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ASX RELEASE

1 September 2014

REMUNERATION UPDATE

The BOQ Board today confirmed that outgoing CEO Stuart Grimshaw's final remuneration arrangements will be consistent with the terms of his original contract, disclosed in August 2011, and subsequent incentive schemes approved by shareholders.

Chairman Roger Davis said while the Board was disappointed with Mr Grimshaw's decision to leave, they recognised the unique opportunity he was pursuing and the significant contribution he had made as CEO.

"Under Stuart's leadership, BOQ has transformed its balance sheet and business fundamentals, implemented a new strategy and put a strong and experienced leadership team in place who are focused on executing the strategy," he said.

"Significant shareholder value has been created. When Stuart joined, BOQ's market capitalisation was $1.9 billion and he leaves having built a business capitalised at $4.4 billion and having generated shareholder returns of around 75%.

"On behalf of the Board and shareholders, I would once again like to thank Stuart for all of his efforts. He has left the Bank in very good hands and it is well positioned to continue providing a genuine alternative to the Big Four."

As disclosed on 13 August 2014, Mr Grimshaw stepped down as CEO on 31 August with Jon Sutton becoming Acting CEO from 1 September 2014. Mr Grimshaw has agreed to remain with BOQ in an advisory capacity until 31 October 2014 to assist the Board and Acting CEO with transition arrangements.

The Board has agreed with Mr Grimshaw that in relation to his remuneration:

- No Short Term Incentive (STI) or Performance Award Rights (PARs) grants will be made for the financial year ended 31 August 2014;
- the 32,310 unvested Deferred Award Rights (DARs) awarded as STI incentives in 2012 will lapse;
- the 60,458 Restricted Shares awarded as part of 2013 deferred STI payments remain on-foot and will be awarded on relevant dates, subject to normal clawback provisions;
- the 396,033 PARS awarded as part of long term incentive in 2011, 2012 and 2013 remain on-foot, subject to performance hurdles and vesting schedules;
- Mr Grimshaw will be paid his fixed remuneration for the two months he assists with transition arrangements.

For further information please call:

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As disclosed in the Remuneration Report in the 2013 Annual Report, Mr Grimshaw's contract provides for unvested PARs to remain on-foot to ensure alignment with the long term financial performance of the company. PARs will only vest if relative Total Shareholder Return performance hurdles are met.

Acting CEO Jon Sutton will receive an increase in his fixed remuneration of $25,000 per month for the period he is acting in the CEO role, effective 1 September 2014.

For the period that he is Acting CEO, any STI and LTI payments will be calculated pro rata by reference to his increased salary. There are no guaranteed payments and no other variations to Mr Sutton's existing employment contract.

Ends

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