

2019 NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting (**Meeting**) of Bank of Queensland Limited ACN 009 656 740 (**BOQ** or **Company**) will be held in The Ballroom, Level 5 at the Hilton Hotel, 190 Elizabeth Street, Brisbane City QLD 4000 on Tuesday, 10 December 2019 at 10.00am (AEST). Registration commences at 9.15am (AEST). Enter the Hilton Hotel via the Queen Street Mall or 190 Elizabeth Street.

BUSINESS

1. Financial Statements and Reports

To receive and consider the Financial Report, Directors' Report and Auditor's Report for the Company and its controlled entities for the year ended 31 August 2019.

Note: There is no requirement for shareholders to approve these reports. Accordingly, there is no vote on this item.

2. Re-election and Election of Directors

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

- (a) *That Mr John Lorimer, who retires by rotation in accordance with the Company's Constitution and, being eligible, be re-elected as a Director of the Company.*
- (b) *That Mr Warwick Negus, who retires by rotation in accordance with the Company's Constitution and, being eligible, be re-elected as a Director of the Company.*
- (c) *That Ms Karen Penrose, who retires by rotation in accordance with the Company's Constitution and, being eligible, be re-elected as a Director of the Company.*
- (d) *That Mr Patrick Allaway, who was appointed by the Board in May 2019 and, being eligible, be elected as a Director of the Company.*
- (e) *That Ms Kathleen Bailey-Lord, who was appointed by the Board in May 2019, and being eligible, be elected as a Director of the Company.*

Note: Each resolution will be voted on separately.

3. Grant of Performance Award Rights to the Managing Director & Chief Executive Officer

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

That approval be given for all purposes under the Corporations Act 2001 (Cth) and the ASX Listing Rules, including ASX Listing Rule 10.14, for the grant of Performance Award Rights to the Managing Director & Chief Executive Officer of the Company, Mr George Frazis, in accordance with the terms of the BOQ Award Rights Plan and as described in Item 3 in the Explanatory Statement.

Note: This resolution is subject to voting exclusions as set out at the end of this Notice of Meeting.

4. Remuneration Report

To consider and, if thought fit, to pass the following as a non-binding **ordinary** resolution:

That the Remuneration Report for the financial year ended 31 August 2019, be adopted.

Note: This resolution is advisory only and does not bind the Directors or the Company.

Note: This resolution is subject to voting exclusions as set out at the end of this Notice of Meeting.

DATED 29 October 2019

BY ORDER OF THE BOARD

Vicki Clarkson

Company Secretary

LODGEMENT OF PROXIES

Shareholders unable to attend the Meeting are urged to register their appointment of proxy online or complete the proxy form attached to this Notice of Meeting and return it as soon as possible (see proxy form for details) and in any event no later than 10.00am (AEST) on Sunday, 8 December 2019.

The Explanatory Statement set out on pages 6 to 15 accompanies and forms part of this Notice of Meeting and provides more information on each of the items of business.

IMPORTANT VOTING INFORMATION

VOTING RIGHTS

For the purposes of the Meeting, you will be eligible to attend and vote at the Meeting if you are registered as a shareholder of the Company at 7.00pm (Sydney Time) on Sunday, 8 December 2019.

VOTING RESTRICTIONS

Item 3 – Grant of Performance Award Rights to the Managing Director & Chief Executive Officer

BOQ will disregard any votes cast on this resolution:

- in favour of the resolution by, or on behalf of, Mr George Frazis or any of his associates (regardless of the capacity in which the vote is cast); and
- as proxy by a person who is a member of the KMP on the date of the Meeting and their closely related parties.

However, BOQ need not disregard a vote if it is cast as proxy for a person entitled to vote:

- in accordance with the directions on the proxy form; or
- by the Chair of the Meeting, in accordance with an express authorisation in the proxy form to exercise the proxy even though the resolution is connected with the remuneration of a member of the KMP.

ITEM 4 - REMUNERATION REPORT

BOQ will disregard any votes cast on this resolution:

- by or on behalf of a member of the KMP, details of whose remuneration is included in the Remuneration Report for the year ended 31 August 2019, and that KMP's closely related parties (regardless of the capacity in which the vote is cast); and
- as a proxy by a member of the KMP on the date of the Meeting and that KMP's closely related parties.

However, BOQ need not disregard a vote if it is cast as proxy for a person entitled to vote:

- in accordance with the directions on the proxy form; or
- by the Chair of the Meeting, in accordance with an express authorisation in the proxy form to exercise the proxy even though the resolution is connected with the remuneration of the KMP.

For the purposes of these voting restrictions:

1. **KMP** means the key management personnel of BOQ, being the Directors of BOQ (including the Chairman) and other employees having authority and responsibility for planning, directing and controlling the activities of BOQ, directly or indirectly. The Remuneration Report identifies BOQ's key management personnel for the financial year ended 31 August 2019.
2. **Closely related party** has the meaning given in the *Corporations Act 2001 (Cth)* and when used in relation to a member of the KMP will include a spouse, dependent and certain other close family members as well as any other companies controlled by the member of the KMP.
3. **Associate** has the meaning given in the ASX Listing Rules and when used in relation to the Managing Director & Chief Executive Officer will include a spouse, parents, children, as well as any companies controlled by any of them, unless the contrary is established.

PROXIES:

1. A shareholder who is entitled to vote at the Meeting may appoint:
 - (a) one proxy if the shareholder is only entitled to one vote; or
 - (b) one or two proxies if the shareholder is entitled to more than one vote.
2. Where the shareholder appoints two proxies, the appointment may specify the proportion or number of votes that each proxy may exercise. If the appointment does not specify a proportion or number, each proxy may exercise one half of the votes, in which case any fraction of votes will be disregarded.

3. A proxy need not be a shareholder of BOQ.
4. If you require an additional proxy form, BOQ will supply it on request.
5. Shareholders may register the appointment of proxies online at:
www.linkmarketservices.com.au
by using the secure online access information set out in the proxy form, no later than 10.00am (AEST) on Sunday, 8 December 2019.
6. Alternatively, the proxy form and the power of attorney or other authority (if any) under which it is signed (or a certified copy) must be received by BOQ at BOQ's share registry no later than 10.00am (AEST) on Sunday, 8 December 2019:
 - (a) by post to:

Bank of Queensland Limited
C/- Link Market Services Limited
Locked Bag A14
SYDNEY SOUTH NSW 1235; or
 - (b) by delivery to:

Bank of Queensland Limited
C/- Link Market Services Limited
1A Homebush Bay Drive
RHODES NSW 2138

or

Level 12, 680 George Street
Sydney NSW 2000; or
 - (c) by fax on (02) 9287 0309 (international +61 2 9287 0309).

DIRECTING YOUR PROXY VOTE

If you wish to direct your proxy how to vote on any resolution, you can mark the "For", "Against" or "Abstain" box online or in Step 2 on the proxy form accordingly.

PROXY VOTING BY CHAIR OF THE MEETING

If you appoint the Chair of the Meeting as your proxy or the Chair of the Meeting is appointed as your proxy by default and you do not specify how the Chair of the Meeting is to vote on a resolution, by completing and submitting the proxy form, you expressly authorise the Chair of the Meeting to vote your proxy as he sees fit.

The Chair of the Meeting intends, as at the date of this Notice of Meeting, to vote IN FAVOUR of each of the resolutions set out in this Notice of Meeting.

POLL

Voting on all resolutions will be determined by a poll at the Meeting rather than on a show of hands.

Shareholders and proxy holders attending the Meeting will be provided with poll voting cards. Shareholders not attending the Meeting may vote by completing the attached proxy form and returning it to the Company as soon as possible (see proxy form for details) and in any event no later than 10.00am (AEST) on Sunday, 8 December 2019.

INTRODUCTION

EXPLANATORY STATEMENT

The following Explanatory Statement has been provided to shareholders to inform them about the business of the Meeting and each of the resolutions proposed in the Notice of Meeting.

The purpose of these notes is to provide shareholders with information they reasonably require to decide how to vote on each resolution. The Board recommends that shareholders read these notes before determining whether or not to support a resolution.

ITEM 1 - FINANCIAL STATEMENTS AND REPORTS

The *Corporations Act 2001 (Cth)* requires the Financial Report (which includes the Financial Statements and Notes and Directors' Declaration), the Directors' Report and the independent Auditor's Report to be presented before the Meeting.

Shareholders will be given a reasonable opportunity at the Meeting to ask questions and make comments on these reports and on the business, operations and management of BOQ.

The Company's auditor will be present at the Meeting to answer audit-related questions from shareholders. Shareholders may also submit written questions to the Company's auditor on the content of the Auditor's Report or the conduct of its audit of the Company's Financial Report for the year ended 31 August 2019. Such questions must be received by no later than 5pm (AEST) on Tuesday, 3 December 2019. The auditor is not obliged to provide written answers.

ITEM 2 - RE-ELECTION AND ELECTION OF DIRECTORS

The BOQ Board is, at the date of this Notice of Meeting, comprised of 10 Non-Executive Directors and one Executive Director.

The Board regularly reviews its composition to ensure there is an appropriate range of skills, and an appropriate mix of business talents, outlooks, backgrounds and diversity that enhance the breadth of operation of the Company's business and its future strategy.

To assist in identifying the areas of focus and continue to maintain an appropriate mix of relevant skills in the Board's membership, a Board skills matrix is used which addresses factors such as gender, professional experience and qualifications, in order to promote a diverse range of skills and experience.

The BOQ Nomination & Governance Committee monitors the skills and experience of existing Directors and ensures that new Board appointees enhance the skill diversity of the Board.

All Directors have extensive business experience in their chosen fields of endeavour, and in business generally and these skills are relevant to the business conducted by the Company.

Background information on each of the Directors seeking re-election and election is provided below.

Mr John Lorimer

Mr Lorimer has served on the Board of BOQ since January 2016. He is a member of the Risk Committee and the Information Technology Committee.

Mr Lorimer has spent more than 30 years in financial services and held executive roles in Australia, Asia and Europe. Mr Lorimer's most recent executive roles were in the United Kingdom where he was Group Head of Finance and then Group Head of Regulatory Risk and Compliance for Standard Chartered Bank. He also held a number of management positions in the retail bank of Citigroup and served as the Chairman of CAF Bank Limited (a subsidiary of Charities Aid Foundation based in the United Kingdom).

Mr Lorimer is Chair of Bupa Asia Ltd (HK) Ltd and a Non-Executive Director of Bupa Australia Pty Ltd, Bupa Aged Care Holdings Pty Ltd, and Aberdeen New Dawn Investment Trust plc.

Mr Lorimer has been assessed under the BOQ Fit & Proper Policy which requires an assessment of the fitness and propriety of all new and existing directors to hold office against BOQ's documented criteria of competencies required for the office. As part of this assessment, Mr Lorimer has confirmed to BOQ that he will be able to dedicate sufficient time to fulfil his responsibilities as a Non-Executive Director.

In accordance with BOQ's Policy on Independence of Directors, the Board has determined that Mr Lorimer remains independent and he is able to exercise independent judgement to provide an objective assessment of matters considered by the Board.

Mr Lorimer was last elected as a Non-Executive Director of the Company in November 2016. He retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election.

Recommendation

The Board (with Mr Lorimer abstaining) recommends that shareholders vote in favour of Mr Lorimer's re-election as a Non-Executive Director of the Company.

Mr Warwick Negus

Mr Negus has served on the Board of BOQ since September 2016. He is a member of the Audit Committee, the Human Resources & Remuneration Committee and the Investment Committee.

Mr Negus brings more than 30 years of finance industry experience in Asia, Europe and Australia. His most recent executive roles include Chief Executive Officer of 452 Capital, Chief Executive Officer of Colonial First State Global Asset Management and Goldman Sachs Managing Director in Australia, London and Singapore. He was also a Vice President of Bankers Trust Australia and a Director of the University of NSW (UNSW) Foundation and FINSIA.

Mr Negus is Chair of Pengana Capital Group and URB Investments Limited. On 14 October 2019, URB announced that it had entered into a Scheme Implementation Agreement with 360 Capital Total Return Fund (ASX: TOT). The board of URB intends, subject to the absence of a superior offer, to unanimously recommend the offer by TOT to takeover URB. Subject to satisfaction of relevant conditions, the deal is scheduled to conclude before the end of 2019 at which time Mr Negus' role as Chairman and director will conclude. Mr Negus is also a Non-Executive Director of Washington H Soul Pattinson & Co Ltd, Virgin Australia Holdings Limited and Terrace Tower Group. He is a member of the Council of UNSW and Chair of UNSW Global Limited.

Mr Negus has been assessed under the BOQ Fit & Proper Policy which requires an assessment of the fitness and propriety of all new and existing directors to hold office against BOQ's documented criteria of competencies required for the office. As part of this assessment, Mr Negus has confirmed to BOQ that he will be able to dedicate sufficient time to fulfil his responsibilities as a Non-Executive Director.

In accordance with BOQ's Policy on Independence of Directors, the Board has determined that Mr Negus remains independent and he is able to exercise independent judgement to provide an objective assessment of matters considered by the Board.

Mr Negus was last elected as a Non-Executive Director of the Company in November 2016. He retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election.

Recommendation

The Board (with Mr Negus abstaining) recommends that shareholders vote in favour of Mr Negus's re-election as a Non-Executive Director of the Company.

Ms Karen Penrose

Ms Penrose has served on the Board of BOQ since November 2015. She is Chair of the Audit Committee and is a member of the Human Resources & Remuneration Committee and the Risk and Investment Committees.

Ms Penrose is an experienced non-executive director and banker. As a banker, Ms Penrose has 20 years' experience leading businesses

within Commonwealth Bank of Australia and HSBC and over eight years in accounting and finance roles. Ms Penrose has particular expertise in the financial services, property, resources and energy sectors. Ms Penrose is a Non-Executive Director of Vicinity Centres Limited, Spark Infrastructure Group and Estia Health Limited. Ms Penrose was formerly a Non-Executive Director of AWE Limited, Landcom and Future Generation Global Investment Company Limited. She is a member of Chief Executive Women.

Ms Penrose has been assessed under the BOQ Fit & Proper Policy which requires an assessment of the fitness and propriety of all new and existing directors to hold office against BOQ's documented criteria of competencies required for the office. As part of this assessment, Ms Penrose has confirmed to BOQ that she will be able to dedicate sufficient time to fulfil her responsibilities as a Non-Executive Director.

In accordance with BOQ's Policy on Independence of Directors, the Board has determined that Ms Penrose remains independent and she is able to exercise independent judgement to provide an objective assessment of matters considered by the Board.

Ms Penrose was last elected as a Non-Executive Director of the Company in November 2016. She retires by rotation in accordance with the Company's Constitution and, being eligible, offers herself for re-election.

Recommendation

The Board (with Ms Penrose abstaining) recommends that shareholders vote in favour of Ms Penrose's re-election as a Non-Executive Director of the Company.

Mr Patrick Allaway

Mr Allaway has served on the Board of BOQ since May 2019 and has been its Chair since 18 October 2019. He is also Chair of the Nomination & Governance Committee and the Investment Committee and is a member of each of the Human Resources & Remuneration, Risk, Audit and Information Technology Committees.

Mr Allaway has extensive senior executive, non-executive, and corporate advisory experience across the financial services, property, media and retail sectors.

Mr Allaway's executive career was in financial services with Citibank and Swiss Bank Corporation (now UBS) working in Sydney, New York, Zurich and London. Mr Allaway was Managing Director, SBC Capital Markets & Treasury with direct responsibility for a global business operating in 16 countries.

Mr Allaway brings over 30 years' experience in financial services across financial markets, capital markets, and corporate advisory. This included an advisory role in the media sector, responding to considerable digital disruption.

Mr Allaway has over 15 years' Non-Executive Director experience and was formerly a Non-Executive Director of Macquarie Goodman Industrial Trust, Metcash Limited, Fairfax Media, Woolworths South

Africa, David Jones, and Country Road Group. Mr Allaway Chaired the Audit & Risk Committees for Metcash, David Jones, and Country Road Group. Mr Allaway is currently a Non-Executive Director of Nine Entertainment Co and Domain Limited.

Mr Allaway has been assessed under the BOQ Fit & Proper Policy which requires an assessment of the fitness and propriety of all new and existing directors to hold office against BOQ's documented criteria of competencies required for the office. As part of this assessment, Mr Allaway has confirmed to BOQ that he will be able to dedicate sufficient time to fulfil his responsibilities as a Non-Executive Director.

In accordance with BOQ's Policy on Independence of Directors, the Board has determined that Mr Allaway remains independent and he is able to exercise independent judgement to provide an objective assessment of matters considered by the Board.

Mr Allaway was appointed to the Board in May 2019 as a Non-Executive Director of the Company. In accordance with the Company's Constitution and, being eligible, he now offers himself for election.

Recommendation

The Board (with Mr Allaway abstaining) recommends that shareholders vote in favour of Mr Allaway's election as a Non-Executive Director of the Company.

Ms Kathleen Bailey-Lord

Ms Bailey-Lord has served on the Board of BOQ since May 2019. She is also a member of both the Information Technology Committee and the Human Resources & Remuneration Committee.

Ms Bailey-Lord is an experienced company director and corporate advisor. Ms Bailey-Lord is currently a Non-Executive Director of QBE Insurance (AUSPAC), Melbourne Water and Monash College.

Ms Bailey-Lord has 20 years of senior executive experience across Australia, New Zealand and Asia. Ms Bailey-Lord has led businesses through complex and transformational change, often leveraging digital solutions to enable new business models. Ms Bailey-Lord's experience spans the technology industry at IBM, financial services at ANZ Bank, professional services and marketing/media. Ms Bailey-Lord sits on the AICD Victorian Council and the AICD Technology, Governance and Innovation Panel (pro bono roles). She is a member of Chief Executive Women.

Ms Bailey-Lord has been assessed under the BOQ Fit & Proper Policy which requires an assessment of the fitness and propriety of all new and existing directors to hold office against BOQ's documented criteria of competencies required for the office. As part of this assessment, Ms Bailey-Lord has confirmed to BOQ that she will be able to dedicate sufficient time to fulfil her responsibilities as a Non-Executive Director.

In accordance with BOQ's Policy on Independence of Directors, the Board has determined that Ms Bailey-Lord remains independent and she is able to exercise independent judgement to provide an objective assessment of matters considered by the Board.

Ms Bailey-Lord was appointed to the Board in May 2019 as a Non-Executive Director of the Company. In accordance with the Company's Constitution and, being eligible, she now offers herself for election.

Recommendation

The Board (with Ms Bailey-Lord abstaining) recommends that shareholders vote in favour of Ms Bailey-Lord's election as a Non-Executive Director of the Company.

ITEM 3 - GRANT OF PERFORMANCE AWARD RIGHTS TO THE MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

3.1 Background and reasons for the proposal

The Board is seeking the approval of shareholders for the grant of 143,214 Performance Award Rights (**PARs**) (and any shares issued on vesting of those PARs) (equivalent in value to \$1,300,000) to Mr George Frazis, Managing Director & Chief Executive Officer of BOQ, under the BOQ Award Rights Plan.

The Board determined the number of PARs to be allocated to Mr Frazis by dividing \$1,300,000 by the volume weighted average price of ordinary shares in BOQ sold on the ASX over the period of 5 trading days up to and including the trading day prior to Mr Frazis' commencement as Managing Director & Chief Executive Officer, being 5 September 2019 (**Commencement Date**).

The remuneration package for Mr Frazis includes the following components:

- (a) Fixed Remuneration, comprising base salary and superannuation;
- (b) Short Term Incentives (**STI**); and
- (c) Long Term Incentives (**LTI**).

Mr Frazis is an Accountable Person of BOQ as defined in the Banking Executive Accountability Regime (**BEAR**) and accordingly his variable remuneration arrangements (incorporating both STI and LTI) have been designed to ensure compliance with the BEAR requirements.

In addition to regulatory and compliance requirements, the Board believes that in order to attract executives of the calibre needed to deliver on the BOQ strategy, part of the rewards for Mr Frazis' services to BOQ should be performance-based and at risk and should involve equity interests in BOQ. This approach reflects national and international best practice in executive remuneration and corporate governance. In structuring the terms of long term incentives, the Board has carefully considered market practice among comparable companies listed on the ASX.

Consistent with the Board's belief that part of the rewards for Mr Frazis' services to BOQ should be performance-based and at risk and should involve equity interests in BOQ, the Board wishes to make a grant of PARs to Mr Frazis equivalent in value to \$1,300,000 in FY20.

The grant of an LTI to Mr Frazis aligns his interests with those of BOQ and its shareholders. The performance hurdles for the PARs comprising the LTI will allow the Board to ensure that the incentive is aligned with the interests of shareholders.

3.2 Shareholder approval for Item 3

ASX Listing Rule 10.14 requires the approval of shareholders to be sought where BOQ intends to issue securities (the alternative being to purchase shares on-market) under an employee incentive scheme to a

Director. No PARs have been issued to any director since the last shareholder approval was given under Listing Rule 10.14 in November 2018.

While it is not currently intended that shares will be issued (as opposed to being acquired on-market) to satisfy an award under vested PARs, shareholder approval is nonetheless being sought to provide the flexibility to issue the shares should that be desirable at the relevant time.

Item 3 relates to the grant of PARs to Mr Frazis equivalent in value to \$1,300,000 and does not relate to any future grants of PARs that the Board may decide to make.

Details of any PARs issued under this approval will be published in each Annual Report of BOQ relating to a period in which PARs were issued under the approval.

Mr Frazis is the only Director of BOQ, or associate of a Director, entitled to participate in the BOQ Award Rights Plan. No other Director, or their associate, will be permitted to participate unless approved by shareholders under ASX Listing Rule 10.14.

3.3 Further details

Under this resolution, approval is sought for the grant of 143,214 PARs equivalent in value to \$1,300,000 (and any shares issued on vesting of those PARs) to Mr Frazis under the BOQ Award Rights Plan.

Those PARs are expected to be granted to Mr Frazis soon after the Meeting and, in any event, no later than 12 months from the date of the Meeting.

Number of PARs and Shares to be issued

The number of PARs to be issued was calculated based on a face value as follows:

$$\text{Number of PARs} = \frac{\$1,300,000}{\text{VWAP}} = 143,214 \text{ PARs}$$

Where:

- \$1,300,000 is 100% of Mr Frazis' fixed remuneration; and
- VWAP is the daily volume weighted average price of ordinary shares in BOQ sold on the ASX over the period of 5 trading days up to and including the trading day prior to the Commencement Date. The VWAP has been calculated as \$9.0773

No amount is payable by Mr Frazis on the grant or exercise of PARs.

The maximum number of ordinary shares that may be provided to Mr Frazis on the vesting of these PARs is 143,214.

Mr Frazis's maximum long term incentive opportunity is 100% of his fixed remuneration.

Performance hurdles for initial grant of PARs

The Board determined the number of PARs to be allocated to Mr Frazis on the basis outlined above. The Board's determination is final. The Board has the discretion to determine the terms of issue of the PARs,

including the selection, measurement and testing of any applicable performance conditions.

The PARs terms of issue will be compliant with any regulatory requirements, including requirements under the BEAR. Mr Frazis will not be offered another allocation of PARs before the 2020 (FY2021) LTI grant cycle (and any such future offers will be subject to Board and shareholder approval).

Performance hurdles for PARs

The performance hurdles attached to grants of PARs under the BOQ Award Rights Plan provide for a dual vesting framework as follows:

- up to 80% of the PARs may vest based on successfully meeting the first vesting measure, which is the Total Shareholder Return (**TSR**) performance measure. The TSR performance measure is set out below; and
- up to 20% of the PARs may vest on successfully meeting the second vesting measure, which is an assessment of BOQ's relative non-diluted cash earnings per share (**EPS**) against a peer group. The EPS performance measure is set out below.

The performance hurdles for the 2019 PARs are tested over a four year period commencing on the Commencement Date.

TSR Measure

For the TSR-measured portion, half (being 40% of all PARs) will vest if BOQ's TSR performance over a four year period is in the top 50% of the peer group. All (being 80% of all PARs) will vest if BOQ's TSR performance over a four year period is in the top 25%. For TSR performance between those targets, a relative proportion of the PARs between one half (being 40% of all PARs) and 100% (being 80% of all PARs) would vest.

None of the PARs vest if BOQ's TSR performance is in the bottom 50%.

Initially the peer group will consist of the S&P / ASX 200 from time to time excluding selected entities in resources, real estate investment trusts, telecommunications (offshore headquartered), energy and utilities and such other inclusions and exclusions as a qualified adviser to the Board considers appropriate. Delisted companies will be excluded from the peer group at the time of testing.

TSR is a measure of the entire return a shareholder would obtain from holding an entity's securities over a period, taking into account factors such as changes in the market value of the securities and dividends paid over the period.

EPS Measure

For the EPS-measured portion, half of Mr Frazis' PARs (being 10% of all PARs) will vest if BOQ's relative cash EPS performance over the four year period is ranked in the top 40% of the financial services peer group (i.e. the four major banks and Bendigo & Adelaide Bank).

All (being 20% of all PARs) will vest if BOQ's relative cash EPS performance is in the top 10%. For EPS performance between those

targets, a relative proportion of the PARs between 50% (being 10% of all 2018 PARs) and 100% (being 20% of all PARs) would vest. None of the PARs vest if BOQ's relative cash EPS performance is in the bottom 60%.

While the Board believes the EPS targets and vesting schedule strike an appropriate balance between being achievable yet sufficiently challenging, the Board retains a discretion to adjust the performance targets to ensure that Mr Frazis is neither advantaged nor disadvantaged by matters outside his control that may materially affect EPS (for example, by excluding one-off non-recurrent items or the impact of significant acquisitions or disposals).

Other PARs terms

Once the PARs granted vest, they will be taken to have been exercised.

If Mr Frazis ceases to be employed by BOQ due to summary termination of his employment for reasons associated with a serious breach of employment terms or any policy of BOQ, including serious misconduct involving dishonesty or fraud, the PARs will lapse.

Otherwise, on cessation of employment, the Board may in its absolute discretion determine that all or a proportion of unvested PARs will not lapse and will continue in accordance with their terms, including vesting conditions. If the Board does not exercise its discretion, unvested PARs will lapse on cessation of Mr Frazis's employment.

PARs that continue after Mr Frazis's employment ends following the exercise of discretion by the Board and are unvested will lapse if the Board subsequently forms the view that, during his employment, in the opinion of the Board, he has engaged in, or intends to engage in fraud or dishonesty, gross misconduct, reputational harm / disrepute, breach of duties or is convicted of an offence or vesting is not justified having regard to performance.

Otherwise PARs are granted on the terms in the BOQ Award Rights Plan and offer letter.

3.4 Use of funds raised

As no amount is payable on the grant or exercise of PARs, no funds will be raised.

There is no loan funding in relation to the PARs.

If approval is given for the issue of ordinary shares on the vesting of PARs under ASX Listing Rule 10.14, approval is not required under ASX Listing Rule 7.1.

Recommendation

The Board (with Mr Frazis abstaining) recommends that shareholders vote in favour of item 3.

ITEM 4 - REMUNERATION REPORT (NON-BINDING RESOLUTION)

Under the *Corporations Act 2001 (Cth)*, listed companies are required to put to their shareholders a resolution to adopt the Remuneration Report contained in the Annual Report. The resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report sets out the Board's policies for Director and senior manager remuneration, including a discussion of the relationship of remuneration to BOQ's performance, and other information required by the *Corporations Act 2001 (Cth)* about Director and senior manager remuneration.

Recommendation

Noting that each Director has a personal interest in their own remuneration from the Company, as described in the Remuneration Report, the Board recommends that shareholders vote in favour of the advisory resolution to adopt the Remuneration Report.



Bank of Queensland Limited
ABN 32 009 656 740

LODGE YOUR VOTE

ONLINE
www.linkmarketservices.com.au

BY MAIL
Bank of Queensland Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

BY FAX
+61 2 9287 0309

BY HAND
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000

ALL ENQUIRIES TO
Telephone: +61 1800 779 639 (free call within Australia)



X99999999999

PROXY FORM

I/We being a member(s) of Bank of Queensland Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

STEP 1

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10.00am (AEST) on Tuesday, 10 December 2019 at The Ballroom, Level 5 at the Hilton Hotel, 190 Elizabeth Street, Brisbane City QLD 4000 (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolutions 3 and 4: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 3 and 4, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an

STEP 2

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
2a Re-election of Director John Lorimer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2e Election of Director Kathleen Bailey-Lord	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2b Re-election of Director Warwick Negus	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3 Grant of Performance Award Rights to the Managing Director and Chief Executive Officer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2c Re-election of Director Karen Penrose	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2d Election of Director Patrick Allaway	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

STEP 3

BOQ PRX1901C



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10.00am (AEST) on Sunday, 8 December 2019**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



BY MAIL

Bank of Queensland Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138
or
Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**