

RETAIL ENTITLEMENT OFFER



Details of a 3 for 26 renounceable pro rata Entitlement Offer of Bank of Queensland ordinary shares ("New Shares") at an offer price of \$10.75 per New Share.

Retail Entitlement Offer closes at 5.00pm (Sydney time) on Friday, 9 May 2014.

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 BOQ 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", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "will", "could", "may", "target", "plan", "predict", "propose", "outlook", "guidance", "consider", "foresee", "aim" and other similar expressions, and include statements regarding the outcome and effects of the equity raising and the acquisition of Investec Bank (Australia) Limited and the future performance of BOQ following the acquisition. Indications of, and guidance or outlook on future earnings, distributions or financial position or performance are also forward looking statements. Any forward looking statements, opinions and estimates provided in this Retail Entitlement Offer Booklet are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks and uncertainties and other factors which are beyond the control of BOQ and may involve significant elements of subjective judgment as to future events which may or may not be correct. This includes any statements about market and industry trends, which are based on interpretations of current market conditions. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. Refer to the "Key Risks" section of the Investor Presentation for a summary of certain risk factors that may affect BOQ when considering this information. Shareholders should consider the forward looking statements contained in this Booklet in light of those disclosures. You are cautioned not to place undue reliance on forward looking statements. Except as required by law or regulation (including the ASX Listing Rules), BOQ undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

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).

The historical information in the Investor 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. Unless otherwise indicated, all references to BOQ's 1H14 and FY2013 results in the Investor Presentation are references to BOQ's reviewed results for the relevant half year or audited results for the relevant financial year.

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 of America ("United States") or to any person in the United States or that is acting for the account or benefit of a person in the United States. The Entitlements and New Shares have not been and will not be registered under the U.S. Securities Act of 1933 (the "Securities Act") or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements may not be offered, and the New Shares may not be offered or sold, to persons in the United States or that are acting for the account or benefit of a person in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable state securities laws. The Entitlements to be offered in the Retail Entitlement Offer, and the New Shares to be offered and sold in the Retail Entitlement Offer, may only be offered and sold to Eligible Retail Shareholders who are not in the United States and are not acting for the account or benefit of a person in the United States in "offshore transactions" (as defined in Regulation S under the Securities Act). This Retail Entitlement Offer Booklet may not be distributed or released in the United States.

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Contact Details

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

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Dear Shareholder,

On behalf of the Board, I am pleased to offer you the opportunity to participate in the 3 for 26 accelerated renounceable entitlement offer of New Shares to raise approximately \$400 million. The proceeds from this Entitlement Offer will be used to partially fund the acquisition of Investec Australia's specialist finance and leasing businesses.

This letter relates to the retail component of the Entitlement Offer ("Retail Entitlement Offer") which will raise approximately \$217 million. BOQ has successfully completed the institutional component of the Entitlement Offer that raised approximately \$183 million.

The acquisition, announced on 11 April 2014, will deliver BOQ access to a high income and quality customer base in specialist market niches (primarily medical, dental and accounting professionals). The acquisition is a strong fit with BOQ's four strategic pillars and will bring diversification and scale benefits.

The acquisition is financially attractive for BOQ shareholders and is expected to deliver approximately 2% cash EPS accretion in the first full year following the acquisition (FY15) and approximately 4% cash EPS accretion in FY16¹. The acquisition is expected to add approximately \$38m in post-tax earnings in FY15, before the impact of operating cost and revenue synergies and one-off costs (includes assumed BOQ funding costs).

BOQ expects a modest level of operating cost and revenue synergies.

Post completion of the acquisition and capital raising, BOQ will maintain strong capitalisation levels with a pro forma Common Equity Tier 1 ratio of 8.58% (on a pro forma basis as at 28 February 2014), which remains strong relative to peers.

Under the Entitlement Offer, Eligible Shareholders will be able to subscribe for 3 New Shares for every 26 Existing Shares held on the Record Date being 7.00pm (Sydney) on Wednesday, 16 April 2014 at the offer price of \$10.75 per New Share ("Entitlement Offer"). This represents a discount of 11.4% to dividend adjusted TERP² of \$12.14 and a 12.6% discount to the dividend adjusted last closing price of \$12.30 on Thursday, 10 April 2014.

On 16 April 2014, BOQ announced that it had successfully raised approximately \$183 million through the underwritten institutional component of the Entitlement Offer, with strong support from eligible institutional shareholders subscribing for approximately 95% of their entitlements. A copy of that announcement is included in this booklet.

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 11 April 2014;
- Copies of ASX announcements relating to the Offer; and
- Important Information.

¹ Calculated on a post cost synergies basis and excludes the impact of one-off integration and transaction costs, one-off balance sheet transitional impacts and amortisation expense associated with new identifiable intangibles from the acquisition. Key assumptions are discussed in the Investor Presentation lodged with ASX on 11 April 2014, a copy of which is in this Booklet. Cash EPS accretion relative to BOQ analyst consensus estimates for cash EPS of \$0.96 for FY15 and \$1.03 for FY16, theoretically adjusted for the bonus element of the entitlement offer.

² The Theoretical Ex-Rights Price ("TERP") is the theoretical price at which BOQ shares should trade immediately after the ex-date for the entitlement offer. The TERP is a theoretical calculation only and the actual price at which BOQ shares trade immediately after the ex-date for the entitlement offer will depend on many factors and may not equal the TERP. TERP is calculated by reference to BOQ's closing price of \$12.62 on 10-April-2014 and deducting the 2014 interim dividend of \$0.32 to reflect the fact that new shares will not be entitled to receive this dividend payment.



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 Friday, 9 May 2014. 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.

Your Entitlement cannot be traded on ASX or any other exchange or privately transferred. If you choose to do nothing in respect of all or part of your Entitlement, all or part (as applicable) of your Entitlement, together with the Entitlements of Ineligible Retail Shareholders, will be offered for sale through a bookbuild process to be conducted after-market on Wednesday, 14 May 2014. If the amount per New Share realised from this bookbuild process exceeds the Offer Price of \$10.75, you will receive the excess (net of any withholding tax) in respect of those Entitlements which you did not accept.

New Shares will rank equally in all respects with existing BOQ shares from the date of allotment. New Shares will not be entitled to the interim dividend of \$0.32 per share for the half year period ending 28 February 2014 because the New Shares will be issued after the record date for the interim dividend.

Retail shareholders who have any queries about the Entitlement Offer should contact BOQ's Shareholder Information Line on 1800 779 639 (within Australia) or on +61 1800 779 639 (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.

By conducting the equity raising by way of an accelerated renounceable entitlement offer structure, all shareholders will be given the opportunity to either participate on a pro-rata basis or to potentially receive value for their entitlements.

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,

A handwritten signature in blue ink, appearing to read "Roger Davis", is written over a light blue rectangular background.

Roger Davis
Chairman
BOQ



KEY DATES



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KEY DATES

EVENT ¹	DATE
ANNOUNCEMENT AND LAUNCH OF THE ENTITLEMENT OFFER	FRIDAY, 11 APRIL 2014
INSTITUTIONAL ENTITLEMENT OFFER	FRIDAY 11 APRIL 2014 TO MONDAY 14 APRIL 2014
RECORD DATE FOR THE ENTITLEMENT OFFER	WEDNESDAY, 16 APRIL 2014 AT 7:00PM (SYDNEY TIME)
RETAIL ENTITLEMENT OFFER OPENS	THURSDAY, 17 APRIL 2014
DESPATCH OF ENTITLEMENT AND ACCEPTANCE FORM AND RETAIL ENTITLEMENT OFFER BOOKLET TO ELIGIBLE RETAIL SHAREHOLDERS	WEDNESDAY, 23 APRIL 2014
RETAIL ENTITLEMENT OFFER CLOSES	FRIDAY, 09 MAY 2014 AT 5:00PM (SYDNEY TIME)
RETAIL BOOKBUILD (AFTER MARKET)	WEDNESDAY, 14 MAY 2014
SETTLEMENT OF THE RETAIL ENTITLEMENT OFFER	WEDNESDAY, 21 MAY 2014
ISSUE OF NEW SHARES UNDER THE RETAIL ENTITLEMENT OFFER	THURSDAY, 22 MAY 2014
NORMAL TRADING OF NEW SHARES ISSUED UNDER THE RETAIL ENTITLEMENT OFFER EXPECTED TO COMMENCE ON ASX	FRIDAY, 23 MAY 2014
DESPATCH OF TRANSACTION CONFIRMATION STATEMENTS	MONDAY, 26 MAY 2014
RETAIL PREMIUM (IF ANY) DESPACHED	MONDAY, 26 MAY 2014

ENQUIRIES

If you have any questions, please call the BOQ Shareholder Information Line on 1800 779 639 (within Australia) or +61 1800 779 639 (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 independent professional adviser.

Website: www.boq.com.au

¹ 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, to accept late applications either generally or in particular cases or to withdraw the Retail Entitlement Offer without prior notice. The commencement of quotation of New Shares is subject to confirmation from ASX.

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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 3 New Shares for every 26 existing BOQ ordinary shares ("Shares") held at 7.00pm (Sydney time) on Wednesday, 16 April 2014 ("Entitlement"), at the offer price of \$10.75 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.

New Shares issued pursuant to the Retail Entitlement Offer will be fully paid and rank equally with the Shares, including in respect of dividends. New Shares will not be entitled to the interim dividend for the half year period ending 28 February 2014 because the New Shares will be issued after the record date for the interim dividend.

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. In particular, please refer to this booklet, BOQ's half year and annual reports and other announcements made available at www.boq.com.au.

Your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and has been calculated as 3 New Shares for every 26 Shares you held as at the Record Date of 7.00pm (Sydney time) on Wednesday, 16 April 2014 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 person in the United States (see definition of Eligible Retail Shareholder in the Important Information section).

Important Notice to 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. In particular, persons acting as nominees for other persons may not take up Entitlements on behalf of, or send any documents relating to the Retail Entitlement Offer to any person in the United States. BOQ does not undertake to advise you on any foreign laws.

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

Please consult with your stockbroker, accountant or other independent professional adviser if you have any queries or are uncertain about any aspect of the Retail Entitlement Offer. You should also refer to the "Key Risks" section in the Investor Presentation released to ASX on Friday, 11 April 2014 which is included in this booklet.

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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 of your Entitlement;
- take up part of your Entitlement; or
- take no action in relation to the Retail Entitlement Offer, and therefore renounce your Entitlement.

If you decide to take up all or part of your Entitlement, 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. 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 take no action or your application is not supported by cleared funds, you will be deemed to have renounced your Entitlement and your Entitlement will be offered for sale, for your benefit, via a bookbuild process to institutional investors after the close of the market on Wednesday 14 May 2014 (**Retail Bookbuild**). Any proceeds of sale in excess of the Offer Price (net of any withholding tax) will be paid to you (**Retail Premium**).

There is no guarantee that any value will be received for your renounced Entitlement through the Retail Bookbuild. The ability to sell renounced Entitlements and Entitlements of Ineligible Retail Shareholders under the Retail Bookbuild and the ability to obtain any premium will depend on various factors, including market conditions. Further, the sale price under the Retail Bookbuild may not be the highest price available, but will be determined having regard to a number of factors, including having binding and bona fide offers which, in the reasonable opinion of the sole lead manager and underwriter, will, if accepted, result in otherwise acceptable allocations to clear the entire book.

To the maximum extent permitted by law, BOQ, the sole lead manager and underwriter and their respective related bodies corporate, affiliates and the directors, officers, employees and advisors of any of them, will not be liable, including for negligence, for any failure to procure applications under the Retail Bookbuild at a price in excess of the Offer Price.

You should also note that if you do not take up all your Entitlement, or are an Ineligible Retail Shareholder, then your percentage shareholding in BOQ will be diluted by not participating to the full extent in the Retail Entitlement Offer.

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 Thursday, 22 May 2014. 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.

HOW TO APPLY

(Continued)

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.

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY®, or otherwise applying to participate in the Retail Entitlement Offer you declare, acknowledge, represent and warrant that:

- (a) all details and statements made in the personalised Entitlement and Acceptance Form are complete and accurate;
- (b) you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Retail Entitlement Offer;
- (c) you were the registered holder(s) at the Record Date of the Shares indicated on your personalised Entitlement and Acceptance Form as being held by you on the Record Date;
- (d) once BOQ receives the Entitlement and Acceptance Form with the requisite Application Monies or your payment by BPAY®, you may not withdraw it except as allowed by law;
- (e) you have read and understood this booklet and the personalised Entitlement and Acceptance Form;
- (f) the information contained in this booklet is not investment advice or a recommendation that the New Shares are suitable for you, given your investment objectives, financial situation or particular needs;
- (g) you apply for, and wish to be issued with up to, the number of New Shares that you apply for at the Offer Price of \$10.75 per New Share;
- (h) you will be bound by the terms of this booklet and the provisions of BOQ's constitution; and
- (i) you authorise BOQ to register you as the holder of New Shares and authorise BOQ and its officers or agents to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instruction of the share registry by using the contact details set out in the personalised Entitlement and Acceptance Form;

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:

- (i) you are an Eligible Retail Shareholder and in particular you are not in the United States and you are not acting for the account or benefit of a person in the United States and are not otherwise a person to whom it would be illegal to make an offer of or issue of Entitlements or New Shares under the Retail Entitlement Offer and under any applicable laws and regulations;
- (k) you understand and acknowledge that neither the Entitlements nor the New Shares have been or will be, registered under the Securities Act or the securities laws of any state or other jurisdiction in the United States. Accordingly, the Entitlements may not be issued to or taken up by, and the New Shares may not be offered or sold to, persons in the United States or persons who are acting for the account or benefit of a person in the United States. You further understand and acknowledge that the Entitlements and the New Shares may only be offered, sold and resold outside the United States in "offshore transactions" (as defined in Rule 902(h) under the Securities Act) in reliance on Regulation S;
- (l) you are subscribing for Entitlements and/or purchasing New Shares outside the United States in 'offshore transactions' (as defined in Rule 902(h) under the Securities Act) in reliance on Regulation S;
- (m) you and each person on whose account you are acting have not and will not send this Retail Information Booklet, the Entitlement and Acceptance Form or any other materials relating to the Retail Entitlement Offer to any person in the United States;
- (n) if you decide to sell or otherwise transfer any Entitlements or New Shares, you will only do so in regular way transactions on the ASX where neither you nor any person acting on your 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 person acting for the account or benefit of a person in the United States; and

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HOW TO APPLY (Continued)

- (o) if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is an Eligible Retail Shareholder and, in particular, is not in the United States or a person in the United States and you have not sent this Retail Entitlement Offer Booklet, the Entitlement and Acceptance Form or any information relating to the Entitlement Offer to any person that is an Ineligible Retail Shareholder, including to any person in the United States.

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 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 Friday, 09 May 2014 (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 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.

Any Application Monies received for more than your final allocation of New Shares will be refunded on or around Monday, 26 May 2014 (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 \$10.75 multiplied by the number of New Shares 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 as your cleared Application Monies will pay for and you will be deemed to have renounced the remainder of your Entitlement (and taken to have specified that number of New Shares on your personalised Entitlement and Acceptance Form). Alternatively, your application will not be accepted and you will be deemed to have renounced your full Entitlement.

HOW TO APPLY

(Continued)

Any Application Monies received for more than your final allocation of New Shares will be refunded on or around Monday, 26 May 2014 (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.

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 Friday, 09 May 2014. 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 4001
AUSTRALIA

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

Bank of Queensland Limited
C/- Link Market Services Limited
1A Homebush Bay Drive, Rhodes,
SYDNEY NSW 2138,
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 Friday, 9 May 2014. 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.

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ASX OFFER ANNOUNCEMENTS

*Investor Presentation
dated 11 April 2014*



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ASX OFFER ANNOUNCEMENTS

Investor Presentation dated 11 April 2014

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Bank of Queensland

Acquisition of Investec Bank (Australia) Limited's Specialist Finance and Leasing Businesses and A\$400 million Entitlement Offer

11 April 2014

Stuart Grimshaw

Managing Director and Chief Executive Officer

Anthony Rose

Chief Financial Officer

Bank of Queensland Limited ABN 32 009 656 740. AFSL No 244616.



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Important notice and disclaimer

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 renounceable entitlement offer (**Entitlement Offer**) of new ordinary shares in BOQ (**New Shares**), to be made under section 708AA 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 Entitlement Offer is referred to as the **Offer**.

Summary information

The information contained in this Presentation is of a general nature and does not contain all of the information that a prospective investor may require in evaluating a possible investment in BOQ or that would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act. No representation or warranty, express or implied, is provided in relation to the accuracy or completeness of the information.

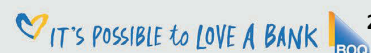
None of the underwriter, nor any of their respective advisers, nor the advisers to BOQ or any other person including sources named in this document, have authorised, permitted or caused the issue, submission, dispatch or provision of this Presentation and, except to the extent referred to in this Presentation, 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. Unless otherwise indicated, all references to BOQ's 1H14 and FY2013 results in this Presentation are references to BOQ's 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 or documents 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.



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ASX OFFER ANNOUNCEMENTS

Investor Presentation dated 11 April 2014 (continued)

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Important notice and disclaimer (cont)

U.S. restrictions

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Not investment or financial product advice

This Presentation does not constitute investment or financial product advice (nor tax, accounting or legal advice) or any recommendation to acquire New Shares and does not and will not form any part of any contract for the acquisition of New Shares. 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. Cooling off rights do not apply to the acquisition of New Shares.

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.

Investment risk

An investment in New Shares is subject to known and unknown risks, some of which are beyond the control of BOQ. BOQ does not guarantee any particular rate of return or the performance of BOQ, nor does it guarantee the repayment of capital or any particular tax treatment. Prospective investors should have regard to the risk factors in the "Risk Factors" Section of this Presentation when making their investment decision and should make their own enquires and investigations regarding all information in this presentation including but not limited to the assumptions of uncertainty but not limited to the assumptions, uncertainties and contingencies which may affect future operations of BOQ and the impact that future outcome may have on BOQ. Investments in New Shares are not deposit liabilities of BOQ and are not protected accounts for the purposes of the depositor protection provisions of Australian banking legislation and they are not guaranteed or insured by any government, government agency or compensation scheme of Australia or any other jurisdiction.



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Financial amounts

All dollar values are in Australian dollars (A\$) and financial data is presented as at the date stated.

Past performance

Investors should note that past performance, including past trading or share price performance and pro forma financial information, of BOQ is given for illustrative purposes only and 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", "predict", "propose", "outlook", "guidance", "consider", "foresee", "aim" and other similar expressions and include statements regarding the outcome and effects of the equity raising and the acquisition of Investec Bank (Australia) Limited and the future performance of BOQ following the acquisition. 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 judgment 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.

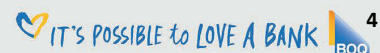
Refer to the "Risk Factors" section of this Presentation for a summary of certain risk factors that may affect BOQ when considering this information. Investors should consider the forward looking statements contained in this Presentation in light of those disclosures. You are cautioned not to place undue reliance on forward looking statements. Except as required by law or regulation (including the ASX Listing Rules), BOQ undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

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 and to calculate key performance ratios such as cash earnings per share (cash EPS) and cash return on equity (cash ROE). 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 BOQ's HY 2014 results announcement to ASX dated 11 April 2014.

Pro forma information

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 and the acquisition of Investec Bank (Australia) Limited (IBAL). BOQ has prepared the pro forma adjustments relating to IBAL in reliance on limited unaudited financial information provided by IBAL. BOQ is unable to verify the accuracy or completeness of all that information. Please see the "Acquisition Risks" in the "Key Risks" Section of this Presentation for more details. 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.



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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, including the Normalised Cash basis information referred to above. 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.

Disclaimer

No party other than BOQ has authorised or caused the issue, lodgement, submission, dispatch or provision of this Presentation, or takes any responsibility for, or makes or purports to make any statements, representations or undertakings in this Presentation and there is no statement in this Presentation which is based on any statement made by any party other than BOQ. No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Presentation. Any information or representation not contained in this Presentation may not be relied upon as having been authorised by BOQ in connection with the Offer. To the maximum extent permitted by law, BOQ, the underwriter and its respective affiliates, officers, employees, agents and advisers disclaim all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in the Offer and the information in this Presentation being inaccurate or due to information being omitted from this Presentation, whether by way of negligence or otherwise, make no representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of the information in this Presentation and, with regards to the underwriter, its affiliates, officers, employees, agents and advisers, take no responsibility for any part of this Presentation. The underwriter and its affiliates make no recommendation as to whether you or your related parties should participate in the Offer nor do they make any representations or warranties to you concerning this Offer or any such information, and you represent, warrant and agree that you have not relied on any statements made by the underwriter or any of its affiliates in relation to the New Shares or the Offer generally and you further disclaim that you are in a fiduciary relationship with any of them.

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

I. Acquisition Overview

II. Overview of Acquired Businesses

III. Financial Impact and Acquisition Funding

IV. Offer Summary

V. Basis of Preparation of Financial Information

VI. Key Risks

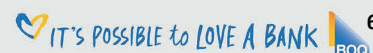
VII. International Offer Restrictions

Stuart Grimshaw

*Managing Director and
Chief Executive Officer*

Anthony Rose

Chief Financial Officer

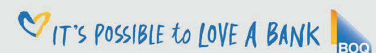


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Investor Presentation dated 11 April 2014 (continued)

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I. ACQUISITION OVERVIEW



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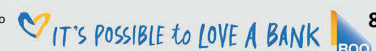
Acquisition summary

- ▶ Acquisition of the Professional Finance business, Asset Finance & Leasing business and deposit book of Investec Bank (Australia) Limited (the "Acquired Businesses")⁽¹⁾
- ▶ Purchase consideration of \$440m, including estimated capitalisation of Acquired Businesses at completion of \$230m
- ▶ Acquisition to be funded through an issue of \$400m of BOQ shares via a fully underwritten accelerated renounceable entitlement offer ("AREO") and utilisation of excess capital
 - ▶ Opportunity for all shareholders to participate on a pro-rata basis or to potentially receive value for their entitlements
- ▶ Strong fit with the four strategic pillars of BOQ's strategy
- ▶ Transaction expected to be approximately 2% cash EPS accretive in the first full year following the acquisition (FY15) and approximately 4% cash EPS accretive in FY16⁽²⁾
- ▶ Acquisition remains subject to a number of conditions including regulatory approvals⁽³⁾, with completion expected by the end of BOQ's current financial year

¹ Following a restructuring of Investec Bank (Australia) Limited to remove certain businesses outside of the scope of the acquisition, BOQ will acquire 100% of the shares in Investec Bank (Australia) Limited.

² Calculated on a post cost synergies basis and excludes the impact of one-off integration and transaction costs, one-off balance sheet transitional impacts and amortisation expense associated with new identifiable intangibles from the acquisition. Refer to slide 29 for the key assumptions. Cash EPS accretion relative to BOQ analyst consensus estimates for cash EPS of \$0.96 for FY15 and \$1.03 for FY16, theoretically adjusted for the bonus element of the entitlement offer.

³ These include approval of the Treasurer under the Financial Sector (Shareholdings) Act 1998 and the Banking Act 1959 (Cwlth).



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Investor Presentation dated 11 April 2014 (continued)

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Overview of businesses acquired

Professional Finance

- ▶ Specialist provider of practice and personal finance to medical, dental and veterinary practitioners (82% of outstanding loans) and accounting and other professionals (18% of outstanding loans)
- ▶ Mortgage originator and manager of off-balance sheet mortgage portfolio (approximately \$1.0bn originated in CY13)
- ▶ c.19,000 customers

\$2.2bn of total loans⁽¹⁾

Asset Finance & Leasing

- ▶ Provider of specialist asset finance and leasing solutions via a mix of vendors, intermediaries and direct client relationships
- ▶ c.14,000 customers

\$173m of loans on balance sheet⁽¹⁾


Deposit Book

- ▶ \$2.7bn deposit book (comprising \$2.3bn retail and \$0.4bn wholesale)
- ▶ Greater than 50% of the retail deposit book is sourced from high net worth individuals and clients of the Professional Finance business
- ▶ c.9,000 customers

\$2.7bn deposit book⁽¹⁾

Note: Following a restructuring of Investec Bank (Australia) Limited to remove certain businesses outside of the scope of the acquisition, BOQ will acquire 100% of the shares in Investec Bank (Australia) Limited which will include the above businesses.

¹ As at 31-Mar-2014.

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A compelling transaction for BOQ shareholders

High Quality Loan Portfolio

- ▶ Addition of a \$2.4bn high quality loan portfolio with attractive margins
- ▶ High income client base with a relatively low-risk profile
- ▶ Attractive industry segments characterised by predictable and recurring cash flows and capital requirements

Niche Distribution Capability

- ▶ Established national distribution capability across a number of high-growth professional sectors
- ▶ Professional Finance specialist model is strongly aligned with BOQ's strategy
- ▶ Asset Finance & Leasing expands BOQ Finance's customer base

Increased Diversification and Scale

- ▶ Further diversifies BOQ's loan portfolio by industry sector and geography
- ▶ Increases the size of BOQ's Commercial lending portfolio by approximately 38% at acquisition

Financially Attractive

- ▶ Transaction expected to be approximately 2% cash EPS accretive in the first full year following the acquisition (FY15) and approximately 4% cash EPS accretive in FY16⁽¹⁾
- ▶ Acquisition expected to add approximately \$38m in post-tax earnings in FY15, before the impact of operating cost and revenue synergies and one-off costs (includes assumed BOQ funding costs)

Further Value Creation Opportunities

- ▶ New channel for BOQ mortgage origination
- ▶ Cross-selling opportunities (including transactional banking, financial markets and leasing)
- ▶ Opportunity to leverage the Acquired Businesses' proven specialist model to enter adjacent industry sectors

¹ Calculated on a post cost synergies basis and excludes the impact of one-off integration and transaction costs, one-off balance sheet transitional impacts and amortisation expense associated with new identifiable intangibles from the acquisition. Refer to slide 29 for the key assumptions. Cash EPS accretion relative to BOQ analyst consensus estimates for cash EPS of \$0.96 for FY15 and \$1.03 for FY16, theoretically adjusted for the bonus element of the entitlement offer.

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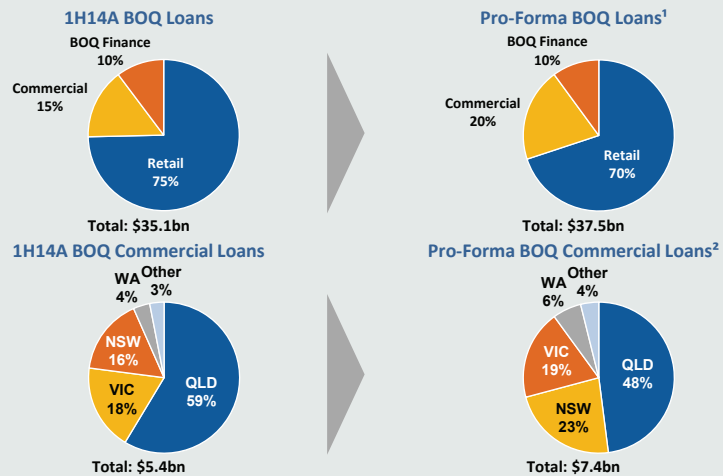
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Diversification of business mix

The acquired loan portfolio will continue the diversification of BOQ's existing loan portfolio

- ▶ Improves BOQ's portfolio diversification
- ▶ Increases size and footprint of Commercial lending portfolio
 - Provides greater industry and geographic diversity
- ▶ Positions BOQ to benefit from expected strong growth in the Australian health services sector⁽³⁾



Source: BOQ loan mix information per 1H14 company results. BOQ pro forma loan mix by segment reflects Acquired Businesses' loan balances as at 31-Mar-2014.
¹ Acquired Businesses' loans of approximately \$2.4bn allocated to Commercial (\$2.0bn – Professional Finance commercial loans), Retail (\$148m – Professional Finance residential property loans) and BOQ Finance (\$173m – Asset Finance & Leasing loans).
² Applies Professional Finance geographic loan diversity as at 31-Dec-2013.
³ IBIS world reports, 2013.



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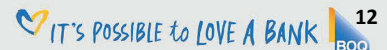
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Transaction consistent with BOQ's strategy

BOQ's strategic focus

How do the Acquired Businesses deliver against strategy?

BOQ's strategic focus	How do the Acquired Businesses deliver against strategy?
1. Multi-Channel Optimisation	<ul style="list-style-type: none"> ▶ Represents investment in Commercial lending capability ▶ Increases geographic and customer diversification ▶ Brings exposure to attractive specialist market niches (primarily medical, dental and accounting)
2. Risk / Return Balance	<ul style="list-style-type: none"> ▶ Delivers profitable growth through the acquisition of businesses which target an attractive client group ▶ Attractive margins and loan growth with a relatively low-risk profile ▶ Compatibility of client-focused cultures
3. Operational Excellence	<ul style="list-style-type: none"> ▶ Potential to extend specialisation model to other market niches ▶ Cross-sell opportunities ▶ Enhanced scale with potential for synergies (e.g., from shared services and procurement)
4. Talent, Capability and Culture	<ul style="list-style-type: none"> ▶ Acquires the capability and expertise of the Acquired Businesses' management team ▶ Strong alignment of people and culture



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II. OVERVIEW OF ACQUIRED BUSINESSES

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Professional Finance – Overview

Established Track Record

- ▶ Market leading provider of specialised banking solutions to the broad medical and accounting professions
- ▶ Owned by Investec since 2007

Attractive Client Base

- ▶ Primarily services medical professions (e.g. dentists, veterinarians and other specialists with capital intensive requirements such as radiologists, cardiologists and ophthalmologists) and accounting professionals

High Quality Loan Book

- ▶ Niche market with attractive dynamics including a diversified, high income and sticky client base
- ▶ High credit quality portfolio – relatively low-risk with attractive portfolio arrears

Mortgage Origination Capability

- ▶ Originates and manages residential mortgages for third parties
- ▶ Approximately \$1.0bn originated in CY13
- ▶ Total off-balance sheet loan book size of \$2.9bn

People / Culture / Experience

- ▶ Relationship oriented culture
- ▶ Highly experienced management team
- ▶ Approximately 220 full-time employees across a national branch network (6 branches)

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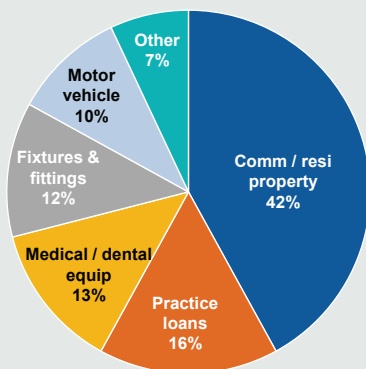
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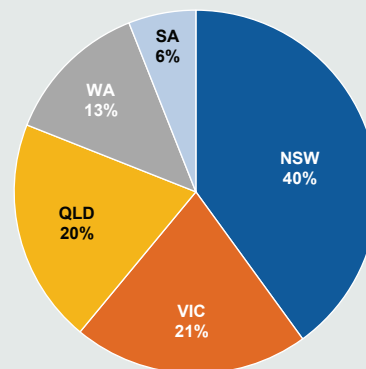
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Professional Finance – Diversification

Diversified Product Mix
(by Loans)



Broad Geographic Exposure
(by Loans)



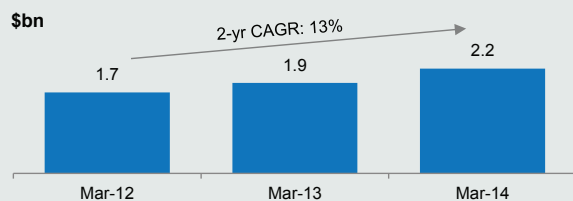
Source: Acquired Businesses' management. Information as at 31-Dec-2013.

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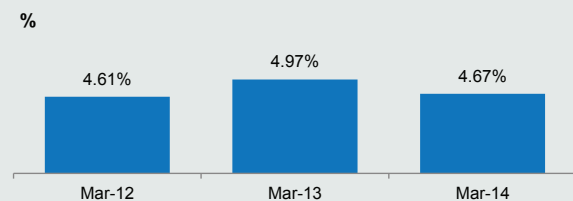
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Professional Finance – Financial Profile

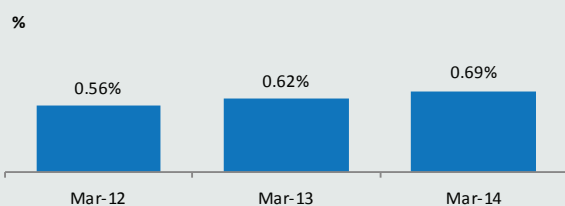
Loan Book Growth



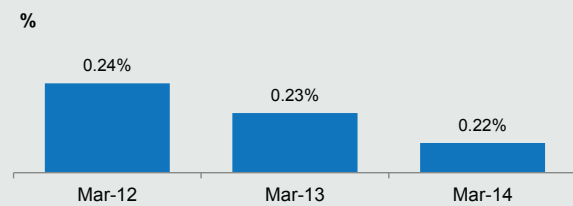
Asset Spread⁽¹⁾



Non-Interest Income as a % of Gross Lending Assets⁽²⁾



Bad & Doubtful Debts Expense as a % of Gross Lending Assets⁽²⁾



Source: Acquired Businesses' management.

¹ Spread to swap curve at last repricing date. Source: Bloomberg.

² Non-Interest Income and Bad & Doubtful Debts Expense based on 9 months actual to 31-Dec-2013 plus 3 months estimate to 31-Mar-2014. Gross Lending Assets at end of period.

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Investor Presentation dated 11 April 2014 (continued)

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Asset Finance & Leasing

Business Overview

Provider of specialist asset finance and leasing solutions via a mix of vendors, intermediaries and direct client relationships

History

- ▶ Leadership team has greater than 20 years' experience in providing asset finance solutions
- ▶ Owned by Investec since 2012

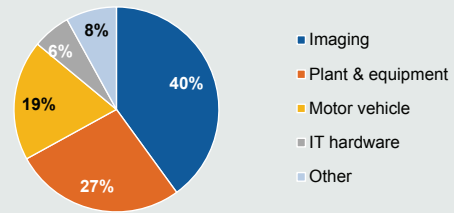
Similar Characteristics to BOQ Finance

- ▶ Tuck-in of Asset Finance & Leasing business into BOQ Finance
- ▶ \$173m on-balance sheet loans
- ▶ Majority of loans originated via long-term relationships with blue chip vendors and equipment manufacturers
- ▶ c.\$125m off-balance sheet (estimated) loans

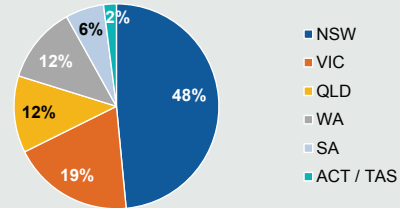
People / Culture / Experience

- ▶ Relationship oriented culture
- ▶ Approximately 50 full-time employees across a network of 5 offices

On-Balance Sheet Loans by Asset Category



On-Balance Sheet Loans by Geography



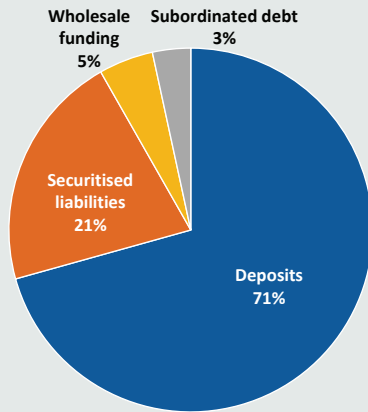
Source: Acquired Businesses' management. Information as at Feb-2014.

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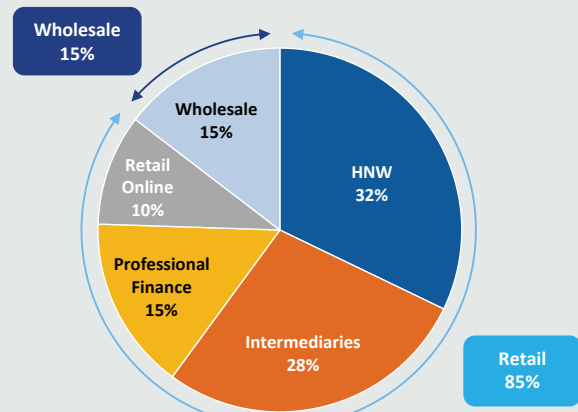
Current funding arrangements

Overall Funding Split¹



Total: \$3.9bn

Overall Deposit Split by Channel²



Total Deposits: \$2.7bn

Source: Acquired Businesses' management.

¹ Funding split as at 28-Feb-2014.

² Overall deposit split as at 31-Mar-2014.

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Investor Presentation dated 11 April 2014 (continued)

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III. FINANCIAL IMPACT AND ACQUISITION FUNDING



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Financial impact

Purchase Consideration

- ▶ Purchase consideration of \$440m, including estimated capitalisation of Acquired Businesses at completion of \$230m

Earnings and ROE Impact

- ▶ Transaction expected to be approximately 2% cash EPS accretive in the first full year following the acquisition (FY15) and approximately 4% cash EPS accretive in FY16⁽¹⁾
- ▶ Acquisition expected to add approximately \$38m in post-tax earnings in FY15, before the impact of operating cost and revenue synergies and one-off costs or non-cash expenses (includes assumed BOQ funding costs)
- ▶ Marginal cash ROE dilution expected in FY15, however expected to be accretive to cash ROE in FY16⁽¹⁾

Synergies / Integration Costs

- ▶ Modest level of operating cost and revenue synergies expected
- ▶ Assumed integration and transaction costs of approximately \$23m (post-tax)
- ▶ Total one-off balance sheet transitional costs of approximately \$6m (post tax) to unwind by the end of FY15⁽²⁾

Funding / Capital Impact

- ▶ Acquisition to be funded through the issue of \$400m of BOQ shares via a fully underwritten accelerated renounceable entitlement offer ("AREO") and utilisation of excess capital
- ▶ Strong capital position maintained with pro forma Common Equity Tier 1 ("CET1") ratio of 8.58% post transaction (as at 28-Feb-2014)

¹ Calculated on a post cost synergies basis and excludes the impact of one-off integration and transaction costs, one-off balance sheet transitional impacts and amortisation expense associated with new identifiable intangibles from the acquisition. Refer to slide 29 for the key assumptions. Cash EPS accretion relative to BOQ analyst consensus estimates for cash EPS of \$0.96 for FY15 and \$1.03 for FY16, theoretically adjusted for the bonus element of the entitlement offer.

² Reflects the negative carry earnings impact from the run-down of the excess deposits held above gross lending assets acquired through the transaction. Total excess liquid assets held against these deposit liabilities estimated to be approximately \$1.2bn at completion.



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Investor Presentation dated 11 April 2014 (continued)

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Acquisition funding

Acquisition to be funded by \$400m fully underwritten accelerated renounceable entitlement offer (at \$10.75 per share) and excess capital

Sources		Uses	
Sources	A\$m	Uses	A\$m
Equity issued to market	400	Purchase consideration	440
Excess capital	54	<i>Estimated capital required for Acquired Businesses</i>	230
		<i>Premium to book value paid to vendor</i>	210
		Transaction costs	14
Total	454	Total	454

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Pro forma statement of net assets

\$mil	BOQ 28 Feb 14	Equity Raising ⁽¹⁾	Pro Forma BOQ 28 Feb 14	IBAL ⁽²⁾ 28 Feb 14	Acquisition Adjustments ⁽³⁾	Transaction Costs ⁽⁴⁾	Pro Forma Consolidated 28 Feb 14
Assets							
Cash and equivalents	803	394	1,197	1,611	(210)	(6)	2,592
Other financial assets	5,755		5,755				5,755
Loans and advances	35,013		35,013	2,336	5		37,354
Other assets	256		256	5	4	2	267
Intangibles	602		602		210		812
Total assets	42,429	394	42,823	3,951	10	(4)	46,780
Liabilities							
Deposits	31,968		31,968	2,777	10		34,755
Debt	6,949		6,949	1,153			8,102
Other liabilities	631		631	21			652
Total liabilities	39,548		39,548	3,951	10		43,509
Net assets	2,881	394	3,275	-	-	(4)	3,271
Capital ratios							
CET 1 ratio	8.84%		10.65%				8.58%
Tier 1 ratio	10.22%		12.03%				9.80%
Total capital ratio	12.41%		14.21%				12.15%

Note: BOQ has relied on limited unaudited financial information provided by Investec Bank (Australia) Limited (IBAL) in preparing this pro forma statement of net assets and capital ratios. BOQ is unable to verify the accuracy or completeness of all that information. This statement of net assets is based on the proposed transaction structure which is subject to regulatory approval. Please see the "Acquisition Risks" in the "Key Risks" Section of this Presentation for more details.

¹ Net of equity raising costs of \$5.6m (after tax).

² All IBAL loans assumed to be risk weighted at 100% and other risk weighted assets are presumed to be in line with BOQ's existing profile.

³ Acquisition adjustments include premium to book value paid to vendor (\$210m), fair value adjustments to loan assets net of provisions (\$5m), fair value adjustments to deposit liabilities (\$10m) and associated tax adjustments (\$4m).

⁴ Transaction costs include M&A costs, insurance costs and associated tax adjustments.

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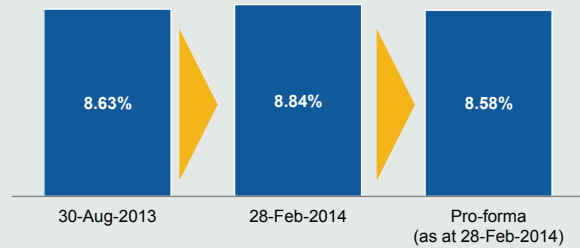
Capital position

Maintenance of BOQ's current strong capitalisation with a CET1 ratio of 8.58% expected post acquisition

Overview

- ▶ Capital position maintained at industry leading levels
 - ▶ Pro-forma CET1 (as at 28-Feb-2014) expected to become 8.58%
- ▶ Acquired Businesses assumed to be recapitalised and financed with common equity

BOQ Capital Position (CET1 Ratio)



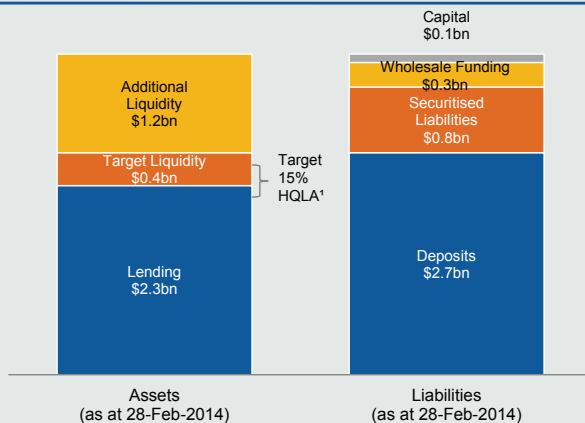
Source: BOQ company disclosures.

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Funding strategy

Current Balance Sheet Composition of Acquired Businesses




Source: Acquired Businesses' management. Information as at 28-Feb-2014.

¹ High quality liquid assets ("HQLA").

² Reflects the negative carry earnings impact from the run-down of the excess deposits held above gross lending assets acquired through the transaction.

BOQ Funding Strategy Over Time

- ▶ Deposits have historically been a high cost funding source
 - ▶ Estimated excess liquid assets of approximately \$1.2bn at completion
- ▶ Excess liquidity to be actively reduced over a period of up to 12 months
 - ▶ One-off balance sheet transitional costs of approximately \$6m (post-tax) to unwind by the end of FY15⁽²⁾
- ▶ Approximately \$1.0bn of the deposit book is priced in line with BOQ's term deposit portfolio
 - ▶ Remainder to be re-priced at deposit maturity date

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IV. OFFER SUMMARY



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Entitlement offer summary

Offer Structure and Size

- ▶ 3 for 26 pro rata accelerated renounceable entitlement offer to raise approximately A\$400m
 - Approximately A\$190m institutional component
 - Approximately A\$210m retail component
- ▶ Allows non-participating shareholders to potentially realise value for their entitlements
- ▶ Offer fully underwritten

Dividends / Ranking

- ▶ New shares will not be eligible for the 1H2014 interim dividend of A\$0.32 per share
- ▶ New shares issued will rank equally with existing shares from the date of allotment

Offer Price

- ▶ A\$10.75 per new share
 - 11.4% discount to dividend adjusted TERP of A\$12.14⁽¹⁾
 - 12.6% discount to dividend adjusted last closing price of A\$12.30⁽²⁾

Institutional Entitlement Offer

- ▶ Institutional entitlement offer opens at 9:00am Friday, 11-Apr-2014 and closes at 2:00pm Monday, 14-Apr-2014
- ▶ Entitlements not taken up and entitlements of ineligible institutional shareholders will be sold through the institutional bookbuild to be conducted on Tuesday, 15-Apr-2014

Retail Entitlement Offer

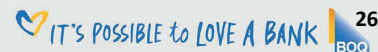
- ▶ Retail entitlement offer opens at 9:00am Thursday, 17-Apr-2014 and closes 5:00pm Friday, 09-May-2014
- ▶ Entitlements not taken up and entitlements of ineligible retail shareholders will be sold through the retail bookbuild to be conducted after-market on Wednesday, 14-May-2014

Record Date

- ▶ 7:00pm on Wednesday, 16-Apr-2014

¹ The Theoretical Ex-Rights Price ("TERP") is the theoretical price at which BOQ shares should trade immediately after the ex-date for the entitlement offer. The TERP is a theoretical calculation only and the actual price at which BOQ shares trade immediately after the ex-date entitlement offer will depend on many factors and may not equal the TERP. TERP is calculated by reference to BOQ's closing price of A\$12.62 on 10-April-2014 and deducting the 2014 interim dividend of A\$0.32 per share to reflect the fact that new shares will not be entitled to receive this dividend payment.

² Based on the closing price on 10-April-2014 of A\$12.62 and deducting the 2014 interim dividend of A\$0.32 per share to reflect the fact that new shares will not be entitled to receive this dividend payment.



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Offer timetable

Event	Date
Enter Trading Halt and Launch Institutional Entitlement Offer	11-Apr-2014
Close Institutional Entitlement Offer	14-Apr-2014
Institutional Entitlement Offer Shortfall Bookbuild	15-Apr-2014
Resume Trading, Announce Results of Institutional Entitlement Offer, Record Date	16-Apr-2014
Retail Entitlement Offer Opens	17-Apr-2014
Institutional Entitlement Offer Settlement	29-Apr-2014
Record Date for Entitlement to 2014 Interim Dividend	29-Apr-2014
Institutional Entitlement Offer Allotment and Quotation	30-Apr-2014
Retail Entitlement Offer Closes	09-May-2014
Retail Entitlement Offer Shortfall Bookbuild (after-market)	14-May-2014
Retail Entitlement Offer Settlement	21-May-2014
Retail Entitlement Offer Allotment and Quotation	22-May-2014
New Shares Under the Retail Entitlement Offer Commence Trading on ASX	23-May-2014
Retail Premium (if any) Dispatched	26-May-2014

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V. BASIS OF PREPARATION OF FINANCIAL INFORMATION

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Basis of preparation of financial information

FY15 Pro forma Financial Information

Key assumptions used to estimate the impact of the acquisition on BOQ's FY15 cash EPS and calculation of FY15 post-tax earnings of the acquired business (including associated acquisition funding cost impact) are set out below. This information is intended to assist investors in assessing, where relevant, the reasonableness and likelihood of the assumptions occurring and is not a representation that the assumptions will occur. Potential investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing this information, and that this may have a positive or negative impact on BOQ's financial performance. Investors are advised to review the key assumptions in this section in conjunction with the Key Risks section.



FY15 Assumptions (financial assumptions for Professional Finance business and the deposit portfolio, except where otherwise stated)

- ▶ The first full year of BOQ ownership is the 12 months ending 31 August 2015 (FY15).
- ▶ Assumed asset growth slightly below historical levels (refer slide 16 for historical asset growth)
- ▶ Assumed asset spread to the swap curve on new business volumes in-line with recent experience over the last 6 months (refer to slide 16 for historical spread performance)
- ▶ The existing deposits assumed at current rates, with rollovers at maturity assumed at BOQ's marginal deposit pricing profile. A proportion of funding costs related to excess liquidity have been removed from cash earnings.
- ▶ Non-interest income is assumed to be consistent with the Acquired Businesses' financial performance in prior years (refer to slide 16 for historical performance)
- ▶ Operating expenses assumed at a cost-to-income ratio of approximately 47%
- ▶ Impairment expenses assumed to be in-line with recent experience for the Professional Finance portfolio in recent periods (refer to slide 16)
- ▶ Post-tax earnings contribution from AF&L business of less than \$2m
- ▶ Corporate tax rate of 30%
- ▶ BOQ raises approximately \$400 million under an Equity Offer

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VI. KEY RISKS

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Key risks

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 after the Lehman Brothers collapse and the onset of the global financial crisis in 2008 significantly impacted global economic activity including the Australian economy. This has led to subdued credit growth in Australia and impacted values of commercial and residential real estate in some parts of Australia. The Australian economy has performed well in some industry sectors but has slowed in other sectors. 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 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. Volatility in global credit 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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Key risks (cont)

Bank of Queensland specific risks


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

- **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. It is the principal objective of BOQ's asset/liability management process to maximise levels of net interest income whilst limiting the effects of volatile and unpredictable movements in interest rates. To achieve these objectives, BOQ uses derivative financial instruments, principally interest rate swaps, forward rate agreements and futures. The current policy of BOQ is to eliminate market risk in the balance sheet where practical and to consciously establish specific positions within conservative limits for changes in value of the residual. Despite these steps, movements in interest rates may adversely affect earnings.
- **Foreign exchange risk** is the risk of loss of earnings due to adverse movements in foreign exchange rates. It is BOQ's policy not to carry material foreign exchange rate exposures. BOQ uses cross currency swaps and foreign exchange forwards to hedge its exchange rate exposures arising from borrowing off-shore in foreign currencies. BOQ uses forward foreign exchange contracts to hedge potential exchange rate exposures created by customer-orientated foreign currency transactions. However, adverse movements in foreign exchange rates may cause a loss of earnings.
- **Counterparty risk** is the risk that a counterparty will be unable to honour its contractual obligations to BOQ as they fall due. A counterparty may default on its obligations due to bankruptcy, lack of liquidity, operational failure or other reasons. Such counterparty risk is more acute in difficult market conditions where the risk of failure of counterparties is higher. Treasury counterparties are limited to investment grade entities but losses may occur if such a counterparty fails.
- **Traded market risk** arises from BOQ's trading activities. Market risks attributable to trading activities are primarily measured using a parametric Value-at-Risk ("VaR") based on historical data. BOQ estimates VaR as the potential loss in earnings from adverse market movements and calculated over a 1-day time horizon to a 99% confidence level using 2 years of historical data. VaR takes account of all material market variables that may cause a change in the value of the trading portfolio. As VaR is a statistical measure and only attempts to cover losses to a 99% confidence level, BOQ supplements this analysis with stress testing. Stress testing attempts to adequately assess the risks inherent in its trading activities by applying appropriate scenario analyses, whilst not addressing the likelihood of those outcomes. Despite these steps, losses may occur as a result of adverse market movements.

▶ **Credit and impairment risk:** BOQ is exposed to credit risk from lending activities, the leasing of equipment and other assets, the provision of guarantees including letters of credit and commitments to lend, investment in bonds and notes, financial markets transactions and other associated activities. Credit risk is the potential loss arising from the possibility that customers or counterparties fail to meet contractual payment obligations to the Bank as they fall due. BOQ has implemented a structured framework of systems and controls to monitor and manage credit risk comprising:

- documented credit risk management principles which are disseminated to all staff involved with the lending process;
- documented credit risk policies and underwriting standards;
- a process for approving risk, based on tiered delegated approval authorities, whereby the largest exposures are assessed by a committee consisting of Group Executives and senior risk managers chaired by the Chief Risk Officer;
- risk grading BOQ's commercial exposures for facilities greater than \$100,000 based on items inclusive of financial performance and stability, organisational structure, industry segment and security support. Exposures within this segment of the portfolio are generally subject to annual review including reassessment of the assigned risk grade;
- an automated scorecard approval model for BOQ's retail portfolio inclusive of home loans, personal loans, and lines of credit. This model is supported by experienced Risk Assessment Managers; and
- regular management reports detailing credit approvals, portfolio performance, industry concentrations, counterparty concentrations, loan grades and security strength ratings.

▶ Despite these steps, losses may occur from customers or counterparties failing to meet contractual payment obligations.

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Key risks (cont)


- ▶ 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. Should BOQ's current provisions prove inadequate there may be an adverse impact on BOQ's financial performance and financial position.
- ▶ **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. BOQ's liquidity risk management framework models its ability to fund under both normal and stress conditions over various time horizons. 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.
- ▶ **Funding risk:** 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.
- ▶ **Operational risk:** Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. BOQ is exposed to a variety of operational risks including those arising from process error, fraud, technology failure, security and physical protection (including cyber attacks on computer systems), staff skills and performance and product development. Operational risk failures could lead to reputational damage, financial loss, legal disputes and/or regulatory consequences. These risks are managed through having an appropriate framework in place to define, assess and manage operational risk and that resources are available to support it. The Bank has developed an Operational Risk Management Framework that articulates, assesses and manages operational risks throughout the organisation and its subsidiaries. This framework consists of the following key elements: Bank-wide policies which require a consistent approach and minimum standards on specific operational risk matters, enterprise and Business Unit Specific Risk profiling; and Risk Self Assessments through the completion of controls attestation questionnaires. In addition, the key objectives of the framework includes: risk identification, analysis and acceptance; execution and monitoring of risk management practices; and reporting and escalation of risk information on a regular and/or exception 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.

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Key risks (cont)

- ▶ **Reliance on external parties:** BOQ's operations depend on performance by a number of external parties under contractual arrangements with BOQ. As at 10 April 2014, approximately 67% 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 offers a number of customer facing products issued by third parties 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.
- ▶ **Failure to comply with laws and regulation:** 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. BOQ has compliance frameworks, policies and procedures in place to manage the risk of non-compliance.
- ▶ **Changes in regulation and government policy:** 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. In December 2013, the Commonwealth Government announced the terms of reference for a Financial System Inquiry. The Inquiry is charged with examining how the financial system could be positioned to best meet Australia's evolving needs and support Australia's economic growth. The outcomes of this inquiry and the Government's response to it may affect BOQ but it is too early to assess what those outcomes may be until the Inquiry panel reports in November 2014.
- ▶ **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. The acquisition of Investec Bank (Australia) Limited will add to that geographic diversification. 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).

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Key risks (cont)

- ▶ **Disputes:** In the course of its operations, BOQ may be involved in disputes and possible litigation. 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. BOQ was party to a number of actions in NSW courts commenced by former owners of OMBs. The claims included allegations of misleading and deceptive conduct by BOQ and BOQ was successful in defending those claims. As a franchisor, BOQ may be subject to similar claims in the future.
On 22 December 2010, the Australian Securities and Investment Commission ("ASIC") lodged legal proceedings against parties including BOQ, arising out of the collapse of Storm Financial. One proceeding has been heard and BOQ is awaiting judgment. The proceedings are regulatory in nature. At this stage no estimate of any potential liability can be made. On 6 December 2012 a class action was commenced against BOQ, also arising out of the collapse of Storm Financial. BOQ's intention is to defend this action vigorously. At this stage no estimate of any potential liability can be made.
- ▶ **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 Convertible 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.

Acquisition risks



- ▶ **Completion risk:** There is a risk that the acquisition of Investec Bank (Australia) Limited (IBAL) may not complete due to a failure to satisfy a condition precedent in the sale and purchase agreement. The conditions precedent include a number of regulatory approvals including the approval of the Commonwealth Treasurer under the Financial Sector (Shareholdings) Act as well as other conditions. The entitlement offer is not contingent on the acquisition completing. If the acquisition does not complete, there is no guarantee that BOQ will seek to return that capital, even if it has excess capital as a result.
- ▶ **Key employees:** IBAL has a core management team with key experience in the markets in which IBAL operates and responsibility for some key client relationships. Failure to retain some of the core management team post acquisition may have a material adverse effect on BOQ's ability to deliver the expected benefits of the acquisition in the short to medium term.
- ▶ **Reliance on information provided:** BOQ undertook a due diligence process in respect of IBAL, which relied in part on the review of financial and other information provided by the vendors of IBAL. Despite making reasonable efforts, BOQ has not been able to verify the accuracy, reliability or completeness of all the information which was provided to it against independent data. Similarly, BOQ has prepared (and made assumptions in the preparation of) the financial information relating to IBAL on a stand-alone basis and also the financial information relating to BOQ post-acquisition included in this Presentation in reliance on limited financial information and other information provided by IBAL. BOQ is unable to verify the accuracy or completeness of all of that information. If any of the data or information provided to and relied upon by BOQ in its due diligence process and its preparation of this Presentation proves to be incomplete, incorrect, inaccurate or misleading, there is a risk that the actual financial position and performance of BOQ and the enlarged group may be materially different to the financial position and performance expected by BOQ and reflected in this Presentation. Investors should also note that there is no assurance that the due diligence conducted was conclusive and that all material issues and risks in respect of the acquisition have been identified. Therefore, there is a risk that unforeseen issues and risks may arise, which may also have a material adverse effect on BOQ.

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Key risks (cont)

- ▶ **Acquisition analysis:** BOQ has undertaken financial and business analyses of IBAL in order to determine its attractiveness to BOQ and whether to pursue the acquisition. To the extent that the actual results achieved by IBAL are weaker than those indicated by BOQ analysis, there is a risk that the profitability and future earnings of the operations of the enlarged group may differ (including in a materially adverse way) from the current performance as reflected in this presentation.
- ▶ **Capital funding risk:** The raising of capital through the entitlement offer to maintain the post acquisition prudential capital of BOQ is not a condition precedent to the acquisition. The underwriting agreement that BOQ has entered into with the underwriter contains customary termination rights. In the event that the underwriting agreement is terminated in accordance with its terms, there is a risk that BOQ would need to find alternative capital which could result in the actual financial position and performance of BOQ and the enlarged group being materially different to the financial position and performance expected by BOQ and reflected in this Presentation.
- ▶ **Integration risk:** The acquisition of IBAL involves the integration of the IBAL business, which has previously operated independently to BOQ. There is a risk that the integration of IBAL may be more complex than currently anticipated, encounter unexpected challenges or issues or take longer than expected, divert management's attention from other areas of the BOQ business or not deliver the expected benefits. This may affect BOQ's operating and financial performance.
- ▶ **Historical liability:** If the acquisition of IBAL is successfully completed, there is a risk that BOQ, as the new owner of IBAL, may become directly or indirectly liable for any liabilities that the Acquired Businesses have incurred in the past, which were not identified during due diligence or which are greater than expected, and for which there is no protection for BOQ (in the form of insurance, representations and warranties and indemnities). Such liability may adversely affect the financial performance or position of BOQ post-acquisition.
- ▶ **Acquisition accounting:** In accounting for the acquisition, BOQ has performed a preliminary fair value assessment of all of the assets, liabilities and contingent liabilities of the Acquired Businesses. BOQ will undertake a formal fair value assessment of all of the assets, liabilities and contingent liabilities of IBAL post-acquisition, which may give rise to a materially different fair value allocation to that used for the purposes of the financial information set out in this Presentation. Such a scenario will result in a reallocation of the fair value of assets and liabilities acquired to or from goodwill and also an increase or decrease in depreciation and amortisation charges in the enlarged group's income statement (and a respective increase or decrease in net profit after tax).
- ▶ **Change of control:** The acquisition of IBAL may trigger change of control clauses in some material contracts to which IBAL is a party. Where triggered, the change of control clauses will in most cases require counterparty consent. If any of the material contracts containing a change of control clause are terminated or renegotiated on less favourable terms, it may have an adverse impact on BOQ's financial performance and prospects.
- ▶ **Changes in client regulatory environment:** The industry in which IBAL's clients operate has been and continues to be subject to significant regulatory change. The implications of material regulatory changes will continue to flow through the industry. Failure by IBAL to retain its clients and meet the demands of its clients through this period of industry change may adversely affect the financial performance or position of BOQ post-acquisition.

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Key risks (cont)



Risks associated with not taking up New Shares under the entitlement offer

- ▶ Entitlements cannot be traded on ASX or privately transferred. However, New Shares equivalent to the number of New Shares not taken up will be offered for subscription and sold in either the institutional shortfall bookbuild or the retail shortfall bookbuild, as applicable. If BOQ shareholders do not take up New Shares under the entitlement offer, or are ineligible to participate in the offer, there is no guarantee that any value will be received by them through the bookbuild process.
- ▶ The ability to sell New Shares under the institutional shortfall bookbuild or the retail shortfall bookbuild and the ability to obtain any premium to the offer price will be dependent upon various factors, including market conditions.
- ▶ Further, the institutional shortfall bookbuild price and/or the retail shortfall bookbuild price may not be the highest prices available, but will be determined having regard to a number of factors, including having binding and bona fide offers which, in the reasonable opinion of the underwriter will, if accepted, result in otherwise acceptable allocations to clear the entire book. If the institutional shortfall bookbuild realises a premium to the offer price this is not any guarantee that the retail shortfall bookbuild price will realise the same premium or any premium at all. To the maximum extent permitted by law, BOQ, the underwriter and any of their respective related bodies corporate, affiliates, officers, employers or advisers will not be liable, including for negligence, for any failure to procure applications for New Shares under the institutional shortfall bookbuild or the retail shortfall bookbuild at prices in excess of the offer price.
- ▶ If shareholders do not take up all or part of their entitlement, then their percentage shareholding in BOQ will be diluted by not participating to the full extent in the entitlement offer.
- ▶ BOQ recommends that, before deciding whether to take up New Shares under the entitlement offer, shareholders should seek independent tax advice.

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VII. INTERNATIONAL OFFER RESTRICTIONS

 IT'S POSSIBLE to LOVE A BANK 

ASX OFFER ANNOUNCEMENTS

Investor Presentation dated 11 April 2014 (continued)

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

International offer restrictions

International Offer Restrictions

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

Canada (British Columbia, Ontario and Quebec provinces)

This document constitutes an offering of Entitlements and New Shares only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces") and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such securities. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – *Prospectus and Registration Exemptions*, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the Entitlements or the New Shares or the offering of such securities and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of Entitlements or New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the Entitlements or the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements.

The Company, and the directors and officers of the Company, may be located outside Canada, and as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada, and as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board.

Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

Statutory rights of action for damages and rescission

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.



NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

International offer restrictions (cont)

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the Entitlements or the New Shares purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against the Company if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the Company. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the Securities Act (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the Entitlements and the New Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against the Company, provided that (a) the Company will not be liable if it proves that the purchaser purchased such securities with knowledge of the misrepresentation; (b) in an action for damages, the Company is not liable for all or any portion of the damages that the Company proves does not represent the depreciation in value of such securities as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which such securities were offered.

Section 138 of the Securities Act (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

Certain Canadian income tax considerations. Prospective purchasers of the Entitlements and the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of such securities as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

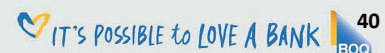
Language of documents in Canada. Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

European Economic Area – Denmark, Germany and Netherlands

The information in this document has been prepared on the basis that all offers of Entitlements and New Shares will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as amended and 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 Entitlements and 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 any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments;
- ▶ to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- ▶ to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC, "MiFID"); or
- ▶ to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID.



ASX OFFER ANNOUNCEMENTS

Investor Presentation dated 11 April 2014 (continued)

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

International offer restrictions (cont)

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 Entitlements and 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 Entitlements and 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 qualified investors (*investisseurs qualifiés*) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2, D.411-1, L.533-16, L.533-20, D.533-11, D.533-13, 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 Entitlements and 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.

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 Entitlements and the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the Entitlements and 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 Entitlements and the 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 Entitlements or New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

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, as amended (the "Prospectus Regulations"). The Entitlements and 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 "qualified investors" as defined in Regulation 2(I) of the Prospectus Regulations.

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NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

International offer restrictions (cont)

Italy

The offering of the Entitlements and the New Shares in the Republic of Italy has not been authorized 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 these securities may be distributed in Italy and these securities may not be offered or sold in Italy in a public offer within the meaning of Article 1.1(t) of Legislative Decree No. 58 of 24 February 1998, as amended ("Decree No. 58"), other than:

- ▶ to qualified investors ("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, as amended ("Regulation No. 11971"); 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.

Any offer, sale or delivery of the Entitlements or the New Shares or distribution of any offer document relating to these securities 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 (as amended) and any other applicable laws; and
- ▶ in compliance with all relevant Italian securities, tax and exchange controls and any other applicable laws.

Any subsequent distribution of the Entitlements and 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, unless an exception from those rules applies. Failure to comply with such rules may result in the sale of such securities being declared null and void and in the liability of the entity transferring the securities for any damages suffered by the investors.

Japan

The Entitlements and 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 Entitlements and 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 Entitlements or 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 Entitlements or 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 Entitlements and 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 is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (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.

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ASX OFFER ANNOUNCEMENTS

Investor Presentation dated 11 April 2014 (continued)

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

International offer restrictions (cont)

Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under 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 Entitlements and the New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

Singapore

This document and any other materials relating to the Entitlements and 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 Entitlements and New Shares, may not be issued, circulated or distributed, nor may the Entitlements and 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 Entitlements or 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 Entitlements or New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Switzerland

The Entitlements and 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 Entitlements and the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. These securities will only be offered to regulated financial intermediaries such as banks, securities dealers, insurance institutions and fund management companies as well as institutional investors with professional treasury operations.

Neither this document nor any other offering or marketing material relating to the Entitlements and 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 Entitlements and 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.



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International offer restrictions (cont)

United Arab Emirates

Neither this document nor the Entitlements and 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 authorization 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 Entitlements or 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 Entitlements or the New Shares, including the receipt of applications and/or the allotment or redemption of such securities, may be rendered within the United Arab Emirates by the Company.

No offer or invitation to subscribe for Entitlements or New Shares is valid in, or permitted from any person in, the Dubai International Financial Centre.

United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct 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 Entitlements or 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 these securities 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 Entitlements or 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.



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ASX OFFER ANNOUNCEMENTS

*Offer Launch Announcement
dated 11 April 2014*



 IT'S POSSIBLE to
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ASX OFFER ANNOUNCEMENTS

offer Launch Announcement dated 11 April 2014

BOQ TO ACQUIRE INVESTEC AUSTRALIA'S SPECIALIST FINANCE AND LEASING BUSINESSES LAUNCHES A\$400 MILLION ENTITLEMENT OFFER

Key points

- BOQ to acquire Investec Bank (Australia) Limited's Professional Finance and Asset Finance & Leasing businesses¹ for purchase consideration of \$440 million².
- Compelling opportunity which delivers BOQ access to a high net worth and quality customer base in specialist market niches (primarily medical, dental and accounting professionals).
- Adds a \$2.4 billion loan portfolio with a relatively low-risk profile and attractive margins.
- Provides further diversification for BOQ by industry sector and geography.
- Strongly aligns with BOQ's four strategic pillars.
- Financially attractive for BOQ shareholders – expected to be approximately 2% cash EPS accretive in the first full year following the acquisition (FY15) and approximately 4% cash EPS accretive in FY16³.
- Acquisition funded through \$400 million fully underwritten accelerated renounceable entitlement offer, as well as excess capital.
- Opportunity for all shareholders to either participate in the equity offer on a pro-rata basis or to potentially receive value for their entitlements.
- Acquisition remains subject to a number of conditions including regulatory approvals⁴, with completion expected by the end of BOQ's current financial year.

BOQ will become a market leading provider of specialised banking solutions to the broad medical and accounting professions following the \$440 million acquisition of Investec Bank (Australia) Limited's ("Investec") specialist Professional Finance and Asset Finance & Leasing businesses, the Bank announced today.

Stuart Grimshaw, BOQ Managing Director and Chief Executive Officer, said that the acquisition is a strong fit with BOQ's four strategic pillars and will bring diversification and scale benefits.

"The acquisition provides BOQ with an opportunity to obtain a leading position in attractive specialist segments, delivering access to a client base consisting primarily of medical, dental and accounting professionals," he said.

"It also materially increases the size and footprint of our Business Bank, providing further diversification by geography and industry sector."

"We are also excited by the strong alignment of staff and the internal culture to BOQ. Both organisations share a strong client-focus which is highly valued by the busy professionals who form their customer base."

Barry Lanesman, the Head of Professional Finance, emphasised his support for the deal.

"I am excited to be joining BOQ and to have the opportunity to leverage the increased scale and other benefits associated with operating under the ownership of BOQ to continue to grow the Professional Finance business," he said.

Peter MacMillan, founder of the Asset Finance & Leasing business, said the transaction would create a stronger finance and leasing business.

"Our businesses are complementary and by combining our strengths we will add scale and increase our finance and leasing capability across specific channels and markets," he said.

The acquisition remains subject to a number of conditions including regulatory approvals, with completion expected by the end of BOQ's current financial year.

¹ Following a restructuring of Investec Bank (Australia) Limited to remove certain businesses outside of the scope of the acquisition, BOQ will acquire 100% of the shares in Investec Bank (Australia) Limited, including the deposit book.

² Includes estimated \$230 million to capitalise the business.

³ Calculated on a post cost synergies basis and excludes the impact of one-off integration and transaction costs, one-off balance sheet transitional impacts and amortisation expense associated with new identifiable intangibles from the acquisition. Key assumptions are discussed in the Investor Presentation lodged with ASX on 11 April 2014. Cash EPS accretion relative to BOQ analyst consensus estimates for cash EPS of \$0.96 for FY15 and \$1.03 for FY16, theoretically adjusted for the bonus element of the entitlement offer.

⁴ These include approval of the Treasurer under the Financial Sector (Shareholdings) Act 1998 and the Banking Act 1959 (Cwlth).

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ASX OFFER ANNOUNCEMENTS

offer Launch Announcement dated 11 April 2014 (continued)

Overview of acquired businesses

After Investec Bank (Australia) Limited restructures to remove certain businesses outside of the scope of the acquisition, BOQ will acquire 100% of the shares in Investec Bank (Australia) Limited which will include the following businesses:

- Professional Finance: Specialist provider of practice and personal finance to medical, dental and veterinary practitioners (82% of outstanding loans) and accounting and other professionals (18% of outstanding loans). The business serves approximately 19,000 customers and has a high-quality loan portfolio of \$2.2 billion as at 31 March 2014;
- Asset Finance & Leasing: Provider of specialist asset finance and leasing solutions via a mix of vendors, intermediaries and direct client relationships. The business currently serves approximately 14,000 customers and has a \$173 million on-balance sheet lending portfolio as at 31 March 2014; and
- Deposit book: The deposit book includes \$2.7 billion of deposits comprising \$2.3 billion of retail and \$0.4 billion of wholesale deposits. Greater than 50% of the deposit book is sourced from high net worth individuals and clients of the Professional Finance business.

Strategic highlights

This acquisition represents a growth enhancing transaction for BOQ which is closely aligned to the four pillars of its strategy.

The Professional Finance business is a market leading provider of specialised banking solutions to the broad medical and accounting professions. Its loan portfolio will significantly increase the size (by approximately 38% at acquisition) and footprint of BOQ's existing Commercial loan portfolio and provide it with greater industry and geographic diversity.

The \$2.2 billion Professional Finance loan portfolio is a relatively high margin and high credit quality portfolio that has demonstrated relatively strong historical growth with low historical arrears. The clients that are targeted by the Professional Finance business work in industries characterised by predictable and recurring cash flows and capital requirements.

The Asset Finance & Leasing business will add scale in specific channels and markets, and enhance leasing capability in vendor financing for BOQ Finance.

The acquisition will also provide BOQ with cross-selling opportunities and the potential ability to leverage the proven specialist models of the acquired businesses to enter adjacent industry sectors.

Financial highlights

The acquisition is financially attractive for BOQ shareholders and is expected to deliver approximately 2% cash EPS accretion in the first full year following the acquisition (FY15) and approximately 4% cash EPS accretion in FY16⁵. The acquisition is expected to add approximately \$38m in post-tax earnings in FY15, before the impact of operating cost and revenue synergies and one-off costs (includes assumed BOQ funding costs).

BOQ expects a modest level of operating cost and revenue synergies.

The acquisition will be funded by a \$400 million equity raising and excess capital of \$54 million (including funding for estimated upfront transaction costs of \$14 million).

Post completion, BOQ will maintain strong capitalisation levels with a pro forma Common Equity Tier 1 ratio of 8.58% (on a pro forma basis as at 28 February 2014), which remains strong relative to peers.

⁵ Calculated on a post cost synergies basis and excludes the impact of one-off integration and transaction costs, one-off balance sheet transitional impacts and amortisation expense associated with new identifiable intangibles from the acquisition. Key assumptions are discussed in the Investor Presentation lodged with ASX on 11 April 2014. Cash EPS accretion relative to BOQ analyst consensus estimates for cash EPS of \$0.96 for FY15 and \$1.03 for FY16, theoretically adjusted for the bonus element of the entitlement offer.

ASX OFFER ANNOUNCEMENTS

offer Launch Announcement dated 11 April 2014 (continued)

Accelerated renounceable entitlement offer (AREO)

In order to help fund the acquisition of Investec, BOQ has announced a 3 for 26 fully underwritten AREO to raise approximately \$400 million.

The offer is priced at \$10.75 per new share, which is an 11.4% discount to dividend adjusted TERP⁶ of \$12.14 and a 12.6% discount to the dividend adjusted last closing price of \$12.30.

New shares issued under this AREO will not be eligible for the 1H14 interim dividend of A\$0.32 per share. New shares issued will rank equally with existing shares from the date of allotment.

BOQ Chairman Roger Davis said that, by conducting the equity raising by way of an AREO structure, all shareholders will be given the opportunity to either participate on a pro-rata basis or to potentially receive value for their entitlements.

The AREO timetable is included in Appendix 1.

Advisers to BOQ

Gresham is acting as exclusive financial adviser to BOQ in relation to the acquisition of Investec.

Market briefing

A briefing covering BOQ's results for the half year to 28 February 2014 and the Investec acquisition will be held at the Intercontinental Hotel in Sydney at 10:30am AEST today.

Briefing

Venue: Fort Macquarie Room, Level 2, Intercontinental Hotel
Address: 117 Macquarie Street, Sydney

Teleconference

Dial-in number (Australia): 1800 725 000
Dial-in number (International): +61 2 8373 3582
Conference ID: 13716115
Webcast address: <http://www.media-server.com/m/p/enrj5e4g>

Ends

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⁶ The Theoretical Ex-Rights Price ("TERP") is the theoretical price at which BOQ shares should trade immediately after the ex-date for the entitlement offer. The TERP is a theoretical calculation only and the actual price at which BOQ shares trade immediately after the ex-date for the entitlement offer will depend on many factors and may not equal the TERP. TERP is calculated by reference to BOQ's closing price of A\$12.62 on 10-April-2014 and deducting the 2014 interim dividend of A\$0.32 to reflect the fact that new shares will not be entitled to receive this dividend payment.

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ASX OFFER ANNOUNCEMENTS

offer Launch Announcement dated 11 April 2014 (continued)

APPENDIX 1 – AREO TIMETABLE

The Institutional Entitlement Offer will open at 9:00am Friday, 11 April 2014 and will close at 2:00pm Monday, 14 April 2014. Eligible institutional shareholders can choose to take up all, part or none of their Entitlement.

Institutional entitlements not taken up by eligible institutional shareholders by the close of the Institutional Entitlement Offer, and entitlements of ineligible institutional shareholders will be sold through the Institutional Shortfall Bookbuild to be conducted on Tuesday, 15 April 2014.

The Retail Entitlement Offer will open at 9:00am Thursday, 17 April 2014 and will close at 5:00pm Friday, 9 May 2014. Retail entitlements not taken up and entitlements of ineligible retail shareholders will be sold through the Retail Shortfall Bookbuild to be conducted after market, on Wednesday, 14 May 2014.

AREO TIMETABLE	DATE
Enter Trading Halt and Launch Institutional Entitlement Offer	11 April 2014
Close Institutional Entitlement Offer	14 April 2014
Institutional Entitlement Offer Shortfall Bookbuild	15 April 2014
Resume Trading, Announce Results of Institutional Entitlement Offer, Record Date	16 April 2014
Retail Entitlement Offer Opens	17 April 2014
Institutional Entitlement Offer Settlement	29 April 2014
Record Date for Entitlement to 2014 Interim Dividend	29 April 2014
Institutional Entitlement Offer Allotment and Quotation	30 April 2014
Retail Entitlement Offer Closes	9 May 2014
Retail Entitlement Offer Shortfall Bookbuild	14 May 2014 (after-market)
Retail Entitlement Offer Settlement	21 May 2014
Retail Entitlement Offer Allotment and Quotation	22 May 2014
New Shares Under the Retail Entitlement Offer Commence Trading on ASX	23 May 2014
Retail Premium (if any) Dispatched	26 May 2014

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ASX OFFER ANNOUNCEMENTS

offer Launch Announcement dated 11 April 2014 (continued)

APPENDIX 2 – IMPORTANT NOTICES

The information contained in this Announcement is of a general nature and does not contain all of the information that a prospective investor may require in evaluating a possible investment in BOQ or that would be required in a prospectus or product disclosure statement in accordance with the requirements of the Corporations Act.

All dollar values are in Australian dollars (A\$) and financial data is presented as at the date stated. Investors should note that this Announcement 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 and the acquisition of Investec Bank (Australia) Limited. Investors should note that past performance, including past trading or share price performance and pro forma financial information, of BOQ is given for illustrative purposes only and 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”, “predict”, “propose”, “outlook”, guidance, “consider”, “forsee”, “aim” and other similar expressions, and include statements regarding the outcome and effects of the equity raising, the acquisition of Investec Bank (Australia) Limited and the future financial performance of BOQ following the acquisition. 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 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.

Refer to the “Key Risks” section of the Investor Presentation released to ASX today 11 April 2014 by BOQ for a summary of certain general and BOQ specific risk factors that may affect BOQ when considering this information. Investors should consider the forward looking statements contained in this Announcement in light of those disclosures. You are cautioned not to place undue reliance on forward looking statements. Except as required by law or regulation (including the ASX Listing Rules), BOQ undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise. 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 the Investor Presentation. 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.

U.S. restrictions

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

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ASX OFFER ANNOUNCEMENTS

*Institutional Completion Announcement
dated 16 April 2014*



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ASX OFFER ANNOUNCEMENTS

Institutional Completion Announcement dated 16 April 2014 (continued)

BOQ SUCCESSFULLY COMPLETES INSTITUTIONAL COMPONENT OF ACCELERATED RENOUNCEABLE ENTITLEMENT OFFER

Bank of Queensland Limited (**BOQ**) today announced the completion of the institutional component of its fully underwritten 3 for 26 pro rata accelerated renounceable Entitlement Offer of new BOQ ordinary shares ("**New Shares**"), raising gross proceeds of approximately \$183m.

BOQ's Managing Director and CEO, Stuart Grimshaw said: "We are very pleased with the strong support we have received from our institutional shareholders. The acquisition announced on 11 April 2014 represents a compelling opportunity for BOQ and is a strong fit with our four strategic pillars. Completion of the institutional portion of the entitlement offer is an important part of the overall transaction."

Summary of the Institutional Entitlement Offer

- Completion of the institutional component of the Entitlement Offer ("**Institutional Entitlement Offer**") raising gross proceeds of approximately \$183m
- Approximately 95% take-up by eligible institutional shareholders
- Entitlements not taken up by eligible institutional shareholders and entitlements of ineligible institutional shareholders were sold and cleared in the institutional shortfall bookbuild at \$12.05 per share, a \$1.30 per share premium over the Entitlement Offer Price of \$10.75 and just a 0.7% discount to the dividend adjusted TERP¹ of \$12.14 per share
- Retail component of the Entitlement Offer ("**Retail Entitlement Offer**") opens Thursday 17 April 2014

The close of the Institutional Entitlement Offer represents completion of the first stage of BOQ's approximately \$400m equity raising, announced on Friday 11 April 2014. Approximately 95% of the New Shares available under the Institutional Entitlement Offer were taken-up, demonstrating strong demand from BOQ's eligible institutional shareholders.

The institutional shortfall bookbuild was completed on Tuesday 15 April 2014. The institutional shortfall bookbuild was well supported by eligible institutional shareholders and new investors with a clearing price of \$1.30 per entitlement. Accordingly, the total amount to be paid by successful participants in the institutional shortfall bookbuild is \$12.05 per New Share (being the offer price of \$10.75 per share, plus \$1.30 per entitlement). Eligible institutional shareholders who elected not to take up their entitlements, and ineligible institutional shareholders, will receive \$1.30 for each such entitlement sold for their benefit in the institutional shortfall bookbuild.

New Shares taken up under the Institutional Entitlement Offer and following the institutional shortfall bookbuild are expected to be issued on Wednesday 30 April 2014, and will commence trading on market on the same day.

¹ The Theoretical Ex-Rights Price ("TERP") is the theoretical price at which BOQ shares should trade immediately after the ex-date for the entitlement offer. The TERP is a theoretical calculation only and the actual price at which BOQ shares trade immediately after the ex-date for the entitlement offer will depend on many factors and may not equal the TERP. TERP is calculated by reference to BOQ's closing price of A\$12.62 on 10-April-2014 and deducting the 2014 interim dividend of A\$0.32 to reflect the fact that new shares will not be entitled to receive this dividend payment.

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ASX OFFER ANNOUNCEMENTS

Institutional Completion Announcement dated 16 April 2014 (continued)

Retail Entitlement Offer

The Retail Entitlement Offer is expected to raise approximately \$217m. The Retail Entitlement Offer will open on Thursday 17 April 2014 and close at 5.00pm (Sydney time) on Friday 9 May 2014.

Eligible retail shareholders will be able to subscribe for 3 New Shares for every 26 BOQ ordinary shares held on the record date of 7pm (Sydney time), Wednesday 16 April 2014, at the same offer price of \$10.75 per share as the Institutional Entitlement Offer.

Retail entitlements that are not taken up by eligible retail shareholders by the close of the Retail Entitlement Offer and entitlements that would otherwise have been offered to ineligible retail shareholders will be sold through the retail shortfall bookbuild on Wednesday 14 May 2014.

Any proceeds from the sale of entitlements under the retail shortfall bookbuild will be remitted proportionally to those retail shareholders, less any applicable withholding tax. There is no guarantee that there will be any proceeds remitted to those retail shareholders.

Eligible retail shareholders wishing to participate in the Retail Entitlement Offer should carefully read the retail offer booklet and the accompanying personalised entitlement and acceptance form, which are expected to be despatched to eligible retail shareholders on Wednesday 23 April 2014. The retail offer booklet will be available from 17 April 2014 on the BOQ website at www.boq.com.au.

New Shares issued pursuant to the Retail Entitlement Offer will be fully paid and rank equally with existing shares. New Shares will not be entitled to the interim dividend for the half year period ending 28 February 2014 because the New Shares will be issued after the record date for the interim dividend.

BOQ's ordinary shares are expected to resume trading from market open today.

For further information, please contact:

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ASX OFFER ANNOUNCEMENTS

Institutional Offer Completion Announcement dated 16 April 2014 (continued)

Timetable for the equity offer

The following table outlines the indicative timetable for the equity offer

Event	Date
Resume Trading, Announce Results of Institutional Entitlement Offer, Record Date	16-Apr-2014
Retail Entitlement Offer Opens	17-Apr-2014
Institutional Entitlement Offer Settlement	29-Apr-2014
Record Date for Entitlement to 2014 Interim Dividend	29-Apr-2014
Institutional Entitlement Offer Allotment and Quotation	30-Apr-2014
Retail Entitlement Offer Closes	09-May-2014
Retail Entitlement Offer Shortfall Bookbuild	14-May-2014 (after-market)
Retail Entitlement Offer Settlement	21-May-2014
Retail Entitlement Offer Allotment and Quotation	22-May-2014
New Shares Under the Retail Entitlement Offer Commence Trading on ASX	23-May-2014
Retail Premium (if any) Dispatched	26-May-2014

Shareholder enquiries

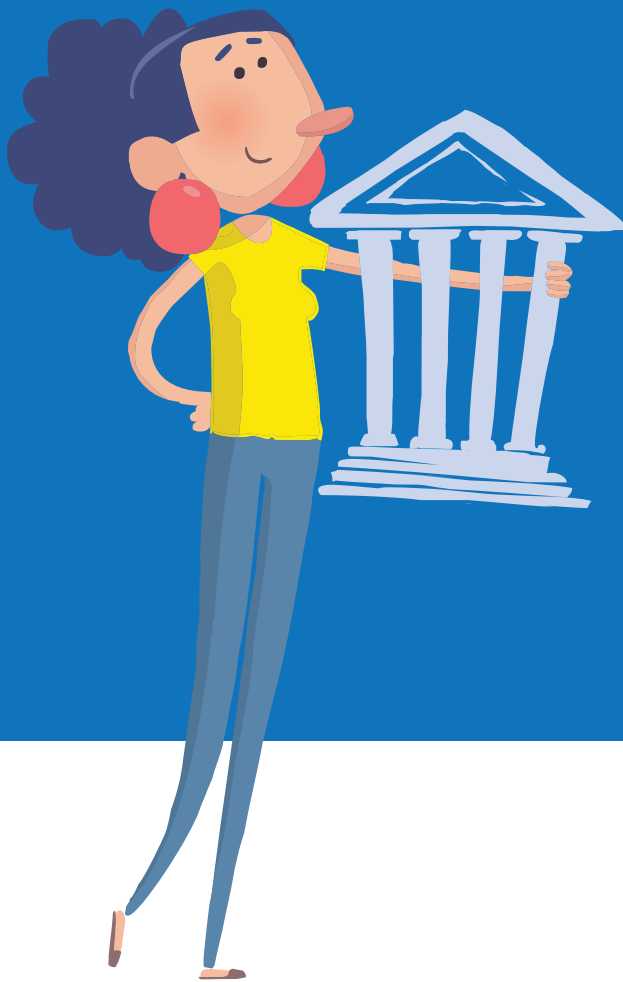
Retail shareholders who have any queries about the Entitlement Offer should contact BOQ's Shareholder Information Line on 1800 779 639 (within Australia) or on +61 1800 779 639 (from outside Australia) at any time from 8.30am to 7.30pm (Sydney time) Monday to Friday during the Retail Entitlement Offer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

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 of America (United States) or to any person in the United States or that is acting on behalf of a person in the United States. The entitlements and the New Shares have not been, and will not be, registered under the Securities Act of 1933 (U.S. Securities Act) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the entitlements may not be offered and the New Shares may not be offered or sold to persons in the United States or that are acting for the account or benefit of a person in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable state securities laws. This announcement may not be distributed or released in the United States.

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AUSTRALIAN TAXATION



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AUSTRALIAN TAXATION

Set out below is a general summary of the Australian income tax, goods and services tax (GST) and stamp duty implications of the Retail Entitlement Offer for Eligible Retail Shareholders.

Neither BOQ nor any of its officers or employees, nor its taxation or other advisers, accepts any liability or responsibility in respect of any statement concerning taxation consequences, or in respect of the taxation consequences.

The comments in this section deal only with the Australian taxation implications of the Retail Entitlement Offer if you:

- are a resident for Australian income tax purposes;
- hold your Shares on capital account; and
- acquired or are taken to have acquired your Shares on or after 20 September 1985.

The comments do not apply to you if you:

- are not a resident for Australian income tax purposes; or
- hold your Shares as revenue assets or trading stock (which will generally be the case if you are a bank, insurance company or carry on a business of share trading); or
- acquired the Shares in respect of which the Entitlements are issued under any employee share scheme or where the New Shares are acquired pursuant to any employee share scheme; or
- acquired Entitlements otherwise than because you are an Eligible Retail Shareholder.

This taxation summary is necessarily general in nature and is based on the Australian tax legislation and administrative practice in force as at the date of this Retail Entitlement Offer Booklet. It does not take into account any financial objectives, tax positions or investment needs of Eligible Retail Shareholders. As the taxation implications of the Retail Entitlement Offer will vary depending upon your particular circumstances, you should seek and rely upon your own professional tax advice before concluding on the particular taxation treatment that will apply to you.

1. ISSUE OF ENTITLEMENTS

The issue of the Entitlements should not, of itself, result in any amount being included in your assessable income.

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2. ENTITLEMENTS SOLD INTO THE RETAIL BOOKBUILD

Any Retail Entitlements not taken up by you will be sold into the Retail Bookbuild for your benefit and any Retail Premium you receive in respect of the Entitlements (after deducting applicable withholding tax) will be remitted as a cash payment to you. You authorise, or will be taken to authorise, the sale of those Entitlements.

The Commissioner of Taxation (Commissioner) has released Taxation Ruling TR 2012/1 "Retail Premiums paid to shareholders where share entitlements are not taken up or are not available" where the Commissioner ruled that certain retail premiums are assessable as either an unfranked dividend or as ordinary income, and not as capital gains.

As previously noted, Entitlements that are not taken up by Eligible Retail Shareholders will be sold for their benefit via the Retail Bookbuild.

The Commissioner's views are outlined in Taxation Ruling TR 2012/1 and Eligible Retail Shareholders need to be aware that the Commissioner may seek to apply the tax treatment specified in TR 2012/1 to Entitlements sold via the Retail Bookbuild. In accordance with TR 2012/1 the Retail Premium paid to shareholders is considered to be an assessable amount either as a dividend which is unfrankable or as ordinary income.

There is an alternate view outlined in TR 2012/1 that any Retail Premium received by Eligible Retail Shareholders should be treated as capital proceeds for the Entitlements sold for their benefit via the Retail Bookbuild. This alternate view is not supported by the Commissioner in TR 2012/1 on the basis of the features of the scheme as assumed in that ruling.

If this position was taken by an Eligible Retail Shareholder, the following tax treatment should apply:

- Eligible Retail Shareholders whose Entitlements are sold into the Retail Bookbuild should derive a capital gain for CGT purposes equal to the amount of the Retail Premium received (assuming no eligible incidental costs are incurred); and
- Eligible Retail Shareholders who are individuals, complying superannuation entities or trustees that have held their existing Shares for at least 12 months prior to the date Entitlements are sold into the Retail Bookbuild should be entitled to the CGT discount (refer to Section 2 above) in respect of any capital gain resulting from the sale of those Entitlements for their benefit (after the application of any current year or carry forward capital losses).

Given the uncertainty surrounding the tax treatment of Retail Premiums, BOQ recommends that you seek your own tax advice if you propose to allow your Retail Entitlements to be sold into the Retail Bookbuild.

If you are an Australian tax resident shareholder, and you have not previously provided your TFN or ABN to BOQ, you may wish to do so prior to the close of the Retail Entitlement Offer to ensure that withholding tax is not deducted from any Retail Premium payable to you at the rate of 46.5%. You are able to provide your TFN or ABN online with the BOQ Share Registry at www.linkmarketservices.com.au. When providing your details online, you will be required to enter your Security Reference Number or Holder Identification Number as shown on your Issuer Sponsored/CHESS statements and other personal details such as your postcode.

AUSTRALIAN TAXATION

Continued

3. EXERCISE OF ENTITLEMENTS

No income tax or capital gains tax liability will arise for you on the exercise (i.e. taking up) of your Entitlement. If you take up all or part of your Entitlement, you will acquire New Shares. The cost base for CGT purposes of each New Share will be equal to the Offer Price for those New Shares plus certain non-deductible incidental costs you incur in acquiring them.

New Shares will be taken to have been acquired on the day you exercise the Entitlement.

4. DIVIDENDS ON NEW SHARES AS A RESULT OF ENTITLEMENTS BEING TAKEN UP

Any future dividends or other distributions made in respect of New Shares will be subject to the same income taxation treatment as dividends or other distributions made on existing Shares held in the same circumstances.

5. DISPOSAL OF NEW SHARES

The disposal of a New Share will constitute a disposal for CGT purposes.

On disposal of a New Share, you will make a net capital gain if the capital proceeds on disposal exceed the total cost base of the New Share. You will make a net capital loss if the capital proceeds are less than the total reduced cost base of the New Share. The cost base of New Shares is described above in Section 3.

Individuals, trustees or complying superannuation entities that have held New Shares for 12 months or more at the time of disposal should be entitled to apply the applicable CGT discount factor to reduce the capital gain (after offsetting capital losses). The CGT discount factor is 50% for individuals and trustees and 33 1/3% for complying superannuation entities.

6. 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.

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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 17 April 2014 (other than the Investor Presentation and the Offer Launch Announcement published on the ASX website on Friday, 11 April 2014 and the Institutional Offer Completion Announcement published on the ASX website on Wednesday, 16 April 2014).

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. In particular, you should consider the risk factors outlined in the "Key Risks" section of the Investor Presentation dated Friday, 11 April 2014 (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 independent 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 in Australia or New Zealand 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 Wednesday, 16 April 2014 (the "Record Date")¹;
- have a registered address in Australia or New Zealand;
- are not in the United States and are not acting for the account or benefit of a person in the United States;
- 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 including to any shareholders that are acting for the account or benefit of a person in the United States.

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 independent professional advice as to how to proceed.

¹ Pursuant to a waiver from the ASX and for the purposes of determining entitlements under the Entitlement Offer, Bank of Queensland will disregard transactions in Shares after implementation of the trading halt in Bank of Queensland shares on 11 April 2014, except for settlement of Integrated Trading System on-market transactions that occurred prior to the implementation of the trading halt.

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IMPORTANT INFORMATION

Continued

2. RANKING OF NEW SHARES

New Shares issued under the Entitlement Offer will rank equally with existing Shares. New Shares will be entitled to any dividends on ordinary shares with a record date after the date of issue, expected to be 22 May 2014. This means that New Shares will not be entitled to the interim dividend for the half year period ending 28 February 2014.

3. NO COOLING OFF RIGHTS

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

4. RENOUNCEABLE OFFER

As the Entitlement Offer is renounceable, Entitlements of Ineligible Retail Shareholders and any Entitlements not taken up by Eligible Retail Shareholders will be offered for sale via the Retail Bookbuild. If you take no action or your application is not supported by cleared funds, you will be deemed to have renounced your Entitlement and your Entitlement will be offered for sale via the Retail Bookbuild. Any Retail Premium will be paid to you.

If you have provided direct credit payment instructions to BOQ in respect of BOQ dividends, any payment will be made to you in accordance with those instructions. Otherwise, you will be paid by cheque sent by ordinary post to your registered address (or the registered address of the first-named in the case of joint holders).

There is no guarantee that any value will be received for your renounced Entitlement through the Retail Bookbuild. The ability to sell renounced Entitlements and Entitlements of Ineligible Retail Shareholders under the Retail Bookbuild and the ability to obtain any premium will depend on various factors, including market conditions. Further, the sale price under the Retail Bookbuild may not be the highest price available, but will be determined having regard to a number of factors, including having binding and bona fide offers which, in the reasonable opinion of the sole lead manager and underwriter, will, if accepted, result in otherwise acceptable allocations to clear the entire book.

To the maximum extent permitted by law, BOQ, the sole lead manager and underwriter and their respective related bodies corporate, affiliates and the directors, officers, employees and advisors of any of them, will not be liable, including for negligence, for any failure to procure applications under the Retail Bookbuild at a price in excess of the Offer Price.

Entitlements cannot be traded on the ASX or any other exchange, nor can they be privately transferred.

5. ASX QUOTATION

Subject to approval being granted, quotation of the New Shares under the Retail Entitlement Offer is expected to commence on Friday 23 May 2014.

Holding statements are expected to be despatched on Monday 26 May 2014 in accordance with the Listing Rules. It is the responsibility of each applicant to confirm their holding before trading in New Shares. Any applicant who sells New Shares before receiving confirmation of their holding in the form of a holding statement will do so at their own risk. BOQ and the Underwriter disclaim all liability (to the maximum extent permitted by law) to persons who trade New Shares before receiving their holding statements, whether on the basis of confirmation of the allocation provided by BOQ, the Underwriter or the share registry or otherwise.

IMPORTANT INFORMATION

Continued

6. RECONCILIATION

The Retail Entitlement Offer is a complex structure and in some instances investors may believe that they will own more Shares than they actually do on the Record Date. This results in a need for reconciliation. If reconciliation is required, it is possible that BOQ may need to issue a small quantity of additional New Shares (Top-Up Shares) to ensure all Eligible Retail Shareholders receive their full Entitlement.

The price at which these Top-Up Shares would be issued is not known but would be no lower than the Offer Price.

7. RISKS

The Investor Presentation details important factors and risks that could affect the financial and operating performance of BOQ. Please refer to the “Key Risks” 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.

8. 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 or value of BOQ shares. That information is available to the public from ASX.

9. 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. This Information does not purport to contain all the information that you may require to evaluate a possible application for New Shares.

Before deciding whether to apply for 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 independent professional adviser.

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.

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IMPORTANT INFORMATION

Continued

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 or by calling the BOQ 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.

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 or by calling the BOQ Shareholder Information Line on 1800 779 639 (local call cost within Australia), or +61 1800 779 639 (outside Australia) at any time from 8.30am to 7.30pm (Sydney time) Monday to Friday during the Retail Entitlement Offer period.

Neither this Retail Entitlement Offer Booklet nor the accompanying personalised Entitlement and Acceptance Form may be distributed to or relied upon by, persons that are in the United States or that are acting for the account or benefit of, a person in the United States, or otherwise distributed in the United States.

12. FUTURE PERFORMANCE AND FORWARD LOOKING STATEMENTS

Neither BOQ nor any other person warrants or guarantees the future performance of the New Shares or any return on any investment made pursuant to this Information. Forward looking statements, opinions and estimates provided in this Information are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks and uncertainties.

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 and uncertainties and other factors which are outside the control of BOQ and the Board, 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.

IMPORTANT INFORMATION

Continued

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.

The distribution of this Retail Entitlement Offer Booklet (including in electronic format) outside Australia and New Zealand may be restricted by law. If you come into possession of this Retail Entitlement Offer Booklet, you should observe such restrictions and should seek your own advice on such restrictions. In particular, this Retail Entitlement Offer Booklet or any copy of it must not be taken into or distributed or released in the United States. Persons who come into possession of this Retail Entitlement Offer Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

The entitlements and New Shares are not being offered to the public within New Zealand other than to existing shareholders of BOQ with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand). The offer of New Shares is renounceable in favour of members of the public.

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 otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia and New Zealand.

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This Retail Entitlement Offer Booklet may not be released or distributed in the United States. This Retail Entitlement Offer Booklet does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Neither the Entitlements nor the New Shares have been, or will be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States. Neither the Entitlements nor the New Shares may be offered, sold or resold in the United States except in transactions exempt from, or not subject to, the registration requirements of the Securities Act and the applicable securities laws of any state or other jurisdiction of the United States. The Entitlements and the New Shares to be offered and sold in the Retail Entitlement Offer may only be offered and sold outside the United States in 'offshore transactions' (as defined in Rule 902(h)) under the Securities Act. Any non-compliance with these restrictions may contravene applicable securities laws.

16. FINANCIAL DATA

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

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17. UNDERWRITING

BOQ has entered into an underwriting agreement with Goldman Sachs 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 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:
 - the acquisition agreement in respect of Investec Bank (Australia) Ltd is breached or amended or is terminated, other than with the written consent of the Underwriter or becomes incapable of completion;
 - there is a material adverse change in the business, assets, liabilities, financial position or performance, profits, losses or prospects of BOQ and the BOQ group (including Investec Bank (Australia) Ltd after completion of the acquisition) taken as a whole;
 - there is a change in the senior management or the Board of BOQ or a director or officer is charged with an indictable offence relating to a financial or corporate matter or is disqualified;
 - ASX does not approve the New Shares for quotation or withdraws waivers which have been granted or 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;
 - any of the offer materials in relation to the Entitlement Offer are false, misleading or deceptive (including by omission) or ASIC commences an enquiry into the Entitlement Offer or offer materials;
 - BOQ breaches corporate laws or engages in fraudulent activity, or action is taken against BOQ, its directors or officers in relation to alleged fraudulent activity; or
 - there are changes in laws, a banking moratorium, suspension of trading in stocks on ASX, LSE or NYSE for 1 day or more or hostilities break out in certain countries, which adversely affect the Entitlement Offer.

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.

18. 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 trading halt in BOQ shares (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

Continued

19. 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.

20. 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.

21. 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. Except as required by law, and only to the extent so required, none of BOQ, or any other person, warrants or guarantees the future performance of BOQ or any return on any investment made pursuant to this Information.

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CORPORATE DIRECTORY



 IT'S POSSIBLE to
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 BOQ

CORPORATE DIRECTORY

COMPANY SECRETARY

Melissa Grundy

REGISTERED OFFICE AND HEAD OFFICE

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WEBSITE

Corporate information and the BOQ Annual Report can be found via the Company's website at www.boq.com.au

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

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BANK OF QUEENSLAND LIMITED
ABN 32 009 656 740