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## ASX RELEASE

22 November 2017

### Amendments to BOQ CPS Terms

BOQ today announced that it has amended the terms of the convertible preference shares issued by BOQ in December 2012 (**CPS**). The amendments have been made to facilitate the Reinvestment Offer under which Eligible CPS Holders may apply to reinvest some or all of their CPS in Capital Notes.

The buy-back of CPS under the Reinvestment Offer is subject to approval by Ordinary Securityholders to be proposed at the BOQ Annual General Meeting on 30 November 2017. The Reinvestment Offer will not proceed unless this approval is obtained, in which case all Eligible CPS Holders will continue to hold their CPS, subject to the CPS Terms.

Specifically, the changes permit the payment of a Pro-Rata Dividend to holders of Reinvestment CPS. The Pro-Rata Dividend will be paid on the Reinvestment Date, which is expected to be 28 December 2017, subject to the payment tests in the CPS Terms.

Full details of the Offer (including the Reinvestment Offer and the Pro-Rata Dividend) are set out in the Prospectus that was lodged today with the Australian Securities and Investments Commission and Australian Securities Exchange.

The amendments to the CPS terms are highlighted in the attachment and take effect from today. The amendments have been approved by the Australian Prudential Regulation Authority. Defined terms referred to in this announcement have the meaning given to them in the Prospectus.

**For more information contact:**

Securityholders	Media	Analysts
<b>BOQ Offer Information Line</b> 1800 779 639 (within Australia) or +61 1800 779 639 (outside Australia) 8:30am to 7:30pm Sydney time Monday to Friday <a href="http://www.boq.com.au">www.boq.com.au</a>	Tracy Hicks Head of Corporate Affairs P: 0439 540 960 E: <a href="mailto:tracy.hicks@boq.com.au">tracy.hicks@boq.com.au</a>	Daniel Ryan Head of Investor Relations P: 0421 757 926 E: <a href="mailto:daniel.ryan@boq.com.au">daniel.ryan@boq.com.au</a>

#### Disclaimer

This announcement does not constitute an offer of any securities (including Capital Notes or CPS) for sale or issue. No action has been taken to register or qualify Capital Notes or the Offer or to otherwise permit a public offering of Capital Notes outside Australia. In particular, this announcement does not constitute an offer of securities for sale in the United States. Neither the Capital Notes nor the Ordinary Shares have been or will be registered under the US Securities Act or the securities laws of any state of the United States, and they may not be offered or sold in the United States or to, or for the account or benefit of, a US Person.

# BOQ CPS Amendments

## Terms of Issue

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### 1. Description

The following are the terms and conditions of fully-paid, unsecured, perpetual preference shares, paying discretionary, floating rate non-cumulative dividends (the **BOQ CPS**). The BOQ CPS may be Converted, Redeemed or Transferred according to these Terms of Issue.

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### 2. Issuer

The BOQ CPS will be issued by Bank of Queensland Limited ABN 32 009 656 740 (**Bank**) under the Constitution and on the terms and conditions set out in these Terms of Issue.

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### 3. Denomination

The denomination of each BOQ CPS will be the Face Value. Each BOQ CPS will be issued as fully paid.

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### 4. Face Value

The Face Value of each BOQ CPS will be \$100.

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### 5. Maturity

The BOQ CPS are perpetual and have no maturity date.

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### 6. Dividends

#### 6.1 Calculation

Subject to these Terms of Issue, the BOQ CPS will pay a cash dividend on each relevant Dividend Payment Date (each a **Dividend**). The Dividend is calculated as:

$$\text{Dividend} = \frac{\text{Dividend Rate} \times \text{Face Value} \times D}{365}$$

where:

**D** is the number of days in the period from (and including):

- (a) for the first Dividend Payment Date, the Issue Date until (but not including) the first Dividend Payment Date; and
- (b) for any subsequent Dividend Payment Date, the preceding Dividend Payment Date until (but not including) the relevant Dividend Payment Date,

(each such period a **Dividend Period**);

**Dividend Rate** has the meaning given in clause 6.2;

**Face Value** has the meaning given in clause 4.

## 6.2 Dividend Rate

The Dividend Rate (expressed as a percentage rate per annum) is:

$$(\text{BBR} + \text{Margin}) \times (1 - t)$$

where:

**BBR** means the Bank Bill Swap Rate (expressed as a percentage per annum) on the first Business Day of the Dividend Period;

**Margin** means the margin (expressed as a percentage per annum) determined under the Bookbuild;

**t** is the Australian corporate tax rate applicable to the franking account of the Bank at the relevant Dividend Payment Date, expressed as a decimal.

## 6.3 Gross-up for partly franked dividends

If any Dividend is not franked to 100% under Part 3-6 of the Tax Act (or any provisions that revise or replace that Part), the Dividend will be adjusted in accordance with the following formula:

$$\text{Dividend} = \frac{d}{1 - [t \times (1 - f)]}$$

where:

**d** - is the Dividend calculated under clause 6.1;

**t** - has the meaning given in clause 6.2; and

**f** - is the franking percentage (within the meaning of Part 3-6 of the Tax Act or any provisions that revise or replace that Part) applicable to the franking account of the Bank at the relevant Dividend Payment Date, expressed as a decimal.

## 6.4 Dividend Payment Date

Dividends will be payable on the BOQ CPS in arrears on each Dividend Payment Date, with the first Dividend Payment Date being on 15 April 2013 and thereafter semi-annually on each 15 April and 15 October until the BOQ CPS are Converted or Redeemed (in which case the Conversion Date or Redemption Date [or in the case of the Reinvestment BOQ CPS the Reinvestment Date](#), as the case may be, will be the final Dividend Payment Date). In the event that BOQ CPS are Transferred, the Transfer Date will be a Dividend Payment Date for those BOQ CPS (but will not be the final Dividend Payment Date for those BOQ CPS).

## 6.5 Non-cumulative

- (a) Dividends are non-cumulative. If all or any part of a Dividend is not paid because of the provisions of these Terms of Issue or because of any applicable law, the Bank will have no liability to pay, and the Holders will have no right to be paid, any amount in respect of that Dividend.
- (b) The Holders will have no claim or entitlement (including without limitation on winding up of the Bank) in respect of such non-payment, and such non-payment will not constitute an event of default or give Holders any right to apply for the

winding-up or administration of the Bank, or cause a receiver, or receiver and manager, to be appointed in respect of the Bank.

- (c) No interest accrues on any unpaid Dividend and the Holder has no claim or entitlement in respect of interest on any unpaid Dividend.

## 6.6 Conditions to dividend payments

The payment of a Dividend (including on Conversion, Redemption or Transfer) is subject to:

- (a) the Directors, in their absolute discretion, determining that the Dividend is payable;
- (b) the Bank being lawfully able to pay the Dividend under the Corporations Act;
- (c) payment of the Dividend not resulting in any breach of APRA's then prevailing capital adequacy standards and guidelines as they are applied to the Group at the time, unless otherwise approved by APRA; and
- (d) APRA not otherwise objecting to the payment on the relevant Dividend Payment Date.

Without limiting clause 6.6(a), the Directors will not determine a Dividend to be payable if, in their opinion, making the payment would result in the Bank becoming, or being likely to become, insolvent for the purposes of the Corporations Act.

## 6.7 Record date for Dividends

A Dividend ([other than a Dividend payable in respect of Reinvestment BOQ CPS on the Reinvestment Date](#)) is only payable to those persons registered as Holders on the date which is 11 Business Days before the Dividend Payment Date for that Dividend, or such other date as may be required by the ASX from time to time and adopted by the Bank.

[A Dividend payable in respect of Reinvestment BOQ CPS on the Reinvestment Date is only payable to those persons registered as Holders on the date falling prior to the Reinvestment Date which is determined by the Directors to be the record date for that Dividend.](#)

## 6.8 Deductions

The Bank may deduct or withhold from any Dividend or amount payable on Redemption (or upon or with respect to the issuance of any Ordinary Shares upon any Conversion), the amount of any withholding or other tax, duty, assessment, levy, government charge or other amount, as required by applicable law or any agreement with a governmental authority. If any such deduction or withholding has been made and paid over or accounted for by the Bank to the relevant governmental authority and the balance of the Dividend or other amount payable has been paid (or, in the case of a Conversion, Ordinary Shares have been issued) to the Holder concerned, then the full amount payable to such Holder (or, in the case of a Conversion, the Conversion Number of Ordinary Shares) will be taken to have been duly paid and satisfied (or, in the case of a Conversion, issued) by the Bank. The Bank shall pay the full amount required to be deducted or withheld to the relevant governmental authority within the time allowed for such payment without incurring any penalty under applicable law and must, if requested by the relevant Holder, deliver to that Holder confirmation of that payment without delay after it is received by the Bank from the relevant governmental authority.

## 6.9 Means of payment

- (a) The Bank may pay a person entitled to any Dividend or other moneys payable in respect of a BOQ CPS by:

- (i) cheque made payable to the person and sent to:
    - A. the address of that person in the register of BOQ CPS;
    - B. if the BOQ CPS is jointly held, the address of the first named joint holder in the register of BOQ CPS; or
    - C. such other address which that person has notified in writing;
  - (ii) crediting an account nominated in writing by that person; or
  - (iii) such other means for the payment of money determined by the Directors.
- (b) The despatch of payment by the Bank to any Holder or any one of joint Holders or otherwise in accordance with this clause 6.9 will be taken to discharge the Bank's liability in respect of the payment.
  - (c) If the Bank determines to make a payment by electronic or other means determined under clause 6.9(a)(ii) or 6.9(a)(iii) and an account is not nominated by the Holder or joint Holder, the Bank may hold the amount payable in a separate account of the Bank until the Holder or a joint Holder nominates an account, without any obligation to pay interest to such Holder, and the amount so held is to be taken as having been paid to the Holder or joint Holders at the time it is credited to that separate account of the Bank.
  - (d) All amounts payable but unclaimed may be invested by the Bank as it determines for the benefit of the Bank until claimed or until required to be dealt with in accordance with any law relating to unclaimed moneys.
  - (e) The Bank, in its absolute discretion, may withhold payment to a Holder where it is required to do so under any applicable law, including any law prohibiting dealings with terrorist organisations or money laundering, or any other type of sanction, or where it has reasonable grounds to suspect that the Holder may be subject to such law or sanction or involved in acts of terrorism or money laundering, and may deal with the payment and the Holder's BOQ CPS in accordance with that applicable law or the requirements of any relevant governmental authority or regulatory body. The Bank is not liable for any costs or loss suffered by a Holder in exercising the Bank's discretion under this clause 6.9(e), even where a Holder later demonstrates that they were not subject to the applicable law or sanction.

## 6.10 Restrictions in the case of non-payment

Subject to clause 6.11, if for any reason a Dividend has not been paid in full on a Dividend Payment Date (**Relevant Dividend Payment Date**), the Bank must not until and including the next Dividend Payment Date:

- (a) declare, determine or pay any dividends or distributions on any Ordinary Shares; or
- (b) buy back or reduce capital on any Ordinary Shares,

unless:

- (i) the Dividend is paid in full within 3 Business Days of the Relevant Dividend Payment Date;
- (ii) all BOQ CPS have been Converted or Redeemed; or

- (iii) a Special Resolution of the Holders has been passed approving such action.

## **6.11 Exception to restrictions**

The restrictions in clause 6.10 do not apply to:

- (a) repurchases (including buy backs), redemptions or other acquisitions of shares of the Bank in connection with:
  - (i) any employment contract, employee share scheme, award rights plan, benefit plan or other similar arrangement with or for the benefit of any one or more employees, officers, directors, consultants or contractors (including contractor's employees) of the Bank or of any member of the Group;
  - (ii) a dividend reinvestment plan, bonus option plan, bonus share plan, shareholder share purchase plan or top-up facility or shareholder sale facility or disposal plan; or
  - (iii) the issue of shares in the Bank, or securities convertible into or exercisable for such shares, as consideration in an acquisition transaction entered into before the occurrence of the failure to pay the Dividend on the relevant Dividend Payment Date;
- (b) an exchange, redemption or conversion of any class or series of the Bank's shares, or any shares of a member of the Group, for any class or series of the Bank's shares, or of any class or series of the Bank's indebtedness for any class or series of the Bank's shares;
- (c) the purchase of fractional interests in shares of the Bank under the conversion or exchange provisions of the shares or the security being converted or exchanged;
- (d) any payment or declaration of a dividend in connection with any shareholders' rights plan, or the issue of rights, shares or other property under any shareholders' rights plan, or the redemption or repurchase of rights pursuant to the plan; or
- (e) a capital raising by way of a rights or entitlement issue made to holders of one or more capital instruments of the Bank.

Nothing in these Terms of Issue prohibits the Bank or any member of the Group from purchasing shares in the Bank (or an interest therein) in connection with transactions for the account of customers of the Bank or of a Group member or, with the prior written approval of APRA, in connection with the distribution or trading of shares in the Bank in the ordinary course of business. This includes:

- (a) taking security over shares in the Bank in the ordinary course of business; and
- (b) acting as trustee for another person where neither the Bank nor any member of the Group has a beneficial interest in the trust (other than a beneficial interest that arises from a security given for the purposes of a transaction entered into in the ordinary course of business).

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## **7. Ranking**

### **7.1 Ranking with respect to Dividends**

For payment of Dividends, the BOQ CPS rank:

- (a) senior to Ordinary Shares; and
- (b) equally among themselves and with BOQ PEPS and any other securities or instruments of the Bank that rank equally with the BOQ CPS in respect of dividends or distributions; and
- (c) junior to any securities or instruments of the Bank that rank senior to the BOQ CPS in respect of dividends or distributions.

### **7.2 Liquidation preference**

In a winding-up or liquidation of the Bank, the BOQ CPS rank:

- (a) senior to Ordinary Shares;
- (b) equally among themselves and with BOQ PEPS and any other securities or instruments of the Bank that rank equally with the BOQ CPS in respect of return of capital in a winding up;
- (c) junior to all the Bank's debts and liabilities to its creditors (including depositors), both unsubordinated and subordinated, other than indebtedness that by its terms ranks equally with, or junior to, the BOQ CPS in a winding-up; and
- (d) junior to any securities or instruments of the Bank that rank senior to the BOQ CPS in respect of return of capital in a winding up,

for payment in cash of an amount out of surplus assets equal to the Face Value plus any Dividend due but unpaid or such other amount as determined under clause 15.9 (**Liquidation Sum**), and otherwise do not confer any right to participate in the surplus assets of the Bank on a winding up.

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## **8. Default**

The Bank will only be in default under these Terms of Issue in the event of a winding up of the Bank and such winding up will not affect the ranking of the BOQ CPS and amounts payable under clause 7.2.

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## **9. Not deposit liabilities**

BOQ CPS do not represent a deposit liability of the Bank and are not protected accounts for the purposes of the depositor protection provisions of Australian banking legislation and are not guaranteed or insured by any government, government agency or compensation scheme of Australia or any other jurisdiction.

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## **10. Set-off**

### **10.1 Holders have no set off**

A Holder is not entitled to set-off any amounts due to a Holder in respect of BOQ CPS against any amount of any nature owed by the Holder to the Bank.

## **10.2 Holders have no offsetting claims**

A Holder will have no offsetting rights or claims on the Bank if the Bank does not pay any Dividend.

## **10.3 Bank has no set off**

The Bank is not entitled to set-off any amounts of any nature due to the Bank against any amount owed by the Bank to the Holder in respect of BOQ CPS.

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## **11. Other issues of securities**

### **11.1 No rights to participate**

Holders do not have a right, as a result of holding the BOQ CPS, to participate in issues of securities to, or capital reconstructions affecting, holders of Ordinary Shares or other securities in the Bank's capital.

### **11.2 Other issues not to vary class rights**

The Bank reserves the right to issue further preference shares or other securities (whether redeemable or not) which rank senior to, equally with or behind BOQ CPS, whether in respect of dividends (whether cumulative or not), return of capital on a winding-up or otherwise.

Such issues of preference shares or other securities do not constitute a variation or abrogation of the rights attached to the then existing BOQ CPS, nor does any buy-back, redemption or return or distribution of capital in respect of any security or instrument other than a BOQ CPS (whether that security or instrument ranks equally, senior or junior with BOQ CPS).

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## **12. Voting, notice and reports**

### **12.1 Voting**

Holders will not be entitled to vote at any general meeting of the Bank except that they may vote:

- (a) if at the time of the meeting, a Dividend (or part of a Dividend) is due and payable but has not been paid in full by the relevant dividend payment date;
- (b) on a proposal:
  - (i) to reduce the Bank's share capital (other than in connection with a Redemption of BOQ CPS);
  - (ii) that affects rights attached to the BOQ CPS;
  - (iii) to wind up the Bank; or
  - (iv) for the disposal of the whole of the Bank's property, business and undertaking (other than in connection with a Redemption of BOQ CPS);
- (c) on a resolution to approve the terms of a buy-back agreement (other than in connection with a Redemption of BOQ CPS);
- (d) during the winding up of the Bank; and



- (e) in any other circumstances in which the ASX Listing Rules require holders of preference shares to be entitled to vote,

in which case Holders will be entitled:

- (f) on a show of hands, to exercise one vote;
- (g) on a poll, to exercise one vote for each BOQ CPS held by them.

## **12.2 Notice and meetings**

Holders of BOQ CPS will be entitled to:

- (a) receive notice of and attend (but not vote, except in accordance with clause 12.1) at any general meeting of the Bank;
- (b) receive all reports and audited accounts of the Bank which are sent by the Bank to holders of Ordinary Shares.

Failure by the Bank to give a Holder any notice, report or other document to which that Holder is entitled under this paragraph will not affect the validity of any meeting (or any proceedings at any meeting), transaction or document which relates to the document which was not received by the Holder.

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## **13. Conversion, Redemption or Transfer**

### **13.1 Conversion, Redemption or Transfer of BOQ CPS**

- (a) A Holder has no right to require a Conversion, Redemption or Transfer of BOQ CPS and the Bank is not obliged to Convert, Redeem or arrange a Transfer of the BOQ CPS in any circumstances other than as set out in these Terms of Issue.
- (b) Subject to these Terms of Issue, BOQ CPS will mandatorily Convert to Ordinary Shares:
  - (i) on a Mandatory Conversion Date in accordance with clause 13.5; or
  - (ii) following a Capital Trigger Event, Non-Viability Trigger Event or Acquisition Event in accordance with clause 13.5.
- (c) Subject to these Terms of Issue, the Bank may Convert the BOQ CPS:
  - (i) following the occurrence of a Tax Event or Regulatory Event in accordance with clause 13.6 or 13.7;
  - (ii) on the Optional Conversion/Redemption Date in accordance with clause 13.6 or 13.7; or
  - (iii) following a Potential Acquisition Event in accordance with clause 13.6 or 13.7.
- (d) Subject to these Terms of Issue, the Bank may Redeem or Transfer the BOQ CPS:
  - (i) following the occurrence of a Tax Event or Regulatory Event in accordance with clause 13.6; or
  - (ii) on the Optional Conversion/Redemption Date in accordance with clause 13.6.

## 13.2 Conversion Conditions

- (a) Where indicated in these Terms of Issue, Conversion is subject to the satisfaction of the **Conversion Conditions**, which are that:
- (i) the Test Conversion Number on the 25th Business Day before the Relevant Date is no greater than 90% of the Maximum Conversion Number (**First Conversion Condition**);
  - (ii) the Conversion Number calculated under clause 15.2(a) (and to avoid doubt, disregarding clause 15.2(b)) on the Relevant Date is no greater than the Maximum Conversion Number (**Second Conversion Condition**); and
  - (iii) no Delisting Event applies in respect of the Relevant Date (**Third Conversion Condition**).
- (b) **Relevant Date** means:
- (i) for a mandatory Conversion in respect of a Mandatory Conversion Date, the relevant Mandatory Conversion Date contemplated in clause 13.5(c);
  - (ii) for a mandatory Conversion in respect of an Acquisition Event, the Acquisition Event Conversion Date; or
  - (iii) for a Conversion the subject of an Early Conversion/Redemption Notice, the relevant Conversion Date notified in the Early Conversion/Redemption Notice under clause 13.6(g).

## 13.3 Test Conversion Number and Maximum Conversion Number

- (a) The **Test Conversion Number** means the Conversion Number calculated under clause 15.2(a) (and to avoid doubt, disregarding clause 15.2(b)) using the Test Reference Period and assuming that:
- (i) for a mandatory Conversion in respect of a Mandatory Conversion Date or Acquisition Event, the Relevant Date is the Mandatory Conversion Date or Acquisition Event Conversion Date; and
  - (ii) for a Conversion the subject of an Early Conversion/Redemption Notice, the Relevant Date is the Conversion Date notified in the Early Conversion/Redemption Notice under clause 13.6(g).
- (b) Subject to any adjustments under clauses 15.4 to 15.6, the **Maximum Conversion Number** is equal to the number of Ordinary Shares calculated (to four decimal places) using the following formula:

$$\text{Maximum Conversion Number} = \frac{\text{Face Value}}{\text{Relevant Fraction} \times \text{Pre - Issue VWAP}}$$

where:

**Pre-Issue VWAP** means the VWAP during the period of 20 Business Days on which Ordinary Shares were traded on ASX immediately preceding, but not including, the Issue Date;

**Relevant Fraction** means:

- (i) if Conversion is occurring before 1 January 2013 or on a Mandatory Conversion Date, 0.5; or
- (ii) if Conversion is occurring at any other time, 0.2.

### 13.4 Announcement of Maximum Conversion Number

The Bank must make an announcement to ASX to notify Holders of the Maximum Conversion Number within a reasonable period after the Issue Date.

### 13.5 Mandatory Conversion

- (a) Subject to this clause 13.5 and clauses 13.6, 13.7, 13.8 and 13.9, on the earlier of the Mandatory Conversion Date, the Capital Trigger Event Conversion Date (if any), the Non-Viability Conversion Date (if any) and the Acquisition Event Conversion Date (if any), the Bank must Convert all BOQ CPS on issue at that date into Ordinary Shares under clause 15.
- (b) The Bank will make an announcement to ASX and notify APRA in writing immediately after becoming aware of a Capital Trigger Event, Non-Viability Trigger Event or Acquisition Event occurring.
- (c) Subject to clause 13.8, the **Mandatory Conversion Date** will be the first of the following dates:
  - (i) 15 April 2020 (**Scheduled Mandatory Conversion Date**);
  - (ii) a Dividend Payment Date after the Scheduled Mandatory Conversion Date,

on which date the Conversion Conditions are satisfied.
- (d) If, on any Relevant Date for a mandatory Conversion in respect of a Mandatory Conversion Date, the First Conversion Condition is not satisfied, the Bank will make an announcement to ASX not less than 21 Business Days before the Relevant Date notifying Holders that mandatory Conversion will not proceed on the Relevant Date.
- (e) The **Capital Trigger Event Conversion Date** will be the date the Capital Trigger Event occurs.
- (f) Conversion on the Capital Trigger Event Conversion Date will not be subject to the Conversion Conditions.
- (g) The **Non-Viability Conversion Date** will be the date the Non-Viability Trigger Event occurs.
- (h) Conversion on the Non-Viability Conversion Date will not be subject to the Conversion Conditions.
- (i) Subject to any relevant determination by APRA, the number of BOQ CPS that are required to be Converted in respect of a Capital Trigger Event or Non-Viability Trigger Event is the number that the Bank or APRA is satisfied will be required for the Bank to cease to be subject to the Capital Trigger Event or Non-Viability Trigger Event (as the case may be), as determined by Conversion of the BOQ CPS on a pro rata basis with the conversion or write-off in accordance with their terms of

all other Relevant Tier 1 Capital Instruments (on a Level 1 or Level 2 basis as applicable).

- (j) If only some of the BOQ CPS are to be Converted in respect of a Capital Trigger Event or Non-Viability Trigger Event, the Bank may determine which BOQ CPS are Converted. In making that determination, the Bank must endeavour to treat Holders on an approximately proportionate basis, but may discriminate to take account of the effect on marketable parcels and other logistical considerations.
- (k) On a Capital Trigger Event Conversion Date or Non-Viability Conversion Date, subject to clauses 13.8(d) and 15.9:
  - (i) the BOQ CPS or relevant number of BOQ CPS will Convert, or be treated as having been Converted; and
  - (ii) the entry of the corresponding BOQ CPS, or relevant number of BOQ CPS, in each Holder's holding in the register of BOQ CPS will constitute a record of the holding of that Holder to the Conversion Number of Ordinary Shares (and, if applicable, any remaining balance of BOQ CPS), and the Bank will recognise the Holder as having been issued the relevant Ordinary Shares for all purposes, in each case without the need for any further act or step by the Bank or the Holder or any other person,

and the Bank will, as soon as practicable thereafter and without delay on the part of the Bank, take any appropriate procedural steps to record such Conversion, including updating the registers of BOQ CPS and Ordinary Shares.

- (l) The **Acquisition Event Conversion Date** will be the Business Day before the date reasonably determined by the Bank to be the last date on which holders of Ordinary Shares can participate in the bid or scheme concerned or such earlier date as the Bank may reasonably determine having regard to the timing for implementation of the bid or scheme concerned or such later date as APRA may require.
- (m) Conversion on the Acquisition Event Conversion Date is subject to the Conversion Conditions.

### 13.6 Early Conversion, Redemption or Transfer

- (a) Subject to APRA's prior written approval, the Bank may serve an Early Conversion/Redemption Notice:
  - (i) in respect of some or all of the BOQ CPS, following the occurrence of a Tax Event or Regulatory Event;
  - (ii) in respect of all (but not some only) of the BOQ CPS, following the occurrence of a Potential Acquisition Event; and
  - (iii) in respect of some or all of the BOQ CPS, in respect of the Optional Conversion/Redemption Date.
- (b) The Bank must notify Holders of the occurrence of a Potential Acquisition Event by announcement to ASX as soon as practicable after becoming aware of the occurrence of that event.
- (c) If the Bank serves an Early Conversion/Redemption Notice, the Bank must include in that notice which, or which combination, of the following it intends to do in respect of BOQ CPS the subject of the notice:

- (i) Convert BOQ CPS into Ordinary Shares under clause 15; or
  - (ii) Redeem BOQ CPS in accordance with clause 14 on the relevant Redemption Date, in which case the Early Conversion/Redemption Notice must also specify the intended type of Redemption under clause 14.1; or
  - (iii) Transfer BOQ CPS in accordance with clause 16 on the relevant Transfer Date.
- (d) The Bank may only apply the mechanisms in clause 13.6(c) if APRA has given its prior written approval to such mechanisms being applied.
- Holders should not expect that APRA's prior written approval will be given.*
- (e) The Bank:
- (i) may only apply the mechanism in clause 13.6(c)(i) (Conversion) if the Conversion Conditions are satisfied;
  - (ii) must not apply the mechanism in clause 13.6(c)(ii) (Redemption) or 13.6(c)(iii) (Transfer) in respect of a Potential Acquisition Event; and
  - (iii) may only apply the mechanism in clause 13.6(c)(ii) (Redemption) if APRA is satisfied that either:
    - A. BOQ CPS the subject of the Redemption are replaced concurrently or beforehand with Tier 1 Capital of the same or better quality and the replacement of the instrument is done under conditions that are sustainable for the Bank's income capacity; or
    - B. the Group's capital position is well above its minimum capital requirements after the Bank elects to Redeem the BOQ CPS.
- (f) An Early Conversion/Redemption Notice cannot be given in the period of 20 Business Days preceding (but not including) a Relevant Date for a mandatory Conversion in respect of a Mandatory Conversion Date where the First Conversion Condition has been met in respect of that Relevant Date.
- (g) If the Bank serves an Early Conversion/Redemption Notice under clause 13.6, the Conversion Date, Redemption Date or Transfer Date (as appropriate) is the date stated in the Early Conversion/Redemption Notice provided that:
- (i) the Conversion Date, Redemption Date or Transfer Date (as applicable) in the case of a notice under clause 13.6(a)(i), is the last Business Day of the month following the month in which the Early Conversion/Redemption Notice is given by the Bank unless the Bank determines an earlier Conversion Date, having regard to the best interests of the Holders as a whole and the relevant event;
  - (ii) the Conversion Date in the case of a notice under clause 13.6(a)(ii), is the Business Day before the date reasonably determined by the Bank to be the last date on which holders of Ordinary Shares can participate in the bid or scheme concerned or such earlier date as the Bank may reasonably determine having regard to the timing for implementation of

the bid or scheme concerned or such later date as APRA may require (**Potential Acquisition Event Conversion Date**); and

(iii) the Conversion Date, Redemption Date or Transfer Date (as applicable) in the case of a notice under clause 13.6(a)(iii), is the Optional Conversion/Redemption Date, which must fall:

A. no earlier than:

- 1) 25 Business Days, where Conversion is proposed; or
- 2) 15 Business Days, where Redemption or Transfer is proposed; and

B. no later than 50 Business Days,

after the date of the Early Conversion/Redemption Notice.

(h) If the Bank serves an Early Conversion/Redemption Notice to Convert, Redeem or Transfer only some BOQ CPS, the Bank must endeavour to treat Holders on an approximately proportionate basis, but may discriminate to take account of the effect on marketable parcels and other logistical considerations.

### **13.7 If Conversion Conditions are not satisfied**

If any of the Conversion Conditions is not satisfied in respect of the Relevant Date for a Conversion under clause 13.5 (in respect of an Acquisition Event only) or under clause 13.6:

- (a) if the First Conversion Condition is not satisfied, the Bank will make an announcement to ASX not less than 21 Business Days before the Relevant Date (or in the case of a Conversion in respect of an Acquisition Event or Potential Acquisition Event, the later of 21 Business Days and as early as practicable before the Relevant Date) notifying Holders that the Conversion will not proceed on the Relevant Date;
- (b) if the First Conversion Condition is satisfied but either of the Second Conversion Condition or Third Conversion Condition is not satisfied, the Bank will make an announcement to ASX as soon as practicable that the Conversion will not (or, as the case may be, did not) proceed on the Relevant Date; and
- (c) notwithstanding clauses 13.2(b), 13.5(l) and 13.6:
  - (i) the relevant Conversion Date will be deferred until the first Dividend Payment Date on which the Conversion Conditions would be satisfied if that Dividend Payment Date were a Relevant Date for the purposes of clause 13.2 (**Deferred Conversion Date**);
  - (ii) the Bank must Convert the BOQ CPS on the Deferred Conversion Date, unless those BOQ CPS have been earlier Converted or Redeemed in accordance with these Terms of Issue;
  - (iii) until the Deferred Conversion Date, all rights attaching to the BOQ CPS will continue as if the relevant Acquisition Event Conversion Date had not occurred or the relevant Early Conversion/Redemption Notice had not been given;

- (iv) if the First Conversion Condition would not be satisfied on a Dividend Payment Date if that Dividend Payment Date were a Relevant Date for the purposes of clause 13.2, and as a result the Dividend Payment Date is not a Deferred Conversion Date, clause 13.7(a) will apply as if the Dividend Payment Date were a Relevant Date for the purposes of clause 13.7(a); and
- (v) if the First Conversion Condition is satisfied on a Dividend Payment Date under clause 13.7(c)(iv) but either of the Second Conversion Condition or Third Conversion Condition would not be satisfied if that Dividend Payment Date were a Relevant Date for the purposes of clause 13.2, and as a result the Dividend Payment Date is not a Deferred Conversion Date, the Bank will make an announcement to ASX as soon as practicable that the Conversion will not (or, as the case may be, did not) proceed on that Dividend Payment Date.

To avoid doubt, this clause 13.7 does not apply to a Conversion in respect of a Mandatory Conversion Date, Capital Trigger Event Conversion Date or Non-Viability Conversion Date under clause 13.5

### **13.8 Priority of Conversion, Redemption, Transfer, Write Off and Winding up**

- (a) Subject to clause 13.7 and this clause 13.8, an Early Conversion/Redemption Notice given by the Bank under clause 13.6 is irrevocable and may include any other information that the Bank considers necessary or appropriate to effect the Conversion, Redemption or Transfer in an orderly manner.
- (b) On the occurrence of a Capital Trigger Event or Non-Viability Trigger Event, any Early Conversion/Redemption Notice then on issue will immediately become void.
- (c) Subject to clauses 13.8(d) and 15.9, Conversion required on account of:
  - (i) a Capital Trigger Event takes place on the date and in the manner required by clause 13.5, notwithstanding any other provision for Conversion, Redemption or Transfer in these Terms of Issue (other than on account of a Non-Viability Trigger); and
  - (ii) a Non-Viability Trigger Event takes place on the date and in the manner required by clause 13.5, notwithstanding any other provision for Conversion, Redemption or Transfer in these Terms of Issue.
- (d) If on the Capital Trigger Event Conversion Date or Non-Viability Conversion Date an Inability Event subsists, then to the extent such event prevents the Bank from Converting BOQ CPS, Conversion on account of the Capital Trigger Event or Non-Viability Trigger Event will not occur and clause 15.9 shall apply.
- (e) If before Conversion an order is made by a court, or an effective resolution is passed, for the winding-up of the Bank, then Conversion will not occur and clause 7.2 shall apply, except where Conversion is required in respect of a Capital Trigger Event or Non-Viability Trigger Event in which case Conversion will proceed in accordance with clause 13.5 subject to clause 15.9.

### **13.9 Issue of ordinary shares of an Approved NOHC**

Where there is a replacement of the Bank as the ultimate holding company of the Group and the successor holding company is an Approved NOHC, no Acquisition Event or Potential Acquisition Event will occur and no Conversion of the BOQ CPS will be triggered as a

consequence of the Replacement. Instead, these Terms of Issue will be amended as required for the substitution of the Approved NOHC in accordance with clause 18.4.

## **13.10 Takeovers and schemes of arrangement**

If:

- (a) a takeover bid is made for Ordinary Shares, acceptance of which is recommended by the Directors; or
- (b) the Directors recommend a scheme of arrangement in respect of the Ordinary Shares of the Bank which will result in a person other than the Bank having a relevant interest in more than 50% of the Ordinary Shares,

in each case which would result in an Acquisition Event then, if the Directors consider that the Bank will not be permitted to elect to Convert the BOQ CPS in accordance with clause 13.6, or the Second Conversion Condition or Third Conversion Condition will not be satisfied in respect of the Conversion Date relating to an Acquisition Event in accordance with clause 13.7, the Directors will use all reasonable endeavours to procure that:

- (c) takeover offers are made to Holders which, in respect of each BOQ CPS, are for a consideration at least equal to the Redemption Price of that BOQ CPS; or
- (d) Holders are entitled to participate in the scheme of arrangement or a similar transaction.

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## **14. Mechanics of Redemption**

### **14.1 Meaning of Redemption**

Redemption, in respect of a BOQ CPS, means the BOQ CPS is redeemed, bought back (other than by an on-market buy-back) or cancelled pursuant to a reduction of capital (or any combination of these) for an amount of cash equal to the Redemption Price, as the case may be. Subject to APRA's prior written approval of the Redemption, if the Bank elects to Redeem BOQ CPS, the provisions of this clause 14 apply.

### **14.2 Effect of Early Conversion/Redemption Notice**

Once a Holder has been given an Early Conversion/Redemption Notice that notifies an intention to Redeem any or all of a Holder's BOQ CPS, that Holder must not deal with, transfer, dispose of or otherwise encumber the BOQ CPS the subject of the proposed Redemption and must do all things reasonably required to give effect to the Redemption of the relevant BOQ CPS in accordance with these Terms of Issue.

### **14.3 Redemption of BOQ CPS**

If the Bank determines to Redeem any BOQ CPS by redemption, to effect the Redemption of the BOQ CPS specified in the Early Conversion/Redemption Notice, the Bank shall pay the Redemption Price to the relevant Holders on the relevant Redemption Date. Upon payment of the Redemption Price, all other rights conferred, or restrictions imposed, by those BOQ CPS under these Terms of Issue will no longer have effect.

### **14.4 Buy-back of BOQ CPS**

If the Bank determines to Redeem any BOQ CPS by buy-back, each Holder agrees to accept the buy-back offer for their relevant BOQ CPS to which the Early Conversion/Redemption



Notice relates and will be deemed to have sold to the Bank those BOQ CPS free of all Encumbrances on the terms of the Buy-Back Agreement.

For the avoidance of doubt, no agreement arises under this clause 14.4 until the later of:

- (a) the date the Early Conversion/Redemption Notice is sent to Holders; and
- (b) the date all relevant consents (if any) to the buy-back have been obtained from the Bank's shareholders or any regulatory authority or other person, pursuant to, and in the manner required by, any applicable law or the ASX Listing Rules (subject to any applicable modifications and waivers of such laws or ASX Listing Rules); and
- (c) immediately after payment of the final Dividend to be paid as may be determined by the Directors in their absolute discretion and identified in the Early Conversion/Redemption Notice.

#### **14.5 Cancellation of BOQ CPS**

If the Bank:

- (a) determines to Redeem any BOQ CPS by cancellation;
- (b) obtains all consents (if any) to the cancellation which are required to be obtained from the Bank's shareholders or any regulatory authority or other person, pursuant to and in the manner required by any applicable law or the ASX Listing Rules; and
- (c) gives an Early Conversion/Redemption Notice to the relevant Holders notifying them of the Bank's determination to cancel the BOQ CPS identified in the Early Conversion/Redemption Notice,

then subject to these Terms of Issue, the Bank will, on the relevant Redemption Date, cancel every BOQ CPS that the Bank has determined to cancel and identified in the Early Conversion/Redemption Notice. For each BOQ CPS that is cancelled, an amount equal to the Redemption Price will be paid by the Bank to the relevant Holders on the relevant Redemption Date in respect of the cancellation.

#### **14.6 Further assurances**

If required by the Bank, where the Terms of Issue provide that the Bank is entitled to Redeem any BOQ CPS, including a Redemption by buy-back or cancellation, the Holder must to the extent permitted by law:

- (a) vote in favour (subject to compliance with the law and to the extent the Holder is entitled to do so) or otherwise abstain from any required resolution;
- (b) provide all documentation and execute or provide any authorisation or power necessary; and
- (c) take all other action necessary or desirable,

to effect the Redemption of those BOQ CPS.

#### **14.7 Power of attorney and agency**

Each Holder irrevocably:

- (a) appoints the Bank, each of its authorised officers and any liquidator, administrator or statutory manager of the Bank (each **Relevant Person**) severally to be the

attorney of the Holder and the agent of the Holder with power in the name and on behalf of the Holder to do all such acts and things including by exercising any voting rights attached to the BOQ CPS held by the Holder and signing all documents and transfers as may, in the opinion of the Relevant Person, be necessary or desirable to be done in order for the Holder to observe or perform the Holder's obligations under these Terms of Issue, including:

- (i) to effect, record or perfect the Transfer or Redemption (or transactions contemplated by the Transfer or Redemption) of the BOQ CPS held by the Holder when required or permitted in accordance with these Terms of Issue;
  - (ii) acting as the agent and/or attorney of each Holder to facilitate the buy back or cancellation of the BOQ CPS held by the Holder under clause 14.4 or 14.5); or
  - (iii) as otherwise contemplated under these Terms of Issue; and
- (b) authorises and directs the Bank to make such entries in the register of BOQ CPS (including any amendments and additions to the register) which the Bank considers necessary or desirable to record the Transfer or Redemption of the BOQ CPS in accordance with these Terms of Issue and to record the cessation of the Holder's registration as the holder of the BOQ CPS upon such Transfer or Redemption.

The power of attorney and agency appointment given in this clause is irrevocable and given for valuable consideration to secure the performance by the Holder of its obligations under these Terms of Issue.

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## **15. Mechanics of Conversion**

### **15.1 Meaning of Conversion**

A BOQ CPS, on any Conversion, confers all of the rights attaching to one Ordinary Share but these rights do not take effect until 5.00pm (Brisbane time) on the date of Conversion. At that time:

- (a) all other rights or restrictions conferred on BOQ CPS under these Terms of Issue will no longer have any effect (except for any rights relating to a Dividend payable on or before the Conversion Date and any rights to any allotment of additional Ordinary Shares to be issued upon Conversion under clause 15.2); and
- (b) the Ordinary Share resulting from Conversion will rank equally with all other Ordinary Shares then on issue and the Bank will issue a statement that the holder of those shares holds a share so ranking.

The variation of the status of, and the rights attaching to, a BOQ CPS under this clause 15.1 and any issue of additional Ordinary Shares under clause 15.2 is, for the purposes of these Terms of Issue, together termed '**Conversion**'. Conversion does not constitute redemption, buy-back, cancellation or termination of a BOQ CPS or an issue, allotment or creation of a new share (other than the additional Ordinary Shares issued under clause 15.2).

### **15.2 Effect of Conversion**

- (a) On the Conversion Date in respect of any Conversion:
  - (i) each BOQ CPS being Converted will Convert into one Ordinary Share; and

- (ii) subject to this clause 15.2, each Holder will be issued an additional number of Ordinary Shares for each BOQ CPS being Converted equal to one less than the following number calculated to four decimal places:

$$= \frac{\text{Face Value}}{\text{Pre-Conversion VWAP} \times (1 - \text{Discount Factor})}$$

where:

**Discount Factor** (expressed as a decimal) means 0.01;

**Pre-Conversion VWAP** means the VWAP during the Pre-Conversion VWAP Period (provided that if for a Conversion in respect of an Acquisition Event or Potential Acquisition Event there is no trading in Ordinary Shares after the Acquisition Event or Potential Acquisition Event (as the case may be), the Pre-Conversion VWAP will be the offer price for Ordinary Shares under the relevant Acquisition Event or Potential Acquisition Event).

- (iii) **Pre-Conversion VWAP Period** means:

- A. for the Test Conversion Number, the period of trading in the Ordinary Shares on ASX on the 25th Business Day before the Relevant Date (or if trading in Ordinary Shares did not occur on that date, the period of trading on the last Business Day before that date on which trading in Ordinary Shares occurred) (**Test Reference Period**);
- B. for Conversion in respect of an Acquisition Event or Potential Acquisition Event, the lesser of:
- 1) the 20 Business Days on which trading in the Ordinary Shares took place immediately preceding, but not including, the relevant Conversion Date; and
  - 2) the number of Business Days that Ordinary Shares are quoted for trading on ASX or the principal securities exchange on which Ordinary Shares are then quoted, following the occurrence of the Acquisition Event or Potential Acquisition Event (as the case may be) and preceding, but not including, the relevant Conversion Date;
- C. for Conversion in respect of a Capital Trigger Event or Non-Viability Trigger Event, the period of 5 Business Days on which trading in the Ordinary Shares took place immediately preceding, but not including, the date of the Capital Trigger Event or Non-Viability Event, as the case may be;
- D. in all other cases, the period of 20 Business Days on which trading in the Ordinary Shares took place immediately preceding, but not including, the relevant Conversion Date.

- (b) If the number of Ordinary Shares that a Holder would be entitled to receive for each BOQ CPS calculated in accordance with clause 15.2(a) would exceed the

Maximum Conversion Number, the Holder will instead receive a number of Ordinary Shares equal to the Maximum Conversion Number for each BOQ CPS.

### 15.3 Fractions on Conversion

Where the total number of Ordinary Shares that a Holder is entitled to in respect of the total number of BOQ CPS being Converted at that time includes a fraction, that fraction will be disregarded.

### 15.4 Adjustment to VWAP for dividends, distributions and other entitlements, and for divisions and similar transactions

For the purposes of calculating VWAP in these Terms of Issue (including the Pre-Issue VWAP under clause 13.3):

- (a) where, on some or all of the Business Days in the period for which VWAP is determined (**VWAP Period**), Ordinary Shares have been quoted on ASX as cum dividend or cum any other distribution or entitlement and BOQ CPS will Convert into Ordinary Shares after the date those Ordinary Shares no longer carry that dividend, distribution or entitlement, then the VWAP on the Business Days on which those Ordinary Shares have been quoted cum dividend, cum distribution or cum entitlement shall be reduced by an amount (**Cum Value**) equal to in the case of:
  - (i) a dividend or other distribution, the amount of that dividend or distribution including, if the dividend or distribution is franked, the amount that would be included in the assessable income of a recipient of the dividend or other distribution who is a natural person resident in Australia under the Tax Act;
  - (ii) an entitlement that is not a dividend or other distribution under clause 15.4(a)(i) and which is traded on ASX on any of those Business Days, the volume weighted average price of all such entitlements sold on ASX during the VWAP Period on the Business Days on which those entitlements were traded; or
  - (iii) an entitlement that is not a dividend or other distribution under clause 15.4(a)(i) and which is not traded on ASX during the VWAP Period, the value of the entitlement as reasonably determined by the Directors;
- (b) where, on some or all of the Business Days in the VWAP Period, Ordinary Shares have been quoted ex dividend, ex distribution or ex entitlement, and BOQ CPS will Convert into Ordinary Shares which would be entitled to receive the relevant dividend, distribution or entitlement, the VWAP on the Business Days on which those Ordinary Shares have been quoted ex dividend, ex distribution or ex entitlement shall be increased by the Cum Value; and
- (c) where during the relevant VWAP Period the Ordinary Shares are reconstructed, consolidated, divided or reclassified into a lesser or greater number of securities (not involving any cash payment or other distribution to or by Ordinary Shareholders) (**Reconstruction**), in calculating the VWAP for that VWAP Period the daily VWAP applicable on each day in the relevant VWAP Period which falls before the date on which trading in Ordinary Shares is conducted on a post Reconstruction basis shall be adjusted by multiplying the daily VWAP by the following formula:

$$\frac{RD}{RN}$$

where:

**RD** means the aggregate number of Ordinary Shares immediately before the Reconstruction; and

**RN** means the aggregate number of Ordinary Shares immediately after the Reconstruction.

Any adjustment made by the Bank under this paragraph (c) will constitute an alteration to these Terms of Issue and will be binding on all Holders and these Terms of Issue will be construed accordingly.

## 15.5 Adjustments to Maximum Conversion Number for bonus issues

- (a) Subject to clauses 15.5(b) and 15.5(c), if the Bank makes a bonus issue (being a pro rata issue) of Ordinary Shares to Ordinary Shareholders generally, the Maximum Conversion Number will be adjusted immediately under the following formula:

$$CN = \frac{CN_o \times (RD + RN)}{RD}$$

where:

**CN** means the Maximum Conversion Number applying immediately after the application of this formula;

**CNo** means the Maximum Conversion Number applying immediately before the application of this formula;

**RD** means the number of Ordinary Shares on issue immediately before the issue of new Ordinary Shares under the bonus issue; and

**RN** means the number of Ordinary Shares issued under the bonus issue;

- (b) Clause 15.5(a) does not apply to Ordinary Shares issued as part of a bonus share plan, employee or executive share plan, executive option plan, share top up plan, share purchase plan or dividend reinvestment plan.
- (c) For the purpose of this clause 15.5, a bonus issue will be regarded as a pro rata issue notwithstanding that the Bank does not make the issue to some or all Ordinary Shareholders with registered addresses outside Australia, provided that in so doing the Bank is not in contravention of the ASX Listing Rules.
- (d) No adjustments to the Maximum Conversion Number will be made under this clause 15.5 for any offer of Ordinary Shares not covered by clause 15.5(a), including a rights issue or other essentially pro rata issue.
- (e) The fact that no adjustment is made for an issue of Ordinary Shares other than as covered by clause 15.5(a) shall not in any way restrict the Bank from issuing Ordinary Shares on terms as it sees fit nor be taken to constitute a modification or variation of rights or privileges of Holders otherwise requiring any consent or concurrence.

## **15.6 Adjustments to Maximum Conversion Number for divisions and similar transactions**

Where the Ordinary Shares are the subject of a Reconstruction, the Maximum Conversion Number shall be adjusted in the same ratio in which the Ordinary Shares have been Reconstructed.

## **15.7 Announcement of adjustments**

The Bank will make an announcement to ASX of any adjustment to the VWAP or Maximum Conversion Number under this clause 15 within 10 Business Days after determining the adjustment and the adjustment will be final and binding.

## **15.8 Foreign Holders**

Where BOQ CPS held by a Foreign Holder are to be Converted, unless the Bank is satisfied that the laws of the Foreign Holder's country of residence permit the issue of Ordinary Shares to the Foreign Holder (but as to which the Bank is not bound to enquire), either unconditionally or after compliance with conditions which the Bank in its absolute discretion regards as acceptable and not unduly onerous, the Ordinary Shares which the Foreign Holder is obliged to accept will be issued to a nominee who will sell those Ordinary Shares and pay a cash amount equal to the net proceeds received, after deducting any applicable brokerage, stamp duty and other taxes and charges, to the Foreign Holder accordingly. The nominee must be independent of the Bank and not be an entity controlled (as defined by the Corporations Act) by the Bank.

## **15.9 Write Off**

Where on the Capital Trigger Event Conversion Date or Non-Viability Conversion Date, as applicable, an Inability Event subsists and Conversion has not been effected within five days after the Capital Trigger Event Conversion Date or the Non-Viability Conversion Date (as the case may be), to the extent such Inability Event prevents the Bank from Converting BOQ CPS which would otherwise be Converted, those BOQ CPS will be Written Off.

In this clause 15.9, **Written Off** means that, in respect of a BOQ CPS and a Capital Trigger Event Conversion Date or a Non-Viability Conversion Date:

- (a) the BOQ CPS will not be Converted on that date and will not be Converted, Redeemed or Transferred under these Terms of Issue on any subsequent date;
- (b) on and from the sixth day after the Capital Trigger Event Conversion Date or the Non-Viability Conversion Date (as the case may be), without the need for Holder or Ordinary Shareholder approval:
  - (i) in a winding-up of the Bank, the Liquidation Sum is the sum which would have been paid in respect of the BOQ CPS out of the surplus available to shareholders in the winding-up if the BOQ CPS were the Conversion Number of Ordinary Shares (and such sum will be treated as the amount paid up on the BOQ CPS); and
  - (ii) subject to clauses 6.5, 6.6 and 6.8, a non-cumulative dividend is payable in respect of the BOQ CPS if and when a dividend is paid on Ordinary Shares, in an amount determined as if the BOQ CPS were a number of Ordinary Shares equal to the Conversion Number,

in each case with that Conversion Number being finally determined as if those BOQ CPS had Converted on the Capital Trigger Event Conversion Date or the Non-

Viability Conversion Date (as the case may be) (and subject always to such number not exceeding the Maximum Conversion Number); and

- (c) on and from the sixth day after the Capital Trigger Event Conversion Date or the Non-Viability Conversion Date (as the case may be), clauses 4, 6.1, 6.2, 6.3, 6.4, 6.10 (and consequentially 6.11), 13 (other than clause 13.8(d)), 14, 15 (other than this clause 15.9 and any provisions in clause 15 required to give effect to this clause 15.9), 16, 18.4 and 18.5 will no longer apply to those BOQ CPS.

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## 16. Mechanics of Transfer

### 16.1 Transfer process

- (a) If the Bank elects to Transfer BOQ CPS under clause 13.6(c)(iii), the provisions of this clause 16 apply in respect of those BOQ CPS.
- (b) The Bank must appoint one or more third parties selected in its absolute discretion (**Nominated Transferee**) to acquire the BOQ CPS for cash for the amount of the Face Value per BOQ CPS and otherwise on such terms as may be agreed between the Bank and the Nominated Transferees. If the Bank appoints more than one Nominated Transferee in respect of a Transfer, all or any of the BOQ CPS held by a Holder which are being Transferred may be purchased by any one or any combination of the Nominated Transferees, as determined by the Bank.
- (c) An Early Conversion/Redemption Notice given in accordance with clause 13.6(c)(iii) shall bind Holders in accordance with its terms, including as an irrevocable offer to Transfer BOQ CPS the subject of the notice to the Nominated Transferees on the Transfer Date for the price in clause 16.1(b).
- (d) On the Transfer Date, subject to payment by the relevant Nominated Transferee of the price in clause 16.1(b) to the relevant Holders, all right, title and interest in the relevant BOQ CPS (excluding the right to any Dividend payable on that date) will be transferred to the relevant Nominated Transferee free from Encumbrances.

### 16.2 Nominated Transferee

- (a) A Nominated Transferee:
  - (i) may not be a related entity (as defined by the APRA Guidelines) of the Bank; and
  - (ii) must have a long term counterparty credit rating from one of Standard & Poor's, Moody's or Fitch of not less than investment grade.
- (b) The Bank must not appoint a Nominated Transferee if it believes in good faith that there is a more than insubstantial risk that the Nominated Transferee will be unable (or will otherwise not be required) to fulfil its obligations under the Transfer or that the Transfer to the Nominated Transferee would otherwise not occur.
- (c) If a Nominated Transferee fails (or is otherwise not required) to fulfil its obligations under a Transfer (**Defaulting Transferee**), then the transfer to the Defaulting Transferee will not occur and Holders will continue to hold their BOQ CPS referable to that Defaulting Transferee until they are otherwise Converted, Redeemed or Transferred in accordance with these Terms of Issue.

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## **17. Transfers of BOQ CPS**

The BOQ CPS are transferable at the Holder's option in accordance with the Constitution and Corporations Act and, if they are quoted on ASX, the ASX Listing Rules, ASTC Settlement Rules and any other applicable requirements flowing from quotation.

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## **18. Amendments to the Terms of Issue**

### **18.1 Amendments without consent**

Subject to complying with all applicable laws, the Bank may without the authority, assent or approval of Holders or Ordinary Shareholders amend or add to these Terms of Issue if such amendment or addition is, in the opinion of the Bank:

- (a) of a formal, minor or technical nature;
- (b) made to cure any ambiguity or correct a manifest error;
- (c) expedient for the purpose of enabling BOQ CPS to be listed or to remain listed on a securities exchange (including, without limitation, in connection with any change in the principal securities exchange on which Ordinary Shares are listed) or lodged in a clearing system or to remain lodged in a clearing system or to be offered for sale or for subscription under the laws for the time being in force in any place;
- (d) necessary to comply with the provisions of any statute or the requirements of any regulatory authority;
- (e) made in accordance with the Bank's adjustment rights in clause 15;
- (f) an amendment of any date or time period stated, required or permitted in connection with any Conversion in a manner necessary or desirable to facilitate the Conversion; or
- (g) is not likely (taken as a whole and in conjunction with all other modifications, if any, to be made contemporaneously with that modification) to be materially prejudicial to the interests of the Holders of the BOQ CPS as a whole.

### **18.2 Amendment with consent**

Without limiting clause 18.1, the Bank may, amend these Terms of Issue if the amendment has been approved by a Special Resolution.

### **18.3 Amendment with approval of APRA**

Notwithstanding anything in this clause 18, the Bank must seek and obtain APRA's written approval before making any amendment to the Terms of Issue under this clause 18 that may affect the eligibility of the BOQ CPS to qualify as Additional Tier 1 Capital.

### **18.4 Amendment without consent for Approved NOHC**

If:

- (a) it is proposed that the Bank be replaced as the ultimate holding company of the Group by an Approved NOHC (**Replacement**); and
- (b) the Approved NOHC agrees for the benefit of Holders:



- (i) to deliver Approved NOHC Shares under all circumstances when the Bank would have otherwise been obliged to deliver Ordinary Shares on a Conversion, subject to the same terms and conditions of these Terms of Issue as amended by this clause 18.4;
- (ii) to comply with the restriction in clause 6.10 (with all appropriate modifications) of these Terms of Issue; and
- (iii) to use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure quotation of the Approved NOHC Shares issued under these Terms of Issue on the stock exchanges on which the other Approved NOHC Shares are quoted at the time of a Conversion,

the Bank may, with APRA's prior written approval, but without the authority, assent or approval of Holders, give a notice (an **Approved Replacement Notice**) to Holders (which, if given, must be given as soon as practicable before the Replacement and in any event no later than 10 Business Days before the Replacement occurs) specifying the amendments to these Terms of Issue which will be made in accordance with this clause 18.4 to effect the substitution of an Approved NOHC as the issuer of ordinary shares on Conversion (the **Approved Replacement Terms**). An Approved Replacement Notice, once given, is irrevocable.

## 18.5 Effect of Approved Replacement notice

If the Bank gives an Approved Replacement Notice to Holders in accordance with clause 18.4, the Approved Replacement Terms:

- (a) will have effect on and from the date specified in the Approved Replacement Notice; and
- (b) may:
  - (i) amend the definition of Conversion in these Terms of Issue such that, with APRA's prior written approval, on the date on which the BOQ CPS are to be Converted:
    - A. each BOQ CPS that is being Converted will be automatically transferred by each Holder free from Encumbrances to the Approved NOHC (or another member of the Group) (the **Transferee**) on the date the Conversion is to occur;
    - B. each Holder will be issued a number of Approved NOHC Shares equal to the Conversion Number (which is calculated using the formula in clause 15.2 as though references in that clause to Ordinary Shares are references to Approved NOHC Shares); and
    - C. as between the Bank and the Transferee:
      - 1) each BOQ CPS held by the Transferee as a result of the transfer will be automatically Converted into an Ordinary Share; and
      - 2) an additional number of Ordinary Shares will be issued to the Transferee,

such that the total number of Ordinary Shares held by the Transferee by reason of sub-paragraphs 1) and 2) increases by the number which equals the number of Approved NOHC Shares issued by the Approved NOHC to Holders on Conversion; and

- (ii) make such other amendments as in the Bank's reasonable opinion are necessary and appropriate to effect the substitution of an Approved NOHC, including without limitation to clause 15.9, as the provider of the ordinary shares on Conversion in the manner contemplated by these Terms of Issue.

## **18.6 General provisions**

- (a) Where an amendment under clause 18.4 results in Approved NOHC Shares being issued to Holders, each Holder agrees to become a member of the Approved NOHC immediately before the issue of the Approved NOHC Shares and appoints the Bank as its attorney as contemplated under clause 14.7 to do all things necessary or desirable to give effect to clauses 18.4 and 18.5.
- (b) Nothing in clause 18.4 or 18.5 prevents the Bank from proposing, or limits, any scheme of arrangement or other similar proposal that may be put to Holders or other members of the Bank.

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## **19. Governing law**

These Terms of Issue are governed by the law of Queensland, Australia.

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## **20. Interpretation**

### **20.1 Definitions**

In these Terms of Issue, the following expressions have the following meanings:

**Acquisition Event** means:

- (a) a takeover bid is made to acquire all or some Ordinary Shares and the offer is, or becomes, unconditional and the bidder has a relevant interest in more than 50% of the Ordinary Shares on issue; or
- (b) a court approves a scheme of arrangement under Part 5.1 of the Corporations Act which scheme would result in a person having a relevant interest in more than 50% of the Ordinary Shares that will be on issue after the scheme is implemented,

and all regulatory approvals necessary for the acquisition to occur have been obtained.

Notwithstanding the foregoing, the replacement or proposed replacement of the Bank as the ultimate holding company of the Group at the initiation of the Directors acting as a board shall not constitute an Acquisition Event if:

- (c) the proposed successor holding company complies with all applicable legal requirements and obtains any necessary regulatory approvals (including APRA's prior written approval as a "non-operating holding company" within the meaning of the Banking Act);

- (d) the proposed successor holding company agrees to take any necessary action to give effect to an amendment to the Terms of Issue as contemplated in clauses 18.4 and 18.5;
- (e) the ordinary shares of the proposed successor holding company are to be listed on an Australian stock exchange; and
- (f) the proposed replacement of the Bank and the events described in paragraphs (c) to (e) would not, in the reasonable opinion of the Bank, otherwise adversely affect the interests of Holders.

**Acquisition Event Conversion Date** has the meaning given in clause 13.5(l).

**Additional Tier 1 Capital** means that term as defined by APRA from time to time.

**Administrative Action** means any judicial decision, official administrative pronouncement or action, published or private ruling, interpretative decision, regulatory procedure or policy, application of a regulatory procedure or policy and any notice or announcement (including any notice or announcement of intent to adopt or make any of those things).

**Approved NOHC** means a holding company that, at the initiation of the Directors acting as a board, replaces, or is proposed to replace, the Bank as the ultimate holding company of the Group and that satisfies the requirements under paragraphs (c) to (f) of the definition of Acquisition Event.

**Approved NOHC Share** means a fully paid ordinary share in the capital of the Approved NOHC.

**Approved Replacement Notice** has the meaning given in clause 18.4.

**Approved Replacement Terms** has the meaning given in clause 18.4.

**APRA** means the Australian Prudential Regulation Authority.

**APRA Guidelines** means prudential standards, guidelines, practice guides, policy statements and practice notes or other equivalent statements of APRA which are applicable to the Bank.

**ASX** means the licensed market operated by ASX Limited ABN 98 008 624 691.

**ASX Listing Rules** means the listing rules of the ASX from time to time with any modifications or waivers applicable to the Bank.

**Australian Basel III Rules** means the final form of prudential rules applied by APRA resulting from the introduction of Basel III for Australian ADIs, comprised of APRA Prudential Standards APS 001, APS 110, APS 111 and APS 222 and Reporting Standards ARS 110.0 and ARS 111.0 released by APRA on 28 September 2012.

**Bank of Queensland** or the **Bank** means Bank of Queensland Limited ABN 32 009 656 740.

**Bank Bill Swap Rate** means the average mid-rate for bills of a term of 180 days which average rate is displayed on Reuters page BBSW (or any page which replaces that page) at 10:30am (Sydney time) on the relevant date, or if there is a manifest error in the calculation of that average rate or that average rate is not displayed by 10:30am (Sydney time) on that date, or if the relevant date relates to a Dividend Period which is expected to be less than 180 days, the rate specified by the Bank in good faith at or around that time on the relevant date having regard, to the extent possible, to:

- (a) the rate otherwise bid and offered for bills of 180 days, or for funds of a tenor most closely corresponding to the period to which the rate will apply, displayed on that page BBSW (or replacement page) at that time on the date; and
- (b) if bid and offer rates for bills of a term of 180 days or of that other tenor are not otherwise available, the rates otherwise bid and offered for funds of that tenor at or around that time on that date.

**Banking Act** means the Banking Act 1959 (Cth).

**Bookbuild** means the process conducted prior to the opening of the Offer whereby certain investors lodge bids for BOQ CPS and, on the basis of those bids, the Bank and the joint lead managers to the Offer determine the Margin.

**BOQ CPS** has the meaning given in clause 1.

**BOQ PEPS** means the perpetual equity preference shares in the class first issued under the Constitution by the Bank in December 2007.

**Business Day** has the meaning given in the ASX Listing Rules.

**Buy-Back Agreement** means an agreement under which the Bank buys back BOQ CPS in the form contained in Schedule 1 to these Terms of Issue.

**Capital Trigger Event** means the ratio of the Group's Common Equity Tier 1 Capital (or until 1 January 2013, Fundamental Tier 1 Capital) to total risk weighted assets (each as determined by the Bank or APRA at any time) falls to, or below, 5.125%, calculated on a Level 1 or Level 2 basis.

**Capital Trigger Event Conversion Date** has the meaning given in clause 13.5(e).

**Common Equity Tier 1 Capital** means that term as defined by APRA from time to time.

**Constitution** means the constitution of the Bank.

**Conversion** has the meaning given in clause 15.1 (including the issue of additional Ordinary Shares under clause 15.2) and includes mandatory Conversion under clause 13.5 or 13.7, and **Convert** and **Converted** have a corresponding meaning.

**Conversion Conditions** has the meaning given in clause 13.2.

**Conversion Date** means the Mandatory Conversion Date, the Capital Trigger Event Conversion Date, the Non-Viability Conversion Date, the Acquisition Event Conversion Date or, for a Conversion the subject of an Early Conversion/Redemption Notice, the date on which Conversion is to occur as notified in the Early Conversion/Redemption Notice under clause 13.6(g), as the context requires.

**Conversion Number** means the aggregate of the number of Ordinary Shares into which a BOQ CPS Converts and the number of additional Ordinary Shares which are to be issued to the holder on Conversion of a BOQ CPS, under clause 15.2.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Cum Value** has the meaning given in clause 15.4(a).

**Deferred Conversion Date** has the meaning given in clause 13.7(c)(i).

**Delisting Event** means, in respect of a date, that:

- (a) Ordinary Shares ceased to be listed or admitted to trading on ASX on or before that date (and where the cessation occurred before that date, Ordinary Shares continue not to be listed or admitted to trading on that date);
- (b) trading of Ordinary Shares on ASX is suspended for a period of consecutive days which includes:
  - (i) at least five consecutive Business Days before that date; and
  - (ii) that date; or
- (c) an Inability Event subsists.

**Directors** means the directors of the Bank.

**Dividend** has the meaning given in clause 6.1.

**Dividend Payment Date** means a date on which a Dividend is payable under clause 6.4 (or would be payable but for clause 6.6), whether or not a Dividend is, or is able to be, paid on that date.

**Dividend Period** has the meaning given in clause 6.1.

**Dividend Rate** has the meaning given in clause 6.2.

**Early Conversion/Redemption Notice** means a notice given by the Bank to a Holder under clause 13.6 specifying that their BOQ CPS will be Converted, Redeemed or Transferred (or a combination), as the case may be.

**Encumbrance** means any mortgage, pledge, charge, lien, assignment by way of security, hypothecation, security interest, title retention, preferential right or trust arrangement, any other security agreement or security arrangement (including any security interest under the Personal Property Securities Act 2009 (Cth)) and any other arrangement of any kind having the same effect as any of the foregoing other than liens arising by operation of law.

**Face Value** has the meaning given in clause 4.

**First Conversion Condition** has the meaning given in clause 13.2(a).

**Fundamental Tier 1 Capital** means that term as defined by APRA from time to time.

**Foreign Holder** means a Holder whose address in the register of BOQ CPS is a place outside Australia or who the Bank otherwise believes may not be a resident of Australia.

**Group** means the Bank and its controlled entities, or where the context requires, refers to the Bank and such other controlled or related entities as are required to be consolidated on a Level 1 or Level 2 basis (as applicable).

**Holders** means the persons whose names are for the time being registered in the register of BOQ CPS as a holder of BOQ CPS.

**Inability Event** means the Bank is prevented by applicable law or order of any court or action of any regulatory authority (including regarding the insolvency, winding-up or other external administration of the Bank) or any other reason from Converting the BOQ CPS.

**Issue Date** means the date on which the BOQ CPS are issued.

**Level 1, Level 2 and Level 3** means those terms as defined by APRA from time to time.

**Liquidation Sum** has the meaning given in clause 7.2.

**Mandatory Conversion Date** has the meaning given in clause 13.5(c).

**Margin** has the meaning given in clause 6.2.

**Maximum Conversion Number** has the meaning in clause 13.3(b).

**Nominated Transferee** has the meaning given in clause 16.

**Non-Viability Conversion Date** has the meaning given in clause 13.5(g).

**Non-Viability Trigger Event** means that APRA has provided a written determination to the Bank that all (or some) BOQ CPS and other Relevant Tier 1 Capital Instruments (as specified in the determination) must be converted or written off:

- (a) as without the conversion or write-off the Bank would become, in APRA's opinion, non-viable; or
- (b) as without a public sector injection of capital, or equivalent capital support, the Bank would become, in APRA's opinion, non-viable.

**Non-Innovative Residual Tier 1 Capital** means that term as defined by APRA from time to time.

**Offer** means the invitation made under the Prospectus made by the Bank for persons to subscribe for BOQ CPS.

**Optional Conversion/Redemption Date** means 15 April 2018.

**Ordinary Share** means a fully paid ordinary share in the capital of the Bank.

**Potential Acquisition Event** means:

- (a) an event within paragraphs (a) or (b) of the definition of Acquisition Event occurs (without the need that all regulatory approvals necessary for the acquisition to occur have been obtained); or
- (b) a court orders the holding of meetings to approve a scheme of arrangement under Part 5.1 of the Corporations Act and the scheme would result in a person having a relevant interest in more than 50% of the Ordinary Shares that will be on issue after the scheme is implemented.

Notwithstanding the foregoing, the proposed replacement of the Bank as the ultimate holding company of the Group shall not constitute a Potential Acquisition Event if the proposed replacement is an Approved NOHC.

**Potential Acquisition Event Conversion Date** has the meaning given in clause 13.6(g)(ii).

**Pre-Conversion VWAP** has the meaning given in clause 15.2.

**Pre-Conversion VWAP Period** has the meaning given in clause 15.2.

**Pre-Issue VWAP** has the meaning given in clause 13.3(b).

**Prospectus** means the prospectus for the Offer including these Terms of Issue.

**Reconstruction** has the meaning given in clause 15.4(c).

**Redemption** has the meaning given in clause 14.1, and **Redeem** and **Redeemed** have corresponding meanings.

**Redemption Date** means the date on which Redemption is to occur as notified in the Early Conversion/Redemption Notice under clause 13.6(g).

**Redemption Price** means in respect of Redemption by redemption or cancellation, the sum of:

- (a) the Face Value; and
- (b) the Dividend for the Dividend Period ended on the Redemption Date if the Directors determine to pay such a Dividend in accordance with these Terms of Issue.

**Regulatory Event** means:

- (a) receipt by the Bank of advice from a reputable legal counsel to the effect that, as a result of:
  - (i) any amendment to, clarification of, or change in, the laws or regulations of Australia; or
  - (ii) any Administrative Action or any amendment to, clarification of, or change in an Administrative Action,

in each case, by any legislative body, court, governmental authority or regulatory body (irrespective of the manner in which such amendment, clarification, change or Administrative Action is made known), which amendment, clarification, change or Administrative Action is effective or Administrative Action is announced on or after the Issue Date:

- (iii) additional requirements would be imposed on the Bank in relation to the BOQ CPS; or
- (iv) there would be a negative impact on the Bank which is prejudicial to the interests of the Bank,

which were not expected by the Bank before the Issue Date and that the Bank reasonably determines to be unacceptable; or

- (b) the determination by the Bank, following receipt of a notice from APRA to that effect, that all of the BOQ CPS will not be included (in whole or in part) in the Bank's Non-Innovative Residual Tier 1 Capital, or Additional Tier 1 Capital, on a Level 1 or Level 2 basis (except where the non-inclusion results by reason only of any applicable limitation on the amount or composition of the Bank's Tier 1 Capital on a Level 1 or Level 2 basis which is in effect on the Issue Date or is proposed to arise on or from a given date under APRA's Australian Basel III Rules as at the Issue Date).

[Reinvestment BOQ CPS means the BOQ CPS of a Holder which the Bank may buy-back in accordance with the terms of the Reinvestment Offer.](#)

[Reinvestment Date means the date of issue of the Reinvestment Securities.](#)

[Reinvestment Offer means an offer made, with the prior written approval of APRA, by the Bank of securities:](#)

- (a) [each having an issue price equal to the Face Value of the BOQ CPS;](#)

(b) pursuant to the Reinvestment Prospectus; and

(c) on terms that provide for the application price of the security to be funded by the buy-back price of Reinvestment BOQ CPS.

Reinvestment Prospectus means a prospectus lodged with the Australian Securities and Investments Commission on or about 22 November 2017, including any replacement prospectus for the offer of securities, and may include applications forms accompanying that prospectus.

Reinvestment Securities means those securities to be issued by the Bank to Holders pursuant to the Reinvestment Offer, to the extent that those Holders have applied to participate in the Reinvestment Offer and those applications have been accepted by the Bank.

**Relevant Date** has the meaning given in clause 13.2(b).

**Relevant Fraction** has the meaning given in clause 13.3(b).

**Relevant Tier 1 Capital Instruments** means Tier 1 Capital instruments (including BOQ CPS) that, in accordance with their terms or by operation of law, are capable of being converted or written off where a Capital Trigger Event or Non-Viability Trigger Event (as may be the case) occurs.

**Replacement** has the meaning given in clause 18.4.

**Scheduled Mandatory Conversion Date** has the meaning given in clause 13.5(c).

**Second Conversion Condition** has the meaning given in clause 13.2(a).

**Special Resolution** means:

- (a) a resolution passed at a meeting of Holders by a majority of at least 75% of the votes validly cast by Holders in person or by proxy and entitled to vote on the resolution; or
- (b) the written approval of Holders holding at least 75% of the BOQ CPS.

**Tax Act** means:

- (a) the Income Tax Assessment Act 1936 (Cth) and the Income Tax Assessment Act 1997 (Cth) (as the case may be and a reference to any section of the Income Tax Assessment Act 1936 includes a reference to that section as rewritten in the Income Tax Assessment Act 1997), or any act which replaces either of them;
- (b) any other law setting the rate of income tax payable; and
- (c) any regulation made under such laws.

**Tax Event** means:

- (a) any amendment to, clarification of, or change (including any announced prospective change), in the laws or treaties (or any regulations made under such laws or treaties) of any jurisdiction or any political subdivision or taxing authority of the jurisdiction;
- (b) any Administrative Action or any amendment to, clarification of, or change in, an Administrative Action,



in each case, by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which such amendment, clarification, change or Administrative Action is made known, which amendment, clarification, change or Administrative Action is effective, or which Administrative Action is announced, on or after the Issue Date (and was not expected by the Bank before the Issue Date), where the Bank has received an opinion from a reputable legal counsel or other reputable tax adviser experienced in such matters to the effect that, as a result of such amendment, clarification, change or Administration Action (or amendment, clarification or change in respect of an Administrative Action), there is more than an insubstantial risk (and that risk is materially greater than it was at the Issue Date) that:

- (c) the Group would be exposed to a more than *de minimis* increase in costs in relation to the BOQ CPS; or
- (d) there would be more than a *de minimis* increase in the taxes, duties or government charges imposed on the Group in respect of or resulting from the BOQ CPS; or
- (e) BOQ CPS would not be treated as equity interests for Australian taxation purposes or any Dividend would not be a frankable distribution within the meaning of Division 202 of the Tax Act or franking debits would be posted to the Bank's franking account.

**Terms of Issue** means these terms of issue for the BOQ CPS, including the Schedule.

**Test Conversion Number** has the meaning given in clause 13.3(a).

**Test Reference Period** has the meaning given in clause 15.2(a).

**Third Conversion Condition** has the meaning given in clause 13.2(a).

**Tier 1 Capital** means the tier 1 capital of the Group (on a Level 1 basis) or the Group (on a Level 2 basis or, if applicable, a Level 3 basis) as defined by APRA from time to time.

**Transfer** means a sale of the BOQ CPS under clause 16 following the giving of an Early Conversion/Redemption Notice under clause 13.6(c)(iii), and **Transfer** and **Transferred** have corresponding meanings.

**Transfer Date** means the date on which Transfer is to occur as notified in the Early Conversion/Redemption Notice under clause 13.6(g).

**Transferee** has the meaning given in clause 18.5.

**VWAP** means, subject to any adjustments under these Terms of Issue, the amount (expressed in dollars and cents and rounded to the nearest full cent) that is the average of the daily volume weighted average sale prices of Ordinary Shares sold on ASX during the relevant period, but does not include any "crossing" transacted outside the "Open Session State" or any "special crossing" transacted at any time (as those terms are defined in the ASX Market Rules), or any overseas trades or trades pursuant to the exercise of options over Ordinary Shares.

**Written Off** has the meaning given in clause 15.9, and **Write Off** has a corresponding meaning.

## 20.2 Interpretation

Unless the context otherwise requires or unless otherwise specified:

- (a) if there is any inconsistency between the provisions of these Terms of Issue and the Constitution then, to the maximum extent permitted by law, the provisions of these Terms of Issue will prevail;
- (b) the Directors of the Bank may exercise all powers of the Bank under these Terms of Issue as are not, by the Corporations Act or by the Constitution, required to be exercised by the company in general meeting;
- (c) notices may be given by the Bank to a Holder in the manner prescribed by the Constitution for the giving of notices to members of the Bank and the relevant provisions of the Constitution apply with all necessary modification to notices to Holders;
- (d) a reference to a clause is a reference to a clause of these Terms of Issue;
- (e) if a calculation is required under these Terms of Issue, unless the contrary intention is expressed, the calculation will be rounded to four decimal places. For the purposes of making payment to any person, any fraction of a cent will be disregarded;
- (f) definitions and interpretation under the Constitution will also apply to these Terms of Issue subject to clause 20.2(a);
- (g) a reference to a body (including APRA or any other institute, association or authority but excluding the Bank or a Holder), whether statutory or not:
  - (i) which ceases to exist; or
  - (ii) whose powers or functions are transferred to another body,
 is a reference to the body which replaces it or which substantially succeeds to its powers or functions;
- (h) any provisions which refer to the requirements of APRA or any other prudential regulatory requirements will apply to the Bank only if the Bank is an entity, or the holding company of an entity, subject to regulation and supervision by APRA at the relevant time;
- (i) the terms takeover bid, relevant interest and scheme of arrangement when used in these terms have the meaning given in the Corporations Act;
- (j) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (k) if an event under these terms, including payment of a Dividend, must occur on a stipulated day which is not a Business Day, then the stipulated day for that event will be taken to be the next Business Day; and
- (l) if the principal securities exchange on which the BOQ CPS are quoted is other than ASX, unless the context otherwise requires a reference to ASX shall be read as a reference to that principal securities exchange and a reference to the ASX Listing Rules or any term defined in any such rules, shall be read as a reference to the corresponding rules of that exchange or corresponding defined term in such rules (as the case may be).

## Schedule 1

### **BOQ CPS Buy-Back Agreement Bank of Queensland Limited (ABN 32 009 656 740)**

#### 1. **Effective date**

- (a) This agreement is entered into between the Bank and the Holders and shall come into force and effect upon the later of:
  - (i) the date the Early Conversion/Redemption Notice is sent to the relevant Holders from whom the Bank has determined to buy back BOQ CPS;
  - (ii) the date all relevant consents (if any) to the Buy-Back have been obtained from the Bank's shareholders or any regulatory authority or other person, pursuant to, and in the manner required by, any applicable law or the ASX Listing Rules (subject to any applicable modifications and waivers of such laws or ASX Listing Rules); and
  - (iii) immediately after payment of the final Dividend to be paid as may be determined by the Directors in their absolute discretion and identified in the Early Conversion/Redemption Notice.
- (b) The terms and conditions set out in this agreement are of no force and effect unless and until this agreement has become effective under clause 1(a).

#### 2. **Buy-Back**

Each Holder agrees to sell to the Buyer the Buy-Back Shares free of all Encumbrances on the terms set out in this agreement.

#### 3. **Buy-Back Price**

The Buyer will pay the Buy-Back Price for each Buy-Back Share bought back from a Holder under this agreement.

#### 4. **Completion**

Completion of the Buy-Back will be effected on the Redemption Date, on which date:

- (a) the Buyer will pay the amount determined under clause 3 to the relevant Holder; and
- (b) the Holder will deliver to the Buyer a duly executed transfer of the Buy-Back Shares.

#### 5. **Appointment of attorney**

By virtue of its holding of the Buy-Back Shares, each Holder irrevocably appoints any director or officer or duly authorised attorney of the Bank (each an **Attorney**) as the true and lawful attorney of the Holder to execute a transfer to the Buyer in registrable form of the Buy-Back Shares (or such other document by which title to the Buy-Back Shares may be vested in the Buyer) and to give any necessary direction to any other person or take any other action which may be required to facilitate the transfer to the Buyer of the Buy-Back Shares, and agrees that in exercising this power of attorney, the Bank or any Attorney shall be entitled to act in the interests of the Bank (or a nominee) as the Buyer of the Buy-Back Shares.

6. **Further assurance**

The Holders will do all things necessary or desirable to give effect to the provisions of this agreement and the transactions contemplated by it.

7. **Definitions and interpretation**

In this agreement, the following expressions have the following meanings:

**Buy-Back** means, in relation to the BOQ CPS, the purchase of BOQ CPS from the Holder pursuant to this agreement.

**Buy-Back Price** means the Redemption Price determined under the Terms of Issue.

**Buy-Back Shares** means the BOQ CPS referred to in the Early Conversion/Redemption Notice which are the subject of the Buy-Back under this agreement.

**Buyer** means the Bank.

**Early Conversion/Redemption Notice** means a notice given by the Bank to Holders from time to time under clause 13.6 of the Terms of Issue under which the Bank elects to buy back any BOQ CPS under clause 14.4 of the Terms of Issue.

**Holder** means each Holder from time to time to whom the Bank gives an Early Conversion/Redemption Notice which indicates that BOQ CPS are to be bought back by the Bank.

**Redemption Date** means the date specified in the Early Conversion/Redemption Notice as the date for completion of the Buy-Back, determined in accordance with the Terms of Issue.

All other words and expressions used in this agreement which are defined in the Terms of Issue have the same meaning in this agreement.