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MEDIA RELEASE

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Bank of Queensland responds to merger commentary

In response to questions from both media and investors, Bank of Queensland Managing Director David Liddy today reiterated and confirmed the commitments in relation to its merger proposal that Bank of Queensland had made to Bendigo Bank ahead of Tuesday's merger rejection by Bendigo Bank's Board.

"First-up, we continue to believe that the value proposition and logic that drove this merger proposal was compelling for all involved.

"We continue to believe that this merger is important for the future of banking, particularly regional banking, in Australia. It's about recognising the changing landscape of the Australian financial services sector, and working together to be a more effective force and an alternative for the Australian public.

"We have clearly outlined the key issues raised since this merger was announced and reiterate that our plan was about bringing together two complementary banking business models in a period of pending industry consolidation.

"Our merger proposal from day one was designed to meet a broad range of stakeholders' concerns. We reiterate the following important commitments we made as part of our merger proposal:

- Bendigo Bank community bank branches would not be closed, more would open, and we would provide improved access to products and services across this network
- Bendigo Bank headquarters and the Bendigo Bank brand would be maintained
- Five Board members from Bendigo Bank would join the merged group's Board to ensure all commitments were delivered
- The merged company's management team would include the best from both organisations, including a senior role for Bendigo Bank Managing Director, Mr Rob Hunt
- EDS, Bank of Queensland's IT provider, committed to establishing a presence in Bendigo post-merger

"We also believe that a merger would have provided significant career opportunities for Bendigo Bank employees, and that customers would have greatly benefited from new products, more ATM's and double the number of branches.

"On top of this our proposal to Bendigo offered shareholders a blend of cash and scrip that as of Tuesday afternoon provided a 47 per cent premium.

"We acknowledge that there would have been risks associated with integration. We are very confident that the combined experience and ability of the directors and management of both organisations would have brought these two groups together with minimal disruption.

"We also acknowledge the feedback from Bendigo Bank's investors and customers, yet express concern these stakeholders were not given the opportunity to consider a complete merger proposal. We do not believe the shareholder survey is a substitute for full and proper consideration by all shareholders of the merger proposal.

"We saw this transaction as a clear opportunity for two of the top regional banks to come together as a merged entity to create Australia's 'big small bank' and ensure the sustainability of regional banking services in Australia," Mr Liddy said.

"In making our merger proposal public there was no arrogance on our behalf - we had privately talked with Bendigo Bank about the logic of merging for some time.

"The future of regional banking would be much better served by a bigger regional bank which can match the majors on reach, and beat them on service and customer access.

As announced on 24 April, Bank of Queensland remains disappointed in the Bendigo Bank Board response.

On Tuesday's closing BOQ share price of \$18.61, the merger proposal is valued at \$19.42, a 47.0 per cent premium to BEN's share price on 16 March, and a 41.3 per cent premium to BEN's 1 month VWAP on 16 March.

Shareholders requiring further information regarding the Bank of Queensland merger proposal with Bendigo Bank, please call 1800 135 772.

For more information please contact

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