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ASX RELEASE

22 September 2014

BOQ SETTLES ALL REMAINING STORM FINANCIAL PROCEEDINGS

BOQ today announced it has reached an agreement to settle proceedings brought against it by the Australian Securities & Investment Commission (ASIC) and a class action on behalf of borrowers advised by Storm Financial.

Subject to Federal Court approval, the settlement concludes both of the outstanding Storm Financial proceedings against BOQ. These are ASIC's unregistered managed investment scheme proceedings, which commenced in the Federal Court of Australia in December 2010 and a class action which commenced in December 2012.

The gross payment by BOQ to settle ASIC's proceedings and the class action is \$19.7 million, with \$17 million of this to be paid to BOQ customers. The net impact after tax to BOQ will be \$22.1 million, which includes all legal costs and an additional provision for remediation costs. This will be normalised in the determination of cash earnings for BOQ's result for the year ended 31 August 2014.

The financial impact is not material to BOQ meeting its Common Equity Tier 1 operating target and will have no effect on the Board's upcoming dividend determination as part of the year end accounts process. BOQ's FY14 results release is on 9 October 2014.

Acting CEO Jon Sutton said: "We are pleased to have reached a resolution to this long-running issue and will now work towards providing certainty to the customers who were involved.

"We have worked closely with Storm customers over the last five years and will continue to consider their individual circumstances. Eligible customers will be contacted by the class action lawyers in the coming months and will have the option of accepting a settlement payment or staying on their existing repayment arrangements."

The settlement agreement includes acknowledgement by all parties that BOQ denies any wrongdoing in relation to both proceedings.

For more information, affected customers can contact the class action lawyers on 02 9286 3133 or BOQ on 1800 663 080.

Ends

For further information please call:

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