



BOQ 2021 Annual General Meeting

Tuesday, 7 December 2021

Speakers: Patrick Allaway, Chairman
Mickie Rosen, Non-Executive Director
Deborah Kiers, Non-Executive Director
Dr Jenny Fagg, Non-Executive Director
George Frazis, Managing Director and Chief Executive Officer
Fiona Daly, Company Secretary

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 2021 Annual General Meeting of Bank of Queensland Limited. 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, past, present and emerging. I would also like to pay my respects to all First Nations people with us today.

The online platform we are using is the same as that used for our 2020 Annual General Meeting. The online meeting guide, which is available on our website, explains how to participate in today's meeting via the online platform and the questions and comments phone line, including how to vote and ask questions during the meeting. You can access the guide through a link at the bottom of the screen or on our website.

If you require further assistance or encounter any technical difficulties during the meeting, please contact the Company's share registry's online support team by calling the help line shown on the top of your screen. This number will be visible on your screen throughout the meeting. Please note that only shareholders, proxy holders or Company shareholder representatives may submit comments, ask questions or vote at this meeting. All other attendees are, as always, welcome to listen as observers.

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 the meeting via the online platform 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 on all items of business. You will need to be verified as the 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 platform at any time during the meeting. There will also be an extra five minutes after the end of the meeting to submit or change your votes. Following discussion on each item of business to be considered today, the total number of proxy votes received for that item and how those votes were directed will be displayed.

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 or by calling the questions and comments phone line. To ask a question via the online platform, 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.

For those shareholders who wish to ask a question orally, rather than via the online platform, this year a questions and comments phone line is available during the meeting. Further details about how to ask questions and make comments using the online platform or the questions and comments phone line are contained in the online meeting guide. To use the questions and comments phone line, shareholders must use their unique access code that was provided when they registered to use the facility. Please note, you will not be able to vote via the questions and comments vote [sic] line.

If you are listening to this meeting by phone, please ensure that you have muted your computer and other devices. If you wish to ask a question, please dial star one on your telephone keypad at the relevant item of business that your question relates to. You will be placed in a queue and the telephone operator will introduce you and prompt you to ask your question at the relevant time.

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 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. Accordingly, we ask that you submit each question separately.

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 and, while providing as much context as is appropriate in the circumstances, lengthy questions may be summarised.



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 meeting.

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 help line 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 have the great privilege of being the Chair of the Bank of Queensland. On behalf of the Board I'd like to welcome you to BOQ's annual general meeting. We are disappointed to be holding a virtual meeting again due to ongoing travel restrictions and hope to be able to meet you in person next year.

Thank you for taking the time to attend and for your continued interest in and support of BOQ. The Company Secretary has confirmed that a quorum is present and accordingly, I declare the annual meeting open. The notice of meeting was released to the ASX on 4 November 2021. 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.

It is my great pleasure to introduce our Board of Directors. Seated to my right, on your left, are Non-Executive Director Karen Penrose, Chair of the Audit Committee; Non-Executive Director Warwick Negus, Chair of the People, Culture and Remuneration Committee; Non-Executive Director John Lorimer, who retires at conclusion of today's meeting; and to my left, your right, Managing Director and Chief Executive Officer, Mr George Frazis.

Non-Executive Director Deborah Kiers, who is standing for election today; Non-Executive Director Bruce Carter, Chair of the Risk Committee; and Non-Executive Director, Dr Jennifer Fagg, who is standing for election today. Non-Executive Director, Ms Mickie Rosen, Chair of the Technology and Transformation Committee, who is standing for election today, is attending via video-link due to travel restrictions and can be seen on your screen now.

Also attending today's meeting are the members of the BOQ Executive Leadership Team. A very warm welcome to all of you and Mr Shaun Kendrigan, from our current external auditor, KPMG. I note



that item 6 on the agenda is a resolution to appoint PwC as external auditor to replace KPMG. I'd like to take this opportunity to thank KPMG for their long-term service as external auditor to BOQ.

Mr Kendrigan will be available to answer questions regarding the conduct of the audit and the content and preparation of the audit report. I'd also like to welcome Mr Matthew Lunn, our partner with PwC and Mr Rhys Casey, a partner with King & Wood Mallesons.

The agenda for today's meeting is as follows. I will make my meeting address and then George, our Managing Director and CEO will speak. These addresses have already been released to the ASX and they're also available on our 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 meeting address with four key messages to leave you with today.

Firstly, I am delighted to be able to report a material improvement in our financial and operating performance in FY21 and that we are progressing well in executing against our transformation plan.

Secondly, while the COVID pandemic has provided another challenging year with many of our stakeholders continuing to suffer hardship, we are cautiously optimistic that Australia is well placed for further economic recovery in 2022.

Thirdly, our highest priorities include supporting the financial needs of our customers, further embedding our purpose-led culture, delivering the next phase of our digital bank transformation, further integrating ME Bank, complying with our regulatory and social license to operate and growing shareholder value.

Finally, our operating environment remains uncertain with industry headwinds and risks that are at the low point in the interest rate cycle. We are well positioned to continue to pursue quality growth across both the Retail and Business Banks with prudent risk settings across our multi-brand portfolio and to progress our continuous improvement journey to deliver our ambitious long-term aspirations for BOQ.

Some comments in relation to our FY21 performance. BOQ delivered a statutory net profit after tax of 221% increase to \$369 million and cash earnings after tax increased 83% to \$412 million. These results reflected the strong improvement in our underlying performance, the release of provisions and two months of ME Bank earnings.

We have made strong progress in executing our strategic transformation, with highlights for the year including returned the Retail Bank to growth, achieving above-system quality mortgage growth. We've strengthened our team with improved leadership and execution capability. We've improved culture and engagement scores across the Group. We've delivered phase one of our digital transformation with phase two well progressed.



We have completed the value accretive acquisition of ME Bank and welcomed its team to BOQ Group. We have streamlined our business with the divestment of St Andrew's Insurance and maintained a prudent capital position with our CET1 ratio of 9.8% at financial year end.

These are pleasing results and are testament to the strong leadership of George and the Senior Executive Team and the dedication of our people to deliver our strategic plan and continuous improvement journey, which in turn is growing shareholder value and making BOQ an exciting and great place to work.

A message to our shareholders. We remain committed to delivering long term, sustainable, profitable growth to drive shareholder value. Our improving performance, coupled with the acquisition of ME Bank has enhanced value for our shareholders this financial year.

We recognise the importance of dividends to our shareholders and we're pleased to be in a position to pay a fully franked full year dividend of \$0.39 per share. Barring unforeseen circumstances, we are targeting a dividend payout ratio between 60% and 75% of cash earnings going forward. We believe this payout ratio enables BOQ to balance an attractive annual distribution to shareholders against the capital needed to support our business transformation and growth and the resilience of the Bank.

We successfully funded the ME Bank acquisition with a \$1.35 billion capital raising and we thank shareholders for their support of this raising. Due to unforeseen delays to Australia Post's delivery times, some of our retail shareholders missed the cut-off date for acceptance of the rights issue offer. On being alerted to these delays, we extended the timeframe for further acceptances to be received as long as feasibly possible. We sincerely apologise to those shareholders who were unable to participate.

We gave extensive consideration and sought advice on the structure of our capital raising to ensure it was fit for purpose, noting the material size of the capital required as a percentage of our market capitalisation, the requirement for a fully underwritten bid and the interests of all our shareholders. We believe the accelerated timeline and non-renounceable structure were critical to BOQ achieving a timely underwritten capital raising and winning the bid, minimising the dilution impact of the capital raising and providing the opportunity to create value for all of our shareholders.

A message to our customers. Exceptional customer experiences and delighting our customers every day is at the heart of what we do. Reliability, trust, making a difference, care and empathy are the key foundations of our customer relationships.

Over the past two years, our customers have needed us more than ever and I am proud to say that BOQ's people kept our branches open and we continued to support our customers and those requiring financial hardship assistance through the pandemic.

We acknowledge the many challenges experienced by our customers and the broader community over the past financial year and hope that the countless ways in which the COVID-19 pandemic has



impacted individuals will start to ease with better days ahead. The reopening of borders across the country in time for Christmas certainly feels like we have turned a corner.

We are on a continuous improvement journey with the customer experience and the value proposition at the forefront of our transformation plan. To provide just a few examples of this, during the financial year, we have helped more Australians to own their homes with improved loan approval times and have offered digital transactions and savings account services for the first time through our Virgin Money Australia brand. This was built on a digital platform that will extend to form the foundation of the Retail Bank, delivering improved digital customer offerings and experiences, including digital mortgages for all the BOQ Group brands.

We also continue to support our small business customers, helping them to achieve their business goals and working alongside them over the past two years as many of their businesses were impacted by COVID.

We recognise our social responsibility to deliver improved and sustainable outcomes for all stakeholders and the environment. BOQ is well progressed in enhancing our ESG program with transparent reporting through our published sustainability scorecard. Our program is focussed on customer experience and resilience, conduct and culture, diversity and inclusion, community support, data protection and the environment. This year I am proud to report that we have achieved carbon neutral accreditation from Climate Active. We have also committed to using 100% renewable energy by 2025. The customer voice is an important part of all conversations.

We will continue to listen to our customers to understand what is important to them, ensuring we provide value-added products and services supporting their needs.

A message to our people. Our people are our greatest asset and we value the contribution they make to our business and our BOQ customers. We recognise that quality people and strong leadership will drive our success and are committed to making BOQ a great place to work with a focus on attracting, retaining and developing our talent.

We have reframed our remuneration structure to increase employee share ownership to align with our shareholders and reward sustainable profitable growth, exceptional customer experiences and good conduct, prudent risk management and delivery against our strategic priorities.

We are embedding a performance-driven and inclusive culture through empowering our people and holding them to account to deliver against our key performance indicators. This includes encouraging our people to speak up, challenge the status quo and experiment to achieve improved outcomes. We believe living our purpose and values drives excellent conduct and better outcomes for all of our stakeholders.

We have managed through lockdown with agility and adapting to new ways of working whilst retaining productivity and improving our people engagement scores. We are encouraging our fully vaccinated



people back to the office to benefit from the collaboration, innovation and cultural benefits of a dynamic in-person office experience.

On behalf of the Board, I would like to thank all our employees for their continued hard work and contribution to a strong performance in yet another challenging year.

Some comments on Board renewal. In late 2019, the Board embarked on a refresh program of succession for those Directors approaching retirement and to enhance our future fit mix of skills, diversity and intellectual curiosity. The size of the Board has reduced from 11 to eight Directors, seven of them Non-Executive Directors, with the retirement of six Directors and three new Directors appointed.

I'd like to formally welcome Mickie Rosen, Deborah Kiers and Dr Jenny Fagg to our Board. These Directors bring deep experience in digital transformation, customer experience, organisational design, risk culture and knowledge of ME Bank's heritage. I would also like to take the opportunity to thank Kathleen Bailey Lord who retired from the Board in 2021 and John Lorimer, who retires from the Board at this AGM. Thank you to all of my Board colleagues, including those recently retired, for their considerable contribution to BOQ.

Looking ahead. Under the strong leadership of Managing Director and CEO, George Frazis, and the Executive Committee we have good momentum in the business and are well positioned to continue to progress our transformation journey. It has been 20 months since we first rolled out our strategic plan and that we recognise we have a lot more to do to meet our ambitious aspirations for BOQ.

Our operating environment remains uncertain with the ongoing pandemic, structural headwinds, increasing competition and high leverage and asset prices at the low point in the interest rate cycle. We will continue to support our customers with flexible policies and relief packages, manage prudent risk and capital settings and refine our strategy to respond to competition and structural headwinds where appropriate.

I would like to sincerely thank all of my colleagues on the Board, our CEO, the Executive Committee and all our employees for their continued commitment to delivering better outcomes for all of our stakeholders, including you - our shareholders. Thank you for your continued support of BOQ Group.

I would also like to take the opportunity to wish all of you a merry Christmas and a happy holiday festive season and all the best prospects for the New Year. I will now take the opportunity to hand over to George from his MD and CEO address. Thank you.

George Frazis: Thank you, Patrick and good morning, everyone. When I reflect on the past twelve months, I feel we've lived through more than an average year in both challenges and achievements. When we last met, we could have been forgiven for thinking the worst of the pandemic was behind us but the Delta variant had other ideas and as our nation starts to thoughtfully open up, we are all aware of the uncertainty created by the Omicron variant.



I am incredibly proud of the way our team has worked together to support our customers, people and the broader economy. Our people have sought to make a difference by acting with empathy and integrity throughout. These are our values, and they are firmly embedded at every touch point.

Despite the prevailing environment, FY21 was a remarkable year for the BOQ Group. Our diligence in executing our strategy helped us deliver a pleasing fourth consecutive half of improved underlying financial performance. In the same year we completed the transformative acquisition of ME Bank.

During the year we continued to bolster our Executive Leadership Team. We have welcomed Martine Jager as our Group Executive, Retail Banking and ME CEO; and Nicholas Allton as our Group General Counsel and Company Secretary. We have also recently appointed Chris Screen to the role of Group Executive Business Banking and we look forward to David Watts joining us as Chief Risk Officer in early 2022.

As Patrick noted, our statutory net profit including two months contribution from ME Bank has increased to \$369 million, a significant improvement on the prior year, reflecting the improved business performance, operating conditions and customer-focused culture.

Cash earnings after tax increased to \$412 million and cash return on equity increased to 8.2%. Our cash earnings per share increased to \$0.695 and as Patrick noted, the Board determined a full-year dividend of \$0.39 per share. Maintaining a strong balance sheet continues to be the utmost importance to BOQ. Our capital remains strong with a CET1 ratio of 9.8%.

These results, excluding two month contribution of ME Bank, were driven by total lending growth accelerating during the year to \$3.5 billion. Net interest income increased 6% compared to the prior year and increased 5% from the first half. We closely managed margins over the period and NIM increased by four basis points for the year and remained steady in the second half.

The cost-to-income ratio again improved during the second half FY21 to 53.3%, driven by the favourable income result and the 2% positive jaws. There was a benefit to the loan impairment expense from a net \$69 million release to the collective provision in line with improving economic conditions and from data quality improvements related to collateral. This resulted in a LIE benefit to the P&L of \$20 million for the year.

We were very pleased to see solid evidence of the turnaround of the Retail Bank this year. All channels delivered growth for the first time in seven years, allowing us to outperform the market in a meaningful way with 1.7 system growth for our mortgage book. This housing growth has been delivered while reducing our high LVR lending and ensuring our loan book remains high quality.



The performance in the Retail Bank was driven by mortgage process simplification, a new owner manager incentive program, improved retail banking and lending capability and an uplift in customer experience and quality third party broker relationships.

As business confidence returned and economic conditions improved, lending for the Business Bank was up \$1.1 billion and we were able to carefully manage margins. Deposit growth through BOQ Business increased by \$1.1 billion which has fully funded the business lending growth for the period.

During the year, our mortgage net promoter score also improved to fourth position, up from fifth in FY20 and up from eleventh in FY19. We are delivering sustainable, disciplined growth across retail and business banking, while ensuring high quality credit outcomes with good margin management and an improved customer and broker experience.

We have also made significant progress in the digital transformation of the Retail Bank. Fundamentally, we are transforming BOQ from a bank weighted down by legacy architecture and antiquated technology, into a best-practice, cloud-based digital bank.

During the year, we achieved a significant milestone for our retail banking platform, launching our new mobile banking app with savings and transaction accounts for Virgin Money. We are also on track with our build of the new BOQ mobile banking app with transaction and savings account products, scheduled for market launch in quarter one, calendar 2022.

Good progress has been made on our digital mortgage which we expect to add to the platform by the end of calendar 2022. Further, on the work we are doing to make us cloud-based, the upgrade and integration of our cloud-based card management system has allowed us to offer greatly improved digital banking app capabilities for both BOQ and Virgin Money customers.

We have also delivered choice and convenience to customers by offering the ability to link their physical card to Apple, Samsung or Google Pay digital wallets. In summary, our digital transformation is allowing us to efficiently and effectively deliver our multi-brand retail strategy.

I am also pleased that ME Bank has been successfully upgraded to version 18 of the Temenos system, an important step towards its path to the common Cloud version 20. Once all retail customers have been migrated to the new common mobile banking digital platform and the legacy systems are finally fully retired, we will see a step improvement in our cost-to-income ratio. This will also provide us with the opportunity to develop ecosystems around our key niche segments.

The ME Bank acquisition in July has delivered the strategic and financial benefits we were expecting and has significantly enhanced BOQ's scale and portfolio mix. The ME Bank brand is complementary to BOQ's existing suite of brands and the minimal overlap is helping drive the geographic diversification of our portfolio. It also balances the contribution between our retail and business bank to around about 50% each. We are pleased ME Bank is back to net growth for the month of November with momentum increasing.



As part of the integration of ME we have refreshed our operating model and have consolidated our leadership teams across all divisions. We enabled collaboration tools for our people from day one and are executing on our integration program. Consolidation of supply chain arrangements and policy harmonisation is well progressed and we are on track to consolidate our businesses onto a single ADI early in 2022.

We have accelerated the delivery of synergies which we expect it to be fully delivered by the end of FY23. Our transformation continues and we are laser focused on the continuing successful execution of our strategy. We are delivering disciplined sustainable growth while closely managing margins, ensuring good credit quality and delivering productivity improvements.

As you have seen, our customer-centric focus is delivering results. Our time to yes continues to be a priority, particularly through periods of increased volumes. This, along with significant improvements made over the past 18 months, has contributed to our customer NPS scores improving. We remain committed to building a sustainable business with a clear focus on positive environmental, social and governance outcomes. We know that diversity within our business is crucial to our success and ensures we reflect our customers and the communities in which we operate.

During the year we made strong progress on our gender diversity target of 40% and we are recognised as an employer of choice of gender equality. Our employee engagement score of 64% has improved 5% and we are working hard to meet our top quartile target of 72%. During the year we also achieved our carbon neutral certification. We have a plan to reduce our emissions and are targeting 100% renewable energy by 2025. We are working closely with our suppliers and customers through the transition to a low carbon future.

Across the Group our employee networks champion many marginalised groups and ensure their voices are heard. This includes acknowledging days of significance and celebration across the year for our First Nations people, LGBTIQ+ community and celebrating Diwali. Community is at the heart of what we do. As a Group we raised more than \$867,000 for our community partners. We are focused on supporting vulnerable Australians and our key partnerships help Aboriginal and Torres Strait Island people, as well as those experiencing homelessness.

We work with the STARS and Clontarf Foundations that provide education and development of life skills for Aboriginal and Torres Strait Islander communities and we are a key partner for Orange Sky which provides laundry and shower vans for people in need. Orange Sky, which was started by two Brisbane University students, with our financial help is now national and helping homeless people across Australia.

Moving to FY22. We will continue to progress our strategic transformation program. As a nation we are relatively well placed for continuing economic recovery with house prices remaining strong, consumers ready to spend, businesses ready to invest and the vaccine rollout becoming one of the highest globally. As mentioned at the beginning of my comments, we maintain a watching brief on the



potential implications of the Omicron variant, including ensuring the health and wellbeing of our employees and customers.

We will continue to work closely with customers and communities that need our support. We have a strong capital position and a clear digital transformation roadmap. We reconfirm the FY22 guidance of at least 2% positive jaws, with expenses down 1% for the year. Our growth momentum has continued in a quality way throughout the first quarter of FY22 with strong application volumes across both the housing and business lending portfolios. The BOQ, VMA and BOQS housing portfolio increased by around \$1 billion for the quarter continuing its above market growth and ME returned to growth for the month of November.

Business banking lending grew by around \$200 million in the first quarter 2022, with the asset finance business also performing well. The growth in retail and business remains disciplined and high quality with low levels of above 90% LVR lending in mortgages and a focus on SMEs in the business bank. The industry has experienced NIM headwinds in the first quarter 2022 as a result of tougher trading conditions, including yield curve volatility arising post the RBA removal of yield curve control, intense price competition, increased fixed rate lending and higher liquid asset balances.

This will result in a slightly lower FY22 NIM than previously guided. Given our ongoing focus on delivering positive jaws, FY22 expenses are now expected to be around 1% lower than FY21, reflecting additional productivity benefits. A greater proportion of the additional cost reductions will be realised in the second half. We remain absolutely committed to achieving quality, sustainable, profitable growth for you, our shareholders.

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 for their continued focus on our customers and focus on improving our business. A special callout to all our branch staff who have kept our doors open for our customers throughout the pandemic.

I'd now like to pass back to Patrick for the formal business of today's meeting. Thank you.

Patrick Allaway: Thank you George. Ladies and gentlemen, we now come to the formal business of the meeting. There are 6 items of business on today's agenda. I will introduce each item of the business separately and then invite questions for that 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, 4 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 have 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.

We will now proceed to the first item of business. The first item of business listed on the notice of meeting is to receive and consider the Financial Report, the Directors' Report and Auditor's Report for the Company and its controlled entities, for the year ended 31 August 2021. In accordance with the *Corporations Act*, there is no voting on this item. This item of business provides shareholders with the opportunity to ask questions about the reports and 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. By submitting your question online, or if you are using question and comments phone line, by notifying the operator that you would like to ask a question on this item, by dialling star one on your telephone keypad.

As mentioned earlier, Mr Shaun Kendrigan, 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 auditor were received. Are there any online questions on this item of business?

Fiona Daly: Chairman, we have no questions from participants using the online platform for this item of business.

Patrick Allaway: Thank you Fiona. Do we have any questions on the phone line?

Operator: Yes, we have a question from Rita Mazalevskis, please go ahead.

Rita Mazalevskis: (Shareholder) Good morning Chair and Board. Last week we saw ASIC launch legal action against Westpac for widespread breaches and we also saw a class action being filed against ANZ for charging customers interest on interest free credit cards. Are you and the Board confident BOQ has now outstanding breaches to disclose, as required by law, which would cause ASIC to launch further legal action against BOQ in the future which would unfairly and negatively impact shareholders? Thank you.

Patrick Allaway: Thank you Rita, we have no breaches to disclose. Thank you.

Operator: Your next question comes from Mr Peter Starr, please go ahead.

Peter Starr: (Shareholder) Good morning Chair, good morning George and good morning fellow shareholders. My name is Peter Starr, I represent a number of shareholders and also as a private equity advisor I have brought some of my clients to Bank of Queensland. My question to you Mr Allaway, if I could, is that, while the results are good and things like that are outstanding, I think that



under the leadership that you provide to the Board I think is exceptional, I think that there's been incidents in the past and going forward we need to be very careful to make certain that we never repeat any mistakes of the past. And I think you would agree with that?

Patrick Allaway: Thank you Peter and absolutely, we are very focussed on conduct and culture, it's a very big part of our transformation program and we have a code of conduct which sets the standards that we expect of our Board, our senior leadership team and all of our people. We are very focussed on doing the right thing and living to our values of empathy, integrity and making a difference. Thank you.

Operator: There are no further questions on the phone line at this time.

Patrick Allaway: No further questions on the phone line? Fiona no further questions on this item? If there are no further questions, we will now move to the next item of business.

Item 2, the election of directors, which relates to the separate elections of Ms Mickie Rosen, Ms Deborah Kiers and Dr Jennifer Fagg, each as a director of the Company. I will introduce each resolution and you will have the opportunity to hear comments from each director. Shareholders and proxy holders will have the opportunity to ask questions on all three resolutions and we will then proceed to vote on each resolution.

The biographical details of each of Ms Rosen, Ms Kiers and Dr Fagg are set out in the explanatory statement that accompanied the notice of meeting. Ms Rosen, who was appointed to the Board in March 2021, is seeking to be elected as a director of the Company at this year's meeting. Mickie has served on the Board since March 2021. She is the chair of the Transformation and Technology Committee and a member of the Risk Committee, Audit, People and Culture and Remuneration Committees and the Nominations and Governance Committee.

The Board, with Mickie abstaining, recommends that shareholders vote in favour of Ms Rosen's election as a non-executive director of the Company. I will now ask Ms Rosen to address the meeting.

Mickie Rosen: Thank you Patrick and hello everyone. It's a privilege to be here with you today and I look forward to a time when we'll be gathered together in person. Thank you for the opportunity to stand for election to serve on the Board of BOQ. I have over 30 years of operating, strategy and board experience at the intersection of media, commerce and technology. I have been an operative executive at large global companies such as Yahoo, Fox and Disney as well as several growth and early stage companies.

I have also served as a senior advisor to the Boston Consulting Group and built the foundation of my career with McKinsey and Company. I currently advise early stage companies and serve on boards in both the United States and in Australia including Nine Entertainment Company. My passion is in building, growing and transforming businesses. Over the past two decades, I have experienced the



disruption and innovation of two industries: media and retail. I have witnessed how technology enables new markets, new models, new entrants and massive shifts in consumer behaviour and at the same time, how incumbent players transform both externally and internally to compete.

I became interested in financial services and BOQ specifically as I observed this industry facing similar patterns of disruption and innovation and BOQ on its own journey of transformation, reinvention and new cycles of growth. My hope is that I could apply my experience and learnings from leading digital companies as well as traditional companies in transformation to BOQ. My goal is to govern and help build BOQ into a leading digital bank who puts consumers first, who develops capabilities in digital and data and builds a culture of adaptability, agility, curiosity and innovation so BOQ continues to thrive in this dynamic world for many generations to come.

I'd like to thank Patrick and the rest of the Board for their support. If elected today, I commit to serving you - our shareholders - as well as our customers and team to the best of my abilities. Thank you for your consideration.

Patrick Allaway: Thank you Mickie. I now invite shareholders, proxy holders and corporate representatives who wish to ask a question on this item to do so by submitting your question online, if you are using the questions and comments and phone line, by notifying the operator that you would like to ask a question on this item by dialling star one on your telephone keypad. Are there any questions on this item of business?

Operator: Mr Chairman, we have no questions on this item of business from participants using the online platform.

Patrick Allaway: Thank you Fiona. Do we have any questions on the phone line?

Operator: Hi. Yes. We do have Peter Starr on the phone lines. Please go ahead:

Peter Starr: (Shareholder) Yes. Chairman, I'd just like to say through you to Mickie that I think it's an important appointment given that the previous CEO and Chairman of the Bank never addressed the technology issues and that's why we lag. So Mickie, it's a big role you have to fill. You'll have the support of the shareholders I represent and please let's fix it up and make the digital revolutionary change the best. Thank you.

Patrick Allaway: Thank you for your support, Peter. We are very focused on our digital transformation and Mickie's making an exceptional contribution on that front but thank you for calling that out. Are there any further questions?

Operator: No further questions on the telephone.



Patrick Allaway: Thank you. If there are no further questions...

Operator: No further questions on the online.

Patrick Allaway: Thank you Fiona. I'll now put the resolution to approve Item 2A to the meeting. The resolution before the meeting is that Ms Rosen who was appointed by the Board in March 2021 and being eligible to be 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 in the screen are details of the direct and proxy votes received prior to the meeting in relation to Item 2A, the proposed election of Ms Rosen. For the shareholders on the phone, the slides show that we have received 98.93% of votes for the resolution and 0.36% of votes against the resolution.

I will now move to the next resolution to the election of Ms Kiers. Deborah Kiers was appointed to the Board in August 2021 and is seeking to be elected as a director of the Company at this year's meeting. Deb has served on the BOQ board since August '21. She is a member of the Transformation and Technology Committee, the Risk Committee, the Audit Committee, People and Culture and Remuneration Committee and the Nominations and Governance Committee.

Deb previously acted as a director of Members' Equity Bank which was acquired by BOQ in July this year. The Board, with Ms Kiers abstaining, recommends that shareholders vote in favour of Ms Kiers election as a non-executive director of the Company. I will now ask Ms Kiers to address the meeting. Thanks Deb.

Deborah Kiers: Thank you Patrick and good morning ladies and gentlemen. I am very pleased to be seeking your support today to serve on the Bank of Queensland board. As you know and as George and Patrick have both already mentioned, it's currently a dynamic environment for banking with changing global and macro-economic forces, new technologies, new entrants and shifting customer behaviour and expectations just to name a few.

Since joining the Board in August, I have been inspired by the calibre of our people and the significant progress they have made in BOQs transformation journey including the integration of ME Bank. At the same time, the Board and Executive have worked together with an unrelenting focus on meeting customer needs and delivering exceptional performance in the face of the ongoing pandemic, structural headwinds and increasing competition.

BOQs leadership also understands that customers, shareholders and staff increasingly want to invest in and work for businesses that have a clear and authentic purpose, that demonstrate social responsibility in what they do and that have leaders who they can trust to improve outcomes for people, communities and the environment while at the same time delivering strong financial performance for shareholders and this is something I'm certainly committed to myself.



I am hoping that my skills and experience as a non-executive director and as an executive will allow me to make a meaningful contribution to BOQ alongside my Board colleagues. My career has included over 26 years providing strategic advice and consulting to boards and executive management teams both in Australia and internationally with specialist consulting firm JMW Consultants as well as independently. I have had the opportunity to gain valuable insights from working across a range of industry sectors including financial services, energy and resources, industrials, asset management, infrastructure and regulated utilities working with many companies undergoing strategic business transformations in response to disruptive challenges.

Of particular relevance to BOQs strategic priorities, I have experience supporting strategy development, designing and implementing new business and operating models, M&A integration and transforming organisational culture and more recently, I've also been involved in the development of corporate ESG strategies, building strategic partnerships and aligning purpose, strategy and culture.

I'm also very pleased to be able to bring experience and knowledge of ME Bank's unique value proposition, culture and heritage from my time as a director on the ME Bank board as BOQ expands its multi-brand business, each with its own distinctive niche market and value proposition. Since 2014, I've served as a non-executive director for IFM Investors where I chaired the board responsible investment and sustainability committee and I'm also a non-executive director of the Tiverton Agriculture Impact Fund.

So in closing, I'd like to thank the Chairman and my Board colleagues for supporting my nomination. I really am excited about what is possible for BOQ and would be proud to contribute to the important role it plays in the community. I also look forward to the opportunity to meet you all in person in the future. Thank you.

Patrick Allaway: Thank you Deb. I now invite shareholders, proxy holders and corporate representatives who wish to ask a question in respect to the election of Ms Kiers to do so by submitting your question online or if you are using the question and comments phone line, by notifying the operator that you would like to ask a question on this item by dialling star one on your telephone keypad. Fiona, do we have any questions?

Operator: Mr Chairman, there are no questions on the online platform for this item of business.

Patrick Allaway: Thank you. Do we have any questions on the phone line?

Operator: Mr Chairman, we have no questions on the telephone.

Patrick Allaway: If there are no further questions, the resolution before the meeting is that Ms Kiers who was appointed by the Board in August '21 and being eligible to be 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 proxy votes received prior to the meeting in relation to Item 2B, the proposed election of Ms Kiers. For the shareholders on the phone, the slides show that we have received 98.99% of votes for the resolution and 0.3% of votes against the resolution.

I will now move to the next resolution: the election of Dr Fagg. Dr Fagg was appointed to the Board in October 2021, is seeking to be elected as a director of the Company at this year's meeting. Dr Fagg has served on the BOQ board since October '21. She is a member of the Transformation and Technology Committee, the Risk Committee, the Audit Committee, People, Culture and Remuneration Committee and the Nominations and Governance Committee.

The Board, with Dr Fagg abstaining, recommends that shareholders vote in favour of Dr Fagg's election as a non-executive director of the Company. I will now ask Dr Fagg to address the meeting. Thank you.

Jenny Fagg: Thank you Patrick and good morning everyone. It is my very great privilege to stand for election as a director of the Bank of Queensland today. Having been born and educated in Queensland, I was delighted to join such an essential part of Queensland's banking history in its journey of transformation.

I have more than 25 years executive experience leading large financial services institutions in Australia, Canada and New Zealand. Formally, I was the chief executive officer of the ANZ National Bank, New Zealand's largest bank. I also have deep expertise in risk management holding a PhD in credit risk. Most recently, I served as chief risk officer for AMP Limited driving a critical transformation agenda for risk management following the Hayne Royal Commission.

If elected to the BOQ board today, I will continue to advocate for a strong effective risk culture and risk practices that both deliver growth and match the expectations of the communities we serve. More broadly, having championed financial literacy and diversity in leadership throughout my banking career, I'll strive for us to help develop our people to be the best they can be, to best serve all our stakeholders. Thank you.

Patrick Allaway: Thank you, Jenny. You can see from those three addresses, we've got some fabulous and very capable, skilled new Directors joining the Board and I'm very excited to be working with all of you.

I now invite shareholders, proxy holders and corporate representatives who wish to ask a question in respect of the election of Dr Fagg as a Director of the Company to do so by submitting your questions online or if you are using the question and comments phone line, by notifying the operator that you would like to ask a question on this item by dialling star one on your telephone keypad. Are there any questions on this item of business?



Fiona Daly: Chairman, there are no questions from participants using the online platform for this item of business.

Patrick Allaway: Thank you, Fiona. Do we have any questions on the phone line?

Operator: Yes, we have a question from Mr Peter Starr.

Peter Starr: (Shareholder) Yes, Mr Chairman, Ms Fagg, I've just been asked to raise some things by the shareholders I represent. We have some concerns in relation, because of you're being on AMP and given we're all well aware of the Banking Royal Commission, the big four banks said we didn't need one and we certainly did need one because some CEOs needed to be dragged screaming and kicking to answer questions.

So for the people I represent, we have a concern but we will adopt a wait-and-see. I just need to express those things directly, as I say, on behalf of the people I represent. Thank you.

Patrick Allaway: Thank you for your comment, Peter. I just would like to make a couple of comments. One is just to note that Jen joined the AMP team after the Hayne Royal Commission so she played in a Chief Risk Officer role, a very important role in the response to the Hayne Royal Commission. That's been a considerable learning experience which is invaluable for BOQ and Dr Fagg will bring significant skills from those learnings to us as we go forward.

Jen, I don't know if you want to respond any more to that? Okay, thank you. But thank you for your question, Peter. Are there any other questions on the phone line?

Operator: No further questions on the telephone at this time.

Patrick Allaway: If there are no more questions, I'll now put the resolution to approve Item 2C to the meeting. The resolution before the meeting is that Dr Fagg, who was appointed to the Board in October '21 and being eligible to be 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 the details of the direct and proxy votes received prior to the meeting in relation to Item 2C, to the proposed election of Dr Fagg. For the shareholders on the phone, the slides show that we have received 98.95% of votes for the resolution and 0.33% of votes against the resolution.

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 of BOQ. The terms and conditions attaching to the performance shares and the



premium priced options are outlined in detail in the explanatory statement accompanying the notice of meeting.

I now invite shareholders, proxy holders and corporate representatives who wish to ask a question on this item to do so by submitting your question online or if you are using the question and comments phone line, by notifying the operator that you would like to ask a question on this item by dialling star one on your telephone keypad. Are there any questions on this item of business?

Fiona Daly: Chairman, there are no questions on this item of business from participants using the online platform.

Patrick Allaway: Thank you, Fiona. Do we have any questions on the phone line?

Operator: Chairman, there are no questions on the telephone.

Patrick Allaway: Thank you. If there are no questions, I will now put the resolution to approve Item 3 to the meeting. The resolution before the meeting is that approval to be given for all purposes including ASX listing rule 10.14 for the grant of performance shares and premium priced options to Managing Director and Chief Executive Officer, Mr George Frazis as his total variable remuneration opportunity for FY22 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. For the shareholders on the phone, the slides show that we have received 95.06% of votes for the resolution and 4.28% of votes against the resolution.

I will now move to the next item of business. Item 4 is an ordinary resolution which relates to the approval for the grant of equity securities under the BOQ's equity incentive plan. Details with respect to this item are outlined in detail in the explanatory statement accompanying the notice of meeting.

I now invite shareholders, proxy holders and corporate representatives who wish to ask a question on this item to do so by submitting your questions online or if you are using the question and comments phone line, by notifying the operator that you would like to ask a question on this item by dialling star one on your telephone keypad. Are there any questions on this item of business?

Fiona Daly: Chairman, there are no questions on this item of business from participants using the online platform.

Patrick Allaway: Thank you, Fiona. Do we have any questions on the phone line?



Operator: Yes, we have a question from Mr Peter Starr.

Patrick Allaway: Are you there, Peter?

Operator: Mr Starr, your line is open.

Peter Starr: (Shareholder) Yes, so in relation to - my question related to the previous thing but you didn't pick me up. What I want to know is that when we grant those rights to the CEO of the Company, I think they're well-founded in relation to what is done and what is said. I think George, your words, what you say about customers and about what you want to do, you need to stand by those words and you need to honour everything you say - what you've said at that meeting. That's really important. Thank you.

Patrick Allaway: Thank you, Peter. Are there any other questions on the phone line in relation to this resolution, item 4?

Operator: Chairman, there are no further questions on the phone line.

Patrick Allaway: Thank you. If there are no further questions, I'll now put the resolution on Item 4 to the meeting. The resolution before the meeting is that the issue of equity securities under the BOQ equity incentive plan as described in the explanatory statement, be approved as an exception to ASX listing rule 7.1, pursuant to exception 13 in ASX listing rule 7.2. 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 voted, please place your vote by clicking on the for, against or abstain buttons on your voting card. Displayed on the screen are the details of the direct proxy votes received prior to the meeting in relation to Item 4. For the shareholders on the phone, the slides show that we have received 96.32% of votes for the resolution and 2.99% of votes against the resolution.

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 2021 annual report which is available on the Company's website. As noted, the resolution is advisory and does not bind the Directors.

However, as 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 shareholders in 2020.



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.

I now invite the shareholders, proxy holders and corporate representatives who wish to ask a question on this item to do so by submitting your question online or if you are using the question and comments phone line, by notifying the operator that you would like to ask a question on this item by dialling star one. I'm sure you know - all know the routine by now, I apologise for the tedious process during this virtual meeting.

Are there any questions on this item of business?

Fiona Daly: Chairman, we have questions on this item of business. Your first question comes from *Joshua Hayes*. Would the Chairman and Board members consider the merits of implementing a wage ratio policy whereby Executive salaries are tied to the median salary of the employees within the Company so that Executive's salaries cannot increase at a rate faster than that of other employees. These have proven to be effective in the UK.

Patrick Allaway: Thank you for your question, Joshua, and we understand the merits of what you're proposing and we will - certainly are open to all considerations. We are very focussed on ensuring that we have a flexible policy that enables us in this environment to retain and attract talent.

As I said before, our people and our leadership team are core to our success and it's important that we retain remuneration policies that give us the flexibility and discretion to ensure that we can retain and attract good people. But thank you for your question. Any further questions, Fiona?

Fiona Daly: Chairman, your last question on the online platform comes from shareholders, *Walter and Audrey Martins*. Rewarding members of the Leadership Team should be exercised from within, which includes bonuses, which may be used to increase their investment in purchasing BOQ shares but not at the expense of shareholders. If the latter is seen as retaining even extremely good staff, I say it is not fair. Certainly not a fair go to your patient, loyal and ever-trusting investors of Management.

Patrick Allaway: Thank you for your question, Walter and Audrey. I'm not sure I quite understand your question but I will attempt to answer it. Whether we issue shares or provide our Executives with performance share rewards or whether we pay them in cash, both of those are all a cost to shareholders. So they all come out of the same pool.

We have taken the view that for our senior leadership team, we would like to align them with shareholders and we believe that rather than paying cash bonuses, it's in the long-term interest of shareholders to align the ownership of shares with our senior leadership team.



But they both come out of the same cost-base. We're not taking money away from shareholders. The whole pool of the shareholder value is in the Bank and whether we issue shares or cash, it's the same. The good thing about shares is they vest over three to four year period and they are very aligned to creating shareholder value but thank you for your question.

Do we have any questions on the phone line?

Operator: Yes. We have a question from Mr Peter Starr.

Peter Starr: (Shareholder) Yes, thank you, Chairman. We believe, from the people I represent, that if you are going to issue, it is much better to issue shares because that cash bonus and that, during the Royal Commission, you saw the problems that causes. So the idea that you put shares to the Executive Team on the performance of how they perform and how the overall share price for all the other shareholders is a very good way, in my view.

The views that I represent, we think that is a much better way than cash. We're absolutely opposed to cash being given but shares given, because they do vest over time and it's the performance of how they go while they're in the role. Because certainly, the previous Management of the Bank did a terrible job. No question about that, that's why you had to clean up a mess and George has had to clean up a mess and it was a mess. So let's be guided here by no cash bonuses. Earn the shares and perform for the shareholders and the customers. That's what's critical here. Thank you.

Patrick Allaway: Thank you. Thank you, Peter and we certainly support all of those principles and our remuneration structure is very aligned so thank you. Are there any further questions on the phone line?

Operator: Chairman, there are no further questions on the phone line.

Patrick Allaway: Thank you. I'll 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 '21 be adopted. As set out in the notice of the 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 the for, against or abstain buttons on your voting card.

Displayed on the screen are the details of the direct proxy votes receive prior to the meeting in relation to Item 5. For the shareholders on the phone, the slides show that we have received 94.15% of votes for the resolution and 5.17% of votes against the resolution.

I will now move to the next item of business. Item 6 is an ordinary resolution which relates to the approval for the appointment of PwC as the Company's external auditor in accordance with the



Corporations Act following completion of a tender process and with effect from the conclusion of this annual general meeting. The reasons for and process behind the change are outlined in the explanatory statement accompanying the notice of meeting in respect of this item of business.

I now invite shareholders, proxy holders and corporate representatives who wish to ask a question on this item to do so by submitting your question online or if you are using the question and comments phone line, by notifying the operator that you would like to ask a question on this item by dialling star one on your telephone keypad. Are there any questions on this item of business?

Fiona Daly: Chairman, there are no questions on this item of business from participants using the online platform.

Patrick Allaway: Thank you, Fiona. Are there any questions on the phone line?

Operator: Chairman, there are no questions on the phone lines.

Patrick Allaway: Thank you. I'll now put the resolution on this Item 6 to the meeting. The resolution before the meeting is that subject to the resignation of the current auditor of the Company, for the purposes of 327B of the *Corporations Act* and for all other purposes, approval is given for PricewaterhouseCoopers having been nominated by a shareholder and given its consent in writing to act as auditor, to be appointed as auditor of the Company in accordance with the *Corporations Act* with effect from the later of either the conclusion of this meeting or the day on which ASIC gives its consent to the resignation of KPMG as the current auditor of the Company and the Board be authorised to agree PwC's remuneration in connection with this appointment.

If you have not already done so, please place your vote by clicking the for, against or abstain buttons on your voting card. Displayed on the screen are details of the direct proxy votes received prior to the meeting in relation to Item 6. For the shareholders on the phone, the slides show that we have received 99.02% of votes for the resolution and 0.26% of votes against the resolution.

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? Fiona.

Fiona Daly: Chairman, we have received several questions to answer under general business. The first comes from *Colin Fergusson*. Can you explain your progress with your digital transformation program? It is embarrassing that this Bank has a mobile application for Apple and Android that is so useless and lacking in features versus the competition. Just that fact the Android app hasn't been updated since 2018 shows the distinct lack of care towards the customer.



Patrick Allaway: Thank you, Colin and we certainly accept that there's been considerable under-investment in the past in our technology program and when we launched the 2020 strategy in February 2020, we made a very big commitment to the digital transformation of this Bank. We are now 20 months into that program. Phase I has been delivered. We are making great progress but we certainly recognise that we've got a long way to go and there is more work to do.

I might ask George to just expand on that and make some further comment.

George Frazis: Thanks, Patrick and Colin, thank you for your question. You raise a really important point for the BOQ Group. Under the Board's approval and guidance, we've actually invested quite heavily in BOQ over the last two years. Over \$200 million and in fact we've got plans to invest over \$300 million over the next couple of years and that is all about our digital transformation. What I'm really pleased about is that we've made good progress on that.

As mentioned, for Virgin Money, we've now launched the new mobile banking app so I do encourage you either to sign up to Virgin Money as well, which is fully owned by the BOQ Group or have a look at that app, because effectively, that is going to be the leading edge app that we're going to also provide for the BOQ brand. Now, that's scheduled to be delivered fully in market on - in the first quarter of next year. So we're very excited by that.

Then, by the end of next year, we'll also introduce the digital mortgage on to that application. So, effectively what we're going to have is a state of the art, cloud-based single retail banking platform where all our brands reside and what that means for our customers is that they'll have the leading mobile banking app and all the services that are required in the future.

Patrick Allaway: Thank you George and thank you Colin for your question. Are there any further questions, Fiona?

Fiona Daly: Chairman, the next question comes from *Michael Walsh*. Does the Board accept responsibility for the many individual shareholders missing out on participating in the written share purchase plan due to the pathetic timeframe set by the Board?

Patrick Allaway: Thank you for your question, Michael and as I said in my speech earlier, we certainly acknowledge that some of our shareholders received their offer documents late and we apologise for that. We absolutely take responsibility for the structure of the offer. But just wanted to give you some background, which I did make some comments in my speech but wanted to give you some further background in relation to the structure.

In the ideal world, we would love to be able to have given shareholders a lot more time to respond and we'd love to have been able to offer shareholders a renounceable structure, but we were in quite a unique situation where we were raising 40% of our market capitalisation, which is substantial. There



are not many companies on the ASX that have raised - successfully raised that amount of money in the past.

We're participating in a competitive bid which the vendor had options from other parties that had much stronger balance sheets than ourselves that were able to fund this acquisition off their balance sheet and there was a large question mark about our ability to raise the money. Given the size of the offer and the fact that we knew the fully underwritten offer as part of the bid to win a successful bid, we took extensive advice and gave considerable thought to the timeframe within which we gave our customers - our shareholders the opportunity to respond to the offer, but also the structure of the offer, and time was of the essence.

For the underwriters, the longer the timeframe, the greater the market risk for them in underwriting this offer was for them. So, the structure that we put forward is a very standard structure; the timeframe was a very standard timeframe for this type of structure. We did not foresee the extensive delays in Australia Post and we apologise for that. We did, when we learnt that, do everything we could to extend the period of the offer as far as feasible but the structure was in the best interests of all the shareholders and we're certainly of the view that without that structure, it would have been difficult for us to win the bid.

But I am sorry for you or any of our other shareholders who were not able to participate, but thank you for your question.

Fiona Daly: Chairman, your next question comes from *Lina Silvio*. As per Chairman's letter to shareholders, BOQ's priority has been to continue supporting customers. When is BOQ going to implement Osko payments? It was established in 2017 but BOQ customers are still waiting.

Patrick Allaway: Thank you, Lina, and that's certainly very much part of our digital transformation. I'm pleased to tell you that with the roll-out of Phase 1 and Virgin Money, we do have real-time payments on our Virgin Money platform and certainly with the roll-out of the BOQ app next year, we hope to be in a position to have real-time payments next year. George, I'm looking to you to confirm that that's the case.

George Frazis: That's absolutely right, Chairman.

Patrick Allaway: Thank you. Any further questions, Fiona?

Fiona Daly: Chairman, the next question comes from *Kelly Buchanan* of the Australian Shareholders' Association. For years and years, BOQ has been promising to get on top of its antiquated technology system. How can your long-suffering shareholders be confident that with the acquisition of ME Bank, this time it's different?



Patrick Allaway: Thank you for your question, Kelly and we discussed this when we met with you last month. I think we've responded - George and I have responded to the question on our technology and systems and digital transformation. As George mentioned, we're making a considerable investment and we are delivering. So, we have delivered Phase 1, we're well-progressed in delivering Phase 2 and there's a very disciplined program to deliver, but we're only 20 months into that program.

In respect to your question in relation to the acquisition of ME Bank, what ME Bank does for us is it gives us the ability to scale, so in terms of the technology spend that we're making, that's shared across a much broader customer base. We were fortunate that the ME Bank is on the same platform, the Temenos platform that we're rolling out as the single platform for the Group. It's an older platform, so ME Bank has just been through an upgrade, a successful upgrade, but it's very much aligned to what we're doing. George, I don't know whether you want to add to that.

George Frazis: Chairman, just to add, we successfully upgraded the ME Bank Temenos system to version 18. That's the version just below the version we've got for ME Bank, which is version 20 and because basically both systems have the same data architecture, it's going to be a much more straightforward proposition for us to upgrade the ME Bank to the next cloud platform, so we're very pleased with the progress we're making.

Patrick Allaway: Any further questions, Fiona?

Fiona Daly: Several questions to go, Chairman. The next one comes from *Stephen Hart*. ME Bank and BOQ have similar accounts that provide a bonus interest rate for the month if conditions are met. When the bonus conditions are met, ME Bank puts a message on your online banking in the account; this is good PR. BOQ doesn't send such a message, so you aren't sure you have met the bonus conditions until the interest is paid. ME shows the bonus interest separately; BOQ doesn't. Would BOQ consider adopting the processes from ME where they are an improvement?

Patrick: Thank you, Fiona. George, I might get you to respond to that as well, thank you.

George Frazis: Thanks, Patrick and thank you for the question - it was Stephen, was it? Sorry. Stephen. Our intent is, as we move to the new digital platform, we will be able to provide more functionality and information for our customers. In fact we will be able to allow our customers to do more self-service. So the whole issue around providing information on exactly what interest rate your customers are getting or not, will be a functionality of the new platform. So that is something that's in train at the moment.

Patrick Allaway: Thank you George. Fiona, back to you for any more questions.

Fiona Daly: The next question comes from *Kelly Buchanan* of the Australian Shareholders' Association. The capital raising earlier this year was quite unfair to retail shareholders in many respects. At our pre-AGM meeting with the Chairman he noted the Bank had learned things and



would act differently in the future. What will you do differently and can shareholders really believe this?

Patrick Allaway: Kelly, thank you for your question. Again, thank you for taking the time to meet with me last month. Certainly every offer is unique. So it's important that as we think about when we do raise capital the circumstances are quite unique. What I did say to you, and I will say to all of our shareholders, in the ideal situation if it was a smaller capital raising where we felt comfortable that we could raise the money where we didn't require to respond to a competitive bid we would certainly give our shareholders as much time as possible.

We certainly reflected on the disappointing result of Australia Post even though we paid for priority post. So we've learned from that as well. But we do take all of our shareholders into account when we make these decisions. We feel we made the right decision last time, but certainly going forward we have learned and we will continue to consider all aspects as we make those decisions. But thank you.

Fiona Daly: Chairman, the next question comes from *Stephen Hart*. ME Bank and BOQ have similar accounts that provide a bonus interest rate for the month if conditions are met. Apologies Chairman, it appears the platform is malfunctioning. I will move to the next question.

Patrick Allaway: That's fine. I think we just answered that one. Thank you.

Fiona Daly: The question is from Henryk Kay. Will BOQ be linking with the Virgin frequent flyer program?

Patrick Allaway: George would you like to respond to that?

George Frazis: Thank you for the question. The loyalty program within the VMA app is a really important part of the functionality and the service we provide our customers. We do want to extend that loyalty across all of our customers. It will be different for each of our brands. So there will be unique elements that really reflect the needs of our customers by brand. But loyalty is going to be an important part of the offering going forward.

Patrick Allaway: Thank you George. Back to you Fiona for further questions.

Fiona Daly: The next question is from *Michael Cockburn*. There used to be a time when presentations at the AGM were first heard when you attended the AGM. Today I noticed your presentations were available at the ASX around 8:45am. Why the change? Is there some new requirement these days to do the early release? Surely the need to attend the AGM to hear the news is diminished and I cannot see that as a good thing.



Patrick Allaway: Thank you for your question. I think there are a couple of considerations. Obviously we are operating in a very different environment where people could attend in person. These virtual meetings are difficult and some people can't attend or don't participate. We also think it's good practice to ensure that we disclose on the ASX anything that we make in public statements at these meetings. We think that's good corporate governance and good practice. But certainly we would encourage you to attend the meeting because you don't get the Q&A and you don't get the interaction with the Board and our executives through that ASX release. But we think that's good corporate governance. Thank you.

Fiona Daly: Chairman, the next question comes from *Rita Mazalevskis*. During the Financial Services Royal Commission it was noted that the 2004 Code of Banking Practice formed part of BOQ's home loan contracts. Could you and the Board confirm the Banking Code of Practice continues to form part of the BOQ's relevant lending contracts which provides consumers important safeguards and protections that aren't set out in the law.

Patrick Allaway: Thank you Rita. I can confirm that the Code of Practice is part of our lending processes. Thank you.

Fiona Daly: Chairman, the next question comes from *Stephen Hart*. I have asked some questions that highlight some differences between me and BOQ. Would BOQ consider eliciting comments from customers as it improves products with a view to using the best from ME and BOQ to frame products and digital operations?

Patrick Allaway: Absolutely. One of the values that we get from acquiring ME Bank is ME Bank brings another half a million customers to the Group. As I said in my speech earlier, the customer voice is so important in our organisation. Listening to customers and understanding customers' needs to help us design better products and add value for our customers is absolutely key to what we do. So the expansion with ME Bank integrating into the organisation gives us a far greater opportunity to listen to more customers, to learn from ME as well in terms of their services that they provide their customers, and ultimately hopefully that will provide a better customer proposition for all customers in the Group. But thank you for your question.

Fiona Daly: Chairman, the next question comes from *Henryk Kay*. Are ME Bank products going to be available at BOQ branches?

Patrick Allaway: George, I'll pass that to you.

George Frazis: Thanks Patrick. Thanks Henryk for your question. Once the Retail Bank gets on a common cloud platform effectively we will be able to provide all products and services to all three brands and actually service all three brands from our branches. At this stage that is not possible. We haven't strategically made the call to do that. But that will be something that we will consider once we are on a common retail cloud platform. Thank you.



Patrick Allaway: Fiona, any further questions?

Fiona Daly: Chairman, the next question - there are two more on the platform at the moment Chairman. The first of those comes from *Rita Mazalevskis*. Within BOQ's sustainability report under the non-financial performance measures 2021, under community, it lists other costs of \$248,000. Could you please advise shareholders what this was for?

Patrick Allaway: Thank you for your question Rita. I'm not aware of what that was for but I might just refer to my colleagues to see if anyone can answer that question. If not, we will take it on notice and come back to you. But I'm just going to pause to see if my colleagues can help me with that. Rita we will come back to you. We'll take your question on notice. I'm sorry we can't answer it today but we'll certainly come back to you. But thank you for your question.

Fiona Daly: Chairman, the final question on the online platform comes from *Rita Mazalevskis*. In September, KPMG were fined \$613,000 by the US accounting watchdog after a review found widespread cheating by staff on training tests over a four year period. The US public company accounting oversight board found more than 1000 Australian staff had cheated on important professional compliance tests that ensure staff members are aware of various laws and accounting standards. Does the Board have any concerns regarding all BOQ's financial audit reporting prepared by KPMG as its auditor?

Patrick Allaway: Rita, I am not going to comment on issues within KPMG. But what I can do is assure you that the Board is absolutely comfortable with the independent audit and assurance that we get from KPMG. But it would not be for me to make any further comments. But thank you.

Fiona Daly: There are no further questions on the online platform, Chairman.

Patrick Allaway: Thank you Fiona. Do we have any questions on the phone line?

Operator: Yes. We have a question from Mr Peter Starr. Please go ahead.

Peter Starr: (Shareholder) Thank you. Patrick, I just listened to you talk about the importance of customers. So in all fairness I have to raise and say this, that - and for George - I hope you're listening George - the Sanderson family, and this case goes back before you and George were there - where their property was repossessed. My challenge to you both is that I sincerely hope you can reach out and arrange to meet them, both of you, and to fix and to try to get a resolution. As I said this pre-dates both of you people being in the roles. But both your predecessors in this were absolutely terrible from my perspective and my reading of it.

What I am asking you both is to reach out and to have a meeting with them. Thank you.



Patrick Allaway: Peter, thank you for your question. This is a private matter. It's not a shareholder matter. So it wouldn't be appropriate for me to make comments on this matter. It has been extensively dealt with through our customer advocate. But I might make a few comments because this has reoccurred at a number of - in fact all the AGMs since I've been Chair.

It relates to an item back in 2008. I do want to say that I have absolute empathy for Mr Sanderson and his family. I feel very much for the hurt that they feel. But what I do want to confirm is that George and I made a commitment to Mr Sanderson after 2019 AGM that we would conduct an extensive fresh review of Mr Sanderson's case with no legacy from potential protections in the past. We have done that. We have written to Mr Sanderson and made it clear that we had no findings of wrongdoing and suggested that the most appropriate authority was AFCA to have a hearing of this issue, which has been done.

From our perspective, AFCA again has confirmed the findings that George and I had. So Peter, I am very empathetic to Mr Sanderson but we have done everything we can to explore whether there was any wrongdoing in the Bank and the findings have been that the Bank has acted appropriately. But thank you for your question.

Operator: We have another question from Peter Starr.

Peter Starr: (Shareholder) I would like to thank you for that response. Without wanting to go into the matter, given that it is a confidential matter, I am briefed on the matter, is that my challenge to both of you - and this is purely from my heart - is that I implore you both, gentlemen, to seek a meeting and maybe to listen. So that's on that point.

Point two, I have to personally say that I am a great supporter, since you have come as Chairman of the Bank. I've seen the debacle of the Board before you came and before, George, you became CEO. It was absolute mess. Having to clean up a mess is what you're doing. So sometimes in having to clean up messes gentlemen, you know, your hands have to get dirty because other people have made it a mess and dirty, which is no fault of yours. But sometimes you need to take - in my viewing - you know, I don't have any of the degrees that you or George have.

But I have a degree, gentlemen, in what's called common sense. They don't give that out at universities or anything like that. But let me tell you, if common sense had been used we wouldn't have needed a banking Royal Commission. If common sense had been used, we wouldn't have had half the problems. If we didn't have greed, if we didn't have - these problems where the Bank thought they could treat customers with disdain, and I'm not just talking about the Bank of Queensland, I'm talking about the big four. The whole - it goes right through the thing. You've only got to read the thing.

So I hope the new people coming on the Board have a really good idea about responsibilities to customers, you know, because I know you do, Mr Allaway and, as I said, the reason that the people I represent support you, is because of what you stand for.



Patrick Allaway: Thank you Peter and it's a good reminder to all of us but I can assure you, the Board, the Senior Executive Team and all of our people are focussed on getting better outcomes for our customers and our purpose and values are core in providing those services, but thank you. Are there any further questions on the phone line?

Operator: Chairman, there are no further questions on the phone line.

Fiona Daly: Chairman, I have one further question on the online platform.

Patrick Allaway: Thank you, Fiona.

Fiona Daly: This question is asked by Stephen Hart. BOQ has a secure app to provide a code for payments being made by internet banking. This operates via the internet so it can still be used when overseas on holiday when that resumes. ME Bank send a text to your phone number rather than a secure app to provide a code. This means it cannot be used when overseas unless you have access to your Australian phone number. Will BOQ consider taking the best from BOQ to improve the digital systems for ME Bank?

Patrick Allaway: So I can provide a very general comment to that, absolutely. The benefits of bringing two banks together is, whether it be people, technology, capability, products, we will take best of breed and ensure that we combine those to get better outcomes for our customers but George, I don't know whether you want to add to that?

George Frazis: Chairman, Stephen, thanks for the question. The only thing I would add to that, if you look at where we're heading in terms of our digital transformation and the new Cloud platform, that's going to provide us a lot of flexibility to make sure we're providing services that customers actually need in a timely and effectively and efficient manner. So we'll be able to actually learn from both sides and provide those on the new platform. Thank you.

Patrick Allaway: Thank you, George. Are there any further questions, Fiona?

Fiona Daly: There are no further questions, Chairman.

Patrick Allaway: Thank you. Thank you, shareholders that concludes the discussion of all items of business for the 2021 annual general meeting. The poll will close five minutes after the close of this meeting and if you are yet to cast your votes, please do so now. If you are 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 results of the poll to the ASX as soon as possible after this meeting.

On behalf of the Board and the Company, I'd like to thank you for your attendance today at our AGM and subject to the finalisation of the poll, before I declare the meeting closed again, just wish all of you a fabulous Christmas with your families, a wonderful festive season and all the very best wishes for the new year. I now declare the meeting closed. Thank you.

End of Transcript