



Bank of Queensland Limited

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1 May 2018

Company Announcements
ASX Limited
Level 6
20 Bridge Street
Sydney NSW 2000

By e-lodgement

ASX Code: BOQ

Bank of Queensland Limited (“BOQ”) – issue of A\$200,000,000 Subordinated Instruments (“Tier 2 Subordinated Instruments”) in the Australian domestic wholesale capital markets

Notice under section 708A(12H)(e) of the Corporations Act 2001 (Cth) (“Act”) as inserted by ASIC Corporations (Regulatory Capital Securities) Instrument 2016/71

1. BOQ will issue the Tier 2 Subordinated Instruments today. Offers of the Tier 2 Subordinated Instruments does not require disclosure to investors under Part 6D.2 of the Act.
2. The terms and conditions of the Tier 2 Subordinated Instruments (“**Conditions**”) are set out on pages 68 to 111 of the Information Memorandum relating to BOQ’s A\$6,000,000,000 Programme for the Issuance of Debt Instruments dated 18 April 2016 (“**Information Memorandum**”), as supplemented by the Pricing Supplement dated 27 April 2018, a copy of which is attached to this notice as Annex A (“**Pricing Supplement**”). The Information Memorandum was released to the Australian Securities Exchange (“**ASX**”) on 10 May 2016 and may be viewed on www.asx.com.au.
3. The Tier 2 Subordinated Instruments will be treated as Tier 2 regulatory capital under the Basel III capital adequacy framework as implemented in Australia by the Australian Prudential Regulation Authority (“**APRA**”).
4. If APRA determines that BOQ is or would become non-viable, the Tier 2 Subordinated Instruments may be:
 - (a) Converted into fully paid ordinary shares in the capital of BOQ; or
 - (b) immediately and irrevocably Written-off (and rights attaching to the Tier 2 Subordinated Instruments terminated) if for any reason Conversion does not occur within five ASX Business Days of APRA notifying BOQ of the determination,in accordance with the Conditions.
5. In order to enable ordinary shares in the capital of BOQ issued on Conversion to be sold without disclosure under Chapter 6D of the Act, BOQ has elected to give this notice under

section 708A(12H)(e) of the Act as inserted by ASIC Corporations (Regulatory Capital Securities) Instrument 2016/71 (the "**Instrument**"). The Conditions and the information in the attached Schedule are included in, and form part of, this notice.

6. BOQ confirms that:
- (a) the information in this notice remains current as at today's date;
 - (b) this notice complies with section 708A of the Act, as notionally modified by the Instrument; and
 - (c) this notice complies with the content requirements of section 708A(12I) of the Act as inserted by the Instrument.
7. Unless otherwise defined, capitalised expressions used in this notice have the meanings given to them in the Information Memorandum or Pricing Supplement.

Yours faithfully,
Vicki Clarkson
Company Secretary

Bank of Queensland Limited

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This market announcement does not constitute an offer to sell or the solicitation of an offer to buy any securities in the United States or any other jurisdiction. The securities offered have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons absent registration or an applicable exemption from registration.

SCHEDULE

A. Effect on BOQ of the offer of the Tier 2 Subordinated Instruments

The issuance of the Tier 2 Subordinated Instruments contributes toward Tier 2 regulatory capital to satisfy BOQ's regulatory capital requirements and maintain the diversity of BOQ's sources and types of capital funding.

The proceeds from the issue of the Tier 2 Subordinated Instruments will be used for general business purposes. Those proceeds will be classified as a financial liability in the financial statements of BOQ. The issue of the Tier 2 Subordinated Instruments will not have a material impact on BOQ's financial position.

The proceeds of this \$200,000,000 issue will increase BOQ's expected Tier 2 capital ratio on a Level 2 basis by 68 basis points. BOQ is operating above all Board and regulatory capital requirements.

B. Rights and liabilities attaching to the Tier 2 Subordinated Instruments

The rights and liabilities attaching to the Tier 2 Subordinated Instruments are set out in the Conditions as supplemented by the Pricing Supplement.

C. Effect on BOQ of the issue of the ordinary shares if the Tier 2 Subordinated Instruments are required to be Converted¹

A key feature of APRA's requirements for Tier 2 Capital instruments is that they absorb losses at the point of non-viability of the issuer. The Conditions include provisions that require the Tier 2 Subordinated Instruments to be Converted into ordinary shares in the capital of BOQ or Written-off on the occurrence of a Non-Viability Trigger Event. A Non-Viability Trigger Event will occur when APRA notifies BOQ in writing that it believes that relevant non-viability circumstances (as described in the definition of "Non-Viability Trigger Event" in the Conditions) subsist, which could occur at any time.

If a Non-Viability Trigger Event occurs and BOQ Converts the Tier 2 Subordinated Instruments and issues ordinary shares to Holders, the effect of Conversion on BOQ would be to reduce the financial liability by the principal amount of the Tier 2 Subordinated Instruments being converted and increase BOQ's shareholders' equity (ordinary share capital) by a corresponding amount. APRA has indicated that at this time it will not provide guidance as to how it would determine non-viability. Non-viability could be expected to include serious impairment of BOQ's financial position, concerns about its capital, funding or liquidity levels and/or insolvency.

The number of ordinary shares issued on Conversion is variable, but is limited to the Maximum Conversion Number. Limiting the number of ordinary shares which may be issued to the Maximum Conversion Number means that Holders may receive a number of ordinary shares that have a market value that is significantly less than the principal amount of the Tier 2 Subordinated Instruments.

The Maximum Conversion Number is calculated based on a VWAP set to reflect 20% of the Issue Date VWAP. The Maximum Conversion Number may be adjusted to reflect a consolidation, division or reclassification or pro rata bonus issue, of ordinary shares. However, no adjustment will be made to it on account of other transactions which may affect the price of ordinary shares, including for example, rights issues, returns of capital, buy-backs or special dividends.

As at the date of this notice the Maximum Conversion Number is 4,682 BOQ ordinary shares per Tier 2 Subordinated Instrument, based on the Issue Date VWAP of \$10.68. If for any reason Conversion of any Tier 2 Subordinated Instruments fails to occur within five ASX Business Days after the occurrence of the Non-Viability Trigger Event, the Tier 2 Subordinated Instruments will be Written-off, and all corresponding rights and claims of Holders under the Conditions (including to payments of interest, the repayment of principal and Conversion into Ordinary Shares) will be immediately and irrevocably terminated.

¹ If, in accordance with the Conditions, BOQ is replaced by an Approved Successor as debtor of the Tier 2 Subordinated Instruments and the issuer of ordinary shares, Tier 2 Subordinated Instruments may be converted into fully paid ordinary shares in the capital of an Approved Successor in accordance with the Conditions. This notice also enables ordinary shares in the capital of an Approved Successor which is an authorised NOHC for the purposes of the *Banking Act 1959 (Cth)* issued on Conversion to be sold without disclosure under Chapter 6D of the Act. Refer to the Conditions and the Instrument for further information.

D. Rights and liabilities attaching to the ordinary shares in the capital of BOQ

BOQ was registered on 2 September 1887 as a public company limited by shares under the Act. BOQ's constitution was most recently amended at the general meeting held on 13 December 2012 ("**Constitution**", as amended from time to time). The ordinary shares in the capital of BOQ are admitted to trading on ASX. The rights attaching to the ordinary shares in the capital of BOQ are set out in the Act and the Constitution.

In addition, the rights and liabilities attaching to the ordinary shares in the capital of BOQ are described on page 120 of the 2017 Bank of Queensland Annual Report². The Annual Report was released to ASX on 12 October 2017 and may be viewed at www.asx.com.au, and is also available on the BOQ website at <http://www.boq.com.au/shareholder.htm>.

E. Additional information

Information about the Tier 2 Subordinated Instruments is contained in the Information Memorandum and the Pricing Supplement.

BOQ is a disclosing entity for the purposes of the Act and, as a result, is subject to regular reporting and disclosure obligations under the Act and the ASX Listing Rules. In addition, BOQ must notify ASX immediately (subject to certain exceptions) if it becomes aware of information about BOQ that a reasonable person would expect to have a material effect on the price or value of its listed securities, including ordinary shares in the capital of BOQ.

Copies of documents lodged with the Australian Securities and Investments Commission ("**ASIC**") can be obtained from, or inspected at, an ASIC office and BOQ's ASX announcements may be viewed on www.asx.com.au.

Any person has the right to obtain copies of:

- BOQ's half-yearly and annual financial reports; and
- any continuous disclosure notices given by BOQ after the lodgement of the BOQ's 2017 Annual Report, but before the date of this notice,

from <http://www.boq.com.au/shareholder.htm>.

² If, in accordance with the Conditions, BOQ is replaced by an Approved Successor as debtor of the Tier 2 Subordinated Instruments and the issuer of ordinary shares, then on Conversion Holders will be issued with fully paid ordinary shares in the capital of the Approved Successor.

ANNEX A

Pricing Supplement dated 27 April 2018

Series No.: 2018 – 76

Tranche No.: 1



Bank of Queensland Limited
(ABN 32 009 656 740)

A\$6,000,000,000
Debt Instrument Programme

Issue of
A\$200,000,000
Floating Rate Subordinated Notes due 1 May 2028 (“Notes”)

The date of this Pricing Supplement is 27 April 2018.

This Pricing Supplement (as referred to in the Information Memorandum dated 18 April 2016 (“**Information Memorandum**”) in relation to the above Programme) relates to the Tranche of Notes referred to above. It is supplementary to, and should be read in conjunction with the terms and conditions of the Notes contained in the Information Memorandum (“**Conditions**”) and the Second Note and TD Deed Poll dated 18 April 2016 made by the Issuer (“**Deed Poll**”). Unless otherwise indicated, terms defined in the Conditions have the same meaning in this Pricing Supplement.

This Pricing Supplement does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of this Pricing Supplement in any jurisdiction where such action is required.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the “**Insurance Mediation Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the “**Prospectus Directive**”). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

The particulars to be specified in relation to the Tranche of Notes referred to above are as follows:

1	Issuer	Bank of Queensland Limited
2	Type of Term Instrument	Subordinated Note
3	Type of Issue	Non-Private Placement – Wholesale
4	Public Offer Test Compliant	It is the Issuer’s intention that this issue of Notes will be issued in a manner which will seek to satisfy the “public offer” test set out in section 128F(3) of the Income Tax Assessment Act 1936 of Australia.
5	IWT Notice	The Tax gross-up in respect of the Commonwealth of Australia specified in Condition 10.6 of the Notes is applicable to this Tranche with effect from the Issue Date
6	Relevant Dealers	Australia and New Zealand Banking Group Limited (ABN 11 005 357 522) Merrill Lynch (Australia) Futures Limited (ABN 34 003 639 674) National Australia Bank Limited (ABN 12 004 044 937)
7	Lead Managers	Australia and New Zealand Banking Group Limited Merrill Lynch (Australia) Futures Limited National Australia Bank Limited
8	Registrar	Computershare Investor Services Pty Limited (ABN 48 078 279 277)
9	Calculation Agent	Issuer
10	If to form a single Series with an existing Series, specify date on which all Term Instruments of the Series become fungible, if not the Issue Date	Not applicable
11	Status	Subordinated The primary method of loss absorption is Conversion, subject to possible Write-off in accordance with Condition 5.3. For the purposes of: <ul style="list-style-type: none"> - Condition 6.1(a), the formula to be used for calculating the Conversion Number, P is 0.99; and - Condition 6.10(b), the Clearing System Cut-off Date is 10 ASX Business Days after the Non-Viability Trigger Event Date.
12	Aggregate Principal Amount of Tranche	A\$200,000,000

13	Interchangeable with existing Series	Not applicable
14	Issue Date	1 May 2018
15	Purchase Price	100%
16	Denomination(s)	A\$10,000 provided that the minimum aggregate consideration payable by each offeree must be (i) within Australia is at least A\$500,000 (or its equivalent in an alternate currency and, in each case, disregarding moneys lent by the offeror or its associates) or the offer otherwise does not require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act and (ii) A\$200,000 outside Australia.
17	Interest Type	Floating Rate Subordinated Notes
18	Floating Rate Notes	Condition 7.3 applies
19	Condition 7.2 for Fixed Rate Instruments	Not applicable
20	Condition 7.3 for Floating Rate Instruments	Applicable
	(a) Interest Commencement Date, if not Issue Date	Issue Date
	(b) Interest Rate	BBSW Rate plus the Margin. BBSW Rate means, for an Interest Period, the rate for prime bank eligible securities having a tenor closest to the Interest Period which is designated as the “AVG MID” on the Thomson Reuters Screen BBSW Page (or any designation which replaces that designation on that page, or any page which replaces that page) at approximately 10:15am, Sydney time (or such other time at which such rate customarily appears on that page) on the relevant day (“ Publication Time ”), on the first Business Day of the Interest Period. However, if such rate does not appear on the Thomson Reuters Screen BBSW Page (or any page which replaces that page) by 10:30am, or if it does appear but the Calculation Agent determines that there is an obvious error in that rate, “ BBSW Rate ” means the rate determined by the Calculation Agent having regard to comparable indices then available. The rate calculated or determined by the Calculation Agent will be expressed as a percentage rate per annum and will be rounded up, if necessary, to the next higher one ten-thousandth of a percentage point (0.0001 per cent.).
	(c) Margin	+ 1.85% per annum
	(d) Interest Payment Dates	1 August, 1 November, 1 February and 1 May in each year commencing with a full first coupon on 1 August 2018 and ending on, and including,

		the Maturity Date
	(e) Day Count Fraction	Actual /365 (Fixed)
	(f) Business Day Convention	Modified Following Business Day Convention
21	Condition 7.4 for other rates	Not applicable
22	Maturity Date	1 May 2028
23	Maturity Redemption Amount	Outstanding Principal Amount ¹
24	Early Redemption Amount (Call) Specify if Condition 8.3 is applicable	Applicable, but only in respect of the Interest Payment Date scheduled to fall on 1 May 2023 and each Interest Payment Date thereafter (each an “ Early Redemption Date (Call) ”) ²
25	Early Redemption Amount (Adverse Tax Event) (Condition 8.4) Specify if Condition 8.4 is applicable	Applicable ³
26	Early Redemption Amount (Regulatory Event) (Condition 8.5) Specify if Condition 8.5 is applicable	Applicable ⁴
27	Clearing System	Austraclear System. Interests in the Notes may also be held through Euroclear and Clearstream, Luxembourg as described more fully on page 16 of the Information Memorandum.
28	Listing	Not applicable.
29	Rating	<p>The Notes have been rated “BBB-” by Standard & Poor’s (“Australia) Pty Ltd and “BBB+” by Fitch Australia Pty Ltd.</p> <p>A rating is not a recommendation to buy, sell or hold Notes and may be subject to variation, suspension, reduction or withdrawn at any time by the assigning organisation.</p> <p>Credit ratings are for distribution only to a person (a) who is not a “retail client” within the meaning of section 761G of the Corporations Act and is also a sophisticated investor, professional investor or other investor in respect of whom disclosure is not required under Part 6D.2 or 7.9 of the Corporations Act, and (b) who is otherwise permitted to receive credit ratings in accordance with applicable law in any jurisdiction in which the person may be located. Anyone who is not such a person is not entitled to receive this Pricing Supplement and anyone who receives this Pricing Supplement must not distribute it to any person who is not entitled to receive it.</p>

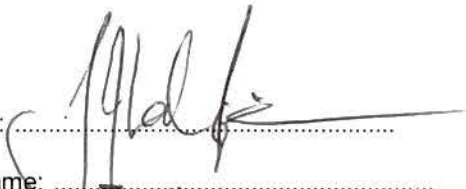
30 ISIN Code AU3FN0042339
31 Common Code 181417706
32 Additional Conditions The Conditions are supplemented, amended, modified or replaced as set out in the Annexure to this Pricing Supplement.

CONFIRMED

For and on behalf of
Bank of Queensland Limited

By:  Date: 27 April 2018

Name: **James Shaw**
Authorised Officer **Head of Funding** **James Shaw**
Head of Funding

By:  Date: 27 April 2018

Name: **Timothy Ledingham**
Authorised Officer **Treasurer**

- 1 Holders should be aware that if the Notes are partially Converted or Written-off, the Maturity Redemption Amount, being the Outstanding Principal Amount, will be proportionately reduced.
- 2 Holders should be aware that if the Notes are partially Converted or Written-off, the Early Redemption Amount (Call), being the Outstanding Principal Amount, will be proportionately reduced.
- 3 Holders should be aware that if the Notes are partially Converted or Written-off, the Early Redemption Amount (Adverse Tax Event), being the Outstanding Principal Amount, will be proportionately reduced.
- 4 Holders should be aware that if the Notes are partially Converted or Written-off, the Early Redemption Amount (Regulatory Event), being the Outstanding Principal Amount, will be proportionately reduced.

ANNEXURE

The Conditions of the Notes as set out in the Information Memorandum are amended as follows:

- 1 in Condition 1.1 (“Definitions”), paragraph (a) of the definition of “*Non-Viability Trigger Event*” shall be taken to include a reference to the “write-off” (in addition to the conversion or write down) of all or some of the capital instruments of the Issuer;
- 2 in Condition 1.1 (“Definitions”), the words “*and that time for an appeal of the decision has passed*” to be added at the end of paragraph (a) in the definition of “*Winding-Up*”;
- 3 Condition 1.3(b) (“References to particular terms”) does not apply to the date on which a Non-Viability Trigger Event occurs;
- 4 in Condition 8.5(a) (“Early redemption for regulatory events”), the reference to “...*paragraph (i) of the definition of “Regulatory Event”...*” is amended to be a reference to “...*paragraph (A) of the definition of “Regulatory Event”...*”;
- 5 in Condition 8.5(b) (“Early redemption for regulatory events”), the reference to “...*Subordinated Instruments*” is to be read as “*Subordinated Notes*”; and
- 6 for the purposes of Condition 14 (“Meetings of Noteholders”) and paragraph 16 of the Schedule to the Deed Poll, a reference to “...*an action which in any way affects the eligibility...*” of the Notes as Tier 2 Capital shall be read as a reference to “...*an action which may affect...*” the eligibility of the Notes as Tier 2 Capital.