

# Question and Answer

## Unknown Executive

Chairman, shareholder, [ Rodney Kendell ] would like to ask a question.

## Unknown Shareholder

Mr. Chairman, as an ordinary shareholder, there are approximately 250 days of the year in which the window is open for me to obtain Bank of Queensland shares. Therefore, I was wondering if you could enlighten me and perhaps other shareholders as to what determines when the window is open for members of the board to obtain Bank of Queensland shares.

## Roger Andrew Davis

*Former Independent Director*

Thank you, Rodney. It's a very good question. Some of my directors ask the same question when they seek approval. It's information that the board has about potential actions that would place them at an advantage to ordinary shareholders that were not aware of that information. As I said, we have to be like Caesar's wife, above reproach here, and we err on the conservative side. Some may say too conservative, but we believe that as a bank, with your interest at heart, it is inappropriate for directors to cross that line and purchase when there is even a suggestion that they have an advantage over ordinary shareholders. So I hope that answers your question. And it could relate to a capital markets issue, a transaction, a sale of a business, the employment of a senior executive, any of those issues that could have a material impact on the share price or provide existing directors with an advantage over those that weren't so informed.

## Unknown Executive

Chairman, Mr. [ Ron Callum ] would like to ask a question.

## Unknown Shareholder

Mr. Chairman, I'd like -- I was a bit surprised that in putting resolutions 7a and 7b that you didn't tell us anything about the reinvestment option. I think that it would be important for us to know what is being proposed there.

## Roger Andrew Davis

*Former Independent Director*

Thank you, sir. And clearly, we haven't yet released the prospectus with the details. This is just an in-principle approval that allows us to conduct the buyback and the reissue. I'm not sure there's anything else we could say in terms of the terms. Evie, would you like to -- as counsel? No?

## Evie Bruce

Perhaps I can talk to [indiscernible]

## Roger Andrew Davis

*Former Independent Director*

Won't you speak to our counsel for the issue that can perhaps give you a better guidance? But at this stage, there is no prospectus, and therefore, there technically is no buyback. It's just an option that we wish to be able to have. And you would then have to consider the terms of the buyback when you receive the prospectus and the notice of the rollover.

## Unknown Shareholder

I thought that in view of this being a company that likes to be fair to its shareholders that maybe it would be helpful to present it to the meeting so that we could see whether you are sticking to your principles in that respect.

**Roger Andrew Davis**

*Former Independent Director*

Completely understand, sir, and understand the sensitivity. And I think if you could have a chat to our General Counsel, she may be able to -- external counsel may be able to help you in that regard.

**Unknown Attendee**

Excuse me, is there any reason why you can't give the [indiscernible]?

**Roger Andrew Davis**

*Former Independent Director*

Do you want to come up here?

**Evie Bruce**

So the reinvestment offer is relative to those -- if you hold convertible preferred shares today. So it's not relevant for those of you who own ordinary shares, just to those who own convertible preference shares. There was a prospectus that was lodged I think on the 22nd, so last week, which sets out an offer of a new security that BOQ is offering, which is called capital notes. This reinvestment offer allows you to effectively sell your convertible preference shares and receive, in exchange, new capital notes. So it allows you to exchange your existing investment for a new investment. Is that a sufficient answer to your question, sir?

**Unknown Shareholder**

At what rate [indiscernible] notes [indiscernible]?

**Evie Bruce**

You'll have to look in the prospectus. It's BBSW plus a marginal -- Anthony can answer that question.

**Anthony Rose**

*Executive Officer*

There is a range in the prospectus of 3.75% to 3.95%, and that'll be finalized when the replacement prospectus is lodged.

**Unknown Shareholder**

[indiscernible]

**Roger Andrew Davis**

*Former Independent Director*

No, it's an amended prospectus that has the new rates in and has the -- reflects the approval that you have just given us today. We couldn't do a buyback until such time as you all approved that as was part of the conditions in 7a and 7b.

**Unknown Shareholder**

[indiscernible] offering [indiscernible] [ a rate of about ] 7% [indiscernible]

**Roger Andrew Davis**

*Former Independent Director*

Yes. But the market, sir, has changed. You don't have to sell your CPS shares. You can hang onto them. You can swap them. You can roll them over, bearing in mind that there is a conversion date in April. So I think suggest that you all see the prospectus, the amended prospectus when it's out, and that should answer most of your questions here. But it is -- I think as Evie said, it relates -- does not relate to ordinary shares. It's a hybrid. Sir?

**Unknown Executive**

Chairman, [ Gary Bilby ] has a question.

**Unknown Shareholder**

Mr. Chairman, with regards to that situation with the announcement of the capital notes offer, I noticed I received a letter dated 22nd of November, and it says here a copy of the prospectus and a personalized application will be sent to eligible CPS holders once the reinvestment opens. Reinvestment offer opens, which is the 30th of November 2017, which is today. So when can you provide that information to us with regards to the personalized application form and prospectus as well? Today is the 30th of November.

**Roger Andrew Davis**

*Former Independent Director*

Anthony, do you want to answer that?

**Anthony Rose**

*Executive Officer*

As the Chairman just identified, obviously, a key condition of the process for this transaction, which is the capital notes transaction, was the approval of 7A and 7b, so it will be this afternoon.

**Roger Andrew Davis**

*Former Independent Director*

This afternoon, okay. That'll be electronically available. I don't think you'll get a personal note.

**Unknown Shareholder**

I realize that because it actually says www.

**Roger Andrew Davis**

*Former Independent Director*

Yes, thank you. Thank you, Gary.

**Unknown Executive**

Mr. Chairman, shareholder, Mr. [ Henry K. ] would like to ask a question.

**Unknown Shareholder**

Mr. Chairman, I'd like to ask as [ goods ] employed engagement, would the CEO like to consider the model that NAB are using? They have a community links division within that company, and they really get their staff out there in the community. Would the company would -- consider that as an option for employee engagement?

**Jon Earle Sutton**

*Former MD, CEO & Executive Director*

We have a sound employment engagement systems right throughout the bank. And we worked very hard at that in terms of providing training to our staff and around our core values and also particularly around our ethics training. We also do considerable work also in the community, so I'm very pleased with where the bank is at with its employee engagement, and it's something that we will continue to work on. And it's very, very important from our institution in the form of trust as we work with our customers.

**Unknown Shareholder**

Well, I'd also like to do a follow-up that there's a lack of employee engagement in the Frankston area, Mr. Chairman. Your local branch, the manager there hardly gets out in the community. The area has a 21.2% of the population with a disability, also a high death population and high youth unemployment. Now I believe this is an opportunity for this bank to get out in the local community because they hardly know

Bank of Queensland. Also, not just that. As regards outsourcing, I'd like to suggest to you when you're outsourcing any function, look at organizations like VAMA Industries, [ Ogdese Industries ], people like that, rather than send it overseas and keep the jobs in Australia.

**Jon Earle Sutton**

*Former MD, CEO & Executive Director*

Thank you for your question. I just want to reassure everybody that we don't do offshore outsourcing. Our jobs are in Australia. And also, we do quite a lot of work in the community. The executive committee visits -- has visited regional Queensland and has visited Melbourne on many occasions. And I do hear what you're saying about the Frankston community, and we'll certainly look to see if we can do more in the Frankston community as well. Thank you for your question.

**Unknown Shareholder**

Well done.

**Roger Andrew Davis**

*Former Independent Director*

Ladies and gentlemen, are there any more questions that you wish to ask? Sir?

**Unknown Executive**

Chairman, [ Joseph Pierre ] has a question.

**Unknown Attendee**

Mr. Chairman, my question is regarding crypto currencies and the phenomenal rise which they seem to have had since 2009. Has the board have any views or has it been discussed on the board the risk and also the rewards that could be had from the introduction of those?

**Roger Andrew Davis**

*Former Independent Director*

Well, it's certainly a very topical issue in the financial community given the extraordinary performance of the bitcoin. We have not talked about this as a product offering. What we have talked about is the underlying blockchain technology, which has substantive implications for financial services company in embedding trust between counterparties. We look at the technology. The board was in the West Coast spending time, studying it 18 months or so ago. But in terms of a currency option or option for investors at this stage, it hasn't come to the board. The executive may have talked about it but...

**Jon Earle Sutton**

*Former MD, CEO & Executive Director*

Yes. We're very interested in the underlying technology because blockchain can actually take away a lot of -- potentially take away a lot of friction amongst banking services. I will note that bitcoin did suffer a 20% fall overnight last night. But the underlying technology is of great interest to the whole industry, and we closely look at it amongst the executive committee to see what we may be able to do in the future with that type of technology.

**Roger Andrew Davis**

*Former Independent Director*

Thank you, Joseph. Ladies and gentlemen, any more questions?

Okay. Well, listen, I thank you all very much for your patience. As a reminder, Link Market Services attendants will be available to collect your voting cards at the exits from this room. Should you have any questions in relation to how to record your vote, please ask one of the Link attendants.

The polls will close 15 minutes after the close of this meeting. Results of the individual votes will be notified to the ASX in accordance with the Corps Act and will also be placed on the company's website.

Ladies and gentlemen, on behalf of the company and the board, I'd like to thank you for your attendance today and now declare this meeting closed. Thank you very much.