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ASX RELEASE

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STANDARD & POOR'S LOWERS BOQ'S LONG TERM CREDIT RATING

Bank of Queensland (ASX: BOQ) acknowledges Standard & Poor's (S&P) decision to lower its long-term issuer credit rating to 'BBB+' from 'A-', as part of a downgrade of ratings on 23 Australian financial institutions. The outlook is 'stable'.

S&P's decision is based on its view that continued build-up of economic imbalances in the country over the past few years due to a rapid rise in private sector debt and house prices, particularly in Sydney and Melbourne, has exposed Australian financial institutions to greater economic risks. We note that BOQ has a significantly lower level of exposure to the Sydney and Melbourne property markets than many other industry participants.

In the announcement, S&P also noted that despite its view that the risk of a downside scenario and its impact have increased, S&P considers the outlook for the Australian banks remains relatively benign by global standards.

BOQ also notes that the long-term issuer credit ratings of the four major Australian banks remain unchanged, reflecting S&P's expectation of likely timely financial support from the Australian government for these institutions. In effect, this means that the 2 notches of government support for these institutions has increased to 3 notches of benefit.

There was no change to BOQ's short-term rating, which was affirmed at 'A-2'.

Ends

For more information please contact

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