

ASX RELEASE

**BOQ
GROUP**

100 Skyring Terrace
Newstead QLD 4006

LAUNCH OF CAPITAL NOTES 2 OFFER

Monday, 26 October 2020, Brisbane: Bank of Queensland Limited (ASX: BOQ) (**BOQ**) today announced its intention to raise \$200 million through the offer of Capital Notes 2 with the ability to raise more or less (**Offer**).

Capital Notes 2 are fully paid, unsecured, non-cumulative, perpetual, subordinated, convertible notes which will pay, subject to the issue terms and BOQ's discretion, preferred floating rate quarterly distributions which are expected to be fully franked.

The Australian Prudential Regulation Authority (**APRA**) has confirmed that Capital Notes 2 are capable of being recognised as Additional Tier 1 Capital of BOQ for the purposes of APRA's prudential standards. As announced on 7 April 2020, BOQ received APRA's approval to redeem BOQ's A\$150 million Wholesale Capital Notes which constituted Additional Tier 1 Capital, conditional on BOQ completely replacing the WCNs with a new Additional Tier 1 instrument at the first available opportunity. The Offer will satisfy this condition.

The proceeds of the Offer will be used for BOQ's general corporate and funding purposes. The Capital Notes 2 have an issue price of \$100 each and are expected to be quoted on the Australian Securities Exchange (**ASX**) and trade under the ASX code "BOQPF".

Further information

Full details of this investment opportunity and the Capital Note 2 Terms are set out in the Prospectus lodged with the Australian Securities and Investments Commission (**ASIC**) and ASX today (**Prospectus**).

The Prospectus will be made available to Australian investors at www.boq.com.au/capitalnotes2 or by calling the BOQ Offer Information Line below. A replacement Prospectus, containing the Margin and Application Forms, will be made available when the Offer opens, expected to be on 3 November 2020.

There are risks associated with investing in Capital Notes 2. Investors should read and consider the Prospectus and the Capital Note 2 Terms in full before deciding whether to invest in Capital Notes 2. BOQ strongly recommends that investors obtain professional advice which takes into account their particular investment objectives and circumstances before deciding whether to invest in Capital Notes 2. Capital Notes 2 are not guaranteed by, nor are they deposit liabilities of, BOQ.

For further information please call:

Media

Tracy Hicks, Head of Corporate Affairs
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Analysts

Cherie Bell, General Manager Investor Relations
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Applications may only be made using the Application Form (either electronic or paper) that is attached to or accompanies the replacement Prospectus.

Goldman Sachs has been appointed as Arranger to the Offer. ANZ Securities, Morgans and National Australia Bank have been appointed as Joint Lead Managers. JBWere has been appointed as Co-Manager.

Further information about the Offer

The Offer comprises:

- an Institutional Offer to certain Institutional Investors;
- a Broker Firm Offer to Australian resident retail and high net worth clients of Syndicate Brokers; and
- a Securityholder Offer to Eligible Securityholders¹ on the register as at 7:00pm (Sydney time) on 23 October 2020.

Securityholders can access further information through the **BOQ Offer Information Line** 1800 779 639 (within Australia) or +61 1800 779 639 (from overseas), Monday to Friday from 8:30am to 7:30pm (AEDT) or at www.boq.com.au/capitalnotes2.

Key Features of Capital Notes 2

Distributions	• Preferred, discretionary, non-cumulative, based on a floating rate • Distributions are expected to be fully franked² ○ 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 • Scheduled to be paid quarterly in arrears (subject to no Payment Condition existing) on the Distribution Payment Dates ○ Distribution Payment Dates are 15 February, 15 May, 15 August, 15 November each year ○ The first Distribution is scheduled to be paid on 15 February 2021 • Calculated on a floating rate basis using the 3-month Bank Bill Swap Rate (BBSW) plus the Margin multiplied by $(1 - t)^3$
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¹ An Eligible Securityholder is a registered holder of Ordinary Shares or Capital Notes 1 (as applicable) as at 7:00pm (Sydney time) on 23 October 2020, shown on the applicable register as having an address in Australia and not in the US or acting as a nominee for, or for the account or benefit of, a US Person, or not otherwise prevented from receiving the invitation to participate in the Offer or receiving Capital Notes 2 under the laws of any jurisdiction.

² Holders should be aware that the ability of a Holder to use franking credits will depend on their individual position and that the potential value of franking credits does not accrue at the same time as the cash Distribution is received.

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

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	The Margin will be determined by the Bookbuild and is expected to be in the range of 3.80% to 4.00%
Term	- Perpetual (no fixed maturity date) unless Converted, Redeemed or Resold - Optional Conversion, Redemption or Resale (subject to APRA's prior written approval⁴, and provided certain conditions are satisfied) on 14 May 2027⁵ at BOQ's option, or following a Tax Event or a Regulatory Event and Optional Conversion following Potential Acquisition Event - Scheduled Mandatory Conversion into Ordinary Shares on 15 May 2029 if Mandatory Conversion Conditions are satisfied, unless Capital Notes 2 are Redeemed or Converted earlier - Acquisition Event results in Conversion of Capital Notes 2, if certain conditions are satisfied - Loss Absorption Event results in required Conversion of Capital Notes 2 into Ordinary Shares and, if not Converted, Written-Off
Optional Conversion, Redemption and / or Resale	- Subject to APRA's prior written approval and provided certain conditions are satisfied, BOQ may elect to: - Convert, Redeem or Resell all or some Capital Notes 2 on the Optional Conversion/Redemption/Resale Date; - Convert, Redeem or Resell all or some Capital Notes 2 following a Regulatory Event or Tax Event; or - Convert all (but not some only) Capital Notes 2 following a Potential Acquisition Event
Mandatory Conversion Date	- The Mandatory Conversion Date will be the Scheduled Mandatory Conversion Date provided that the Mandatory Conversion Conditions are satisfied on that date - On a Mandatory Conversion Date, Capital Notes 2 Holders will receive \$101.01 worth of Ordinary Shares per Capital Note 2, unless Capital Notes 2 have otherwise been Converted or Redeemed earlier - If any of the Mandatory Conversion Conditions are not satisfied on the Scheduled Mandatory Conversion Date, then the Mandatory Conversion Date will be deferred until the next Distribution Payment Date in respect of which all of the Mandatory Conversion Conditions are satisfied
Mandatory Conversion in other circumstances	- BOQ must also Mandatorily Convert Capital Notes 2 to Ordinary Shares in the following circumstances: - 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)

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

⁵ As 15 May 2027 is not a Business Day, this date has been brought forward to the preceding Business Day.

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Quoted on ASX

- BOQ will apply to the ASX for Capital Notes 2 to be quoted on the ASX and Capital Notes 2 are expected to trade under ASX code "BOQPF"

Offer Timetable

KEY DATES FOR THE OFFER	DATE
Record Date for determining Eligible Securityholders for Securityholder Offer	7:00pm (Sydney time), 23 October 2020
Lodgement of the original Prospectus with ASIC	26 October 2020
Bookbuild (to determine the Margin)	On or before 02 November 2020
Announcement of the Margin	02 November 2020
Lodgement of replacement Prospectus with ASIC	03 November 2020
Opening Date of the Offer	03 November 2020
Closing Date for the Securityholder Offer	5:00pm (Sydney time), 17 November 2020
Closing Date for the Broker Firm Offer	10:00am (Sydney time), 23 November 2020
Issue Date	30 November 2020
Capital Notes 2 commence trading on ASX	01 December 2020
Expected despatch of Holding Statements	01 December 2020

KEY DATES FOR CAPITAL NOTES 2	DATE
First quarterly Distribution Payment Date	15 February 2021
Optional Conversion / Redemption / Resale Date	14 May 2027 ⁶
Scheduled Mandatory Conversion Date	15 May 2029

Dates may change

These dates are indicative only and are subject to change without notice. References to time are to Sydney time. 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 2 are issued.

⁶ As 15 May 2027 is not a Business Day, this date has been brought forward to the preceding 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.

Disclaimer

This announcement does not constitute an offer of any securities (including Capital Notes 2) for sale or issue. No action has been taken to register or qualify Capital Notes 2 or the Offer or to otherwise permit a public offering of Capital Notes 2 outside Australia. In particular, this announcement does not constitute an offer of securities for sale in the United States. Neither the Capital Notes 2 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.

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

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