Bank of Queensland Limited
ABN 32 009 656 740
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Wednesday, 7 November 2012

Launch of CPS Offer and Reinvestment Offer for PEPS

Bank of Queensland Limited (**BOQ**) today announced its intention to raise $200 million through the offer of Convertible Preference Shares (**CPS**) with the ability to raise more or less (**Offer**).

The proceeds of the CPS will be used for BOQ's general corporate purposes, including effecting an offer to buy-back BOQ's Perpetual Equity Preference Shares (**PEPS**) under the Reinvestment Offer. The CPS have an issue price of $100 and are expected to be quoted on the Australian Securities Exchange (**ASX**) and trade under the ASX code "BOQPD".

CPS are fully paid, non-cumulative, perpetual, convertible preference shares and will qualify as Tier 1 Capital of BOQ under APRA's current prudential standards and will qualify as Additional Tier 1 Capital under APRA's Basel III capital adequacy framework expected to take effect from 1 January 2013.

As part of the Offer, existing PEPS Holders as at 7.00pm on 9 November 2012 have the opportunity to offer some or all of their PEPS for sale to be bought back by BOQ through a selective buy-back on 24 December 2012 and have the buy-back proceeds of $100 per PEPS automatically reinvested in CPS (**Reinvestment Offer**).

BOQ has determined not to redeem PEPS on the first optional call date of 17 December 2012. PEPS Holders that elect not to participate in the Reinvestment Offer will continue holding PEPS.

Full details of this investment opportunity and the CPS Terms are set out in the Prospectus lodged with the Australian Securities and Investments Commission (**ASIC**) and ASX today (**Prospectus**).

The Offer is being made to:

- Institutional Investors – through the Institutional Offer;
- Australian or New Zealand resident retail and high net worth clients of Syndicate Brokers – through the Broker Firm Offer;
- Eligible PEPS Holders on the register as at 9 November 2012 – through the Reinvestment Offer and, where applicable, through the Broker Firm Offer;
- Eligible Shareholders on the register as at 9 November 2012 – through the Shareholder Offer; and
- members of the general public who are resident in Australia or New Zealand – through the General Offer.

The Prospectus is available to Australian and New Zealand investors at www.boq.com.au or by calling the BOQ Offer Information Line below. A replacement Prospectus, containing the Margin and Application Forms, will be made available when the Offer opens, expected to be on 19 November 2012.

The Offer is conditional on shareholder approvals to be proposed at BOQ's Annual General Meeting on 13 December 2012, including approval of the CPS Terms, the issue of the CPS under the ASX Listing Rules and the buy-back of PEPS under the Reinvestment Offer.

Merrill Lynch has been appointed as Structuring Adviser and Joint Lead Manager. Commonwealth Bank of Australia, National Australia Bank and RBS Morgans have been appointed as Joint Lead Managers.

Investors should read and consider the Prospectus in full and obtain professional advice before deciding whether to invest in CPS or participate in the Reinvestment Offer. Applications may only be made using the Application Form attached to or accompanying the replacement Prospectus.

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For more information:

BOQ Offer Information Line:	**Media:**	**Analysts:**
1800 779 639 (within Australia) +61 2 8280 7626 (outside Australia) 8:30am to 7:30pm Sydney time Monday to Friday www.boq.com.au	Andrea Sackson Head of Corporate Affairs Phone: +61 7 3212 3018 Mobile +61 400 480 866 Email: andrea.sackson@boq.com.au	Sally Wehl Investor Relations Manager Phone: +61 7 3212 3463 Mobile: +61 434 583 611 Email: sally.wehl@boq.com.au

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Key features of CPS

Distributions	• Dividends on CPS are preferred, discretionary, non-cumulative payments • Dividends on CPS are expected to be fully franked[1] • Dividends on CPS are scheduled to be paid semi-annually in arrears, subject to the Dividend Payment Tests • Dividend Payment Dates are 15 April and 15 October each year • The first semi-annual Dividend is scheduled to be paid on 15 April 2013 • Dividends on CPS are calculated on a floating rate basis using the 180 day Bank Bill Swap Rate (BBSW) plus the Margin multiplied by (1 – t[2]) • The Margin will be determined by the Bookbuild and is expected to be in the range of 5.10% and 5.30%
Term	• CPS are perpetual and have no maturity date • However BOQ may elect, at its option, to Convert, Redeem or Transfer all or some CPS on the Optional Conversion/Redemption Date (15 April 2018). CPS will Mandatorily Convert into Ordinary Shares on 15 April 2020, subject to Conversion Conditions being satisfied, unless they are Converted or Redeemed earlier
Optional Conversion, Redemption and/or Transfer	• Subject to APRA's prior written approval and provided certain conditions are satisfied, BOQ may elect to: ▪ Convert, Redeem or Transfer all or some CPS on the Optional Conversion/Redemption Date (15 April 2018); ▪ Convert, Redeem or Transfer all or some CPS following a Regulatory Event or Tax Event; or ▪ Convert all (but not some only) CPS following a Potential Acquisition Event
Mandatory Conversion Date	• The Mandatory Conversion Date will be the Scheduled Mandatory Conversion Date of 15 April 2020 provided that the Conversion Conditions are satisfied on that date • On a Mandatory Conversion Date, CPS Holders will receive approximately $101.01[3] worth of Ordinary Shares[4] per CPS, unless CPS have otherwise been Converted or Redeemed earlier • If any of the Conversion Conditions are not satisfied on the Scheduled Mandatory Conversion Date, then the Mandatory Conversion Date will be deferred until the next Dividend Payment Date in respect of which all of the Conversion Conditions are satisfied
Mandatory Conversion in	• BOQ must also Mandatorily Convert CPS to Ordinary Shares in

[1] CPS Holders should be aware that the potential value of any franking credits does not accrue at the same time as the receipt of any cash Dividend. CPS Holders should also be aware that the ability to use the franking credits, either as an offset to a tax liability or by claiming a refund after the end of the income year, will depend on the individual tax position of each CPS Holder.

[2] "t" is the Australian corporate tax rate applicable to the franking account of BOQ at the relevant Dividend Payment Date.

[3] Based on the CPS issue price of $100 and the VWAP of Ordinary Shares during the 20 Business Days before the Mandatory Conversion Date with the benefit of a 1.0% discount. However, this VWAP may differ from the Ordinary Share price on or after the Mandatory Conversion Date. This means that the value of Ordinary Shares received may be more or less than anticipated when they are issued or thereafter.

[4] If a NOHC Event has occurred, conversion will be into Approved NOHC Ordinary Shares. Refer to Section 2.11.6 of the Prospectus.

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other circumstances	the following circumstances: ○ If a Capital Trigger Event occurs; ○ If a Non-Viability Trigger Event occurs; or ○ If an Acquisition Event occurs (subject to the Conversion Conditions)
Quoted on ASX	• BOQ will apply to ASX for CPS to be quoted on ASX and CPS are expected to trade under ASX code "BOQPD"

Indicative timetable for the Offer

Key dates for Offer	Date
Lodgement of the original Prospectus with ASIC	7 November 2012
Record date for determining Eligible Shareholders for Shareholder Offer	7:00pm, 9 November 2012
Bookbuild	16 November 2012
Announcement of the Margin and lodgement of the replacement Prospectus with ASIC	19 November 2012
Opening Date	19 November 2012
Annual General Meeting (approval of CPS issue, CPS Terms and PEPS buy-back)	13 December 2012
Closing Date for the Reinvestment Offer, Shareholder Offer, Broker Firm Offer applications in respect of Reinvested PEPS and General Offer	5:00pm, 13 December 2012
Closing Date for the Broker Firm Offer (excluding applications in respect of Reinvested PEPS)	5:00pm, 18 December 2012
Issue Date	24 December 2012
CPS commence trading on ASX (deferred settlement basis)	27 December 2012
Expected despatch of Holding Statements	28 December 2012
CPS commence trading on ASX (normal settlement basis)	31 December 2012
Key dates for CPS	
Record Date for first Dividend	27 March 2013
First semi-annual Dividend Payment Date[5]	15 April 2013
Optional Conversion/Redemption Date[6]	15 April 2018

[5] Dividends are expected to be paid semi-annually subject to the Dividend Payment Tests – see Section 2.3 of the Prospectus.
[6] CPS Holders should not expect that APRA's prior written approval for any such Conversion, or Redemption or Transfer will be given. 15 April 2018 is not currently a Business Day so, under the CPS Terms, an Early Conversion, Redemption or Transfer would be executed on the next Business Day, 16 April 2018.

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Mandatory Conversion Date[7]	15 April 2020
Key dates for PEPS	
PEPS Record Date for determining Eligible PEPS Holders for Reinvestment Offer (relevant PEPS must also be held on the Reinvested PEPS Buy-back Date for the Reinvestment Offer)	7:00pm, 9 November 2012
Opening Date for the Reinvestment Offer	19 November 2012
Closing Date for the Reinvestment Offer	5:00pm, 13 December 2012
Closing Date for the Broker Firm Offer applications in respect of Reinvested PEPS	5:00pm, 13 December 2012
Record date for Pro-Rata Dividend payment for Reinvested PEPS	7:00pm, 13 December 2012
Number of Reinvested PEPS confirmed and announced	18 December 2012
Reinvested PEPS Buy-back Date	24 December 2012
Issue Date for CPS	24 December 2012
Payment despatched for Pro-Rata Dividend for Reinvested	24 December 2012

Dates may change

These dates are indicative only and are subject to change without notice. References to time are to Sydney time.

BOQ and the Joint Lead Managers may agree to vary the timetable, including extending any Closing Date, closing the Offer early without notice or accepting late Applications, whether generally or in particular cases, at their discretion. BOQ may withdraw the Offer at any time before CPS are issued.

Definitions

Unless otherwise defined, capitalised words used in this announcement have the meaning given to them in the Prospectus.

Disclaimer

This announcement does not constitute an offer of any securities (including CPS) for sale or issue. No action has been taken to register or qualify CPS or the Offer or otherwise permit a public offering of CPS in any jurisdiction other than Australia and New Zealand. In particular, this announcement does not constitute an offer of securities for sale in the United States. CPS have not been, and will not be, registered under the United States Securities Act of 1933 (**US Securities Act**) and may not be offered or sold in the United States, except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable United States state securities laws.

[7] Conversion of CPS to Ordinary Shares on this date is subject to satisfaction of the Conversion Conditions – see Section 2.4 of the Prospectus.