

BANK OF QUEENSLAND LIMITED

ACN 009 656 740
ABN 32 009 656 740

TERMS OF RESET PREFERENCE SHARES ("RePS")

The following are the terms and conditions of the RePS:

1 Denomination

The denomination of each RePS will be \$100 (the “Face Value”). For the Initial Issue, the Issue Price of each RePS will be \$100. For each Subsequent Issue, the Issue Price of each RePS will be the price set out in the Pricing Supplement in relation to that issue.

2 Multiple Issues

2.1 Reset Preference Share Issues

The Issuer may issue RePS in addition to those in the Initial Issue. Such Subsequent Issues will comprise RePS which are identical in all respects to the existing RePS, save for the Issue Price and Issue Date which will be set out in the Pricing Supplement in relation to that issue. RePS issued in Subsequent Issues will rank pari passu with the existing RePS in all respects including right to dividends.

2.2 Issue Date

The Issue Date for the Initial Issue will be the Allotment Date. The Issue Date for Subsequent Issues will be the date specified as the Issue Date by the Issuer in the Pricing Supplement in relation to that Subsequent Issue.

3 Dividends

3.1 Dividends

3.1.1 Subject to this clause 3, on each Dividend Payment Date the holder of a RePS on a relevant Record Date (“Relevant Record Date”) is entitled to receive, if payable, on or before each Dividend Payment Date immediately following the Relevant Record Date, a non-cumulative dividend (the “Dividend”) calculated in accordance with the following formula:

$$Dividend = \frac{Dividend\ Rate \times \$100 \times N}{365}$$

3.1.2 For the purpose of clause 3.1.1, N is the number of days from (and including) the last Dividend Payment Date or, in relation to the first Dividend Payment Date, the Allotment Date, to (but excluding) the Dividend Payment Date immediately following the Relevant Record Date.

3.1.3 For the purpose of clause 3.1.1, the Dividend Rate is the rate per annum determined by the Issuer being not greater than as calculated in accordance with the formula set out below:

$$Dividend\ Rate = \frac{S + 2.1157\%}{1.1714} \text{ per annum}$$

where S is the Swap Rate prevailing on the Allotment Date or Dividend Reset Date (as applicable) for the relevant Term.

3.1.4 If, at any time after 30 June 2001, the Australian corporate tax rate applicable to the franking account of the Issuer from which the Dividend will be franked is not 30%, the Dividend will be calculated in accordance with the following formula (rounded to the nearest four decimal places):

$$D \times \frac{[1 - T_i]}{0.7}$$

where: D is the Dividend calculated in accordance with clauses 3.1.1 to 3.1.3; and

T_i is the Australian corporate tax rate applicable to the franking account of the Issuer from which the Dividend will be franked, expressed as a decimal.

3.1.5 If the Dividend is not fully franked under Part IIIAA of the Tax Act the Dividend will be calculated in accordance with the following formula (rounded to the nearest four decimal places):

$$\frac{D}{1 - T_i \times (1 - f)}$$

where: D is the Dividend calculated in accordance with clauses 3.1.1 to 3.1.4 (as applicable);

T_i is the Australian corporate tax rate applicable to the franking account of the Issuer from which the Dividend will be franked, expressed as a decimal; and

f is the Franking Rate of the Dividend.

3.2 Payment of Dividend

Payment of Dividends is subject to:

- (a) the Board, at its discretion, declaring a Dividend to be payable;
- (b) there being funds legally available for the payment of dividends; and
- (c) the Issuer complying with APRA's then current capital adequacy guidelines.

3.3 Non-Cumulative

Dividends are non-cumulative. If and to the extent that all or any part of a Dividend is not paid because of the provisions of clause 3.2, the Issuer will have no liability to pay, and the holders of the RePS will have no right to be paid, any amount in respect of that Dividend.

3.4 Calculation of Dividends

All calculations of Dividends will be to four decimal places and are rounded up or down to the nearest two decimal places. For the purposes of making any Dividend payment in respect of a holder's aggregate RePS, any fraction of a cent will be disregarded.

3.5 Dividend Payment Dates

Subject to this clause 3, Dividends will be payable on the RePS in arrears on:

- (a) 15 April 2001 and thereafter on each 15 October and 15 April during the period from and including the Issue Date to but excluding the Conversion Date; and
- (b) the Conversion Date.

3.6 Dividends Payable after Conversion

Upon the conversion of any of the RePS into Ordinary Shares in accordance with clause 4, on and from the Business Day following the Conversion Date, the holder of the Ordinary Shares will have only the rights to dividends which are granted to holders of ordinary shares in the capital of the Issuer.

3.7 Method of Payment

Dividends will be paid by cheque or by such other means as authorised by the Board from time to time in favour of the holders of the RePS as they appear in the Register on the Relevant Record Date and will be dispatched to those holders not later than 10 Business Days after that Relevant Record Date.

3.8 Dividend Reset

Subject to this clause 3, after each Dividend Reset Date until and including the next Dividend Reset Date, holders of the RePS will be entitled to receive, on each Dividend Payment Date and on the Conversion Date, a non-cumulative Dividend on the RePS at a rate expressed as a percentage per annum of the Face Value of each RePS. The Issuer will advise the holders of the RePS of:

- (a) the Dividend Rate applying until and including the next Dividend Reset Date; and
- (b) the next Dividend Reset Date,

by way of notice substantially in the form of the notice set out in Schedule 5 no later than 30 Business Days immediately preceding the relevant Dividend Reset Date. If the Issuer fails to notify the Holders of the RePS of the matters set out in this clause, the Issuer will be deemed to have served a notice under clause 4.5 converting all of the RePS.

4 Conversion

4.1 General

The RePS will convert into Ordinary Shares in accordance with this clause 4.

4.2 Conversion Date

The Conversion Date is:

- (a) if a RePS is converted into Ordinary Shares in accordance with clause 4.4 (**Holder Conversion**) or clause 4.5 (**Issuer Conversion**), the Dividend Reset Date immediately following the delivery of the Holder Conversion Notice or Issuer Conversion Notice (as the case may be); or
- (b) if a RePS is converted into Ordinary Shares in accordance with clause 4.6 (**Holder Event Conversion**) or clause 4.7 (**Issuer Event Conversion**), the date specified in that clause.

4.3 Method of Conversion

Conversion of any RePS will:

- (a) take effect on the Conversion Date applicable to that RePS; and
- (b) constitute the variation of the status of, and the rights attaching to, the RePS so that it becomes an Ordinary Share and not constitute a cancellation, redemption or termination of that RePS or the issue, allotment or creation of a new share.

4.4 Holder Conversion

Holders of the RePS may convert all or a portion only of their RePS by serving a notice in the form set out in Schedule 1 on the Issuer on any day between (and including) the 29th Business Day and 21st Business Day immediately preceding any Dividend Reset Date.

4.5 Issuer Conversion

Subject to this clause, the Issuer may convert the RePS by serving a notice in the form set out in Schedule 3 on the holders of the RePS on any day before (and including) the 30th Business Day immediately preceding any Dividend Reset Date. The Issuer may convert all of the RePS or, if the aggregate Face Value of the RePS on issue before conversion under this clause is greater than \$40 million, the Issuer may convert a portion of the RePS so that there remains on issue after conversion under this clause RePS having an aggregate Face Value of \$40 million or more.

4.6 Holder Event Conversion

4.6.1 A holder of RePS will, if a Trigger Event occurs, have the right to convert all (or a portion only) of its RePS. The right to convert under this clause 4.6 may only be exercised by a holder of RePS serving a notice in the form set out in Schedule 2 on the Issuer within 15 Business Days after the occurrence of the relevant Trigger Event. The conversion of the RePS will take effect on the date which is 35 Business Days after the occurrence of the relevant Trigger Event, which date will be the Conversion Date for the purposes of this clause 4.6.

4.6.2 A **Trigger Event** means the occurrence of any of the following events:

- (a) a Dividend in respect of the RePS is not paid in full, for reasons other than the limitations specified in clause 3.2, within 20 Business Days after a Dividend Payment Date;
- (b) the Issuer resolves in general meeting that it be wound up;

- (c) a provisional liquidator is appointed to the Issuer;
- (d) an order is made by a Court for the winding-up of the Issuer (other than to effect a solvent re-construction);
- (e) an administrator of the Issuer is appointed under sections 436A, 436B or 436C of the Corporations Law;
- (f) the Issuer executes a deed of company arrangement;
- (g) a takeover bid (as defined in the Corporations Law), or any type of equivalent offer made under any successor sections of the Corporations Law relating to takeovers, is at any time made to acquire all or a portion (being greater than 50%) of the Ordinary Shares and the offer is, or becomes, unconditional and:
 - (i) the offeror becomes entitled to greater than 50% of the Ordinary Shares in the Issuer on issue; or
 - (ii) the Board issues a statement recommending acceptance of the offer;
- (h) a court approves a scheme of arrangement under Part 5.1 of the Corporations Law (or any successor sections of the Corporations Law relating to schemes of arrangement) which, when implemented, will result in a person becoming entitled to more than 50% of the Ordinary Shares;
- (i) the Ordinary Shares or the RePS are suspended from trading on ASX for more than 20 successive Business Days; or
- (j) the Issuer announces to ASX its intention to sell all or substantially all of its business undertaking or assets (other than to effect a solvent re-construction).

4.6.3 The Issuer will notify the holders of RePS of the occurrence of a Trigger Event by publication in a daily financial newspaper in Australia of a notice specifying the occurrence of the Trigger Event as soon as practicable after becoming aware of the applicable event.

4.7 Issuer Event Conversion

The Issuer will have the right to convert all (but not a portion only) of the RePS on issue from time to time upon the occurrence of:

- (a) a Trigger Event described in clause 4.6.2(g) or (h); or
- (b) a Registration Event, Regulatory Event or Tax Event.

The Issuer's right to convert the RePS under this clause 4.7 may only be exercised by the Issuer serving on the holder of those RePS an Issuer Event Conversion Notice within 15 Business Days after the occurrence of the applicable event referred to in clause 4.7(a) or (b). Where conversion is made in accordance with this clause, the Conversion Date will be the date 35 Business Days after the date of the applicable event referred to in clause 4.7 (a) or (b).

4.8 Conversion Notices

- 4.8.1 A Conversion Notice, once given, is irrevocable.
- 4.8.2 A Holder Conversion Notice or a Holder Event Conversion Notice must be accompanied by evidence of title acceptable to the Issuer for the RePS being converted.
- 4.8.3 Upon the Conversion Date the holder must, if it has not already done so in accordance with clause 4.8.2, surrender to the Issuer evidence of title acceptable to the Issuer for the RePS being converted.

4.9 Conversion and Additional Ordinary Shares

- (a) Each RePS will on the relevant Conversion Date convert into one Ordinary Share.
- (b) Upon conversion, each holder of RePS will be allotted an additional number of Ordinary Shares determined in accordance with the following formula (provided that where the total number of additional Ordinary Shares to be allotted to that holder in respect of the total number of RePS being converted includes a fraction, that fraction will be disregarded):

$$AS = N \times [CR - 1]$$

Where:

N is the number of RePS held by the holder at the Conversion Date;

CR means:

- (i) if conversion is made under clause 4.4 (**Holder Conversion**) other than in respect of the 2005 Holder Conversion an amount calculated by dividing FV by RP; or
- (ii) in all other circumstances (**Issuer Conversion, Holder Event Conversion, 2005 Holder Conversion, Issuer Event Conversion**), an amount calculated by dividing FV by CRP,

subject in both cases to CR being no less than the Conversion Minimum;

AS means a whole number of additional Ordinary Shares which is equal to or greater than zero;

FV means the Face Value of each RePS;

RP means, subject to clause 4.10, the arithmetic average of the daily Volume Weighted Average Sale Price (rounded to the nearest full cent) of Ordinary Shares sold on ASX, during the period (“**Reference Period**”) of 20 Business Days on which trade in the Ordinary Shares took place most recently preceding, but not including:

- a) if the Issuer receives a Holder Event Conversion Notice under clause 4.6 due to the Trigger Event set out in clause 4.6.2(i), the date of the suspension of the Ordinary Shares or the RePS from trading on ASX; and

- b) in all other cases, the most recent date on which trade in the Ordinary Shares takes place prior to the Conversion Date;

CRP means RP multiplied by 97.5%;

Conversion Minimum (“**Conversion Minimum**”) means:

- a) as at the Issue Date, the number 1; and
- b) thereafter the number determined in accordance with clauses 4.11 to 4.14 (inclusive) as those clauses may apply from time to time. If clauses 4.11 to 4.14 (inclusive) apply more than once, the Conversion Minimum shall be calculated based upon the Conversion Minimum as adjusted applying immediately prior to the application of the relevant clause.

4.10 Adjustment to RP

For the purposes of calculating RP in the formula set out in clause 4.9:

- (a) where on some or all of the Business Days comprised in the Reference Period, Ordinary Shares have been quoted on ASX as *cum* dividend or *cum* any other distribution or entitlement and the RePS will convert into Ordinary Shares after the *Ex* Date of that dividend, distribution or entitlement, then the Volume Weighted Average Sale Price of the Ordinary Shares on the Business Days on which those shares have been quoted *cum* dividend or *cum* entitlement shall be reduced by an amount (the “**Cum Value**”) equal to:
 - (i) (in case of a dividend or other distribution), the amount of that dividend or distribution including, if the dividend is franked the amount that would be included in the assessable income of a recipient of the dividend or distribution who is a natural person under the Tax Act, or any Act which replaces it;
 - (ii) (in the case of an entitlement 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 Reference Period on the Business Days on which those entitlements were traded; or
 - (iii) (in the case of an entitlement not traded on ASX during the Reference Period), the value of the entitlement as reasonably determined by the Board; and
- (b) where on some or all of the Business Days comprised in the Reference Period Ordinary Shares have been quoted *ex* dividend, *ex* distribution or *ex* entitlement, and the RePS will convert into Ordinary Shares which would be entitled to receive the relevant dividend, distribution or entitlement, the Volume Weighted Average Sale Price of the Ordinary Shares on the Business Days on which those Ordinary Shares have been quoted *ex* dividend, *ex* distribution or *ex* entitlement shall be increased by the Cum Value.

4.11 Adjustments for Bonus and Rights Issues

- 4.11.1 Subject to clause 4.11.2 and clause 4.11.3 if the Issuer makes a pro rata bonus issue or a rights issue of Ordinary Shares to holders of Ordinary Shares generally the Conversion Minimum shall be adjusted immediately in accordance with the following formula:

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

Where:

- CN means the Conversion Minimum applying immediately after the application of this formula as provided for in clause 4.9;
- CNo means the Conversion Minimum applying immediately prior to the application of this formula as provided for in clause 4.9;
- P means the Volume Weighted Average Sale Price of Ordinary Shares during the period from the first Business Day after the announcement of the bonus or rights issue to ASX up to and including the last Business Day of trading *cum* rights or bonus issue;
- A means the subscription or unit price per Ordinary Share for the rights issue and is zero in the case of a bonus issue;
- RN means the numerator of the ratio (expressed as a fraction) used to determine entitlements to a rights or bonus issue; and
- RD means the denominator of the ratio (expressed as a fraction) used to determine entitlements to a rights or bonus issue.

The Conversion Minimum shall be rounded to the nearest four decimal places.

- 4.11.2 No adjustment to the Conversion Minimum shall occur in accordance with clause 4.11.1 if A exceeds P.
- 4.11.3 Clause 4.11.1 shall not apply to Ordinary Shares issued as part of a bonus share plan, share top up plan or a dividend reinvestment plan.

4.12 Adjustment for Return of Capital

- 4.12.1 If the Issuer makes a return of capital to holders of Ordinary Shares (including by way of share buyback that in the reasonable opinion of the Board is equivalent to a return of capital to holders of Ordinary Shares) the Conversion Minimum shall be adjusted in accordance with the following formula:

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

Where:

- CN means the Conversion Minimum applying immediately after the application of this formula as provided for in clause 4.9;
- CNo means the Conversion Minimum applying immediately prior to the application of this formula as provided for in clause 4.9;
- P means the Volume Weighted Average Sale Price of all Ordinary Shares during the period from the first Business Day after the announcement of the return of

capital to ASX up to and including the last Business Day of trading cum the return of capital; and

- C means the amount of the cash and/or the value (as reasonably determined by the Board) of any other property distributed to holders of Ordinary Shares per Ordinary Share (or such lesser amount such that the difference between P and C is greater than zero).

The Conversion Minimum shall be rounded to the nearest four decimal places.

4.12.2 The RePS confer no right to participate in a return of capital (including by way of a share buy-back) to holders of Ordinary Shares.

4.13 Adjustment for Capital Reconstruction

If at any time the Ordinary Shares are reconstructed, consolidated, divided or reclassified (other than by way of a bonus issue, which is dealt with under clause 4.11) into a lesser or greater number of securities, then the RePS must, in accordance with the ASX Listing Rules, be reconstructed, consolidated, divided or reclassified by the Board on the same basis and the Face Value (for the purpose of calculating the Dividends on the RePS and the conversion mechanism set out in clause 4.9) shall be adjusted by the Board as appropriate.

4.14 Discretion in Adjustment of Conversion Mechanism

Where:

- (a) any of the adjustment provisions set out in clauses 4.11, 4.12 or 4.13, or the number of additional Ordinary Shares to be allotted on conversion of the RePS, is not, in the reasonable opinion of the Board, appropriate in any particular circumstances (including for the reason that more than one adjustment provision applies to a particular occurrence);
- (b) the Issuer makes a distribution other than by way of dividend in the ordinary course of business or makes a pro rata offer to the holders of its Ordinary Shares to subscribe for, or purchase, securities in any company other than the Issuer in a way which does not, in the reasonable opinion of the Board, result in an appropriate adjustment to the Conversion Minimum; or
- (c) any other similar event occurs in relation to the Issuer that may have a diluting or concentrative effect on the value of the Ordinary Shares,

and the Board determines that any such occurrence would, in the reasonable opinion of the Board, affect the relative values of the RePS and the Ordinary Shares, the Board may:

- a) make such alterations to the Conversion Minimum or to RP (as defined in clause 4.9) as the Board reasonably considers appropriate or necessary to maintain that relativity; or
- b) extend an entitlement to the holders of the RePS to participate in such distribution or pro rata offer based upon the number of Ordinary Shares to which those holders would have been entitled if their RePS had been converted on a date nominated by the Board and adapting the formula in clause 4.9 as the Board reasonably considers appropriate to maintain the relativity.

4.15 Participation in New Issues

Other than as provided in clause 4.6 and as a result of the adjustments referred to in clauses 4.11 to 4.14 (inclusive), prior to conversion of the RePS in accordance with this clause 4, RePS will confer no rights on holders of the RePS to subscribe for new securities of the Issuer or to participate in any bonus issues of the Issuer.

5 Rights attaching to Reset Preference Shares

Prior to the date on which all RePS have been converted into Ordinary Shares, the Issuer must:

- (a) not declare or pay any dividend or distribution on its Ordinary Shares unless the Dividend for the period immediately preceding such Ordinary Share dividend has been paid or otherwise satisfied in full;
- (b) not issue shares ranking in priority to the RePS without the approval by special resolution of the holders of the RePS in general meeting;
- (c) if a takeover bid (as defined in the Corporations Law), or any type of equivalent offer made under any successor sections of the Corporations Law relating to takeovers, is at any time made for the Ordinary Shares which is recommended by the Board, use reasonable endeavours to procure that an equivalent offer is made for the RePS;
- (d) use reasonable endeavours to procure that the holders of the RePS participate in any scheme of arrangement implemented under Part 5.1 of the Corporations Law (or any successor sections of the Corporations Law relating to schemes of arrangement); and
- (e) use best endeavours and furnish all such documents as may be necessary to procure, at the Issuer's expense, quotation on ASX of all converted RePS and of all additional Ordinary Shares, if any, resulting from conversion of the RePS.

6 Quotation of Reset Preference Shares and Ordinary Shares

The Issuer will apply for official quotation on ASX of the RePS and of the Ordinary Shares allotted as a result of conversion of the RePS.

7 Transfer of Reset Preference Shares

The RePS are transferable at the holder's option in accordance with the Constitution and, if they are quoted on ASX, the SCH Business Rules.

8 Ranking of Reset Preference Shares

8.1 RePS rank equally amongst themselves in all respects.

8.2 Prior to Conversion, the RePS rank in priority to Ordinary Shares for the payment of Dividends.

8.3 Prior to Conversion, if there is a return of capital on a winding-up of the Issuer, the holders of the RePS will be entitled to receive out of the assets of the Issuer available for distribution to holders of shares, in respect of each RePS held, a sum equal to the aggregate of:

- (a) the amount of any Dividend (whether declared or not) calculated on a daily basis (assuming a 365 day year) throughout the period from and including the last Dividend Payment Date to the date of commencement of the winding-up; and

(b) the Face Value,

before any return of capital is made to holders of Ordinary Shares or any other class of shares ranking behind the RePS.

- 8.4 If, upon such return of capital, there are insufficient funds to pay in full the amounts referred to in clause 8.3 and the amounts payable in respect of any other shares in the Issuer ranking as to such distribution equally with the RePS on a winding-up of the Issuer, then the holders of the RePS and the holders of any such other shares will share in any distribution of assets of the Issuer in proportion to the amounts to which they respectively are entitled.
- 8.5 The RePS do not confer on their holders any further right to participate in the surplus assets of the Issuer on a winding-up.

9 Ranking Upon Conversion

The Ordinary Shares arising, and the additional Ordinary Shares (if any) allotted, upon conversion of the RePS shall from the Conversion Date rank *pari passu* in all respects with all other Ordinary Shares in the Issuer then on issue.

10 Notices and Reports

Holders of the RePS have the same rights as holders of Ordinary Shares to receive notices, reports and accounts of the Issuer and to attend general meetings of the Issuer, but holders of the RePS are not entitled to vote at any general meeting of the Issuer or otherwise other than in the circumstances set out in clause 11.

11 Voting Rights

Holders of the RePS will have no right to vote at any general meeting of the Issuer except in each of the following circumstances:

- (a) during a period during which a dividend (or part of a dividend) in respect of a RePS is due and payable but has not been paid in full;
- (b) on any proposal to reduce the Issuer's share capital;
- (c) on any resolution to approve the terms of a buy-back agreement;
- (d) on any proposal that affects the rights attaching to the RePS;
- (e) on a proposal to wind-up the Issuer;
- (f) on any proposal for the disposal of the whole of the Issuer's property, business and undertaking;
- (g) during the winding-up of the Issuer; and
- (h) in any other circumstances in relation to which, at any time, the ASX Listing Rules require the holders of the RePS to be entitled to vote.

In those circumstances, each RePS will confer on the holder of that RePS the same right to vote as is conferred on a holder of an Ordinary Share. For the purposes of this clause, a Dividend payable in respect of a RePS is due and payable but has not been paid in full if that Dividend

has not been paid in full in accordance with clause 3.7 and remains unpaid at the date of the general meeting.

12 Variation of Rights

- (a) Subject to clause 13, the Issuer must not, prior to the Conversion Date in relation to all RePS, vary any of the rights attaching to the RePS without the consent or sanction of APRA and the holders of the RePS in accordance with the Constitution.
- (b) The issue of RePS, or the conversion of existing shares into RePS ranking equally with or behind the RePS (in respect of dividends or distributions of capital in a winding up and whether entitled to cumulative or non-cumulative dividends), a buyback, redemption, or return or distribution of capital in respect of any share in the capital of the Issuer other than a RePS (whether ranking equally with or senior or junior to the RePS) or the issue of any share in the capital of the Issuer ranking junior to the RePS is expressly permitted and authorised and does not constitute a variation of the rights attaching to the RePS.
- (c) The Issuer reserves the right to make Subsequent Issues of RePS which are identical in all respects to the existing RePS, save for the Issue Price which will be set out in the Pricing Supplement in relation to that Subsequent Issue. RePS issued in Subsequent Issues will rank pari passu with the existing RePS in all terms including rights to dividends. The issue of any RePS in a Subsequent Issue is expressly permitted and authorised and will not constitute the variation of the rights attaching to any existing RePS.
- (d) The issue of preference shares, or the conversion of existing shares into preference shares which rank in priority to the RePS, constitutes a variation of the rights attaching to the RePS.

13 Amendments to the Issue Terms

Subject to complying with all applicable laws, the Issuer may without the authority, assent or approval of the holders of the RePS amend or add to the Issue Terms if such amendment or addition, in the opinion of the Issuer:

- (a) is of a formal, minor or technical nature;
- (b) is made to correct a manifest error; or
- (c) is not likely (taken as a whole and in conjunction with all other modifications, if any, to be made contemporaneously therewith) to be materially prejudicial to the interests of the holders of the RePS.

14 No Set off by Holder

A holder of RePS may not set off any amount due to the holder by the Issuer in respect of the RePS against any claims by the Issuer on the holder.

15 Interpretation

Unless the context otherwise requires:

- (a) subject to paragraph (b), terms used in these Issue Terms shall have the meanings ascribed to them respectively in the Constitution; and
- (b) the following expressions shall have the following meanings:

“2005 Holder Conversion” means a conversion made under clause 4.4 preceding the Dividend Reset Date occurring on 15 October 2005;

“Allotment Date” means the date that the RePS are allotted to holders of the RePS, being a date that is within 10 Business Days after the passing of a resolution at the extraordinary general meeting of 6 October 2000 of the Issuer amending the Issuer’s constitution to allow for the issue of preference shares and approving the issue of the RePS;

“APRA” means the Australian Prudential Regulation Authority or any authority succeeding to its powers and functions;

“ASX” means Australian Stock Exchange Ltd (ACN 008 624 691) or substitute exchange as appropriate;

“ASX Listing Rules” means the Official Listing Rules of ASX and any other rules of ASX which are applicable while the Issuer is admitted to the Official List of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX;

“Board” means the board of directors of the Issuer;

“Business Day” has the same meaning as in the ASX Listing Rules;

“Business Rules” has the same meaning as in the ASX Listing Rules;

“Constitution” means the constitution of the Issuer, as amended from time to time;

“Conversion Date” is defined in clause 4.2;

“Conversion Minimum” is defined in clause 4.9;

“Conversion Notice” means each of a Holder Conversion Notice, a Holder Event Conversion Notice, an Issuer Conversion Notice and an Issuer Event Conversion Notice;

“Cum Value” is defined in clause 4.10;

“Dividend” means the dividends payable on the RePS in accordance with, and as modified by, clause 3;

“Dividend Payment Date” means each date on which a Dividend is payable in accordance with clause 3.5 whether or not a Dividend is paid on that date;

“Dividend Rate” has the meaning given to that term in clause 3.1.3;

“Dividend Reset Date” is 15 October 2005 and thereafter the date as specified by the Issuer in a Dividend Reset Notice issued under clause 3.8;

“Dividend Reset Notice” is a notice given to holders of the RePS under clause 3.8 substantially in the form of the notice set out in Schedule 5 to the Issue Terms;

“Ex Date” means the date on which ASX changes the basis of quotation for the Ordinary Shares to signify that trading in that class no longer carries the applicable entitlement;

“Face Value” is defined in clause 1;

“Franking Rate”, in relation to a Dividend, means the franking percentage (within the meaning of Part IIIAA of the Tax Act or any part that replaces or revises that part) of the Dividend, expressed as a decimal;

“Holder Conversion Notice” is a notice substantially in the form of the notice set out in Schedule 1;

“Holder Event Conversion Notice” is a notice substantially in the form of the notice set out in Schedule 2;

“Initial Issue” means the RePS proposed to be issued on the Allotment Date;

“Issue Date” is defined in clause 2.2;

“Issue Price” is defined in clause 1;

“Issue Terms” means these terms and conditions for the issue of non-cumulative converting preference shares in the Issuer, as these terms are amended, supplemented or replaced from time to time;

“Issuer” means Bank of Queensland Limited (ACN 009 656 740, ABN 32 009 656 740);

“Issuer Conversion Notice” is a notice substantially in the form of the notice set out in Schedule 3;

“Issuer Event Conversion Notice” is a notice substantially in the form of the notice set out in Schedule 4;

“Ordinary Share” means a fully paid ordinary share in the capital of the Issuer;

“Pricing Supplement” means, in respect of a Subsequent Issue of RePS, a pricing supplement substantially in the form of Schedule 6, which supplement gives particulars of that issue;

“Record Date” means the date being 11 Business Days before the relevant Payment Date or such other date as may be required under the ASX Business Rules;

“Reference Period” is defined in clause 4.9;

“Register” means the register of RePS maintained by the Issuer and includes any sub-register established and maintained under the Clearing House Electronic Sub-Register System (as defined in the ASX Listing Rules);

“Registration Event” means the receipt by the Issuer of an opinion from a reputable legal counsel that, as a result of any amendment to, clarification of, or change (including any announcement of a prospective change) in, any law or regulation thereunder affecting securities laws of Australia or any official administrative pronouncement or action or judicial decision interpreting or applying such laws or regulations, which amendment, clarification or change is effective or such pronouncement, action or decision is announced on or after the Issue Date, would impose additional requirements on the Issuer in relation to the RePS (including, without

limitation, in relation to their conversion) which the Issuer determines, at its sole discretion, to be unacceptable;

“Regulatory Event” means the determination by the Issuer to the effect that, as a result of:

- (a) the introduction of, or an amendment or clarification to or change in (or announcement of a prospective introduction of, amendment or clarification to or change in):
 - (i) a law or regulation of the Commonwealth of Australia or any State, Territory or other political subdivision thereof or therein; or
 - (ii) any directive, order, requirement, guideline or statement (whether or not having the force of law) of APRA or any central bank or government or governmental, fiscal, monetary, supervisory or other authority in Australia or elsewhere (any such central bank, government or authority to be for the purpose of this definition an **“Authority”**); or
- (b) any statement, notification or advice by APRA or an Authority; or
- (c) a decision by any court, interpreting, applying or administering any such law, regulation, directive, order, requirement, guideline or statement,

which occurs on or after the Issue Date, there is a risk that the Issuer is not or will not be entitled to treat all of the RePS as **“Tier 1 Capital”** (or the then equivalent thereof) for the purposes of the capital adequacy directives, requirements, guidelines or statements of APRA, as then in effect and applicable to the Issuer;

“Relevant Record Date” has the meaning given to that term in clause 3.1.1;

“RePS” means the non-cumulative reset preference shares issued under Article 3.8 of the Constitution on the terms set out in these Issue Terms or, where the context requires, each non-cumulative reset preference share;

“SCH” is the ASX Settlement and Transfer Corporation Pty Ltd as approved as the Securities Clearing House under the Corporations Law, and where the case requires, includes an agent appointed by SCH or substitute as appropriate;

“SCH Business Rules” means the business rules of SCH, as amended from time to time;

“Subsequent Issue” means any issue of RePS taking place after the Initial Issue;

“Swap Rate” is

- (a) the rate expressed as a percentage per annum calculated as the mid-point of the quoted average swap reference rates at 10.00am (Sydney Time) on the Australian swap reference rates page ASRR of the AAP service (or any page which replaces that page) on the relevant date, for the relevant Term; or
- (b) if that rate does not appear by that time on the relevant date, the rate set by the Issuer in good faith on the relevant date, having regard, to the extent possible, to the swap rates for the relevant Term otherwise bid and offered at or around 10:00 am on the relevant date;

“Tax Act” means:

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

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

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

in each case, by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which such amendment, clarification, change or Administrative Action is made known, which is effective or announced on or after the Issue Date, there is more than an insubstantial risk that the Issuer would be exposed to more than a de minimis increase in its costs in relation to the RePS as a result of increased taxes, duties or other governmental charges or civil liabilities;

“Term” means:

- (a) in relation to the Swap Rate applying on the Allotment Date, 5 years; and
- (b) in relation to the Swap Rate applying on a Dividend Reset Date, the term of the Swap Rate specified in the Dividend Reset Notice relating to that Dividend Reset Date;

“Tier 1 Capital” means the core capital of the Issuer as defined by APRA;

“Trigger Event” is defined in clause 4.6.2; and

“Volume Weighted Average Sale Price” means, subject to any adjustment made in clause 4.10, the volume weighted average of the sale prices at which the securities of the relevant class in question were sold on ASX during the relevant period, but does not include the following crossings as defined in the Business Rules (or any Rule which may replace these Rules) as:

- (a) special crossings (in accordance with Business Rule 2.8);
- (b) crossings prior to commencement of normal trading (in accordance with Business Rule 2.7.4A); or
- (c) crossings during the after hours adjust phase (in accordance with Business Rule 2.7.3).

SCHEDULE 1

**Holder Conversion Notice
Bank of Queensland Limited
(ACN 009 656 740, ABN 32 009 656 740)
ISSUE OF NON-CUMULATIVE RESET PREFERENCE SHARES**

HOLDER CONVERSION NOTICE

I/We, being holder(s) of [] RePS, hereby give notice, pursuant to and in accordance with clause 4.4 of the terms of the non-cumulative RePS in the Issuer (“**Issue Terms**”), of my/our wish to convert []% of those RePS into Ordinary Shares.

For the purposes of this notice, the Conversion Date will be the Dividend Reset Date immediately following the date of this notice.

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

.....
[Name and signature of holder(s)]

Dated: []

A corporation must execute by signing by 2 directors or a director and secretary or under its corporate seal (if it has one). In the case of joint holders, all holders must sign. Where the notice is signed under a power of attorney, the attorney warrants that he or she has received no notice of revocation of the power by death of the grantor or otherwise.

SCHEDULE 2

**Holder Event Conversion Notice
Bank of Queensland Limited
(ACN 009 656 740, ABN 32 009 656 740)
ISSUE OF NON-CUMULATIVE RESET PREFERENCE SHARES**

HOLDER EVENT CONVERSION NOTICE

I/We, being a holder(s) of [] RePS, hereby give notice, pursuant to and in accordance with clause 4.6 of the terms of issue of the non-cumulative RePS in the Issuer (“**Issue Terms**”), of my/our wish to convert those RePS into Ordinary Shares, the Trigger Event described in paragraph [] of clause 4.6.2 having occurred.

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

.....
[Name and signature of holder(s)]

Dated: []

A corporation must execute by signing by 2 directors or a director and secretary or under its corporate seal (if it has one). In the case of joint holders, all holders must sign. Where the notice is signed under a power of attorney, the attorney warrants that he or she has received no notice of revocation of the power by death of the grantor or otherwise.

SCHEDULE 3

**Issuer Conversion Notice
Bank of Queensland Limited
(ACN 009 656 740, ABN 32 009 656 740)
ISSUE OF NON-CUMULATIVE RESET PREFERENCE SHARES**

ISSUER CONVERSION NOTICE

To: [Name and address of holder(s)]

The Issuer hereby gives notice, pursuant to and in accordance with clause 4.5 of the terms of issue of the non-cumulative RePS in the Issuer (“**Issue Terms**”), of its intention to convert into Ordinary Shares []% of the RePS registered in your name at 5.00pm (Brisbane time) on the Conversion Date.

For the purposes of this notice, the Conversion Date will be [*specify next Dividend Reset Date*].

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

[THE COMMON SEAL of Bank of Queensland Limited was hereunto affixed in accordance with its Constitution:)

)

)

.....
Secretary / Director
Name (printed):

.....
Director
Name (printed):

Dated: []

or

[EXECUTED by Bank of Queensland Limited by authority of its directors:

.....
Secretary / Director
Name (printed):

.....
Director
Name (printed):

Dated: []

SCHEDULE 4

**Issuer Event Conversion Notice
Bank of Queensland Limited
(ACN 009 656 740, ABN 32 009 656 740)
ISSUE OF NON-CUMULATIVE RESET PREFERENCE SHARES**

ISSUER EVENT CONVERSION NOTICE

To: *[Name and address of holder(s)]*

The Issuer hereby gives notice, pursuant to and in accordance with clause 4.7 of the terms of issue of the non-cumulative RePS in the Issuer (“**Issue Terms**”), of its intention to convert into Ordinary Shares [all of the RePS] / []% of the RePS] registered in your name at 5.00pm (Brisbane time) on the Conversion Date.

For the purposes of this notice, the Conversion Date will be [].

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

[THE COMMON SEAL of Bank of Queensland Limited was hereunto affixed in accordance with its Constitution:)
)
)

.....
Secretary / Director
Name (printed):

.....
Director
Name (printed):

Dated: []]

or

[EXECUTED by Bank of Queensland Limited by authority of its directors:

.....
Secretary / Director
Name (printed):

.....
Director
Name (printed):

Dated: []]

SCHEDULE 5

**Dividend Reset Notice
Bank of Queensland Limited
(ACN 009 656 740, ABN 32 009 656 740)
ISSUE OF NON-CUMULATIVE RESET PREFERENCE SHARES**

DIVIDEND RESET NOTICE

To: *[Name and address of holder(s)]*

The Issuer hereby gives notice, pursuant to and in accordance with clause 3.8 of the terms of the issue of non-cumulative RePS in the Issuer, that the next Dividend Reset Date is *[date]* with the relevant Swap Rate having a Term of [] years for the purposes of clause 3.1.3.

[THE COMMON SEAL of Bank of Queensland Limited was hereunto affixed in accordance with its Constitution:)
)
)

.....
Secretary / Director
Name (printed):

.....
Director
Name (printed):

Dated: []

or

[EXECUTED by Bank of Queensland Limited by authority of its directors:

.....
Secretary / Director
Name (printed):

.....
Director
Name (printed):

Dated: []

SCHEDULE 6

Pricing Supplement
Bank of Queensland Limited
(ACN 009 656 740, ABN 32 009 656 740)
ISSUE OF NON-CUMULATIVE RESET PREFERENCE SHARES

PRICING SUPPLEMENT

The terms and conditions as set out in the Terms of Issue apply to the RePS, as amended and supplemented by the following provisions:

1. Issue Number []
2. Issue Date []
3. Issue Price []