



Bank of Queensland Limited
ABN 32 009 656 740

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17 April 2014

Dear Shareholder

**BANK OF QUEENSLAND LIMITED ABN 32 009 656 740
ACCELERATED RENOUNCEABLE PRO-RATA ENTITLEMENT OFFER
NOTIFICATION TO INELIGIBLE RETAIL SHAREHOLDERS**

On Friday 11 April 2014, Bank of Queensland Limited ABN 32 009 656 740 ("**Bank of Queensland**") announced an accelerated renounceable pro-rata entitlement offer to eligible Shareholders to subscribe for 3 new Bank of Queensland ordinary shares ("**New Shares**") for every 26 existing Bank of Queensland ordinary shares ("**Shares**") held ("**Entitlement**"), at an offer price of \$10.75 per New Share ("**Offer Price**") to raise approximately \$400 million (the "**Entitlement Offer**").

The Entitlement Offer comprises an offer to eligible institutional shareholders ("**Institutional Entitlement Offer**") and an offer to Eligible Retail Shareholders (as defined below) to participate on the same terms ("**Retail Entitlement Offer**").

The Entitlement Offer is underwritten by Goldman Sachs Australia Pty Limited ("**Sole Lead Manager**").

The Entitlement Offer is being made by Bank of Queensland without a disclosure document in accordance with section 708AA of the Corporations Act 2001 ("**the Act**") as modified by the Australian Securities & Investments Commission Class Order [Co 08/35].

The proceeds from the Entitlement Offer will be used to increase Tier 1 Capital required following the proposed acquisition of a subsidiary of Investec Bank (Australia) Limited comprising its professional finance, asset and finance leasing and the associated deposit book businesses.

The Institutional Entitlement Offer was completed on Monday 14 April 2014.

RETAIL ENTITLEMENT OFFER

The Retail Entitlement Offer is being made to Eligible Retail Shareholders (as defined below) on the basis of 3 New Shares for every 26 Shares held at 7.00pm (Sydney time) on 16 April 2014 ("**Record Date**").

A booklet in relation to the Retail Entitlement Offer was lodged with the Australian Securities Exchange on Thursday 17 April 2014 ("**Offer Booklet**") and will be mailed to Eligible Retail Shareholders (as defined below).

ELIGIBILITY CRITERIA

The restrictions upon eligibility under the Retail Entitlement Offer because of legal limitations in the jurisdiction in which you are located, the relatively small number of shareholders in your jurisdiction, the relatively small number and value of shares that shareholders in your jurisdiction hold and the potential cost of complying with regulatory requirements in your jurisdiction.

Bank of Queensland has determined, pursuant to ASX Listing Rule 7.7.1(a) and section 9A(3)(a) of the Act, that it would be unreasonable to make offers to shareholders in all countries outside Australia and New Zealand in connection with the Retail Entitlement Offer.

Accordingly, in compliance with ASX Listing Rule 7.7.1(b), Bank of Queensland wishes to advise you that it will not be extending the Retail Entitlement Offer to you and you will not be able to subscribe for New Shares under the Retail Entitlement Offer.

Shareholders who are eligible to participate in the Retail Entitlement Offer ("**Eligible Retail Shareholders**") are shareholders who:

- a) are registered as a holder of Shares as at 7.00pm (Sydney time) on the Record Date;
- b) have a registered address on the Bank of Queensland share register in Australia or New Zealand;
- c) are not in the United States and are not acting for the account or benefit of persons in the United States; and
- d) is not an Eligible Institutional Shareholder or an Ineligible Institutional Shareholder;
- e) were not invited to participate (other than as nominee, in respect of other underlying holdings) in the Institutional Entitlement Offer and were not treated as ineligible institutional shareholders under the Institutional Entitlement Offer; and
- f) are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Unfortunately, as you do not satisfy the eligibility criteria for an Eligible Retail Shareholder stated above, you will not be sent the Offer Booklet or be able to subscribe for New Shares under the Retail Entitlement Offer.

RETAIL ENTITLEMENT BOOKBUILD

A number of New Shares equal to the number of Entitlements not taken up by Eligible Retail Shareholders (along with those New Shares which would have been offered to Ineligible Retail Shareholders had they been eligible to participate) will be offered by the Sole Lead Manager on behalf of Bank of Queensland to institutional investors in a bookbuild process following the Retail Entitlement Offer (the "**Retail Entitlement Bookbuild**"). The Retail Entitlement Bookbuild is expected to be completed on 15 May 2014.

Any premium over the Offer Price per New Share that may be achieved under the Retail Entitlement Bookbuild (if any, and net of any applicable withholdings tax) will be paid to Ineligible Retail Shareholders and Eligible Retail Shareholders who do not take up their full Entitlement in proportion to the number of New Shares represented by their Entitlement. However if the price achieved under the Retail Entitlement Bookbuild ("**Bookbuild Price**") does not exceed the Offer Price then no proceeds will be received and paid to you.

There is no guarantee that any proceeds will be received for the Entitlements through the Retail Entitlement Bookbuild. The ability to sell New Shares under the Retail Entitlement Bookbuild and the ability to obtain any premium will be dependent upon various factors, including but not limited to market conditions. Further, the Bookbuild Price 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 will, if accepted, result in otherwise acceptable allocations to clear the entire book. To the maximum extent permitted by law, none of Bank of Queensland, the Sole Lead Manager, their respective related bodies corporate, and affiliates, and the directors, officers, employees, agents and advisers of any of them, will be liable, including for

negligence, for any failure to procure applications under the Retail Entitlement Bookbuild at a price in excess of the Offer Price.

Any proceeds received may have Australian and overseas tax consequences, depending on individual circumstances. You should seek professional tax advice regarding the taxation of any proceeds received.

NO ACTION REQUIRED

This notice is to inform you about the Retail Entitlement Offer. This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. You are not required to do anything in response to this letter.

If you have any questions in relation to any of the above matters, please contact the BOQ Shareholder Information Line on 1800 779 639 (within Australia) or +61 1800 779 639 (outside Australia) between 9.00am and 5.00pm (Sydney time) Monday to Friday.

On behalf of the Board and management of Bank of Queensland, thank you for your continued interest.

Yours sincerely



Melissa Grundy
Company Secretary
Bank of Queensland Limited

This notice does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to any person acting for the account or benefit of a person in the United States. Securities may not be offered or sold in the United States or to any person acting for the account or benefit of a person in the United States absent registration or an exemption from registration. The Entitlements and the New Shares to be offered and sold in the Retail Entitlement Offer have not been and will not be registered under the U.S. Securities Act of 1933 ("**Securities Act**"), or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements offered in the Retail Entitlement Offer may only be exercised or taken up by, and the New Shares to be offered and sold in the Retail Entitlement Offer may only be offered or sold to persons that are not in the United States and are not acting for the account or benefit of a person in the United States, in each case in "offshore transactions" (as defined in Rule 902(k) under the Securities Act) in reliance on Regulation S under the Securities Act.

The provision of this document is not, and should not be considered as, a securities recommendation or financial product advice. The information in this document is general information only, and does not take into account your individual objectives, taxation position, financial situation or needs. Before acting on the information, you should consider the appropriateness of the information, having regard to your objectives, taxation position, financial situation or needs. If you are unsure of your position, please contact your stockbroker, accountant, taxation adviser, financial adviser or other professional adviser.