

Question and Answer

Unknown Executive

Mr. Denis O'Sullivan from the Australian Shareholders' Association.

Denis O'Sullivan

Mr. Chairman, the Australian Shareholders' Association holds approximately 1 million proxies in respect of shares in the company, representing 240 shareholders. The association welcomes the much-improved financial results for the year to the 31st of August but asks, in view of the significant asset write-offs in respect of impaired loans over the past 2 or 3 years, can the company reassure shareholders by confirming that there is no overstatement of assets or understatement of liabilities in the balance sheet -- that is, that the values are correctly stated?

Roger Andrew Davis

Former Independent Director

Thank you, Denis, and we always welcome the support and loyalty that you and your shareholders have provided to the bank over the years and welcome you here today. Yes, I can so affirm. We spend an enormous amount of time, as you would appreciate, at the Risk and Audit Committee meetings making sure that our valuation are appropriate and correct and that the provisioning level for the risks that we have is also appropriate. So I can so, therefore, affirm. Any more questions?

Question and Answer

Unknown Executive

Mr. Chairman, the next question is from Denis O'Sullivan.

Denis O'Sullivan

Mr. Chairman, representing the Australian Shareholders' Association, the Association has recommended that shareholders vote against this resolution, not because it has an issue with the acquisition of Virgin Money Australia Pty Ltd, but to remind the company that shareholders have again had their holdings diluted by this issue. The ASA, in further reminding the company that such dilution has occurred on a number of occasions in the past years, is endeavoring to ensure that appropriate and proper consideration is given to the interests and property rights of all shareholders and, in particular, retail shareholders in any future issues.

Roger Andrew Davis

Former Independent Director

Thank you, Denis. We had the benefit of a discussion with Denis, in his representative capacity of the shareholders association before this meeting, and have exchanged views on this. Whilst we understand the potential dilution to shareholders, unfortunately, the cheapest way for your bank to be able to purchase the Virgin interest was through the shareholder -- through the issue of stock to the Virgin Group. This was considered to be in shareholders' interests. There was no opportunity to offer this to other shareholders because the rest of the shareholder group was not a vendor in the ownership of the business. And so therefore, in order to maximize returns for shareholders and to expedite the transaction, the only way forward was to issue shares. Yes, there have been previous rights issues, but I think we have all dealt with that in the past, and I really do not intend to revisit past issues. But we thank Denis and the Shareholders' Association for raising the issue. Are there any other questions that people wish to ask on this resolution?

Question and Answer

Unknown Executive

Mr. Chairman, shareholder Ron Cullen has a question.

Ron Cullen

Mr. Chairman, I intend to vote in favor of this recommendation, but I have drawn attention in past meetings to the fact that some directors have limited number of shares in the company. The situation is better now, but I still think that it's desirable that directors have skin in the game. And I've noticed that in some companies, the recommendation is that their shareholding should be equivalent to a year's annual salary. I commend that to you.

David Stephen Willis

Non-Executive Independent Director

Thank you, Mr. Cullen, and welcome back. It's always good to see you here and to see your support for the bank. We endorse your principle. There is no codified requirement in our constitution requiring directors to hold a certain amount of stock in the bank, but as a matter of good governance, to use your words, to ensure that directors have a skin in the game, we encourage all directors to hold up to one year's salary in the value of stock in the bank. And I think you will have noticed that we are making substantial progress in that regard. Part of the problems that directors have is that we are limited by our ability to buy shares because of windows, trading windows, which determine when we can buy and when we can sell, apart from the messaging impact of whatever decision we make. Several of the directors have sought, over the last 12 months, to buy additional stock. Unfortunately, the windows were not open at that appropriate point of time. In fact, for a large part of the year for directors and senior management, the trading windows have not been open at all. It's a reason, not necessarily an excuse, for why we have not seen a more aggressive take-up of shares. But your principle is well understood, the principle is shared, and one of my jobs is to encourage my colleagues to, in fact, embark on the proposal that you have articulated. So I thank you for raising it. Are there any more questions?

Question and Answer

Unknown Executive

Mr. Chairman, I've got Denis O'Sullivan here. He would like to ask a question.

Denis O'Sullivan

Mr. Chairman, representing the Australian Shareholders' Association, the Association compliments the company on the significant number of changes it is made to its remuneration arrangements over the past or 2 or 3 years to comply with APRA requirements and to improve alignment of these requirements with the interest of shareholders. However, as there remain some aspects of these arrangements which conflict with ASA policy, the Association has recommended that shareholders vote against this resolution. Whilst the ASA also compliments the company on the improved financial results for the year to 31st of August and acknowledges that shareholders have benefited by way of increased dividends and share price over the past year, the BOQ's results for the years leading up to this have been variable and adversely affected by significant write-offs. It is sincerely hoped that consistently improved financial results will be forthcoming in 2014 and future years for the benefit of shareholders, which may result in a positive review of the ASA's voting position in respect to the remuneration report resolution.

David Stephen Willis

Non-Executive Independent Director

Thank you, Denis, and thank you for your compliments and acknowledgment of the bank's performance over the year. We are disappointed that the ASA couldn't support us, but we understand the reasons why, and we'll address some of the issues that you've raised off-line with us later. Are there any more questions that people wish to ask on this particular resolution?

Question and Answer

Unknown Shareholder

Rodney Kendall [ph], shareholder. It bemuses me a little from time to time, in a country that virtually invented the secret ballot in modern times, that when we come to the AGM, that the votes of those who have voted online or by post are put up before the people in this audience have had a chance to vote. And I'd also like to raise the issue that seems to be happening at other AGMs where the attendees at the AGM are issued with an electronic device by which they can vote automatically as each motion is put up, and the votes of those who have voted before hand and those who have voted at the AGM are combined to give a total result. I can't say either way whether seeing that 95% of the people who have already submitted a vote have voted one way or another affects how people in the audience may vote. They may vote for it go along with it, they might vote for it because they believe in it, or they might vote against it just to be narky. Who knows? But I do believe that, in the interest of a fairer meeting, in a sense, and a more democratic process, perhaps, and to make, I think, the AGM a bit more meaningful, that perhaps a change of procedure may be required. I don't know if there's something in the Corporation Act which determines the way these things should be done, but I just feel that the AGM needs to be a little bit more meaningful and a bit more democratic.

Roger Andrew Davis

Former Independent Director

Thank you for those comments. We try to work with the Australian Shareholders' Association and other advisory bodies on what the best way is to disclose the proxies. And we will -- that will continue to evolve as comments such as yours are more broadly based. In terms of using automatic voting machines on resolutions, that is an efficiency we've also looked at but wouldn't help in terms of the poll process which we have decided to adopt today. But the whole idea of shareholder democracy and the role of the AGM has continued to be reviewed, continued to be debated, and we seek to be an active participant in that debate to make sure that you, the shareholders, feel that your rights are respected and acknowledged. So thank you for the question and share your concerns.

Ladies and gentlemen, that concludes the meeting. I now close the AGM for Bank of Queensland. And, again, thank you very much for joining us. Good evening.