



# BOQ 2020 Annual General Meeting

Tuesday, 8 December 2020

**Speakers:** Patrick Allaway, Chairman  
Bruce Carter, Non-Executive Director  
George Frazis, Managing Director and Chief Executive Officer  
Fiona Daly, Company Secretary  
Craig Ryman, Chief Information Officer

## Transcript:

**Fiona Daly:** Good morning, ladies and gentlemen. My name is Fiona Daly, and I am Bank of Queensland Limited's Company Secretary. Welcome to the 2020 Annual General Meeting of Bank of Queensland Limited. My role is to help shareholders understand how this meeting will work and how shareholders, proxy holders and company shareholder representatives can ask questions and vote.

I would like to begin by acknowledging and paying my respects to the traditional owners and custodians of the lands on which we meet today and we acknowledge their Elders, both past and present and emerging. I would also like to pay my respects to all First Nations people with us today.

In light of the Coronavirus Pandemic and the State and Federal Government's health advice and guidelines, the Board determined the safest way to hold this year's AGM is as a virtual meeting. Accordingly, all shareholders, regardless of where they live, will be able to participate at the meeting online. I will explain how this will work shortly.

Before I hand over to our Chairman to formally open the meeting, I would like to explain how the technology will help us to conduct this meeting and the procedures that will allow shareholders to participate. We acknowledge this is a very different BOQ AGM experience for you and we appreciate the support and patience of each of our shareholders as we negotiate this new way of conducting our AGM.

Along with the Notice of Meeting, BOQ has prepared a virtual AGM Online Guide for this AGM to assist you. This guide can be found on the AGM page of the BOQ website and on the online meeting site under the heading, Notice of Meeting/Guide. If you experience any issues with the technology today, you can call the helpline at the top of your screen. If we experience any technical issues today, a short recess or adjournment may be required, depending on the number of shareholders being affected. If this occurs, please visit our AGM website for updates and further information. We will also lodge details with the ASX, if required.

Now, to voting. Shareholders attending online can vote on the resolutions set out in the Notice of Meeting by selecting the button labelled, Get a Voting Card, which is located on the bottom of your screen. You will be able to commence voting on all resolutions as soon as the Chairman opens the poll. You will need to be verified as a shareholder or a proxy holder by either entering your shareholder number and postcode or country, if outside Australia, or your proxy number that you received from BOQ's Share Registry prior to the commencement of the meeting. If you have more than one shareholding, you will need to get a voting card for each holding.

Once the Chairman formally declares the poll open, you may vote on all resolutions via the online meeting platform at any time during the meeting. Shareholders will also have another five minutes after the end of the meeting to submit or change their votes.



Now to some guidance on asking questions. To shareholders who have submitted questions prior to the meeting, thank you. We have sought to address many of these questions throughout the remarks that will be made by the Chairman and the MD and CEO in their formal addresses to the meeting. Shareholders attending online who wish to submit a question now or during the meeting can do so by selecting the Ask a Question button, located at the bottom of your screen. We encourage you to please submit all of your questions now. While you can submit questions now, your questions will not be addressed until the relevant item of business to which your question relates.

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. For this reason, to ensure all shareholders have an opportunity to ask a question today, the Chairman will accept up to three questions from each shareholder for each item of business. We ask that you submit each question separately. Please select the item of business your question relates to, type in your question and press submit. Your question will be placed in a queue.

Questions are limited to 512 characters. If you exceed the limit, you will be unable to submit your question and you'll be asked to revise your question. Please begin submitting your questions now. When questions for each item of business are ready, I will introduce the shareholder by name and I will read the question for the Chairman to answer. If multiple questions are received on one topic, those questions may be aggregated so that they may be answered together and while providing as much context as is appropriate in the circumstances, lengthy questions may be summarised to ensure that as many questions are able to be addressed at the meeting as possible.

It is also possible that we have already received and responded to a question similar to the one you propose to ask. Please see the document entitled, Previous Questions in the bottom right of your screen for questions received from shareholders prior to the AGM.

Questions submitted 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 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.

Representatives from BOQ's share registry, customer service or customer advocate teams are available to assist you. Contact numbers are provided on the BOQ website or by calling the helpline shown on the top of your screen.

It is now my great pleasure to introduce you to Patrick Allaway, your Chairman.

**Patrick Allaway:** Thank you, Fiona. Good morning, ladies and gentlemen. My name is Patrick Allaway and I'm your Company's Chairman. On behalf of the Board, I'd like to welcome you to the Bank's 2020 Annual General Meeting. We are pleased you have taken the time to attend and thank you for your continued interest and support of BOQ. The Company Secretary confirmed that a Quorum is present and accordingly, I declare the Annual General Meeting open.

The Notice of Meeting was released to the ASX on 5 November 2020; I will take the Notice of Meeting as read. The resolutions in the Notice of Meeting will be decided by way of a poll, which I declare open for each item of business. The poll will close five minutes after the conclusion of the meeting.

I would now like to introduce your Board of Directors. Seated to my right, your left, Non-Executive Director, Karen Penrose; Karen is Chair of the Audit Committee. Next to Karen, Non-Executive Director, Warwick Negus, Chair of the People, Culture and Remuneration Committee; next to Warwick, Non-Executive Director, John Lorimer and next to John, Non-Executive Director, Michelle Tredenick, Chair of the Transformation and Technology Committee, who retires at the conclusion of today's meeting.



To my left and to your right, Managing Director and Chief Executive Officer, George Frazis; Non-Executive Director, Kathleen Bailey-Lord; Non-Executive Director, Bruce Carter, Chair of the Risk Committee, who stands for re-election today, and Company Secretary, Fiona Daly.

Also attending today's meeting are members of the BOQ's Executive Leadership Team and Mr Robert Warren, from our external auditor, KPMG. Mr Warren will be available to answer questions regarding the conduct of the audit and contents of preparation of the Audit Report. I would also like to welcome Mr Rhys Casey, a partner with King & Wood Mallesons.

The Agenda for today's meeting is as follows: I will make my address and then I'll be passing to George Frazis, our MD and CEO who will speak. These addresses have already been released to the ASX and are also available on our AGM website. After George's address, we will proceed with the formal items of business as set out in the Notice of Meeting.

I will now turn to my address. I'd like to leave you with two key messages today; firstly, we recognise that 2020 has been a considerably challenging year for all of our stakeholders, with many suffering hardship. Our highest priority through this period has been to support you, our customers, our people and our shareholders and we will continue to do so.

Secondly, at last year's AGM, your Board made a commitment to achieve better outcomes for all our stakeholders. While not yet reflected in our statutory profits, BOQ is in better shape today than it was 12 months ago. We've made good progress this year in executing our transformation, maintaining strong financial and risk position and positioning BOQ for growth and improved performance when the economy recovers.

We said that FY20 would be a difficult year, as we transform the business. I don't think any of us could have anticipated just what lay ahead. Bushfires, storms and COVID-19 caused considerable challenges and hardship for our customers, shareholders, employees and the broader community.

Our financial performance of statutory net profit after tax of \$115 million, cash earnings after tax of \$225 million and a dividend of \$0.12 per share was delivered in this environment. Being prudent, we have taken a material provision for expected credit losses, resulting from the impact of COVID-19 and a write-down in our technology investment reflecting changes to our digital strategy to achieve better outcomes for our customers.

A message to our shareholders: We recognise this has been a difficult year for you, with a material reduction in dividends, which we understand many of you rely on to support your income. Prudent balance sheet and capital management has been critical to ensure we act for the long term. The dividend payout ratio this past year reflected our statutory profits, APRA guidelines and balancing returns to our shareholders against the ongoing assessment of the resilience of the Bank to absorb credit losses, the protection of deposit holders and debt security holders and the investment in our transformation.

We are well capitalised and remain committed to returning the business to profitable growth, sustainable dividends and growing long-term shareholder value. Our strong relative share price performance against the Banking Index and the ASX 200 in calendar 2020 reflects our clear strategy and transformation progress with good momentum in the business.

A message to our customers: BOQ has worked hard to support you in bridging through this severe economic downturn. Working closely with government, regulators and others in the sector, we responded quickly, providing solutions for our customers, with financial relief for households and small businesses where required. It's pleasing to see so many of our customers returning to standard payment terms. We remain focused on improving our customer experience and have elevated the customer voice in the organisation.



We have improved our ranking from fifth to third on Customer Net Promoter Scores and were named 2020 Mozo People's Choice Award winner in the Excellent Customer Service category. We will continue to support our customers through this challenging period. We have more to - we have a lot more to do to delight our customers and achieve our objective of being a leading digital bank of the future, while ensuring we have a personal touch.

A message to our employees: Through the pandemic, we've focused on assuring the safety and wellbeing of you, our employees, while maintaining continuity of our operations. Our people have performed strongly over the past 12 months, executing against our strategic priorities, reacting quickly and adapting to new ways of working, whilst retaining productivity and dedicated support for our customers. We've moved with agility and our purpose-led culture has driven the right behaviours.

Recognising both the improved performance of our people and the difficult year experienced by our shareholders, the Board exercised its discretion to moderate the short-term incentive compensation payments for FY20. Further, we've resolved to make no STI cash payments to our senior executives, with the award being paid in deferred equity, to better align with shareholder interests. On behalf of the Board, I would like to thank all our employees for their hard work and contribution in a very difficult year. We are committed to making BOQ a great place to work and embedding our purpose-led, empathetic culture.

I'd like to make a comment on leadership. We recognise that quality people and strong leadership will drive our success. George Frazis commenced in his role as Managing Director and CEO in September 2019 and has already made a material difference to BOQ, bringing a performance-driven approach while navigating the uncertainty of the COVID-19 economic impacts. Supporting George to strengthen the capability of the BOQ Executive and Senior Leadership Team has been a key priority for the Board.

We are pleased to welcome Ewen Stafford as our Chief Financial Officer and Chief Operating Officer, Fiamma Morton as Group Executive, BOQ Business and Craig Ryman as Chief Information Officer. In FY21, Danielle Keighery will also join BOQ as Chief Customer Officer.

We have materially increased the depth of talent and experience in the leadership team and believe that under the strong leadership of George, we have the right skills and experience to drive BOQ's transformation agenda.

I'd like to make a comment on culture and governance. Culture and governance remain key priorities for the Board and for BOQ. During the year, we conducted a culture review and in response, embarked on a cultural transformation. At its core is our shared commitment to our purpose and values of empathy, integrity and making a difference. We are shifting the organisation to a performance-led culture with executive empowerment and accountability to deliver our plans.

Our future remuneration framework has also been updated, further aligning leadership performance with long-term shareholder value creation. Reducing cash payments, attracting and retaining talent and ensuring our people demonstrate appropriate risk behaviours.

We are committed to continuous improvement and excellence in our corporate governance, increasing transparency in our reporting, compliance with our regulatory obligations and protecting our license to operate.

Some comments on the community. BOQ is similarly committed to building a sustainable business and supporting the communities in which we operate. We have a responsibility to invest and manage our business to deliver strong returns for our shareholders at the same time as improving outcomes for the community and the environment.



We recognise the role we can play in reducing our carbon footprint and supporting our customers on their sustainability journey.

I'd like to make some comments on Board renewal. Following my appointment as Chairman in October 2019, we conducted an independent Board performance and skills matrix review focussed on improving the effectiveness and the performance of your Board. We've reduced the number of Non-Executive Directors from 10 to seven with our Board renewal and succession plan committed to improving diversity of thought, digital transformation and strategic capability.

I'd like to take this opportunity to thank Richard Haire who retired from the Board in April and Michelle Tredenick, who retires from the Board at this AGM. Thank you also to my colleagues on the Board for their considerable contribution to BOQ.

Looking ahead, we've made a strong start but have a lot more to do to achieve our aspiration of being a bold challenger bank with multi-brands that are digitally enabled while maintaining a personal touch and providing an exceptional customer experience and compelling value proposition.

We continue to operate in a highly uncertain economic environment with accelerating shifts in consumer behaviours, public expectations and operating models. We have the right team in place to manage through this period and will continue to refine our strategy to reflect these shifts.

We will continue to ensure we live our purpose of creating prosperity for our customers, shareholders and people through empathy, integrity and by making a difference. We wish to thank you for your ongoing support of BOQ and we appreciate the considerable responsibility for the Board and management to continue to deliver improved outcomes for all our stakeholders and we are committed to doing so. Thank you.

I'll now hand over to George, our MD and CEO for his address. Thank you.

**George Frazis:** Thank you, Patrick and good morning, ladies and gentlemen. When I reflect on the past 12 months, I too am proud of how we've rallied together to support our customers, people and the broader economy. As Patrick has mentioned, throughout this past year we've helped our customers through drought, bushfires and a global pandemic.

We've helped Australians into their homes and worked with small businesses to ensure that they keep their doors open. We've responded to more than 20,000 requests for assistance through our banking relief package while our branches have remained open to serve our customers and the community.

In overview and while clearly FY20 has been a year like no other, we have delivered a solid underlying result, particularly given the headwinds and all the work we are doing to transform our business. Despite the many challenges, we've remained firmly focussed on the execution of our strategy and our digital transformation is on track.

We have completed the migration of our data centres to the cloud, modernising our core infrastructure. The family and friends launch of phase one of the Virgin Digital Bank will be completed this week, forming the strategic platform for the Retail Bank.

The operating model review is complete and it's delivered productivity savings, which we have been able to invest in new strategic initiatives and capability uplift. In line with our focus on simplification, we announced the conditional sale of our St Andrew's Business to a private investment firm, Farmcove, achieving an important strategic milestone.

Turning to our results. Pleasingly, our underlying full year result excluding the impacts of COVID, was ahead of our expectations flagged at our strategy briefing in February. In FY20, statutory net profit after tax was \$115 million and reflects the challenging environment in a year of transition for BOQ.



Cash earnings after tax decreased to \$225 million due to the COVID collective provision overlay. Cash return on equity decreased to 5.4%. Common equity tier 1 remains strong at 9.78%. Our cash earnings per share decreased to \$0.511 per share and the Board determined to pay a full year dividend of \$0.12 per share.

We are well provisioned against the potential lifetime losses in our portfolio as a result of COVID, having applied prudent assumptions.

Given the Government's stimulus and the good handling of the crisis, there is potential upside opportunity should the economy recover at a faster rate than currently forecast. Our balance sheet and capital are strong.

In terms of drivers of these results, total lending grew by \$826 million. Net interest income increased by 3% compared to the prior year and increased 4% from the first half. Given the focus on margin management, NIM increased by 3 basis points in the second half, delivering a 2 basis points reduction for the year.

The cost to income ratio improved slightly to 54.1% in the second half, driven by the favourable income result and the benefits from the \$30 million productivity savings. The loan impairment expense was material up at \$175 million, as we took an additional provision overlay of \$133 million to cover the anticipated lifetime losses on the loan portfolio relating to COVID.

Focussing on our customers in these challenging times - we continue to support them through COVID. Pleasingly, total deferrals have decreased 83% since their peak in April with \$1.3 billion remaining on deferrals in November. As at 30 November, 3% of the housing portfolio and 3% of our SME portfolio remain on deferral. We have now reached out to nine out of 10 of our customers on banking relief, prior to the end of their deferral. More than 85% of customers have confirmed they will recommence loan repayments and 9% requested a deferral extension.

A priority for me over the past 12 months has been the need to fix the Retail bank and we have made good progress. The Retail bank delivered a 1% increase in net interest income through home loan growth and improved margins while also increasing customer deposits by \$1.2 billion during the year.

FY20 is the first time since 2015 that the Retail bank has delivered net mortgage lending growth, growing at around the market rate. Importantly, it has also delivered a number of improvement initiatives, including product and process simplification and improvements in the customer experience, reflected in a higher NPS score going from fifth to third.

In BOQ Business, we have delivered good growth in a contracting market, with this outperformance seen across all business lines. Our niche segment focus is working. Net interest income has increased by 3% for the year.

In line with industry, business lending growth slowed in the second half as we supported our customers through the impacts of COVID on their businesses. BOQ has recently confirmed our participation in phase 2 of the Federal Government's SME guarantee scheme and we are well positioned to provide additional lending into the market as we enter the economic recovery phase.

In terms of our transformation, we continue to achieve meaningful progress on our strategic roadmap. While looking after our customers and our people through the COVID period, the management team and I have stayed focussed on strategy execution and our transformation.

We now have in place a high calibre executive team, comprised of experienced leaders with deep execution capability. Importantly, we are seeing results in a number of key areas. We have simplified our mortgage process, reducing the time to yes from five days to one day.

In February this year, I shared our digital transformation program which we are delivering against with six core projects already completed.



The family and friends launch or phase one of our Virgin Money Digital Bank is on track to complete this week. It will provide a fully digital and mobile banking transaction and savings account capability as well as an integrated credit card experience. This is a fundamental investment for BOQ and is providing a strategic pathway for the Retail bank's migration to the digital platform.

The Virgin Digital Bank enables us to build a new digital bank with the benefits of an existing customer base and the support of the BOQ Group. We have established strong execution capability, partnering with Deloitte Digital and cloud-based technology partners to leverage their global expertise.

The VMA platform is a market-leading technology solution providing customers with a personalised digital experience. This project is key to the digital transformation of BOQ and will provide us with the ability to sustainably grow our market share through a highly efficient channel. This will also be an important lever to improve ROE.

Moving forward to FY21, we remain committed to executing against our strategic targets. Critically, we will focus on our people driving employee engagement through inclusive leadership and an uplift in capability, building on the improvement in engagement in FY20.

We will continue to grow our lending portfolio, returning our branch network to net growth, lifting market share through the broker channel and growing digital sales. Finally, there will be a strong cost discipline and we expect to deliver a further \$30 million in productivity savings.

So in summary, while the broader outlook remains uncertain, until we have a widely distributed proven vaccines and treatments, Australia is relatively well placed given the Government's management of the health crisis and the substantial economic stimulus.

We have supported our customers, communities and our people while continuing to grow our business and deliver against our strategy. Importantly, our lending growth momentum is increasing whilst we are also managing margins.

The increased collective provision sees us well placed to withstand the anticipated lifetime losses arising from COVID. Our capital position is strong and a priority for me. Our organic capital generation will provide us with the ability to continue to invest and grow our business in FY21 while also delivering improved returns for our shareholders. We are executing on our strategy. We are overcoming our legacy structural disadvantages through the use of digital channels, partnering and new technologies.

We have a clear transformation roadmap and we are delivering against it. Executing against our strategy remains a key priority. We are re-confirming the FY21 outlook to deliver broadly neutral jaws.

We understand the importance of dividends for our shareholders. We remain absolutely committed to delivering long-term shareholder value through sustainable profitable growth and attractive returns.

As a bank, we have a responsibility to ensure the ongoing resilience of our business. We are a much better bank than we were a year ago and are well positioned to achieve sustainable profitable growth over the coming years. We are focussed on making a difference as we re-imagine banking.

I'd like to thank Patrick and the Board for their counsel and support throughout the year. I'd like to thank my executive team and all our bankers across BOQ. I'll now pass back to Patrick for the formal business of today's meeting.

**Patrick Allaway:** Thank you, George. Ladies and gentlemen, we now come to the formal business of the meeting. There are five items of business on today's agenda. I will introduce each item of business separately and invite questions for that item. Please note that only shareholders, proxy holders or shareholder company representatives may submit comments, ask questions or vote at this meeting. All other attendees are, as always, welcome to listen as observers.



Following discussion on each item, valid direct and proxy votes received prior to the meeting will be displayed on your screen. I will then ask the shareholder proxy holders and corporate representatives to vote on the item. As stated in the notice of meeting, voting on all items will be conducted by poll.

As shareholders are aware, no formal vote is required on item 1 of the agenda. The poll has been opened. The voting exclusions for items 3 and 5 are set out in the notice of meeting. Shareholders may submit their votes on all resolutions via the online platform now or at any time during the meeting.

To vote, click on the for, against or abstain buttons for the relevant items. Once you've completed your card, click on the submit vote button. If needed, you may edit your voting card during the course of the meeting before clicking submit vote. Link Market Services will oversee the poll.

As the results of the poll will not be available before the meeting closes, they will be released to the ASX and made available on our website later today.

Shareholders who wish to submit a question can do so at any time. Please click on the ask a question button, type your question and click submit.

Please refer to the virtual AGM online guide for instructions how to vote and ask questions. If you require assistance, please ring the helpline shown at the top of your screen.

We'll 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 and its controlled entities for the year ending 31 August 2020.

In accordance with the Corporations Act, there is no vote on this item. This item of business provides shareholders with the opportunity to ask questions about the reports and the management of the company and the audit. I now invite shareholders, proxy holders and corporate representatives who wish to ask a question on this item to do so, submitting your question online.

As mentioned earlier, Mr Robert Warren, the KPMG partner responsible for the audit is available to answer any questions relevant to the conduct of the audit and the preparation and content of the auditor's report. Shareholders had the opportunity to submit written questions to the auditor prior to the meeting. No questions for the auditors were received. Are there any questions on this item of business?

**Fiona Daly:** Chairman, I can confirm that no questions have been received on this item of business.

**Patrick Allaway:** Thank you. We'll just wait a moment to see if there's any further - anybody wishes to submit a question. No questions? Thank you. If there are no questions, we'll now move to the next item of business. We now proceed to item 2, which relates to the re-election of Mr Bruce Carter as a Director.

Mr Carter is seeking re-election at this year's meeting. The biographical details of Mr Carter are set out in the explanatory statement that accompanied the notice of meeting in the Director's Report on page 61 of the BOQ 2020 Annual Report. In accordance with BOQ's policy on the independence of Directors, the Board has determined that Mr Carter remains independent and able to exercise independent judgement to provide an objective assessment of matters considered by the Board.

Mr Carter, standing for re-election, retires by rotation in accordance with the Company's Constitution. Mr Carter has served on the Board since February 2014. He is the Chair of the Risk Committee, and a member of the Audit, Transformation and Technology Committee, People and Culture and Remuneration Committee, and the Nominations and Governance Committee. Mr Carter was last elected as a Non-Executive Director of the Company in November 2017.

The Board, with Mr Carter abstaining, recommends that shareholders vote in favour of Mr Carter's re-election as a Non-Executive Director of the Company. I will now ask Mr Carter to address the meeting. Thank you, Bruce.





**Bruce Carter:** Thank you, Patrick. Good morning ladies and gentlemen. As Patrick said, I have had the privilege to serve on this Board since February 2014 and I presently chair the Risk Committee. My other public company responsibilities and appointments are with Aventus, which is a REIT, and SkyCity Entertainment Limited, a company based in New Zealand. I'm also chair of the Australian Submarine Corporation, which is a government business enterprise. I have a background in financial restructuring and worked with Ferrier Hodgson and was a partner of Ferrier Hodgson, having established that office in South Australia in 1992 and prior to that was a partner with Ernst & Young.

In 2012, I left practice and developed a number of director roles while still having day-to-day involvement in various business transactions. What I have tried to do is have a varied business background which hopefully enables me to bring the best and the widest experiences to my role with BOQ.

The last few years have seen numerous changes in obligations and community expectations for financial institutions and certainly, that has been well understood and respected at BOQ and we have worked to change, to mould and to improve our risk management practices. The challenges for people like BOQ are to have risk structures that are strong, that are embedded and are well understood but still enable a business to prosper and to earn a fair profit, and that's what we are seeking to do and are achieving at BOQ.

It's been a privilege to be on this Board since 2014. BOQ is a great Company. It is a great community partner, and it has great ethics and great culture. In the event that I am re-elected, I look forward to serving for the shareholders in the future. Thank you.

**Patrick Allaway:** Thank you, Bruce. I now invite shareholders, proxyholders and corporate representatives who wish to ask a question on this item to do so by submitting your questions online. Are there any questions on this item of business?

**Fiona Daly:** Chairman, no questions have been received for this item of business.

**Patrick Allaway:** Thank you, Bruce. Just confirming no questions. Thank you. If there are no more questions, I will now put the resolution to approve item 2 to the meeting. The resolution before the meeting is that Mr Bruce Carter, who retires by rotation in accordance with the Company's constitution and being eligible to be re-elected as a Director of the Company. If you have not already done so, please place your vote by clicking on the for, against or abstain buttons on your voting card. Displayed on the screen are details of the direct and proxy votes received prior to the meeting in relation to item 2.

I will now move to the next item of business. Item 3 is an ordinary resolution which relates to the grant of performance shares and premium-priced options to Mr George Frazis, the Managing Director and Chief Executive Officer of BOQ. The terms and conditions attaching to the performance shares and premium-priced options are outlined in detail in the explanatory statement accompanying the Notice of Meeting. Are there any questions on this item of business?

**Fiona Daly:** Chairman, we have received a question from shareholder Robert Hyndman.

*Question from Shareholder Robert Hyndman:* I am concerned that BOQ issues too many shares to the CEO, diluting existing shareholders. Given that what the CEO does can have very long-term consequences, the granting of shares or options encourages the CEO to make short-term decisions and accounting decisions that may be good in the short term but very bad in the long term. By not paying cash, there appears to be the impression that these extra payments are free or of minimal value.



**Patrick Allaway:** Thank you for your question. I may make a couple of comments. Firstly, by removing cash from the incentive award, our view is that we actually move away from a short-term focus on the business and are very focused on the long-term outcomes for our shareholders.

The other reason we have moved with equity and options is to ensure absolute alignment between our shareholders and our senior executive team. We have embarked on a long-term transformation strategy and these deferred shares and options vest over a long-term period, over a period of three to seven years, and that very much aligns the building of long-term shareholder with the alignment of the interests of our senior executives. Thank you.

**Fiona Daly:** Chairman, there are no further questions on this item.

**Patrick Allaway:** If there are no more questions, I will now put the resolution to approve item 3 to the meeting. The resolution before the meeting is that approval be given for all purposes including ASX Listing Rule 10.14 for the grant of performance shares and premium-priced options to the Managing Director and Chief Executive Officer of the Company, Mr George Frazis, and his total variable remuneration opportunity for FY21 on the terms described in item 3 of the explanatory statement. As set out in the Notice of Meeting, there is a voting restriction that applies to this item of business. If you have not already done so, please place your vote by clicking on the for, against or abstain buttons on your voting card. Displayed on the screen are details of the direct and proxy votes received prior to the meeting in relation to item 3.

I will now move to the next item of business. Item 4 relates to the proposal to amend the Company's Constitution. The proposed amendments to the Company's Constitution are outlined in detail in the explanatory statement accompanying the Notice of Meeting. The resolution in this item 4 is a Special Resolution that requires 75% of votes cast being in favour of the resolution. A copy of the Constitution showing the proposed changes was made available for shareholders to view on the Company's AGM website at the same time as the Notice of Meeting was released. It is also available in the download box at the bottom of the screen. Further information about the proposed amendments are contained in the Notice of Meeting. Are there any questions on this item of business?

**Fiona Daly:** Chairman, there are no questions on this item of business.

**Patrick Allaway:** If there are no questions, I will now put the resolution on item 4 to the meeting. The resolution before the meeting is that in accordance with section 1362 of the *Corporations Act*, the Company's Constitution be amended as set out in item 4 of the explanatory statement with effect from the close of the meeting. If you have not already done so, please place your vote by clicking on the for, against or abstain buttons on your voting card. Displayed on the screen are details of the direct and proxy votes received prior to the meeting in relation to item 4.

I will now move to the next item of business. Item 5 is a non-binding resolution which seeks shareholder approval to adopt the Remuneration Report contained in the Company's 2020 Annual Report, which is available on the Company's website. As noted, the resolution is advisory and does not bind the Directors. However, as many shareholders would be aware, if 25% or more of shareholders vote against the Company's Remuneration Report two years in a row, shareholders may then resolve that a further General Meeting be called at which all of the Board other than the Managing Director must step down and submit themselves for re-election if they wish to continue on the Board.

The BOQ Remuneration Report was supported by the shareholders in 2019. The Remuneration Report sets out the Board's policies for Director and senior management remuneration, including a discussion of the relationship between remuneration to BOQ's performance and other information required by the *Corporations Act* about Director and senior manager compensation. Are there any questions on this item of business?



**Fiona Daly:** Chairman, the first question comes from shareholder Thomas Jacobsen.

*Question from Thomas Jacobson:* How do you expect shareholders to approve bonuses and other incentives to all senior staff from the Chairman down when we received no dividend for the first half of 2019-2020 financial year and see our share value halve, or thereabouts?

**Patrick Allaway:** Thank you for your question, Thomas. We understand it has been a very difficult year for you, our shareholders, with a material reduction in your dividends. Your management team and your Board have been working very hard in a very challenging year to achieve better outcomes for our shareholders. We noted at the end of last year that we didn't pay STI awards to our staff because our performance didn't justify it, and the Board exercised discretion at that time not to pay STI to our senior leadership team. This year, the senior executive team have executed very strongly, as you've heard, against the transformation plan and put BOQ in a much stronger position to recover once the economy recovers. On that basis, we took into account the shareholder performance, we took into account the fact that our shareholders have taken a reduction of dividends, but we also want to ensure that we retain our key people, we reward our staff, and moderated the bonus on that basis with a 60% payout target against the target with a view that that was a fair outcome for all our stakeholders. Thank you.

**Fiona Daly:** Chairman, a question from Fiona Balzer for the Australian Shareholders Association.

*Question from Fiona Balzer:* FY19 cash NPAT declined by \$52 million or about 14%, and you paid no STI bonuses. In FY20, the result was worse with cash NPAT declining by \$95 million or nearly 30%, yet you paid out approximately \$300,000 in STI. How can you justify any payment of STI bonuses under these circumstances?

**Patrick Allaway:** Thank you for your question, Fiona. I think I probably answered it in my previous answer, but I might just reinforce what a strong performance the management team has achieved this year in a very, very difficult environment. As I reflected in my address, whilst our statutory profits and our cash profits are not reflecting our performance, we have made very strong progress in our transformation year and the Bank is well positioned. We felt it justified and fair to moderate bonuses and make payments on that basis. Thank you.

**Fiona Daly:**

*Question from Craig Caulfield:* John Lonsdale, Deputy Chair of AFCA [sic - APRA] has sought greater disclosure from banks regarding non-financial metrics for rem. Despite improvements, it is still difficult for shareholders to have a clear view as to the calculation of rem. NPS is antiquated and simplistic, allowing banks to mask longstanding legacy case failures that cause the most reputational damage. Will the Board publish much more granular metrics transparent to all shareholders to ensure accountability?

**Patrick Allaway:** Thank you for your question. We have been continuing our transparency on this journey of remuneration and non-financial metrics are a very, very important part of our remuneration framework. We've got a Group scorecard, which we've disclosed, the five key categories in the Group scorecard in the Remuneration Report, and non-financial metrics account for approximately 60% of that scorecard.

We are concerned about disclosing the key metrics at the start of the year for the business because that information would potentially give an outlook statement and forecast for the business in a very, very uncertain environment. We don't think that's appropriate for us to do that, but we are considering at the end of the year when we measure performance against our scorecard that we will provide more information. But thank you for your question.

**Fiona Daly:** Chairman, there are no further questions on this item.



**Patrick Allaway:** Thank you. If there are no more questions, I will now put the resolution on this item 5 to the meeting. The resolution before the meeting is that the Remuneration Report for the financial year ended 31 August 2020 be adopted. As set out in the Notice of Meeting, there is a voting restriction that applies to this item of business. If you have not already done so, please place your vote by clicking on the for, against or abstain buttons on your voting card. Displayed on the screen are details of the direct and proxy votes received prior to the meeting in relation to item 4.

This completes the discussion of all the formal items of business contained in the Notice of Meeting. Before I close the meeting, are there any further questions that were received during the course of the meeting that we can address now? Thank you.

**Fiona Daly:**

*Question from Rachael Holden:* The senior leadership target of 40% female, 40% male and 20% either gender from FY21 onwards showed a decline of 1% from last year. What is the key driver behind this drop and what is BOQ doing to bring it back on track?

**Patrick Allaway:** Gender diversity remains a very, very important agenda item for both our Board and our senior leadership team. We have set ourselves targets. This is a journey of continuous improvement. We are very, very committed to gender diversity in our organisation. Now, there are times because of changes of staff and changes that that number might not continue to improve consistently, but we remain very committed to achieving diversity within the Group and we have set ourselves ambitious targets for that outcome. Thank you for your question, Rachael.

**Fiona Daly:**

*Question from Walter Martins:* COVID-19 struck everyone, including you guys in BOQ, but you weathered the storm, shed tears when BOQ stock dwindled, yet your fighting spirit won. You even rewarded your struggling investors with a dividend. Whilst I know that BOQ will rise from strength to strength, my question is please, Chairman, you must reward your staff and workers. Will you do that, please?

**Patrick Allaway:** Thank you for your question, Walter. We have done that this year, but we certainly have taken a very moderated approach reflecting the hardship in the community and the outcome for our shareholders, and we think we've reached a fair outcome for all stakeholders. Thank you for your question.

**Fiona Daly:**

*Question from Thomas Jacobsen:* What happens to the money saved by shifting the cost to us shareholders by making us vote electronically?

**Patrick Allaway:** Thomas, thank you for your question. We think that outcome is much better for the environment as well, so on our sustainability journey it's important that we actually move to electronic communications. We are on a strong productivity drive and these small costs do help, and they deliver better outcomes in our results for our shareholders. Ultimately, we are looking to stabilize or potentially reduce our cost base whilst we grow revenues. George has mentioned that we're targeting a flat jaws outcome for this year. Every little reduction in costs helps, and that outcome achieves better outcomes for our shareholders, it enables us to hopefully pay a more sustainable dividend, but also achieve a better share price outcome as well. Thank you.

**Fiona Daly:**

*Question comes from Penny Williams:* Throughout the COVID period, mining companies continued to flourish despite economic conditions decimating other industries, for example tourism. Does BOQ intend to reverse the policy of not funding mining projects? By excluding these stable and flourishing industries, BOQ is risking shareholder returns.



**Patrick Allaway:** Thank you for your question, Penny. You will have seen in our strategy we've got a very clear focus on the customer and segments of the economy that we wish to deal in. We're not a large bank, we're a small bank, and mining is not a target in our portfolio. We don't fund mining companies, but we are very, very focused on supporting communities. We operate in a lot of regional communities. Many of those regional communities are mining communities, and we recognise that it's important to support small businesses in all those communities. But our focus is very much on the key segments in the market strategy that we've got, and mining is not part of that.

**Fiona Daly:**

*Question from Evan Nicholas:* Send out paper copies of Notice of Meeting and ballot papers. There is no difference in sending paper copies to advise of upcoming meeting and sending actual copies of Notice and ballot paper.

**Patrick Allaway:** Thank you for your question, Evan. We've taken the view this year, particularly in the COVID year, where electronic and digital communication is accelerating, that it was more appropriate for us in the current environment to do that. As I mentioned earlier, it does save significant cost, but it is also the right thing to do by the environment. I do note that anyone who has asked for a paper copy has received one. Thank you.

**Fiona Daly:**

*Question from Richard Cornu:* Since 2018, why has the share price plummeted 50%? Nearly all shares have recovered the COVID-19 fall, but BOQ remains a staggering fall of 50%.

**Patrick Allaway:** Thank you for your question, Richard. We too as a Board and Management are not happy with the performance of the bank over the past three years, in particular in 2018 and 2019. There is significant structural change going on in the industry, so the whole sector has been under pressure with reduced return on equity, and that has meant all bank share prices have fallen.

In a COVID year where we've had a major unprecedented shock to the economy, with the potential credit losses that all the banks have provisioned for, including ourselves, that has also put the share price under pressure. What we did say to you at the last AGM is that we as a Board, and as a Senior Management Team has made an enormous commitment to reverse those key trends that were impacting our share price and to put forward a strategy for growth and sustainable dividends and outcomes for our shareholders.

We actually have outperformed, significant outperformed the banking index in 2020, and we've outperformed the ASX200 in calendar 2020 as well. We are not happy with where we are today and we think we're very well positioned for growth when the economy recovers, and we will continue the work on our transformation. Transformations don't happen overnight, we said at the start, but this is a three to five-year program, we have a lot more work to do but we're making really strong progress in delivering better outcomes for our shareholders. Thank you.

**Fiona Daly:**

*Comment from Rita Mazalevskis:* Good morning Chair and Board, I remind BOQ the Corporations Act states, Section 250S, questions and comments by members on Company management at AGM, the Chair of an AGM must allow a reasonable opportunity for the members as a whole at the meeting to ask questions about or make comments on the management of the Company. An offence based on Subsection 1 is an offence of strict liability. Note, for strict liability see Section 6.1 of the Criminal Code.

**Patrick Allaway:** Thank you, Rita, for your question. We're very aware of our obligations under the Corporations Act and we certainly intend to comply with those, but we appreciate you reminding us, thank you.



**Fiona Daly:**

*Question from Rita Mazalevskis:* Could you tell us how many Board members have a legal background or experience?

**Patrick Allaway:** Thank you, Rita, we have a very broad, diverse skills base on the Board, and as I said earlier, we actually conducted a skills matrix review to ensure that we've got that diversity of skills. We have one Director, being myself, who has a legal background, thank you.

**Fiona Daly:**

*Question from Craig Caulfield:* I commend the new leadership team, including Chairman Mr Allaway and CEO Mr Frazis, on a range of cultural accountability and governance reforms, BOQ people are prominent on the Banking and Finance Oath Register. BOQ numbers exceed ANZ, CBA, NAB and Westpac. Please pass on congratulations to every person at BOQ that signed up to the oath's values and let this encourage many more to take this oath, demonstrating where their values lie. Would the Board consider a new target of 300 people in the coming year?

**Patrick Allaway:** Thank you for your compliment, Craig, we appreciate that. We are very committed to the oath, in fact the principles in the oath are very similar to our purpose and the values that are so important to us as we operate our business, and the culture in this organisation that we're trying to create. We do encourage all of our staff to sign up to the oath, 300 is a good target, I can't say that we'll achieve that, but we will do everything we can to continue to encourage our people to sign up, but thank you for your compliment.

**Fiona Daly:**

*Question from Rita Mazalevskis:* Chair, your corporate governance framework states BOQ's Board is responsible for setting the strategy and risk appetite of the bank, and for leading the culture and values for our people. The corporate governance framework sets out how the Board delegates to management and provides oversight and governance of key decisions. Have you, the Board, or any authorised responsible person reported or recorded breaches by any Board or management members in the last 12 months? If so, how many and through which avenue?

**Patrick Allaway:** Thank you for your question, Rita. We've had no reportable breaches.

**Fiona Daly:**

*Question from Fiona Balzer for the Australian Shareholders Association:* The bank's financials have been in a downward trend for several years. Are there any positives you can share that will give hope to your long suffering shareholders?

**Patrick Allaway:** Thanks, Fiona, for your question, and I would hope that through both my and George's presentations, you've seen a lot of positives. But I think to break this up a little bit I might turn to my CEO and see if he would like to answer that question.

**George Frazis:** Thank you, Patrick and thank you, Fiona for your question. Referring back to my speech, if you look at our results that we delivered this year and take out the impacts of COVID, actually we've delivered on our objectives that we committed to the market in February when we provided our strategy. But importantly there's a number of fundamental things within our business that have improved, and if we take the key elements of that, firstly our business lending continues to grow in a declining market, so that creates a long-term value for our shareholders.

Importantly, we've had a turnaround in terms of our home loan performance, that's gone from being flat to now growing at market, and we've managed our margins really well. In addition to that, we've delivered on our productivity targets of \$30 million last year, and we're targeting that this year as well. So, all the ingredients are in place for us to deliver sustainable, profitable growth over the medium to long-term.



**Patrick Allaway:** Thank you, George. I think the only thing I would add to that, Fiona, is we've considerably strengthened our leadership team. As Chair and as a Board we're very excited about the capability that we've got, and ultimately, it's all about the people. We think we've got the right strategy, but we've got a very capable team to deliver against that strategy, which puts us in a very good position to grow from here, thank you.

**Fiona Daly:**

*Question from Craig Caulfield:* Mr Allaway and Mr Frazis genuinely engaged around a series of concerns and recommendations. This has been greatly appreciated and most heartening compared with other banks such as ANZ, who have used security guards to prevent shareholders meeting directors post AGM for the last two years. There is only one day in the year shareholders can engage with the Board. Will BOQ commit to hosting future physical AGMs where shareholders can also meet directors at the conclusion of the meeting?

**Patrick Allaway:** Thank you for your question, Craig, that's certainly our intent. We do get a lot more outcomes - better outcomes from meeting face-to-face. Obviously in the COVID environment that we're in, safety was very important and a virtual meeting today we decided was the best outcome that would ensure safety but also enable all of our shareholders to participate in the meeting no matter where they are.

But we would love to go back to in-person AGMs and we welcome the interaction both before the AGM and after the AGM with our shareholders, and we think that's a very important part of what we do, so absolutely.

**Fiona Daly:**

*Question from Robert Hyndman:* Has the BOQ Board considered whether BOQ stakeholders would be better off if the Company joined with another bank such as Bendigo Adelaide Bank? This might make it better to compete with the big four banks, with lower borrowing costs and economies of scale.

**Patrick Allaway:** Thank you, Robert, we don't comment on M&A, but certainly as an organisation we're always looking at the marketplace to see both what organic but also M&A opportunities there might be for our organisation to get better outcomes for our shareholders. We've got a very clear organic strategy, so we're very confident where we're positioned today and the growth that we can get from that, but we will continue to look at the whole marketplace for opportunities. Thank you.

**Fiona Daly:**

*Question from Rita Mazalevskis:* Chair, in your annual report opening, you said following my appointment as Chairman in October 2019, BOQ conducted a Board performance and skills matrix review. Facilitated by an independent third party, the review focused on improving the effectiveness and performance of the Board. Could you tell us who the third party was, and is the Board Performance Report available, as you said we are committed to increasing transparency in our reporting. If not available, why not?

**Patrick Allaway:** Thank you, Rita. I haven't received approval from the third party to release who they are. But if they're happy to disclose that, we would be happy to disclose that at the appropriate time. These reports are confidential to the Board, they're very focused on ensuring that we as a Board improve our performance and that we have the right skills mix on the Board. We've been very transparent in our governance statement, so I'll refer you to the governance report in the annual report, which is very clear about the key focus areas that we are focused on to improve our performance.



So, we've focused on a Code of Conduct, we're very focused on leading from the top in terms of culture, we are very focused on ensuring a very inclusive approach and diversity of views on the Board, and encouraging people in the organisation to speak up. But the report is confidential, and that's not something that we intend to disclose publicly but thank you.

**Fiona Daly:**

*Question from Henryk Kay:* In relation to jobs for the over 50s and people with disabilities, what is the Bank of Queensland doing to help these groups who are the biggest cohort on Jobseeker, obtain employment with BOQ?

**Patrick Allaway:** As I said to you before, as a large organisation, we have a corporate responsibility to support everyone in our communities. We will do everything we can to support diverse groups, diverse age groups but also diverse cultures and diverse gender, to ensure opportunities for them at BOQ. We are in the process of managing costs at the same time as growing, but certainly where there are opportunities to grow, we recognise that many of potential employees over 50 have considerable experience, and we are very open to employing people in that age bracket. Thank you.

**Fiona Daly:**

*Question from Craig Caulfield:* Michael and Phyllis Sanderson's case has been raised at two AGMs, the Sanderson home and farm were taken by BOQ, despite never missing a payment. The Board may find comfort AFCA reviewed this case, but Bank Warriors and Bank Reform Now are distressed at AFCA failures. Rowen Orr QC categorically demonstrated such failures at the FSRC, AFCA took 630 days versus the policy 110 days BOQ could have and should have intervened far earlier. The Sanderson's are now pursuing a just outcome in court, costing all BOQ shareholders.

**Patrick Allaway:** Thank you for your question. As we said earlier on, we don't comment on personal cases. This particular case was raised at last year's AGM. The CEO and I have actively been involved to ensure that we achieve fair outcomes, but it would be inappropriate for me to make any further comments, thank you.

**Fiona Daly:**

*Question from Peter Starr:* Good morning, Patrick, Peter Starr here. As you are well aware, during the year there was a cyber attack sent to me and which I informed you of. Can you please tell me what steps you have taken to stop these scams?

**Patrick Allaway:** Hi Peter, thank you for your question. Cyber security is a major, major threat and risk to all companies globally, and we take these attacks very seriously. What I might do is I'm going to hand to Craig, our new Chief Information Officer, put him on the spot, but I'm sure he will give you comfort around where we are with cyber, thank you.

**Craig Ryman:** Morning, and thanks for your question, Peter. Cyber security, particularly during COVID we saw elevated attacks by threats outside of our organisation. One of the things that we've done above our normal day-to-day is we've actually strengthened all of our technology assets that our customers use. This remains a real priority for me and my team, we benchmark externally, we are always upgrading our systems regularly to make sure that your data and your money is safe with BOQ.

**Patrick Allaway:** Thank you, Craig. Peter, by the way I'd like to thank you for alerting me. I know literally within an hour of that attack, you sent me a message and we really appreciate that, so thank you very much for that.

**Fiona Daly:**

*Question from Rita Mazalevskis:* Chair, BOQ's alignment of our value drivers and strategic priorities says customers and quality relationships sit at the heart of BOQ. We create value by providing a





range of financial services to meet the needs of our customers. We aim to provide exceptional customer experiences and believe in fair outcomes. We aim to support individuals and businesses to achieve their financial goals. This is not true for longstanding aggrieved customers. Why does BOQ treat them differently to their financial detriment?

**Patrick Allaway:** Thank you for your question, Rita. I might pass to George, our CEO to respond to that, thank you.

**George Frazis:** Thanks, Patrick and Rita, thank you for your question. If you look at our purpose, our purpose is absolutely focused on our customers and making sure that we create prosperity for our customers, our existing customers and new customers. We're also extremely focused on making sure that we deal with any customer issues or complaints as quickly as possible. Because that, from my experience the sooner we're able to deal with those issues in a fair and good outcome for the customers, the better it is all round.

That is our focus, we also do have a customer advocate where customers can actually go to for an independent view of their issues. So, I encourage any customers that has an issue, to approach BOQ or our customer advocate, thank you.

**Patrick Allaway:** Thank you, George.

**Fiona Daly:**

*Question from Allan [surname not disclosed]:* I am self-retired and rely on the dividend. Will the dividend go back up next year?

**Patrick Allaway:** Allan, thank you for your question, and our thoughts are certainly with you as a retired person relying on your bank dividends for your income. Unfortunately I can't tell you whether the dividend's going to go up or down today. We are very focused on improving the performance of the bank, as I said, and that will enable us to pay sustainable dividends in the long-term for our shareholders.

Our intent is to pay dividends, and we hope to raise the payout ratio as our performance improves and as the outlook for the economy stabilises, but unfortunately today I can't give you that confirmation. But we are working very hard to ensure a sustainable and dividend growth in future years, thank you.

**Fiona Daly:**

*Question from Rita Mazalevskis:* Chair, the MD and CEO said to deliver on our vision we expect everyone who represents the BOQ and its subsidiaries, referred to here as BOQ directors, employees, agents, contractors, owner managers and their staff, to conduct our dealings with the same high standards. BOQ's code of conduct sets out expectations and it ensures we comply with applicable laws and regulations and act ethically. Also, the code of conduct does not address every situation. How does BOQ manage unethical situations outside the code's scope?

**Patrick Allaway:** The code always will give us a guideline, and that's important. But as you say, the code and no policy will ever cover all issues or potential circumstances. It's important that as a Board and as a Senior Leadership Team, we exercise our discretion to ensure the right outcomes for all of our stakeholders, in particular our customers and our people and our shareholders.

We have a code that is very important to us, the cultural transformation of this organisation is a key strategic priority that George has spoken to before. We will continue to ensure that we lead by example as senior leaders in the business, and that we do ensure that people behave appropriately and to our purpose and our values, and that's a very, very important principle for BOQ, thank you.



**Fiona Daly:**

*Question from Rita Mazalevskis:* Commercial lending and asset financed increased \$345 million or 3%. Corporate and small business increased 16% on prior year in the BOQ portfolio resulting in \$237 million or 3% growth. Agribusiness lending increased by \$86 million or 14%. BOQ specialist commercial lending portfolio grew \$100 million or 3%. Equipment finance portfolio grew \$120 million. Did the treasurer's simplification of banks and broker's processes and responsibilities blaming COVID contribute to BOQ's profits before customer protections? If not, why do you say that?

**Patrick Allaway:** Thank you for your question, Rita. I'm going to pass that to George as well. Rita, what I might do just to ensure that we get a broader group of people with the opportunity to ask questions, I think you've asked a number of questions now, is just to see if there's any other questions. So, we'll answer this one and we might defer any of your questions to the end if we've got time to answer but thank you for all your questions and your interest. Thank you, George.

**George Frazis:** Thanks, Patrick and thank you, Rita. Again, if you look at our purpose, our purpose is all about making sure that we create prosperity for our customers. What that means is making sure at all times we're taking the interests of the customer when it comes to either lending or other services we provide to our customers. So, regardless of the changes of the law on responsible lending, we will always aim to make sure we're doing the right thing by our customers in terms of what's good for their prosperity. Thank you, Rita.

**Patrick Allaway:** Thank you, George.

**Fiona Daly:**

*Question from Peter Starr:* Patrick, how many outstanding legacy cases does the bank have?

**Patrick Allaway:** Peter, thanks for your question. I don't know that offhand. We will revert back, but I will just check with my colleagues whether we're actually aware of that. So, we might take that question on notice, Peter, and we will come back to you. We have your contact details, so we'll certainly come back to you on that but thank you.

**Fiona Daly:**

*Question from Peter Starr:* Patrick, I wish to thank you for the leadership of BOQ, from the time you have taken the Chairmanship, you have been on the front foot, which is appreciated by me and the shareholders I represent.

**Patrick Allaway:** Thank you for your compliment, Peter, and I always appreciate your input and calls, so it's very helpful to hear back from shareholders, and I know you represent a large group of shareholders and I appreciate your support, thank you.

**Fiona Daly:**

*Question from Rita Mazalevskis:* Chair, BOQ states housing portfolio increased \$0.5 billion or 2%, and settlement volumes up 9% on prior year. This is underpinned by the execution of a Retail Banking strategy which included mortgage process simplification. Growth in the broker channel of \$0.2 billion or 5% reflected a focus on quality third party partnerships and consistency in credit decisions and retention rates. Is this not evidence lax mortgage processes through securitisation of customer loans, financially and commercially benefits the bank, not customers?

**Patrick Allaway:** Thank you, Rita, and I'm going to ask George again to comment on that.

**George Frazis:** Thank you, Patrick and thank you, Rita for your question. An important service that we provide is helping our customers into their homes. It is a really positive thing in terms of the families and the communities that our customers live in. We do that responsibly, so we make sure it is the right thing by our customers when we help them into their home. Then the final thing I would say



is that our standards in terms of our process and our credit decisioning around our mortgages remain high and will always be a priority for us to ensure that they're higher in quality. Thank you, Rita.

**Patrick Allaway:** Thank you, George.

**Fiona Daly:** Chair, there are no further questions.

**Peter Allaway:** Thank you, Fiona. Thank you, shareholders. That concludes the discussion of all items of business for the 2020 Annual General Meeting. The poll will close five minutes after the close of this meeting. If you are yet to cast your vote, please do so now. If you're experiencing technical difficulties, please contact the share registry by calling the helpline shown at the top of your screen. BOQ's share registry will count the votes as returning officer, and we will announce the result of the poll to the ASX as soon as possible after this meeting.

On behalf of the Board and the Company, I would like to thank you for your attendance today at our first virtual AGM and subject to finalisation of the poll, declare this meeting closed. On behalf of the Board I'd also like to wish all of you, all of our shareholders, all of our employees and all of our customers, and all our stakeholders a very Merry Christmas and a very safe holiday period. I know it's been a very challenging year for all of you, and we wish you a safe, happy time with your families and we look forward to a much better year next year, thank you.

**END OF TRANSCRIPT**