

# BOQ Capital Notes Deed Poll

Dated 22 November 2017

in relation to the issue of A\$ perpetual, unsecured, subordinated  
debt obligations by Bank of Queensland Limited

*The Notes have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act") or the securities laws of any state in the United States. The Notes may not be offered or sold at any time within the United States or to, or for the account of, U.S. persons (as defined in Regulation S under the Securities Act), unless such Notes are registered under the Securities Act or an exemption from the registration requirements thereof is available.*

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# BOQ Capital Notes Deed Poll

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# BOQ Capital Notes Deed Poll

## Details

**Interpretation** – Definitions are in these Details and under clause 1 (“Interpretation”).

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<b>Party</b>	<b>Bank of Queensland Limited as Issuer</b>	
<b>Issuer</b>	Name	<b>Bank of Queensland Limited</b>
	ABN	32 009 656 740
	Address	Level 6, 100 Skyring Terrace, Newstead, QLD, 4006
	Attention	Company Secretary

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<b>In favour of</b>	Each person who is from time to time a Holder (as defined in the Terms).	
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<b>Recitals</b>	<b>A</b>	The Issuer proposes to issue the BOQ Capital Notes (“ <b>BOQ Capital Notes</b> ” or “ <b>Notes</b> ”).
	<b>B</b>	The Notes will be issued under this deed in registered form by inscription in the Register and will be constituted by this deed.

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<b>Governing law</b>	Queensland
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# BOQ Capital Notes Deed Poll

## General terms

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### 1 Interpretation

#### 1.1 Incorporation of defined terms

Terms which are defined (or given a particular meaning) in the Terms have the same meaning when used in this deed, unless the same term is also defined in this deed, in which case the definition in this deed prevails.

#### 1.2 Definitions

Unless the contrary intention appears:

- (a) **Details** means the section of this deed headed "Details";
- (b) **Note** means a debt obligation issued by the Issuer under this deed and constituted by this deed; and
- (c) **Terms** means the terms and conditions applicable to the Notes, being the terms and conditions set out in Schedule 1 to this deed.

#### 1.3 References to certain general terms

Clause 24 of the Terms ("Interpretation and definitions") applies to this deed as if it were fully set out in this deed and as if a reference to the Terms were a reference to this deed.

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### 2 The Notes

#### 2.1 Creation of Notes

The obligations of the Issuer under the Notes are constituted by, and owing under, this deed.

#### 2.2 Undertaking

The Issuer unconditionally and irrevocably undertakes with each Holder:

- (a) to pay the Holder all amounts payable in respect of each Note held by that Holder in accordance with the Terms; and
- (b) to perform and comply with all its other obligations under this deed or the Terms of such Note.

#### 2.3 Registrar

- (a) The Issuer will ensure that at all times during the life of the Notes a registrar is engaged to maintain the Register.
- (b) The Issuer will procure that the Registrar establishes and maintains during its term of appointment a principal Register in Queensland, Australia or any other place as the Issuer determines.

## **2.4 Amendment**

Any amendment to the Terms or this deed as permitted by the Terms and this deed may be made by the execution of a deed by BOQ.

## **2.5 Taxes**

The Issuer must pay any stamp duty or similar tax imposed in the Commonwealth of Australia on the issue of any Notes.

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# **3 Rights and obligations of Holders**

## **3.1 Benefit and entitlement**

This deed is executed as a deed poll. Each Holder has the benefit of, and is entitled to enforce, this deed even though it is not a party to, or is not in existence at the time of execution and delivery of, this deed.

## **3.2 Rights independent**

Without prejudice to any provision in this deed or the Terms that requires a Special Resolution or an Ordinary Resolution, each Holder may enforce its rights under this deed independently from the Registrar, each other Holder and any other person.

## **3.3 Holders bound**

The Notes are issued on the condition that each Holder (and any person claiming through or under a Holder) is taken to have notice of, and be bound by, this deed, the Information Memorandum and the Terms.

## **3.4 Directions to hold documents**

Each Holder is taken to have irrevocably:

- (a) instructed the Issuer that this deed is to be delivered to and held by the Registrar; and
- (b) appointed and authorised the Registrar to hold such documents described in clause 3.4(a) in Brisbane (or any other place in Queensland the Issuer and the Registrar may agree) on behalf of the Holders.

## **3.5 Provision of documents to Holders**

Within 14 days of the Issuer receiving a written request from a Holder to do so, the Issuer must ensure that the Registrar gives to the Holder a certified copy of any document held in accordance with clause 3.4 ("Directions to hold documents") if the Holder requires the copy in connection with any legal proceeding, claim or action brought by the Holder in relation to its rights under a Note.

## **3.6 Meeting provisions**

The Meeting Provisions relating to a meeting of Holders are set out in Schedule 2 to this deed.

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## **4 Notices**

Clause 21 of the Terms ("Notices") applies to this deed as if it were fully set out in this deed and as if a reference to the Terms were a reference to this deed.

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## **5 Governing law**

### **5.1 Governing law**

This deed is governed by the law in force in Queensland and the Issuer submits, and each Holder is taken to have submitted, to the non-exclusive jurisdiction of the courts of Queensland.

### **5.2 Jurisdiction**

- (a) The Issuer irrevocably submits, and each Holder is taken to have submitted, to the non-exclusive jurisdiction of the courts of Queensland and the courts of appeal from them.
- (b) The Issuer waives any right it has to object to an action being brought in those courts including by claiming that the action has been brought in an inconvenient forum or that those courts do not have jurisdiction.

### **5.3 Serving documents**

Without preventing any other method of service, any document in any action may be served on the Issuer or a Holder by being delivered or left at their registered office or principal place of business.

### **5.4 Prohibition and enforceability**

- (a) Any provision of, or the application of any provision of, this deed, or any right, power, authority, discretion or remedy conferred on any person by this deed which is prohibited in any jurisdiction is, in that jurisdiction, ineffective only to the extent of that prohibition.
- (b) Any provision of, or the application of any provision of, this deed which is void, illegal or unenforceable in any jurisdiction does not affect the validity, legality or enforceability of that provision in any other jurisdiction or of the remaining provisions in that or any other jurisdiction.

**EXECUTED** as a deed poll

# Schedule 1 – Terms of BOQ Capital Notes

## Appendix A Capital Note Terms

### 1. Form and Issue Price

#### 1.1 Form

The BOQ Capital Notes are fully paid mandatorily convertible subordinated perpetual debt securities in the form of unsecured notes issued by BOQ (BOQ Capital Notes or Notes). BOQ Capital Notes are issued in registered form by entry in the Register. They may be Redeemed, Converted or Resold by BOQ according to these Terms.

#### 1.2 Face Value and Issue Price

The Face Value and Issue Price of each Note is A\$100.

#### 1.3 CHESS

The Notes will be registered in CHESS. While the Notes remain in CHESS:

- the rights and obligations of a person holding the Notes; and
- all dealings (including transfers, transmissions and payments) in relation to the Notes within CHESS.

will be subject to and governed by the rules and regulations of CHESS (but without affecting any provisions in these Terms which affect the eligibility of the Notes as Additional Tier 1 Capital).

No certificates will be issued to Holders unless BOQ determines that certificates should be available or if certificates are required by any applicable law or directive.

#### 1.4 Quotation

BOQ agrees to use all reasonable endeavours to procure that the Notes are quoted on ASX until all Notes have been Converted or Redeemed.

#### 1.5 Independent obligations

Each entry in the Register constitutes a separate and individual acknowledgement to the relevant Holder of the obligations of BOQ to the relevant Holder under these Terms. Without prejudice to any provision requiring a Special Resolution or an Ordinary Resolution, the Holder to whom those obligations are owed is entitled to enforce them without having to join any other Holder or any predecessor in title of a Holder.

#### 1.6 Nature of obligations

The Notes are not:

- deposits with, nor deposit liabilities of, BOQ or any other member of the Group for the purposes of the Banking Act;
- protected accounts for the purposes of the depositor protection provisions of the Banking Act or the financial claims scheme established under the Banking Act;
- guaranteed or insured by the Australian government or under any compensation scheme of the Australian government, or by any other government, under any other compensation scheme or by any Government Agency or any other party; or
- investments in any superannuation or other fund managed by a member of the Group.

### 2. Distributions

#### 2.1 Entitlement to Distributions

Subject to clause 2.6 of these Terms, each Note entitles each person who is the Holder on a Record Date to receive on the Distribution Payment Date a cash distribution (Distribution) calculated according to the formula set out in clause 2.4.

#### 2.2 Distribution Payment Dates

Subject to these Terms, BOQ shall pay a Distribution in respect of a Note in arrears on the following dates (each a Distribution Payment Date):

- each 15 February, 15 May, 15 August and 15 November commencing on 15 February 2018 until (but not including) the date on which the Note is Converted or Redeemed in accordance with these Terms; and
- each date on which a Conversion, Redemption or Resale of that Note occurs in accordance with these Terms.

If a Distribution Payment Date is a day which is not a Business Day, then the Distribution Payment Date is the next Business Day.

#### 2.3 Record Dates

A Distribution is only payable on a Distribution Payment Date to those persons registered as Holders on the Record Date for that Distribution.

#### 2.4 Calculation of Distribution on Notes

The Distribution payable in respect of each Note on a Distribution Payment Date is calculated in accordance with the following formula:

$$\text{Distribution} = \frac{\text{Distribution Rate} \times \text{A\$100} \times \text{N}}{365}$$

where N is the number of days in the Distribution Period.

The Distribution Rate (expressed as a percentage per annum) in respect of a Note for a Distribution Period is the rate calculated according to the following formula:

$$\text{Distribution Rate} = (\text{BBSW Rate} + \text{Margin}) \times (1 - \text{Tax Rate})$$

where:

**BBSW Rate** (expressed as a percentage per annum) means, for a Distribution Period, the rate for prime bank eligible securities having a term of 3 months, which is designated as the "AVG MID" on the Thomson Reuters Screen BBSW Page (or any designation which replaces that designation on that page, or any page that replaces that page) at approximately 10:30am Sydney time (or such other time at which such rate customarily appears on that page) on the relevant day (Publication Time) on:

- in the case of the first Distribution Period, the Issue Date; and
- in the case of any other Distribution Period, the 1st Business Day of that Distribution Period.

or if there is a manifest error in the calculation of that average rate or that average rate is not displayed on the Thomson Reuters Screen BBSW Page by the Publication Time on that date, the rate specified in good faith by BOQ at or around that time on that date having regard to comparable indices then available (and provided that where a Note is Resold on a day which is not a scheduled Distribution Payment Date, the BBSW Rate for the Distribution Period commencing on the Resale Date in respect of the Resold Note is the BBSW Rate for the Distribution Period preceding the Resale Date).

**Margin** (expressed as a percentage per annum) means, for a Note, the margin specified in, or determined in accordance with, the Bookbuild; and

**Tax Rate** means the Australian corporate tax rate applicable to the franking account of BOQ on the relevant Distribution Payment Date (expressed as a decimal).

#### 2.5 Franking adjustments

If a Distribution is not franked to 100% under Part 3-6 of the Tax Act (and any provisions that revise or replace that Part), the Distribution will be calculated according to the following formula:

$$\text{Distribution} = \frac{D}{1 - [\text{Tax Rate} \times (1 - F)]}$$

where:

**D** means the Distribution calculated under clause 2.4;

**Tax Rate** has the meaning given in clause 2.4; and

**F** means the applicable Franking Rate.

#### 2.6 Conditions to payment of Distributions

A Distribution will be paid only if:

- BOQ in its absolute discretion elects to pay the relevant Distribution on the relevant Distribution Payment Date; and
- a Payment Condition does not exist on the relevant Distribution Payment Date.

#### 2.7 Distributions are non-cumulative

Distributions are non-cumulative. If all or any part of a Distribution is not paid in full because of the restrictions in clause 2.6 or for any other reason:

- BOQ has no liability to pay the unpaid amount of the Distribution;
- Holders have no claim or entitlement in respect of such non-payment (including, without limitation, on a winding-up of BOQ); and
- such non-payment does not constitute an event of default.

No interest accrues on any unpaid Distributions and the Holder has no claim or entitlement in respect of interest on any unpaid Distributions.

#### 2.8 Restrictions in the case of non-payment

Subject to clause 2.9, if a Distribution on a Note has not been paid in full (Relevant Distribution) on a Distribution Payment Date (Relevant Distribution Payment Date) for any reason (including because of the restrictions in clause 2.6), BOQ must not, without the approval of a Special Resolution, until and including the next Distribution Payment Date:

- declare, determine to pay or pay any Ordinary Share Dividend; or
- undertake any Buy-Back or Capital Reduction, unless the Relevant Distribution is paid in full within 3 Business Days of the Relevant Distribution Payment Date.

#### 2.9 Exceptions to restrictions

The restrictions in clause 2.8 do not apply to:

- repurchases (including buy backs), redemptions or other acquisitions of shares of BOQ in connection with:
  - any employment contract, employee share scheme, award rights plan, benefit plan or other similar arrangement with or for the benefit of any one or more employees, officers, directors, consultants or contractors (including contractor's employees) of BOQ or of any member of the Group; or
  - a dividend reinvestment plan, bonus option plan, bonus share plan, shareholder share purchase plan or top-up facility or shareholder sale facility or disposal plan;
- the extent that at the time a Distribution has not been paid on the Relevant Distribution Payment Date, BOQ is legally obliged to pay on or after that date an Ordinary Share Dividend or is legally obliged to complete on or after that date a Buy-Back or Capital Reduction;
- an exchange, redemption or conversion of any class or series of BOQ's shares, or any shares of a member of the Group, for any class or series of BOQ's shares, or of any class or series of BOQ's indebtedness for any class or series of BOQ's shares;
- the purchase of fractional interests in shares of BOQ under the conversion or exchange provisions of the shares or the security being converted or exchanged; or
- any payment or declaration of a dividend in connection with any shareholders' rights plan, or the issue of rights, shares or other property under any shareholders' rights plan, or the redemption or repurchase of rights pursuant to the plan.

Nothing in these Terms prohibits BOQ or any Controlled Entity of BOQ from purchasing (or arranging for the purchase of) Ordinary Shares or any other shares in the capital of BOQ (or an interest therein) in connection with a transaction for the account of a customer of BOQ or a customer of a Controlled Entity of BOQ or in connection with the distribution or trading of Ordinary Shares or any other shares in the capital of BOQ in the ordinary course of business. This includes:

- taking security over Ordinary Shares or any other shares in the capital of BOQ in the ordinary course of business;
- acting as trustee for another person where neither BOQ nor any Controlled Entity of BOQ has a beneficial interest in the trust (other than a beneficial interest that arises from a security given for the purposes of a transaction entered into in the ordinary course of business); and
- where a Controlled Entity of the Issuer is a life insurance company and acquires Ordinary Shares or any other shares in the capital of BOQ in respect of a statutory fund which are allocated to policyholder liabilities in accordance with the Life Insurance Act and other applicable law.



## Appendix A Capital Note Terms

### 2.10 Notification of Distribution, Distribution Rate and other items

- a) In respect of each Distribution Period, BOQ must:
  - (i) determine the Distribution Rate and the Distribution for that Distribution Period in respect of any Note, and
  - (ii) notify the Registrar and ASX as soon as practicable after its determination but, in any event, no later than the 4th Business Day of the Distribution Period.
- b) BOQ must notify the Registrar and ASX at least 5 Business Days before the relevant Record Date (or, if later, as soon as it decides not to pay a Distribution or as soon as a Payment Condition exists) if payment of the Distribution will not be made because of clause 2.6.
- c) BOQ may amend its calculation or determination of any date, rate or amount (or make appropriate alternative arrangements by way of adjustment) including as a result of the extension or reduction of the Distribution Period or calculation period without prior notice but must notify the Registrar and ASX promptly after doing so.

### 3. Mandatory Conversion on Mandatory Conversion Date

#### 3.1 Mandatory Conversion

Subject to clauses 4 and 5, on the Mandatory Conversion Date BOQ must Convert all (but not some) Notes on issue at that date into Ordinary Shares in accordance with clause 7 and this clause 3.

#### 3.2 Mandatory Conversion Date

The **Mandatory Conversion Date** will be the first to occur of the following dates (each a **Relevant Mandatory Conversion Date**) on which the **Mandatory Conversion Conditions** are satisfied:

- a) 15 August 2026 (the **Scheduled Mandatory Conversion Date**); or
- b) the first Distribution Payment Date after the **Scheduled Mandatory Conversion Date**.

#### 3.3 Mandatory Conversion Conditions

The **Mandatory Conversion Conditions** for each **Relevant Mandatory Conversion Date** are:

- a) the VWAP on the 25th Business Day immediately preceding (but not including) the **Relevant Mandatory Conversion Date** (the **First Test Date**, provided that if no trading in Ordinary Shares took place on that date, the **First Test Date** is the first Business Day before the 25th Business Day immediately preceding (but not including) the **Relevant Mandatory Conversion Date** on which trading in Ordinary Shares took place) is greater than 56% of the Issue Date VWAP (the **First Mandatory Conversion Condition**);
- b) the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the **Relevant Mandatory Conversion Date** is greater than 50.51% of the Issue Date VWAP (the **Second Mandatory Conversion Condition**); and
- c) no Delisting Event applies in respect of the **Relevant Mandatory Conversion Date** (the **Third Mandatory Conversion Condition** and together with the **First Mandatory Conversion Condition** and the **Second Mandatory Conversion Condition**, the **Mandatory Conversion Conditions**).

### 3.4 Non-Conversion Notices

If:

- a) the **First Mandatory Conversion Condition** is not satisfied in relation to a **Relevant Mandatory Conversion Date**, BOQ will give notice to Holders between the 25th and the 21st Business Day before the **Relevant Mandatory Conversion Date**; or
- b) the **Second Mandatory Conversion Condition** or the **Third Mandatory Conversion Condition** is not satisfied in relation to a **Relevant Mandatory Conversion Date**, BOQ will give notice to Holders on or as soon as practicable after the **Relevant Mandatory Conversion Date**.

(each such notice a **Non-Conversion Notice**) that **Mandatory Conversion** will not (or, as the case may be, did not) occur on the **Relevant Mandatory Conversion Date**.

## 4. Mandatory Conversion on Loss Absorption Event

### 4.1 Loss Absorption Event

A **Loss Absorption Event** is each of:

- a) a **Common Equity Trigger Event**, and
- b) a **Non-Viability Trigger Event**.

### 4.2 Common Equity Trigger Event

a) A **Common Equity Trigger Event** occurs when either or both of the **Common Equity Tier 1 Capital Ratio** in respect of the BOQ Level 1 Group and the BOQ Level 2 Group as determined by BOQ or APRA at any time is equal to or less than 5.125%.

b) BOQ must immediately notify APRA in writing if it makes a determination under clause 4.2(a).

c) If a **Common Equity Trigger Event** occurs, BOQ must immediately convert into Ordinary Shares or write off:

- (i) all **Relevant Tier 1 Capital Instruments**; or
- (ii) a proportion of the **Relevant Tier 1 Capital Instruments** if APRA is satisfied that conversion or write off of that proportion will have the result that each of the **Common Equity Tier 1 Capital Ratio** in respect of the BOQ Level 1 Group and the **Common Equity Tier 1 Capital Ratio** in respect of the BOQ Level 2 Group is at a percentage above 5.125% determined by BOQ for that ratio.

### 4.3 Non-Viability Trigger Event

a) A **Non-Viability Trigger Event** means APRA has provided a written determination to BOQ that:

- (i) the conversion into Ordinary Shares or write off of **Relevant Tier 1 Capital Instruments** in accordance with their terms or by operation of law is necessary because without the conversion or write off, APRA considers that BOQ would become non-viable; or

- (ii) without a public sector injection of capital into, or equivalent support with respect to, BOQ, APRA considers that BOQ would become non-viable.

- b) If a Non-Viability Trigger Event occurs under clause 4.3(a)(i), BOQ must immediately convert into Ordinary Shares or write off:
- (i) all Relevant Tier 1 Capital Instruments; or
  - (ii) where APRA is satisfied that conversion or write off of a proportion of Relevant Tier 1 Capital Instruments will be sufficient to ensure that BOQ will not become non-viable, that proportion of Relevant Tier 1 Capital Instruments.
- c) Where a Non-Viability Trigger Event occurs under clause 4.3(a)(ii), BOQ must immediately convert or write off all Relevant Tier 1 Capital Instruments then outstanding (including the Notes).

*APRA has stated that it will not approve partial conversion or partial write off in those exceptional circumstances where a public sector injection of funds is deemed necessary.*

#### 4.4 Loss Absorption Event Conversion

- a) On the date on which a Loss Absorption Event occurs (the **Loss Absorption Event Conversion Date**) BOQ must immediately determine:
- (i) the number of Notes that will Convert and the number of other Relevant Tier 1 Capital Instruments which will convert into Ordinary Shares or be written off (in accordance with clause 4.2 or clause 4.3, as applicable); and
  - (ii) the identity of Holders whose Notes will Convert on the Loss Absorption Event Conversion Date and in making that determination may make any decisions with respect to the identity of the Holders at that time as may be necessary or desirable to ensure Conversion occurs in an orderly manner, including disregarding any transfers of Notes that have not been settled or registered at that time.
- b) Where clause 4.3(b)(i) applies, BOQ must endeavour to select the Notes of Holders to be Converted on an approximately proportionate basis among all Holders, but may make adjustments among Holders to take account of the effect on marketable parcels and other logistical considerations.
- c) Despite any other provision in these Terms, on the Loss Absorption Event Conversion Date the relevant number (as determined under this clause 4.4) of Notes will Convert immediately and irrevocably.
- d) A Loss Absorption Event occurs immediately on the day when BOQ determines or is notified by APRA of the event whether or not the day is a Business Day and BOQ must perform the obligations in respect of it on that day accordingly.
- e) None of the following shall prevent, impede or delay the Conversion of Notes as required by this clause 4.4:
- (i) any failure to convert into Ordinary Shares or write off, or delay in the conversion into Ordinary Shares or write off of, other Relevant Tier 1 Capital Instruments;
  - (ii) any failure or delay in giving a Loss Absorption Event Notice;
  - (iii) any failure or delay in quotation of the Ordinary Shares to be issued on Conversion;

- (iv) any decision as to the identity of Holders whose Notes are to be Converted is in accordance with clause 4.4(a)(ii); and
  - (v) any requirement to treat Holders as required by, or any decision to make adjustments contemplated by, clause 4.4(b).
- f) From the Loss Absorption Event Conversion Date BOQ shall treat the Holder in respect of its Notes as the holder of the Conversion Number of Ordinary Shares without the need for any further act or step by BOQ or the Holder or any other person and BOQ will thereafter take all such steps, including updating any register, required to record the Conversion.

#### 4.5 Write Off following failure to Convert

If Conversion has not been effected within five Business Days after the Loss Absorption Event Conversion Date for any reason (including, without limitation, an Insolvency Event), then Conversion will not occur and each Note of a Holder which, but for this clause 4.5, would be required to be Converted, will be Written Off with effect on and from the Loss Absorption Event Conversion Date.

**Written Off** means that, in respect of a Note and a Loss Absorption Event Conversion Date:

- a) the Note will not be Converted in respect of the Loss Absorption Event Conversion Date and will not be Converted, Redeemed or Resold under these Terms on any subsequent date;
- b) the relevant Holders' rights (including to Distributions and payment of Face Value and to be issued with the Conversion Number of Ordinary Shares) in relation to such Note are immediately and irrevocably terminated and written off with effect on and from the Loss Absorption Event Conversion Date.

#### 4.6 Loss Absorption Event Notice

As soon as practicable following the occurrence of a Loss Absorption Event, BOQ must give notice of the Loss Absorption Event (a **Loss Absorption Event Notice**) to the Registrar, ASX and the Holders which states the Loss Absorption Event Conversion Date, the number of Notes Converted or Written Off and the relevant number of Relevant Tier 1 Capital Instruments converted into Ordinary Shares or written off.

#### 4.7 Priority of Conversion obligations

- a) Conversion on account of the occurrence of a Loss Absorption Event is not subject to the matters described in clause 3.3 as Mandatory Conversion Conditions.
- b) Conversion required on account of a Loss Absorption Event takes place on the date, and in the manner, required by clause 4.4, notwithstanding any other provision for Conversion, Redemption or Resale in these Terms.
- c) In the event of any conflict between the requirements of clauses 4.3 and 4.2, clause 4.3 prevails.

## Appendix A Capital Note Terms

### 5. Mandatory Conversion on Acquisition Event

#### 5.1 Conversion on occurrence of Acquisition Event

If an Acquisition Event occurs, BOQ must Convert all (but not some only) Notes on the Acquisition Conversion Date by notice (an Acquisition Conversion Notice) to the Registrar, ASX and the Holders in accordance with this clause 5 and clause 7.

#### 5.2 Acquisition Conversion Notice

Subject to clause 5.3, BOQ must give an Acquisition Conversion Notice to the Registrar, ASX and the Holders as soon as practicable after becoming aware of an Acquisition Event.

An Acquisition Conversion Notice must specify:

- a) the details of the Acquisition Event to which the Acquisition Conversion Notice relates;
- b) the date on which Conversion is to occur (the Acquisition Conversion Date), which must be:
  - (i) the Business Day prior to the date reasonably determined by BOQ to be the last date on which holders of Ordinary Shares are likely to be able to participate in the bid or scheme concerned or such other earlier date as BOQ may reasonably determine having regard to the timing for implementation of the bid or scheme concerned; or
  - (ii) such later date as APRA may require; and
- c) whether any Distribution will be paid in respect of the Notes on the Acquisition Conversion Date.

#### 5.3 Where Acquisition Conversion Notice not required

Notwithstanding any provision of clause 5.1 or clause 5.2, BOQ is not required to give an Acquisition Conversion Notice if either or both of the Optional Conversion Restrictions would apply (reading those restrictions as if a reference to an Optional Conversion Notice were a reference to an Acquisition Conversion Notice). In those circumstances, clause 5.4 will apply.

#### 5.4 Deferred Conversion on Acquisition Event

If clause 5.3 applies or BOQ has given an Acquisition Conversion Notice but, if the Acquisition Conversion Date were a Relevant Mandatory Conversion Date for the purposes of clause 3.2, either the Second Mandatory Conversion Condition (applied as if it referred to 20.21% of the Issue Date VWAP and the VWAP is calculated over a VWAP Period applicable to an Acquisition Event) or the Third Mandatory Conversion Condition would not be satisfied in respect of that date, then notwithstanding any other provision of these Terms (but without limitation to the operation of clause 4.7)

- a) the Acquisition Conversion Notice, if given, is taken to be revoked and Conversion will not occur on the Acquisition Conversion Date specified in the Acquisition Conversion Notice;
- b) BOQ will notify the Holders as soon as practicable that Conversion will not (or, as the case may be, did not) occur (a Deferred Acquisition Conversion Notice); and
- c) BOQ must, unless clause 5.3 then applies, give an Acquisition Conversion Notice (or, as the case may be, a new Acquisition Conversion Notice) on or before the 25th Business Day prior to the immediately succeeding Distribution Payment Date which is at least 25 Business Days after the date on which the Deferred Acquisition Conversion Notice was given.

The Acquisition Conversion Notice given in accordance with paragraph (c) above must comply with the requirements in clause 5.2.

If this clause 5.4 applies but:

- (i) clause 5.3 applies in respect of the Distribution Payment Date referred to in paragraph (c) such that no Acquisition Conversion Notice (or, as the case may be, no new Acquisition Conversion Notice) is given under this clause 5.4; or
- (ii) an Acquisition Conversion Notice (or, as the case may be, a new Acquisition Conversion Notice) is given under this clause 5.4 but, if the Acquisition Conversion Date specified in the Acquisition Conversion Notice were a Relevant Mandatory Conversion Date for the purpose of clause 3.2, either the Second Mandatory Conversion Condition (applied as if it referred to 20.21% of the Issue Date VWAP) or the Third Mandatory Conversion Condition would not be satisfied in respect of that date.

then this clause 5.4 will be reapplied in respect of each subsequent scheduled Distribution Payment Date until a Conversion occurs.

### 6. Optional Conversion

#### 6.1 Optional Conversion by BOQ

BOQ may, with APRA's prior written approval, by notice to the Registrar, ASX and the Holders (an Optional Conversion Notice) elect to Convert:

- a) all or some Notes on an Optional Conversion Date following the occurrence of a Tax Event or a Regulatory Event;
- b) all (and not some of) Notes on an Optional Conversion Date following the occurrence of a Potential Acquisition Event; or
- c) all or some Notes on 15 August 2024.

*Holdes should not expect that APRA's approval will be given for a Conversion of Notes under these Terms.*

#### 6.2 When an Optional Conversion Notice may be given

An Optional Conversion Notice under this clause 6 may be given:

- a) in the case of clause 6.1(a), on any day following the occurrence of the Tax Event or Regulatory Event (as applicable);
- b) in the case of clause 6.1(b), on any day following the occurrence of the Potential Acquisition Event;
- c) in the case of clause 6.1(c), no earlier than 50 Business Days and no later than 25 Business Days before 15 August 2024,

provided that an Optional Conversion Notice cannot be given under clause 6.2(a) or 6.2(b) in the period of 20 Business Days preceding (and not including) a Relevant Mandatory Conversion Date where the First Mandatory Conversion Condition has been met in respect of that Relevant Mandatory Conversion Date.

Subject to clause 4.7, an Optional Conversion Notice once given is irrevocable unless a Loss Absorption Event occurs after the giving of such notice, in which case, such notice will be taken to be revoked immediately and automatically and clause 4 shall apply.

### 6.3 Contents of Optional Conversion Notice

An Optional Conversion Notice must specify:

- a) in the case of clause 6.1(a) or clause 6.1(b), the details of the Tax Event, Regulatory Event or Potential Acquisition Event to which the Optional Conversion Notice relates;
- b) the date on which Conversion is to occur (the Optional Conversion Date) which:
  - (i) in the case of a Tax Event or a Regulatory Event, is the last Business Day of the month following the month in which the Optional Conversion Notice is given by BOQ, unless BOQ determines an earlier date having regard to the best interests of Holders as a whole and the relevant event; or
  - (ii) in the case of a Potential Acquisition Event, is:
    - (A) the Business Day prior to the date reasonably determined by BOQ to be the last date on which holders of Ordinary Shares can participate in the bid or scheme concerned; or
    - (B) such other earlier date as BOQ may reasonably determine having regard to the timing for implementation of the bid or scheme concerned; or
    - (C) such later date as APRA may require; or
  - (iii) in the case of clause 6.1(c), is 15 August 2024.
- c) if less than all Notes are subject to Conversion, the proportion of the Notes that are to be Converted; and
- d) whether any Distribution will be paid in respect of the Notes to be Converted on the Optional Conversion Date.

### 6.4 Restrictions on election of Conversion

BOQ may not elect to Convert the Notes under this clause 6 if:

- a) on the 2nd Business Day before the date on which an Optional Conversion Notice is to be sent by BOQ (or, if trading in Ordinary Shares did not occur on that date, the last Business Day prior to that date on which trading in Ordinary Shares occurred) (the Non-Conversion Test Date) the VWAP on that date is less than or equal to 22.50% of the Issue Date VWAP (the First Optional Conversion Restriction); or
- b) a Delisting Event applies in respect of the Non-Conversion Test Date (the Second Optional Conversion Restriction and together with the First Optional Conversion Restriction, the Optional Conversion Restrictions).

### 6.5 Deferred Conversion on Optional Conversion Date

If BOQ has given an Optional Conversion Notice but, if the Conversion Date were a Relevant Mandatory Conversion Date for the purposes of clause 3.2, either the Second Mandatory Conversion Condition (applied as if it referred to 20.21% of the Issue Date VWAP and in the case of a Potential Acquisition Event the VWAP is calculated over a VWAP Period applicable to a Potential Acquisition Event) or the Third Mandatory Conversion Condition would not be satisfied in respect of that date, then, notwithstanding any other provision of these Terms:

- a) the Optional Conversion Date will be deferred until the first Distribution Payment Date on which the Mandatory Conversion Conditions (applied as if the percentage of the Issue Date VWAP were 22.50% for the First Mandatory Conversion Condition and 20.21% for the Second Mandatory Conversion Condition) would be satisfied if that Distribution Payment Date were a Relevant Mandatory Conversion Date for the purposes of clause 3.2 (the Deferred Conversion Date);
- b) BOQ must Convert the Notes on the Deferred Conversion Date (unless the Notes are Converted, Written Off, Redeemed or Resold earlier in accordance with these Terms); and
- c) until the Deferred Conversion Date, all rights attaching to the Notes will continue as if the Optional Conversion Notice had not been given.

BOQ will notify the Holders on or as soon as practicable after an Optional Conversion Date in respect of which this clause 6.5 applies that Conversion did not occur on that Conversion Date.

## 7. Conversion mechanics

### 7.1 Conversion

If BOQ elects to Convert Notes (with APRA's prior written approval) or must Convert Notes in accordance with these Terms, then, subject to this clause 7, the following provisions shall apply:

- a) each Holder will be issued a number of Ordinary Shares for each Note that is being Converted on the Conversion Date equal to the Conversion Number, where the Conversion Number is the lesser of the number calculated according to the following formula and the Maximum Conversion Number:

$$\frac{\text{Face Value}}{99\% \times \text{VWAP}}$$

where:

**VWAP** (expressed in dollars and cents) means the VWAP during the VWAP Period;

**Maximum Conversion Number** means a number calculated according to the following formula:

$$\text{Maximum Conversion Number} = \frac{\text{Face Value}}{(\text{Issue Date VWAP} \times \text{Relevant Fraction})}$$

where:

**Relevant Fraction** means:

- (A) if Conversion is occurring on a Mandatory Conversion Date, 0.5; and
  - (B) if Conversion is occurring for any other reason, 0.2.
- b) each Holder's rights (including to payment of Distributions, other than the Distribution if any, payable on a Conversion Date that is not a Loss Absorption Event Conversion Date) in relation to each Note that is being Converted will be immediately and irrevocably terminated for an amount equal to the Face Value of that Note and BOQ will apply the Face Value by way of payment for subscription for the Conversion Number of Ordinary Shares to be issued under clause 7.1(a). Each Holder is taken to have irrevocably directed that any amount payable under this clause 7.1(b) is to be applied as provided for in this clause 7.1(b) and no Holder has any right to payment in any other way.

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- c) if the total number of Ordinary Shares to be issued to a Holder in respect of their aggregate holding of Notes upon Conversion includes a fraction of an Ordinary Share, that fraction of an Ordinary Share will be disregarded, and
- d) the rights attaching to the Ordinary Shares issued upon Conversion do not take effect until 5.00pm Sydney time on the Mandatory Conversion Date, Acquisition Conversion Date or the Optional Conversion Date (as the case may be) or, in the case of a Conversion on the Loss Absorption Event Conversion Date, the time at which such Conversion occurs on that date. At that time:
- all other rights conferred or restrictions imposed on that Note under these Terms will no longer have effect (except for rights relating to a Distribution which has been determined to be payable on a Conversion Date (that is not a Loss Absorption Event Conversion Date), which rights will continue); and
  - the Ordinary Shares issued upon the Conversion will rank equally with all other Ordinary Shares.

### 7.2 Adjustments to VWAP

For the purposes of calculating the VWAP in these Terms:

- a) where, on some or all of the Business Days in the relevant VWAP Period, Ordinary Shares have been quoted on ASX as cum dividend or cum any other distribution or entitlement and Notes will Convert into Ordinary Shares after the date those Ordinary Shares no longer carry that dividend or any other distribution or entitlement, then the VWAP on the Business Days on which those Ordinary Shares have been quoted cum dividend or cum any other distribution or entitlement shall be reduced by an amount (the Cum Value) equal to:
- (in case of a dividend or other distribution), the amount of that dividend or other distribution including, if the dividend or other distribution is franked, the amount that would be included in the assessable income of a recipient of the dividend or other distribution who is both a resident of Australia and a natural person under the Tax Act;
  - (in the case of any other entitlement that is not a dividend or other distribution under clause 7.2(a)(i) which is traded on ASX on any of those Business Days), the volume weighted average sale price of all such entitlements sold on ASX during the VWAP Period on the Business Days on which those entitlements were traded; or
  - (in the case of any other entitlement which is not traded on ASX during the VWAP Period), the value of the entitlement as reasonably determined by the Directors; and
- b) where, on some or all of the Business Days in the VWAP Period, Ordinary Shares have been quoted on ASX as ex dividend or ex any other distribution or entitlement, and Notes will Convert into Ordinary Shares in respect of which the relevant dividend or other distribution or entitlement would be payable, the VWAP on the Business Days on which those Ordinary Shares have been quoted ex dividend or ex any other distribution or entitlement shall be increased by the Cum Value.

### 7.3 Adjustments to VWAP for divisions and similar transactions

- a) Where during the relevant VWAP Period there is a change in the number of Ordinary Shares on issue as a result of a Reorganisation, in calculating the VWAP for that VWAP Period the VWAP on each Business Day in the relevant VWAP Period which falls before the date on which trading in Ordinary Shares is conducted on a post Reorganisation basis shall be adjusted by multiplying such VWAP by the following formula:

$$\frac{A}{B}$$

where:

A means the aggregate number of Ordinary Shares immediately before the Reorganisation; and

B means the aggregate number of Ordinary Shares immediately after the Reorganisation.

- b) Any adjustment made by BOQ in accordance with clause 7.3(a) will be effective and binding on Holders under these Terms and these Terms will be construed accordingly. Any such adjustment must be promptly notified to the Holders.

### 7.4 Adjustments to Issue Date VWAP

For the purposes of determining the Issue Date VWAP, adjustments to the VWAP will be made in accordance with clauses 7.2 and 7.3 during the VWAP Period for the Issue Date VWAP. On and from the Issue Date, adjustments to the Issue Date VWAP:

- may be made in accordance with clauses 7.5 to 7.7 (inclusive); and
- if so made, will correspondingly:
  - affect the application of the Mandatory Conversion Conditions and the Optional Conversion Restrictions; and
  - cause an adjustment to the Maximum Conversion Number.

### 7.5 Adjustments to Issue Date VWAP for bonus issues

- a) Subject to clause 7.5(b), if BOQ makes a pro rata bonus issue of Ordinary Shares to holders of Ordinary Shares generally, the Issue Date VWAP will be adjusted in accordance with the following formula:

$$V = V_x \times \frac{RD}{RD + RN}$$

where:

V means the Issue Date VWAP applying immediately after the application of this formula;

$V_x$  means the Issue Date VWAP applying immediately prior to the application of this formula;

RD means the number of Ordinary Shares on issue immediately prior to the allotment of new Ordinary Shares pursuant to the bonus issue; and

RN means the number of Ordinary Shares issued pursuant to the bonus issue.

- b) Clause 7.5(a) does not apply to Ordinary Shares issued as part of a bonus share plan, employee or executive share plan, executive option plan, share top up plan, share purchase plan or a dividend reinvestment plan.
- c) For the purpose of clause 7.5(a), an issue will be regarded as a pro rata issue notwithstanding that BOQ does not make offers to some or all holders of Ordinary Shares with registered addresses outside Australia, provided that in so doing BOQ is not in contravention of the ASX Listing Rules.
- d) No adjustments to the Issue Date VWAP will be made under this clause 7.5 for any offer of Ordinary Shares not covered by clause 7.5(a), including a rights issue or other essentially pro rata issue.
- e) The fact that no adjustment is made for an issue of Ordinary Shares except as covered by clause 7.5(a) shall not in any way restrict BOQ from issuing Ordinary Shares at any time on such terms as it sees fit nor be taken to constitute a modification or variation of rights or privileges of Holders or otherwise requiring any consent or concurrence.

#### 7.6 Adjustment to Issue Date VWAP for divisions and similar transactions

- a) If at any time after the Issue Date there is a change in the number of Ordinary Shares on issue as a result of a Reorganisation, BOQ shall adjust the Issue Date VWAP by multiplying the Issue Date VWAP applicable on the Business Day immediately before the date of any such Reorganisation by the following formula:

$$\frac{A}{B}$$

where:

- A means the aggregate number of Ordinary Shares immediately before the Reorganisation, and
- B means the aggregate number of Ordinary Shares immediately after the Reorganisation.
- b) Any adjustment made by BOQ in accordance with clause 7.6(a) will be effective and binding on Holders under these Terms and these Terms will be construed accordingly.
- c) Each Holder acknowledges that BOQ may consolidate, divide or reclassify securities so that there is a lesser or greater number of Ordinary Shares at any time in its absolute discretion without any such action constituting a modification or variation of rights or privileges of Holders or otherwise requiring any consent or concurrence.

#### 7.7 No adjustment to Issue Date VWAP in certain circumstances

Despite the provisions of clauses 7.5 and 7.6, no adjustment shall be made to the Issue Date VWAP where such adjustment (rounded if applicable) would be less than one percent of the Issue Date VWAP then in effect.

#### 7.8 Announcement of adjustments

BOQ will notify the Registrar, ASX and the Holders of any adjustment to the Issue Date VWAP under this clause 7 within 10 Business Days of BOQ determining the adjustment.

#### 7.9 Ordinary Shares

Each Ordinary Share issued or arising upon Conversion ranks equally with all other fully paid Ordinary Shares.

#### 7.10 Holders whose Ordinary Shares are to be sold

- a) If Notes of a Holder are required to be Converted and if:
  - (i) the Notes are held by a Foreign Holder and BOQ is not satisfied that the laws of the Foreign Holder's country of residence (as to which BOQ is not bound to enquire) permit the issue of Ordinary Shares to the Foreign Holder, either unconditionally or after compliance with conditions which BOQ in its absolute discretion regards as acceptable and not unduly onerous;
  - (ii) the Holder has notified BOQ that it does not wish to receive Ordinary Shares as a result of Conversion, which notice may be given by the Holder at any time on or after the Issue Date and no less than 15 Business Days prior to the Conversion Date then, on the Conversion Date; or
  - (iii) a FATCA Withholding is required to be made in respect of any Ordinary Shares to be delivered as a result of that Conversion then to the extent of that withholding,

the relevant Ordinary Shares will be issued to a nominee (which must not be BOQ or any Related Entity of BOQ) but otherwise in accordance with clause 7.1 and on terms that, where paragraph (i) or (ii) applies, at the first reasonable opportunity to sell the Ordinary Shares, the nominee will arrange for their sale and pay to the relevant Holder on a date determined by the nominee a cash amount equal to the Attributable Proceeds of such Holder and where paragraph (iii) applies, the nominee will arrange for their sale or otherwise deal with the Ordinary Shares in accordance with FATCA.

- b) The issue of Ordinary Shares to the nominee will satisfy all obligations of BOQ in connection with the Conversion, the Notes will be deemed Converted and dealt with in accordance with clause 7.1 and, on and from the issue of Ordinary Shares, the rights of a Holder the subject of this clause 7.10 are limited to its rights in respect of the Ordinary Shares or the Attributable Proceeds as provided in this clause 7.10.
- c) If Conversion is occurring because of the occurrence of a Loss Absorption Event and the Conversion has not been effected within five Business Days after the Loss Absorption Event Conversion Date for any reason (including an Inability Event), then clause 4.5 will apply.
- d) For the purposes of this clause 7.10, none of BOQ or the nominee owes any obligations or duties to Holders in relation to the price at which Ordinary Shares are sold or has any liability for any loss suffered by a Holder as a result of the sale of Ordinary Shares.

#### 7.11 Listing Ordinary Shares issued on Conversion

BOQ shall use all reasonable endeavours to list the Ordinary Shares issued upon Conversion of Notes on ASX.

## Appendix A Capital Note Terms

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### 7.12 Failure to Convert (other than on account of a Loss Absorption Event)

If on a Conversion Date (other than a Loss Absorption Event Conversion Date), an Ordinary Share is not issued or delivered in respect of a Note, that Note remains an issue (and will continue to entitle the Holder to Distributions in accordance with clause 2) until the Ordinary Share is issued to the Holder (which date shall be the Conversion Date in respect of that Note) or the Note is Redeemed (which date shall be the Redemption Date in respect of that Note) or Resold (which date shall be the Resale Date in respect of that Note), and a Holder shall have no claim in respect of that failure other than for specific performance of the obligation to issue or deliver the Ordinary Shares. This clause 7.12 does not affect the obligation of BOQ to issue or deliver the Ordinary Shares when required in accordance with these Terms.

## 8. Optional Redemption

### 8.1 Optional Redemption by BOQ

BOQ may, with APRA's prior written approval, by notice to the Registrar, ASX and the Holders (an **Optional Redemption Notice**), elect to Redeem:

- a) all or some Notes on a Redemption Date following the occurrence of a Tax Event or a Regulatory Event, or
- b) all or some Notes on 15 August 2024.

*Holders should not expect that APRA's approval will be given for any Redemption of Notes under these Terms.*

### 8.2 When Optional Redemption Notice may be given

An Optional Redemption Notice under this clause 8 may be given:

- a) in the case of clause 8.1(a), on any day following the occurrence of the Tax Event or Regulatory Event (as applicable) provided that an Optional Redemption Notice cannot be given in the period of 20 Business Days preceding (and not including) a Relevant Mandatory Conversion Date where the First Mandatory Conversion Condition has been met in respect of that Relevant Mandatory Conversion Date, and
- b) in the case of clause 8.1(b), no earlier than 50 Business Days and no later than 15 Business Days before 15 August 2024.

Subject to clause 4.7, an Optional Redemption Notice once given is irrevocable unless a Loss Absorption Event occurs after the giving of such notice, in which case, such notice will be taken to be revoked immediately and automatically and clause 4 shall apply.

### 8.3 Contents of Optional Redemption Notice

An Optional Redemption Notice must specify:

- a) in the case of clause 8.1(a), the details of the Tax Event or Regulatory Event to which the Optional Redemption Notice relates;
- b) the date on which Redemption is to occur (the **Redemption Date**), which:
  - (i) in the case of a Tax Event or a Regulatory Event, is the last Business Day of the month following the month in which the Optional Conversion Notice is given by BOQ, unless BOQ determines an earlier Redemption Date having regard to the best interests of Holders as a whole and the relevant event; or
  - (ii) in the case of clause 8.1(b), 15 August 2024.
- c) if less than all Notes are subject to Redemption, the proportion of the Notes that are to be Redeemed; and
- d) whether any Distribution will be paid in respect of the Notes to be Redeemed on the Redemption Date.

### 8.4 Restrictions on election by BOQ of Redemption

BOQ may only elect to Redeem the Notes if APRA is satisfied that either:

- a) Notes the subject of the Redemption are replaced concurrently or beforehand with an instrument eligible for inclusion as Tier 1 Capital and the replacement of the instrument is done under conditions that are sustainable for BOQ's income capacity; or
- b) the capital position of the BOQ Level 1 Group and the BOQ Level 2 Group will remain adequate after BOQ elects to Redeem the Notes.

## 9. Redemption mechanics

### 9.1 Redemption mechanics to apply to Redemption

If, subject to APRA's prior written approval and compliance with the conditions in clause 8.4, BOQ elects to Redeem a Note in accordance with these Terms, the provisions of this clause 9 apply to that Redemption.

### 9.2 Redemption

Notes will be redeemed by payment on the Redemption Date of an amount equal to the Face Value to the Holder.

### 9.3 Effect of Redemption on Holders

On the Redemption Date the only right Holders will have in respect of Notes will be to obtain the Face Value payable in accordance with these Terms and any Distribution BOQ has determined is payable on that date. Upon payment of the Face Value, all other rights conferred, or restrictions imposed, by Notes will no longer have effect.

## 10. Optional Resale

### 10.1 Optional Resale by BOQ

BOQ may, with APRA's prior written approval, by notice to the Registrar, ASX and the Holders (an **Optional Resale Notice**), elect to Resell:

- a) all or some Notes on a Resale Date following the occurrence of a Tax Event or a Regulatory Event; or
- b) all or some Notes on 15 August 2024.

*Holders should not expect that APRA's approval will be given for any Resale of Notes under these Terms.*

### 10.2 When Optional Resale Notice may be given

An Optional Resale Notice under this clause 10 may be given:

- a) in the case of clause 10.1(a), on any day following the occurrence of the Tax Event or Regulatory Event (as applicable) provided that an Optional Resale Notice cannot be given in the period of 20 Business Days preceding (and not including) a Relevant Mandatory Conversion Date where the First Mandatory Conversion Condition has been met in respect of that Relevant Mandatory Conversion Date; or
- b) in the case of clause 10.1(b), no earlier than 50 Business Days and no later than 15 Business Days before 15 August 2024.

Subject to clause 4.7, an Optional Resale Notice once given is irrevocable unless a Loss Absorption Event occurs after the giving of such notice, in which case, such notice will be taken to be revoked immediately and automatically and clause 4 shall apply.

### 10.3 Contents of Optional Resale Notice

An Optional Resale Notice must specify:

- a) in the case of clause 10.1(a), the details of the Tax Event or Regulatory Event to which the Optional Resale Notice relates;
- b) the date on which Resale is to occur (the **Resale Date**), which:
  - (i) in the case of a Tax Event or a Regulatory Event, is the last Business Day of the month following the month in which the Optional Conversion Notice is given by BOQ, unless BOQ determines an earlier Resale Date having regard to the best interests of Holders as a whole and the relevant event; or
  - (ii) in the case of clause 10.1(b), 15 August 2024.
- c) if less than all Notes are subject to Resale, the proportion of the Notes that are to be Resold;
- d) the identity of the Nominated Purchasers for that Resale and the Resale Price; and
- e) whether any Distribution will be paid in respect of the Notes to be Resold on the Resale Date.

## 11. Resale mechanics

### 11.1 Resale mechanics

If BOQ elects to Resell Notes in accordance with these Terms, the provisions of this clause 11 apply to that Resale.

### 11.2 Appointment of Nominated Purchaser

BOQ must appoint one or more Nominated Purchasers for the Resale on such terms as may be agreed between BOQ and the Nominated Purchasers. If BOQ appoints more than one Nominated Purchaser in respect of a Resale, all or any of the Notes held by a Holder which are being Resold may be purchased by any one or any combination of the Nominated Purchasers, as determined by BOQ for the Resale Price.

### 11.3 Identity of Nominated Purchasers

BOQ may not appoint a person as a Nominated Purchaser unless:

- a) that person is not BOQ or any Related Entity of BOQ; and
- b) that person has a long term counterparty credit rating from one of S&P Global Ratings, Moody's Investors Service, Inc. or Fitch Ratings of not less than investment grade.

### 11.4 Irrevocable offer to sell Notes

Each Holder on the Resale Date is taken irrevocably to offer to sell Notes the subject of an Optional Resale Notice to the Nominated Purchaser or Nominated Purchasers on the Resale Date for the Resale Price.

### 11.5 Effect of Resale

On the Resale Date subject to payment by the Nominated Purchaser of the Resale Price to the Holders, all right, title and interest in such Notes (excluding the right to any Distribution payable on that date) will be transferred to the Nominated Purchaser free from Encumbrances.

### 11.6 Effect of failure by Nominated Purchaser or Nominated Purchasers to pay

If a Nominated Purchaser does not pay the Resale Price to the Holders on the Resale Date (a **Defaulting Nominated Purchaser**):

- a) the Optional Resale Notice as it relates to the Defaulting Nominated Purchaser will be void;
- b) Notes will not be transferred to the Defaulting Nominated Purchaser on the Resale Date; and
- c) Holders will continue to hold the Notes referable to the Defaulting Nominated Purchaser until they are otherwise Redeemed, Converted or Resold in accordance with these Terms.



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### 12. General provisions relating to optional Conversion, Redemption and Resale

#### 12.1 Treatment of Holders

At any time that BOQ may elect for the Notes to be Converted, Redeemed or Resold, BOQ may specify which of Conversion, Redemption and Resale applies to a particular Note. Without limitation to the foregoing:

- a) BOQ may select any one or more of Conversion, Redemption or Resale to apply to the Note held by a Holder, and
- b) BOQ may select a different combination of Conversion, Redemption and Resale in respect of Notes held by different Holders,

but otherwise BOQ must endeavour to treat Holders in approximate proportion to their holdings of Notes (except that BOQ may discriminate to take account of the effect on marketable parcels and other logistical considerations).

#### 12.2 Holder acknowledgements relating to Conversion

Each Holder irrevocably:

- a) upon Conversion of Notes in accordance with these Terms, consents to becoming a member of BOQ and agrees to be bound by the Constitution, in each case in respect of the Ordinary Shares issued on Conversion;
- b) acknowledges and agrees that it is obliged to accept Ordinary Shares upon a Conversion notwithstanding anything that might otherwise affect a Conversion of Notes including:
  - (i) any change in the financial position of BOQ since the Issue Date;
  - (ii) any disruption to the market or potential market for the Ordinary Shares or to capital markets generally; or
  - (iii) any breach by BOQ of any obligation in connection with the Notes;
- c) acknowledges and agrees that:
  - (i) where clause 4.4 applies:
    - (A) there are no other conditions to a Loss Absorption Event occurring as and when provided in clauses 4.2, 4.3 and 4.4;
    - (B) Conversion must occur immediately on the Loss Absorption Event and that may result in disruption or failures in trading or dealings in the Notes;
    - (C) it will not have any rights to vote or right of approval in respect of any Loss Absorption Event Conversion, and
    - (D) the Ordinary Shares issued on Loss Absorption Event Conversion may not be quoted at the time of issue, or at all;
  - (ii) the only conditions to a Mandatory Conversion are the Mandatory Conversion Conditions;
  - (iii) the only conditions to a Conversion under clause 5 or a Conversion under clause 6 are the conditions expressly applicable to such Conversion as provided in clauses 5 and 6 of these Terms and no other conditions or events will affect Conversion;

(iv) clause 4.5 is a fundamental term of the Notes and where this applies, no other conditions or events will affect its operation; and

(v) a Holder has no right to request a Conversion, Redemption or Resale of any Note or to determine whether (or in what combination) Notes are Converted, Redeemed or Resold; and

- d) agrees to provide to BOQ any information necessary to give effect to a Conversion and, if applicable, to surrender any certificate relating to Notes on the occurrence of the Conversion.

### 13. Title and transfer

#### 13.1 Title

Title to a Note passes when details of the transfer are entered in the Register

#### 13.2 Register conclusive as to ownership

Entries in the Register in relation to a Note constitute conclusive evidence that the person so entered is the absolute owner of the Note subject to correction for fraud or error.

#### 13.3 Non-recognition of interests

Except as required by law or directive and as provided in these Terms, BOQ and the Registrar must treat the person whose name is entered in the Register as the holder of a Note as the absolute owner of that Note

No notice of any trust, Encumbrance or other interest in, or claim to, any Notes will be entered in the Register. Neither BOQ nor the Registrar need take notice of any trust, Encumbrance or other interest in, or claim to, any Notes, except as ordered by a court of competent jurisdiction or required by law, and no trust, Encumbrance or other interest in, or claim to, any Notes will in any way affect any provision of these Terms (including without limitation any transfer of the Notes contemplated by this clause 13).

This clause 13.3 applies whether or not a payment has been made when scheduled on a Note and despite any notice of ownership, trust or interest in the Note.

#### 13.4 Joint Holders

Where two or more persons are entered in the Register as joint Holders of a Note, they are taken to hold the Note as joint tenants with a right of survivorship, but the Registrar is not bound to register more than three persons as joint Holders of a Note.

#### 13.5 Dealings in whole

At all times, the Notes may be held or transferred only in whole Notes.

#### 13.6 Transfer

Subject to the ASX Listing Rules, the Notes will be transferable only in accordance with these Terms and the rules and regulations of CHESS.

### 13.7 Instruments of transfer

A Holder may transfer a Note:

- a) by a proper transfer according to the rules and regulations of CHES;
- b) by a proper transfer under any other computerised or electronic system recognised by the Corporations Act;
- c) under any other method of transfer which operates in relation to the trading of securities on any securities exchange outside Australia on which the Notes are quoted or which is applicable to BOQ; or
- d) by any proper or sufficient instrument of transfer of marketable securities under applicable law.

### 13.8 Transfer on the occurrence of certain events

The Registrar must register a transfer of a Note to or by a person who is entitled to make or receive the transfer as a consequence of:

- a) death, bankruptcy, liquidation or winding up of a Holder; or
- b) a vesting order by a court or other body with power to make the order, on receipt of evidence of entitlement that the Registrar or BOQ requires.

### 13.9 Power to refuse to register

If permitted by the ASX Listing Rules, BOQ may:

- a) request any applicable CS Facility Operator to apply a holding lock to prevent a transfer of Notes from being registered on the CS Facility's subregister; or
- b) refuse to register a transfer of Notes to which paragraph (a) does not apply.

### 13.10 Obligation to refuse to register

BOQ must:

- a) request any applicable CS Facility Operator to apply a holding lock to prevent a transfer of Notes from being registered on the CS Facility's subregister; or
- b) refuse to register a transfer of Notes to which paragraph (a) does not apply; or
- c) the ASX Listing Rules require BOQ to do so; or
- d) the transfer is in breach of the ASX Listing Rules.

### 13.11 Written notice to holder of holding lock or refusal

If in the exercise of its rights under clause 13.9 or 13.10, BOQ requests the application of a holding lock to prevent a transfer of Notes or refuses to register a transfer of Notes, BOQ must give written notice of the request or refusal to the holder of the Notes, the transferee and the broker lodging the transfer, if any. Failure to give such notice does not invalidate BOQ's decision.

## 14. Payments

### 14.1 Payments to Holders

Each payment in respect of a Note will be made to the person that is recorded in the Register as the Holder of that Note as at 7.00pm on the Record Date for that payment.

### 14.2 Payments to accounts

Payments will be made by crediting on the relevant payment date the amount due to an Australian Dollar bank account maintained in Australia with a financial institution, specified by the Holder to the Registrar by close of business on the Record Date for that payment.

### 14.3 Payments by cheque

BOQ may decide that payments in respect of a Note will be made by cheque sent by prepaid post on the relevant payment date, at the risk of the Holder, to the Holder (or to the first named joint holder of the Note) at its address appearing in the Register at 7.00pm on the Record Date. Cheques sent to the nominated address of a Holder will be taken to have been received by the Holder on the payment date and, no further amount will be payable by the issuer in respect of the Notes as a result of the Holder not receiving payment on the due date.

### 14.4 Uncompleted payments

If:

- a) a Holder has not notified the Registrar by close of business on the Record Date of an Australian Dollar bank account maintained in Australia with a financial institution to which payments in respect of the Note may be credited; or
- b) the transfer of any amount for payment to the credit of the nominated account does not complete for any reason,

BOQ will send a notice to the address most recently notified by the Holder advising of the uncompleted payment. In that case, the amount of the uncompleted payment will be held as a deposit in a non-interest bearing, special purpose account maintained by BOQ or the Registrar until the first to occur of the following:

- (i) the Holder nominates a suitable Australian Dollar account maintained in Australia with a financial institution to which the payment may be credited;
- (ii) claims may no longer be made in respect of that amount, in which case the monies shall be paid to and be the property of BOQ; or
- (iii) BOQ becomes entitled or obliged to deal with the amount in accordance with the law relating to unclaimed monies.

No interest is payable in respect of any delay in payment.

### 14.5 Time limit on claims

A claim against BOQ for a payment under a Note is void unless made within 5 years from the date on which payment first became due.

## Appendix A Capital Note Terms

### 14.6 Rounding

For the purposes of any calculations required under these Terms:

- a) all percentages resulting from the calculations must be rounded, if necessary, to the nearest one hundred thousandth of a percentage point (with 0.000005 per cent being rounded up to 0.00001 per cent);
- b) all figures must be rounded to four decimal places (with halves being rounded up); and
- c) all amounts that are due and payable in respect of a Holder's aggregate holding of Notes must be rounded to the nearest cent (with halves being rounded up).

### 14.7 Joint Holders

A payment to any one joint Holder of a Note will discharge BOQ's liability in respect of the payment.

### 14.8 No set-off

A Holder does not have any right to set-off any amounts owing to it by BOQ in connection with the Notes against any amount owing by it to BOQ in connection with the Notes or otherwise.

BOQ does not have any right to set-off any amounts owing to it by a Holder against any amount owing by it to the Holder in connection with the Notes.

### 14.9 Payments subject to law

All payments are subject to applicable law, but without prejudice to the provisions of clause 15. Without limitation, BOQ, in its absolute discretion, may withhold payment to a Holder where it is required to do so under any law prohibiting dealings with terrorist organisations or money laundering, or any other type of sanction, or where it has reasonable grounds to suspect that the Holder may be subject to such law or sanction or involved in acts of terrorism or money laundering, and may deal with the payment and the Holder's BOQ Capital Notes in accordance with that applicable law or the requirements of any relevant governmental authority or regulatory body. BOQ is not liable for any costs or loss suffered by a Holder in exercising BOQ's discretion under this clause 14.9, even where a Holder later demonstrates that they were not subject to the applicable law or sanction.

### 14.10 Payments on Business Days

If a payment:

- a) is due on a Note on a day which is not a Business Day, then the due date for payment will be postponed to the next day that is a Business Day; or
- b) is to be made to an account on a Business Day on which banks are not open for general banking business in the place in which the account is located, then the due date for payment will be the next day on which banks are open for general banking business in that place,

and in either case, the Holder is not entitled to any additional payment in respect of that delay.

Nothing in this clause 14.10 applies to any payment referred to in clause 7.1(b) on a Loss Absorption Event Conversion Date.

## 15. Taxation

### 15.1 Withholdings and deductions

All payments in respect of Notes must be made without any withholding or deduction in respect of Taxes, unless the withholding or deduction is required by law or permitted by this clause 15.

### 15.2 FATCA

BOQ, in its absolute discretion, may withhold or deduct from payments or from the issue of Ordinary Shares to a Holder where it is required to do so under or in connection with FATCA, or where it has reasonable grounds to suspect that the Holder or a beneficial owner of Notes may be subject to FATCA, and may deal with such payment, the issue of Ordinary Shares and the Holder's Notes in accordance with FATCA.

BOQ, in its absolute discretion, may require information from the Holder to be provided to the IRS or any other relevant authority, to determine the applicability of any withholding under or in connection with FATCA.

### 15.3 No gross up

If any withholding or deduction arises under or in connection with applicable law or FATCA, BOQ will not be required to pay any further amounts or issue any further Ordinary Shares on account of such withholding or deduction or otherwise reimburse or compensate, or make any payment to, a Holder or a beneficial owner of Notes for or in respect of any such withholding or deduction and it will be taken to have made the payment or issue of Ordinary Shares to the Holder in full by accounting for the withholding or deduction to the relevant revenue authority and paying the balance to the Holder.

### 15.4 Tax file number

BOQ will deduct tax from payments of Distributions on the Notes at the highest marginal tax rate plus the highest Medicare levy if an Australian resident investor or a non-resident investor carrying on business in Australia at or through a permanent establishment of the non-resident in Australia has not supplied an appropriate tax file number, Australian business number or exemption details.

## 16. Ranking and subordination

### 16.1 Ranking of Distributions

Notes rank in respect of payment of Distributions:

- a) in priority to Ordinary Shares;
- b) equally and without any preference amongst themselves and all Equal Ranking Instruments; and
- c) junior to the claims of all Senior Ranking Creditors.

#### 16.2 Ranking in a winding up

- a) if an order is made by a court of competent jurisdiction in Australia (other than an order successfully appealed or permanently stayed within 30 days), or an effective resolution passed, for the winding up of BOQ in Australia, the Notes are redeemable for their Face Value in accordance with, and subject to, this clause 16.2;
- b) in a winding up of BOQ in Australia, a Note confers upon the Holder, subject to clauses 4.4 and 4.5, the right to payment in cash of the Face Value on a subordinated basis in accordance with clause 16.2(c), but no further or other claim on BOQ in the winding up of BOQ in Australia;
- c) Holders will rank for payment of the Face Value in a winding up of BOQ in Australia:
  - (i) in priority to Ordinary Shares;
  - (ii) equally among themselves and with the claims of all Equal Ranking Instruments; and
  - (iii) junior to the claims of all Senior Ranking Creditors with respect to priority of payment in a winding up in that:
    - (A) all claims of Senior Ranking Creditors must be paid in full (including in respect of any entitlement to interest under section 563B of the Corporations Act) before the claims of Holders are paid; and
    - (B) until the Senior Ranking Creditors have been paid in full, the Holders must not claim in the winding up of BOQ in competition with the Senior Ranking Creditors so as to diminish any distribution, dividend or payment which, but for that claim, the Senior Ranking Creditors would have been entitled to receive, so that the Holder receives, for each Note it holds, an amount equal to the amount it would have received if, in the winding up of BOQ, it had held an issued and fully paid Preference Share.
- d) Nothing in clause 16.2:
  - (i) creates a charge or security interest on or over any right of the Holder; or
  - (ii) requires the consent of any Senior Ranking Creditor to any amendment of these Terms made in accordance with clause 18.

#### 16.3 Agreements of Holders as to subordination

Each Holder irrevocably agrees that:

- a) clause 16.2 is a debt subordination for the purposes of section 563C of the Corporations Act;
- b) it does not have, and waives to the maximum extent permitted by law, any entitlement to interest under section 563B of the Corporations Act to the extent that a holder of a Preference Share would not be entitled to such interest;

- c) that it shall not have, and is taken to have waived, to the fullest extent permitted by law, any right to prove in a winding-up of the issuer as a creditor in respect of the Notes so as to diminish any distribution, dividend or payment that any Senior Ranking Creditor would otherwise receive;
- d) not to exercise any voting or other rights as a creditor in the winding up of BOQ in any jurisdiction:
  - (i) until after all Senior Ranking Creditors have been paid in full; or
  - (ii) otherwise in a manner inconsistent with the subordination contemplated by clause 16.2;
- e) that it must pay or deliver to the liquidator any amount or asset received on account of its claim in the winding up of BOQ in respect of a Note in excess of its entitlement under clause 16.2;
- f) that the debt subordination effected by clause 16.2 is not affected by any act or omission of BOQ or a Senior Ranking Creditor which might otherwise affect it at law or in equity; and
- g) that it has no remedy for the recovery of the Face Value other than to prove in the winding-up in accordance with this clause 16.

#### 16.4 Further agreements of Holders

Each Holder irrevocably acknowledges and agrees:

- a) a Holder has no right to apply for BOQ to be wound up, or placed in administration, or to cause a receiver, or a receiver and manager, to be appointed in respect of BOQ merely on the grounds that BOQ does not or is or may become unable to pay a Distribution when scheduled in respect of Notes; and
- b) these Terms contain no events of default. Accordingly (but without limitation) failure to pay in full, for any reason, a Distribution on a scheduled Distribution Payment Date will not constitute an event of default.

#### 16.5 Unsecured

Notes are unsecured.

## 17. Meetings of Holders and voting rights

### 17.1 Meetings of Holders

Meetings of Holders may be held in accordance with the Meetings Provisions. A meeting may consider any matter affecting the interests of Holders, including any amendment to these Terms proposed by BOQ in accordance with clause 18.

### 17.2 Voting rights

A Note does not entitle its Holder to attend or vote at a general meeting of BOQ.

## Appendix A Capital Note Terms

### 18. Amendment of these Terms

#### 18.1 Amendments without consent

- a) Subject to complying with all applicable laws and to obtaining APRA's prior written approval where required in accordance with clause 18.4, BOQ may without the authority, assent or approval of the Holders, amend these Terms and the BOQ Capital Notes Deed Poll if BOQ is of the opinion that the amendment:
- (i) is of a formal, minor or technical nature;
  - (ii) is made to cure any ambiguity or correct any manifest error;
  - (iii) is necessary or expedient for the purpose of enabling the Notes to be listed or to remain listed on a stock or securities exchange or lodged in a clearing system or to remain lodged in a clearing system or to be offered for sale or for subscription under the laws for the time being in force in any place;
  - (iv) is necessary or expedient for the purpose of complying with the provisions of any statute, the requirements of any statutory authority or regulatory authority, ASX Listing Rules or the listing or quotation requirements of any securities exchange on which BOQ may propose to seek a listing or quotation of the Notes;
  - (v) is necessary and appropriate to effect the substitution under clause 19;
  - (vi) is made to amend any date or time period stated, required or permitted in connection with any Conversion, Redemption or Resale (including, without limitation, when the proceeds of Redemption are to be reinvested in a new security to be issued by BOQ or a member of the Group);
  - (vii) is made to:
    - (A) amend the terms of the Notes to align them with any Relevant Tier 1 Capital Instruments issued after the Issue Date; or
    - (B) amend the definition of Relevant Tier 1 Capital Instruments on account of the issue after the Issue Date of capital instruments of any member of the Group; or
  - (viii) made in accordance with BOQ's adjustment rights in clause 7; or
  - (ix) is not materially prejudicial to the interests of Holders as a whole.
- For the purposes of determining whether the amendment is not materially prejudicial to the interests of Holders as a whole, the taxation and regulatory capital consequences to Holders (or any class of Holders) and other special consequences which are personal to a Holder (or any class of Holders) do not need to be taken into account.
- b) Subject to complying with all applicable laws and with APRA's prior written approval where required in accordance with clause 18.4, BOQ may without the authority, assent or approval of the Holders, amend these Terms if BOQ is of the reasonable opinion that the amendment is necessary and appropriate to effect the substitution of an Approved NOHC as issuer of the Ordinary Shares on Conversion in the manner contemplated by these Terms including without limitation amendments and additions to effect a substitution in accordance with clause 19.

#### 18.2 Amendment with consent

Without limiting clause 18.1, BOQ may amend or add to these Terms if the amendment or addition has been approved by a Special Resolution of Holders. An amendment or addition to these Terms which may affect the eligibility of the Notes as Additional Tier 1 Capital cannot be approved by Holders under this clause 18 without the prior written approval of APRA.

#### 18.3 Notification of amendment to APRA

BOQ will promptly notify APRA of any amendments made in accordance with this clause 18.

#### 18.4 Requirement for APRA approval

A requirement in this clause 18 for an amendment to be made with APRA's prior written approval applies only where the amendment may affect the eligibility of Notes as Additional Tier 1 Capital.

#### 18.5 Meaning of amend and amendment

In this clause 18, amend includes modify, cancel, alter or add to and amendment has a corresponding meaning.

### 19. Substitution of Approved NOHC

#### 19.1 Substitution of Approved NOHC as issuer of Ordinary Shares

Where:

- a) BOQ proposes to implement a NOHC Event involving an Approved NOHC; and
- b) the Approved NOHC agrees for the benefit of Holders:
  - (i) to deliver fully paid ordinary shares in its capital under all circumstances when BOQ would otherwise have been required to deliver Ordinary Shares and upon the occurrence of an Acquisition Event with respect to the Approved NOHC, subject to the same terms and conditions as set out in these Terms (with all necessary modifications); and
  - (ii) to use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure quotation of all ordinary shares in the capital of the Approved NOHC issued under these Terms (with all necessary modifications) on the securities exchange on which the other ordinary shares in the capital of the NOHC are quoted at the time of a Conversion;

BOQ may give a notice (an Approved NOHC Substitution Notice) to the Holders (which, if given, must be given as soon as practicable before the NOHC Event and in any event no later than 10 Business Days before the NOHC Event occurs) specifying the amendments to these Terms which will be made in accordance with clause 19.2 to effect the substitution of an Approved NOHC as the issuer of ordinary shares on Conversion (the Approved NOHC Substitution Terms). An Approved NOHC Substitution Notice, once given, is irrevocable. If BOQ gives an Approved NOHC Substitution Notice to Holders in accordance with clause 19.4, the Approved NOHC Substitution Terms will have effect on and from the date specified in the Approved NOHC Substitution Notice. No proposal to implement a NOHC shall prevent, impede or delay a Conversion required on account of a Loss Absorption Event.

### 19.2 Amendment without consent for substitution of an Approved NOHC

Subject to complying with all applicable laws and with APRA's prior written approval, if the circumstances described in clauses 19.1(a) and 19.1(b) apply, without the authority, assent or approval of Holders, BOQ may give an Approved NOHC Substitution Notice which:

- a) amends the definition of "Conversion" such that, unless APRA otherwise agrees, on the date Notes are to be Converted:
  - (i) each Note that is being Converted will be automatically transferred by each Holder free from Encumbrance to the Approved NOHC (or another member of the Group which is a holding company of BOQ) (the Transferee) on the date the Conversion is to occur;
  - (ii) each Holder (or in the circumstances contemplated in clause 7.10, the nominee) will be issued a number of ordinary shares in the capital of the Approved NOHC equal to the Conversion Number; and
  - (iii) as between BOQ and the Transferee, each Note held by the Transferee as a result of the transfer will be automatically Converted into Ordinary Shares, in a number such that the total number of Ordinary Shares held by the Transferee increases by the number which equals the number of ordinary shares in the capital of the Approved NOHC issued by the Approved NOHC to Holders on Conversion; and
- b) makes such other amendments as in BOQ's reasonable opinion are necessary and appropriate to effect the substitution of an Approved NOHC as the provider of the ordinary shares on Conversion in the manner contemplated by these Terms, including without limitation:
  - (i) amendments and additions to the definition of "Group", "Acquisition Event", "Common Equity Trigger Event", "Non-Viability Trigger Event", "Loss Absorption Event", "Regulatory Event", "Tax Event" and "Mandatory Conversion";
  - (ii) where the terms upon which the Approved NOHC acquires BOQ are such that the number of ordinary shares in the capital of the Approved NOHC on issue immediately after the substitution differs from the number of Ordinary Shares on issue immediately before the substitution (not involving any cash payment, or other distribution (or compensation) to or by the holders of any such shares), an adjustment to any relevant VWAP or Issue Date VWAP consistent with the principles of adjustment set out in clause 7;
  - (iii) amendments to the mechanics for adjusting the Conversion Number; and
  - (iv) any term defining the rights of Holders if the Conversion is not effected which is appropriate for the Notes to remain as Tier 1 Capital.

### 19.3 Further substitutions

After a substitution under clause 19.1, the Approved NOHC may, without the consent of the Holders, effect a further substitution in accordance with clause 19.1 (with necessary changes).

### 19.4 Notice to Holders

BOQ or the Approved NOHC must notify the Registrar, ASX and the Holders of the particulars of any substitution according to clause 19.1 or clause 19.3 in writing as soon as practicable after the substitution.

### 19.5 Acknowledgement of Holders

- a) Each Holder irrevocably acknowledges and agrees that an Approved NOHC may in accordance with these Terms be substituted for BOQ as issuer of the Ordinary Shares on Conversion and that if such a substitution is effected, the Holder is obliged to accept ordinary shares in that Approved NOHC on a Conversion, and will not receive Ordinary Shares in BOQ.
- b) Nothing in this clause 19 prevents BOQ from proposing, or limits, any scheme of arrangement or other similar proposal that may be put to Holders or other members of BOQ.

## 20. Further issues and no other rights

### 20.1 Further issues permitted

Each of the following is expressly permitted and authorised by these Terms:

- a) the allotment or issue of preference shares or other securities, or the conversion of existing shares into preference shares or other securities, ranking equally with or in priority to, or having different rights from, the Notes then on issue for participation in profits or assets of BOQ; and
- b) a redemption, buy-back or return or distribution of capital in respect of any share capital (except as provided by clause 2.8) or any other securities issued by BOQ, whether ranking behind, equally with, or in priority to, the Notes.

### 20.2 Purchase by agreement

Subject to APRA's prior written approval, BOQ or any member of the Group may purchase Notes at any time and at any price. Any Note purchased by or on behalf of BOQ shall be cancelled.

### 20.3 No other rights

A Holder of the Notes has no right to participate in the issue of any other securities of BOQ and has no claim on BOQ or any member of the Group other than as expressly set out in these Terms.

### 20.4 Takeovers and schemes of arrangement

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

in each case which would result in an Acquisition Event then, if the Directors consider that BOQ will not be permitted to elect to Convert the BOQ Capital Notes in accordance with clause 5, or the Second Mandatory Conversion Condition or Third Mandatory Conversion Condition will not be satisfied in respect of the Conversion Date relating to an Acquisition Event in accordance with clause 5, the Directors will use all reasonable endeavours to procure that:

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

## Appendix A Capital Note Terms

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### 21. Notices

#### 21.1 Notices to Holders

All notices, certificates, consents, approvals, waivers and other communications in connection with a Note to the Holders must be in writing and may be:

- a) so long as the Notes are quoted on ASX, by publication of an announcement on ASX;
- b) given by an advertisement published in the Australian Financial Review or The Australian, or any other newspaper nationally circulated within Australia; or
- c) sent by prepaid post (airmail if appropriate) or left at the address of the relevant Holder (as shown in the Register at the close of business on the day which is 3 Business Days before the date of the relevant notice or communication)

#### 21.2 Notices to BOQ and the Registrar

All notices, and other communications to BOQ and the Registrar must be in writing and may be sent by prepaid post or left at the address of the registered office of BOQ or the Registrar or such other address as is notified to Holders from time to time.

#### 21.3 When effective

Communications take effect from the time they are received or taken to be received (whichever happens first) unless a later time is specified in them.

#### 21.4 Receipt – publication on ASX

If published by an announcement on ASX, communications are taken to be received when the announcement is made on ASX.

#### 21.5 Receipt – publication in newspaper

If published in a newspaper, communications are taken to be received on the first date that publication has been made in all the required newspapers.

#### 21.6 Receipt – postal

Unless a later time is specified in it, a notice, if sent by post, is taken to be received on the next succeeding Business Day in the place of the addressee.

#### 21.7 Non-receipt of notice

If there are two or more Holders, the non-receipt of any notice by, or the accidental omission to give any notice to, a Holder does not invalidate the giving of that notice.

### 22. Governing law and jurisdiction

#### 22.1 Governing law

The Notes are governed by the laws in force in Queensland, Australia.

#### 22.2 Jurisdiction

BOQ submits to the non-exclusive jurisdiction of the courts of Queensland and courts of appeal from them. BOQ waives any right it has to object to an action being brought in those courts including by claiming that the action has been brought in an inconvenient forum or that those courts do not have jurisdiction.

#### 22.3 Serving documents

Without preventing any other method of service, any document in any action in connection with the Notes may be served on BOQ by being delivered or left at BOQ's address as set out below:

Attention: Company Secretary

Address: Level 6, 100 Skyring Terrace, Newstead, QLD, 4006

or such other address or fax number as BOQ notifies to ASX as its address or fax number (as the case may be) for notices or other communications in respect of the Notes from time to time.

### 23. Power of attorney

- a) Each Holder appoints each of BOQ, its Authorised Officers and any External Administrator of BOQ (each an **Attorney**) severally to be the attorney of the Holder with power in the name and on behalf of the Holder to sign all documents and transfers and do any other thing as may in the Attorney's opinion be necessary or desirable to be done in order for the Holder to observe or perform the Holder's obligations under these Terms including, but not limited to, effecting any transfers of Notes, making any entry in the Register or the register of any Ordinary Shares or exercising any voting power in relation to any consent or approval required for Conversion, Redemption or Resale.
- b) The power of attorney given in this clause 23 is given for valuable consideration and to secure the performance by the Holder of the Holder's obligations under these Terms and is irrevocable.

### 24. Interpretation and definitions

#### 24.1 Definitions

**Acquisition Conversion Date** has the meaning given in clause 5.2.

**Acquisition Conversion Notice** has the meaning given in clause 5.1.

**Acquisition Event** means:

- a) either:
  - (i) a takeover bid is made to acquire all or some Ordinary Shares and the offer is, or becomes, unconditional and the bidder has a relevant interest in more than 50% of the Ordinary Shares on issue; or
  - (ii) a court approves a scheme of arrangement under Part 5.1 of the Corporations Act which scheme would result in a person having a relevant interest in more than 50% of Ordinary Shares that will be on issue after the scheme is implemented;
- b) and all regulatory approvals necessary for the acquisition to occur have been obtained.

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

- a) the proposed successor holding company complies with all applicable legal requirements and obtains any necessary regulatory approvals (including APRA's prior written approval as a "non-operating holding company" within the meaning of the Banking Act);
- b) the proposed successor holding company agrees to take any necessary action to give effect to an amendment to the Terms as contemplated in clause 18; and
- c) the ordinary shares of the proposed successor holding company are to be listed on an Australian stock exchange.

**Additional Tier 1 Capital** means the additional tier 1 capital of the BOQ Level 1 Group or the BOQ Level 2 Group as defined by APRA from time to time.

**amend** for the purposes of clause 18, has the meaning given in clause 18.5.

**Approved NOHC** means a NOHC of the Group arising from a NOHC Event in circumstances where the proviso to the definition of Acquisition Event will be satisfied.

**Approved NOHC Substitution Notice** has the meaning given in clause 19.1.

**Approved NOHC Substitution Terms** has the meaning given in clause 19.1.

**APRA** means the Australian Prudential Regulation Authority or any authority succeeding to its powers and responsibilities.

**ASX** means ASX Limited (ABN 98 008 624 691) or the securities market operated by it, as the context requires, or any successor.

**ASX Listing Rules** means the listing rules of ASX as amended, varied or waived (whether in respect of BOQ or generally) from time to time.

**ASX Operating Rules** means the market operating rules of ASX as amended, varied or waived (whether in respect of BOQ or generally) from time to time.

**Attorney** has the meaning given in clause 23(a).

**Attributable Proceeds** means, in respect of a Holder to whom clause 7.10 applies, an amount equal to the Net Proceeds per Ordinary Share multiplied by the number of Ordinary Shares issued and sold in accordance with clause 7.10 in respect of that Holder.

**Australian Dollar** means the lawful currency of the Commonwealth of Australia.

**Authorised Officers** means each director and secretary of BOQ and any person delegated on the authority of the board of directors of BOQ to exercise the power of attorney conferred by clause 23.

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

**BBSW Rate** has the meaning given in clause 2.4.

**Bookbuild** means the process conducted by BOQ or its agents before the opening of the Offer whereby certain institutional investors and brokers lodge bids for Notes and, on the basis of those bids, BOQ determines the Margin and announces its determination on ASX before the opening of the Offer.

**BOQ** means Bank of Queensland Limited (ABN 32 009 656 740).

**BOQ 2015 Capital Notes** means the mandatorily convertible subordinated perpetual debt securities in the form of unsecured notes issued by BOQ on 26 May 2015.

**BOQ Capital Notes** has the meaning given in clause 1.1.

**BOQ CPS** means convertible preference shares, being fully paid preference shares issued by BOQ on 24 December 2012.

**BOQ Capital Notes Deed Poll** means the deed poll relating to the Notes made by BOQ on or about 22 November 2017.

**BOQ Level 1 Group** means BOQ and those of its controlled entities included by APRA from time to time in the calculation of BOQ's capital ratios on a Level 1 basis.

**BOQ Level 2 Group** means BOQ and together with each other Related Entity included by APRA from time to time in the calculation of BOQ's capital ratios on a Level 2 basis.

**Business Day** means a day which:

- a) for the purpose of determining a Conversion Date (except when the Conversion is on account of a Loss Absorption Event), the calculation or payment of a Distribution or any other sum, a day on which banks are open for general banking business in Brisbane and Sydney (not being a Saturday, Sunday or public holiday in that place); and
- b) a day which is a business day for the purposes of the ASX Listing Rules.

**Buy-Back** means a transaction involving the acquisition by BOQ of its Ordinary Shares pursuant to an offer made at BOQ's discretion in accordance with the provisions of Part 2J of the Corporations Act.

**Capital Reduction** means a reduction in capital initiated by BOQ in its discretion in respect of its Ordinary Shares in any way permitted by the provisions of Part 2J of the Corporations Act.

**CHES** means the Clearing House Electronic Subregister System operated by ASX or its affiliates.

**Common Equity Tier 1 Capital** means in respect of each of the BOQ Level 1 Group and the BOQ Level 2 Group has the meaning determined for that term (or its equivalent) by APRA from time to time.

**Common Equity Tier 1 Capital Ratio** means:

- a) in respect of the BOQ Level 1 Group, the ratio of Common Equity Tier 1 Capital in respect of the BOQ Level 1 Group to risk weighted assets of the BOQ Level 1 Group; and
- b) in respect of the BOQ Level 2 Group, the ratio of Common Equity Tier 1 Capital in respect of the BOQ Level 2 Group to risk weighted assets of the BOQ Level 2 Group,

in each case as calculated by the methodology prescribed by APRA from time to time.

**Common Equity Trigger Event** has the meaning given in clause 4.2.

**Constitution** means the constitution of BOQ as amended from time to time.

**Control** has the meaning given in the Corporations Act.



## Appendix A Capital Note Terms

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**Controlled Entity** means, in respect of BOQ (or any NCHC that is the holding company of BOQ), an entity that BOQ (or such NCHC) Controls.

**Conversion** means, in relation to a Note, to convert that Note into a number of Ordinary Shares in accordance with clause 7, and **Convert**, **Converted** and **Converting** have corresponding meanings.

**Conversion Date** means a Mandatory Conversion Date, a Loss Absorption Event Conversion Date, Acquisition Conversion Date or an Optional Conversion Date in respect of a Conversion.

**Conversion Number** has the meaning given in clause 7.1.

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

**CS Facility** means ASX Settlement Pty Ltd (ABN 49 008 504 532) or such other applicable clearing and settlement facility prescribed as a CS Facility under the Corporations Act from time to time.

**CS Facility Operator** means the operator of a CS Facility.

**Cum Value** has the meaning given in clause 7.2.

**Defaulting Nominated Purchaser** has the meaning given in clause 11.6.

**Deferred Conversion Date** has the meaning given in clause 6.5.

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

- a) BOQ has ceased to be listed or Ordinary Shares have ceased to be quoted on ASX on or before that date (and where the cessation occurred before that date, BOQ or the Ordinary Shares continue not to be listed or quoted (as applicable) on that date);
- b) trading of Ordinary Shares on ASX is suspended for a period of consecutive days which includes:
  - (i) at least 5 consecutive Business Days prior to that date; and
  - (ii) that date; or
- c) an Inability Event subsists preventing BOQ from Converting Notes of Holders generally.

**Directors** mean the directors of BOQ acting as a board or an authorised committee of the board.

**Distribution** has the meaning given in clause 2.1.

**Distribution Payment Date** has the meaning given in clause 2.2.

**Distribution Period** means in respect of:

- a) the first Distribution Period, the period from (and including) the Issue Date until (but not including) the first Distribution Payment Date after the Issue Date; and
- b) each subsequent Distribution Period, the period from (and including) the preceding Distribution Payment Date until (but not including) the next Distribution Payment Date.

**Distribution Rate** has the meaning given in clause 2.4.

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

**Equal Ranking Instruments** means in respect of the payment of distributions or the payment in a winding up:

- a) the BOQ CPS;
- b) the BOQ 2015 Capital Notes; and
- c) each other preference share, security or other instrument that BOQ has issued or may issue that ranks with respect to priority of payment of dividends or distributions or payment in a winding up of BOQ equally with any of the securities listed in (a) and (b) above.

**External Administrator** means, in respect of a person:

- a) a liquidator, a provisional liquidator, an administrator or a statutory manager of that person; or
- b) a receiver, or a receiver and manager, in respect of all or substantially all of the assets and undertakings of that person,

or in either case any similar official.

**Face Value** has the meaning given in clause 1.2.

**FATCA** means sections 1471 through 1474 of the United States Internal Revenue Code of 1986, as amended ("the Code") (or any consolidation, amendment, re-enactment or replacement of those sections) and including any current or future regulations or official interpretations issued, agreements entered into pursuant to section 1471(b) of the Code or non-US laws enacted or regulations or practices adopted pursuant to any intergovernmental agreement in connection with the implementation of those sections.

**FATCA Withholding** means any deduction or withholding imposed or required pursuant to FATCA.

**First Mandatory Conversion Condition** has the meaning given in clause 3.3.

**First Optional Conversion Restriction** has the meaning given in clause 6.4.

**First Test Date** has the meaning given in clause 3.3(a).

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

**Franking Rate** (expressed as a decimal) means the franking percentage (within the meaning of Part 3-6 of the Tax Act or any provisions that revise or replace that Part) applicable to the franking account of BOQ at the relevant Distribution Payment Date.

**Government Agency** means any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial body, department, commission, authority, tribunal, agency or entity.

**Group** means BOQ (or any NOHC that is the holding company of BOQ) and the Controlled Entities of BOQ (or of such NOHC).

**Holder** means a person for the time being Registered as the holder of a Note.

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

**IRS** means the United States Internal Revenue Service or any authority succeeding to its powers and responsibilities.

**Issue Date** means the date on which the Notes are issued.

**Issue Date VWAP** means the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Issue Date, as adjusted in accordance with clauses 7.4 to 7.7 (inclusive).

**Issue Price** has the meaning given in clause 1.2.

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

**Life Insurance Act** means the Life Insurance Act 1995 (Cth).

**Less Absorption Event** has the meaning given in clause 4.1.

**Less Absorption Event Conversion** means the Conversion of Notes to Ordinary Shares on the Less Absorption Event Conversion Date in accordance with clause 4.4.

**Less Absorption Event Conversion Date** has the meaning given in clause 4.4.

**Less Absorption Event Notice** has the meaning given in clause 4.6.

**Mandatory Conversion** means the mandatory conversion of Notes to Ordinary Shares on the Mandatory Conversion Date in accordance with clause 3.

**Mandatory Conversion Conditions** has the meaning given in clause 3.3.

**Mandatory Conversion Date** has the meaning given in clause 3.2.

**Margin** has the meaning given in clause 2.4.

**Maximum Conversion Number** has the meaning given in clause 7.1.

**Meetings Provisions** means the provisions for the convening of meetings and passing of resolutions by Holders set out in Schedule 2 of the BOQ Capital Notes Deed Poll.

**Net Proceeds per Ordinary Share** means, in respect of Ordinary Shares issued and sold in accordance with clause 7.10, an amount equal to the proceeds of sale of such Ordinary Shares actually received by the nominee after deduction of any applicable brokerage, stamp duty and other taxes, charges and expenses (including the nominee's reasonable out of pocket costs, expenses and charges properly incurred by it or on its behalf in connection with such sale from the sale price of the Ordinary Shares), divided by the number of such Ordinary Shares issued and sold.

**NOHC** means a "non-operating holding company" within the meaning of the Banking Act.

**NOHC Event** means an event which would otherwise be an Acquisition Event which is initiated by the Directors, acting as a board, and the result of which is that the ultimate holding company of BOQ would be a NOHC.

**Nominated Purchaser** means, subject to clause 11.3, one or more third parties selected by BOQ in its absolute discretion, provided that such party cannot be BOQ or any Related Entity of BOQ.

**Non-Conversion Notice** has the meaning given in clause 3.4.

**Non-Conversion Test Date** has the meaning given in clause 6.4.

**Non-Viability Trigger Event** has the meaning given in clause 4.3.

**Notes** has the meaning given in clause 1.1.

**Offer** means the invitation made under the Prospectus issued by BOQ for persons to subscribe for Notes.

**Optional Conversion Date** has the meaning given in clause 6.3.

**Optional Conversion Notice** has the meaning given in clause 6.1.

**Optional Conversion Restrictions** has the meaning given in clause 6.4.

**Optional Redemption Notice** has the meaning given in clause 8.1.

**Optional Resale Notice** has the meaning given in clause 10.1.

**Ordinary Resolution** means a resolution:

- a) passed at a meeting of Holders by a simple majority of the votes validly cast by Holders in person or by proxy and entitled to vote on the resolution; or
- b) made in writing by Holders representing more than 50% of the outstanding Notes,

in each case in accordance with the Meetings Provisions.

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

**Ordinary Share Dividend** means any interim, final or special dividend payable in accordance with the Corporations Act and the Constitution in relation to Ordinary Shares.

**Payment Condition** means in respect of Distributions on Notes scheduled to be paid on a Distribution Payment Date:

- a) the payment of Distributions will result in BOQ or the Group not complying with APRA's then current Prudential Capital Requirements;
- b) unless APRA otherwise approves in writing, the payment of Distributions would result in BOQ or the Group exceeding any limit on distributions of earnings applicable under (and calculated in accordance with) APRA's then current capital conservation requirements as they are applied to BOQ or the Group (as the case may be) at the time;
- c) APRA otherwise objects to the payment of Distributions; or
- d) paying the Distributions would result in BOQ becoming, or being likely to become, insolvent for the purposes of the Corporations Act.

## Appendix A Capital Note Terms

**Potential Acquisition Event** means any one of the following events:

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

in each case other than where such event is a NOHC Event.

**Preference Share** means a notional preference share in the capital of BOQ conferring a claim in the winding up of BOQ equal to the Face Value and ranking equally in respect of return of capital in a winding up with each of the preference shares which is an Equal Ranking Instrument in respect of payment in a winding up.

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

**Prudential Capital Requirements** means at any time the requirements of APRA with respect to the ratio of Common Equity Tier 1 Capital, Tier 1 Capital or Total Capital to total risk weighted assets as applicable to BOQ or the Group at that time.

**Record Date** means, in the case of:

- a) payments of a Distribution, the date which is 11 Business Days before the date of payment (or as otherwise prescribed by the ASX Listing Rules or if not prescribed by the ASX Listing Rules, a date determined by BOQ and notified to ASX); and
- b) payments of any other amount, a date determined by BOQ and notified to ASX (or such other date as may be prescribed by ASX).

**Redemption** means, in relation to a Note, redemption in accordance with clause 9.2 and **Redeem**, **Redeemable** and **Redeemed** have corresponding meanings.

**Redemption Date** means the date on which Notes are to be redeemed or, if Notes are not redeemed on that day, the date on which the Notes are Redeemed.

**Register** means a register of Holders of Notes established and maintained by the Registrar. The term Register includes:

- a) any sub-register maintained by, or on behalf of BOQ under the Corporations Act, the ASX Listing Rules or the rules and regulations of CHES; and
- b) any branch register, provided that, in the event of any inconsistency, the principal register will prevail over any sub-register or branch register.

**Registered** means recorded in the Register.

**Registrar** means Link Market Services Limited (ABN 54 083 214 537) or any other person who from time to time maintains the Register on behalf of BOQ.

**Regulatory Change** means any amendment to, clarification of or change (including any announcement of any change that will be introduced) in any law or regulation or any official administrative pronouncement or action or judicial decision interpreting or applying such laws or regulations or any direction, order, standard, requirement, guideline or statement of APRA (whether or not having the force of law) in each case which event is announced on or after the Issue Date and which BOQ did not expect at the Issue Date.

**Regulatory Event** means:

- a) the receipt by the Directors of an opinion from a reputable legal counsel that, as a result of a Regulatory Change additional requirements would be imposed on BOQ in relation to or in connection with Notes which the Directors determine, in their absolute discretion, to be unacceptable; or
- b) the determination by the Directors that, as a result of a Regulatory Change, BOQ is not or will not be entitled to treat some or all Notes as Additional Tier 1 Capital except where the reason BOQ is not or will not be entitled to treat some or all Notes as Additional Tier 1 Capital is because of a limit or other restriction on the recognition of Additional Tier 1 Capital which is in effect on the Issue Date or which on the Issue Date is expected by BOQ may come into effect.

**Related Entity** has the meaning given to it by APRA from time to time.

**Relevant Distribution** has the meaning given in clause 2.8.

**Relevant Distribution Payment Date** has the meaning given in clause 2.8.

**Relevant Fraction** has the meaning given in clause 7.1.

**Relevant Mandatory Conversion Date** has the meaning given in clause 3.2.

**Relevant Tier 1 Capital Instruments** means Tier 1 Capital instruments of BOQ (on a Level 1 or Level 2 basis) (including the Notes) that, in accordance with their terms or by operation of law, are capable of being converted into Ordinary Shares or written off at the Loss Absorption Event Conversion Date.

**Reorganisation** means, in relation to BOQ, a division, consolidation or reclassification of BOQ's share capital not involving any cash payment or other distribution (or compensation) to or by the holders of Ordinary Shares.

**Resale** means, in relation to a Note, the taking effect of the rights specified in clause 11 in relation to that Note, and **Resold** and **Resell** have corresponding meanings.

**Resale Date** has the meaning given in clause 10.3.

**Resale Price** means, for a Note, a cash amount equal to its Issue Price.

**Scheduled Mandatory Conversion Date** has the meaning given in clause 3.2.

**Second Mandatory Conversion Condition** has the meaning given in clause 3.3 (but in clauses 5.4 and 6.5, as adjusted in those clauses).

**Second Optional Conversion Restriction** has the meaning given in clause 6.4.

**Senior Ranking Creditors** means all present and future creditors of BOQ, including all depositors, whose claims are:

- a) entitled to be admitted in the winding up of BOQ; and
- b) not in respect of Equal Ranking Instruments.

**Special Resolution** means a resolution:

- a) passed at a meeting of Holders by a majority of at least 75% of the votes validly cast by Holders in person or by proxy and entitled to vote on the resolution; or
- b) made in writing by Holders representing at least 75% of the outstanding Notes,

in each case in accordance with the Meetings Provisions.

**Taxes** means taxes, levies, imposts, deductions or charges and duties (including stamp and transaction duties) imposed by any authority together with any related interest, penalties and expenses in connection with them.

**Tax Act** means:

- a) the Income Tax Assessment Act 1936 (Cth) or the Income Tax Assessment Act 1997 (Cth) as the case may be and a reference to any section of the Income Tax Assessment Act 1936 (Cth) includes a reference to that section as rewritten in the Income Tax Assessment Act 1997 (Cth); and
- b) any other Act setting the rate of income tax payable and any regulation promulgated under it.

**Tax Event** means on or after the Issue Date, BOQ receives an opinion from a reputable legal counsel or other tax adviser in Australia, experienced in such matters that there is more than an insubstantial risk that, as a result of a Tax Law Change:

- a) BOQ or another member of the Group would be exposed to more than a de minimis increase in its costs (including without limitation through the imposition of any amount of other Taxes, duties, assessments or other governmental charges) in connection with the Notes; or
- b) BOQ or the tax consolidated group of which it is a member would not be entitled to treat any Distribution as a frankable distribution within the meaning of Division 202 of the Tax Act (or may do so only subject to requirements which the Directors determine, in their absolute discretion, to be unacceptable).

**Tax Law Change** means:

- a) an amendment to, change (including any announcement of any change that will be introduced) in any laws or regulations under those laws affecting taxation in Australia;
- b) a judicial decision interpreting, applying or clarifying laws or regulations affecting taxation in Australia;
- c) an administrative pronouncement, ruling, confirmation, advice or action (including a failure or refusal to provide a ruling) affecting taxation in Australia that represents an official position, including a clarification of an official position of the governmental authority or regulatory body in Australia making the administrative pronouncement or taking any action; or
- d) a challenge asserted or threatened in connection with the Notes in writing from the Australian Taxation Office,

which amendment or change is announced or which action or clarification or challenge occurs on or after the Issue Date and which BOQ did not expect as at the Issue Date.

**Tax Rate** has the meaning given in clause 2.4.

**Terms** means these terms of issue of Notes.

**Third Mandatory Conversion Condition** has the meaning given in clause 3.3.

**Tier 1 Capital** means tier 1 capital as defined by APRA from time to time.

**Total Capital** means total capital as defined by APRA from time to time.

**Transferee** has the meaning given in clause 19.2.

**VWAP** means, subject to any adjustments under clause 7, the average of the daily volume weighted average sale prices (such average being rounded to the nearest full cent) of Ordinary Shares sold on ASX during the relevant period or on the relevant days but does not include any "Crossing" transacted outside the "Open Session State" or any "Special Crossing" transacted at any time, each as defined in the ASX Operating Rules, or any overseas trades or trades pursuant to the exercise of options over Ordinary Shares.

**VWAP Period** means:

- a) in the case of a Conversion resulting from a Potential Acquisition Event or an Acquisition Event, the lesser of:
  - (i) 20 Business Days on which trading in Ordinary Shares takes place; and
  - (ii) the number of Business Days on which trading in Ordinary Shares takes place that the Ordinary Shares are quoted for trading on ASX or the principal securities exchange on which Ordinary Shares are then quoted after the occurrence of the Potential Acquisition Event or Acquisition Event (as the case may be);

in each case immediately preceding (but not including) the Business Day before the Optional Conversion Date or Acquisition Conversion Date in respect of that event (as the case may be);

- b) in the case of a Conversion resulting from a Loss Absorption Event, the period of 5 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Loss Absorption Event Conversion Date;
- c) in the case of any other Conversion, the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the date on which Conversion is to occur in accordance with these Terms; or
- d) otherwise, the period for which VWAP is to be calculated in accordance with these Terms.

**Written Off** has the meaning given in clause 4.5 and **Write Off** has a corresponding meaning.

## Appendix A Capital Note Terms

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### 24.2 Interpretation

- a) Unless the context otherwise requires, if there is any inconsistency between the provisions of these Terms and the Constitution then, to the maximum extent permitted by law, the provisions of these Terms will prevail.
- b) Unless otherwise specified, a reference to a clause or paragraph is a reference to a clause or paragraph of these Terms.
- c) Headings and boldings are for convenience only and do not affect the interpretation of these Terms.
- d) The singular includes the plural and vice versa.
- e) 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.
- f) Other than in relation to a Loss Absorption Event and a conversion on a Loss Absorption Event Conversion Date and other than as otherwise specified in these Terms, if an event under these Terms must occur on a stipulated day which is not a Business Day, then the stipulated day will be taken to be the next Business Day.
- g) A reference to dollars, AUD, AS, \$ or cents is a reference to the lawful currency of Australia.
- h) Calculations, elections and determinations made by or on behalf of BOQ under these Terms are binding on Holders in the absence of manifest error.
- i) Any provisions which refer to the requirements of APRA or any other prudential regulatory requirements will apply only if BOQ is an entity, or the holding company of an entity, or is a direct or indirect subsidiary of an entity (including a NOHC), subject to regulation and supervision by APRA at the relevant time.
- j) Any provisions which require APRA's consent or approval will apply only if APRA requires that such consent or approval be given at the relevant time.
- k) Any provisions in these Terms requiring the prior approval of APRA for a particular course of action to be taken do not imply that APRA has given its consent or approval to the particular action as of the Issue Date or that it will at any time give its consent or approval to the particular action.
- l) The terms "holding company", "wholly-owned subsidiary" and "subsidiary", when used in these Terms have the meaning given in the Corporations Act.
- m) A reference to a party to an agreement or deed includes a reference to a replacement or substitute of the party according to that agreement or deed.
- n) A reference to an agreement or deed includes a reference to that agreement or deed as amended, added to or restated from time to time.
- o) The words "includes" or "including", "for example" or "such as" do not exclude a reference to other items, whether of the same class or genus or not.

- p) Words importing any gender include all other genders.
- q) The terms "takeover bid", "relevant interest", "scheme of arrangement", and "buy-back", when used in these Terms have the meaning given in the Corporations Act.
- r) A reference to any term defined by APRA (including, without limitation, "Additional Tier 1 Capital", "Common Equity Tier 1 Capital", "Level 1", "Level 2", "Prudential Capital Requirements", "Tier 1 Capital" and "Total Capital") shall, if that term is replaced or superseded in any of APRA's applicable prudential regulatory requirements or standards, be taken to be a reference to the replacement or equivalent term.
- s) A reference to a term defined by the ASX Listing Rules or the ASX Operating Rules shall, if that term is replaced in those rules, be taken to be a reference to the replacement term.
- t) If the principal securities exchange on which Ordinary Shares are listed becomes other than ASX, unless the context otherwise requires a reference to ASX shall be read as a reference to that principal securities exchange and a reference to the ASX Listing Rules, ASX Operating Rules or any term defined in any such rules, shall be read as a reference to the corresponding rules of that exchange or corresponding defined terms in such rules (as the case may be).
- u) Where BOQ is required to give or serve a notice by a certain date under these Terms, BOQ is required to despatch the notice by that date (including at BOQ's discretion, by posting or lodging notices with a mail house) and delivery or receipt (or deemed delivery) is permitted to occur after that date.
- v) Where a Holder is required to give or deliver a notice to BOQ by a certain date under these Terms, the notice must be received by BOQ by that date.
- w) A reference to time is to Brisbane time unless otherwise specified.

### 24.3 Inconsistency with ASX Listing Rules

So long as Notes are quoted on ASX, these Terms as they relate to those Notes are to be interpreted in a manner consistent with applicable ASX Listing Rules, except to the extent that an interpretation consistent with the ASX Listing Rules would affect the eligibility of Notes as Additional Tier 1 Capital.

# Schedule 2 – Meetings Provisions

*The following are the Meeting Provisions which are applicable to the convening of meetings of Holders and the passing of resolutions by them.*

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## **1 Convening a meeting**

### **1.1 Who can convene a meeting?**

The Issuer may convene a meeting whenever it thinks fit.

The Issuer must convene a meeting if it is asked to do so in writing:

- (a) by the Registrar; or
- (b) by Holders who alone or together hold 10% or more of the aggregate Face Value of all Notes outstanding,

so long as the Issuer is indemnified to its satisfaction against all costs and expenses incurred in convening the meeting.

### **1.2 Venue**

A meeting may be held at two or more venues using any technology that gives the Holders as a whole a reasonable opportunity to participate.

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## **2 Notice of meeting**

### **2.1 Period of notice**

Unless otherwise agreed in writing by each Holder, at least 10 Business Days' notice (15 Business Days' notice for a Special Resolution) of a meeting must be given to each Holder and the Registrar.

### **2.2 Contents of notice**

The notice must:

- (a) specify the date, time and place of the meeting;
- (b) specify the resolutions to be proposed; and
- (c) explain how Holders may appoint Proxies and state that Proxies may be appointed until 48 hours before the meeting but not after that time.

### **2.3 Effect of failure to give notice**

A meeting is duly convened and proceedings at it are valid, notwithstanding:

- (a) the accidental omission to give notice of a meeting to, or the non-receipt of notice by, any person entitled to receive notice; or
- (b) the omission to give notice (or any amending or supplementary notice) to a Holder whose country of residence (as shown in the Register) is outside Australia and where the giving of notice to such Holder is not permitted by applicable law, or applicable only after compliance with conditions which the Issuer in its discretion considers unduly onerous.

## **2.4 Notices to be given in accordance with Deed**

Clause 4 of this Deed ("Notices") applies to these provisions as if it were fully set out in these provisions.

## **2.5 Calculation of period of notice**

If a notice must be given within a certain period of days, the day on which the notice is given, and the day on which the meeting is to be held, are not to be counted in calculating that period.

*Holders who are registered as Holders of Notes less than the relevant period specified in paragraph 2.1 before a meeting will not receive notice of that meeting.*

## **2.6 Amendment of notice**

The convenor of the meeting may amend or supplement the notice of meeting by any further information or materials it considers appropriate by further notice given in accordance with this paragraph at least 7 days prior to the time fixed for the meeting.

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# **3 Chairperson**

## **3.1 Nomination of chairperson**

The Issuer must nominate in writing a person as the chairperson of a meeting.

The chairperson of a meeting may, but need not, be a Holder.

## **3.2 Absence of chairperson**

If a meeting is held and:

- (a) a chairperson has not been nominated; or
- (b) the person nominated as chairperson is not present within 15 minutes after the time appointed for the holding of the meeting, or is unable or unwilling to act,

the Holders or Proxies present may appoint a chairperson.

## **3.3 Chairperson of adjourned meeting**

The chairperson of an adjourned meeting need not be the same person as was the chairperson of the meeting from which the adjournment took place.

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# **4 Quorum**

## **4.1 Number for a quorum**

The quorum for any meeting is any two Holders or Proxies present only if they alone or together hold (or in the case of Proxies, represent Holders who hold) Notes which represent at least 10% of the aggregate Face Value of the Notes outstanding when the meeting begins.

In determining how many Holders are present, each individual attending as a Proxy is to be counted, except that:

- (a) where a Holder has appointed more than one Proxy, only one is to be counted; and
- (b) where an individual is attending both as a Holder and as a Proxy, that individual is to be counted only once.

#### **4.2 Requirement for a quorum**

An item of business (other than the choosing of a chairperson) may not be transacted at a meeting unless a quorum is present when the meeting proceeds to consider it. If a quorum is present at the time the first item of business is transacted, it is taken to be present when the meeting proceeds to consider each subsequent item of business unless the chairperson of the meeting (on the chairperson's own motion or at the request of a Holder or Proxy who is present) declares otherwise.

#### **4.3 If quorum not present**

If within 30 minutes after the time appointed for a meeting a quorum is not present, the meeting:

- (a) if convened on the requisition of Holders, is dissolved; and
- (b) in any other case, is adjourned until a date, time and place the chairperson appoints. The date of the adjourned meeting must be no earlier than 14 days, and no later than 42 days after, the date of the meeting from which the adjournment took place. At such adjourned meeting Holders present and entitled to vote which represent at least 5% of the aggregate Face Value of the Notes outstanding when the meeting begins are a quorum for the transaction of business.

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## **5 Adjournment of a meeting**

### **5.1 When a meeting may be adjourned**

The chairperson of a meeting may with the consent of an Ordinary Resolution (and must if directed by an Ordinary Resolution on a poll) adjourn the meeting or any business, motion, question, resolution, debate or discussion being considered or remaining to be considered by the meeting either to a later time at the same meeting or to an adjourned meeting at any time and any place.

### **5.2 Business at adjourned meeting**

Only business which might validly (but for the lack of required quorum) have been transacted at the original meeting may be transacted at the adjourned meeting.

### **5.3 Notice of adjourned meeting**

It is not necessary to give notice of an adjournment unless the meeting is adjourned because of a lack of a quorum. In that case, unless otherwise agreed in writing by each Holder, the Issuer must give 10 days' notice of the adjourned meeting to each person entitled to receive notice of a meeting under these provisions.



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## **6 Voting**

### **6.1 Voting on a show of hands**

Every resolution put to a vote at a meeting must be decided on a show of hands unless a poll is properly demanded and not withdrawn.

A declaration by the chairperson that a resolution has been carried, or carried by a particular majority, or lost or not carried by any particular majority, is conclusive evidence of the fact. Neither the chairperson nor the minutes need state, and it is not necessary to prove, the number or proportion of the votes recorded in favour of or against the resolution.

### **6.2 When is a poll properly demanded**

A poll may be demanded by:

- (a) the chairperson;
- (b) the Issuer; or
- (c) one or more persons who alone or together hold (or represent Holders who hold) Notes representing at least 5% of the outstanding aggregate Face Value of the Notes outstanding.

The poll may be demanded before a vote is taken or before or immediately after the voting results on a show of hands are declared.

### **6.3 Poll**

If a poll is properly demanded, it must be taken in the manner and at the date and time directed by the chairperson. The result of the poll is a resolution of the meeting at which the poll was demanded.

A poll demanded on the election of a chairperson or on a question of adjournment must be taken immediately.

A demand for a poll may be withdrawn.

The demand for a poll does not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll was demanded.

### **6.4 Equality of votes - chairperson's casting vote**

If there is an equality of votes either on a show of hands or on a poll, the chairperson of the meeting has a casting vote in addition to any votes to which the chairperson is entitled as a Holder or Proxy.

### **6.5 Entitlement to vote**

A Holder may be present and vote in person at any meeting in respect of the Note or be represented by Proxy.

Except where these provisions otherwise provide, at any meeting:

- (a) on a show of hands, each Holder present in person and each other person present as a Proxy has one vote; and

- (b) on a poll each Holder or Proxy present has one vote in respect of each Note registered in that person's name or in respect of which that person is a Proxy.

Without affecting the obligations of the Proxies named in any Form of Proxy, any person entitled to more than one vote need not use all votes (or cast all the votes) to which it is entitled in the same way.

## **6.6 Entitlement to attend**

The Issuer, the Registrar, the Holders and the chairperson and their respective financial and legal advisers may attend and speak at any meeting.

## **6.7 Objections to right to vote**

A challenge to a right to vote at a meeting of Holders:

- (a) may only be made at the meeting; and
- (b) must be determined by the chairperson, whose decision is final.

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# **7 Proxies**

## **7.1 Appointment of Proxy**

A Holder entitled to attend and vote at a meeting may appoint a Proxy to attend and act on that Holder's behalf in connection with any meeting by a Form of Proxy signed by the Holder. If the Holder is a corporation, the Form of Proxy must be executed in accordance with the Corporations Act.

## **7.2 Validity of Forms of Proxy**

Forms of Proxy are valid for so long as the Notes to which they relate are registered in the name of the appointor but not otherwise.

## **7.3 Who may be a Proxy?**

A Proxy:

- (a) need not be a Holder; and
- (b) may be an attorney, officer, employee, contractor, agent, representative of, or otherwise connected with, the Issuer.

## **7.4 Form of Proxy must be lodged with the Issuer**

A Form of Proxy will not be treated as valid unless it is (together with any power of attorney or other authority under which it is signed, or a copy of that power or authority certified in the manner as the Issuer may require) received by the Issuer (or a person appointed to act on behalf of the Issuer as specified in the notice of meeting) at the office specified in the notice of meeting no later than 48 hours before the meeting at which the Form of Proxy is to be used.

## **7.5 Revocation and amendment**

Any vote given in accordance with the terms of a Form of Proxy is valid even if, before the Proxy votes, the relevant Holder:

- (a) revokes or amends the Form of Proxy or any instructions in relation to it;  
or
- (b) transfers the Notes in respect of which the Proxy was given,

unless notice of that revocation, amendment or transfer is received from the Holder who signed that Form of Proxy by the Issuer (or a person appointed to act on behalf of the Issuer specified in the notice of meeting) at the office specified in the notice of meeting no later than 24 hours before the commencement of the meeting at which the Form of Proxy is used.

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## 8 Single Holder

If there is only one Holder, the Holder may pass a resolution by recording it and signing the record.

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## 9 Matters requiring a Special Resolution

The following matters require an approval of the Holders to be obtained by a Special Resolution:

- (a) an amendment of a provision of this deed, the Terms or a right created under them, except for an amendment which may be made without the consent of Holders under the Terms;
- (b) a waiver of any breach or other non-performance of obligations by the Issuer in connection with this deed or the Terms or an authorisation of any proposed breach or non-performance;
- (c) to authorise any person to do anything necessary to give effect to a Special Resolution;
- (d) the exercise of any right, power or discretion under this deed or the Terms that expressly requires a Special Resolution;
- (e) to appoint any committee (which need not consist of Holders) to represent the interests of the Holders and to confer on the committee any powers or discretions which the Holders may exercise by a Special Resolution;
- (f) any proposal for any compromise of the rights of the Holders against the Issuer whether those rights arise under this deed, the Terms or otherwise;
- (g) the exchange or substitution of the Notes for, or the conversion of the Notes into, shares, bonds or other obligations or securities of the Issuer or any other body corporate which is not expressly permitted under the Terms;
- (h) a change to the majority required to pass a Special Resolution; and
- (i) a change to the quorum required for a meeting under these Meeting Provisions.

A reference in this paragraph to “**amend**” includes modify, cancel, amend, waive or add to, and “**amendment**” has a corresponding meaning.

An action which may affect the eligibility of the BOQ Capital Notes for inclusion as Additional Tier 1 Capital of the Issuer is subject to the prior written consent of APRA.

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## **10 Circulating Resolutions**

The Holders may without a meeting being held:

- (a) pass a Ordinary Resolution, if within one month after the Notification Date, Holders holding (either alone or together) Notes which represent at least 50% of the aggregate Face Value of the Notes outstanding as at the Notification Date sign a document stating that they are in favour of the resolution set out in the document; or
- (b) pass a Special Resolution, if within one month after the Notification Date, Holders holding (either alone or together) Notes which represent at least 75% of the aggregate Face Value of the Notes outstanding as at the Notification Date sign a document containing a statement that they are in favour of the resolution set out in the document.

Separate copies of a document may be used for signing by Holders if the wording of the resolution and statement is identical in each copy.

The resolution is passed when the last Holder signs it.

The accidental omission to give a copy of a Circulating Resolution to, or the non-receipt of a copy by, any Holder does not invalidate the Circulating Resolution.

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## **11 APRA consent**

- (a) Prior to any amendment to this deed or the Terms, the Issuer must obtain any consent needed to the amendment. In particular, the Issuer must obtain the prior written consent of APRA to any amendment which may affect the eligibility of the BOQ Capital Notes for inclusion as Additional Tier 1 Capital of the Issuer.
- (b) Nothing in this paragraph shall be taken to require the consent of any Senior Ranking Creditor to any amendment of this deed or the Terms.

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## **12 Effect and notice of resolution**

### **12.1 Resolutions are binding**

A resolution passed at a meeting duly convened and held (or by a Circulating Resolution duly sent) in accordance with these provisions is binding on all Holders, whether or not they were present, or voted, at the meeting (or signed the Circulating Resolution).

### **12.2 Notice of resolutions**

The Issuer must give notice to the Holders and the Registrar of the result of the voting on a resolution within 14 days of the result being known. However, a failure to do so does not invalidate the resolution.

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## **13 Minutes**

### **13.1 Minute books**

The Issuer must keep minute books in which it records:

- (a) proceedings and resolutions of meetings; and
- (b) Circulating Resolutions.

### **13.2 Minutes and Circulating Resolutions must be signed**

The Issuer must ensure that:

- (a) minutes of a meeting are signed by the chairperson of the meeting or by the chairperson of the next meeting; and
- (b) Circulating Resolutions are signed by a director or secretary of the Issuer.

### **13.3 Minutes and Circulating Resolutions conclusive**

A minute or Circulating Resolution that is recorded and signed in accordance with these provisions, unless the contrary is proved, conclusive evidence:

- (a) of the matters contained in it;
- (b) that the meeting has been duly convened and held (or copies of the proposed Circulating Resolution have been duly sent); and
- (c) that all resolutions have been duly passed.

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## **14 Further procedures**

The Issuer may prescribe further regulations for the holding of, attendance and voting at meetings as are necessary or desirable and do not adversely affect the interests of the Holders.

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## **15 Interpretation**

### **15.1 Incorporation of other defined terms**

Terms which are defined in the Notes Terms have the same meaning when used in these provisions unless the same term is also defined in these provisions, in which case the definition in these provisions prevails. Subject to this, the remaining "Interpretation" provisions of the Notes Terms apply to these provisions.

### **15.2 Definitions**

These meanings apply unless the contrary intention appears.

- (a) **Circulating Resolution** means a written resolution of Holders made in accordance with paragraph 10.
- (b) **Form of Proxy** means a notice in writing in the form available from the Registrar.

- (c) **Proxy** means a person so appointed under a Form of Proxy.
- (d) **Notification Date** means the date stated in the copies of a Circulating Resolution sent to Holders, which must be no later than the date on which that resolution is first notified to Holders.
- (e) **Terms or Notes Terms** means the terms and conditions applicable to the Notes set out in Schedule 1 to this deed and references to a particular numbered Term shall be construed accordingly.

### **15.3 Holders at a specified time**

The time and date for determining the identity of a Holder who may be counted for the purposes of determining a quorum or attend and vote at a meeting, or sign a Circulating Resolution, is at the close of business in the place where the Register is kept on the date which is seven days before the date of the meeting or, for a Circulating Resolution, the Notification Date.

### **15.4 Notes held by Issuer and its Related Entities**

In determining whether the provisions relating to quorum, meeting and voting procedures are complied with, any Notes held in the name of the Issuer or any of its Related Entities (as defined in the Corporations Act) must be disregarded.

# Signing page

EXECUTED by )  
BANK OF QUEENSLAND LIMITED in )  
accordance with section 127(1) of the )  
Corporations Act 2001 (Cth) by )  
authority of its directors: )

  
..... )  
Signature of director )

JON EARLE SUTTON  
..... )  
Name of director (block letters) )

  
..... )  
Signature of director/company )  
secretary\* )

\*delete whichever is not applicable )  
Michelle Thomssen )  
Group General Counsel/Company Secretary )  
..... )  
Name of director/company secretary\* )  
(block letters) )  
\*delete whichever is not applicable )