

BOQ 2023 Annual General Meeting

Tuesday, 5 December 2023

Speakers

Warwick Negus, Chairman

Patrick Allaway, Managing Director & Chief Executive Officer

Bruce Carter, Non-Executive Director

Jessica Smith, General Manager Investor Relations & ESG

Transcript

Warwick Negus: Good morning, ladies and gentlemen. My name is Warwick Negus, and I'm the Bank of Queensland Limited Chairman. Welcome to the 2023 Annual General Meeting of the Bank of Queensland Limited. I'd like to begin by acknowledging the traditional custodians of the land on which we meet today, the Jagera and Turrbal people. The Board would also like to pay respect to Elders past and present and to all First Nations people with us today. I also extend a warm welcome to all our shareholders and others who are listening to these proceedings via our webcast, including those interstate, and overseas.

Before the meeting starts, I would like to briefly cover off on some points of housekeeping and procedure. Firstly, I would like to outline the emergency and safety procedures in place in the unlikely event that these are required. If a fire alarm does sound, please prepare to evacuate, but wait until a member of the Sofitel staff is present to inform you about the decision made, and if necessary, to direct you to the safest fire exit.

The emergency evacuation assembly point is at Railway Plaza in between Turbot and Ann Street. If you're not from Brisbane, follow everybody else. In case of an emergency, please follow the instruction over the speaker and follow direction from the Sofitel staff. I would also ask that you would please ensure that your mobile phones are switched off, and that you do not use camera, video, or sound recorders for the duration of the meeting.

The Company Secretary has confirmed that a quorum is present and accordingly, I declare the annual general meeting open. I will take the Notice of Meeting as read. I will now make some introductions. Seated from my right, your left, are our Chief Financial Officer, Ms Racheal Kellaway. Non-Executive Director, Ms Mickie Rosen, who is Chair of our Transformation and Technology Committee. Non-Executive Director, Mr Bruce Carter, who chairs our Risk Committee and is standing for re-election today. Non-Executive Director, Ms Deborah Kiers, who chairs our People, Culture and Remuneration Committee.

To my left and your right, Managing Director and Chief Executive Officer, Patrick Allaway. Non-Executive Director, Ms Karen Penrose, who chairs the Audit Committee. General Counsel and Company Secretary, Ms Fiona Daly. I would also like to note that one of our Board members this morning tested positive for COVID. So she's not sitting out here, Dr Jenny Fagg, but she is listening from her hotel room here in Brisbane.

Mr Craig Stafford of PwC, the Company's external auditor, is in attendance today and he is seated in the front of me. Mr Stafford will be available to answer questions regarding the conduct of the audit and the content and preparation of the audit report. The Company's senior members of management are also with us today and are seated directly in front of me.

I would now like to outline the format of the meeting. Firstly, I will give an address as your Chairman. Secondly, we will hear from our Managing Director, Patrick Allaway. We have considered questions received from shareholders in advance of the meeting and sought to address the common themes within our addresses. We will then turn to the business of the meeting, during which we will look to answer questions you may have. In addition to being able to participate in today's meeting here in person, there is an option to submit online written questions as set out in the Notice of Meeting.

Please note that only shareholders, proxy holders, or corporate representatives may ask questions or make comments at the meeting. Shareholders viewing the webcast who wish to submit a question or comment online now or during the meeting can do so by selecting the ask a question button, which is pretty obvious, located at the bottom of your screen. You will need to validate yourself with your shareholder number, then select the item of business your question relates to, type in your question, and press submit. Your question will be placed in a queue.

Online questions are limited to about 500 characters. If you exceed the limit, you will be unable to submit your question and you'll be asked to revise your question. We encourage you to begin submitting your online questions now. Your questions will not be addressed until the relevant item of business to which your question relates. Accordingly, we ask that you submit each question separately. Due to time constraints, we may run out of time to answer all of your questions at the meeting. If this happens, we will endeavour to answer your questions via email following the meeting.

To assist with the efficient conduct of the meeting and to ensure that as many questions are able to be addressed at the meeting as possible, questions may be aggregated based on their subject matter so that they may be answered together. While providing as much context as is appropriate in the circumstances, lengthy questions may be summarised.

If you are holding a blue or yellow admission card and you wish to ask a question or make a comment in person today, please wait for the relevant item of business to be called, and then make your way towards the middle of each aisle where an attendant with a microphone will assist you. Please present your admission card and provide the attendant with your name.

As previously mentioned, this meeting is being webcast, so I ask that you keep your questions brief and to the point so that viewers can hear the questions clearly. Questions on customer or personal shareholding matters will not be put to the meeting. You will be contacted after the conclusion of the meeting to ensure you receive the individual support that you require. Shareholders should also be aware that defamatory, repetitive, or domineering questions, or questions that are not relevant to the Company or the items of business being considered at the meeting will also not be put to the meeting.

Our annual general meeting is an event that the Board looks forward to every year as it gives us a chance to hear directly from our shareholders and respond to your questions. I expect there are a lot of questions issued - different issues to be discussed today. Today is an important opportunity for a broad range of BOQ shareholders to ask us questions on issues of interest to you. So I once again ask that you keep your questions brief, and avoid repeating issues that have already been covered. Could you please also ask no more than two questions at a time to give all shareholders an opportunity to be heard.

It is my privilege this morning to address you for the first time in my capacity as Chairman of this bank with a proud 149-year-old history. 2023 was a challenging year for the banking industry and specifically for BOQ. Customers and communities are adjusting to sustained high inflation and the rapid rise of interest rates. We saw heightened levels of scams and fraud activity. Our ways of working have fundamentally changed, and competition in the banking sector remains strong.

We have accelerated the investment in our digital transformation to improve our customer experience, and this is starting to deliver. We now have three retail brands on the same digital core banking platform and achieved 10% growth in total customers compared to FY22. This increase is diversifying our funding and reducing our cost to serve. We are also making difficult decisions to address our challenges head on. Our transformation is progressing at pace with key milestones achieved on plan and budget in FY23.

Patrick will speak to this in more detail, though our financial performance for the year was impacted by industry-wide margin compression as demonstrated in recent reporting from banking peers. We have been particularly challenged with disproportionate regulatory costs, the impacts of inflation, and earlier repayment of the RBA's term funding facility compared to our peers. The Group's capital position is as strong as it's ever been.

The year ended with a CET1 ratio, which is our measure of our tier 1 capital, of 10.91%, and the Board determined to pay a second half dividend of \$0.21, taking the full-year dividend to a fully franked \$0.41 per share, returning \$285 million to shareholders during the year. This represents a full-year 60% payout ratio on cash earnings and a 7.1% dividend yield on the year-end share price. The continued investment in the bank is crucial for its success. There is a large task at hand with investing in our risk uplift, our digital transformation, and simplifying the business.

The Board is committed to the strategy, and to management's ability to execute against that and the need to invest in what will ultimately deliver a better BOQ. We acknowledge that the share price performance has been disappointing. When considering the bank's quality lending book, well-secured and well-diversified portfolio with very strong future

cash flows, we share your frustration as fellow shareholders that this is not currently reflected in the share price.

When Patrick addressed you at last year's meeting, he acknowledged risk weaknesses that had been identified and how the strategic objectives of the Group had shifted towards strengthening operational resilience to address this. These weaknesses were further highlighted by the Group, subsequently agreeing to two court-enforceable undertakings with both APRA and AUSTRAC in May of this year. We are committed to overseeing the uplift of the bank's risk practices through its program rQ and AML First programs, which will deliver against agreed remedial action plans with our regulators.

These programs will see the sustainable embedment of improved risk practices, resulting in a better bank for all shareholders. The Board acknowledges that these enforceable undertakings have eroded some of the trust you have in us, and we do not take these matters lightly. The Board has reflected deeply on the risk weaknesses and the circumstances which led to the enforceable undertakings and has taken appropriate consequent management actions.

With respect to the Board, we have taken accountability and reduced Non-Executive Directors' individual base fees by 20% for FY24. This is a highly engaged and hardworking Board. Nonetheless, we acknowledge and take accountability for the risk failings. With regards to the executive team, the Board and CEO made deliberate decisions to refresh. We have also applied both retrospective and in-year remuneration consequences. For in-year consequences, the Board determined to convert an average of 66% of FY23 performance shares, so they were discounted.

For the CEO, Patrick recommended, and it was agreed by the Board, that he forego all of his FY23 bonus. In effect, reducing his total variable reward by 60%. With respect to FY22 performance shares, downward adjustments were applied to all current and former participating executives, resulting in individual reductions of up to 100%. So we reduced not only the bonuses for this year, but we reduced significantly the bonuses from last year.

Throughout 2020 and 2021, we completed a Board refresh. Four directors left in this time, and we recruited three new directors over a two-year period. Three of the current non-executive Board members have tenure greater than three years, which includes myself. Mr Bruce Carter is standing for re-election today with the full support of the Board. His re-election will provide stability and continuity while we address legacy risk issues and continue our transformation work.

With the work ahead of us on our remedial action plans, it is essential that we have this stability, and I have asked Mr Carter to stand for re-election to ensure continued momentum with regards to these undertakings. We are actively recruiting for an additional Non-Executive Director, and I hope to have news of that soon. With the re-election of Mr Carter, we anticipate that he would remain on the Board for a period of approximately 12 months, allowing an appropriate and thorough transition period for a new Board member.

He will speak to you in more detail in his address. However, I would like to call out his depth of knowledge of this bank, his position in the industry as a well-regarded risk expert for complex corporate matters, and his commitment to his role on this Board.

I'd like to take this opportunity to talk to you about how your Board operates, and particularly the process we undertook with our appointment of CEO and Managing Director, Patrick Allaway. As you are aware, the Board made the decision last November that the bank needed a different capability and leadership style. On making the CEO change, the Board decided it was in the best interest of the bank for Patrick to step in as Executive Chair. We appointed Karen Penrose as the lead Independent Director and commenced a global search for the CEO.

Upon his appointment as CEO, Patrick made significant progress in articulating and executing against the strategy, particularly with regards to strengthening the bank. During this time, we shifted our strategic priorities and made additional leadership changes to streamline the executive team, and the market - and felt it was important to provide certainty to our people and the market as soon as possible.

Patrick's appointment as CEO was ultimately a straightforward decision for the Board. Beyond his commitment to excellence is his ability to provide purpose to the executive team, to align our people with the strategy, and provide hands-on leadership and transparency. He has focused the current executive team on both our remedial action plans and our transformation agenda. Patrick is a hardworking CEO who is visible across the bank and was, in the view of the Board, easily the best candidate.

Today's Board is a diligent Board that has lent in as problems have been identified. Our Directors have played an active role in both identifying the problems and defining the solution. We have also engaged on a frequent basis with our regulators, and the fact that we now have two agreed remedial action plans with APRA and AUSTRAC speak volumes about the hard work of our Directors.

There are many issues, both financial and non-financial, that are important to us, our customers, shareholders, our people, and other stakeholders. We regularly review the most material, environmental, social, and governance issues affecting our business. These topics represent the issues that are relevant and impactful to both stakeholders and to the business.

We acknowledge the impact that climate change is having on our people, our customers, our suppliers, and in the communities in which we operate. We recognise the importance of supporting the transition to a lower carbon economy. By 2025, we are targeting 100% of our electricity needs to be sourced through renewables, with 84% achieved in the last year. We have committed to reducing our emissions by 90% for scope 1 and 40% for scope 2 by 2030 against the 2020 baseline. We reached the scope 2 target this year and we'll keep pushing. Scope 1 is not far behind at 81% already achieved.

I'm very proud to be part of such a community-focused organisation. Through the important owner-manager network who are deeply connected to their local communities and our nine community partners, the Clontarf Foundation, Stars Foundation, Head Start

Homes, Orange Sky, OzHarvest, the National Breast Cancer Foundation, Minus18, Beyond Blue, and the Australian Wildlife Conservatory. These partnerships contribute to the important and critical work that these organisations do.

In an Australian market first, as a way of engaging our customers directly in our community support programs, MeGo Customers, which is our new digital app on the ME Bank brand, can select from one of five charities which are most aligned to their personal values. For each digital wallet transaction they make, the bank donates \$0.01 to their chosen charity from our list of community partners. In the first six months, BOQ has donated around \$175,000 through this initiative and it will grow.

In a significant milestone, we launched our second Innovate Reconciliation Action Plan in April this year. Our vision for reconciliation is an Australia in which First Nations people have infinite opportunity and prosperity and our RAP includes a commitment for 18 actions we will undertake during 2023 to 2025 to progress this vision.

Prior to the meeting today, there were some questions submitted regarding the Voice to Parliament referendum and whether BOQ provided support to either campaign. While BOQ did not contribute funding to either side of the campaign, we encouraged our people to engage, to understand perspectives different to their own. We provided factual information to support our people, make an informed decision, and above all, encourage respect. Your Board remains committed to the strategy of the Group, a strategy which will produce a future fit, simpler, and lean organisation, ready to meet the evolving needs of customers and to provide long-term returns to shareholders. You have our assurance that we are unquestionably focused on rebuilding shareholder value.

On behalf of the Board, I would like to thank the bank's leadership and all employees of BOQ for their passion in serving their customers and their commitment to the Group. Finally, I thank you, our shareholders, for your ongoing support of BOQ, and I look forward to speaking to many of you after today's meeting. I will now pass to the Managing Director, Patrick Allaway, for his address.

Patrick Allaway: Thank you, Warwick, and good morning, ladies and gentlemen. I would also like to extend a warm welcome to all of you and thank you for taking the time to join us today. I know many of you have come from far parts of the country, so thank you for doing that, and to all of you online, welcome to the AGM as well. We recognise this has been a very difficult year for our shareholders, with leadership changes, enforceable undertakings, decline in statutory earnings, and poor share price performance. We've taken responsibility and accountability.

The Board has taken decisive and appropriate consequence management as outlined by the Chair and in our remuneration report. I'd like to leave you with four key messages today. Firstly, we have a clear plan to strengthen BOQ and address our structural challenges, which are more exacerbated than the current economic environment, and we're making good progress executing against that plan.

Secondly, this plan requires investment in the business through the current cycle of cost and margin headwinds. As such, lower returns are likely in FY24, while we position BOQ

for recovery in FY25 and FY26. Thirdly, as Warwick said, we're in a strong financial position to continue our transformation investment and manage this economic cycle while continuing to pay dividends.

Finally, we are very focused on restoring shareholder value and need time and stability to see this plan through. Before addressing out FY23 performance and strategic plan, I'd like to start today by providing context to our enforceable undertakings, which the Chairman has spoken to, leadership changes, and the stability of the management team. You might recall the digital transformation we announced back in 2020 after a decade of underinvestment in technology.

While we have successfully executing against this plan and growing the bank, reviews through 2022 and regulatory feedback identified that an uplift in our operational resilience and risk culture was required. At last year's annual general meeting, I shared with you that a change in management and a more holistic transformation was required, and that we had shifted our priorities to include strengthening our operational resilience, and simplifying our operating model while continuing to deliver against the digitisation roadmap.

We'd worked closely with APRA and AUSTRAC and announced a comprehensive remediation plan to the market, taking a \$60 million provision at the half-year results to fund the plan. We subsequently agreed two court-enforceable undertakings to deliver these remedial action plans. We're embracing these multi-year programs of work as an opportunity to build a stronger and simpler bank.

Warwick has spoken to the circumstances that led to the request from the Board for me to transition from Executive Chairman to CEO this year. While this was not originally in my plans, I accepted the CEO position because I care about BOQ, our shareholders, and our people. I feel a sense of responsibility and accountability to see this through, and agreed that this is the best decision for the bank. I am committed to doing everything that I can and working with the executive team and our people to make BOQ a better bank.

In taking on this role, I consciously took action to reduce the size of the executive team from 12 to eight. This change better reflects the needs of a smaller bank, and has facilitated more in-depth discussions, streamlined our decision-making, and created stronger accountability for outcomes. As part of this change, we've retained the core team that is leading our transformation. We'll be enhancing this highly capable and unified team with an upcoming appointment of a Group executive with deep expertise in people and culture. We hope to announce that shortly.

Further, our Group Chief Executive Officer, David Watts, who's here today, will retire at the end of next year as part of a planned orderly succession process. David joined the Group in early 2022 with a wealth of experience to uplift our risk capability with recognition that this would be his last executive role with retirement in late next year.

David has been instrumental and continues to be in transforming our risk management and compliance capability, and will continue to do so with a seamless transition planned for the end of next year. While we recognise we have a big task ahead, we have

confidence our capable and committed senior leadership team will deliver against the clear plans.

Moving now to an overview of our FY23 business performance. Our financial performance reflects current economic and industry headwinds, exacerbated by legacy issues and the provisions and restructuring charges we've undertaken to strengthen and simplify BOQ. Decisions to invest in the business and address these deficits are also impacting our short-term profitability. In the interest of delivering a more sustainable and attractive performance over the long-term, we delivered \$124 million in statutory profit after tax, and cash earnings of \$450 million after tax.

Our statutory profit includes four below the line items, including a goodwill impairment, risk remediation provisions, a restructuring charge, and reintegration costs. Income growth of 5% for the year was offset by higher costs as inflation impacted on the cost base, along with continued investment in the business and a return to a more normalised loan impairment expense. Income growth in the retail bank was flat on the prior year. We stood back from the highly competitive mortgage market where economic returns could not be achieved, and deliberately prioritised customer retention.

Pleasingly, we grew customer deposits by \$6.1 billion with strong growth on our new digital platform. Our continued focus on targeted niche segments within the business bank contributed 14% income growth, and a very pleasing underlying profit result growth of 24%. We were able to hold margins and deliver the low cost to income through the business bank. Highlights for the Group in '23 included: material progress has been made on our digital transformation with all three retail brands now on the new digital banking platform. 45% of our key processes are automated and 53% of our IT assets are now on the cloud.

As the Chairman has said, our customer base grew by 10% last year, and we supported 3,500 customers as they adjusted to higher interest rates and cost of living pressures. The capability of our risk, compliance, and internal audit functions has been uplifted and our risk reporting improved. We took steps to simplify our operating model and launched a productivity program to address cost inflation. We finalised a consolidated enterprise agreement with our people, and finally we strengthened our financial resilience, holding strong capital and liquidity buffers through the year.

Turning now to our strategy. Our strategy is addressing the core structural disadvantages and our historic failure to invest in addressing legacy issues, which are impacting our current relative performance in this more challenged margin and higher interest rate environment. We're making strong progress addressing these issues and delivering against our four strategic pillars announced earlier this year of strengthen, simplify, digitise, and optimise.

Our strengthen strategic pillar is uplifting our risk maturity and building stronger foundations for BOQ, addressing our enforceable undertakings, including our manual processes and historic weaknesses in our risk controls. We've recently received approval from both our regulators for the scope of our remedial action plans and have mobilised our organisation behind these plans with clear deliverables and milestones.

Our simplify strategic pillar is reducing our operational complexity and costs. This includes a \$200 million productivity program to be delivered over the next three years. We're shifting to be a simpler and more integrated bank under a shared service model with a smaller management team and a lower operating cost, more aligned with that of a smaller agile bank.

Our digitise strategic pillar, which was launched in 2020, is building a digital data-led bank. Benefits include improving our customer experience, diversifying and lowering our funding cost, lowering our cost to serve through decommissioning of legacy technology and automating processes. As mentioned earlier, we've launched apps for all three brands on the common digital core platform with an improved customer experience, 5.5 billion deposits on this platform and now over 20% of our customers on the platform.

This is a material proof point in the delivery of our digitisation pillar. We're now in the testing phase for digital mortgages, our second major proof point, scheduled for delivery in 2024, which will significantly improve our customer experience as well as halve our mortgage origination and processing costs.

Finally, our optimise strategic pillar is focused on improving risk-adjusted returns through the prudent allocation of capital and diversification of the portfolio and income streams. Our quality, well-secured, and diversified \$81 billion lending portfolio is performing well through this economic cycle. We're exploring opportunities to diversify and further grow our non-interest income portfolio of higher return on equity opportunities. These four strategic initiatives are focused on rebuilding shareholder value through strengthening the bank, lowering our cost to income ratio and growing return on equity.

Moving now to our customers. We recognise that customers have choice in who they bank with, and we need to earn their choice. Our new vision to be the bank customers choose is materially increasing focus on our customer experience. We're lifting the voice of the customer in everything that we do to be obsessed with ensuring we deliver an exceptional customer outcomes. While we have fabulous examples every day across our organisation, where we go above and beyond for our customers, and hopefully many of you that experience that in our branch network. This is a continuous improvement journey and with more to do to differentiate BOQ as the bank that customers choose.

We're structuring the organisation to serve customers the way they wish to be served. Customers who want a fast and simple self-serve digital experience will be served through our ME and VMA national digital brands. Customers with more complex needs or desiring human touch will be served through our BOQ brand, leveraging our specialist bankers and owner manager network.

This is a difficult economic cycle for many of our customers with the rapid rise in interest rates and cost of living pressures. While our customers on the whole are well positioned to withstand this cycle, having built up buffers of advanced repayments, we recognise there are customers who are finding the environment very challenging. We are proactively engaging with those customers and supporting them through this period. We encourage any of our customers who are experiencing financial difficulty to contact us so that we can discuss your personal circumstances and options.

Another matter which the Chair referred to which is significantly impacting our customers is the rising prevalence of scams and fraud. We are increasing our focus on educating and protecting our customers and working with the Australian Banking Association on industry-wide initiatives.

Moving now to our people. Every day when I speak to our people from all areas of the business, I'm met with such passion, commitment, and integrity. Our success relies on us retaining and attracting talent through making BOQ a great place to work. We have more to do in supporting our people through developing their careers, celebrating their diversity and empowering them to speak up if they see something that is not in line with our values. We're working on shifting our culture to be more customer-focused, more agile, and more open to change with an inclusive and diverse voice which questions the status quo.

In FY23, we launched both the new recognition and reward program and improved wellbeing tool offered to our employees, both of which have seen significant uptake. I'd like to thank my colleagues, our Executive Committee and all of our employees for their contribution to BOQ. Looking ahead, we are well positioned and laying the foundations for our future success. We're uplifting our operational resilience, risk culture, and compliance with a focus on sustainable embedment of changes to the way we approach risk.

We're managing what we can control in an environment that remains very uncertain. We are focused on simplifying and optimising our business for growth with a lower cost to serve when the cycle turns. While the Australian economy remains resilient, we do anticipate increasing economic risk into next year due to the lagged impact of sustained higher rates combined with the increased cost of living. We're expecting continued revenue and margin pressure from slower credit growth, ongoing heightened competition, and a higher relative cost of funding.

We anticipate that our simplification program will partially offset cost inflation and increasing regulatory impost with slow single-digit growth in our underlying cost base this year. Our ongoing transformation investment spend and amortisation will be incremental to this underlying expense. The combination of these impacts is likely to deliver lower returns in FY24. We anticipate returning to profitability growth in FY25 and FY26 when the cycle turns. We will continue to target the payment of dividends at the lower end of our payout ratio during this period.

In closing, we recognise that our shareholders have lost value in their investment and that an investment in BOQ requires patient trust in the management team to deliver. We take this responsibility very seriously and are being transparent about our challenges, and are getting on with addressing them. We have a clear plan. We are confident in the plan and our people in our ability to execute. Our priority is to retain stability and ensure disciplined execution against this plan.

Transformations of this scale are difficult and take time, but also can be very rewarding for shareholders when executed well. We are committed to delivering a stronger, simpler, more competitive BOQ that will provide better customer outcomes and long-term sustainable and attractive returns to you, our shareholders. I'd like to take this opportunity to thank our customers for choosing BOQ, our shareholders for your support, our people

in the Board for their commitment and hard work in building a stronger, simpler, future-fit bank. Thank you. I will now pass back to the Chair for the formal business of the meeting.

Warwick Negus: Thank you, Patrick. Ladies and gentlemen, we now come to the formal business of the meeting. Before we proceed, there are a few more procedural matters which I must draw to your attention. Each item of business listed in the Notice of Meeting will be discussed in turn, and members will have the opportunity to ask questions on that item of business. We will endeavour to answer your questions as best we can. To ensure all shareholders have an opportunity to ask a question today, please save your question on individual items until we reach that specific item of business. I also ask that questions can be confined to the business of the meeting.

A reminder that you can log online questions at any time. However we will hold off on raising those related to a particular item of business until we are at that point of considering that item. Again I request that you please ask no more than two questions at a time to give all shareholders an opportunity to be heard. To facilitate an orderly discussion I will spend some time addressing questions from shareholders physically in attendance. I will then move to written questions received via the online platform.

Please direct all questions to me as Chairman in the first instance. Directors and members of senior management will also be available for a time after the meeting to answer any more specific questions that you may have. In terms of voting, all eligible shareholders and proxy holders will have been issued yellow voting cards on entering the meeting, upon which a vote can be recorded against each resolution. If you are both a shareholder and a proxy holder, it is important you complete two voting cards: one as the shareholder, and second as the proxy.

Following questions on each resolution, details of the proxy votes that have been received by the Company will be displayed on the screens behind me. Any open proxies that I have received subject to the voting restriction detailed in the Notice of Meeting on items 3, 4 and 5 will be voted in favour of each resolution. Voting on all items will be conducted by poll. In respect of the conduct of the polls I appoint Chris Healey of Link Market Services as our returning officer.

Link Market Services attendants will be available to collect your voting cards at the end of the meeting, and will be available at the exits from this room. Results of individual votes will be published on the ASX and the BOQ website as soon as they have been verified. Please keep your voting cards with you until all resolutions have been voted on. If you need to leave the meeting early, you can place your completed voting card in one of the ballot boxes at the exit. If you have any questions, please see a Link Market Services team member.

We will now proceed to the first item of business. The first item of business listed in the Notice of Meeting is to receive and consider the Financial Report, Director's report, and Auditor's Report for the Company for the financial year ended 31 August 2023. Although voting is not required on this item, shareholders have the opportunity to ask questions or make comments about the reports and on the business operations and management of the Company.

Shareholders can also take this opportunity to ask Mr Craig Stafford of PWC, the Company's external auditor, questions on the content of the Independent Auditor's Report, or the conduct of its audit. If you are holding a blue or yellow admission card and would like to ask a question, please now move to the middle of the aisle, provide your name to the attendant so they can introduce you. Are there any questions on the accounts?

Usher: Mr Chairman, a question from Paul Donohue representing Australian Shareholders' Association.

Paul Donohue: (Shareholder) Good morning, as [Chap] said, my name is Paul Donohue, and I'm assisted today by Noel Ambler, we represent the Australian Shareholders' Association. We're here holding 147,000 proxies today from 145 different retail shareholders totalling about \$5.3 million.

So my first question relates to goodwill, the accounts include a \$200 million goodwill impairment, this is referred to as a one-off in the presentation. It's also been referred to as a non-cash item, but it isn't like unwinding a contingency item, the acquisitions to which the goodwill relates were very real transactions in prior years, and the write-down represents an enormous destruction of shareholder value. So my question is after this year's goodwill impairment, there's still \$567 million of goodwill on your books. Was this year's impairment really a one-off or are there more skeletons in that closet?

Warwick Negus: Paul, thank you for your question, and Noel, and we do welcome the Australian Shareholders' Association, and it's a good question about impairment, you're right, it's a non-cash item. So goodwill arises often during an acquisition, and there have been a series of acquisitions over a long period of time at BOQ. The matter to test goodwill this year was exacerbated by the share price, the market capitalisation of the Company relative to the value of both the goodwill and the value of the Company. So we were obliged to test it this year, and in conjunction with our auditors.

The recommendation we gave to our auditors was a \$200 million impairment, a non-cash. It does not relate specifically to the acquisitions. As I've said previously, when goodwill arises it's applied to the CGU, the cash generating unit. We had two, we have one now, which is the banking business, so it really is applied to the banking business. A lot of those acquisitions for example in Western Australia, one of the ones that we discussed was with the Home Building Society. It doesn't exist anymore, it is part of the network of this organisation.

So we will test it every year, and the test was done at the half-year and in conjunction with the auditors there was no need to come back and retest that this year. We do test goodwill on an annual basis, so we don't guarantee that there will not be in the future, but we're doing all the things we're doing as an organisation is to grow the value of the Company. So I would hope that it doesn't recur.

Paul Donohue: (Shareholder) Okay, thank you, and a second question, if I can. This relates to the court-enforceable undertakings. So APRA says BOQ identified gaps in its risk culture in 2016, 2018, 2020 and 2022, and AUSTRAC says that some issues were

first identified in 2018, and they were still unresolved in 2022. So my question is, if the compliance issues were known for so many years, why were they not resolved earlier?

Warwick Negus: So we have identified issues and have worked on them for many years. Not to our satisfaction as a management team and Board, and not to the satisfaction clearly of the regulators themselves. A lot of this has been disclosed by us to the regulators as well, and we're obliged to do that all the time. So I think with the court-enforceable undertakings and the agreed remedial action plans between us and the regulators, we now have a concise plan with clear accountabilities and timelines to address these issues. So we're on the hook now with time. So I think all I can say is that we are working on them now and we're reasonably confident the timelines that we've agreed with both regulators that these issues will be solved.

Patrick Allaway: Can I just add to that?

Warwick Negus: I have an addition from Patrick.

Patrick Allaway: So part of the issue has been our legacy manual processes and under investment in technology. That legacy that we've had and technology deficit we have can't be addressed overnight. Our strategy that we've set from 2020, but also updated at the AGM last year is very, very focused on ensuring that we move to automated processes and we digitise the bank. We have a very complex organisation and no matter what the risk framework that we have, without those automated processes and the investment that we're making now, it would have been very difficult to comply.

Paul Donohue: (Shareholder) Thank you.

Patrick Allaway: Thanks, Paul.

Usher: Mr Chairman, introducing shareholder Craig Caulfield.

Warwick Negus: Welcome, Craig.

Craig Caulfield: (Shareholder) Thank you. Congratulations on your appointment as Chairman. Your address was uplifting and positive, and that's reflected in the Annual Report too. From the Annual Report it says, we care about equitable banking that creates real value for everyone. When we engage our lion heart, we have all the necessary, and sometimes brave conversations in the right way because we care. Lieutenant General David Morrison was famously quoted, the standard you walk past is the standard you accept.

At the conclusion of the 2022 AGM, Patrick Allaway, then Chairman, told Michael Sanderson whose home and farm and business was repossessed by BOQ to - I quote - get a life. Directly to his face in the presence of myself and two other Directors. Chairman is this what you call lion-hearted? Is this delivering exceptional customer outcomes? Page 13. Is this the standard you will walk past?

Warwick Negus: So thank you for your question. I was standing with Patrick. He did not say that. I can unequivocally say he did not say, get a life. Second point is we can't go into the personal matters of individual bank customers, and I think that that's a line that we have been saying to you for many years as well. So I'm not going to go into the detail of this, but I will say on behalf of the employees of BOQ, we engage very thoughtfully with customers who are in need. Both through hardship cases which have been on the rise, through our customer advocate, and through engagement with independent bodies like AFCA. But I can't go into any more detail on the personal circumstances of Michael Sanderson.

Craig Caulfield: (Shareholder) Well, you did you did mention hardship. Mr Sanderson and his family were not in hardship. They actually paid every payment of their mortgage loan. They never fell into arrears. They never missed a payment, and their property was still repossessed by Bank of Queensland. So to talk about hardship is not right. Let me come back to you. Mr Allaway definitely said, get a life, to Michael Sanderson and we had two other directors that were nearby at the time. That was just prior to moving into your Board meeting. When you say you were there, you weren't there at the time that he said that. There were two other Directors.

Patrick Allaway: Craig, you know me well. That is not a statement that I would make. I spent two hours with Michael and his wife. I'm very empathetic to the issues that they have and their concerns. This is a matter from 12 years ago or 14 years ago. We have done everything we can to review this matter over and over again, and I have taken enormous care to ensure the well-being and the mental well-being of Michael and his wife and to ensure that we do listen, and we do empathise, and we do respond to their requirements. That is a very, very unfair statement, and that is not the values that I hold to, and it is not accurate.

Craig Caulfield: (Shareholder) Let me say that you've been very accessible and I've always appreciated that, and you've been very hard-working and I've enjoyed working with you on particular issues and I absolutely stand by the comment of what you said. It was a passing comment, Michael, you need to get a life, and you walked into the room. You definitely said, Michael, you need to get a life.

Warwick Negus: Craig, do you have another question?

Craig Caulfield: (Shareholder) Later.

Warwick Negus: Okay, thank you.

Usher: Mr Chairman, shareholder Michael Sanderson.

Warwick Negus: Thank you.

Michael Sanderson: (Shareholder) That was a bit rough, wasn't it? But Patrick, you did say it. Sorry, whether it was off the cuff or not. Anyway, moving along. I'm going to add lib this one. I didn't come prepared. It relates to bank closures in rural and regional areas. A number of communities have been left debanked and, case in point, Coober Pedy.

Westpac did a runner. Coober Pedy doesn't have a bank anymore. It's a 500-kilometre round trip to do their banking.

BOQ has an owner-operator system. Would BOQ consider taking up what essentially would be a monopoly position in a town like Coober Pedy and other towns that have been debanked by the majors? Is that something that BOQ would consider? Probably just as a follow-up, is BOQ looking at closing any branches of its branches?

Warwick Negus: Thank you for the question, Michael. So we have about 150 branches. The vast majority today are owner-manager branches, where the branch manager owns the franchise for that branch. They are very important to the future success of BOQ. So we're not looking to close them. We're not looking to shut them down. To the extent that there are business opportunities that our owner-managers are looking at, we will support them should those business opportunities be relevant.

So, I think - I can't answer the specific question about Coober Pedy, but I can say that the owner-managers are not backward in coming forward to financial opportunity. I would encourage you, if you have owner-managers in mind, to bring them forward to us and we will consider them productively.

Michael Sanderson: (Shareholder) I'm aware of a number of accounts that have made approaches to mainly the big four, whether in danger of being debanked or have been debanked. Would BOQ be open to an approach from a local council in relation to opening a banking facility? Or is there an element of proactive, or do you have to be driven?

Warwick Negus: The answer is we are open for business, and if there are opportunities presented to us that give us the satisfactory return, yes, we are open for those things. So I would encourage those sorts of people or organisations to come forward to us, yes.

Michael Sanderson: (Shareholder) Who would those people contact in particular?

Warwick Negus: They can come forward through Patrick, through the business bank.

Michael Sanderson: (Shareholder) I have Patrick's contact details. I'll let the people that are more au fait with that get in contact with Patrick [unclear].

Warwick Negus: Okay, well maybe after the meeting I can give you some contacts and help point you in the right direction.

Michael Sanderson: (Shareholder) Sure. Well, this one's a little bit harsher. My second question goes to share value and management. BOQ share price has been as high as \$18. Today it sits at \$5.64. Shareholders have lost 25% of their capital since your last AGM, and it has been as low as \$5.10. When the share price was approximately \$12, I was advised by Rodney Taylor, then a senior manager of Asset Management Group, the reason BOQ couldn't roll a loan was - this is ridiculous but it's true - it wasn't BOQ's fault, it was Kevin Rudd and those American banks.

There are some other ones, but we'll just stick with that one. Is this a reflection of the competence of BOQ senior management? Is BOQ declining share price due to external factors like Kevin Rudd? Or is it BOQ senior management and Board competence?

Warwick Negus: So there's a lot in that question.

Michael Sanderson: (Shareholder) There is.

Warwick Negus: I agree the share price performance is not satisfactory. I'm also a shareholder, and I'm not happy about it either. I've never blamed Kevin Rudd for the share price.

Michael Sanderson: (Shareholder) Senior staff do though, that's the point I'm making, are you aware of it?

Warwick Negus: That's going back to Kevin '07, that's a few years ago, and...

Michael Sanderson: (Shareholder) Well, it's still impacting me.

Warwick Negus: I can say that the strategy - everything we do about the strategy is about building a better, more profitable bank. The only way to put value back in the share price is to build margin and profit and so everything we're doing around technology, around simplifying this business, is designed to do that. So we're confident as a Board and the senior management team. I hope the attitudes have changed. I'm confident the attitudes towards our customers have changed. I can't go into the individual circumstances that you're talking about. I wasn't here then either, but everything we're doing is to grow the share price.

Michael Sanderson: (Shareholder) This gentleman was accompanied by a member of KordaMentha under contract to BOQ. Does BOQ still contract outside organisations and don't declare them, like KordaMentha?

Warwick Negus: No.

Michael Sanderson: (Shareholder) So you don't?

Warwick Negus: No.

Michael Sanderson: (Shareholder) Okay, I'll leave it at that, and let someone else have a go.

Warwick Negus: Thank you, Mike.

Michael Sanderson: (Shareholder) Thank you.

Usher: Chairman, introducing shareholder Selwyn Crepp.

Warwick Negus: Welcome, Selwyn.

Selwyn Crepp: (Shareholder) Good morning, Chair. During the pandemic and COVID-19 period, the RBA made available funds to banks. From memory, I believe BOQ's entitlement under the caption of TFF being Terms Funding Facility was approximately \$2.15 billion. The first instalment on this drawdown was due 30 September this current year. Earlier in your address you said you made an early payment. Can you advise when the payment was made, the amount of the payment, and why you made an early payment?

Warwick Negus: I think when I said early, it was earlier than some of our peers but I'm going to look to Racheal our CFO to give you some more detail on that one.

Racheal Kellaway: Thanks, and thanks for the question. So we haven't repaid earlier than what we were obligated to repay as Warwick just stated. We drew down the TFF earlier than the rest of the industry and so we were then obligated to repay parts of our TFF earlier than the rest of the industry.

Selwyn Crepp: (Shareholder) My question was the amounts that were paid, and I thought it was a blanket instalment due on or by 30 September.

Racheal Kellaway: So no, we drew down the TFF in multiple instalments, and we've been paying it back contractually. So we drew down \$3.1 billion of the TFF. I think it was \$1.2 billion that was repaid.

[Aside discussion]

Racheal Kellaway: So we drew down the TFF, we drew \$3.1 billion down over a number of instalments over a long period. Then we have been repaying it back. So we have repaid, the first instalment repayment was \$1.2 billion, and the second was \$900 million which occurred in September. So we have a small amount left which is due back to the RBA in June next year, June 2024.

Selwyn Crepp: (Shareholder) Okay I appreciate that. Thanks very much. Second question?

Warwick Negus: Yes please.

Selwyn Crepp: (Shareholder) My information would validate that BOQ became a code signatory to 2004 Banking Code of Practice on or about 6 December 2004. With your signature, you've agreed to the mandatory requirements of that code and to that of Australian Standards 4269-1995. Position was further reinforced by Christopher Doogan AM, acting for the Australian Bankers Association [sic] on or about 13 June 2017. When he informed the Senate Economic Reference Committee [sic] inquiry into consumer protection in banking, insurance and finance sector.

The code was developed and controlled by the ABA and once a bank subscribes to the code, it becomes mandatory for the bank to comply with it. I've been advised - informed - that a borrower with BOQ, despite never missing a payment and with capacity to continue to pay BOQ, whilst in dispute with the borrower, the bank added an additional \$155,707.66 plus interest. These monies were paid to the lawyers when a complaint was still open and

without resolution. This appears to me to be contrary to provisions of the 2004 code and the Australian Standards. Has BOQ Chair made the awareness to the Board of this practice?

Warwick Negus: We have not departed from the Code of Practice and I can't comment on one particular example, Selwyn, but I'm happy to put you with someone after the meeting to actually go into some detail about a specific customer circumstance if you'd like. But we are certainly still committed to the Banking Code of Practice, absolutely.

Selwyn Crepp: (Shareholder) When I say the Banking Code of Practice, I'm referring to the sections of internal dispute resolution and external dispute resolutions where it says charges should be free to a consumer.

Warwick Negus: Well, we're happy to look at the specific circumstances and more than happy to go into the detail with you.

Selwyn Crepp: (Shareholder) Thank you.

Warwick Negus: Thank you.

Usher: Mr Chairman, shareholder Noel Ambler.

Warwick Negus: Welcome Noel.

Noel Ambler: (Shareholder) Thank you very much. Assistant company monitor for the ASA, but speaking as a shareholder. In 2014, BOQ's cost to income ratio, pardon me, was just under 44%. Now it's up to 58% and it actually spiked in the second half to 61.3%. There have been some ups and downs but there's a trend there. Should we be worried about the trend, and what do you think you'll do to bring this ratio down?

Warwick Negus: It's a very good question. At 44%, this bank was not investing in technology and not preparing for the future. So we have had the biggest single impact on the increase in our cost to income ratio has been investing back in the business. A lot of which now under the accounting standards is taken as an operating cost as opposed to a capital investment. So that's the biggest single impact. We know, and it's a worrying trend, I admit that, from 44% to 56% or even in the last half.

In the more recent year, the additions to cost have also been inflation and the regulatory impost on us as a small player in this industry. They have impacted our cost. We do know if we can get to the point of simplification where we can move from the number of banking systems, core banking systems, that we have to a much smaller number and we're able to deliver some of the really important products that our customers want. Patrick mentioned the digital mortgage due for release next year.

Then we will simplify and we will be able to reduce cost and compete more evenly with some of the larger banks. So yes, it's a worrying trend, but in order to bring it down we've got to continue to invest in technology to adapt and to digitise the organisation.

Usher: Mr Chairman, introducing shareholder Spiro Akuzis].

Warwick Negus: Welcome.

Spiro Akuzis: (Shareholder) Thank you, Mr Chairman. I thought I wasn't going to get my turn.

Warwick Negus: Everyone gets a turn.

Spiro Akuzis: (Shareholder) Look, I'd like to bring a bit of positive energy to our meeting today. Historically, I've had an exceptional relationship with Bank of Queensland. We traded in property, and we've had some wonderful experiences where we've had settlements and we needed immediate support, and that was given within such a short time. That was excellent. So to the bank managers and even David Liddy, I'd like to say thank you so much historically.

On the positive that I'd like to bring to the meeting, in your report on page 22, it mentioned how customer complaints have gone up. Part of that is because of scams, and I'm thinking, well, obviously there are systems and protocols out there and computer software that is available. CBA CEO, Matt Comyn has made that available to all banks to link names to the bank accounts, so that fraud and tracking of money and tracking of the accounts is much easier so that fraud doesn't occur.

Are you, Mr Chairman and Mr Allaway, are you happy to take that on board so that that brings back the scammers and the frauds that happen online? That's to you, Mr Chairman.

Warwick Negus: It's a really good question and thank you for that. Unfortunately, the world in which we live is seeing a rise in scams. It's happening all the time. Scammers mostly prey on the unprepared, and we've seen so many cases of that. We are continuing to educate our people, and our people are hopefully, are trying to continue to educate our customers. We've all got to be vigilant. The initiative from CBA is a good one. We're looking at that as well.

Spiro Akuzis: (Shareholder) Mr. Chairman, what I'd like as a specific answer is, are you prepared to take it on board so it protects your customers? There is a much less concern if we bank online without a name to track the transactions and so that your customers are protected. So all I'm looking for is that an affirmative yes or just still thinking about it?

Warwick Negus: Patrick.

Patrick Allaway: So I can respond to that and thank you.

Warwick Negus: Patrick.

Patrick Allaway: So we are working through the ABA. Obviously, we can't coordinate direct conversations with our competitors. Through the Australian Banking Association, there's a really strong initiative for us to share our information and for us to share our technologies. We are working through the combined association to look at all options including technologies that are provided by competitors.

So we're progressing that. We recognise, and we emphasise that it was \$3.1 billion of lost funds last year in frauds and scams in Australia. It's up about 30%. It is the highest priority for the Australian Banking Association at the moment. We're launching a code of conduct. There's also some legislation coming out to protect consumers next year, and we're very focused on working together to achieve protection for our customers.

Spiro Akuzis: (Shareholder) Would you consider another initiative is to get the software guys who are brilliant online to be one step ahead of these scammers, so collectively with all banks, that you can be able to track and stop all of this fraud or as much as you can by having the brains in the engine room trying to protect and prevent this to happen?

Patrick Allaway: So I agree with you, it should be a utility that's shared by all the banks. That's utopia. Obviously, we need to get all the banks to agree to that. But what I can tell you is all the banks are working very closely with Australian Banking Association to progress that.

Spiro Akuzis: (Shareholder) Thank you for that, Patrick. Second point is on customer care and customer service. You mentioned - thank you for both of your addresses. I understand that shareholders are concerned about their share price and the values and all of that. Shares and price and shareholders, me being one, it's all pinnacle on customer care and customer service. Without your customer, you have no share price. Your shareholders will disappear.

We must collectively as Bank of Queensland, as shareholders, as customers, as managers and employees and team members really take the baton forward, the Olympic flame torch, and really help and give customer service far beyond what's happened in the last five years. It has to be the pinnacle, the paramount process. You take care of your customer, give outstanding customer service, your share prices will look after themselves believe me.

All of your credentials, letters, and before and after your name is wonderful. I've read all your bios, they're fantastic. But if we don't take all that experience and put it into use, it all means nothing. Your customer is your priority. Your shareholders will be looked after because they're spending the money in your branches with loans, with credit cards. It is where it is. That's looking after your customer. Customer service, that's where it starts and that's where it ends.

Your share prices will go through the roof if you take the time to do that. Do I hear collectively, yes, you agree?

Warwick Negus: Yes.

Spiro Akuzis: (Shareholder) All right. Thank you, Mr Chairman. Thank you.

Warwick Negus: Great comments. Thank you. Yes.

Usher: Mr Chairman, reintroducing Michael Sanderson.

Michael Sanderson: (Shareholder) Good day again.

Warwick Negus: Michael.

Michael Sanderson: (Shareholder) This relates to BOQ highflyers.

Warwick Negus: To what, sorry?

Michael Sanderson: (Shareholder) Highflyers. A former BOQ Corporate Business Banking Manager boasts in his current - in his publicly available resume that he grew commercial and business lending from \$22 million to \$45 million. He then became an owner manager of the BOQ Caloundra branch, where he grew commercial and business lending from \$15 million to \$115 million in four years, some 800%.

Suddenly, this stellar-performing owner manager was working for a law firm as a practice manager, something doesn't sit right. This BOQ Officer made unkept commitments, submitted blank documents, and claimed to have attended meetings that never occurred. One wonders, how many other legacy victims of this BOQ Officer are out there.

It seems that BOQ walks past poor practice if it results in performance, look at creepy-crawly, irrespective of the cost to its customers and shareholders. BO protects the wrongdoer and destroys the loyal paying customer. Did the CEO bring this information to the attention of the Board? If not, why not? What has the Board done about it? If nothing has been done, what is the Board going to do about it?

Warwick Negus: So, Michael, I have no detail on what you're talking about. I'm looking at Patrick.

Patrick Allaway: I can comment. So Michael, you're referring again to a matter from 2007. This matter has been closed. It's been reviewed many times, and you're returning to a long history that has been dealt with. This is not a current matter to be dealt with at this AGM.

Michael Sanderson: (Shareholder) Rest assured it is current. Rest assured. My second question is, it relates to customer advocate. Chairman, on page 16, you say the customer advocate operates independently and highlights the customer's voice.

In my experience, the customer advocate service has deteriorated over the past six years from one that was open and contactable to one that is neither. The last customer advocate stated - and this was early this year, so it's not ancient - I acknowledge your views regarding the independence and fairness of both AFCA and my predecessor. BOQ supports AFCA as an independent and fair external dispute resolution body.

Now, AFCA stated in an internal report, the Bank, BOQ failed to display the care and skill of a diligent and prudent banker. Does BOQ support AFCA's statement about BOQ? Would the Board agree if AFCA was independent and fair, its assessment of BOQ would've been reflected in its determination? How can a customer advocate with this

information make the above statement and be independent and be highlighting the customer's voice?

Warwick Negus: Did you want to add any more, Patrick? This is the same matter.

Patrick Allaway: Thank you, Michael. I just want to make a couple of comments. We have an outstanding and independent customer advocate. That customer advocate presents to the Board. They have a very important independent function. We are very focused on supporting customers and acting fairly with customers, and it's a very, very important independent role. I would also comment that AFCA is also an independent body that makes independent determinations.

Michael Sanderson: (Shareholder) I have to - if you just look at [unclear] versus NAB, it was damning of AFCA. I can highlight, if you wish, probably half a dozen customers that have had adverse experience with AFCA. The issue with AFCA, there is no merits review outside the Court system. So AFCA can make dodgy determinations with impunity because they know that people like me can't take them to task.

As for independence of AFCA, AFCA, it's membership is 100% financial service providers. It cannot be independent and also sit in judgment of the people that are members. Now, it is a [wicked] problem.

Patrick Allaway: Michael, I stand by my comments. I'm not going to make any further comment. Thank you.

Michael Sanderson: (Shareholder) Okay, Thanks for that.

Usher: Mr Chairman, reintroducing Craig Caulfield.

Warwick Negus: Craig.

Craig Caulfield: (Shareholder) Thank you, Chairman. In your Chairman's message to shareholders, you identified multiple weaknesses in operations and risk culture resulting in two court enforceable undertakings. Of course, you mean the APRA imposed \$50 million capital reserve penalty, which is likely to be preventing you from having loans of perhaps up to \$1 billion depending on the fractional calculation.

For serious and long-standing issues, and your serious AUSTRAC anti-money laundering breaches. Whilst you agree both these court enforceable undertakings by APRA and AUSTRAC have eroded trust in BOQ, you've not identified who the accountable person or persons are. You speak of transparency, who is the BEAR accountable executive for each of these serious failures and erosions of shareholder value, (1), and (2), has APRA approved your remediation plan? Remediation action plan?

Warwick Negus: So I'll hit the - thank you. Yes, we have a remedial action plan approved with APRA, and we have one approved with AUSTRAC. So they have now been both agreed, and we're off and running. In terms of accountability, as I said during my speech, we have refreshed the management team. There are people who are no longer with this

Organisation, and I did mention that financial incentives in a lot of those cases were reduced to zero.

Accountability was also taken by the current management team and by the current Board, notwithstanding that we've also refreshed the Board as well. So I think you can draw a line between that and accountability for the enforceable undertakings. So I think whilst there is no one person to single out here, but there are a number of people. I think the consequence management that we have applied as a Board has run deep within the organisation. So I think we have appropriately dealt to the matter in terms of taking accountability and taking action through either continued employment or not and remuneration.

Craig Caulfield: (Shareholder) I think you've taken action, and I think you're talking of Group-wide accountability. The reason that APRA has BEAR, Bank Executive Accountability Regime, is to make an executive accountable because we are sick of hearing, it's a Group-wide issue, and the Group takes responsibility.

So APRA, John Lonsdale, the Chairman, wants an individual person to be accountable. Now I hear that you're saying certain people have left the organisation or been fired. If that's it, who were they if it was to do with this? I would like to hear who's accountable, not in the Group, but the people.

Warwick Negus: I'm not saying that it's Group-wide, I'm saying that there are a number of senior managers who are - senior executives who are no longer with the organisation. But let me give you an example where BEAR does not specifically call out one person, risk culture.

So risk culture is an organisation-wide phenomenon from the top to the very bottom, to the person who is dealing directly with the customer. So risk culture was something that was called out in the enforceable undertaking with APRA. So we have to have an organisation-wide project designed over years to improve risk culture, to embed modern risk culture within our organisation.

So it's not possible to call one person out on an issue like risk culture. That's just one example, and there are a number of examples like that.

Craig Caulfield: (Shareholder) Okay, accepted. I think a good move by yourself and Patrick Allaway was saying, removing the STVR and the LTVR as a consequence management tool. So something like that is - we see it clearly. That's a good point. So looking to the future, we, shareholders, customers are looking for individual accountable people, and I gather that you'll be trying to make it more accountable for everything coming up.

Warwick Negus: I'll give you another example of the APRA enforceable undertaking. There are a number of work streams, 13 work streams within the program that we call rQ. Each of those work streams has an accountable person, and a project manager accountable for that work stream with timelines and deliverables at certain points.

So accountability within the remedial action plan is very clear, and we'll be looking at that to make sure that we are achieving milestones. We're acutely focused on that. So accountability in the action plan is clear, and it goes across a whole range of people.

Craig Caulfield: (Shareholder) Thank you.

Warwick Negus: Thank you. Thanks, Craig.

Usher: Mr Chairman, reintroducing Paul Donohue.

Warwick Negus: Paul.

Paul Donohue: (Shareholder) Thank you. So much a follow on question from that relating to the regulators again. So APRA says, and I'm quoting here, reporting to the BOQ Board and to Board committees was overly positive and failed to highlight material issues. AUSTRAC suggested that - another quote - BOQ's Board and Senior Management may not have had appropriate ongoing oversight of the systemic long-term nature of these concerns.

So both regulators highlighting a pattern. What led to this lack of Board visibility, and what has been done to improve things in the future?

Warwick Negus: That's a good question. As a person who's been on the Board, it's been a frustrating period of time when information was not flowing sufficiently to the Board. The Board papers were coming very late. There were heavy detail, and often the real message was embodied within the Board paper itself. So it made it very difficult as a Board to challenge these issues in a timely fashion.

So an initiative which has already been completed, and there'll be other initiatives similar, is to actually change the way we do Board papers. So the executives are completing their Board papers and they're now coming - well, first of all, we've trained 50 people in how to write better Board papers to make sure that the real message is contained on page 1, it stands out. Those papers are now better written.

They don't necessarily have to come via the Chief Executive. He doesn't need to see them. They've already been discussed in the executive meetings anyway. They get to us a week in advance to give us as a Board enough time to contemplate these things and form our views so that when the Board meeting occurs we can challenge those issues appropriately. That's a big step forward. There are other things as well, but I think that's a good example.

Paul Donohue: (Shareholder) Okay. Thank you for that.

Warwick Negus: Thanks, Paul.

Paul Donohue: (Shareholder) Another question on a different topic. This is your technology roadmap. So Bank of Queensland is making good progress on the technology transformation with your new cloud-based core banking platform in place, and the transition of products, customers, and accounts from the legacy systems underway.

However, there'll be an additional cost and complexity while both the old and new systems are in operation at the same time. Can you talk about this and provide some specifics on this period of coexistence, such as timeframes, the costs, and the customer impacts?

Warwick Negus: So I won't give just specifics about the cost, but the issue is, when you're developing a cloud-based core banking platform, you have to do that first. Once you've done that and tested it, that it works, then you begin the process of migrating customer information slowly at first to make sure that it's working properly, migrating that information onto that core banking platform.

Then you run it for a period to make sure that it's doing what it's meant to do. Only then can you shut down the existing numerous banking platforms. When we shut that down, that's when we can take cost out. So that's the process. I know it's laborious and it's frustrating for us as well. I know it's frustrating for the management of this Company, but we have to do it properly because we're dealing with people's money.

Paul Donohue: (Shareholder) The timeframe, could you give us some indication of when it might be done?

Warwick Negus: It's ongoing over the next few years. I think when we talk about over the next three years cost out and we've talked about improving our cost of income ratio, two and three years out, take that as a sign of when we'll be shutting down existing legacy systems and taking the cost out. That's a sign of when we're getting there.

So over the - it's a three-year period. I have a feeling - Patrick might not like this - but I have a feeling that just the pace of technology in financial services, we will always be developing new things.

Paul Donohue: (Shareholder) Okay, thank you.

Warwick Negus: Sorry, Patrick.

Patrick Allaway: Yes.

Usher: Mr Chairman reintroducing, Spiro Akuzis.

Warwick Negus: Spiro.

Spiro Akuzis: (Shareholder) Thank you, Mr Chairman. The microphone's at a better level now, I didn't have to bend over by two feet. Mr Chairman, it was remiss of me not to give a wholehearted warm thanks to Cassandra, who is your Director of Customer Relations, Amy Thomas, Retail Manager and Relations, and Racheal Kellaway, Chief Financial Officer to take the time to talk with me prior to the AGM commencing and listening to my points about customer service and customer care, and fixing not only current problems, but legacy problems.

One of the benefits of that wonderful customer service is that when the shareholders see the prices skyrocketing, they will not oppose any of your remuneration packages year after year after year, and it'll be ticked off with love, it'll be ticked off with gusto, and keep going

and keep doing a great job. So I encourage you all, and I reiterate this point about customer service and customer care, you ultimately will be the benefits of the increases as well, it just won't be the shareholders.

The customers will have a fantastic service, your share prices will be going, you'll be getting great reports in the *Australian Financial Review*, the *Australian Melbourne Age*, *Sydney Morning Herald*, *Wall Street Journal*. But you will be benefiting yourself when you see you can tell your wife, well, I just got another \$500,000 or \$1 million bonus.

Well, you know what? Your shareholders will be pleased. They'll be seeing the share price increasing. So I just wanted to encourage that point. I know that we may not be speaking enough about customer service, but forgive me, but I think it's a vital part to seeing the business grow. That's number 1.

Number 2, you mentioned about audit and PricewaterhouseCoopers. Now, I'm sure you're more than aware of the issues that PwC have had, the issues internally, and there's been a lot of negative publicity.

Warwick Negus: [Sneeze] Sorry.

Spiro Akuzis: (Shareholder) No, no, and bless you. I think that it's an important piece of the puzzle that if customers and other banks see that association that, whether you want to call it fraudulent activity, PwC selling off secrets to companies like Google and all of these other companies overseas about how to minimise their tax and to avoid setting offshore, surely at some point you've got to consider to be seeking a new accounting firm as part A of this question.

Part B is a fiduciary duty of a bank and a Board that an audit and an independent audit is external from the accounting firm that you're dealing with because it must be at arm's length an independent. So we're not seeing those processes and protocols being followed. Are you prepared to do something for the future to show your customers and your shareholders that you are holding the highest standards for the future, for now and the future? Back to you, Mr Chairman.

Warwick Negus: Good questions. Thank you for part A. Well done, Racheal. So on the second one, PwC. As you know this is only our second year with PwC as our external auditor, and we moved from a long-term relationship with another accounting firm a couple of years ago. We do that as a matter of course, and we're required to as part of the ASX guidelines, listing guidelines anyway, which will - and we'll continue to do that.

PwC have gone out of their way to confirm to us and to assure us of their own robust practices internally. We have - I have, I know senior management have, have met with the senior people at PwC, and we are comfortable with not only how they're operating with us, but also who is on our account. We have say in that as well.

So every year PwC confirms its independence, and we don't take that as just a tick - a box ticking exercise. They confirm their independence and they demonstrate their independence. So we're satisfied with PwC. I don't want to go into what's affecting their

organisation. I know they're an organisation that has had some problems and they're fixing them.

Spiro Akuzis: (Shareholder) Well, we probably won't know, Mr Chairman, what goes on behind closed doors. But if I can encourage this next point is that over the duration between zero to five years, that you also look at inviting a new auditor and a new accounting firm to the platform for Bank of Queensland so that it keeps everything just true and correct.

Warwick Negus: So changing the audit firm is a big deal. A typical audit firm spends countless days working with a company like the Bank of Queensland through our half year, and especially through the finalisation of our annual accounts. So changing audit firm is a big deal, but we are committed to doing that on a regular basis or tendering our audit work as per the guidelines that we adhere to as being a listed Company.

So I'm not sure that it's going to be five years, but we test the quality of the audit work and we give pretty robust feedback when it's not in accordance with what we like. So I can't give you an assurance that five years will be the number, but we will do it on a regular basis because I think it's good practice to...

[Over speaking]

Spiro Akuzis: (Shareholder) So do you think it'll be earlier or do you think it'll be later? Do you think it'll be seven years or 10 years before you'd make it?

Warwick Negus: It'll be between five and 10, we will definitely do it.

Spiro Akuzis: (Shareholder) Thank you, Mr Chairman. Again, great work. Thank you for answering my questions.

Warwick Negus: Thank you, Spiro. You're welcome.

Usher: Mr Chairman, reintroducing Michael Sanderson.

Michael Sanderson: (Shareholder) One more question. He's smooth, isn't he?

Warwick Negus: Who?

Michael Sanderson: (Shareholder) Good cop. Just a comment first, scam. I think it should be phrased digital scam. When I was a young chap, a scam was fairly localised. Today with banks pushing consumers into digital banking, borders have been transcended. Your money can disappear like that. In the old days, somebody went into the bank, held you up, the bank was responsible for the loss of the money. You didn't say, well, the robbers come in and taken all your money, you've lost it.

So it's language. It's – yes, you benefit from the digital format. You shouldn't penalise the consumer for that benefit. I'm not saying that consumers don't benefit either, from – question. This goes to the second page of the BOQ Annual Report, which makes a big thing out of strong customer relationships.

BOQ makes a virtue out of the Owner Management Network, and as a former BOQ customer, my experience with my local manager was positive. Okay. Happy chappy. When BOQ defaulted me, my clearly frustrated owner manager said, if it was up to him, he would roll the loan, but the executive element of BOQ, they were playing hardball and dictating terms. They sit in their air-conditioned towers and don't care about the impact the decisions have. Direct quote from an owner manager, clearly frustrated.

Is it not the case that owner manager have little authority contrary to the impression that page 2 implies?

Warwick Negus: The owner managers adhere to our policies and procedures, which are very clear. It gives them the guidelines in which they operate at running their own banking franchises. So I think - I don't want to re-prosecute the same issue that we've been dealing with with you, but I do think that the owner managers, as the person who's at the coalface who's dealing with the customer has all the tools available to do that appropriately.

Michael Sanderson: (Shareholder) I suppose the point I'm making, the owner manager is the salesman. He has to go to head office to get a loan approved, and at the end of the day, it is head office that decides whether they chop the head off or they let it live. As I said, I think that was expressed in that statement that I read from the owner manager. I think, yes, I'll leave it at that.

Warwick Negus: Thank you, Michael.

Michael Sanderson: (Shareholder) Thank you.

Warwick Negus: Jess, do we have any online questions?

Jess: We have one online question. It's from Paul Blackmore from the Finance Sector Union, and it's regarding our workforce. The comment in question read, we are concerned to see that employees FTE will be reduced up by up to 400 over the next three years, equating to more than 10% of your overall staff. Workers at BOQ are understandably worried about their job security. We have sought further information from BOQ representatives, but so far received no clarity.

My questions are, what underlying analysis has been done that led to the figure of 400 FTE? When will BOQ consult with the FSU and its employees about the proposed cuts?

Warwick Negus: Thank you. We do welcome the questions from the FSU and the engagement that we have on an ongoing basis. So the cuts that are being referred to are the productivity that we need to get in the coming years. We believe that that number will be largely achieved through natural attrition. So we don't envisage relying heavily on redundancy or anything. But it is going to come out over a couple of years, and over a couple of years you can achieve that sort of attrition.

Any other roles that are being made redundant, we will make an earnest effort to retrain and place those roles in other parts of the Organisation. In addition to that 400, at the

same time, we're hiring for other roles as well around technology, customer service. There are plenty of areas where we're hiring.

So my hope and the hope of management is that most of this will be achieved through attrition, but we will be able - to an earlier question today - we will be able to achieve a much better cost of income ratio by achieving the productivity through investing in technology and simplification of our business.

Okay. If there are no more questions, and we're only on resolution 1, I declare that the reports have been received and considered at the meeting. We now proceed to item 2, which relates to the re-election of Director Mr Bruce Carter. Mr Carter retires on rotation in accordance with the Company's constitution and stands for re-election at this meeting.

The biographical details of Mr Carter are set out in the explanatory statement that accompanied the notice of meeting and in the Director's Report on page 45, the 2023 Annual Report. Mr Carter will provide the meeting with a brief address with respect to his request for re-election.

In accordance with BOQ's policy on independence of Directors, the Board has determined that Mr Carter remains an Independent Director. I now ask Bruce to address the meeting.

Bruce Carter: Thank you, Chair, and I'll make sure that the lady in front of me can hear me. Yes? Good. Thank you. Thank you shareholders for your consideration today of the resolution for my re-election. I've had the privilege to serve on this Board since February 2014, and I presently chair the Risk Committee. As do all my fellow Board members, I sit on every Board committee across the business.

The last few years have seen numerous changes in obligations and community expectations for financial institutions, and certainly this has been well understood and respected at BOQ. We have worked to change, to shape and to improve our risk management practices. BOQ seeks to have a risk structure and risk structures that are strong, that are embedded across our business and well understood, but still enable our business to prosper and earn a fair profit.

As agreed with and supported by the Board, I intend to remain as the director, if so, elected today and chair the Risk Committee for a period of up to one year, which will see me retire prior to the AGM in 2024. This ensures that the Board has time to appoint a new Risk Committee Chair in an orderly manner.

In the meantime, there remains much to be done. I can assure shareholders that I'm committed to my role as a director of BOQ and Chair of the Risk Committee, and that I'll support the Company in what will be a busy and challenging year as our risk programs deliver on our commitments under the enforceable undertakings.

Pleasingly, we have made good progress on this with our formal plans to meet the requirements of the enforceable undertakings, as the Chair said, now approved by both regulators. I am unwavering in the future, much as Spiro said, in the future of this Company, and that we can and will do better for our shareholders and stakeholders.

This belief is evidenced by the fact that I've not taken any Board fees in cash for many years, which has ultimately seen me as the largest director shareholder.

Thank you for your continuing support at BOQ, particularly as we continue to uplift our operational resilience, risk culture governance, and AML laundering and counter-terrorism financing program. Thank you.

Warwick Negus: Is there anyone who would like to ask a question in relation to this resolution?

Usher: Mr Chairman, reintroducing Paul Donohue.

Warwick Negus: Paul, please.

Paul Donohue: (Shareholder) Thank you. Can I address Mr Carter directly?

Warwick Negus: Address it to me, and then I'll ask Bruce to answer.

Paul Donohue: (Shareholder) Oh yes. So Mr Carter brings valuable skills and experience to the Bank of Queensland Board, and his commitment to the Group is not in question. Also note the sizeable shareholding you've got and the fact that you take most of your remuneration as shares. It's all very admirable. However, he's a very busy man. Bruce Chairs four Boards, he's a director on two others.

Obviously not all roles are equal, and most of those positions relate to unlisted or government organisations, but they all require time and attention. So can Mr Carter either directly or via you comment on his workload and how he prioritises conflicting demands in his time?

Warwick Negus: I'll get Bruce to answer first and then I'll add some context as well.

Bruce Carter: Thank you, Paul. Yes, I do sit on a number of Boards and in my submission, that actually makes me a better Board member because I'm able to bring the skills, practices and experiences across those Boards to the work that I have at BOQ.

I see many Board directors through my journey, and those that are too busy to do the job usually end up going. The time of a director that's required at BOQ is large, and I am absolutely committed to the time here, and I know my colleagues who are harsh judges would not have let me re-stand or requested me to re-stand if they didn't think that I could put the time and commitment in.

The people at BOQ are special people and the organisation is a special organisation. We're doing it a bit tough at the moment, but we have a plan to get out. I would like to help set that plan and see this Company prosper as I'm confident it can, and to do that, I must put the time in, which I will.

Paul Donohue: (Shareholder) Good.

Warwick Negus: I can add, Paul, it's a question we ask too of all of our directors, prove to us that you've got the time. Bruce has done that, and no one puts more time into this Board than Bruce. So we are satisfied that not only he can, but he is.

Paul Donohue: (Shareholder) Okay. Thank you. A follow up. There's been lots of discussion about the court enforceable undertakings today. So Mr Carter was Chair of the Risk Committee during the period of concern to the regulators, so roughly 2018 to 2023. The Risk Committee's role for those who may not be familiar is to oversee BOQ's risk framework and to take a Group-wide view of current and emerging risks. It has specific responsibilities related to many of the areas which the regulators found lacking.

So in our conversations leading up to today with people from BOQ, I understand that Mr Carter has been instrumental in identifying and escalating risk issues and reported them to the regulator. Just like maybe a bit more elaboration on the role you played in that?

Warwick Negus: Go ahead, Bruce.

Bruce Carter: Thanks Warwick. I don't think you want me to repeat any of what the Chair and the CEO have said, but one point that I would make about these enforceable undertakings is that 95% of what's required in those undertakings we were going to do anyway. By having an enforceable undertaking, there was a very public and regulatory obligation to do it, but we were going to do it anyway.

So what it does do is make this Bank a better bank. At the time - at this time, what we are trying to do is deal with the digital transformation, plus bringing a very old bank into a more competitive and modern position. If I look at those EUs as we call them, all of those requirements need to be met if we're going to make this Bank competitive, get our cost margins down, and be able to compete in a very tough market.

It was having an EU just focuses one's mind, but we were going to do it anyway. As Warwick and Patrick have spoken, we've brought in the appropriate executives to do that. I'm confident we'll get there.

Paul Donohue: (Shareholder) Okay. Thank you.

Warwick Negus: I could add, in relation to one of your earlier questions about Board papers. Identifying issues has made all the more difficult in the context of the Board papers that we were seeing where papers were coming late, massive volumes, and the real answers were hidden in the body of those papers. It's a testament to Bruce as the Risk Chair that he just kept asking, and that allowed us to identify the issues, quantify the issues, report them with the regulators, and come up with the solutions. So we're satisfied that we have one of the best Risk Chairs.

Paul Donohue: (Shareholder) Okay. Thank you.

Warwick Negus: Thanks Paul.

Usher: Mr Chairman, reintroducing Craig Caulfield.

Warwick Negus: Craig.

Craig Caulfield: (Shareholder) Thank you again. Two points. (1) is I'm actually not happy to hear how many roles Mr Carter has. I looked at lots of directors in that, and I think what BOQ is obligated to do in the past and now and going forward, there's too much to do to spread yourself thin amongst those. I know that he's given assurances. I know he's hardworking. I know that you've received the assurances. Four, five, six, different roles, that is too much, I just want to put that on the record.

Secondly, we talk of moving forward, but actually we're in a situation now where we're addressing major, long-standing and serious issues. That's the reason that APRA has stepped in, not because there are a few mistakes that we've made, it's serious, long-standing issues. So that's during the tenure of Mr Carter as the Head of the Risk Committee and one of the longest-standing Directors here.

For me, when I look at it, I say, where does accountability lie? Well, there's going to be the Head of Risk internally, and there's the Chair of the Board of Risk. So I don't recommend Mr Carter stand again as Director or as Head of the Risk Committee because it hasn't worked.

Warwick Negus: So let me respond on that because it's an issue that I have discussed with a lot of our shareholders. As a new Chair, I today have a Board of six people and a Managing Director. I have asked Bruce to give us one more year to allow that transition to happen. I acknowledge that he has been here for three terms and we're electing him for a fourth term. But I need the stability and the leadership that Bruce provides in the coming year as we recruit an additional person to our Board, and as we transition his role as the Risk Chair to another person.

If we can do that smoothly, then the momentum that we create with our two remedial action plans will not be interrupted. So I'm focused on getting more skills and experience onto this Board to make sure that we deliver on that. So that's why he's only planning to stay for one year, but I acknowledge your concerns.

Craig Caulfield: (Shareholder) Yes, and acknowledge there's a lot of changes going on and you need to have some link to the past and he's highly experienced in his area. But could Mr Carter stay on as a Director albeit not as Head of the Risk Committee?

Warwick Negus: I don't think that's practical. He's the most experienced risk practitioner on this Board. I need that leadership for that one year.

Craig Caulfield: (Shareholder) Okay. One further question is, we talked about the remedial action plan before, and you provided it to APRA. Will you be publishing all the results of that?

Patrick Allaway: We'll be giving updates that are half year and full year Craig with performance against the targets and timelines that we have.

Craig Caulfield: (Shareholder) Okay. I'm interested to see if you'll publish the full report, the full remedial action plan. I'd like to see the full transparency. If I look back at the past, the Culture Governance Accountability Report, CBA published in full, they were under the pump to do that, but NAB and Westpac voluntarily did that and BOQ didn't.

So if we're talking about this new refreshed BOQ morality and going forward and uplifting, then I think it's a [unclear] to say we're going to publish it in full. Good, bad, and ugly, we're going to put it all out there. Not an interpretation of it, not a summary of it, not a link.

Patrick Allaway: So, Craig, we agree with you, transparency is really important. We'll take that on board and consider that. We are intending to provide the important information to our shareholders so they can understand where we are, but we'll think about your request. Thank you.

Craig Caulfield: (Shareholder) Thank you.

Patrick Allaway: Yes.

Warwick Negus: So we have no more questions, and we have no online questions on this resolution. With no more questions, I'll now put the resolution in item 2 to re-elect Mr Bruce Carter as a director to the meeting. Displayed on the screens behind me are details of the proxies received in relation to this item. Please record your vote on your voting card.

Item 3, the Remuneration Report. Item 3 is a non-binding resolution which seeks shareholder approval to adopt the Remuneration Report contained on pages 88 through 122 of the 2023 Annual Report. The Remuneration Report sets out the Board's policies for Director and Senior Manager remuneration, 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 compensation.

This year's report also shares the way in which remuneration outcomes have been impacted to reflect accountability for our challenges, as I've discussed together with our progress and achievements against our people and culture strategies.

Although the vote on the Remuneration Report is only advisory, the Board takes the outcome of this vote seriously and will take into consideration when determining the Company's remuneration policy in the year ahead, and will look to re-evaluate the structure and disclosure of the Company's remuneration arrangements in response to the views expressed by shareholders. Is there anyone who wishes to ask a question in relation to this resolution

Usher: Mr Chairman, reintroducing Paul Donohue.

Paul Donohue: (Shareholder) I might start off with the positives. So when we reviewed the Remuneration Report we were very pleased to see the consequence management that was in that relating to the enforceable undertakings. So that's a positive. I know we're talking about FY23, but the changes are proposed to FY24 are also welcome. They're aligning with a more traditional way of doing remuneration.

My question though relates to the former CEO. So George Frazis worked for three months before he was sent on nine months of gardening leave, and he left the organisation with a tidy \$1.7 million for the year, including almost \$1.3 million in termination payments. No doubt this is all contractually or statutory obliged, but perhaps you can give us some detail on that.

Warwick Negus: So the total of payments made to the previous CEO were the notice period, which was nine months, and any accrued benefits, statutory benefits, holiday pay, for example, there were no further discretionary payments. So the total is related only to the contractual payments.

Paul Donohue: (Shareholder) Okay. Thank you.

Warwick Negus: Thank you. I think we have this gentleman here as well.

Usher: Mr Chairman, shareholder, George Bonda.

Warwick Negus: Then we'll come back to two.

Paul Donohue: (Shareholder) Yes.

George Bonda: (Shareholder) Mr Chairman, thank you. I just wanted to make a point and it's not really a question. This Bank is the worst performing bank over the last eight years. In 2015, the share price was over \$13, it's now in the mid \$5. We went to the shareholders in 2021 with a rights issue at \$7.35, the shares are at about \$5.60 today.

The directors' fees this year went up about 25%. You said they're coming back 20% next year. So it brings them back to somewhere still over where they were last year. The earnings were down 10% this year, but directors' fees went up 25%, and it just doesn't make sense.

Please, in your Annual Report, put your performance figures in the first four pages. As shareholders, we know if the results are in the first four pages, they're good results. When we get results and you bury them in page 60 or 70, we know they're terrible. Thank you.

Warwick Negus: Thanks, George. I know it wasn't really a question, but I can respond on a couple of things. Firstly, directors' remuneration, individual director remuneration has not changed. We did not change the amount that was paid to directors from one year to the next, nor did we seek any change to the cap on directors' remuneration.

We have also, for the majority of this year been only a Board of six as opposed to where we're normally a Board of seven. So - and in FY24, you will see a further reduction of 20%. So we have not increased directors' remuneration by 25% at all, in fact, we've actually cut directors' fees.

I acknowledge your point though, but I do think that in my own - or the joint statement between Patrick and I in the Annual Report, we do call out the results and we don't seek to bury them further down. But I take your point, it's well noted. Thank you.

Usher: Mr Chairman, reintroducing Craig Caulfield.

Warwick Negus: Craig.

Craig Caulfield: (Shareholder) Thank you. BOQ has lost share relative to growth if we look at second tier banks like Macquarie, Suncorp, Bendigo Bank. Your aspirational customer care metrics of Net Promoter Score highlighted in page 13 in your Annual Report provides limited value as it fails to weigh long-standing and serious cases scores with simple customer comments.

Net Promoter Score is seriously gamed by staff and remains unaudited. A simple set of a dozen non-financial metrics based around granular evaluation of customer complaints, IDR, Customer Advocate, AFCA, ASIC Court, amongst other things is more telling and is a better weighted measure to progress customer care, but also remuneration in the non-financial metrics, which APRA's very concerned with, and they're looking at you hard.

Professor Elizabeth Sheedy at Macquarie University agrees with me that Net Promoter Score is not a good gauge. So I was fortunate to talk to Director Ms Penrose before, and I appreciated that she approached me and we had a chat about that. But - and she mentioned that there are other metrics that you look at.

I've raised Net Promoter Score. It's a pet topic of mine at many AGMs, and invariably it's like, well, thank you Mr Caulfield, Net Promoter Score, is one of a number of things that we look at, but the way you publish it in the Annual Report, you're elevating it.

Now, I'm not saying your Net Promoter Score is good at the moment, it's an aspirational. But I'm saying take away the aspirational, look at different metrics to really get BOQ back on track because if you measure Net Promoter Score it might mislead you. You might have a few long-standing serious cases that has an effect, negative effect relative to a large number of small happy cases. The weight, there's no proper weighting in Net Promoter Score.

When I say it's gamed I've made complaints to different banks and I know that I don't get a survey coming through and I watched someone next to me, a senior banker and they get the survey coming through. So it's recognised in university studies that it is gamed. So if it's not audited, it can be gamed. It's not a fair reflection. I'm not saying eliminate it. You might keep it, but it needs to be weighted much lower and balanced within other metrics, please.

Warwick Negus: Your point is well made, Craig. Net Promoter Score is only one thing that we look at. I don't know whether Karen mentioned some of the other measures that we look at. We measure the number of customers who have their principal banking relationship with us, and we think that that is a very useful insight if someone's prepared to make us their number one financial institution, that means something.

Increasingly, as we develop digital products, we also use other mechanisms. I think we can get better information coming back to us through the digital products not gamed, for

example, ratings at the app store where people are downloading our apps, using them and giving us feedback.

That not only tells us in an unedited format what people think of it, but also gives us insights into what people want that we don't have. So I think your point is well made, Net Promoter Score, I don't believe that our staff are gaming our Net Promoter Score. The staff don't fill the forms out, and we seek to improve our Net Promoter Score and it's not where we want it to be. It needs to improve.

But we are using a number of measures. I think that that is the only way to do it in the future to use an amalgam of measures to get a better sense of what our clients think of us.

Craig Caulfield: (Shareholder) Thank you.

Warwick Negus: Thank you. There are no questions online. If there are no questions, I'll now put the resolution to adopt the Remuneration Report of the Company for the financial year ended 31 August 2023 to the meeting. The Company will disregard any votes on item 3 consistent with the voting restrictions set out for this item in the notice of meeting.

The Board, noting that each director has a personal interest in their own remuneration, recommends that shareholders vote in favour of item 3. Displayed on the screens behind me are the details of the proxies received in relation to item 3. Please record your vote on your voting card.

Item 4, the grant of securities to the Managing Director FY24, long-term variable reward. Item 4 is an ordinary resolution which relates to the granted securities to Patrick Allaway as Managing Director and Chief Executive as part of his FY24 long-term variable reward. The terms and conditions attaching to the securities are outlined in detail in the explanatory statement accompanying the notice of meeting. Is there anyone who wishes to ask a question in relation to this resolution?

Thank you. I will now put the resolution for the grant of securities to the Managing Director in item 4 to the meeting. The Company will disregard any votes cast on item 4 consistent with the voting restriction set out for this item in the notice of meeting. The Board, with Mr Allaway abstaining, recommends that shareholders vote in favour of this resolution. Displayed on the screen behind me are details of the proxies received in relation to item 4. Please record your vote on your voting card.

Item 5, the grant of securities to the Managing Director FY23. The last one was FY24, this relates to FY23 for which Patrick has served as CEO for a portion of this year. Item 5 is an ordinary resolution which relates to the grant of securities to the CEO in relation to FY23 Premium Priced Options. The terms and conditions attaching to the securities are outlined in detail in the explanatory statement accompanying the notice of meeting.

Is there anyone who wishes to ask a question in relation to this resolution? I see that there are no online questions and no questions in the room. I'll now put the resolution for the grant of options to the Managing Director Mr Patrick Allaway in item 5 to the meeting.

The Company will disregard any votes cast on item 5 consistent with the voting restrictions set out for this item in the notice of meeting. The Board, with Mr Allaway abstaining, recommends that shareholders vote in favour of this resolution. Displayed on the screen behind me are details of the proxies received in relation to item 5, please record your vote on your voting card.

So this completes the business of today's meeting as set out in the notice of meeting. Before I close the meeting, are there any other remaining general questions from the floor? Have one, Spiro.

Spiro Akuzis: (Shareholder) Mr Chairman, I just would like to thank all of you, executive and non-executive. I understand it's not an easy job. I know that you have a tough road ahead. I wish you all the very best, and we'll still be here to support. I hope that we get a chance to meet everybody from the Board, executives and non-executives, and we can have a bit of a laugh and maybe come up with some more strategies.

Warwick Negus: I appreciate the vote of confidence. Thank you. Yes. So please place your voting card in one of the ballot boxes at the back of the room or held by a representative from Link Market Services. After the meeting is concluded, should you have any questions about how to record your vote, please ask one of the Link people.

The poll will close in 15 minutes. Results of item 2 to 5 will be notified to the ASX in accordance with the *Corporations Act* and will be placed on the Company's website as soon as they have been verified.

On behalf of the Board and the Company, I'd like to thank you for your attendance today, and now declare this meeting closed, subject to the finalisation of the poll on items 2 to 5. Thank you very much.

END OF TRANSCRIPT