve continued growth. In addition, BOQ will continue to be exposed to fluctuations in the Queensland economy in particular.
  - Risk of geographical diversification:* Through the mergers with Pioneer Permanent Building Society (North Queensland) and Home Building Society (Western Australia) in 2006 and 2007 and organic growth in other states, BOQ has expanded its geographical presence and distribution in Australia. This brings challenges to BOQ's management and control systems as it becomes a more geographically diverse organisation.
  - Funding for growth:* Changes in wholesale funding markets may cause an inability to raise sufficient wholesale funds to fund BOQ's asset growth strategies (see Market Risk section above, which details BOQ's funding risks).
  - Effect of economic conditions:* General economic conditions may worsen which could stifle credit growth and restrict BOQ's ability to grow in line with its growth strategy (see Changes in economic conditions section above, which explains risks associated with general economic conditions).
- ▶ **Disputes:** In the course of its operations, BOQ may be involved in disputes and possible litigation. BOQ is party to a number of actions in NSW courts commenced by former owners of OMBs. The claims include allegations of misleading and deceptive conduct by BOQ. BOQ is vigorously defending the actions and counter claiming. The amount of any potential liability BOQ may have is not able to be ascertained at this time but is not presently regarded as material. There is a risk that any material or costly dispute or litigation could adversely affect the value of the assets or future financial performance of BOQ.

On 22 December 2010, ASIC lodged legal proceedings against parties including BOQ, arising out of the collapse of Storm Financial, which is in liquidation. BOQ is vigorously defending this action. The proceedings are regulatory in nature and no damages have been claimed. Certain parties have brought civil claims against BOQ in relation to BOQ's conduct in making home equity loans to clients of Storm Financial. There are risks associated with these matters, the financial outcomes of which cannot be ascertained at this time. Even if the financial outcomes of those matters are not material, there are risks associated with the reputation of BOQ (see below) or regulatory action and/or further third party civil claims if adverse findings are made against BOQ.
- ▶ **Reputation:** Reputation risk may arise through the actions of BOQ and adversely affect perceptions of BOQ held by the public, shareholders, regulators or rating agencies. These issues include appropriately dealing with potential conflicts of interests, legal and regulatory requirements, ethical issues, money laundering laws, trade sanctions legislation, privacy laws, information security policies and sales and trading practices. Damage to BOQ's reputation may have an adverse impact on BOQ's financial performance, capacity to source funding and liquidity, cost of sourcing funding and liquidity and by constraining business opportunities.
- ▶ **Reduction in dividends:** If the earnings and cash flows of BOQ are substantially reduced (for example, due to a decline in operating earnings or due to a large one-off or cumulative asset impairment or write-off), BOQ may not be in a position to pay dividends, which may in turn have an impact on the trading price of BOQ's shares. In addition, dividends declared by BOQ are subject to APRA regulation. Holders of ordinary shares rank behind holders of Perpetual Equity Preference Shares for payment of dividends. Failure to pay dividends on these preference shares may result in restrictions on the future payment of ordinary share dividends.
- ▶ **Credit ratings:** The credit ratings assigned to BOQ by rating agencies are based on an evaluation of a number of factors, including its financial strength. A credit rating downgrade could also be driven by the occurrence of one or more of the other risks discussed in this Presentation or by other events. If BOQ fails to maintain its current corporate credit ratings, this could adversely affect its cost of funds and related margins, liquidity, competitive position and access to capital markets.

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## Foreign selling restrictions

This Presentation does not constitute an offer of new ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. New Shares may not be offered or sold in any country outside Australia except to the extent permitted below.

### China

The information in this document does not constitute a public offer of the New Shares, whether by way of sale or subscription, in the People's Republic of China (excluding, for purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan). The New Shares may not be offered or sold directly or indirectly in the PRC to legal or natural persons other than directly to "qualified domestic institutional investors".

### European Economic Area - Belgium, Denmark, Germany, Luxembourg and Netherlands

The information in this document has been prepared on the basis that all offers of New Shares will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as implemented in Member States of the European Economic Area (each, a "Relevant Member State"), from the requirement to produce a prospectus for offers of securities.

An offer to the public of New Shares has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in that Relevant Member State:

- to legal entities that are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity that has two or more of (i) an average of at least 250 employees during its last fiscal year; (ii) a total balance sheet of more than €43,000,000 (as shown on its last annual unconsolidated or consolidated financial statements) and (iii) an annual net turnover of more than €50,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- to fewer than 100 natural or legal persons (other than qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive) subject to obtaining the prior consent of the Company or any underwriter for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of New Shares shall result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

### France

This document is not being distributed in the context of a public offering of financial securities (offre au public de titres financiers) in France within the meaning of Article L.411-1 of the French Monetary and Financial Code (Code monétaire et financier) and Articles 211-1 *et seq.* of the General Regulation of the French Autorité des marchés financiers ("AMF"). The New Shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.

This document and any other offering material relating to the New Shares have not been, and will not be, submitted to the AMF for approval in France and, accordingly, may not be distributed (directly or indirectly) to the public in France.

Such offers, sales and distributions have been and shall only be made in France to (i) qualified investors (investisseurs qualifiés) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2° and D.411-1 to D.411-3, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation and/or (ii) a restricted number of non-qualified investors (cercle restreint d'investisseurs) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2° and D.411-4, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation.

Pursuant to Article 211-3 of the General Regulation of the AMF, investors in France are informed that the New Shares cannot be distributed (directly or indirectly) to the public by the investors otherwise than in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Monetary and Financial Code.

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## Foreign selling restrictions (cont)

### Hong Kong

**WARNING:** This document has not been, and will not be, registered as a prospectus under the Companies Ordinance (Cap. 32) of Hong Kong (the "Companies Ordinance"), nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than (i) to "professional investors" (as defined in the SFO) or (ii) in other circumstances that do not result in this document being a "prospectus" (as defined in the Companies Ordinance) or that do not constitute an offer to the public within the meaning of that ordinance.

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares may sell, or offer to sell, such shares in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such shares.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

### Ireland

The information in this document does not constitute a prospectus under any Irish laws or regulations and this document has not been filed with or approved by any Irish regulatory authority as the information has not been prepared in the context of a public offering of securities in Ireland within the meaning of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005 (the "Prospectus Regulations"). The New Shares have not been offered or sold, and will not be offered, sold or delivered directly or indirectly in Ireland by way of a public offering, except to (i) qualified investors as defined in Regulation 2(i) of the Prospectus Regulations and (ii) fewer than 100 natural or legal persons who are not qualified investors.

### Italy

The offering of the New Shares in the Republic of Italy has not been authorised by the Italian Securities and Exchange Commission (Commissione Nazionale per le Società e la Borsa, "CONSOB") pursuant to the Italian securities legislation and, accordingly, no offering material relating to the New Shares may be distributed in Italy and the New Shares may not be offered or sold in Italy in a public offer within the meaning of Article 1.1(b) of Legislative Decree No. 58 of 24 February 1998 ("Decree No. 58"), other than:

- to Italian qualified investors, as defined in Article 100 of Decree No. 58 by reference to Article 34-ter of CONSOB Regulation no. 11971 of 14 May 1999 ("Regulation no. 11971") as amended ("Qualified Investors"); and
- in other circumstances that are exempt from the rules on public offer pursuant to Article 100 of Decree No. 58 and Article 34-ter of Regulation No. 11971 as amended.

Any offer, sale or delivery of the New Shares or distribution of any offer document relating to the New Shares in Italy (excluding placements where a Qualified Investor solicits an offer from the issuer) under the paragraphs above must be:

- made by investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 of 1 September 1993 (as amended), Decree No. 58, CONSOB Regulation No. 16190 of 29 October 2007 and any other applicable laws; and
- in compliance with all relevant Italian securities, tax and exchange controls and any other applicable laws.

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## Foreign selling restrictions (cont)

Any subsequent distribution of the New Shares in Italy must be made in compliance with the public offer and prospectus requirement rules provided under Decree No. 58 and the Regulation No. 11971 as amended, unless an exception from those rules applies. Failure to comply with such rules may result in the sale of such New Shares being declared null and void and in the liability of the entity transferring the New Shares for any damages suffered by the investors.

### Japan

The New Shares have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the "FIEL") pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the New Shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors. Any Qualified Institutional Investor who acquires New Shares may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of New Shares is conditional upon the execution of an agreement to that effect.

### New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand).

The New Shares in the entitlement offer are not being offered to the public in New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand).

Other than in the entitlement offer, New Shares may be offered and sold in New Zealand only to:

- ▶ persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money; or
- ▶ persons who are each required to (i) pay a minimum subscription price of at least NZ\$500,000 for the securities before allotment or (ii) have previously paid a minimum subscription price of at least NZ\$500,000 for securities of the Company ("initial securities") in a single transaction before the allotment of such initial securities and such allotment was not more than 18 months prior to the date of this document.

### Norway

This document has not been approved by, or registered with, any Norwegian securities regulator pursuant to the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The New Shares may not be offered or sold, directly or indirectly, in Norway except:

- (a) to "professional investors" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876);
- (b) any natural person who is registered as a professional investor with the Norwegian Financial Supervisory Authority (No. Finanstilsynet) and who fulfils two or more of the following: (i) any natural person with an average execution of at least ten transactions in securities of significant volume per quarter for the last four quarters; (ii) any natural person with a portfolio of securities with a market value of at least €500,000; and (iii) any natural person who works, or has worked for at least one year, within the financial markets in a position which presuppose knowledge of investing in securities;
- (c) to fewer than 100 natural or legal persons (other than "professional investors"); or
- (d) in any other circumstances provided that no such offer of New Shares shall result in a requirement for the registration, or the publication by the Company or an underwriter, of a prospectus pursuant to the Norwegian Securities Trading Act of 29 June 2007.

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## Foreign selling restrictions (cont)

### Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

### Sweden

This document has not been, and will not be, registered with or approved by Finansinspektionen (the Swedish Financial Supervisory Authority). Accordingly, this document may not be made available, nor may the New Shares be offered for sale in Sweden, other than under circumstances that are deemed not to require a prospectus under the Swedish Financial Instruments Trading Act (1991:980) (Sw. lag (1991:980) om handel med finansiella instrument). Any offering of New Shares in Sweden is limited to persons who are "qualified investors" (as defined in the Financial Instruments Trading Act). Only such investors may receive this document and they may not distribute it or the information contained in it to any other person.

### Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the New Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

This document is personal to the recipient only and not for general circulation in Switzerland.

### United Arab Emirates

Neither this document nor the New Shares have been approved, disapproved or passed on in any way by the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or any other governmental authority in the United Arab Emirates, nor has the Company received authorisation or licensing from the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or any other governmental authority in the United Arab Emirates to market or sell the New Shares within the United Arab Emirates. No marketing of any financial products or services may be made from within the United Arab Emirates and no subscription to any financial products or services may be consummated within the United Arab Emirates. This document does not constitute and may not be used for the purpose of an offer or invitation. No services relating to the New Shares, including the receipt of applications and/or the allotment or redemption of New Shares, may be rendered within the United Arab Emirates by the Company.

No offer or invitation to subscribe for New Shares is valid or permitted in the Dubai International Financial Centre.

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## Foreign selling restrictions (cont)

### United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares. This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

### United States

This Presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or to any person that is, or is acting for the account or benefit of, a U.S. Person. The New Shares have not been, and will not be, registered under the Securities Act or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold to persons in the United States or to, or for the account or benefit of, U.S. Persons, except in transactions exempt from, or not subject to, registration under the Securities Act and applicable state securities laws.

This Presentation may not be distributed or released in the United States or to, or for the account or benefit of, U.S. Persons.



Your own personal bank

# ASX Offer Announcements

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Offer Launch Announcement  
Dated 26 March 2012



## BOQ ANNOUNCES \$450 MILLION EQUITY RAISING AND MARKET UPDATE

### \$450 million equity raising

Bank of Queensland Limited ("**BOQ**") today announced it would seek to raise approximately \$450 million in new equity to:

- strengthen BOQ's Core Tier 1 capital position from 6.4% to 8.6%
- fund organic growth opportunities
- fund the future redemption of the remaining \$105 million Tier 2 Convertibles Notes.

Upon completion, BOQ's capital ratios will be amongst the strongest of any bank in Australia with a pro forma Core Tier 1 ratio of 8.6% and a Tier 1 ratio of 9.5%.

BOQ's Managing Director Stuart Grimshaw said: "this equity raising will strengthen our balance sheet and provide Bank of Queensland with the capacity for continued growth."

"The proceeds will be used to ensure Bank of Queensland is one of the best protected banks in Australia, with one of the highest Core Tier 1 capital ratios, while also allowing us to strengthen provisioning of our current loan book.

"This reflects an increased level of conservatism at Bank of Queensland when it comes to our balance sheet and capital position while also recognising the significant opportunities for organic growth that additional equity provides."

### Overview of equity raising

BOQ will conduct the equity raising by way of a fully underwritten:

- Institutional Placement of approximately \$150 million to institutional investors ("**Placement**")
- Accelerated pro-rata non-renounceable entitlement offer of approximately \$300 million ("**Entitlement Offer**") comprising:
  - an Institutional Entitlement Offer of approximately \$135 million
  - a Retail Entitlement Offer of approximately \$165 million.

Approximately 74 million new BOQ ordinary shares ("**New Shares**") or 32% of total existing shares outstanding will be issued as part of the equity raising. Shares issued under the Institutional Placement do not participate in the Entitlement Offer. New Shares to be issued will rank equally in all respects with existing ordinary shares and will be entitled to BOQ's fully franked interim dividend of 26 cents per share which the Board has declared (see below).

The offer price for the New Shares to be issued under the Placement and the Entitlement Offer is \$6.05 per New Share ("**Offer Price**"), representing a 17.1% discount to the last closing price of BOQ shares on Friday, 23 March 2012 and a 13.5% discount to the theoretical ex-rights price ("**TERP**").<sup>1</sup>

The Entitlement Offer is non-renounceable. Entitlements cannot be traded on ASX nor otherwise transferred. This means that BOQ shareholders who do not take up their Entitlement to participate in the Entitlement Offer will not receive any value for those entitlements and their equity interest in BOQ will be diluted. Shareholders who are not eligible to receive Entitlements will not receive any value in respect of Entitlements they would have received had they been eligible.

Key dates for the equity raising are provided in the Appendix.

### Placement and Institutional Entitlement Offer

The Placement and Institutional Entitlement Offer is expected to raise \$150 million and \$135 million respectively and will be conducted on 26 and 27 March 2012. BOQ will remain in a trading halt until completion of the Placement and Institutional Entitlement Offer and is expected to recommence trading on Wednesday, 28 March 2012.

<sup>1</sup> Theoretical ex-rights price is the theoretical price at which BOQ shares should trade immediately after the ex-date for the Entitlement Offer and includes the New Shares issued under the Placement.

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**Retail Entitlement Offer**

The Retail Entitlement Offer, which is expected to raise approximately \$165 million, will open on Tuesday, 3 April 2012 and close at 5.00pm (Sydney time) on Tuesday, 24 April 2012.

Eligible retail shareholders may apply for new BOQ shares in excess of the Entitlement subject to availability and scale-back at the sole discretion of BOQ. The Retail Entitlement Offer is not being extended to any shareholder outside Australia or New Zealand.

Retail shareholders will receive a retail offer booklet including a personalised Entitlement and Acceptance Form in relation to the Retail Entitlement Offer which will provide further details of how to participate.

**Capital position**

BOQ continues to take a prudent approach to capital and liquidity. The equity raising is consistent with a shift to a greater degree of conservatism in both Core Tier 1 levels and collective provisioning. Post completion, BOQ will have a pro forma Core Tier 1 ratio of 8.6% and a Tier 1 ratio of 9.5%.<sup>2</sup> This will place BOQ at the top end of its Australian banking peers in terms of capital strength.

**MARKET UPDATE**

BOQ today announced its preliminary expected financial results for the six months to 29 February 2012. The release of the full results will occur on 18 April 2012.

**Summary of preliminary expected financial results for 1H12**

- Normalised underlying profit before tax of \$222 million (1H11: \$216 million)<sup>3</sup>
- Statutory net loss after tax of \$91 million (1H11: \$48 million profit)
- Loans under management of \$34 billion (FY11: \$33 billion)
- Retail deposits of \$21 billion (FY11: \$20 billion)
- Cost-to-income ratio (normalised cash) at 45.0% (1H11: 45.2%)
- Impairment expense of \$328 million (1H11: \$134 million), including a \$160 million collective provisioning overlay
- Normalised net interest margin of 1.68% (1H11: 1.65%).

The 1H12 statutory net loss reflects a more conservative approach to provisioning which has been a factor in moving to strengthen the balance sheet.

In announcing the preliminary expected financial results, Mr Grimshaw said the underlying performance of Bank of Queensland was pleasing, given a very competitive trading environment.

"Despite a challenging cost of funding environment, BOQ's net interest margin has increased by 3 bps to 1.68%, primarily through improved asset repricing.

"The Bank has also increased its reliance on domestic retail funding, which has risen from 52% of our overall funding mix in 2011, to 54% in 1H12.

"Despite significant competition for deposits in the market, BOQ managed to grow deposits by 1.2 times system (through to January 2012).

"BOQ's underlying performance was achieved against a backdrop of continued variability in the strength of the Queensland economy, which has negatively impacted the commercial and residential property market.

"Queensland has been negatively impacted by the flow-on effects of a downturn in tourism and has endured recent natural disasters such as floods and cyclones."

Further details of the preliminary expected financial results for 1H12 are provided in the Appendix.

<sup>2</sup> Based on preliminary 1H12 capital ratios.

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**Asset quality review**

A comprehensive review of the commercial loan portfolio was undertaken during March 2012, using external professional firms.

A detailed assessment of the higher risk exposures and segments has been completed. As a prudent response to the continued weakness in the Queensland economy, retail and commercial property markets, a collective economic overlay of \$160 million has been taken.

**Dividend**

The Board has declared a fully franked interim dividend of 26 cents per share, which has been approved by APRA.

BOQ's Chairman Neil Summerson said "The Board has decided to match the dividend payment of the first half last year of 26 cents per share, applying it to both existing shares and those created through the entitlement offer and institutional placement".

The record date for the dividend is 8 May 2012 with a payment date of 25 May 2012.

**SENIOR APPOINTMENTS**

Mr Grimshaw also announced the appointment today of a new Chief Operating Officer, Jon Sutton, and a new Chief Risk Officer, Peter Deans in a further strengthening of the Bank's management team.

"Jon Sutton most recently served as Managing Director of Bankwest, and before that held senior executive roles with the Commonwealth Bank of Australia.

"He brings enormous capability to the business, and will help drive future growth.

"Likewise, Peter was formerly General Manager of Institutional Banking Risk Management at Commonwealth Bank of Australia and has extensive experience in risk strategy.

"Peter will bring a renewed focus on asset quality and will significantly strengthen our risk management processes and procedures at a time of some volatility in the broader economy."

**OUTLOOK**

Mr Grimshaw said: "We expect conditions in Queensland to remain challenging over the next few years with the Australian dollar to trade above parity with the US dollar for some time.

"Within the banking sector, we expect to see a continuation of heightened competition.

"Against this backdrop, our strategy of focusing on relationships through the SME market, agribusiness and our core retail customers will provide opportunities to grow above system over the long term.

"We will target growth above system over the long term while maintaining costs at or under the inflation rate.

"In strengthening BOQ's balance sheet and positioning the Bank for growth, we have also moved to a greater degree of conservatism in recognising impairments to protect our asset quality."

<sup>3</sup> Normalised underlying profit before tax is before impairment on loans and advances, income tax expenses and excludes certain normalisation items (refer to the Appendix of the Investor Presentation released to ASX today (26 March 2012) by BOQ for reconciliation of normalised underlying profit before tax and statutory net profit (loss) after tax). Refer to the Appendix in this Announcement for a discussion of normalised underlying profit before tax.

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**OTHER**

**Shareholder enquiries**

Retail shareholders who have any queries about the Entitlement Offer should contact BOQ's Offer Information Line on 1800 779 639 (within Australia) or on +61 2 8280 7626 (from outside Australia) at any time from 8.30am to 7.30pm (Sydney time) Monday to Friday during the Retail Entitlement Offer period, or consult their stockbroker, accountant or other independent professional adviser.

Eligible retail shareholders will receive a retail offer booklet including a personalised Entitlement and Acceptance Form in relation to the Entitlement Offer which will provide further details of how to participate.

The equity raising, market update and outlook and other information described in this announcement are also set out in an investor presentation which BOQ has filed with the ASX today.

**MEDIA / ANALYST / INVESTOR BRIEFINGS**

CEO and Managing Director Stuart Grimshaw will hold a media briefing and analyst / investor briefings this morning.

For further information please call:

**Media:**

Andrea Sackson,  
Head of Corporate Affairs  
P: 07 3212 3018  
E: andrea.sackson@boq.com.au

**Analysts / investors:**

Sally Wehl,  
Investor Relations Manager  
P: 07 3212 3463  
E: sally.wehl@boq.com.au

**IMPORTANT NOTICE**

The information contained in this Announcement is of general background and does not purport to be complete or comprehensive, nor does it purport to summarise all information that an investor should consider when making an investment decision. It should be read in conjunction with BOQ's other periodic and continuous disclosure announcements to ASX available at [www.asx.com.au](http://www.asx.com.au).

All dollar values are in Australian dollars (A\$) and financial data is presented as at the date stated. Any pro-forma financial information and past information provided in this Announcement is for illustrative purposes only and is not represented as being indicative of BOQ's views on its future financial condition and/or performance. Investors should note that past performance, including past trading or share price performance, of BOQ cannot be relied upon as an indicator of (and provides no guidance as to) future BOQ performance including future trading or share price performance.

This Announcement contains certain "forward looking statements". Forward looking statements can generally be identified by the use of forward looking words such as "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "will", "could", "may", "target", "plan" and other similar expressions within the meaning of securities laws of applicable jurisdictions, and include statements regarding outcome and effects of the equity raising. Indications of, and guidance or outlook on future earnings, distributions or financial position or performance are also forward looking statements. The forward looking statements contained in this Announcement involve known and

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unknown risks and uncertainties and other factors, many of which are beyond the control of BOQ, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

There can be no assurance that actual outcomes will not differ materially from these forward-looking statements.

The financial guidance in relation to the six months to 29 February 2012 contained in this Announcement and information derived from it does not represent final actual numbers and has not been reviewed by BOQ's auditor. No review statements by BOQ's auditor have been made on this information. BOQ's actual financial statements for the six months to 29 February 2012, once published, may differ from the guidance in this Announcement.

Further information regarding the matters in this Announcement, including important notices, key risks and assumptions in relation to certain forward looking statements in this Announcement, is set out in an Investor Presentation released to ASX today (26 March 2012) by BOQ. The important notices section of that presentation applies to this Announcement as if it were set out in full and included reference to this Announcement.

This Announcement does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or to any person that is, or is acting for the account or benefit of, a "U.S. person" (as defined in Regulation S under the U.S. Securities Act of 1933 (the "Securities Act") ("U.S. Person"). The New Shares have not been, and will not be, registered under the Securities Act or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold to persons in the United States or to, or for the account or benefit of, U.S. Persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

**Stock lending and other transactions**

BOQ has been granted a waiver by ASX so that, in determining shareholder entitlements for the Entitlement Offer, it may ignore any changes in shareholdings that occur after this Announcement on 26 March 2012 (other than registrations of transactions that were effected through ITS before that Announcement).

Accordingly, a person who is a registered BOQ shareholder at the Record Date as a result of a dealing after this Announcement (other than registrations of transactions that were effected through ITS before the Announcement) may not be entitled to receive an entitlement under the Entitlement Offer.

In the event that a shareholder has existing BOQ shares out on loan at the Record Date, the borrower will be regarded as the shareholder for the purposes of determining the entitlement (provided that those borrowed securities have not been on-sold or used to cover a short sale).

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**APPENDIX – KEY DATES FOR THE PLACEMENT AND ENTITLEMENT OFFER**

<b>EVENT</b>	<b>DATE</b>
Commence trading halt	Monday, 26 March 2012
Placement and Institutional Entitlement Offer opens	Monday, 26 March 2012
Placement and Institutional Entitlement Offer closes	Tuesday, 27 March 2012
BOQ shares recommence trading	Wednesday, 28 March 2012
Record date for the Entitlement Offer	Thursday, 29 March 2012 at 7.00pm (Sydney time)
Retail Entitlement Offer opens	Tuesday, 3 April 2012
Despatch of Retail Offer Booklet (including Entitlement and Acceptance Form) to Eligible Retail Shareholders	Tuesday, 3 April 2012
Settlement of the Placement and Institutional Entitlement Offer	Wednesday, 4 April 2012
Issue of New Shares under the Placement and Institutional Entitlement Offer, and normal trading of those shares expected to commence on ASX	Thursday, 5 April 2012
Announcement of 1H12 financial results	Wednesday, 18 April 2012
Retail Entitlement Offer closes	Tuesday, 24 April 2012 at 5.00pm (Sydney time)
Settlement of Retail Entitlement Offer	Monday, 30 April 2012
Issue of New Shares under Retail Entitlement Offer	Tuesday, 1 May 2012
Despatch of Transaction Confirmation Statements for Retail Entitlement Offer	Tuesday, 1 May 2012
Normal trading of New Shares issued under the Retail Entitlement Offer expected to commence on ASX	Wednesday, 2 May 2012

The above timetable is indicative only and subject to change. BOQ reserves the right to defer settlement of a portion of any institutional investor's allocation which may place that investor in temporary breach of shareholding restrictions in the Financial Sector (Shareholdings) Act pending completion of the Retail Entitlement Offer. If this occurs, BOQ will provide details to ASX.

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APPENDIX – DETAILS OF BOQ'S PRELIMINARY EXPECTED FINANCIAL RESULTS FOR 1H12

	1H11 \$ million	1H12 <sup>1</sup> \$ million
Net interest income	310	326
Non interest income	83	77
<b>Total operating income</b>	<b>393</b>	<b>403</b>
Operating expenses	(178)	(181)
<b>Normalised underlying profit before tax</b>	<b>216</b>	<b>222</b>
Impairment expense	(134)	(328)
<b>Normalised operating profit (loss) before tax</b>	<b>81</b>	<b>(106)</b>
Tax (expense) benefit	(24)	33
<b>Normalised cash net profit (loss) after tax</b>	<b>57</b>	<b>(72)</b>
<b>Statutory net profit (loss) after tax</b>	<b>48</b>	<b>(91)</b>
Normalised net interest margin	1.65%	1.68%
Cost-to-income ratio (normalised cash)	45.2%	45.0%

The prior corresponding period (1H11) has been restated for the finalisation of the acquisition entries of CIT Group and St Andrew's Group.

In assessing financial performance, BOQ discloses the net profit (loss) after tax on both a 'Statutory basis' and a 'Normalised Cash basis'. The Statutory basis is prepared in accordance with the Corporations Act 2001 and the Australian Accounting Standards, which comply with International Financial Reporting Standards (IFRS). The Normalised Cash basis is used by Management to present a clear view of the Group's underlying operating results. This excludes a number of items that introduce volatility and/or one off distortions of the Group's current period performance, and allows for a more effective comparison of the Group's performance across reporting periods and against peers. These items, such as amortisation of intangibles from acquisitions, and accounting for economic hedges, are calculated consistently year on year and do not discriminate between positive and negative adjustments. The bank also uses the measure of 'Normalised Underlying Profit', which represents the Normalised Income less Normalised Operating Expenses, to provide users with a view on the underlying growth rate of the business before bad debt and tax expenses, which often carry volatility between periods. Further details of items excluded from statutory profit are provided in the reconciliation of the net profit after tax ("Normalised Cash basis") in the Appendix of the Investor Presentation released to ASX today (26 March 2012) by BOQ.

Normalised net interest margin excludes amortisation of fair value adjustments (refer to the Appendix of the Investor Presentation released to ASX today (26 March 2012) by BOQ). Net interest margin on a statutory basis at 1H12 is 1.67%.

Note: Numbers may not add due to rounding. <sup>1</sup> Unaudited.

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# ASX Offer Announcements

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Institutional Offer  
Completion Announcement  
Dated 28 March 2012



ASX OFFER  
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INSTITUTIONAL  
OFFER COMPLETION  
ANNOUNCEMENT  
DATED 28 MARCH 2012

**BOQ SUCCESSFULLY COMPLETES THE INSTITUTIONAL COMPONENT OF ITS  
\$450 MILLION EQUITY RAISING**

Bank of Queensland Limited ("**BOQ**") is pleased to announce the successful completion of the institutional component of its fully underwritten equity raising, having received very strong support from BOQ's existing institutional shareholders and new investors. The offer price for the new ordinary shares ("**New Shares**") under the institutional equity raising is \$6.05 per New Share.

BOQ's Managing Director and CEO Stuart Grimshaw said: "We are very pleased with the strong support we have received from our institutional shareholders and other investors for this equity raising. The proceeds will be used to ensure Bank of Queensland is one of the best protected banks in Australia, with one of the highest Core Tier 1 capital ratios, while also allowing us to strengthen provisioning of our current loan book."

Of the approximate \$284 million raised in the institutional component, approximately \$150 million has been raised through an institutional placement ("**Placement**") and approximately \$134 million through the institutional component of the accelerated 8-for-37 pro-rata non-renounceable entitlement offer ("**Institutional Entitlement Offer**").

Existing eligible institutional shareholders subscribed for approximately 92% of their entitlements under the Institutional Entitlement Offer, and very significant demand was generated for the Placement and shortfall shares.

The retail component of the Entitlement Offer ("**Retail Entitlement Offer**"), which is also fully underwritten, is expected to raise approximately \$166 million, taking the size of BOQ's total equity raising (being the Placement and Entitlement Offer) to \$450 million.

**Commencement of the Retail Entitlement Offer**

The Retail Entitlement Offer will open on Tuesday, 3 April 2012 and is expected to close at 5.00pm (Sydney time) on Tuesday, 24 April 2012. The terms of the Retail Entitlement Offer are the same as the terms of the Institutional Entitlement Offer with eligible shareholders having the opportunity to subscribe for 8 New Shares for every 37 existing BOQ shares held at 7.00pm (Sydney time) on Thursday, 29 March 2012 ("**Record Date**"), at the offer price of \$6.05 per New Share.

Eligible retail shareholders may apply for New Shares in excess of their Entitlement subject to availability and scale-back at the sole discretion of BOQ.

Eligible retail shareholders wishing to participate in the Retail Entitlement Offer will need to have regard to the Retail Offer Booklet and personalised Entitlement and Acceptance form which is expected to be mailed to each eligible retail shareholder on Tuesday, 3 April 2012.

The Retail Entitlement Offer is not being extended to any shareholder with a registered address outside Australia or New Zealand.

Retail shareholders who have any queries about the Entitlement Offer should contact BOQ's Offer Information Line on 1800 779 639 (within Australia) or on +61 2 8280 7626 (from outside Australia) at any time from 8.30am to 7.30pm (Sydney time) Monday to Friday during the Retail Entitlement Offer period, or consult their stockbroker, accountant or other professional adviser.

BOQ securities are expected to resume trading on the ASX today.

**For more information please contact:**

**Media:**

Andrea Sackson, Head of Corporate Affairs  
P: 07 3212 3018 E: andrea.sackson@boq.com.au

**Analysts / investors:**

Sally Wehl, Investor Relations Manager  
P: 07 3212 3463 E: sally.wehl@boq.com.au

NOT FOR DISTRIBUTION OR  
RELEASE IN THE UNITED  
STATES OR TO, OR FOR THE  
ACCOUNT OR BENEFIT OF,  
U.S. PERSONS

**ASX OFFER  
ANNOUNCEMENTS –  
INSTITUTIONAL  
OFFER COMPLETION  
ANNOUNCEMENT  
DATED 28 MARCH 2012**

**TIMETABLE FOR THE EQUITY OFFER**

The following table outlines the indicative timetable for the equity offer:

EVENT	DATE
BOQ shares recommence trading	Wednesday, 28 March 2012
Record date for the Entitlement Offer	Thursday, 29 March 2012 at 7.00pm (Sydney time)
Retail Entitlement Offer opens	Tuesday, 3 April 2012
Despatch of Retail Offer Booklet (including Entitlement and Acceptance Form) to Eligible Retail Shareholders	Tuesday, 3 April 2012
Settlement of the Placement and Institutional Entitlement Offer	Wednesday, 4 April 2012
Issue of New Shares under the Placement and Institutional Entitlement Offer, and normal trading of those shares expected to commence on ASX	Thursday, 5 April 2012
Announcement of 1H12 financial results	Wednesday, 18 April 2012
Retail Entitlement Offer closes	Tuesday, 24 April 2012 at 5.00pm (Sydney time)
Settlement of Retail Entitlement Offer	Monday, 30 April 2012
Issue of New Shares under Retail Entitlement Offer	Tuesday, 1 May 2012
Despatch of Transaction Confirmation Statements for Retail Entitlement Offer	Tuesday, 1 May 2012
Normal trading of New Shares issued under the Retail Entitlement Offer expected to commence on ASX	Wednesday, 2 May 2012

The above timetable is indicative only and subject to change.

**IMPORTANT NOTICE**

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States, or to any person that is, or is acting for the account or benefit of, a "U.S. person" (as defined in Regulation S under the U.S. Securities Act of 1933 (the "Securities Act") ("U.S. Person")) The New Shares have not been, and will not be, registered under the Securities Act, or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold to persons in the United States or to, or for the account or benefit of, U.S. Persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

**NOT FOR DISTRIBUTION OR  
RELEASE IN THE UNITED  
STATES OR TO, OR FOR THE  
ACCOUNT OR BENEFIT OF,  
U.S. PERSONS**

# Important Information

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## IMPORTANT INFORMATION

This booklet (including the ASX Offer Announcements) and enclosed personalised Entitlement and Acceptance Form ("Information") have been prepared by BOQ. This Information is dated 3 April 2012 (other than the Investor Presentation and the Offer Launch Announcement published on the ASX website on Monday, 26 March 2012 and the Institutional Offer Completion Announcement published on the ASX website on Wednesday, 28 March 2012).

No party other than BOQ has authorised or caused the issue of this Information, or takes any responsibility for, or makes, any statements, representations or undertakings in this Information.

### **This Information is important and requires your immediate attention.**

You should read this Information carefully and in its entirety before deciding whether to invest in New Shares or Additional New Shares. In particular, you should consider the risks outlined in the Risk Factors section of the Investor Presentation dated Monday, 26 March 2012 (a copy of which is included in this booklet) that could affect the operating and financial performance of BOQ or the value of an investment in BOQ.

You should consult your stockbroker, accountant or other professional adviser to evaluate whether or not to participate in the Retail Entitlement Offer.

BOQ has applied for the grant by ASX of official quotation of the New Shares.

### **1. ELIGIBLE RETAIL SHAREHOLDERS**

This Information contains an offer of New Shares to Eligible Retail Shareholders and has been prepared in accordance with section 708AA of the Corporations Act as modified by Australian Securities and Investments Commission ("ASIC") Class Order 08/35.

Eligible Retail Shareholders are those holders of Shares who:

- are registered as a holder of Shares as at 7.00pm (Sydney time) on Thursday, 29 March 2012 (the "Record Date")<sup>1</sup>;
- have a registered address in Australia or New Zealand;
- are not in the United States and are not, and are not acting for the account or benefit of, a U.S. Person;
- are not an Eligible Institutional Shareholder who was invited to participate in the Institutional Entitlement Offer;
- are not an Ineligible Institutional Shareholder; and
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer without any requirement for a prospectus or offer document to be lodged or registered.

If you are a Retail Shareholder who does not satisfy each of the criteria listed above, you are an "Ineligible Retail Shareholder".

Due to the number of BOQ shareholders that do not have registered addresses in Australia or New Zealand, the number and value of securities they hold and the cost of complying with legal and regulatory requirements in their respective jurisdictions, the Retail Entitlement Offer is not being extended to any shareholders outside Australia or New Zealand.

By returning a completed Entitlement and Acceptance Form or making a payment by BPAY®, you will be taken to have represented and warranted that you satisfy each of the criteria listed above. Eligible Retail Shareholders who are nominees, trustees or custodians are therefore advised to seek professional advice as to how to proceed. Persons acting as nominees for other persons must not take up any entitlements on behalf of, or send any documents related to the Retail Entitlement Offer to, any person in the United States, any U.S. Person or any person that is acting for the account or benefit of a U.S. Person.

<sup>1</sup> Pursuant to a waiver from the ASX and for the purposes of determining entitlements under the Entitlement Offer, BOQ will disregard changes in Shareholdings that occur after the announcement of the Entitlement Offer on 26 March 2012, except for settlement of (Integrated Trading System) on-market transactions that occurred prior to that announcement.

## IMPORTANT INFORMATION

### 2. ADDITIONAL NEW SHARES

BOQ reserves the right to issue any Additional New Shares if and to the extent that BOQ so determines, in its absolute discretion, having regard to circumstances as at the time of the close of the Retail Entitlement Offer. Any New Shares in excess of Entitlements will be limited to the extent that there are sufficient New Shares from Eligible Retail Shareholders who do not take up their full Entitlements or from New Shares that would have been offered to Ineligible Retail Shareholders if they had been offered to participate in the Retail Entitlement Offer. BOQ may apply any scale-back to applications in its absolute discretion. Therefore, your application for Additional New Shares may not be successful (wholly or partially). The decision of BOQ on the number of Additional New Shares to be allocated to you will be final.

### 3. RANKING OF NEW SHARES AND ADDITIONAL NEW SHARES

New Shares and Additional New Shares issued under the Entitlement Offer will rank equally with existing Shares. New Shares and Additional New Shares will be entitled to any dividends on ordinary shares with a record date after the date of issue.

### 4. NO COOLING OFF RIGHTS

Cooling off rights do not apply to an investment in New Shares or Additional New Shares. You cannot withdraw an application once it has been accepted.

### 5. NO ENTITLEMENTS TRADING

Entitlements are non-renounceable and cannot be traded on ASX or any other exchange, nor can they be privately transferred.

### 6. RISKS

The Investor Presentation details important factors and risks that could affect the financial and operating performance of BOQ. Please refer to the Risk Factors section of the Investor Presentation for details. You should consider these risks carefully in light of your personal circumstances, including financial and taxation issues, before making an investment decision in connection with the Retail Entitlement Offer.

### 7. CONTINUOUS DISCLOSURE

BOQ is a "disclosing entity" under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules, including the preparation of annual reports and half yearly reports.

BOQ is required to notify ASX of information about specific events and matters as they arise for the purposes of ASX making that information available to the stock markets conducted by ASX. In particular, BOQ has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price of value of BOQ shares. That information is available to the public from ASX.

### 8. NOT INVESTMENT ADVICE

This Information is not a prospectus under the Corporations Act and has not been lodged with ASIC. It is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. BOQ is not licensed to provide financial product advice in respect of the New Shares or Additional New Shares. This Information does not purport to contain all the information that you may require to evaluate a possible application for New Shares or Additional New Shares.

Before deciding whether to apply for New Shares or Additional New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If, after reading the Information, you have any questions about the Retail Entitlement Offer, you should contact your stockbroker, accountant or other professional adviser.

## IMPORTANT INFORMATION

### 9. AUSTRALIAN TAXATION

Taxation implications vary depending upon the particular circumstances of individual Eligible Retail Shareholders. Eligible Retail Shareholders should seek specific advice applicable to their own particular circumstances from their own financial or tax advisers.

The summary below:

- does not necessarily apply to Eligible Retail Shareholders who hold their Shares as assets used in carrying on a business or who may carry on the business of share trading, banking or investment;
- does not apply to persons not resident in Australia;
- does not necessarily apply to Eligible Retail Shareholders whose Shares are held through an employee share plan or whose Shares are held as revenue assets or trading stock;
- does not take account of any individual circumstances of any particular Eligible Retail Shareholder. Eligible Retail Shareholders should seek specific advice applicable to their own particular circumstances from their own financial or tax advisers; and
- is based on the law in effect as at the date of this Information.

#### Issue of Entitlements

Subject to the qualifications noted above, the issue of the Entitlements will not itself result in any amount being included in the assessable income of an Eligible Retail Shareholder.

#### Exercise of Entitlements

Eligible Retail Shareholders who exercise their Entitlements and subscribe for New Shares, and in BOQ's absolute discretion, Additional New Shares, will acquire those Shares with a cost base for capital gains tax ("CGT") purposes equal to the Offer Price payable by them for those Shares plus any non-deductible incidental costs they incur in acquiring them, but will not make any capital gain or loss, or assessable income, from exercising the Entitlements or subscribing for the New Shares or Additional New Shares.

#### New Shares

Eligible Retail Shareholders who exercise their Entitlements will acquire New Shares and, in BOQ's absolute discretion, Additional New Shares (as applicable). Any future dividends or other distributions made in respect of those New Shares and Additional New Shares will be subject to the same taxation treatment as dividends or other distributions made on Shares held in the same circumstances.

On any future disposal of New Shares and Additional New Shares, Eligible Retail Shareholders may make a capital gain or capital loss, depending on whether the capital proceeds of that disposal are more than the cost base or less than the reduced cost base of the New Shares and Additional New Shares. The cost base of those Shares is described above.

New Shares will be treated for the purposes of the CGT discount as having been acquired when the Eligible Retail Shareholder exercised the Entitlement to subscribe for them. Additional New Shares will be treated for the purposes of the CGT discount as having been acquired when BOQ issues those Additional New Shares. Accordingly, in order to benefit from the CGT discount in respect of a disposal of those Shares, they must have been held for at least 12 months after those dates before the disposal occurs.

#### Other Australian taxes

No Australian Goods and Services Tax (GST) or stamp duty is payable in respect of the grant or exercise of the Entitlements or the acquisition of New Shares and Additional New Shares.

### 10. ROUNDING OF ENTITLEMENTS

Where fractions arise in the calculation of Entitlements, they will be rounded up to the nearest whole number of New Shares.

## IMPORTANT INFORMATION

### 11. INFORMATION AVAILABILITY

Eligible Retail Shareholders in Australia and New Zealand can obtain a copy of this Information during the period of the Retail Entitlement Offer on the BOQ website at [www.boq.com.au](http://www.boq.com.au) or by calling the Bank of Queensland Shareholder Information Line. Persons who access the electronic version of this Information should ensure that they download and read the entire Information. The electronic version of this Information on the BOQ website will not include a personalised Entitlement and Acceptance Form.

Eligible Retail Shareholders may also participate in the Retail Entitlement Offer by completing the Online Application Form and paying Application Monies by BPAY® in accordance with the instructions on the Online Application Form. It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 5.00pm (Sydney time) on Tuesday, 24 April 2012. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment.

A replacement Entitlement and Acceptance Form can be obtained during the period of the Retail Entitlement Offer on the BOQ website at [www.boq.com.au](http://www.boq.com.au) or by calling the Bank of Queensland Shareholder Information Line on 1800 779 639 (local call cost within Australia), or +61 2 8280 7626 (outside Australia) at any time from 8.30am to 7.30pm (Sydney time) Monday to Friday during the Retail Entitlement Offer period

*Neither this Information nor the accompanying personalised Entitlement and Acceptance Form may be distributed to or relied upon by, persons in the United States or that are, or are acting on behalf of or for the account or benefit of, a U.S. Person, or otherwise distributed in the United States.*

### 12. NO GUARANTEE OF FUTURE PERFORMANCE

Neither BOQ nor any other person warrants or guarantees the future performance of the New Shares, Additional New Shares or any return on any investment made pursuant to this Information.

Any forward looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. They are subject to known and unknown risks, uncertainties and other factors which are beyond the control of BOQ, including the risks described in the accompanying Investor Presentation, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by any forward looking statements in this Information.

### 13. PAST PERFORMANCE

Investors should note that the past share performance of BOQ Shares provides no guidance as to future price performance.

### 14. GOVERNING LAW

This Information, the Retail Entitlement Offer and the contracts formed on acceptance of Retail Entitlement Offers pursuant to the personalised Entitlement and Acceptance Forms are governed by the laws applicable in Queensland, Australia. Each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of Queensland, Australia.

### 15. FOREIGN JURISDICTIONS

This Information has been prepared to comply with the requirements of the securities laws of Australia and New Zealand. BOQ is not able to advise on the laws of any other foreign jurisdictions.

## IMPORTANT INFORMATION

The New Shares are not being offered or sold to the public within New Zealand other than to existing shareholders of BOQ with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand).

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand). This document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

This Information does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Retail Entitlement Offer, the Entitlements or the New Shares (or Additional New Shares), or otherwise permit the public offering of the New Shares (or Additional New Shares), in any jurisdiction other than Australia and New Zealand.

The distribution of this Information (including an electronic copy) outside Australia and New Zealand is restricted by law. If you come into possession of this Information, you should observe such restrictions and should seek your own advice on such restrictions.

Any non-compliance with these restrictions may contravene applicable securities laws.

The New Shares have not been, and will not be, registered under the U.S. Securities Act of 1933 (the "Securities Act") or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold to persons in the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

Accordingly, the New Shares may constitute "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act and, for so long as the New Shares remain restricted securities, the New Shares may not be deposited in any unrestricted American Depositary Receipt facility with respect to the securities of BOQ.

The distribution of this booklet outside Australia may be restricted by law. In particular, this booklet or any copy of it must not be taken into or distributed or released in the United States or distributed or released to any U.S. Person or to any person acting for the account or benefit of a U.S. Person. Persons who come into possession of this document should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

### 16. FINANCIAL DATA

All dollar values in this booklet are in Australian dollars (A\$) unless otherwise stated.

### 17. UNDERWRITING

BOQ has entered into an underwriting agreement with Citigroup Global Markets Australia Pty Limited (the "Underwriter") who has agreed to underwrite the equity raising on the terms and conditions set out in the underwriting agreement ("Underwriting Agreement"). The obligations of the Underwriter are subject to the satisfaction of certain conditions precedent documented in the Underwriting Agreement. Furthermore, in accordance with the Underwriting Agreement, as is customary with these types of underwriting arrangements:

- BOQ has (subject to certain limitations) agreed to indemnify the Underwriter and its affiliates and related bodies corporate and their directors, officers and employees, against losses in connection with the equity raising.

## IMPORTANT INFORMATION

- BOQ and the Underwriter have given certain representations, warranties and undertakings in connection with (among other things) the conduct of the equity raising.
- The Underwriter may terminate the Underwriting Agreement and be released from its obligations on the happening of any of a range of events, including if:
  - as at the close of trading on either 3 April 2012 or 30 April 2012, the S&P/ASX200 Index closes at a level that is 15% or more below the level at the close of trading on Friday, 23 March 2012 ("ASX 200 Starting Level");
  - at any time from and including 2.00 pm on 28 March 2012 until 1 May 2012, the S&P/ASX200 Index falls to a level that is 15% or more below the ASX 200 Starting Level for at least 2 consecutive business days;
  - there is a material adverse change, or there is a development involving a prospective material adverse change, in the business, assets, liabilities, financial position or performance, profits, losses, operations, results or prospects of BOQ;
  - a new circumstance arises in relation to BOQ which is materially adverse to investors including a material adverse deviation between actual 2012 first half results and previous guidance;
  - there is a change in the Chief Executive Officer or Chief Financial Officer or the Board of BOQ;
  - ASX does not approve the New Shares for quotation or withdraws waivers which have been granted;
  - BOQ Shares are suspended or BOQ is delisted;
  - there is a delay in the timetable of two business days without the approval of the Underwriter; or
  - any of the offer materials in relation to the Offer are false, misleading or deceptive (including by omission) or ASIC commences an enquiry into the Offer or offer materials.
- The Underwriter will receive a financial benefit as a result of its engagement as Underwriter to the equity raising by BOQ.
- The Underwriter has not authorised or caused the issue of, and takes no responsibility for, this booklet, and to the maximum extent permitted by law, disclaims all liability in connection with the equity raising and this booklet.

### 19. ASX WAIVERS

In order to conduct the Entitlement Offer, BOQ has sought certain waivers from the ASX Listing Rules. ASX has granted BOQ waivers from ASX Listing Rules 3.20.2, 7.1, 7.40 and 10.11 subject to a number of customary conditions.

The waivers also allow BOQ to ignore, for the purposes of determining entitlements, transactions occurring after the announcement of the Entitlement Offer (other than registrations of ITS transactions which were effected before the announcement) (**post ex-date transactions**). Such transactions are to be ignored in determining holders and registered holders, and holdings and registered holdings, of Shares as at the Record Date, and references to such holders, registered holders, holdings and registered holdings are to be read accordingly. Therefore, if you have acquired BOQ shares in a post ex-date transaction, you will not be entitled to receive an Entitlement in respect of those BOQ shares.

## IMPORTANT INFORMATION

### **20. PRIVACY**

BOQ collects the information about each applicant provided on an Entitlement and Acceptance Form for the purposes of processing the application and, if the application is successful, to administer the applicant's shareholding in BOQ.

By submitting an Entitlement and Acceptance Form, you will be providing personal information to BOQ (directly or through the share registry). BOQ collects, holds and will use that information to assess your application. BOQ may disclose your personal information for purposes related to your shareholding in BOQ, including to its share registry, agents, contractors and third party service providers, and to ASX and regulatory bodies. To make a request for access to your personal information held by or on behalf of BOQ in relation to your shareholding with BOQ, please contact BOQ through its share registry.

### **21. TIMES AND DATES**

Unless otherwise specified, all references to time in this Retail Entitlement Offer Booklet and the Entitlement and Acceptance Form are references to Sydney time.

### **22. DISCLAIMER OF REPRESENTATIONS**

No person is authorised to give any information, or to make any representation, in connection with the Retail Entitlement Offer that is not contained in this Information.

Any information or representation that is not in this Information may not be relied on as having been authorised by BOQ, or its related bodies corporate in connection with the Retail Entitlement Offer.

# Corporate Directory

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## CORPORATE DIRECTORY

### COMPANY SECRETARY

Stacey Hester

### REGISTERED OFFICE AND HEAD OFFICE

Bank of Queensland Limited  
Level 17, BOQ Centre  
259 Queen Street  
Brisbane, QLD 4000  
Australia

### SHARE REGISTRY

Link Market Services Limited  
Level 15, 324 Queen Street  
Brisbane, QLD 4000  
Australia

Australia: 1300 554 474

International: +61 2 8280 7454

Fax: +61 2 9287 0303

Email: [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au)

Website: [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

### WEBSITE

Corporate information and the 2011 BOQ Annual Report can be found via the Company's website at [www.boq.com.au](http://www.boq.com.au)

### BANK OF QUEENSLAND SHAREHOLDER INFORMATION LINE

Australia: 1800 779 639

International: +61 2 8280 7626

Open 8.30am to 7.30pm (Sydney time) Monday to Friday.

# Sample Entitlement and Acceptance Form

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Bank of Queensland Limited  
ABN 32 009 656 740

All Registry communications to:  
Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia  
Telephone (within Australia): 1800 779 639  
Telephone (International): +61 2 8280 7626  
ASX Code: BOQ  
Website: www.linkmarketservices.com.au

SRN/HIN

Entitlement Number

Number of Shares held as at the  
Record Date, 7:00pm (Sydney time)  
on Thursday, 29 March 2012

Entitlement to New Shares  
(on a 8 for 37 basis)

Amount payable for full entitlement  
at A\$6.05 per New Share

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS.

## ENTITLEMENT AND ACCEPTANCE FORM (INCLUDING ADDITIONAL NEW SHARES)

**THIS ENTITLEMENT AND ACCEPTANCE FORM RELATES TO A NON-RENOUNCEABLE PRO-RATA ENTITLEMENT OFFER OF NEW SHARES TO ELIGIBLE RETAIL SHAREHOLDERS OF BANK OF QUEENSLAND LIMITED CLOSING 5:00PM (SYDNEY TIME) ON TUESDAY, 24 APRIL 2012.**

As an Eligible Retail Shareholder (as described in section 1 of the "Important Information" contained in the Retail Entitlement Offer Booklet) you are entitled to subscribe for 8 New Shares for every 37 Shares that you hold at 7:00pm (Sydney time) on the Record Date, at an Offer Price of A\$6.05 per New Share ("Retail Entitlement Offer"). This document is of value and, along with the other documents contained in the Retail Entitlement Offer Booklet, requires your immediate attention. If you do not understand it or you are in doubt as to how to deal with it, you should contact your accountant, stockbroker, solicitor or other professional adviser.

See overleaf for details and further instructions on how to complete and lodge this Entitlement and Acceptance Form.

If you wish to take up all or part of your Entitlement (as shown above), or take up all of your Entitlement and apply for Additional New Shares, you have two payment options:

### PAYMENT OPTIONS

#### OPTION 1: PAYING BY BPAY®

If paying by BPAY®, refer to the instructions overleaf. **You do NOT need to return the acceptance slip below.** Payment must be received via BPAY® before 5:00pm (Sydney time) on Tuesday, 24 April 2012.



Biller Code: 606392

Ref:

#### Telephone & Internet Banking – BPAY®

Contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. More info: [www.bpay.com.au](http://www.bpay.com.au)

© Registered to BPAY Pty Ltd ABN 69 079 137 518

#### OPTION 2: PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

If paying by cheque, bank draft or money order, complete and return the acceptance slip below with your application monies (being A\$6.05 multiplied by the number of New Shares and any Additional New Shares applied for).

Your cheque, bank draft or money order should be made payable to "Bank of Queensland Limited" and crossed "Not Negotiable".

No signature is required on the acceptance slip.

The acceptance slip with your application monies must be received by the Registry before 5:00pm (Sydney time) on Tuesday, 24 April 2012.

Please detach and enclose with payment if paying by cheque, bank draft or money order



Bank of Queensland Limited  
ABN 32 009 656 740



SRN/HIN  
Entitlement Number

**A** Number of New Shares applied for (being not more than your Entitlement shown above)

**B** Number of Additional New Shares applied for (if any)

+

**C** Total number of New Shares and Additional New Shares applied for (add Boxes A and B)

**D** Application Money  
(multiply C by the Offer Price of A\$6.05)

A\$

**E** CONTACT DETAILS – Contact name

Telephone number

**F** PLEASE INSERT CHEQUE, BANK DRAFT OR MONEY ORDER DETAILS – Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to "Bank of Queensland Limited" and crossed "Not Negotiable".

Drawer

Cheque Number

BSB Number

Account Number

Cheque Amount






A\$

## Bank of Queensland Limited ("BOQ")

The Retail Entitlement Offer to which this Entitlement and Acceptance Form relates does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Retail Entitlement Offer or the New Shares or otherwise permit a public offering of the New Shares in any jurisdiction other than Australia or New Zealand. Return of the Entitlement and Acceptance Form shall be taken by BOQ to constitute a representation by you that there has been no breach of any such laws. Eligible Retail Shareholders who are nominees, trustees or custodians are therefore advised to seek independent advice as to how to proceed.

The Retail Entitlement Offer to which this Entitlement and Acceptance Form relates, does not constitute an offer to sell, or the solicitation of an offer to buy, any New Shares in the United States or to, or for the account or benefit of, any "U.S. person" (as defined in Regulation S under the U.S. Securities Act of 1933 (the "Securities Act") ("U.S. Person")). The New Shares to be offered and sold in the Retail Entitlement Offer have not been, and will not be, registered under the Securities Act, or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold to persons in the United States or to persons who are, or are acting for the account or benefit of, U.S. Persons except pursuant to an exemption from, or in a transaction not subject, to the registration requirements of the Securities Act and applicable state securities laws.

The Entitlement and Acceptance Form may not be distributed to, or relied upon or completed by, persons in the United States or who are U.S. Persons or who are acting for the account or benefit of U.S. Persons (including nominees who hold on behalf of persons in the United States or that are acting for the account or benefit of U.S. Persons).

### ACCEPTANCE OF RETAIL ENTITLEMENT OFFER

Receipt of this Entitlement and Acceptance Form by 5:00pm (Sydney time) on Tuesday, 24 April 2012 with payment to the Registry, will constitute acceptance in accordance with the terms and conditions set out in the Retail Entitlement Offer Booklet dated 3 April 2012 and this Entitlement and Acceptance Form.

### HOW TO APPLY FOR NEW SHARES

#### 1. IF PAYING BY BPAY® (AVAILABLE TO SHAREHOLDERS WITH AN AUSTRALIAN BANK ACCOUNT ONLY)

If you elect to make payment using BPAY® you must contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. For more information on paying by BPAY®: [www.bpay.com.au](http://www.bpay.com.au)

Calculate the total amount payable by you. To calculate the total amount, multiply the number of New Shares you wish to apply for (including any Additional New Shares) by the Offer Price of A\$6.05. BOQ will treat you as applying for as many New Shares as your BPAY® payment will pay for in full. Any amount received by BOQ in excess of the amount required to be paid by you to apply for your Entitlement ("Excess Amount") may be treated by BOQ as an application for as many Additional New Shares your Excess Amount will pay for in full. Your application for Additional New Shares may not be successful (wholly or partially). The decision of BOQ on the number of New Shares to be allocated to you will be final. No interest will be paid on any application monies received or returned.

Refer overleaf for the Biller Code and Reference Number. The Reference Number is used to identify your holding. If you have multiple holdings you will have multiple Reference Numbers. You must use the Reference Number shown on each personalised Entitlement and Acceptance Form when paying for any New Shares that you wish to apply for in respect of that holding.

#### 2. IF PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

Complete all relevant sections of the Entitlement and Acceptance Form USING BLOCK LETTERS. These instructions are cross referenced to each section of the Entitlement and Acceptance Form.

##### A. Application for New Shares

Enter into Box A the number of New Shares you wish to apply for. The number of New Shares must be equal to or less than your Entitlement, which is set out overleaf.

##### B. Application for Additional New Shares

You can apply for more New Shares than your Entitlement. Please enter the number of Additional New Shares above your Entitlement that you wish to apply for in Box B. Your application for Additional New Shares may not be successful (wholly or partially). The decision of BOQ regarding the number of Additional New Shares to be issued to you will be final and in BOQ's absolute discretion. No interest will be paid on any application monies received or returned.

#### C. Total Number of New Shares applied for

To calculate the total number of New Shares applied for, add Box A and Box B and enter this in Box C.

#### D. Application Money

To calculate application monies, multiply Box C by the Offer Price of A\$6.05.

#### E. Contact details

Enter your contact details and telephone number where we may contact you regarding your acceptance of New Shares or application for Additional New Shares, if necessary.

#### F. Cheque, bank draft or money order details

Enter your cheque, bank draft or money order details in section F. Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to "Bank of Queensland Limited" and crossed "Not Negotiable". If you provide a cheque or money order for an amount that is insufficient to pay for the number of New Shares you apply for, BOQ may treat you as applying for as many New Shares as your cheque, bank draft or money order will pay for or may elect to reject your Application. Any Excess Amount may be treated to BOQ as an application for as many Additional New Shares your Excess Amount will pay for in full.

#### DECLARATIONS:

By returning this Entitlement and Acceptance Form along with the application monies by cheque, bank draft or money order OR paying by BPAY®, I/we:

- agree to be bound by the terms of the Retail Entitlement Offer;
- authorise you to register me/us as the holder(s) of the New Shares allotted to me/us;
- declare that all details and statements in this Entitlement and Acceptance Form are complete and accurate;
- declare that I/we am/are over 18 years of age and have full legal capacity and power to perform all my/our rights and obligations under this Entitlement and Acceptance Form;
- acknowledge that once BOQ receives this Entitlement and Acceptance Form or my/our BPAY® payment, I/we may not withdraw it or vary my/our Application;
- agree to apply for the number of New Shares at the Offer Price of A\$6.05;
- agree to be issued the number of New Shares or Additional New Shares that I/we apply for or are taken to apply for;
- authorise BOQ, the Underwriter and each of their respective officers or agents, to do anything on my/our behalf necessary for the Shares to be issued to me/us, including to act on instructions of the Share Registry upon using the contact details set out in this Entitlement and Acceptance Form;
- by applying for Additional New Shares, declare that I am/we are not a related party (as that term is defined in the ASX Listing Rules);
- authorise BOQ to correct any errors in my/our Entitlement and Acceptance Form or other form provided by me/us;
- acknowledge that the information contained in the Retail Entitlement Offer Booklet and this Entitlement and Acceptance Form is not financial advice or a recommendation that the New Shares are suitable for me/us, given my/our investment objectives, financial situation or particular needs;
- represent and warrant that the law of any other place does not prohibit me/us from being given the Retail Entitlement Offer Booklet or from making an application on this Entitlement and Acceptance Form;
- represent and warrant (for the benefit of BOQ and their respective affiliates) that I/we am/are not in the United States and that I/we am/are not a U.S. Person, and I/we am/are not acting for the account or benefit of, a U.S. Person;
- acknowledge that the New Shares have not been, and will not be, registered under the Securities Act or under the securities laws of any state or other jurisdiction in the United States, or in any other jurisdiction outside Australia or New Zealand and accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities laws;
- agree not to send this Entitlement and Acceptance Form or any other material relating to the Retail Entitlement Offer to any person in the United States or a U.S. Person, or a person who is acting for the account or benefit of a U.S. Person;
- agree that if in the future I/we decide to sell or otherwise transfer our New Shares, I/we will do so in regular way transactions on the ASX or otherwise where neither I/we nor any person acting on our behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States or a U.S. Person or a person acting on behalf of a U.S. Person; and
- represent and warrant that, if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting this Entitlement and Acceptance Form is not in the United States or a U.S. Person or acting for the account or benefit of a U.S. Person, and you have not sent this Entitlement and Acceptance Form or any information relating to the Retail Entitlement Offer to any such person.

By accepting the Retail Entitlement Offer, you agree that BOQ's Registry, Link Market Services Limited, may disclose your personal information for purposes relating to your shareholding to its agents, related bodies corporate, contractors and service providers including printers and mailing houses and ASX and other regulatory authorities or as otherwise authorised under the *Privacy Act 2001* (Cth).

Your application to acquire New Shares and Additional New Shares is irrevocable and may not be varied or withdrawn.

### 3. HOW TO LODGE YOUR ENTITLEMENT AND ACCEPTANCE FORM

A reply paid envelope is enclosed for your use. No postage stamp is required if it is posted in Australia. Alternatively, if you have lost the reply paid envelope, your completed Entitlement and Acceptance Form with the payment for New Shares may be mailed to the postal address, or delivered by hand to the delivery address, set out below. **Your completed Entitlement and Acceptance Form and payment for New Shares must be received by the Registry no later than 5:00pm (Sydney time) on Tuesday, 24 April 2012. If paying by BPAY® you do not need to complete or return the Entitlement and Acceptance Form.**

#### Postal delivery

Bank of Queensland Limited Retail Entitlement Offer  
C/- Link Market Services Limited  
Locked Bag 3415  
BRISBANE QLD 4001

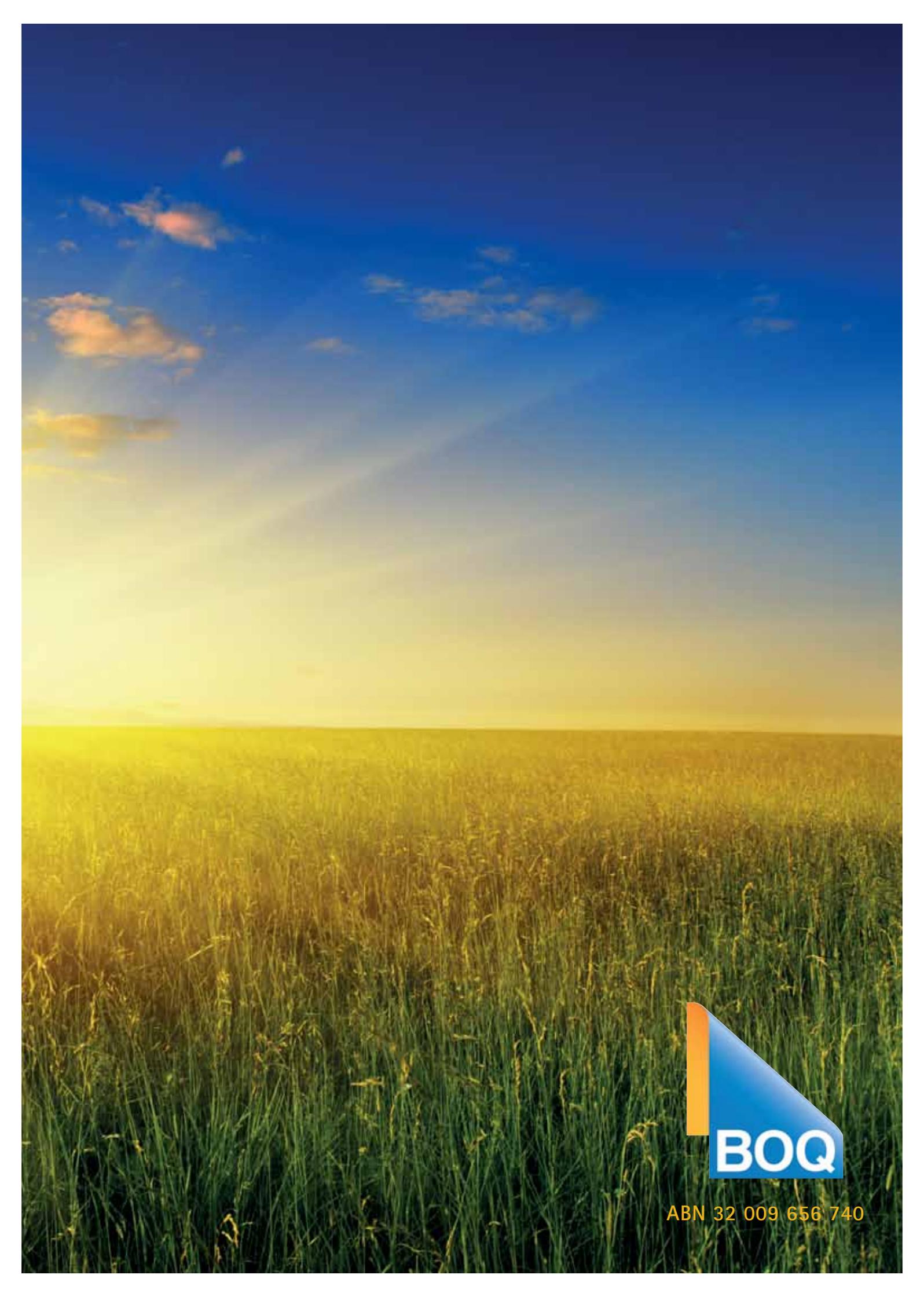
#### Hand delivery

Bank of Queensland Limited Retail Entitlement Offer  
C/- Link Market Services Limited  
Level 15, 324 Queen Street  
BRISBANE QLD 4000 *(Please do not use this address for mailing purposes)*

Entitlement and Acceptance Forms will NOT be accepted at BOQ's registered office.

If you require further information on how to complete this Entitlement and Acceptance Form, please contact the BOQ Shareholder Information Line on 1800 779 639 (within Australia) or +61 2 8280 7626 (from outside Australia) between 8:30am and 7:30pm (Sydney time) Monday to Friday during the Retail Entitlement Offer period.





ABN 32 009 656 740