

2022 NOTICE OF ANNUAL GENERAL MEETING

Bank of Queensland Limited
ACN 009 656 740

**BOQ
GROUP**

**20
22**

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We are always looking for ways to improve our reporting. Please send your questions or suggestions to our Investor Relations team at InvestorRelations@boq.com.au

Bank of Queensland Limited
ABN 32 009 656 740
AFSL No. 244616
Level 6, 100 Skyring Terrace,
Newstead QLD 4006

Annual General Meeting

Tuesday, 6 December 2022

10.00am AEST

Hilton Hotel

190 Elizabeth Street

Brisbane, Queensland, 4000

Webcast address: <https://meetings.linkgroup.com/BOQAGM22>

Message from the Chairman

Dear Security Holder

It is my pleasure to invite you to join the 2022 Annual General Meeting for Bank of Queensland Limited which will take place on Tuesday, 6 December 2022 at 10am (AEST) at the Hilton Hotel Brisbane.

This year we will be returning to a face-to-face Annual General Meeting (AGM) after two years of virtual meetings. I am looking forward to being in Brisbane and seeing everyone in person.

FY22 has been a challenging year with unique circumstances to navigate, and it is against this backdrop that our new purpose, **Building Social Capital through Banking** was developed. The importance of supporting each other and leveraging the strength of our social connections has never been more critical. The purpose is underpinned by new values to inspire and guide our people as we deliver positive long term sustainable outcomes for our customers, people, shareholders and the communities in which we operate.

Board priorities and strategy

Throughout the year we have made good progress against our strategy while supporting our customers and remaining focused on achieving sustainable profitable growth. Our key priorities during the year have included:

- Execution of our digital transformation with VMA and BOQ offering savings and transaction account products on the new platform and we are well progressed on adding ME
- Building a highly efficient and scalable digital bank with an exceptional customer experience, low cost to income ratio and improved returns on equity. We are now half way through this journey and recognise there is more to do to deliver on this ambition
- Growing our business in a quality way and strengthening our financial and operational resilience and risk controls and culture
- Ensuring we have the right leadership and talent in our organisation and building the skills required for the future

Business performance

BOQ has delivered a solid financial result for the year with reported statutory net profit after tax of \$426m. This enabled the Bank to deliver a total dividend of 46 cents per share for the year, fully franked.

Building a sustainable business

The Board recognises the importance of environmental and social matters to our stakeholders and takes an active role in shaping BOQ's response. We recognise the role BOQ plays in supporting Australia's transition towards net zero emissions by 2050 and have implemented the following initiatives:

- certified carbon neutral organisation, ensuring that our footprint is offset while reducing emissions
- committed to sourcing 100% of our energy needs from renewable sources by 2025 and have made good progress to date with 54% of our needs coming from renewable sources in FY22
- committed to a 90% reduction in our scope 1 and 2 emissions and a 40% reduction in scope 3 emissions by 2030 when compared to a 2020 baseline

AGM information

Full details of the Meeting and the resolutions are included in this Notice of Meeting. If you are unable to attend you can still view the proceedings on our live webcast at <https://meetings.linkgroup.com/BOQAGM22>. If you cannot attend the Meeting and would like to ask a question you can do this online in advance of the Meeting.

Information on how to vote for the resolutions at the Meeting, irrespective of whether you attend or not, is detailed on pages 5 to 7.

Our Annual Report and Sustainability Report, Notice of Meeting and Proxy Form have been sent to shareholders who have elected to receive them. These reports are also available on our website at <https://www.boq.com.au/Shareholder-centre/my-shareholding>.

I look forward to welcoming you at the Meeting.

Yours sincerely,



A handwritten signature in blue ink, reading 'P. Allaway'.

Patrick Allaway
Chairman

3 November 2022

Notice of 2022 Annual General Meeting

The Annual General Meeting (**Meeting**) of Bank of Queensland Limited ACN 009 656 740 (**BOQ** or **Company**) will be held on Tuesday, 6 December 2022 at 10.00am (AEST) at the Hilton Hotel, 190 Elizabeth Street, Brisbane, Queensland, 4000.

Items of Business

1. Financial Reports

To consider the Financial Report, the Directors' Report and the Auditor's Report of the Company for the financial year ended 31 August 2022.

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

2. Re-election of Directors

(order is alphabetical)

- (a) To re-elect Patrick Allaway who retires in accordance with the Company's Constitution and, being eligible, offers himself for re-election.
- (b) To re-elect Karen Penrose who retires in accordance with the Company's Constitution and, being eligible, offers herself for re-election.
- (c) To re-elect Warwick Negus who retires in accordance with the Company's Constitution and, being eligible, offers himself for re-election.

The Board (with Patrick Allaway, Karen Penrose and Warwick Negus abstaining from Items 2(a), 2(b) and 2(c) respectively), recommends that shareholders vote **IN FAVOUR** of Items 2(a), 2(b) and 2(c).

3. Remuneration Report

To adopt the Remuneration Report of the Company for the year ended 31 August 2022.

Note: In accordance with section 250R of the Corporations Act 2001 (Cth) (**Corporations Act**), the vote on this resolution is advisory only and does not bind the Directors or the Company.

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

4. Grant of Securities to the Managing Director and Chief Executive Officer

That approval be given for all purposes, including ASX Listing Rule 10.14, for the grant of Performance Shares and Premium Priced Options to the Managing Director and Chief Executive Officer, Mr George Frazis, as his total variable remuneration opportunity for FY23 on the terms described in Item 4 of the Explanatory Statement.

The Board (with George Frazis abstaining) recommends that shareholders vote **IN FAVOUR** of Item 4.

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

By order of the Board of Directors.



Fiona Daly
Company Secretary
3 November 2022

Important Voting Information

Lodgement of proxies

Shareholders unable to attend the Meeting are encouraged to register their appointment of proxy by no later than 10.00am (AEST) on Sunday, 4 December 2022. Shareholders may register their appointment of proxy online at www.linkmarketservices.com.au or by:

- requesting a proxy form from the Company's Share Registry by calling 1800 779 639 8.30am to 5.30pm (AEDT) Monday to Friday (excluding public holidays); or
- downloading an interactive proxy form from the Company's website at www.boq.com.au/Shareholder-centre/my-shareholding/Annual-general-meetings, and returning the completed form in the manner noted under "Proxies" below or on the form.

Participation at the Meeting

For the purposes of the Meeting, all BOQ shareholders will be eligible to attend and ask a question at the Meeting.

For the purposes of the Meeting, a person will be considered a shareholder if they were registered as a shareholder of the Company at 7.00pm (AEDT) on Sunday, 4 December 2022.

Conduct of the Meeting

The Company is committed to ensuring that its shareholder meetings are conducted in a manner which provides those shareholders (or their proxy holders or representatives) who are present at the Meeting with the opportunity to participate in the business of the Meeting and to ask questions about matters relevant to the business of the Meeting or the Company generally. The Chair of the Meeting will exercise his or her powers as the Chair such that that the Meeting is conducted in an orderly fashion in the interests of all shareholders.

Voting Restrictions

Item 3 – Remuneration Report

A vote on this resolution must not be cast, and BOQ will disregard any votes cast, on this resolution:

- by or on behalf of a member of the KMP, details of whose remuneration is included in the Remuneration Report for the year ended 31 August 2022, and that KMP's closely related parties (regardless of the capacity in which the vote is cast); and
- as a proxy by a member of the KMP on the date of the Meeting and that KMP's closely related parties.

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

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

Item 4 – Managing Director and Chief Executive Officer

BOQ will disregard any votes cast on this resolution:

- **IN FAVOUR** of the resolution by, or on behalf of, Mr George Frazis (being the only Director who is eligible to participate in the Company's equity incentive plan) or any of his associates (regardless of the capacity in which the vote is cast); and
- as proxy by a person who is a member of the KMP on the date of the Meeting and their closely related parties.

However, BOQ need not disregard a vote if it is cast:

- as proxy or attorney for a person entitled to vote in accordance with the directions on the proxy form;
- by the Chair of the Meeting as proxy or attorney for a person entitled to vote on the resolution, in accordance with an express authorisation in the proxy form to exercise the proxy even though the resolution is connected directly or indirectly with the remuneration of a member of the KMP; or
- by a person acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the person that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this resolution; and
 - the person votes on the resolution in accordance with directions given by the beneficiary to the person to vote in that way.

For the purposes of these voting restrictions:

1. **KMP** means the key management personnel of BOQ, being the Directors of BOQ (including the Chairman) and other employees having authority and responsibility for planning, directing and controlling the activities of BOQ, directly or indirectly. The Remuneration Report identifies BOQ's key management personnel for the financial year ended 31 August 2022.
2. **Closely related party** has the meaning given in the *Corporations Act 2001* (Cth) and when used in relation to a member of the KMP will include a spouse, dependent and certain other close family members as well as any other companies controlled by the member of the KMP.
3. **Associate** has the meaning given in the ASX Listing Rules and when used in relation to the Managing Director and Chief Executive Officer will include a spouse, parents, children, as well as any companies controlled by any of them, unless the contrary is established.

Important Voting Information (continued)

Proxies

1. A shareholder who is entitled to attend and vote at the Meeting may appoint:
 - (a) one proxy if the shareholder is only entitled to one vote; or
 - (b) one or two proxies if the shareholder is entitled to more than one vote.
2. Where the shareholder appoints two proxies, the appointment may specify the proportion or number of votes that each proxy may exercise. If the appointment does not specify a proportion or number, each proxy may exercise one half of the votes, in which case any fraction of votes will be disregarded.
3. A proxy need not be a shareholder of BOQ.
4. Shareholders may register the appointment of proxies online at www.linkmarketservices.com.au, by no later than 10.00am (AEST) on Sunday, 4 December 2022.
5. Alternatively, shareholders may request a proxy form from the Company's Share Registry by calling 1800 779 639 8.30am to 5.30pm (AEDT) Monday to Friday (excluding public holidays) or download an interactive proxy form from the Company's website at www.boq.com.au/Shareholder-centre/my-shareholding/Annual-general-meetings, and return the completed form via the methods noted below or on the form.
6. If you have requested and/or wish to lodge a completed proxy form with the Company's Share Registry, the form and any power of attorney or other authority (if any) under which it is signed (or a certified copy) must be received by the Company's Share Registry by no later than 10.00am (AEST) on Sunday, 4 December 2022:
 - (a) by mail to:
Bank of Queensland Limited
C/- Link Market Services
Limited Locked Bag A14
Sydney South NSW 1235
AUSTRALIA; or
 - (b) by hand to:
Link Market Services Limited
Parramatta Square
Level 22, Tower 6
10 Darcy Street
Parramatta NSW 2150; or
during business hours: Monday to Friday
9.00am to 5.00pm (AEDT)
 - (c) by fax to: +61 2 9287 0309; or
 - (d) online at: www.linkmarketservices.com.au

Attorneys

If a shareholder has appointed an attorney to attend and vote at the Meeting, or if the shareholder's proxy form is signed by an attorney, the power of attorney (or a certified copy of the power of attorney) must be provided to the Company's Share Registry, Link Market Services Limited, in the manner and by the same time, as specified for proxy appointments (above), unless the power of attorney has been previously lodged with the Company's Share Registry.

Corporate representatives

If a corporate shareholder wishes to appoint a person to act as its representative at the Meeting, that person must be provided with a letter or certificate authorising him or her as the company's representative (executed in accordance with the company's constitution) or with a copy of the resolution appointing the representative, certified by a Secretary or Director of the company.

A form of appointment of corporate representative may be obtained from the Company's Share Registry by calling 1800 779 639 8.30am to 5.30pm (AEDT) Monday to Friday (excluding public holidays) or online at: www.linkmarketservices.com.au

To be effective, evidence of the appointment of a corporate representative must be returned by email to: vote@linkmarketservices.com.au by the same time as specified for proxy appointments (above).

Directing your proxy vote

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

Proxy voting by the Chair of the Meeting

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

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

Important Voting Information (continued)

Poll

Voting on all resolutions will be determined by a poll at the Meeting.

Shareholders not attending the Meeting are encouraged to register their vote online at www.linkmarketservices.com.au by no later than 10.00am (AEST) on Sunday, 4 December 2022.

Alternatively, shareholders may request a proxy form from the Company's Share Registry by calling 1800 779 639 8.30am to 5.30pm (AEDT) Monday to Friday (excluding public holidays) or by downloading an interactive proxy form from the Company's website at www.boq.com.au/Shareholder-centre/my-shareholding/Annual-general-meetings, and return the completed form in the manner noted under "Proxies" above or on the form by no later than 10.00am (AEST) on Sunday, 4 December 2022.

The results of the voting on resolutions requiring a shareholder vote at the Meeting will be announced to the ASX promptly after the Meeting.

Questions

Shareholders are encouraged to submit questions in advance of the Meeting. Questions may be submitted to the Chairman or the Auditor by submitting a question online at www.linkmarketservices.com.au. Questions submitted this way must be received by no later than 5.00pm (AEST) on Tuesday, 29 November 2022 to allow time to collate questions and prepare answers.

The Chair and the Managing Director and CEO (as applicable) will seek to respond to the more frequently asked questions in their addresses at the Meeting.

Shareholders will also be provided with a reasonable opportunity to ask questions about, or make comments on, the business of the Meeting, the management of the Company or about the Company generally during the Meeting. It may not be possible to respond to all questions during the Meeting.

Explanatory Notes

Explanatory statement

Item 1 – Financial statements and reports

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

Shareholders will be given a reasonable opportunity at the Meeting to ask questions and make comments on these reports and on the business, operations and management of BOQ. There will be no formal resolution put to the Meeting on this item of business.

The Company's auditor will be present at the Meeting to answer audit-related questions from shareholders. Shareholders may also submit written questions to the Company's auditor on the content of the independent Auditor's Report or the conduct of its audit of the Company's Financial Report for the year ended 31 August 2022. Such questions must be received by no later than 5.00pm (AEST) on Tuesday, 29 November 2022. The auditor is not obliged to provide written answers.

Item 2 – Re-election of Directors

The Board of Directors of the Company (**Board**) is, at the date of this Notice of Meeting, comprised of seven Non-Executive Directors and one Executive Director (being, the Managing Director and CEO).

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

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

The Nomination and Governance Committee monitors the skills and experience of existing Directors with a view to ensuring that new Board appointees enhance the skill diversity of the Board.

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

There are three resolutions proposed for the re-election of three Directors to the Board.

Background information on each Director seeking election is provided below.

Mr Patrick Allaway

Mr Allaway was appointed as a Non-Executive Director of the Bank in May 2019 and was appointed Chairman on 18 October 2019.

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

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

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

Mr Allaway has over 15 years of Non-Executive Director experience and was formerly a Non-Executive Director of Macquarie Goodman Industrial Trust, Metcash Limited, Fairfax Media, Woolworths South Africa, David Jones, Country Road Group, Domain, and Nine Entertainment Co. Mr Allaway chaired the Audit and Risk Committees for Metcash, David Jones, and Country Road Group.

Mr Allaway is currently a Non-Executive Director of Allianz Australia and Dexu Funds Management Limited and a member of the Adobe International Advisory Board. He chairs BOQ's Investment, and Nomination and Governance Committees and is a member of the People, Culture and Remuneration, Transformation and Technology, Audit, and Risk Committees.

Recommendation

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

Explanatory Notes (continued)

Ms Karen Penrose

Ms Penrose was appointed a Director of BOQ on 26 November 2015.

Ms Penrose is an experienced Non-Executive Director and banker. As a banker, Ms Penrose has 20 years of experience leading businesses within Commonwealth Bank of Australia and HSBC and over ten years in accounting and finance roles. Ms Penrose has particular expertise in the financial services, health, property, resources and energy sectors. Ms Penrose is a Non-Executive Director of Cochlear Limited, Ramsay Health Care Limited and Estia Health Limited and a Director of Ramsay Générale de Santé and Rugby Australia Limited. Ms Penrose was formerly a Non-Executive Director of Vicinity Centres Limited, AWE Limited, Spark Infrastructure Group, Landcom, and Future Generation Global Investment Company Limited. She is a member of Chief Executive Women.

Ms Penrose is Chair of the Audit Committee and is a member of the People, Culture and Remuneration, Risk, Transformation and Technology, Investment, and Nomination and Governance Committees.

Recommendation

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

Mr Warwick Negus

Mr Negus was appointed a Director of BOQ on 22 September 2016.

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

Mr Negus is Chair of Dexus Funds Management Limited and Chair of Pengana Capital Group. He is also a Non-Executive Director of Washington H Soul Pattinson & Co Ltd (retiring December 2022), Virgin Australia Holdings Pty Ltd, and Terrace Tower Group. He is a member of the Council of UNSW and Chair of UNSW Global Limited (retiring December 2022). He is also a Non-Executive Director of NSW Rugby Union.

Mr Negus is Chair of the People, Culture and Remuneration Committee and a member of the Audit, Risk, Transformation and Technology, Investment, and Nomination and Governance Committees.

Recommendation

*The Board (with Mr Negus abstaining) recommends that shareholders vote **IN FAVOUR** of Mr Negus' election as a Non-Executive Director of the Company.*

Item 3 – Remuneration report (non-binding resolution)

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

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

Recommendation

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

Explanatory Notes (continued)

Item 4 – Grant of securities to the Managing Director and Chief Executive Officer

The Board is seeking shareholder approval to grant Mr George Frazis, the Managing Director & Chief Executive Officer of the Company under the BOQ Equity Incentive Plan (EIP), up to \$1,980,000 delivered in Performance Shares and up to \$1,020,000 delivered in Premium Priced Options, being Mr Frazis' maximum total variable remuneration opportunity in respect of the financial year ending 31 August 2023. Mr Frazis' target total variable remuneration opportunity is \$1,530,000 delivered in Performance Shares and \$1,020,000 delivered in Premium Priced Options.

The actual number of securities awarded for Mr Frazis' target total variable remuneration opportunity will be based on the volume weighted average price (VWAP) of BOQ shares over the ten trading days immediately following the Meeting and will be subject to performance or vesting conditions, in each case as described below.

Mr Frazis will be entitled to receive one fully-paid ordinary BOQ share for each Performance Share or Premium Priced Option that vests (and in the case of a Premium Priced Option, if the Premium Priced Option is exercised and the exercise price paid).

Under ASX Listing Rule 10.14.1, an entity must not permit a Director of the entity to acquire shares or rights to shares under an employee incentive scheme without the approval of shareholders. While it is not currently intended that shares will be issued to Mr Frazis to satisfy any vested Performance Shares or Premium Priced Options, shareholder approval is being sought to provide the flexibility for the Company to issue shares should that be desirable at the relevant time.

Information regarding the Performance Shares and Premium Priced Options award is set out below. Annexure A contains further details and other information required by the ASX Listing Rules. Annexure B contains a summary of the terms of the EIP.

Performance Shares

Performance Shares are 'rights' to receive shares for the purposes of the EIP and for each 'right' that is converted at the end of the 12 month performance period described below, Mr Frazis will generally receive one share that is subject to dealing restrictions for a further period (**restricted share**).

Number of Performance Shares awarded

The Board will determine the number of Performance Shares allocated to Mr Frazis by dividing his target opportunity of \$1,530,000 by the VWAP of shares over the ten trading days immediately following the Meeting, rounded up to the nearest whole number. For example, if the VWAP is \$8.00, Mr Frazis would receive 191,250 Performance Shares. These Performance Shares will be granted in January 2023.

At the completion of FY23, the Board may also determine to award Mr Frazis up to an additional \$450,000 in Performance Shares, taking his Performance Shares award to the maximum opportunity of \$1,980,000. Any further award would be valued using the VWAP of shares over the period of ten trading days immediately after BOQ's FY23 results announcement, rounded up to the nearest whole number and granted no earlier than October 2023.

		Example 1	Example 2	Example 3
Target award (\$1,530,000)	VWAP (post Meeting)	\$7.00	\$8.00	\$9.00
	Number of Performance Shares	218,572	191,250	170,000
Up to maximum award (additional \$450,000)	VWAP (post FY23 results)	\$7.00	\$8.00	\$9.00
	Number of Performance Shares	64,286	56,250	50,000

Performance period and performance conditions

Performance Shares are eligible to convert into restricted shares no earlier than October 2023, based on an assessment by the Board of performance against the Group Scorecard over the performance period 1 September 2022 – 31 August 2023.

The FY23 Group Scorecard has a well-balanced weighting between financial measures and non-financial measures. The Board will determine in its absolute discretion if all or some of the Performance Shares convert into restricted shares or lapse based on performance against the Group Scorecard and any other relevant matters. The Board will also consider Mr Frazis' ongoing satisfactory performance and compliance with the terms of his employment agreement and Group policies, as well as conduct, risk behaviours and outcomes before the conversion or vesting of the Performance Shares.

If the Board determines that the performance and any other conditions have been satisfied, then all Performance Shares will be converted to restricted shares. There is no retesting of the Performance Shares.

Each restricted share allocated to Mr Frazis will be subject to dealing restrictions as described below.

Explanatory Notes (continued)

Restriction periods

The restricted shares for the target portion of Mr Frazis' Performance Shares will be subject to dealing restrictions and will vest and become unrestricted in three tranches as follows:

- 33 per cent vests 12 months after allocation of restricted shares (i.e. no earlier than October 2024)
- 33 per cent vests 24 months after allocation of restricted shares (i.e. no earlier than October 2025)
- 34 per cent vests 36 months after allocation of restricted shares (i.e. no earlier than October 2026)

The restricted shares for any additional Performance Shares awarded to Mr Frazis (i.e. between his target and maximum opportunities) will be subject to dealing restrictions and will vest and become unrestricted in up to three tranches. The Board may determine the precise vesting at the time that any additional Performance Shares are awarded within the following parameters:

- no more than 20 per cent vests 12 months after allocation of restricted shares (i.e. no earlier than October 2024)
- up to 40 per cent vests 24 months after allocation of restricted shares (i.e. no earlier than October 2025)
- no less than 60 per cent vests 36 months after allocation of restricted shares (i.e. no earlier than October 2026)

This approach to vesting for Mr Frazis' Performance Shares ensures compliance with the deferred remuneration obligations under the Banking Executive Accountability Regime (BEAR).

At the end of each restriction period the Board may determine in its absolute discretion that all or some of the restricted shares do not vest and, in making this assessment, will consider Mr Frazis' ongoing satisfactory performance and compliance with the terms of his employment agreement and Group policies, as well as conduct, risk behaviours and outcomes.

Mr Frazis will be free to deal with his shares after the end of the relevant restriction period, subject to BOQ's Securities Trading Policy.

Dividend and voting rights

The Performance Shares do not carry any dividend or voting rights before converting into restricted shares. Restricted shares allocated on conversion of Performance Shares carry dividend and voting rights from allocation.

Cessation of employment

If Mr Frazis ceases employment with BOQ his Performance Shares and restricted shares will be treated as set out below, unless the Board determines otherwise. Any Performance Shares or restricted shares that remain on foot will be subject to the original offer terms (including dealing restrictions and malus) during the two, three and four year restriction periods and an additional two year clawback period after each restriction period, as described in Appendix A.

Reason for ceasing employment	Performance Shares (i.e., during one-year Performance Period)	Restricted Shares allocated on conversion of Performance Shares
Summarily dismissed	Lapse	Forfeited
Resign	Lapse	If less than three years of service with the Group has been completed, 100% forfeited. If between three and five years of service with the Group has been completed, 50% of each unvested Tranche remains on foot and the remaining 50% of each tranche is forfeited. If at least five years of service with the Group has been completed, 100% remain on foot.
In all other cases (e.g., redundancy, retirement, mutually agreed separation)	Pro-rata allocation based on the portion of the one-year Performance Period that has elapsed	Remain on foot
Leave to work with a competitor or is employed by a competitor of BOQ within 6 months of ceasing, irrespective of the reason for ceasing employment.	Lapse	Forfeited

Premium Priced Options

Premium Priced Options will vest subject to satisfaction of the vesting conditions outlined below over two different vesting periods. For each Premium Priced Option that vests and is exercised, Mr Frazis will receive one restricted share upon payment of the exercise price.

Restricted shares allocated on exercise and payment of the exercise price will be subject to dealing restrictions for a further period.

Number of Premium Priced Options awarded

The Board will determine the number of Premium Priced Options allocated to Mr Frazis by dividing his opportunity of \$1,020,000 by the value of a Premium Priced Option. The value of Premium Priced Options will be determined by the Board as a percentage of the VWAP of shares over the period of ten trading days immediately after the Meeting, rounded up to the nearest whole number. For example, if the VWAP is \$8 and the Premium Priced Option is valued at 11% of the VWAP, Mr Frazis would receive 1,159,091 Premium Priced Options.

Explanatory Notes (continued)

Exercise price

The exercise price for each Premium Priced Option will be 120 per cent of the VWAP of shares on the ten trading days immediately after the Meeting. For example, if the VWAP is \$8.00, the exercise price would be \$9.60.

This means the Premium Priced Options will only be valuable to Mr Frazis if the Company's share price increases by more than 20 per cent over the relevant period. This aligns Mr Frazis' remuneration with long-term value creation for shareholders.

	Example 1	Example 2	Example 3
VWAP	\$7.00	\$8.00	\$9.00
Exercise Price	\$8.40	\$9.60	\$10.80
Option value	\$0.77	\$0.88	\$0.99
Number of Premium Priced Options	1,324,676	1,159,091	1,030,304

Vesting conditions and vesting period

Premium Priced Options will be eligible to vest according to the following schedule:

- 50 per cent will be eligible to vest four years after the grant of the options (i.e. in December 2026)
- 50 per cent will be eligible to vest five years after the grant of the options (i.e. in December 2027)

At the time of vesting, the Board may determine in its absolute discretion that all or some of the Premium Priced Options do not vest and in making this assessment will consider Mr Frazis' ongoing satisfactory performance and compliance with the terms of his employment agreement and Group policies, as well as conduct, risk behaviours and outcomes.

Vested Premium Priced Options may be exercised until the applicable Expiry Date, which are the 2nd anniversary of each tranche of Premium Priced Option's vesting date (i.e. in December 2028 and December 2029).

Any Premium Priced Options that are not exercised by this date will automatically lapse.

Restriction period

Premium Priced Options (vested or unvested) may not be dealt with at any time.

Mr Frazis' vested Premium Priced Options and, if he exercises his vested Premium Priced Options, any restricted shares allocated to him, will be subject to dealing restrictions for one year from the date of vesting (i.e. until December 2027 and 2028, as applicable).

Mr Frazis will be free to deal with his shares after the end of the applicable restriction period, subject to BOQ's Securities Trading Policy.

Dividend and voting rights

Premium Priced Options do not carry any dividend or voting rights. Shares allocated on vesting and exercise of Premium Priced Options carry dividend and voting rights from allocation.

Cessation of employment

If Mr Frazis ceases employment, his Premium Priced Options and restricted shares will be treated as set out below, unless the Board determines otherwise. Any unvested Premium Priced Options that remain on foot will vest in the usual course (subject to satisfaction of the applicable vesting conditions) and all Premium Priced Options and restricted shares that remain on foot will be subject to their original offer terms (including dealing restrictions).

Reason for ceasing employment	Unvested Options	Vested Options (4 or 5 year service condition has been met)	Restricted Shares after exercise of Options
Summarily dismissed	Lapse	Lapse	Forfeited
Resign	Qualifying condition: If at least three years' service has been completed from the FY23 Options grant date, pro-rata retention based on the portion of the relevant Vesting Period elapsed. Unvested options lapse, if above qualifying condition is not met.	Remain on foot, must be exercised within 60 days of cessation of employment, after which time they will lapse	Remain on foot
In all other cases (e.g., redundancy, retirement, mutually agreed separation)	Pro-rata retention based on the portion of the relevant Vesting Period that has elapsed	Remain on foot, must be exercised within 60 days of cessation of employment, after which time they will lapse	Remain on foot
Leave to work with a competitor or is employed by a competitor of BOQ within 6 months of ceasing, irrespective of the reason for ceasing employment.	Lapse	Remain on foot, must be exercised within 60 days of cessation of employment, after which time they will lapse	Remain on foot

Recommendation

The Board (with Mr Frazis abstaining) recommends that shareholders vote **IN FAVOUR** of item 4.

Explanatory Notes (continued)

Annexure A – Further information required by the ASX Listing Rules (item 4)

Information regarding remuneration package

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

The FY23 remuneration package for Mr Frazis is comprised of the following components:

- (a) **Fixed Remuneration** (base salary and superannuation) – \$1,500,000;
- (b) **Sundry benefits including car parking and accommodation allowance**; and
- (c) **Variable Reward** -at-target opportunity of \$2,550,000 of which \$1,530,000 awarded in Performance Shares (102 per cent of Fixed Remuneration) and \$1,020,000 awarded in Premium Priced Options (68 per cent of Fixed Remuneration). Based on the Board's assessment of the FY23 Group Scorecard, Mr Frazis' contribution to the Group Scorecard outcomes and the Board's assessment of risk management, conduct and performance, Mr Frazis may be awarded an additional \$450,000 of Performance Shares taking his total variable reward opportunity to a maximum opportunity of \$3,000,000. Any further award would be valued using the VWAP of shares over the period of ten trading days immediately after BOQ's FY23 results announcement, rounded up to the nearest whole number.

Information regarding the EIP

Malus and clawback powers

The Board has malus and clawback powers in relation to securities issued under the EIP. The malus and clawback rules will apply as follows to Mr Frazis' FY23 Performance Shares and Premium Priced Options as follows:

- Malus rules will apply to Performance Shares until the end of the applicable restriction periods. An additional two year clawback period will apply from the date the restricted shares become unrestricted (i.e. for 4, 5, and 6 years).
- Malus rules will apply to Premium Priced Options until the end of the applicable restriction periods. This component of Mr Frazis' variable remuneration will be 'at risk' for 5 and 6 years.

Change of control

If a change of control event occurs, the Board may decide that some or all Performance Shares or Premium Priced Options vest or lapse in accordance with the rules of the EIP (**Plan Rules**) or that the dealing restrictions on shares are lifted. In determining whether to exercise its discretion, the Board may have regard to any circumstances it considers appropriate.

Indeterminate rights

In general, the Board will satisfy each Performance Share or Premium Priced Option with the allocation of a share. Under the Plan Rules, the Board retains a discretion to satisfy a Performance Share or Premium Priced Option with a cash amount equivalent to a share.

Other discretions

The Board has broad discretion to make changes under the EIP. For example, the Board has discretion to amend or add to the terms of awards or to adjust performance conditions (e.g. to take into account unforeseen circumstances).

Explanatory Notes (continued)

Additional Information required by the ASX

- Mr Frazis is a Director of the Company and therefore an ASX Listing Rule 10.14.1 party.
- The ASX Listing Rules require this Notice of Meeting to state the number and average acquisition price (if any) of securities previously issued to Mr Frazis under the EIP, since joining the Company in 2019. Mr Frazis has previously been issued 85,443 Restricted Shares, 143,215 Performance Award Rights, 2,625,384 Premium Priced Options and 311,055 Performance Shares.
- Restricted Shares, Performance Shares and Performance Award rights are issued at no cost to Mr Frazis.
- Nothing is payable by Mr Frazis to receive Premium Priced Options, however, an exercise price of 120 per cent of the VWAP of shares on the ten trading days immediately after the Meeting must be paid to exercise any vested Premium Priced Option and receive an allocation of shares. The exercise prices that will need to be paid in respect of the Premium Priced Options issued in 2021 and 2022 are as follows:

	January 21 \$	January 22 \$
Premium Priced Options	9.3337	9.5861

- Details of Mr Frazis' current total remuneration package are set out above.
- BOQ grants Performance Shares and Premium Priced Options because they create share price alignment between Mr Frazis and shareholders but do not provide the full benefits of share ownership (i.e. dividend and voting rights) unless they vest.
- If shareholder approval is granted, the Performance Shares and Premium Priced Options will be allocated to Mr Frazis within 12 months of the Meeting. If shareholder approval is given under ASX Listing Rule 10.14, it is not required under ASX Listing Rule 7.1.
- If shareholder approval is not obtained for the Performance Shares and/or Premium Priced Options, the Board will consider alternative arrangements in respect of the relevant award to appropriately remunerate and incentivise Mr Frazis.
- No loan will be made available in relation to the acquisition of securities.
- Details of any securities issued under the EIP will be published in BOQ's Annual Report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14.
- Any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of securities under the EIP after this resolution is approved and who is not named in this Notice of Meeting will not participate until approval is obtained under ASX Listing Rule 10.14.

Annexure B – Summary of the terms of the EIP

Set out below is a summary of the terms of the EIP.

- Under the rules of the Plan Rules, BOQ may, from time to time, in its absolute discretion invite eligible employees (including a Director employed in an executive capacity) of BOQ and its related bodies corporate (each an **Eligible Employee**) to participate in a grant of Plan Securities, which may comprise any one or more of Rights, Options, Shares, Restricted Shares and Units (**Offer**).
- Offers will be made on the terms set out in the Plan Rules and/or any additional or alternative terms as the Board determines, as specified in the terms of an Offer.
- The Board may, at its discretion, refuse to allow the participation of an Eligible Employee where that Eligible Employee ceases to be an employee (including a Director employed in an executive capacity) of BOQ or any of its related bodies corporate, or fails to satisfy any other conditions imposed by the Board, before the relevant grant is made.
- Unless the Board determines otherwise, no payment is required for the grant of a Plan Security.
- Subject to BOQ's Securities Trading Policy, any dealing in respect of a Plan Security prior to vesting is prohibited unless the Board determines otherwise or the dealing is required by law (provided the relevant participant has provided satisfactory evidence of that fact).
- Subject to an express rule to the contrary, a Plan Security will only vest (and if and as applicable, become exercisable (in the case of Options and Rights), have all restrictions on disposal or dealing cease (in the case of Restricted Shares) or result in an entitlement to be paid a cash payment (in the case of a Unit) where each applicable vesting condition, and all other relevant conditions have been satisfied or waived by the Board.
- Subject to the Board determining that the vesting of a Right or Option will be satisfied by BOQ making a cash payment in lieu of an allocation of Shares, the vesting (and exercise, if applicable) of a Right or Option will be satisfied by BOQ allocating to the relevant participant the number of Shares in respect of which the relevant Rights or Options have vested (and have been exercised (if applicable)). If the Board determines that the vesting of a Right or Option will be satisfied by BOQ making a cash payment in lieu of an allocation of Shares, the cash payment will be calculated:
 - in respect of Rights, by multiplying the number of Shares underlying the relevant Rights by the current market price of the Shares; and
 - in respect of Options, by multiplying the number of Shares underlying the relevant Options by the current market price of the Shares, less any exercise price that would have otherwise been payable in respect of the relevant Options.
- The vesting of a Unit will result in a cash payment by BOQ to the relevant participant equivalent to the cash value of the Units that have vested, to be calculated by multiplying the number of Units that have vested by the current market price of the Shares, unless otherwise specified.

Explanatory Notes (continued)

9. A Right or Option granted under the EIP will lapse on the earliest to occur of (amongst other things) 15 years after the date of allocation to the relevant participant or any other nominated expiry date, failure to meet a vesting condition or any other relevant condition, or the participant's election to surrender the Right or Option.
10. A Unit granted under the EIP will lapse on the earliest to occur of (amongst other things) failure to meet a vesting condition or any other relevant condition, or the participant's election to surrender the relevant Unit.
11. A Restricted Share granted under the EIP will be forfeited on the earliest to occur of (amongst other things) a failure to meet a vesting or other relevant condition, or the participant's election to surrender the Restricted Share.
12. The Board may determine that some or all of a participant's unvested Plan Securities will (as applicable) lapse, be forfeited, vest, are exercisable for a prescribed period, are no longer subject to restrictions and/or are subject to modified vesting conditions, if the participant ceases to be employed by BOQ or any of its related bodies corporate.
13. The Board may determine that a participant's entitlement to Plan Securities or Shares may be reduced or extinguished through lapse or forfeiture, the participant must pay or repay to BOQ a monetary amount in certain circumstances, or the restrictions on disposal of Restricted Shares be extended, where (amongst other circumstances):
 - the participant has acted fraudulently or dishonestly, engaged in gross misconduct, engaged in an act which may impact negatively on, or breached their duties or obligations to, BOQ or any of its related bodies corporate, or been convicted of an offence or has a judgement entered against them in connection with the affairs of BOQ or any of its related bodies corporate;
 - BOQ is required or entitled to reclaim remuneration from the participant or reduce the participant's remuneration outcome under law, regulation, contract or policy; or
 - a significant unexpected or unintended consequence or outcome has occurred which impacts BOQ or any of its related bodies corporate.
14. If a change of control event occurs (as opposed to an actual change in the control of BOQ), the Board may determine that some or all of a participant's Plan Securities vest or cease to be subject to restrictions (as applicable). If an actual change in the control of BOQ occurs then all unvested Plan Securities will immediately vest (and, in the case of Rights and Options become exercisable) unless the Board determines otherwise. In each case, any unvested Plan Securities that do not vest will lapse unless the Board determines a different treatment.
15. Options and Rights carry no entitlement to participate in new issues of Shares by BOQ prior to vesting and exercise (if applicable). However, the Board may grant additional Rights, Units or Options or make any adjustments it considers appropriate to the terms of any relevant Plan Security in order to minimize or eliminate any material disadvantage to a participant resulting from a corporate action by, or capital reconstruction in relation to, BOQ. Options and Rights will also, in certain circumstances (such as in the case of a prorated or bonus issue of Shares by BOQ), be adjusted in the manner allowed or required by the ASX Listing Rules.
16. Subject to the terms of any relevant trust deed or Offer, participants will be entitled to receive all dividends and other distributions or benefits payable, and exercise or direct the exercise of voting rights, in each case in respect of their Shares.

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