

ASX RELEASE



100 Skyring Terrace
Newstead QLD 4006

LAUNCH OF CAPITAL NOTES 3 OFFER

Monday, 24 October 2022, Brisbane: Bank of Queensland Limited (**BOQ**) today announced its intention to raise \$300 million through the offer of Capital Notes 3 with the ability to raise more or less (**Offer**).

Capital Notes 3 are fully paid, unsecured, non-cumulative, perpetual, subordinated, convertible notes issued by BOQ at an issue price of \$100 each. Distributions are discretionary, non-cumulative, floating rate and are scheduled to be payable quarterly in arrears, subject to the issue terms (including that no Payment Condition exists), and are expected to be fully franked.¹

The Australian Prudential Regulation Authority (**APRA**) has confirmed that Capital Notes 3 would be recognised as Additional Tier 1 Capital of BOQ for the purpose of APRA's prudential standards.

The proceeds of the Offer will be used for BOQ's general corporate and funding purposes. BOQ currently has an option to redeem the BOQ 2017 Wholesale Capital Notes on 28 November 2022 and will consider redeeming the BOQ 2017 Wholesale Capital Notes on that date, subject to various factors (including satisfactory completion of the Offer, market conditions and any required regulatory approvals). Capital Notes 3 are expected to be quoted on the Australian Securities Exchange (**ASX**) and trade under the ASX code "BOQPG".

The Offer is made under a prospectus which was lodged with the Australian Securities and Investments Commission (**ASIC**) and ASX today (**Prospectus**).

The Prospectus will also be made available to Australian investors at www.boq.com.au/capitalnotes3. A replacement Prospectus, containing the Margin, will be made available when the Offer opens, expected to be on 1 November 2022.

¹ Holders should be aware that the ability of a Holder to use franking credits will depend on their particular circumstances and the tax rules that apply at the time, and that the potential value of franking credits does not accrue at the same time as the cash Distribution is received. If any Distribution Payment is not fully franked, the Distribution will be increased to adjust for any unfranked component of the Distribution, based upon the applicable Franking Rate.

For further information please call:

Media

David Bold
Head of Media and Government Relations
0423 202 369 david.bold@boq.com.au

Analysts

Cherie Bell
General Manager, Investor Relations
0473 880 454 cherie.bell@boq.com.au

Capital Notes 3 are complex and not suitable for all investors and contain features which may make the Capital Notes 3 Terms difficult to understand. BOQ strongly recommends that you seek professional advice from your qualified professional adviser before deciding whether to invest in Capital Notes 3. Capital Notes 3 are not guaranteed by, nor are they deposit liabilities of, BOQ.

Restrictions on the distribution of Capital Notes 3

The Design and Distribution Obligations Regime (**DDO Regime**), which became effective in October 2021, applies to the Offer. Therefore, BOQ is required to prepare a Target Market Determination which describes, among other things, the class of Retail Investors that comprises the target market for Capital Notes 3 and conditions relating to how Capital Notes 3 are to be distributed under the Offer to help ensure that investors who acquire Capital Notes 3 under the Offer are within that target market. The Target Market Determination is available at www.boq.com.au/capitalnotes3.

In response to the introduction of the DDO Regime, BOQ has made the decision not to include a specific offer for BOQ securityholders (unlike previous retail hybrid security offers by BOQ).

Instead, all Applications must be submitted through a Syndicate Broker and you should contact your Syndicate Broker for instructions on how to apply.

UBS AG, Australia Branch has been appointed as Arranger and a Joint Lead Manager to the Offer. ANZ Securities Limited, Morgans Financial Limited, National Australia Bank Limited, Ord Minnett Limited and Westpac Institutional Bank (a division of Westpac Banking Corporation) have also been appointed as Joint Lead Managers to the Offer (collectively the "**JLMs**"). LGT Crestone Wealth Management Limited and JBWere Limited have been appointed as Co-Managers for the Offer (together with the JLMs, the "**Syndicate Brokers**").

Further information about the Offer

The Offer comprises:

- an Institutional Offer to certain Institutional Investors; and
- a Broker Firm Offer to eligible Australian resident clients of Syndicate Brokers who are either a Wholesale Investor; or a Retail Investor within the Capital Notes 3 Target Market who has received personal advice from a qualified financial adviser.

All Applications must be submitted through a Syndicate Broker and potential investors should contact their Syndicate Broker for instructions on how to apply. The Closing Date is expected to be 10:00am (Sydney time) on 9 November 2022.

Prospective investors can also call the BOQ Offer Information Line for further information on the Offer on 1800 779 639 (within Australia) or +61 1800 779 639 (outside Australia) (8:00am to 8:00pm (Sydney time) Monday to Friday, excluding public holidays).

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Key features of Capital Notes 3

Distribution	<ul style="list-style-type: none"> Discretionary, non-cumulative, floating rate Distributions which are scheduled to be paid quarterly in arrears (subject to no Payment Condition existing) on the Distribution Payment Dates and are expected to be fully franked² Calculated on a floating rate basis using the 3-month Bank Bill Swap Rate (BBSW) plus the Margin multiplied by $(1-t)^3$ The Margin will be determined by the Bookbuild and is expected to be in the range of 3.40% to 3.60%
Term	<ul style="list-style-type: none"> Perpetual (no fixed maturity date) unless Converted, Redeemed or Resold
Optional Conversion, Redemption and/or Resale	<ul style="list-style-type: none"> Subject to APRA's prior written approval⁴ and provided certain conditions are satisfied, BOQ may elect to: <ul style="list-style-type: none"> Convert, Redeem or Resell all or some Capital Notes 3 on the Optional Conversion/Redemption/Resale Date (being 15 December 2028, 15 March 2029, or 15 June 2029) Convert, Redeem or Resell all or some Capital Notes 3 following a Regulatory Event or Tax Event; or Convert all (but not some only) Capital Notes 3 following a Potential Acquisition Event
Mandatory Conversion Date	<ul style="list-style-type: none"> The Mandatory Conversion Date will be the Scheduled Mandatory Conversion Date (being 16 June 2031) provided that the Mandatory Conversion Conditions are satisfied on that date, unless Capital Notes 3 have otherwise been Converted or Redeemed earlier On a Mandatory Conversion Date, Capital Notes 3 Holders will receive approximately \$101.01 worth of Ordinary Shares for each of their Capital Notes 3 that is Converted If any of the Mandatory Conversion Conditions are not satisfied on the Scheduled Mandatory Conversion Date, then the Mandatory Conversion Date will be deferred under the next Distribution Payment Date in respect of which all of the Mandatory Conversion Conditions are satisfied

² Holders should be aware that the ability of a Holder to use franking credits will depend on their particular circumstances and the tax rules that apply at the time, and that the potential value of franking credits does not accrue at the same time as the cash Distribution is received. If any Distribution Payment is not fully franked, the Distribution will be increased to adjust for any unfranked component of the Distribution, based upon the applicable Franking Rate.

³ "t" is the Australian corporate tax rate applicable to the franking account of BOQ at the relevant Distribution Payment Dates.

⁴ Holders should not assume that APRA's approval will be given.

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Mandatory Conversion in other circumstances	<ul style="list-style-type: none"> BOQ must also Mandatorily Convert Capital Notes 3 to Ordinary Shares in the following circumstances: <ul style="list-style-type: none"> if a Common Equity Trigger Event occurs; if a Non-Viability Trigger Event occurs; or if an Acquisition Event occurs (subject to the applicable Mandatory Conversion Conditions)
Quoted on the ASX	<ul style="list-style-type: none"> BOQ will apply to ASX for Capital Notes 3 to be quoted on the ASX and Capital Notes 3 are expected to trade under ASX code "BOQPG"

Offer timetable

KEY DATES FOR THE OFFER	DATE
Lodgement of the original Prospectus with ASIC	24 October 2022
Bookbuild	On or before 31 October 2022
Announcement of the Margin	31 October 2022
Lodgement of replacement Prospectus with ASIC	1 November 2022
Opening Date of Offer	1 November 2022
Closing Date of Offer	10am (Sydney, AEDT), 9 November 2022
Settlement Date	11 November 2022
Issue Date	14 November 2022
Capital Notes 3 commence trading on ASX	15 November 2022
Expected despatch of Holding Statements	16 November 2022

KEY DATES FOR CAPITAL NOTES 3	DATE
First quarterly Distribution Payment Date	15 March 2023
Scheduled Optional Conversion / Redemption / Resale Dates	15 December 2028, 15 March 2029 and 15 June 2029
Scheduled Mandatory Conversion Date	16 June 2031 ⁵

Dates may change

These dates are indicative only and are subject to change without notice. BOQ, the Arranger and the Joint Lead Managers may agree to vary the timetable, including extending any Closing Date, closing the Offer early without notice or accepting late Applications, whether generally or in particular cases, at their discretion. BOQ may withdraw the Offer at any time before Capital Notes 3 are issued.

⁵ As 15 June 2031 is not a Business Day, this date has been postponed to the following Business Day.

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Definitions

Unless otherwise defined, capitalised words used in this announcement have the meaning given to them in the Prospectus.

Further Information

Capital Notes 3 are complex and involve more risks than a simple debt or ordinary equity security. The Capital Notes 3 are not traditional fixed income securities. They can be Converted to Ordinary Shares (including at times when the risk of Ordinary Shares losing some or all of their value is relatively high) or Written Off, and payment of distributions is not guaranteed. Consequently, Capital Notes 3 have a higher risk than traditional fixed income securities. You should consider the Prospectus carefully to determine if an investment in Capital Notes 3 is right for you, if so what proportion of your investment portfolio should be made up of Capital Notes 3, and whether you are comfortable that the return on Capital Notes 3 is sufficient to compensate you for the risk of investing in Capital Notes 3.

Disclaimer

This announcement does not constitute an offer of any securities (including Capital Notes 3) for sale or issue. No action has been taken to register or qualify Capital Notes 3 or the Offer or to otherwise permit a public offering of Capital Notes 3 outside Australia. In particular, this announcement does not constitute an offer of securities for sale in the United States. Neither the Capital Notes 3 nor the Ordinary Shares have been or will be registered under the United States Securities Act of 1933 or the securities laws of any state of the United States, and they may not be offered or sold in the United States or to, or for the account or benefit of, a US Person.

ENDS

Authorised for release by: The Board of Directors of Bank of Queensland Limited

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