

Bank of Queensland Capital Notes 3 Target Market Determination

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Prepared by Bank of Queensland Limited ABN 32 009 656 740 Australian Credit Licence and AFSL 244616 ("**BOQ**"), the issuer of Bank of Queensland Capital Notes 3 ("**CN3**").

What is a Target Market Determination?

A Target Market Determination ("**TMD**") describes:

- the class of retail clients as defined in the Corporations Act 2001 (Cth) ("**Retail Investors**") that comprise the target market for CN3 ("**Target Market**");
- any conditions or restrictions on how CN3 is distributed to Retail Investors; and
- events or circumstances where we will review the TMD for CN3.

Why does BOQ need to make this TMD publicly available?

We are required to produce this TMD by law. The law is intended to help Retail Investors obtain appropriate financial products by requiring issuers and distributors to have a consumer centric approach to the design and distribution of financial products.

Important information

This TMD is not a recommendation, opinion or advice that any person acquire CN3 or is within the Target Market. It does not summarise the terms or risks of CN3 and is not an offer of, or invitation to apply for, CN3 to any person in Australia or elsewhere. It does not set out all obligations of regulated persons in relation to CN3 or this TMD. Go to www.boq.com.au/capitalnotes3 for information about CN3 and access to the prospectus for the CN3 ("**Prospectus**"). This TMD relates to Retail Investors only and it does not regulate dealings with wholesale investors.

Investors who wish to apply for CN3 should read the Prospectus in its entirety and Retail Investors must seek professional guidance which takes into account their particular investment objectives, financial situation and needs from a professional advisor who is licensed by ASIC to give such advice. CN3 are complex, involve increased risks compared to other less risky and less complex bank investments such as deposits and may not be suitable for all investors.

BANK OF QUEENSLAND

CAPITAL NOTES 3

The TMD will undergo a periodic review as follows:

Initial review	Subsequent review	Review triggers
<p>The last day of the period of 4 calendar days commencing on the first day of the Offer Period (“Initial Review Date”).</p> <p>“Offer Period” has the meaning given in the Prospectus.</p>	<p>The date falling 2 business days prior to the Issue Date.</p> <p>“Issue Date” has the meaning given in the Prospectus.</p>	<p>See below for review triggers.</p>

Target Market

CN3 have been designed for investors who:	Key attributes of CN3 that make this product appropriate for the target market:
<ul style="list-style-type: none"> are seeking to acquire an investment product to generate income; 	<p>Investment objectives:</p> <ul style="list-style-type: none"> CN3 are scheduled to pay quarterly cash distributions at the rate specified in the Prospectus, subject to conditions. CN3 are not designed to provide capital growth.
<ul style="list-style-type: none"> are able to bear the risks associated with an investment in CN3 (in particular, the lack of certainty as to payment of distributions and the potential loss of some or all of the capital invested in CN3); 	<p>Conditions to payment of distributions and risk of loss of capital invested:</p> <p>CN3 are subject to risks as summarised in the Prospectus. In particular:</p> <ul style="list-style-type: none"> Payment of scheduled distributions on CN3 is not guaranteed – it is subject to BOQ’s absolute discretion and APRA’s required payment conditions. BOQ does not guarantee the return of capital on CN3 – an investor may lose some or all of the capital invested in CN3.

BANK OF QUEENSLAND

CAPITAL NOTES 3

<ul style="list-style-type: none"> do not require certainty as to repayment of their capital invested within a specific investment timeframe; and 	<p>Perpetual, exchangeable for ordinary shares in BOQ and subject to write-off:</p> <ul style="list-style-type: none"> CN3 do not have any fixed maturity date and could remain on issue indefinitely if they are not exchanged for ordinary shares or redeemed. In certain circumstances as described in the Prospectus, CN3 will be exchanged for ordinary shares in BOQ or be written off.
<ul style="list-style-type: none"> seek the ability to dispose of CN3 by sale on a licensed securities exchange at the price available on the exchange. 	<p>ASX Listing:</p> <ul style="list-style-type: none"> CN3 will be listed on ASX. However, there may not be a liquid market for CN3, and investors who wish to dispose of their CN3 may not be able to do so at an acceptable price, or at all.

Negative Target Market

CN3 are not designed for investors who:

- are seeking capital growth;
- require certainty that returns will be paid and their capital repaid on set dates; or
- cannot afford not to receive a return or to lose all or some of their investment in CN3.

Distribution Conditions

CN3 can only be issued:

- through "**Syndicate Brokers**" (as described in the Prospectus), who have been engaged having regard to their credentials and standing in the market for securities of this kind; and
- to an investor who is a Retail Investor if the investor is a "**Qualifying Retail Client**".

A Retail Investor is a "**Qualifying Retail Client**" if:

- a Syndicate Broker reasonably believes that the investor has received personal advice from a qualified financial adviser in relation to the acquisition of CN3; and
- the investor applies for CN3 via a Syndicate Broker during the Offer Period.

Why the distribution conditions will make it likely that the consumers who acquire the product are in the Target Market

BOQ sets these distribution conditions so that CN3 are only issued to a Retail Investor if the investor applies through channels that BOQ considers appropriate. BOQ considers that the

BANK OF QUEENSLAND

CAPITAL NOTES 3

distribution conditions and restrictions support BOQ's assessment that CN3 will likely be distributed to the Target Market because it considers that:

- using persons who are well-credentialed and in good standing to distribute the CN3; and
 - requiring those persons to have formed a reasonable belief that Retail Investors have received personal advice from a qualified financial adviser in relation to the acquisition of CN3,
- will make it likely that CN3 are issued to investors for whom they are likely to be a suitable investment.

Review triggers

This TMD will be reviewed if any of the following trigger events and information being monitored reasonably suggests that the TMD may no longer be appropriate:

- a material, unexpected increase in complaints received about the product;
- a material change to the product or its distribution;
- a change in law or other regulatory requirement (including a change in relevant industry code, an AFCA determination or a court decision, or ASIC, APRA or other regulatory guidance) materially affecting the product;
- the issue of a regulatory order or direction (including the use by ASIC of its Product Intervention Powers) that expressly states or directly implies that this TMD is no longer appropriate; or
- any other event occurs or information is received (for example, a significant dealing in the product) that reasonably suggests that the TMD is no longer appropriate.

Information Reporting Requirements

Distributors of CN3 (including Syndicate Brokers and other regulated persons) must provide BOQ with the information in the tables below, in writing:

TYPE OF INFORMATION	DESCRIPTION	REPORTING PERIODS
Complaints	<ul style="list-style-type: none">• Details of any complaints received during the reporting period.• If any complaints have been received during the reporting period, this detail will include the substance of the complaint, including the circumstances giving rise to, and the nature of, the complaint and the outcome of the complaint.	<ul style="list-style-type: none">• Reporting period 1: the period commencing on the date of the lodgement of the initial prospectus with ASIC and concluding at 5pm (AEST) on the business day prior to the Initial Review Date; and• Reporting period 2: the period commencing immediately after the

BANK OF QUEENSLAND

CAPITAL NOTES 3

TYPE OF INFORMATION	DESCRIPTION	REPORTING PERIODS
		conclusion of Reporting Period 1 and concluding at 5pm on the last day of the Offer Period.
Significant Dealings	<ul style="list-style-type: none"> • The date on which or the date range over which the dealing occurred; • A description of the dealing; • An explanation of why the dealing is considered significant; • An explanation of why the dealing is considered to be inconsistent with the TMD (e.g., where an allocation of CN3 to a Retail Investor that is not a Qualifying Retail Client may occur); • How the dealing was identified (e.g., through monitoring, complaints etc); and • Details of any steps that have been taken or will be taken in relation to the significant dealing. 	<ul style="list-style-type: none"> • Reporting period 1: the period commencing on the date of the lodgement of the initial prospectus with ASIC and concluding at 5pm (AEST) on the business day prior to the initial Review Date (defined above); and • Reporting period 2: the period commencing immediately after the conclusion of Reporting Period 1 and concluding at 5pm on the last day of the Offer Period.

Note: Record keeping

The law requires BOQ and its distributors to maintain records of the reasonable steps they have taken to ensure that this product is sold in a manner consistent with this TMD.

BOQ is also required prepare and maintain complete and accurate records of our decisions, and the reasons for those decisions, in relation to:

- the TMD for this product;
- identifying and tracking review triggers;
- setting review periods; and
- the matters documented in this TMD.