

## PEPS Terms of Issue

### 1. Description

These Terms of Issue set out the terms and conditions of perpetual redeemable preference shares, paying discretionary, floating rate non-cumulative dividends (the "BOQ PEPS"). The dividends are intended to be fully franked.

### 2. Issuer

The BOQ PEPS will be issued by Bank of Queensland Limited ABN 32 009 656 740 ("Bank") under Article 3.8 of the Constitution and on the terms and conditions set out in these Terms of Issue.

### 3. Denomination and Issue Price

The denomination of each BOQ PEPS will be \$100 (the "Face Value"). Each BOQ PEPS will be issued as fully paid.

For the Initial Issue, the Issue Price of each BOQ PEPS will be \$100. For each Subsequent Issue, the Issue Price of each BOQ PEPS will be the price stated or determined in the manner determined by the Directors, in their sole discretion, in relation to that issue.

### 4. Multiple issues

#### 4.1 Initial and Subsequent Issues

The Bank may issue BOQ PEPS in addition to those in the Initial Issue. Such Subsequent Issues will comprise BOQ PEPS which are identical in all respects to the existing BOQ PEPS, save for the Issue Price and Issue Date in relation to that issue. BOQ PEPS issued in Subsequent Issues will rank pari passu with the existing BOQ PEPS in all respects including in relation to dividends.

#### 4.2 Issue Date

The Initial Issue Date will be the date of allotment of the Initial Issue of BOQ PEPS.

The Subsequent Issue Date will be the date specified as the Subsequent Issue Date by the Directors, in their sole discretion, in relation to that Subsequent Issue.

### 5. Maturity

None, the BOQ PEPS are perpetual.

### 6. Dividends

#### 6.1 Calculation

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

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

where:

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

(i) for the Initial Issue, the Initial Issue Date; or

(ii) for any Subsequent Issue, the relevant Subsequent Issue Date, or the preceding Dividend Payment Date (whichever is the later) until (but not including) the relevant Dividend Payment Date;

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

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

where:

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

**Margin** means 2.00% percent per annum;

**t** is the Australian corporate tax rate applicable to the franking account of the Bank from which the Dividend will be franked, expressed as a decimal;

**Face Value** has the meaning given in clause 3.

## 6.2 **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 6.1; 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) of the Dividend, expressed as a decimal.

## 6.3 **Dividend Payment Date**

Dividends will be payable on the BOQ PEPS in arrears on each Dividend Payment Date, with the first Dividend Payment Date being on 15 April 2008 and thereafter semi-annually on each 15 April and 15 October until the BOQ PEPS are:

- (a) Redeemed by redemption or cancellation (in which case the Redemption Date will be the final Dividend Payment Date);
- (b) Redeemed by buy-back (in which case the last Dividend Payment Date preceding the Buy-Back Agreement coming into effect will be the final Dividend Payment Date);
- (c) Converted (in which case last Dividend Payment Date preceding the Conversion Date will be the final Dividend Payment Date); or
- (d) in respect of the Reinvested PEPS, Reinvested (in which case the Reinvestment Date will be the final Dividend Payment Date for those Reinvested PEPS).

A Dividend payable in respect of Reinvested PEPS on a Reinvestment Date is only payable to those persons registered as Holders of the Reinvested PEPS on the date which is determined by the Directors to be the record date for that Dividend.

#### 6.4 **Optional Dividends**

Subject to these Terms of Issue, the Directors, at their sole discretion, and with the prior written approval of APRA, may pay Optional Dividends in the amount described in clause 6.12(b).

#### 6.5 **Non-cumulative**

- (a) Dividends are non-cumulative. If and to the extent that all or any part of a Dividend or Optional 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 or Optional 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 or Optional Dividend, and the Holder has no claim or entitlement in respect of interest on any unpaid Dividend or Optional Dividend.

#### 6.6 **Restrictions on dividend payments**

The payment of a Dividend and any Optional Dividend (in each case including on Redemption or Reinvestment) is subject to:

- (a) the Directors, at their sole discretion, determining that the Dividend or Optional Dividend is payable;
- (b) the Bank having sufficient profits lawfully available for the payment of the Dividend or Optional Dividend;
- (c) the amount of the Dividend or Optional Dividend not exceeding Distributable Profits on the relevant dividend payment date, unless otherwise approved by APRA;
- (d) payment of the Dividend or Optional Dividend not resulting in any breach of APRA's then prevailing capital adequacy standards and guidelines or any other regulatory requirement, unless otherwise approved by APRA; and
- (e) APRA having given its prior written approval to the Dividend or Optional Dividend and having not stated that if the proposed payment is made the BOQ PEPS will not be treated as Non-Innovative Residual Tier 1 Capital.

Without limiting clause 6.6(b), the Directors will not declare a Dividend or Optional 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 in respect of Reinvested PEPS on a 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.

#### 6.8 **Record date for Optional Dividends**

An Optional Dividend is only payable to those persons registered as Holders on the date prior to its payment that is determined by the Bank from time to time or such other date as may be required by the ASX from time to time.

**6.9 Deductions**

The Bank may deduct from any Dividend or Optional Dividend payable to a Holder the amount of any withholding or other tax, duty or levy required by law to be deducted in respect of such amount. If any such deduction has been made and the amount of the deduction accounted for by the Bank to the relevant revenue authority and the balance of the amount payable has been paid to the Holder concerned, then the full amount payable to such Holder will be taken to have been duly paid and satisfied by the Bank. The Bank must pay the full amount required to be deducted to the relevant revenue authority within the time allowed for such payment.

**6.10 Means of payment**

Subject to clause 12.5, a Dividend or Optional Dividend shall be paid by cheque, direct credit, or such other means authorised by the Directors.

**6.11 Restrictions where failure to pay Dividend, Redeem or Convert**

If the Bank:

- (a) fails to pay a Dividend in full within 3 Business Days after a Dividend Payment Date; or
- (b) fails to Redeem or Convert BOQ PEPS as required under these Terms of Issue, including a failure to Redeem or Convert BOQ PEPS by reason of clause 11.7,

then subject to clause 6.13, the Bank may not, without approval of a special resolution passed at a separate meeting of Holders, make any dividend or interest payments, return capital or distribute retained profits, on:

- (c) any Ordinary Shares; or
- (d) S1RPS or any other Capital Securities of the Bank ranking equal to the BOQ PEPS in respect of dividends or distributions; or
- (e) any other Capital Securities of the Bank ranking junior to the BOQ PEPS in respect of dividends or distributions,

until:

- (f) the Bank has complied with clause 6.12; or
- (g) all BOQ PEPS have been Redeemed in accordance with clause 11 or clause 12.2 or Converted in accordance with clause 12.

**6.12 Removal of restrictions**

The restrictions in clause 6.11 will no longer apply if:

- (a) two consecutive Dividends scheduled to be payable on the BOQ PEPS after the restrictions come into effect have been paid in full (or an equivalent amount of Dividends if the frequency of payment is other than semi-annual); or
- (b) an Optional Dividend has been paid to the Holders equal to the unpaid amount (if any and adjusted on the same basis as a Dividend under clause 6.2) of the two immediately preceding Dividends prior to the date of payment of the Optional

Dividend (or an equivalent amount of Dividends if the frequency of payment is other than semi-annual).

6.13 **Exception to restrictions**

The restrictions in clause 6.11 do not apply to a payment in respect of any dividend or interest, return of capital or distribution of retained profits made pro rata on BOQ PEPS and Capital Securities of the Bank that rank equally with the BOQ PEPS in respect of that payment.

7. **Ranking**

7.1 **Subordinated**

The BOQ PEPS are subordinated to all depositors and creditors of the Bank without any rights of set-off. BOQ PEPS do not represent a deposit liability of the Bank.

7.2 **Dividends**

For payment of Dividends or Optional Dividends, the BOQ PEPS rank:

- (a) behind holders of RePS and any other Capital Securities of the Bank ranking senior to the BOQ PEPS in respect of dividends or distributions;
- (b) ahead of Ordinary Shares and any other Capital Securities of the Bank ranking junior to the BOQ PEPS in respect of dividends or distributions; and
- (c) equally with holders of SIRPS and any other Capital Securities of the Bank ranking equally to the BOQ PEPS in respect of dividends or distributions.

7.3 **Liquidation preference**

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

- (a) subordinate to all creditors including depositors;
- (b) behind holders of RePS and any other Capital Securities of the Bank ranking senior to the BOQ PEPS in respect of return of capital;
- (c) ahead of holders of Ordinary Shares and any other Capital Securities of the Bank ranking junior to the BOQ PEPS in respect of return of capital; and
- (d) equally with holders of SIRPS and any other Capital Securities of the Bank ranking equally to the BOQ PEPS in respect of return of capital,

for return of the Face Value and the amount of any Dividend or Optional Dividend due but unpaid, and otherwise do not participate in a winding up or any surplus assets.

7.4 **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 PEPS and amounts payable under the BOQ PEPS.

8. **Set-off**

8.1 **No set off**

No contractual right of set-off exists between any amount due to a Holder in respect of BOQ PEPS and any claim by the Bank on the Holder.

## 8.2 **No offsetting claims**

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

## 9. **Other issues**

### 9.1 **Right to participate**

Holders do not have a right to participate in issues of Capital Securities to, or capital reconstructions affecting, holders of Ordinary Shares or other Capital Securities.

### 9.2 **Other issues**

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

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

## 10. **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 (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 PEPS);
  - (ii) that affects rights attached to the BOQ PEPS;
  - (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 PEPS);
- (c) on a resolution to approve the terms of a buy-back agreement (other than in connection with a Redemption of BOQ PEPS);
- (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 PEPS held by them.

## 11. **Redemption**

### 11.1 **Redemption by the Bank**

The Bank may, in its sole discretion and with the prior written approval of APRA, elect to Redeem BOQ PEPS:

- (a) on any of the following dates ("Call Date"):
    - (i) for BOQ PEPS issued under the Initial Issue:
      - A. the fifth anniversary of the Initial Issue Date; and
      - B. each subsequent Dividend Payment Date; or
    - (ii) for BOQ PEPS issued under a Subsequent Issue:
      - A. the fifth anniversary of the relevant Subsequent Issue Date; and
      - B. each subsequent Dividend Payment Date; or
  - (b) following the occurrence of a Tax Event or Regulatory Event,
- by giving the Holders a Redemption Notice:
- (c) in the case of a Redemption under clause 11.1(a), not less than 21 Business Days before the relevant Call Date; or
  - (d) in the case of a Tax Event or Regulatory Event, at any time within 6 months after the occurrence of the Tax Event or Regulatory Event.

Without limiting the Bank's sole discretion as to the form of Redemption under this clause 11.1, a Redemption Notice must, if given, be in respect of all (and not some) of the BOQ PEPS.

### 11.2 **No redemption by Holder**

The BOQ PEPS are not Redeemable at the option of the Holder. The Bank is not in any circumstances obliged to Redeem the BOQ PEPS except as provided in clause 12.2, which includes obtaining APRA's prior written approval.

### 11.3 **Effect of Redemption Notice**

Once a Holder has been given a Redemption Notice, that Holder must not deal with, transfer, dispose of or otherwise encumber the BOQ PEPS the subject of the Redemption Notice and must do all things reasonably required to give effect to the Redemption of the Holder's BOQ PEPS in accordance with these Terms of Issue. The restrictions in this clause 11.3 will cease if the Redemption Notice ceases to become effective under clause 11.7.

### 11.4 **Redemption of BOQ PEPS**

If the Bank determines to Redeem any BOQ PEPS by redemption and gives a Redemption Notice to the relevant Holders notifying that their BOQ PEPS are to be redeemed, on the relevant Redemption Date the Bank shall redeem every BOQ PEPS it has elected to redeem and identified in the Redemption Notice. To effect the Redemption of each BOQ PEPS, the Bank shall pay the Redemption Price to the relevant Holders on the relevant Redemption Date.

### 11.5 **Buy-back of BOQ PEPS**

Each Holder of BOQ PEPS from time to time agrees with the Bank on terms as set out in the Buy-Back Agreement that, upon the Bank determining to Redeem any BOQ PEPS by buy-

back and giving a Redemption Notice to the relevant Holders notifying them of BOQ PEPS that are to be bought back, those Holders will be deemed to have sold to the Bank the BOQ PEPS which the Bank has determined to buy back and identified in the Redemption Notice on the terms of the Buy-Back Agreement.

The Buy-Back Agreement will take effect upon the later of:

- (a) the Bank giving the relevant Holders a Redemption Notice notifying them of the Bank's determination to buy back the BOQ PEPS identified in the Redemption Notice; and
- (b) the Bank obtaining all consents (if any) to the buy-back 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 (subject to any applicable modifications and waivers of such laws or ASX Listing Rules),

Subject to these Terms of Issue, the Bank shall buy back the BOQ PEPS that the Bank has determined to buy back and identified in the Redemption Notice on the terms of the Buy-Back Agreement. For each BOQ PEPS that is being bought back, an amount equal to the Buy-Back Price will be paid by the Bank to the relevant Holders on the relevant Redemption Date as consideration for the buy-back.

#### 11.6 **Cancellation of BOQ PEPS**

If the Bank:

- (a) determines to Redeem any BOQ PEPS 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 a Redemption Notice to the relevant Holders notifying them of the Bank's determination to cancel the BOQ PEPS identified in the Redemption Notice,

then subject to these Terms of Issue, the Bank will, on the relevant Redemption Date, cancel every BOQ PEPS that the Bank has determined to cancel and identified in the Redemption Notice. For each BOQ PEPS 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.

#### 11.7 **No Redemption**

If on the relevant Redemption Date, any Dividend or amount calculated by reference to Dividends, comprised in the Redemption Price or the Buy-Back Price cannot be paid because of the application of clause 6.6, then:

- (a) the Redemption Notice in respect of the Redemption will cease to have effect and will be taken not to have been given; and
- (b) the Bank will be taken to have failed to Redeem the BOQ PEPS for the purposes of clause 6.11(b).

#### 11.8 **Further assurances**

If required by the Bank, where the Terms of Issue provide that the Bank is entitled to Redeem any BOQ PEPS, 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 any authorisation or power necessary; and
- (c) take all other action necessary or desirable,

to effect the Redemption of those BOQ PEPS.

## 11.9 **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 PEPS 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 to effect, record or perfect the transfer or Redemption (or transactions contemplated by the Redemption) of the BOQ PEPS held by the Holder when required or permitted in accordance with these Terms of Issue (including but not limited to acting as the agent and/or attorney of each Holder to facilitate the buy back or cancellation of the BOQ PEPS held by the Holder under clause 11.5 or 11.6); and
- (b) authorises and directs the Bank to make such entries in the register of BOQ PEPS (including any amendments and additions to the register) which the Bank considers necessary or desirable to record the transfer or Redemption of the BOQ PEPS in accordance with these Terms of Issue and to record the cessation of the Holder's registration as the holder of the BOQ PEPS upon such transfer or Redemption.

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

## 12. **Control event**

### 12.1 **Notice of Control Event**

On or before the fifth Business Day after the occurrence of a Control Event, the Bank must:

- (a) notify the Holders that the Control Event has occurred; and
- (b) make a written request to APRA for its prior written approval of the proposed Redemption by the Bank under this clause 12.

### 12.2 **Redemption or Conversion by the Bank**

- (a) On or before the 20th Business Day after the occurrence of a Control Event or within 5 Business Days after APRA notifies the Bank of its written approval under clause 12.1(b), whichever is the later, the Bank must give the Holders a Redemption Notice in respect of all BOQ PEPS.
- (b) If APRA does not give its prior written approval to Redemption, the Bank must apply to APRA for written approval to Convert the BOQ PEPS and within 5 Business Days of receiving such written approval, give the Holders a Conversion Notice in respect of all BOQ PEPS specifying a date for Conversion at least 30 Business Days after the date of the notice.

- (c) If the Bank gives a Redemption Notice and subsequently fails to Redeem all BOQ PEPS in the circumstances set out in clause 11.7, then the Bank must within 20 Business Days after the scheduled Redemption Date apply to APRA for written approval to Convert the BOQ PEPS and within 5 Business Days of receiving such written approval, give the Holders a Conversion Notice in respect of all BOQ PEPS specifying a date for Conversion at least 30 Business Days after the date of the notice.
- (d) A Conversion Notice must notify the Holders of the Maximum Conversion Number and of each Holder's right to elect to proceed with Conversion under clause 12.5 up to the Maximum Conversion Number if the Conversion Number exceeds the Maximum Conversion Number. Each Holder may then make such an election by giving the Bank written notice of their election to do so by the date which is 5 Business Days before the Conversion Date. Subject to clause 12.2(e), if the Conversion Number exceeds the Maximum Conversion Number, only the BOQ PEPS of Holders who have made an election to Convert under this clause 12.2(d) will be Converted.
- (e) If Conversion of all BOQ PEPS does not occur because the Conversion Number exceeds the Maximum Conversion Number and not all Holders make an election under clause 12.2(d), the Bank must repeat the process in clauses 12.2(b) and 12.2(d). If Conversion of all BOQ PEPS does not occur because the Conversion Number exceeds the Maximum Conversion Number when the process is repeated, then in respect of all BOQ PEPS which have not been Converted, any Conversion Notice given will cease to have effect.

### 12.3 **Redemption process**

For the avoidance of doubt, clauses 11.2 to 11.9 apply to a Redemption under clause 12.2.

### 12.4 **No other rights of conversion by Holder**

Subject to clause 12.2:

- (a) the BOQ PEPS are not convertible at the option of the Holder; and
- (b) the Bank is not in any circumstances obliged to convert the BOQ PEPS.

### 12.5 **Effect of Conversion Notice**

If any BOQ PEPS are to be Converted, then on the Conversion Date:

- (a) each BOQ PEPS being Converted will Convert into one Ordinary Share; and
- (b) each Holder will be issued an additional number of Ordinary Shares for each BOQ PEPS being Converted equal to one less than the following number calculated to four decimal places:

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

where:

**Discount Factor** means 0.025;

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

**Pre-Conversion VWAP** means the VWAP during the Pre-Conversion Period;

**Unpaid Dividends** means the Dividend that would be payable on a BOQ PEPS if Redeemed by redemption or cancellation for a Dividend Period ended on the Conversion Date as if that date was the Redemption Date.

12.6 **Maximum Conversion Number**

For the purposes of clauses 12.2 and 12.5, the Maximum Conversion Number is

$$= \frac{\text{Face Value}}{0.5 \times \text{Pre-Issue VWAP}}$$

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 relevant Issue Date.

12.7 **Fractions on Conversion**

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

12.8 **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 relevant Issue Date.

12.9 **Adjustment to VWAP**

For the purposes of calculating VWAP in this clause 12:

- (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 PEPS 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 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 12.9(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 12.9(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 PEPS 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 the Ordinary Shares are reconstructed, consolidated, divided or reclassified into a lesser or greater number of securities during a VWAP Period, the VWAP shall be adjusted by the Directors as they consider appropriate. Any adjustment made by the Directors 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. Any such adjustment will promptly be notified to all Holders.

#### 12.10 **Adjustments to Maximum Conversion Number for rights issues or bonus issues**

- (a) Subject to clauses 12.10(b) and 12.10(c), if the Bank makes a rights issue (including an issue of the kind known as a "jumbo issue", where offers to certain institutional holders, or beneficial holders, are made in advance of offers to other holders) or bonus issue (in either case being a pro rata issue) of Ordinary Shares to Ordinary Shareholders generally, the Maximum Conversion Number will be adjusted immediately under the following formula:

$$CN = \frac{CNo \times P \times (RD + RN)}{(RD \times P) + (RN \times A)}$$

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;

**P** means the VWAP during the period from (and including) the first Business Day after the announcement of the rights or bonus issue to ASX up to (and including) the last Business Day of trading cum rights or bonus issue (or if there is no period of cum rights or bonus issue trading, an amount reasonably determined by the Directors as representing the value of an Ordinary Share cum the rights or bonus issue);

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

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

**A** means the subscription price per Ordinary Share for a rights issue (and is zero in the case of a bonus issue).

- (b) No adjustment to the Maximum Conversion Number will occur if A exceeds P.
- (c) Clause 12.10(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.
- (d) For the purpose of this clause 12.10, an issue will be regarded as a pro rata issue notwithstanding that the Bank does not make offers 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.

## 12.11 **Adjustments to Maximum Conversion Number for off market buy-backs**

- (a) Subject to clause 12.11(b), if the Bank undertakes an off market buy-back under a buy-back scheme which but for any applicable restrictions on transfer would be generally available to holders of Ordinary Shares (or otherwise cancels Ordinary Shares for consideration), the Maximum Conversion Number will be adjusted immediately using the following formula:

$$CN = \frac{CNo \times P \times (BD - BN)}{(BD \times P) - (BN \times A)}$$

where:

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

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

**P** means the VWAP during the period of 20 Business Days before the announcement to ASX of the buy-back (or cancellation);

**BD** means the number of Ordinary Shares on issue immediately before the buy-back (or cancellation);

**BN** means the number of Ordinary Shares bought back (or cancelled); and

**A** means the buy-back (or cancellation) price per Ordinary Share.

- (b) No adjustment to the Maximum Conversion Number will occur if P exceeds A.

## 12.12 **Adjustment to Maximum Conversion Number for return of capital**

If the Bank makes a pro rata return of capital to holders of Ordinary Shares without cancellation of any Ordinary Shares, the Maximum Conversion Number will be adjusted under the following formula:

$$CN = \frac{CNo \times P}{P - C}$$

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;

**P** means the VWAP during the period from (and including) the first Business Day after the announcement to ASX of the return of capital up to and including the last Business Day of trading cum the return of capital (or if there is no period of cum return of capital trading, an amount reasonably determined by the Directors as representing the value of an Ordinary Share cum the return of capital);

and

**C** means with respect to a return of capital, the amount of the cash and/or the value (as reasonably determined by the Directors) of any other property distributed to Ordinary Shareholders per Ordinary Share (or such lesser amount such that the difference between P and C is greater than zero).

### 12.13 **Other adjustments to Maximum Conversion Number**

Where the Ordinary Shares are reconstructed, consolidated, divided or reclassified into a lesser or greater number of securities, the Maximum Conversion Number shall be adjusted by the Directors as they consider appropriate (consistently with the way in which the number of Ordinary Shares the subject of an option over Ordinary Shares would have been adjusted under the ASX Listing Rules). Any adjustment made by the Directors 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. Any such adjustment will promptly be notified to all Holders.

### 12.14 **Directors' sole discretion regarding adjustments to Maximum Conversion Number**

Despite the provisions of clauses 12.10 to 12.13, where:

- (a) the effect of any of the adjustment provisions set out in clauses 12.10 to 12.13 is not, in the reasonable opinion of the Directors, appropriate in any particular circumstances (including because more than one adjustment provision applies); or
- (b) any other event occurs in relation to the Bank that may have a dilutive or concentrative effect on the value of the Ordinary Shares,

and, in the reasonable opinion of the Directors, such occurrence would affect the relative values of BOQ PEPS and the Ordinary Shares, the Directors may (subject to APRA's prior written approval):

- (c) make such alterations to the Face Value and the Maximum Conversion Number as they reasonably consider appropriate or necessary to maintain that relativity; or
- (d) extend an entitlement to the Holders to participate in such event based on the number of Ordinary Shares to which those Holders would have been entitled if their BOQ PEPS had been Converted on a date nominated by the Directors to maintain the relativity.

### 12.15 **Mechanics of Conversion**

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

- (a) all other rights or restrictions conferred on that BOQ PEPS 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
- (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.

Conversion does not constitute a buy-back, cancellation, redemption or termination of a BOQ PEPS or an issue, allotment or creation of a new share (other than the additional Ordinary Shares issued under clause 12.5).

## 13. **Notice and meetings**

Holders of BOQ PEPS will be entitled to:

- (a) receive notice of and attend (but not vote, except in accordance with clause 10) 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.

14. **Transfers of BOQ PEPS**

The BOQ PEPS 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.

15. **Amendments to the Terms of Issue**

Subject to complying with all applicable laws and with APRA's prior written approval, the Bank may without the authority, assent or approval of Holders 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 correct a manifest error; or
- (c) 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 PEPS.

16. **Governing law**

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

17. **Interpretation**

17.1 **Definitions**

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

**"Allotment Date"** means the date the BOQ PEPS are first allotted to holders of the BOQ PEPS.

**"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.

**"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 the page of Reuters Monitor System designated "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 is the first Business Day of the first Dividend Period and the first Dividend Period is 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 that tenor displayed on that page BBSW (or replacement page) at that time on the date; and
- (b) if bid and offer rates for bills of that term are not otherwise available (or if the relevant date is the first Business Day of the first Dividend Period and the first Dividend Period is less than 180 days), the rates otherwise bid and offered for funds of that tenor at or around that time.

"**BBR**" has the meaning given in clause 6.1.

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

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

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

"**Buy-Back Price**" means the sum of all of:

- (a) the Face Value; and
- (b) an amount equal to the amount that would be otherwise payable under paragraph (b) of the definition of Redemption Price if the Redemption was by redemption or cancellation.

"**Call Date**" has the meaning given in clause 11.1(a).

"**Capital Securities**" means shares or any equity, hybrid or subordinated debt capital securities (whether comprised of one or more instruments) issued by the Bank or a member of the Group, and "Capital Security" has a corresponding meaning.

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

"**Control Event**" occurs when:

- (a) there is an unconditional takeover offer for more than 50% of the Ordinary Shares and:
  - (i) the offeror becomes entitled to more than 50% of the voting power; and
  - (ii) the Board of the Bank recommends acceptance; or
- (b) a scheme of arrangement is finally approved which when implemented a person will have more than 50% of the voting power of the Ordinary Shares,

provided that the Directors may in their sole discretion deem such an event not to be a Control Event where a concurrent or simultaneous unconditional takeover offer or scheme of arrangement is made or proposed that effectively includes all of the BOQ PEPS on issue at the relevant time and under which the Holders would receive consideration for the BOQ PEPS at least equal to the Redemption Price that would be payable on a redemption of the BOQ PEPS on the Business Day prior to the date on which the Directors exercise that discretion.

"**Conversion**" means the taking effect of the rights of a BOQ PEPS under clause 12.15 (including the issue of additional Ordinary Shares under clause 12.5), and "**Convert**" and "**Converted**" have a corresponding meaning.

"**Conversion Date**" means the date for Conversion specified by the Bank under clause 12.2.

"**Conversion Notice**" means a notice given by the Bank under clause 12.2.



**"Conversion Number"** means the aggregate of the number of Ordinary Shares into which a BOQ PEPS Converts and the number of additional Ordinary Shares which are to be issued to the holder on Conversion of a BOQ PEPS, under clause 12.5.

**"Corporations Act"** means the Corporations Act 2001.

**"Cum Value"** has the meaning given in clause 12.9(a).

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

**"Distributable Profits"** means the lesser of Level 1 Distributable Profits and Level 2 Distributable Profits.

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

**"Dividend Payment Date"** means a date on which a Dividend is payable under clause 6.3 (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"** means the period from (and including) the Issue Date or the day following the preceding Dividend Payment Date (whichever is the later) until and including the following Dividend Payment Date.

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

**"Face Value"** has the meaning given in clause 3.

**"Group"** means the Bank and its controlled entities (on a Level 2 basis).

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

**"Initial Issue"** means the BOQ PEPS proposed to be issued on the Allotment Date.

**"Initial Issue Date"** has the meaning given to that term in clause 4.2.

**"Initial Offer"** means the invitation made by the Bank to subscribe for BOQ PEPS in the Initial Issue.

**"Issue Date"** means:

- (a) for the Initial Issue, the Initial Issue Date; and
- (b) for a Subsequent Issue, the relevant Subsequent Issue Date.

**"Issue Price"** has the meaning given in clause 3.

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

**"Level 1 Distributable Profits"** means the after tax profits of the Bank (on a Level 1 basis) calculated before any dividend or interest payments on Capital Securities which are included in the Bank's Upper Tier 2 Capital or Tier 1 Capital (on a Level 1 basis) for the immediately preceding Reporting Year (or any other amount as determined by APRA to be applicable for the purpose of the Bank's Upper Tier 2 Capital and Tier 1 Capital instruments (on a Level 1 basis)), less the aggregate amount of dividends or interest paid or payable by the Bank on those of its Capital Securities which are included in the Bank's Upper Tier 2 Capital or Tier 1 Capital (on a Level 1 basis) (but not including dividends or interest paid or payable to a member of the Group by another member of the Group) in respect of that Reporting Year.

**"Level 2 Distributable Profits"** means the after tax profits of the Group (on a Level 2 basis) calculated before any dividend or interest payments on Capital Securities which are included in

the Group's Upper Tier 2 Capital or Tier 1 Capital (on a Level 2 basis) for the immediately preceding Reporting Year (or any other amount as determined by APRA to be applicable for the purpose of the Bank's Upper Tier 2 Capital and Tier 1 Capital instruments (on a Level 2 basis)), less the aggregate amount of dividends or interest paid or payable by a member of the Group on those of the Group's Capital Securities which are included in the Group's Upper Tier 2 Capital or Tier 1 Capital (on a Level 2 basis) (but not including dividends or interest paid or payable to a member of the Group by another member of the Group) in respect of that Reporting Year.

**"Margin"** has the meaning given in clause 6.1.

**"Maximum Conversion Number"** has the meaning in clause 12.6.

**"Non-Innovative Residual Tier 1 Capital"** means non-innovative residual tier 1 capital of the Group as defined by APRA from time to time.

**"Optional Dividend"** has the meaning given in clause 6.4.

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

**"Pre-Conversion Period"** has the meaning in clause 12.5.

**"Redemption"** includes a redemption, buyback of, or a return of capital in an amount equal to the Redemption Price, and **"Redeem"** has a corresponding meaning.

**"Redemption Date"** means:

- (a) in the case of a Redemption under clause 11.1(a), the relevant Call Date;
- (b) in the case of a Redemption under clause 11.1(b) or 12.2, the Redemption Date specified by the Bank in the Redemption Notice, which must be:
  - (i) no later than 40 Business Days after the date of the relevant Redemption Notice Redemption Notice; and
  - (ii) at least 20 Business Days after the date of the relevant Redemption Notice.

**"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.

**"Redemption Notice"** means a notice in the form set out in Schedule 2.

**"Regulatory Event"** means:

- (a) the receipt by the Bank of advice from reputable legal counsel that, as a result of any change or proposed change in any law or regulation of Australia or elsewhere, any change in judicial interpretation of any such laws or regulations or any official administrative pronouncement or action interpreting or applying such laws or regulations, that is effective or is announced on or after the Issue Date, additional requirements would be imposed on the Bank or any other member of the Group which the Bank determines (at its sole discretion) to be unacceptable; or
- (b) a determination by the Bank that there is a risk that the Bank is not or will not be entitled to treat all of the BOQ PEPS as Non-Innovative Residual Tier 1 Capital under APRA Guidelines (except to the extent that such treatment is due only to the

excess amount of Non-Innovative Residual Tier 1 Capital over prudential requirements, and not the eligibility of the BOQ PEPS to be treated as Non-Innovative Residual Tier 1 Capital).

**"Reinvested"** means that Reinvested PEPS are bought back pursuant to the Reinvestment Offer, and **"Reinvestment"** has the corresponding meaning.

**"Reinvestment Date"** means the date of issue of the Reinvestment Securities.

**"Reinvestment Offer"** means an offer of Reinvestment Securities by the Bank pursuant to the Reinvestment Prospectus on terms that, to the extent of participation by Holders, the proceeds of issue of those securities will be applied by the Bank in funding the buy-back of BOQ PEPS on such terms and using such manner of payment (including by way of set-off or promissory note) as determined by the Company.

**"Reinvested PEPS"** means the BOQ PEPS bought back pursuant to the Reinvestment Offer.

**"Reinvestment Prospectus"** means the prospectus lodged with ASIC on or about 7 November 2012 including any replacement prospectus for the offer of the Reinvestment Securities, and may include application forms accompanying that prospectus.

**"Reinvestment Security"** means the preference shares to be issued by the Bank on the terms and conditions set out in the Reinvestment Prospectus, to the extent issued to Holders who participate in the Reinvestment Offer.

**"Reporting Year"** means, for a Dividend Payment Date, the 12 month period ending 31 August or 28 February (or if that month of February has more than 28 days, the last day of February) last preceding the Dividend Payment Date, or such other period approved by APRA in connection with any change in the financial reporting periods of the Bank.

**"RePS"** means the non-cumulative reset preference shares in the class first issued under Article 3.8 of the Constitution in October 2000.

**"S1RPS"** means the series 1 reset preference shares in the class first issued under Article 3.8 of the Constitution in October 2003.

**"Subsequent Issue"** means any issue of BOQ PEPS taking place after the Initial Issue.

**"Subsequent Issue Date"** has the meaning given to that term in clause 4.2.

**"Tax Act"** means the Income Tax Assessment Act 1936 and the Income Tax Assessment Act 1997 or any act which replaces either of them.

**"Tax Event"** means the receipt by the Bank of an opinion from a reputable legal counsel or other tax adviser in Australia experienced in such matters, to the effect that as a result of:

- (a) any amendment to, clarification of, or change (including any announced prospective change) in, the laws (or any regulations thereunder) of Australia or any political subdivision or taxing authority thereof or therein affecting taxation;
- (b) any judicial decision, official administrative pronouncement, published or private ruling, regulatory procedure, notice or announcement (including any notice or announcement of intent to adopt such procedures or regulations) ("Administrative Action"); or
- (c) any amendment to, clarification of, or change in, the pronouncement that provides for a position within respect to an Administrative Action that differs from the theretofore generally accepted position,

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 is effective or announced on or after the Initial Issue Date, there is more than an insubstantial risk that the Bank would be exposed to more than a de minimis increase in its costs in relation to the BOQ PEPS as a result of increased taxes, duties or other governmental charges or civil liabilities.

**"Terms of Issue"** means these terms of issue for the BOQ PEPS, including the Schedules.

**"Tier 1 Capital"** means the tier 1 capital of the Group as defined by APRA from time to time.

**"Upper Tier 2 Capital"** means the upper tier 2 capital of the Group as defined by APRA from time to time.

**"VWAP"** means 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.

## 17.2 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 Board 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 17.2(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; and
- (k) if an event under these terms, including payment of a Dividend or Optional 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.

## **Schedule 1**

### **BOQ PEPS 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 happening of the last to occur of the following events:
  - (i) the Bank giving a Redemption Notice to the relevant Holders that it has determined to buy back the BOQ PEPS identified in the Redemption Notice; and
  - (ii) the Bank obtaining all consents (if any) to the Buy-Back 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 (subject to any applicable modifications and waivers of such laws or ASX Listing Rules).
- (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 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 PEPS, the purchase of BOQ PEPS from the Holder pursuant to this agreement.

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

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

**Buyer** means the Bank.

**Holder** means each Holder from time to time to whom the Bank gives a Redemption Notice which indicates that BOQ PEPS are to be bought back by the Bank.

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

**Redemption Notice** means a notice given by the Bank to Holders from time to time under clause 11.1 of the Terms of Issue under which the Bank elects to buy back any BOQ PEPS under clause 11.5 of 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.

**Schedule 2**

**BOQ PEPS Redemption Notice  
Bank of Queensland Limited  
(ABN 32 009 656 740)**

**1. Redemption Notice**

To: [Name and Address of Holder(s)]

The Bank hereby gives notice under clause [11][ 12.2] of the Terms of Issue of the BOQ PEPS in the Bank that the BOQ

PEPS will be Redeemed as follows:

- 1. [ ]% of those BOQ PEPS will be Redeemed by redemption under clause 11.4;
- 2. [ ]% of those BOQ PEPS will be Redeemed by buy-back under clause 11.5;
- 3. [ ]% of those BOQ PEPS will be Redeemed by cancellation under clause 11.6;
- 4. The Redemption Date will be [ ]

Words and expressions defined in and for the purposes of the Terms of Issue have the same meanings where used in this notice.

**Executed by Bank of Queensland Limited**

\_\_\_\_\_  
Signature of Director

\_\_\_\_\_  
Signature of Director/Company Secretary  
(Please delete as applicable)

\_\_\_\_\_  
Name of Director (print)

\_\_\_\_\_  
Name of Director/Company Secretary (print)

Dated: [ ]