



Bank of Queensland Limited
ABN 32 009 656 740
100 Skyring Terrace, Newstead QLD 4006
GPO Box 898, Brisbane QLD 4001
Telephone (07) 3212 3333
Facsimile (07) 3212 3409
www.boq.com.au

ASX RELEASE

22 November 2017

Launch of Capital Notes Offer and Reinvestment Offer for CPS

Bank of Queensland Limited (ASX: BOQ) today announced its intention to raise \$300 million through the offer of Capital Notes with the ability to raise more or less (**Offer**).

Capital Notes are fully paid, unsecured, non-cumulative, perpetual, 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. Capital Notes will qualify as Additional Tier 1 Capital of BOQ under APRA's Prudential Capital Requirements.

The proceeds of the Offer will be used for BOQ's general corporate and funding purposes, including the partial refinancing of Convertible Preference Shares (**CPS**) (**ASX:BOQPD**) under the Reinvestment Offer (described below). The Capital Notes 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 "BOQPE".

Reinvestment Offer

As part of the Offer, registered holders of CPS as at 7:00pm (Sydney time) on 17 November 2017 (**Eligible CPS Holders**¹) have the opportunity to reinvest some or all of their CPS in Capital Notes (**Reinvestment Offer**).

As part of the Reinvestment Offer, Eligible CPS Holders can apply to have their CPS bought back by BOQ and the proceeds applied to the acquisition of Capital Notes. Eligible CPS Holders will receive a priority allocation of Capital Notes in relation to their Reinvestment CPS over participants in the Securityholder Offer and will be eligible to receive a Pro-Rata Dividend (subject to the payment tests in the CPS Terms). Eligible CPS Holders who choose not to participate in the Reinvestment Offer will continue holding CPS, subject to the CPS Terms.

The buy-back of CPS under the Reinvestment Offer is subject to approval by Ordinary Securityholders to be proposed at the BOQ Annual General Meeting on 30 November 2017. The Reinvestment Offer will not proceed unless this approval is obtained, in which case all Eligible CPS Holders will continue to hold their CPS, subject to the CPS Terms.

BOQ currently has an option to convert, redeem or transfer the CPS on 16 April 2018² and will consider converting, redeeming or transferring the outstanding CPS that are not reinvested in Capital Notes on that date, subject to various factors (including satisfactory completion of the Offer, receipt of all required regulatory and Ordinary Securityholder approvals and market conditions closer to 16 April 2018).

Further information

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

The Prospectus is available to Australian investors at www.boq.com.au/capitalnotes 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 30 November 2017.

There are risks associated with investing in Capital Notes. Investors should read and consider the Prospectus and the Capital Note Terms in full before deciding whether to invest in Capital Notes. BOQ strongly recommends that investors obtain professional advice which takes into account their particular investment objectives and

¹ An Eligible CPS Holder is a registered holder of CPS as at 7:00pm (Sydney time) on 17 November 2017, shown on the CPS register as having an address in Australia and not in the US or acting as nominee for, or for the account or benefit of, a US Person, or not otherwise prevented from receiving the invitation to participate in the Reinvestment Offer or receiving Capital Notes under the laws of any jurisdiction.

² The CPS Terms specify this date to be 15 April 2018 but as that day is not a Business Day the scheduled date is adjusted to the next Business Day.

For personal use only

circumstances before deciding whether to invest in Capital Notes and/or participate in the Reinvestment Offer. Capital Notes are not guaranteed by, nor are they deposit liabilities of, BOQ.

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, Commonwealth Bank of Australia, Morgans and National Australia Bank have been appointed as Joint Lead Managers. JBWere and Ord Minnett have been appointed as Co-Managers.

For more information contact:

Securityholders	Media	Analysts
<p>BOQ Offer Information Line 1800 779 639 (within Australia) or +61 1800 779 639 (outside Australia) 8:30am to 7:30pm Sydney time Monday to Friday www.boq.com.au</p>	<p>Tracy Hicks Head of Corporate Affairs P: 0439 540 960 E: tracy.hicks@boq.com.au</p>	<p>Daniel Ryan Head of Investor Relations P: 0421 757 926 E: daniel.ryan@boq.com.au</p>

Further information about the Offer

The Offer comprises:

- an Institutional Offer to Institutional Investors;
- a Broker Firm Offer to Australian resident retail and high net worth clients of Syndicate Brokers;
- a Reinvestment Offer to Eligible CPS Holders and, where applicable, through the Broker Firm Offer; and
- a Securityholder Offer to Eligible Securityholders³ on the register as at 7:00pm (Sydney time) on 17 November 2017.

Key features of Capital Notes:

Distributions	<ul style="list-style-type: none"> • Preferred, discretionary, non-cumulative, based on a floating rate • Expected to be fully franked⁴ • Scheduled to be paid quarterly in arrears (subject to no Payment Condition existing) on the Distribution Payment Dates <ul style="list-style-type: none"> ◦ 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 2018 • Calculated on a floating rate basis using the 3-month Bank Bill Swap Rate (BBSW) plus the Margin multiplied by $(1 - t^5)$ • The Margin will be determined by the Bookbuild and is expected to be in the range of 3.75% and 3.95%
Term	<ul style="list-style-type: none"> • Capital Notes are perpetual and have no fixed maturity date • BOQ may elect, at its option, to Convert, Redeem or Resell all or some Capital Notes on 15 August 2024, subject to APRA's prior written approval • Capital Notes will Mandatorily Convert into Ordinary Shares on 15 August 2026⁶ (Scheduled Mandatory Conversion Date), subject to Conversion Conditions being satisfied, unless they are Converted or Redeemed earlier • If a Loss Absorption Event occurs, Capital Notes will be subject to Conversion or Write-Off, which would likely result in Holders suffering a material loss
Optional Conversion, Redemption	<ul style="list-style-type: none"> • Subject to APRA's prior written approval 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 on the Optional

³ An Eligible Securityholder is a registered holder of Ordinary Shares or CPS (as applicable) as at 7:00pm (Sydney time) on 17 November 2017, 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 under the laws of any jurisdiction.

⁴ 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.

⁵ "t" is the Australian corporate tax rate applicable to the franking account of BOQ at the relevant Distribution Payment Date.

⁶ As this day is not a Business Day it will be postponed to the next Business Day, expected to be 17 August 2026.

For personal use only

and/or Resale	<ul style="list-style-type: none"> ○ Conversion/Redemption Date; ○ Convert, Redeem or Resell all or some Capital Notes following a Regulatory Event or Tax Event; or ○ Convert all (but not some only) Capital Notes 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 provided that the Conversion Conditions are satisfied on that date • On a Mandatory Conversion Date, Capital Notes Holders will receive \$101.01 worth of Ordinary Shares per Capital Note, unless Capital Notes have otherwise been Converted or Redeemed earlier • If any of the 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 Conversion Conditions are satisfied
Mandatory Conversion in other circumstances	<ul style="list-style-type: none"> • BOQ must also Mandatorily Convert Capital Notes to Ordinary Shares in the following circumstances: <ul style="list-style-type: none"> ○ If a Capital Trigger Event occurs; ○ If a Non-Viability Trigger Event occurs; or ○ If an Acquisition Event occurs (subject to the Conversion Conditions)
Quoted on ASX	<ul style="list-style-type: none"> • BOQ will apply to ASX for Capital Notes to be quoted on ASX and Capital Notes are expected to trade under ASX code "BOQPE"

Offer timetable

Key Dates for the Offer	
Record Date for determining Eligible Securityholders for Securityholder Offer	7:00pm (Sydney time), 17 November 2017
Lodgement of the original Prospectus with ASIC	22 November 2017
Bookbuild	29 November 2017
Announcement of the Margin	29 November 2017
Annual General Meeting (seek approval of CPS buy-back under the Reinvestment Offer)	30 November 2017
Lodgement of replacement Prospectus with ASIC	30 November 2017
Opening Date of Offer	30 November 2017
Closing Date for the Reinvestment Offer, Securityholder Offer, Broker Firm Offer applications in respect of Reinvestment CPS	5:00pm (Sydney time), 15 December 2017
Closing Date for the Broker Firm Offer (excluding applications in respect of Reinvestment CPS)	10:00am (Sydney time), 21 December 2017
Issue Date	28 December 2017
Capital Notes commence trading on ASX (deferred settlement basis)	29 December 2017
Expected despatch of Holding Statements	29 December 2017
Capital Notes commence trading on ASX (normal settlement basis)	3 January 2018
Key Dates for Capital Notes	
First quarterly Distribution Payment Date	15 February 2018
Optional Conversion / Redemption / Resale Date	15 August 2024
Scheduled Mandatory Conversion Date ⁷	15 August 2026

⁷ As this day is not a Business Day it will be postponed to the next Business Day, expected to be 17 August 2026.

Key dates for CPS Holders

CPS Record Date for determining Eligible CPS Holders for Reinvestment Offer (relevant CPS must also be held on the Reinvestment Date for the Reinvestment Offer)	7:00pm, 17 November 2017
Opening Date for the Reinvestment Offer	30 November 2017
Closing Date for the Reinvestment Offer (including the Broker Firm Offer in respect of Reinvestment CPS)	5:00pm, 15 December 2017
Record Date for Pro-Rata Dividend payment for Reinvestment CPS	7:00pm, 19 December 2017
Number of Reinvestment CPS confirmed and announced	28 December 2017
Reinvestment Date	28 December 2017
Issue Date	28 December 2017
Payment date for Pro-Rata Dividend for Reinvestment CPS ⁸	28 December 2017

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 are issued.

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 or CPS) for sale or issue. No action has been taken to register or qualify Capital Notes or the Offer or to otherwise permit a public offering of Capital Notes outside Australia. In particular, this announcement does not constitute an offer of securities for sale in the United States. Neither the Capital Notes nor the Ordinary Shares have been or will be registered under the US Securities Act 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.

⁸ Payment of the Pro-Rata Dividend is subject to the payment tests in the CPS Terms.