

Appendix 4G

Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

Bank of Queensland Limited (BOQ)

ABN / ARBN:

32 009 656 740

Financial year ended:

31 August 2015

Our corporate governance statement² for the above period above can be found at:³

- ☐ These pages of our annual report:
- ☒ This URL on our website: http://www.boq.com.au/aboutus_corporate_governance.htm

The Corporate Governance Statement is accurate and up to date as at 8 October 2015 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 8 October 2015

Name of ~~Director or~~ Secretary
authorising lodgement: Michelle Thomsen

¹ Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

² "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

³ Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement OR ☐ at <i>[insert location]</i> ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): ☒ at http://www.boq.com.au/aboutus_corporate_governance.htm - Bank of Queensland Limited Board Charter	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement OR ☐ at <i>[insert location]</i>	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement OR ☐ at <i>[insert location]</i>	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement OR ☐ at <i>[insert location]</i>	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable

⁴ If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	... the fact that we have a diversity policy that complies with paragraph (a): ☒ in our Corporate Governance Statement OR ☐ at <i>[insert location]</i> ... and a copy of our diversity policy or a summary of it: ☒ at http://www.boq.com.au/aboutus_corporate_governance.htm - Bank of Queensland Limited Diversity Policy ... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them: ☒ in our Corporate Governance Statement OR ☐ at <i>[insert location]</i> ... and the information referred to in paragraphs (c)(1) or (2): ☒ in our Corporate Governance Statement OR ☐ at <i>[insert location]</i>	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	... the evaluation process referred to in paragraph (a): ☒ in our Corporate Governance Statement OR ☐ at <i>[insert location]</i> ... and the information referred to in paragraph (b): ☒ in our Corporate Governance Statement OR ☐ at <i>[insert location]</i>	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	... the evaluation process referred to in paragraph (a): ☒ in our Corporate Governance Statement OR ☐ at <i>[insert location]</i> ... and the information referred to in paragraph (b): ☒ in our Corporate Governance Statement OR ☐ at <i>[insert location]</i>	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE			
2.1	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	[If the entity complies with paragraph (a):] ... the fact that we have a nomination committee that complies with paragraphs (1) and (2): ☒ in our Corporate Governance Statement OR ☐ at [insert location] ... and a copy of the charter of the committee: ☒ at http://www.boq.com.au/aboutus_corporate_governance.htm - Bank of Queensland Limited Nomination & Governance Committee Charter ... and the information referred to in paragraphs (4) and (5): ☐ in our Corporate Governance Statement OR ☒ at http://www.boq.com.au/shareholder_annual_report.htm - Bank of Queensland Limited Directors' Report, contained on pages 6 to 69 of our Annual Report. [If the entity complies with paragraph (b):] ... the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively: ☐ in our Corporate Governance Statement OR ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	... our board skills matrix: ☒ in our Corporate Governance Statement OR ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors;	... the names of the directors considered by the board to be independent directors:	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
	(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	☐ in our Corporate Governance Statement OR ☐ at <i>[insert location]</i> ... and, where applicable, the information referred to in paragraph (b): ☒ in our Corporate Governance Statement OR ☐ at <i>[insert location]</i> ... and the length of service of each director: ☐ in our Corporate Governance Statement OR ☒ at http://www.boq.com.au/shareholder_annual_report.htm - Bank of Queensland Limited Directors' Report, contained on pages 6 to 69 of our Annual Report	
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement OR ☐ at <i>[insert location]</i>	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement OR ☐ at <i>[insert location]</i>	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement OR ☐ at <i>[insert location]</i>	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: ☐ in our Corporate Governance Statement OR ☒ at http://www.boq.com.au/aboutus_corporate_governance Bank of Queensland Limited Code of Conduct	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING			
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	[If the entity complies with paragraph (a):] ... the fact that we have an audit committee that complies with paragraphs (1) and (2): ☒ in our Corporate Governance Statement OR ☐ at <i>[insert location]</i> ... and a copy of the charter of the committee: ☒ at http://www.boq.com.au/shareholder_annual_report.htm - Bank of Queensland Limited Directors' Report, contained on pages 6 to 69 of our Annual Report ... and the information referred to in paragraphs (4) and (5): ☐ in our Corporate Governance Statement OR ☐ at <i>[insert location]</i> [If the entity complies with paragraph (b):] ... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner: ☐ in our Corporate Governance Statement OR ☐ at <i>[insert location]</i>	☐ an explanation why that is so in our Corporate Governance Statement
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement OR ☐ at <i>[insert location]</i>	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement OR ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	... our continuous disclosure compliance policy or a summary of it: ☐ in our Corporate Governance Statement OR ☒ at http://www.boq.com.au/aboutus_corporate_governance.htm - Bank of Queensland Limited Market Disclosure Policy	☐ an explanation why that is so in our Corporate Governance Statement
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: ☒ at http://www.boq.com.au/aboutus_corporate_governance.htm	☐ an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement OR ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: ☒ in our Corporate Governance Statement OR ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement OR ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	[If the entity complies with paragraph (a):] ... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2): ☒ in our Corporate Governance Statement OR ☐ at [insert location] ... and a copy of the charter of the committee: ☒ at http://www.boq.com.au/aboutus_corporate_governance.htm - Bank of Queensland Limited Risk Committee Charter ... and the information referred to in paragraphs (4) and (5): ☐ in our Corporate Governance Statement OR ☒ at http://www.boq.com.au/shareholder_annual_report.htm - Bank of Queensland Limited Directors' Report, contained on pages 6 to 69 of our Annual Report [If the entity complies with paragraph (b):] ... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework: ☐ in our Corporate Governance Statement OR ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound: ☒ in our Corporate Governance Statement OR ☐ at [insert location] ... and that such a review has taken place in the reporting period covered by this Appendix 4G: ☒ in our Corporate Governance Statement OR ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	[If the entity complies with paragraph (a):] ... how our internal audit function is structured and what role it performs: ☒ in our Corporate Governance Statement OR ☐ at <i>[insert location]</i> [If the entity complies with paragraph (b):] ... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes: ☐ in our Corporate Governance Statement OR ☐ at <i>[insert location]</i>	☐ an explanation why that is so in our Corporate Governance Statement
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks: ☒ in our Corporate Governance Statement OR ☐ at <i>[insert location]</i>	☐ an explanation why that is so in our Corporate Governance Statement
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives	[If the entity complies with paragraph (a):] ... the fact that we have a remuneration committee that complies with paragraphs (1) and (2): ☒ in our Corporate Governance Statement OR ☐ at <i>[insert location]</i> ... and a copy of the charter of the committee: ☒ at http://www.bog.com.au/aboutus_corporate_governance.htm - Bank of Queensland Limited Human Resources & Remuneration Committee Charter ... and the information referred to in paragraphs (4) and (5): ☐ in our Corporate Governance Statement OR ☒ at http://www.bog.com.au/shareholder_annual_report.htm	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
	and ensuring that such remuneration is appropriate and not excessive.	tm - Bank of Queensland Limited Directors' Report, contained on pages 6 to 69 of our Annual Report [If the entity complies with paragraph (b):] ... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive: ☐ in our Corporate Governance Statement OR ☐ at [insert location]	
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives: ☒ in our Corporate Governance Statement OR ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	... our policy on this issue or a summary of it: ☒ in our Corporate Governance Statement OR ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES			
-	<i>Alternative to Recommendation 1.1 for externally managed listed entities:</i> The responsible entity of an externally managed listed entity should disclose: (a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; (b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.	... the information referred to in paragraphs (a) and (b): ☐ in our Corporate Governance Statement OR ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
-	<i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i> An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.	... the terms governing our remuneration as manager of the entity: ☐ in our Corporate Governance Statement <u>OR</u> ☐ at <i>[insert location]</i>	☐ an explanation why that is so in our Corporate Governance Statement



PROVE it's
POSSIBLE

2015 Corporate Governance Statement

 IT'S POSSIBLE to
LOVE A BANK  BOQ

1. INTRODUCTION



DIRECTORS *and*
MANAGEMENT
of BOQ are
COMMITTED *to deliver*
EXCELLENCE *in*
corporate governance.

The Bank of Queensland Limited (BOQ or the Bank) is pleased to present its 2015 Corporate Governance Statement, which details the Bank's, and its subsidiary companies' corporate governance policies and practices.

Directors and management of BOQ are committed to deliver excellence in corporate governance. In striving to achieve its objectives, BOQ endeavours to be a bank that looks after its staff, values and services its customers, rewards its security holders, partners with the community and proves 'It's Possible to Love a Bank'.

The Bank complies with its Constitution, the Corporations Act 2001 (Cth), the ASX Listing Rules, and the third edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Third Edition) (ASX Principles), which is reflected in this Corporate Governance Statement. As an APRA-regulated entity, BOQ also complies with the governance requirements prescribed by APRA under Prudential Standard CPS 510 Governance.

The Board has adopted a Fit and Proper Policy that sets out the requirements the Bank must follow to assess the competencies and fitness for office of persons appointed as Directors, Group Executives and auditors at BOQ.

A copy of the Bank's Constitution, Board and Committee Charters are available in the corporate governance section of BOQ's website: www.boq.com.au/aboutus_corporate_governance.htm (Governance Page).

2. BOQ GROUP APRA REGULATED SUBSIDIARIES



2.1 St Andrews Group

St Andrew's Insurance (Australia) Pty Ltd (SAI) and St Andrew's Life Insurance Pty Ltd (SALI) (collectively, the St Andrew's Group) offers general and life insurance products. The St Andrew's Group board comprises five non-executive directors, of which three are independent. All members of the St Andrew's Group's board are also members of the St Andrew's Group Audit Committee and the St Andrew's Group Risk Committee. The BOQ Human Resources & Remuneration Committee also acts for the St Andrew's Group.

The St Andrew's Group has adopted a Board Charter for SAI and SALI, a Policy on Independence of Directors, Board Performance & Renewal Policy, and a Charter for each of its Committees. Where not replaced by a specific policy, other BOQ Group policies apply as appropriate.

The St Andrew's Group Board comply with the relevant APRA Prudential Standards that apply to the operations of that entity.

2.2 BOQ Specialist

On 31 July 2014, the Bank completed the acquisition of Investec Bank (Australia) Limited, now renamed BOQ Specialist Bank Limited (BOQS). Until the completion of the full integration, BOQS operated as a separate authorised deposit-taking institution.

During the period from 31 July 2014 to 1 June 2015, BOQ, the BOQS Board (the membership of which mirrored that of the BOQ Board) had its own Charter and the BOQ Group Board Committees were appointed to act for BOQS. BOQS complied with relevant APRA Prudential Standards that applied to the operations of that entity, and where not replaced by a specific BOQS policy, other BOQ Group policies referred to in this Corporate Governance Statement apply to BOQS.

3. BOQ BOARD OF DIRECTORS



3.1 The Role of the Board

The Board is accountable to security holders for the Bank's performance and governance. In particular, the responsibilities of the Board include:

- Monitoring the effectiveness of BOQ's governance practices, including the establishment of Committees
- Approving the Bank's strategy and direction of the Bank, including monitoring and reviewing Management's performance against strategic, financial and operational plans
- Oversight of the following:
 - the integrity of BOQ's financial position and corporate reporting systems
 - the establishment of appropriate risk management systems, including defining the risk appetite for the Bank
 - the Bank's securityholder reporting, and the process for complying with the Bank's continuous disclosure obligations
- Appointment of the Managing Director & Chief Executive Officer (MD & CEO), and reviewing succession plans for the MD & CEO
- Establishment of transparent, measurable objectives to achieve BOQ's measurable objectives for diversity and inclusion.

The Board has adopted a Board Charter detailing the Board's role and responsibilities, which can be found on the BOQ Corporate Governance Page.

3.2 Our Chairman

The Chairman is an independent Non-Executive Director elected by the Board. The Bank's Chairman, Roger Davis has been a Director of BOQ since 2008, and was elected as Chairman in 2013. Mr Davis is the chair of the Nomination & Governance Committee, member of the Risk Committee and Audit Committee, and an attendee of all other Board Committees.

The Chairman's responsibilities are to establish and maintain an effective working relationship with the Board and the Bank to ensure the Board fulfils its objectives under its Board Charter. The role and responsibilities of the Chairman are set out in the Board Charter.

3.3 Board Composition and Director Appointment

The Company Secretary is accountable directly to the Board through the Chairman on matters relating to the proper functioning of the Board.

3.4 Board Composition and Director Appointment

The Board Charter and the Constitution of BOQ sets out the Board's composition as follows:

- A minimum of three Directors
- A maximum of 10 Directors
- A majority must be independent, Non-Executive Directors

The Board currently has nine Directors (including the Chairman), 8 of whom are Non-Executive Directors and the MD & CEO. Mr Jon Sutton was appointed as MD & CEO on 5 January 2015, replacing Mr Stuart Grimshaw. Details of the Directors, including their qualifications and experience, together with details of their length of service, can be found in the Board of Directors section in the Annual Report.

The skills and experience of the Directors and their length of service, membership of Board Committees and record of attendance at meetings, are set out in the Directors' Report section in the Annual Report. Detailed information about the professional experience of Directors standing for election or re-election at the Annual General Meeting is provided in the Notice of Meeting.

The Board seeks to ensure that its members have a diverse range of skills and experience that reflect the breadth of operation of the Bank's business and its future strategy. Accordingly, the Board has been structured to include suitably qualified men and women with experience in financial markets, insurance, banking, funds and wealth management, strategy, legal expertise, superannuation, information technology and agribusiness. Several members also hold directorships on other ASX listed entities.

To assist in identifying the areas of focus and continue to maintain an appropriate mix of skills in the Board's membership, a board skills matrix is used which addresses factors such as age, gender, location of residence, professional network, and professional experience and qualifications, in order to promote a diverse range of skills and experience.

The areas addressed in the Board skills matrix are

Strategic Priorities

Knowledge/Skills

<i>CUSTOMER IN CHARGE GROW THE RIGHT WAY THERE'S ALWAYS A BETTER WAY LOVED LIKE NO OTHER</i>	• Accounting, Finance and Tax • Banking (Retail) • Banking (Institutional) • Treasury • Marketing & Branding • Strategy • Insurance • Technology • Rural and Agriculture • Equipment Finance • Geographical (Asia)
<i>OTHER AREAS</i>	• CEO Level Experience • CFO Level Experience • CIO Level Experience • Risk • Government Liaison • Digital Technology • Legal • Marketing & Branding

The Board has robust succession planning in place and plans ahead to ensure that membership contains a diverse range of skills and experience that are relevant to the business undertaken by the Bank, both now and into the future.

The Bank's Nomination & Governance Committee monitors the skills and experience of existing Directors, and the balance between this experience and any new skills which may be required and which may lead to consideration of appointments of new Directors.

The Nomination & Governance Committee considers:

- Board and Committee succession planning
- The process for evaluating the performance of the Board, its Committees and subsidiary Boards, the Chairman and individual Directors
- Oversight of the process of selecting the MD & CEO

When appointing a new Director, the Board has regard to the Board Performance Review & Renewal Policy and considers the need to balance the skills, tenure, experience, diversity and perspectives of its Directors as a whole, and endeavours to achieve an appropriate mix of these factors to enable the Board to facilitate achievement of the Bank's strategic goals.

Potential candidates for Board positions are sourced using the Board's contacts and market intelligence, as well as through the services of specialist external advisers. When considering whether to support an incumbent Director's nomination for election or re-election, the Board considers that Director's performance to date, and the skills, experience and diversity that the Director brings to the Board. The Bank has formal letters of appointment in place with all Non-Executive Directors setting out the terms of their appointment.

A summary of the key responsibilities of the Nomination & Governance Committee are detailed in section 4 of this Corporate Governance Statement. The Charter of the Nomination & Governance Committee, which details its duties, objectives, responsibilities and membership requirements, is available on the Corporate Governance Page.

3.5 Directors' Induction Training and Continuing Education

The Bank delivers an induction program to assist and introduce all new Board members to the working environment of BOQ. As part of the induction, new Board members are given a detailed overview on the Group's business operations, copies of all material Group policies and procedures, and information on the functions and responsibilities of the Board, Board Committees and Management. Meetings with new Board members and members of the Group Executive team, and other senior managers are also held as part of the induction program.

During the course of a financial year, education sessions are provided to the Board on topical matters. Specific sessions are scheduled around Board meeting dates and the Bank provides other appropriate development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

3.6 Board Access to Management and Independent Professional Advice

Directors have access to our Group Executives through the Chairman, MD & CEO or the Company Secretary at any time. Outside of Board meetings, directors may seek briefings from Group Executives on specific matters.

Every Director and Committee of the Board has the right to seek independent professional advice in connection with carrying out their duties at the expense of the Bank. Prior written approval of the Chairman is required.

3.7 Independence

The Board assesses a potential Non-Executive Director's independence prior to their initial appointment and then at least on an annual basis and from time to time, depending upon disclosures made by individual Directors.

It is the responsibility of the Board to determine the independence of Directors in accordance with the Policy on Independence of Directors (Independence Policy). The Board has assessed that all current Non-Executive Directors are independent. No Directors have any relationship, association, interest or position of the type described in Box 2.3 of the ASX Principles that may impact on a Director's independence.

In reaching its decision regarding individual Director's independence, the Board reserves the right (except in the case of the Audit Committee and Risk Committee memberships) to consider a Director to be independent even though they may not meet one or more of the specific thresholds or tests set out in the Independence Policy, having regard to the underlying policy of the independence requirement and the qualitative nature of the Director's circumstances.

A copy of the Independence Policy is available on the Corporate Governance Page.

The Board Charter requires that all Directors bring an independent mind to bear on all matters coming before the Board for consideration. The Bank does not consider that the length of service on the Board of any of the independent Directors is currently a factor affecting the Director's ability to act independently and in the best interests of the Bank and its security holders. The Board generally judges independence against the ability, integrity and willingness of the Director to act, and places less emphasis on length of service as a matter which impairs independence.

3.8 Conflicts of Interests

In accordance with the requirements of the Corporations Act 2001 (Cth) and the Board Charter, Directors must keep the Board informed of any material personal interest or potential conflict of interest they may have, and must follow the procedures set out in the Board Charter including, in certain circumstances abstaining from participating in the discussion or decision making on matters in which they have a material personal interest. A Register of Interests and a Register of Related Party Transactions of Directors are maintained and are standing agenda items at all Board meetings.

3.9 Board and Director Performance

The Bank conducts its business in a complex and constantly changing regulatory and business environment. It is important that the Board review its own performance and that of its Board Committees from time to time, with the objective of achieving and maintaining a high level of performance in such an environment. Under the Board Performance Review and Renewal Policy, the performance of the Board is formally assessed annually.

The Chairman meets at least once a year with each individual Director to discuss Board and Committee performance and the individual Director's performance. The Chairman also meets with the MD & CEO on a formal basis, at least once a year, to discuss Management's view of the Board's performance, the performance of Board Committees and the level of interaction with, and support of Management. Informal meetings on such matters are held between the Chairman and the MD & CEO throughout the year.

3.9 Board and Director Performance (continued)

An evaluation of a Director's performance will have regard to factors, including the following:

- Each Director will actively seek a full appreciation of the business of BOQ (or subsidiary, as applicable) including key business drivers, the risks facing BOQ and applicable risk management policies, the regulatory environment in which BOQ operates and banking, finance and insurance sector issues (as applicable to BOQ)
- Each Director will actively participate in open, honest discussion and bring an independent mind to bear on matters before the Board and the Committees on which the Director serves
- Directors and the Board as a whole will perform their duties:
 - in the interests of the Bank's security holders and other stakeholders
 - in a manner consistent with the BOQ CANDO behaviours – Collaborative, Accountable, No problems, Do What We Say & Openness
- Attendance at briefings, seminars and ongoing training programs
- Undertaking their duties and obligations in accordance with applicable laws and policies

As reported in the Corporate Governance Statement for the 2013/14 financial year, the Board engaged an independent external facilitator to undertake a review of Board and Committee performance during that financial year. A comprehensive privileged and confidential report, detailing the findings of the review and recommended areas for discussion and improvement, was presented to the Board for discussion. The Chairman and the Board continue to discuss and explore ways to improve Board and Committee performance.

During the 2014/15 financial year, an internal review of the Board and Director performance was undertaken, in accordance with the process outlined above, and as set out in the Board Performance Review and Renewal Policy.

3.10 Fit & Proper Assessments

All new and existing Directors are subject to an assessment of their fitness and propriety to hold office, both at the time of initial appointment and then annually, under the Bank's Fit and Proper Policy. The Fit and Proper Policy also applies to the St Andrew's Group, and requires an assessment of each Director's or potential Director's qualifications and experience against documented criteria for competencies. The assessment includes checks on the Director's propriety, such as police checks and bankruptcy checks.

4. BOARD COMMITTEES

The Board has established the following Committees:

- Audit Committee
- Risk Committee
- Human Resources & Remuneration Committee
- Nomination & Governance Committee
- Information Technology Committee

A separate Charter has been prepared for each Committee and the Charters are reviewed at least annually.

Details of the current membership of the Board Committees and the number of meetings of each Committee during the 2014/2015 financial year are contained in the Directors' Report in the Annual Report.

An overview of the role and responsibilities and membership as at 31 August 2015 of each Committee is provided below. Each Committee reports to the Board and makes recommendations to the full Board for its consideration.

	Audit Committee	Risk Committee	Human Resources & Remuneration Committee	Nomination & Governance Committee	Information Technology Committee
Roles & Responsibilities	• Review and recommend BOQ's annual and half-year financial reports to the Board for approval • Review and report on APRA statutory reporting requirements and other financial reporting requirements • Review and report on ASIC reporting requirements and enquiries • Review of the adequacy of the external audit and the independence of the external auditor • Review and assess reports from management and the external auditors in relation to matters impacting on the annual and half-year financial statements • Review and approve internal and external audit plans and agree on areas of audit emphasis and audit approach • Review internal and external audit reports, including reviewing the effectiveness and appropriateness of internal controls that have been determined in response to identified weaknesses • Review the Auditor Performance & Selection	• Review and recommend to the Board for approval the following: • The Risk Management Framework • The BOQ risk appetite • The Bank's ICAAP policy and oversee inherent risks in the Bank's operations • Risk management strategies as required by APRA • Review BOQ's risk reports and assessment of the business performance against the BOQ risk appetite • Oversight of the adequacy of internal risk monitoring and reporting requirements • Regular liaison with the Chair of the Audit Committee on relevant audit matters that should come to the attention of the Risk Committee	• Review and recommend to the Board for approval the following: • The individual remuneration arrangements of the MD & CEO, Group Executives, and other staff specified by APRA • The size of the annual bonus pools • The remuneration of non-executive directors, and directors of subsidiary companies • The remuneration structure of staff noted in the Remuneration Policy • Review of BOQ's public reporting of financial information on remuneration matters	• Review and recommend to the Board for approval the following: • Board composition • Board succession planning • Appointments to board committees • Appointment and re-appointment of directors to the Board • MD & CEO succession planning • Induction and continuing professional development programs for directors • Performance of the board, committees, and the of subsidiary Boards and their committees	• Review and recommend to the Board for approval the following: • Management's strategies relating to technology and their alignment with the Group's overall strategy and objectives • Reviewing and monitor Management's strategies for developing or implementing new technologies and systems • New technology investments above \$5 million in capital expenditure value, and monitor and review post implementation results of all key technology projects • Strategies for sourcing of major technology suppliers and monitoring the technology governance framework for third party suppliers • Review and monitor the effectiveness of the IT Risk Management and Security plan • Increase awareness of key technology changes and innovations in the marketplace
Membership as at 31 August 2015	Richard Haire – Chair Carmel Gray Bruce Carter Roger Davis	Bruce Carter – Chair Richard Haire Michelle Tredenick David Willis	David Willis – Chair Michelle Tredenick Margaret Seale Neil Berkett	Roger Davis – Chair Michelle Tredenick David Willis	Michelle Tredenick – Chair Margaret Seale Carmel Gray Neil Berkett Richard Haire

Details of the number of meetings held by the Board and its Committees during the 2014/2015 financial year, and attendances by Board members, can be found in the Directors' Report in the 2015 Annual Report. The Board also establishes ad hoc Committees from time to time, to support the Board in carrying out its responsibilities

5. GROUP EXECUTIVES



5.2 Management Responsibilities

Certain powers have been delegated to the MD & CEO, together with the Group Executive team, who are responsible for the day-to-day management of the Bank, developing and implementing the Bank's strategy, and for operating within the risk appetite that has been approved by the Board. Group Executives are also responsible for providing the Board with accurate, timely and clear information to enable the Board to perform its role. The MD & CEO and Group Executive operate in accordance with the Board Charter.

Group Executives are expected to have the qualifications and industry experience necessary to perform their duties and responsibilities that their role requires, and to maintain those qualifications and experience whilst they remain in their role. They are also formally assessed under the Bank's Fit & Proper Policy on appointment, and annually.

5.3 Group Executives Performance Evaluations

The Board undertakes an annual formal performance review of the MD & CEO, in accordance with key financial and non-financial performance indicators and risk-related measures set by the Board, which is aligned with the Bank's strategy.

Management has a program of formal half and full year performance reviews for all employees, and the review program includes the annual setting of Key Performance Indicators (KPIs) by the MD & CEO for his direct reports at the start of the financial year. These KPIs are then cascaded down into individual KPIs for each employee.

A formal evaluation of each individual's performance against their KPIs is undertaken following the conclusion of the half year and the full financial year. The results of this process are then incorporated into the annual remuneration review.

The Bank has a written agreement with each of its Group Executives which sets out the contractual terms of their employment.

6. GOVERNANCE POLICIES AND RESPONSIBLE BUSINESS PRACTICES



6.1 Code of Conduct

The Bank's Code of Conduct underpins BOQ's values and sets out the principles and conduct which all Directors, officers, employees, agents, owner-managers and to their employees and contractors are expected to uphold in order to promote the interests of BOQ and its security holders. The Code of Conduct details the Bank's expectations regarding ethical standards, professionalism, an understanding of the law, conflicts of interest, confidentiality, environment and good corporate citizenship. All employees receive training in the Code of Conduct annually and there is on-going enforcement of the Code of Conduct to ensure all employees promote ethical and responsible decision-making within the Bank.

The Code of Conduct is available on the Corporate Governance Page.

6.2 Securities Trading Policy

The Securities Trading Policy provides a framework to assist Directors, officers, employees, owner-managers, agents and contractors of the Bank to understand their legal obligations with respect to insider trading and trading in securities.

The Securities' Trading Policy provides that all employees are strictly prohibited from entering into hedging arrangements (the use of financial products to protect against or limit the risk associated with equity instruments such as shares, securities or options) in relation to any employee shares, securities or options received as part of their performance-based remuneration, whether directly or indirectly.

The Securities Trading Policy meets the requirements of the ASX Listing Rules and is available on the Corporate Governance Page.

7. DIVERSITY AT BOQ

7.1 Diversity

In order to attract and retain a high performing and diverse workforce, BOQ is committed to ensuring its workforce reflects the diversity of the Australian population, to provide an environment in which all employees are treated fairly and equitably, and where diversity and inclusion is embraced.

In line with this commitment, the BOQ Diversity Policy seeks to ensure a workplace where:

- All employees are valued and respected for their skills, experiences and perspectives
- Structures, policies and procedures are in place to assist employees to balance their work, family and other responsibilities effectively
- Decision-making processes in recruitment take account of diversity
- Employees have access to opportunities based on merit
- The culture is free from discrimination, harassment and bullying
- Employment decisions are transparent, equitable and procedurally fair

BOQ recognises that diversity and inclusion covers a range of factors (such as gender, age, sexual preference, cultural background and disability) and it works actively to promote an inclusive working environment.

7.2 Gender Diversity

BOQ is committed to facilitating the inclusion of women in all ranks within the organisation, and to removing barriers that may restrict career progression. To support this, the Diversity Policy provides that the selection process for Board and senior management appointments is to involve the creation of a short-list of candidates for the appointment which must include an equal balance of gender wherever possible. Further, all managers and employees are responsible for behaving in a way that does not discriminate against other employees, prospective employees, agents, contractors, customers and suppliers, and are expected to promote the spirit of diversity and equal opportunity to the full.

The BOQ Human Resources & Remuneration Committee is responsible for overseeing diversity issues within the Bank and annually assesses the Bank's progress against its stated diversity targets and objectives, which are as follows:

- to increase the representation of women on its Board
- to continue to grow the number of women in senior roles
- encouraging the participation of women in leadership programs
- encouraging women to participate in the Bank's "My Mentor" Program

The Board has determined that by 2017 it wants to achieve a target of 36% of women in senior management roles, and 50% by 2017.

The percentage of women employed by the Bank is detailed below:

	2010/11	2011/12	2012/13	2013/14	2014/15
Board					
% of the Board who are female	22%	22%	25%	30%	33%
Senior Management					
% of Senior Management who are female	18%	14%	22%	23%	22%
Part – time employees					
% of total workforce who work part-time	12%	10%	10%	9.7%	10%
% of part-time workforce who are female	95%	92%	91%	92%	89%
Casual employees					
% of casual workforce who are female	82%	86%	76%	66%	75%
% of total workforce who are female	60%	57%	57%	56%	56%

7.3 Other Diversity enhancements

BOQ has continued to ensure that it has an engaged, flexible and diverse workplace.

The following steps have been taken towards achieving this objective:

- The Bank's recruitment processes require that external recruitment agencies and search firms remove all gender identifiers (as well as name, address and age) from resumes of candidates applying for positions with Job Grades between levels 1 - 5. The aim of this measure is to boost the number of women in senior manager and Group Executive positions and to eliminate any unconscious bias, so that managers make hiring decisions from a position of neutrality with respect to gender, age and race

The Bank's Group Executive and senior manager roles are defined as Job grades 1-4 of the Bank's occupational categories.

The "My Mentor" Program is designed to support the building of the BOQ's female leadership pipeline and has been run in Brisbane since 2012. In the 2013/2014 financial year, 58 women participated in the Program and 62 in 2012/13. The Program has been expanded to include women in the Bank's business lines (BOQS, BOQ Finance, Virgin Money Australia, SAI and SALI) and has been scheduled to be run in September 2015. To date, 21.4% of participants who have completed the program have been subsequently promoted.

49.6% of participants in the Bank's management training are women (62% in 2012, 67% in 2013, and 49% in 2014).

- An e-learning module on Harassment, Discrimination & Bullying was required to be completed by all managers and employees and is required to be undertaken annually
- The refinement of a Flexible Work Policy for the Bank. Rather than an employee having to prove to their manager why their position should be flexible, the onus is on the manager to prove why it cannot be. The Bank's leaders are aware of the expectation that the Bank will provide flexible work opportunities to all our employees

A copy of the BOQ Diversity Policy is available on the Corporate Governance Page. The Group's annual report to the Workplace Gender Equality Agency (WGEA) was submitted in May 2015 and is available on the WGEA website at: <http://search.wgea.gov.au/>.

8. CORPORATE REPORTING

8.1 Audit Committee

The Audit Committee assists Directors in discharging their responsibilities with respect to the oversight and governance of financial and audit matters.

The Audit Committee:

- comprises four non-executive directors of the Board
- is chaired by Mr Richard Haire and has Mr Roger Davis (the Board Chairman), Mr Bruce Carter and Ms Carmel Gray as current members

The Audit Committee Charter requires that at least one member must have professional accounting or financial management expertise. The names and qualifications of those appointed to the Audit Committee, and number of meetings of the Audit Committee during the 2014/2015 financial year are set out in the Directors' Report in the Annual Report.

The Audit Committee will refer any matters that have come to the Audit Committee's attention that are relevant for the Risk Committee for noting and consideration, or which should be dealt with by that Committee.

A summary of the key responsibilities of the Audit Committee are detailed in section 4 of this Corporate Governance Statement. The Audit Committee Charter is available on the Corporate Governance Page.

8.2 Financial Reporting

The Board receives monthly reports from Group Executives on the financial performance of the Bank, including details of all key financial and business results reported against budget, with regular updates on yearly forecast.

The Audit Committee has reviewed the integrity of the Bank's financial statements for the financial year ended 31 August 2015, and ensured that the Bank's financial reports for the 2014/2015 financial year comply with accounting standards and present a true and fair view of the Bank's financial condition and operational results. The Audit Committee also noted there was an unqualified audit opinion received from the external auditors KPMG.

8.3 Management Attestations

When the Board considers the BOQ statutory financial statements and reports in March and October each year, it will receive written attestation from the MD & CEO and the Chief Financial Officer that:

- the Bank's financial reports present a true and fair view, in all material respects, of the Bank's financial condition and operational results in accordance with the relevant accounting standards
- their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

This attestation complies with s295A of the *Corporations Act 2001* (Cth).

8.4 External Auditor

The Bank has an Auditor Independence Policy, which is available on the BOQ website and requires the External Auditor to comply with the requirements of the Corporations Act 2001 (Cth), APRA Prudential Standard CPS 510 Governance and Accounting Professional and Ethical Standards Board APES 110 – Code of Ethics for Professional Accountants, section 290 Independence. The Auditor Independence Policy requires that the lead partner and review partner of the External Auditor is rotated so that neither role is performed by the same partner for more than five years, or more than five years out of seven successive years.

The Bank also has an External Auditor Evaluation Policy, which is available on the BOQ website. Under this Policy, the Audit Committee provides feedback to the Board annually in relation to the performance, capability and service provided by the External Auditor.

The procedure adopted for the selection and appointment of the External Auditor may vary from time to time. The selection process may involve firms tendering by invitation or by the Bank holding an open tender. The Audit Committee Charter details BOQ's process for the selection and appointment of the External Auditor.

The External Auditor attends the Annual General Meeting and is available to answer questions from security holders relevant to the audit.

9. MARKET DISCLOSURE



9.1 Market Disclosure Policy

The Market Disclosure Policy provides a framework to assist the Bank in achieving its aims of keeping the market informed of material information and enhancing its communication with the market, thereby ensuring its compliance with legal requirements.

The Policy requires Bank employees to notify a Designated Disclosure Officer when they become aware of information which may require release to the market. The MD & CEO and the Group General Counsel & Company Secretary are responsible for communications with the ASX.

Continuous disclosure is a standing agenda item for Board meetings. All announcements made by the Bank to the ASX are accessible via BOQ's website. A copy of the Market Disclosure Policy is available on the Corporate Governance Page.

10. ENGAGING WITH OUR SHAREHOLDERS AND THE MARKET

10.1 Shareholder Centre

BOQ aims to provide all security holders with access to information about the Bank by communicating timely and transparent information about the Bank's business, financial performance, governance and prospects.

BOQ maintains a Shareholder Centre on its website which includes the following:

- Links for security holders to view details of their holding through the Bank's share registry provider's secure website, as well as to access contact details for the share registry
- Links for security holders to view details on historical dividend payments and information on the Bank's Dividend Reinvestment Plan
- A financial calendar for the key events in the upcoming year, including results announcements, the Annual General Meeting and dividend payments
- ASX announcements made by the Bank
- Details of Annual General Meetings, which are webcast on the Bank's website. Security holders have the opportunity to ask questions or make comments regarding the performance of the Bank, including ahead of the meeting if they cannot attend the meeting in person
- Details of the Bank's preference shares and previous capital raisings
- Other regulatory disclosures required by APRA

The Shareholder Centre can be accessed at the following address: <http://www.boq.com.au/shareholder.htm>.

10.2 Investor Relations Program

BOQ operates an ongoing investor relations program to facilitate effective two-way communication with investors on the Bank's market activities which involves:

- Half-yearly results briefings (made available via webcast on the Bank's website) which allow for questions from market participants
- Half-yearly post-results meetings with key institutional investors
- Annual or semi-annual meetings with key proxy adviser groups
- Meetings with domestic and international institutional investors
- Presentations to institutional and retail brokers and their clients
- Responding to ad-hoc queries from analysts and investors (institutional and retail), as well as financial media, on the market releases made by the Bank

These initiatives represent an opportunity for the Bank to provide investors, market participants and the general public with a greater understanding of BOQ's business, financial performance, governance and prospects, whilst also providing investors and other market participants the opportunity to express their views to the Bank on matters of concern or interest to them. These views are gathered and communicated to the Board, wherever appropriate.

11. RECOGNISING AND MANAGING RISK

11.1 BOQ Risk Committee

Risk management is a critical part of the Bank's operations and integral to the long-term success of BOQ.

Management of risk is overseen by the Board and the BOQ Risk Committee. The Risk Committee is responsible for performing the duties and responsibilities set out in the Risk Committee Charter and making recommendations to the Board on the effective discharge of its responsibilities for the key risk areas and for the management of the Bank's compliance obligations.

The Risk Committee:

- Comprises of five non-executive directors of the Board
- Is chaired by Mr Bruce Carter and has Mr Roger Davis (the Board Chairman), Mr Richard Haire, Ms Michelle Tredenick and Mr David Willis as current members.

The names and qualifications of those appointed to the Risk Committee, and number of meetings of the Risk Committee held during the 2014/2015 financial year are set out in the Directors' Report in the Annual Report.

A summary of the key responsibilities of the Risk Committee are detailed in section 4 of this Corporate Governance Statement. The Risk Committee Charter is available on the Corporate Governance Page.

11.2 BOQ'S Risk Management Framework

BOQ has an integrated risk management framework in place to identify, assess, manage and report risks on a consistent and reliable basis. This framework has been developed to accord with the tolerance levels set out in the BOQ Risk Appetite Statement. The Risk Management Framework is reviewed annually and was approved during the 2014/2015 financial year by the Board Risk Committee on 7 October 2014 and the Board on 8 October 2014.

The Risk Management Framework requires each business to manage the outcome of its risk-taking activities and allows it to benefit from the resulting risk-adjusted returns. Accountability for risk management is structured by a "Three Lines of Defence" model as follows:

First Line - Business Management. Management within each of BOQ's business areas are responsible for managing the risks for their business. This includes agreeing with the MD & CEO and Chief Risk Officer the level of risk they wish to take, determining and implementing an approach to the management of these risks, and using risk management outcomes and considerations as part of their day-to-day business making processes.

Second Line – BOQ Group Risk. Group Risk provides the risk management expertise and the oversight for business management risk-taking activities. Group Risk develop specialist policies and procedures for risk management to ensure they are embedded and is part of the day-to-day management of the business. Group Risk also establishes and maintains aligned and integrated risk management frameworks and monitors compliance with the frameworks, policies and procedures.

Third Line – Group Assurance. Group Assurance, BOQ's internal audit function, provides independent assurance to key stakeholders regarding the adequacy and effectiveness of the Bank's system of internal controls, risk management procedures and governance processes. It is responsible for reviewing risk management frameworks (at least annually) and the business division practices for risk management and internal controls. To maintain independence and to prevent any conflict of interest, the Head of Group Assurance reports directly to the Chair of the Audit Committee. The Group Assurance strategic plan is approved and monitored by the Audit Committee.

11.3 Management's Responsibility

Management is responsible for designing and implementing a risk management and internal control system to manage the Bank's material business risk, and implementing the policies and controls established by the Board.

To enable Management to effectively do this, a number of committees have been established, including an Asset and Liability Committee, an Executive Committee, an Executive Credit Committee and an Operational Risk Committee. Operating under their respective charters, each committee has a role in the effective management and oversight of risk management at BOQ. The Executive Committee is also responsible for ensuring that the Bank has appropriately trained and skilled employees to identify, measure and monitor risk throughout the business.

The Board makes a declaration as to the appropriateness and effectiveness of the BOQ's risk management framework.

11. RECOGNISING AND MANAGING RISK

11.4 Key Business Risks

BOQ is a diversified financial services organisation that offers a range of financial products and services to a number of different customer segments across a large geographic area (predominantly Australia and New Zealand).

The following categories of risk have been identified as the material business risks of BOQ under its risk management framework:

Risk	Description
Compliance Risk	The risk to earnings and capital arising from violations of or non-compliance with laws, rules, regulations, prescribed practices or ethical standards. It also includes overseeing the establishment and maintenance of risk-based controls to mitigate the risks associated with money laundering and terrorism financing. The policies adopted to manage Compliance Risk include a Conflicts of Interest Policy, Whistleblowing Policy and Breach & Incident Management Process. BOQ also undertakes a range of compliance training of employees to manage Compliance Risk, including in relation to Consumer Credit Insurance, Consumer Protection, Code of Banking Practice, National Consumer Credit Protection and Anti-money Laundering & Counter Terrorism Financing
Credit Risk	The risk that a debtor or transactional counterparty will default and/or fail to meet their contractual obligations, and includes the risk of loss of value of assets due to deterioration in credit quality and credit concentration risk. This risk primarily arises from BOQ's lending activities and the holding of various financial instruments for investment or liquidity purposes. BOQ has a set of well documented credit risk policies to manage these risks within the limits set by the Board. They include the Treasury Credit Policy, Large Exposures Policy, Sector Risk Concentration Policy, the Delegated Approval Authority Policy, and specific credit policies for each customer segment and their respective lending products
Insurance Risk	The risk that BOQ incorrectly assesses its risk of exposure to financial loss and inability to meet its liabilities due to inadequate or inappropriate insurance product design, claims management or reinsurance management
Liquidity and Funding Risk	The risk that BOQ, although balance sheet solvent, cannot meet or generate sufficient cash resources to meet its payment obligations in full as they fall due, or can only do so at materially disadvantageous terms. BOQ's Liquidity Policy and Liquidity Contingency Plan are used to manage this risk
Market Risk	This includes Traded Market Risk (the risk that the value of an investment will decrease due to moves in market factors such as foreign exchange rates, interest rates, equity prices, commodity price and credit spreads) and Non Traded Market Risk (the risks arising from the various structural dimensions of the balance sheet including Interest Rate Risk in the Banking Book, Liquidity, Funding, Securitisation and Capital Risk). BOQ has adopted a number of Treasury Risk Policies to manage Market Risk
Operational Risk	The risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Operational risk management covers a wide variety of risks including legal risk, franchise risk, environmental sustainability, Enterprise Continuity Management (comprising business continuity management, crisis management and disaster recovery, IT Security and technology/system risk) and human resources risk management. BOQ has implemented a number of systems and policies to address operational risks including a Code of Conduct, Outsourcing Policy (including off-shoring of services), Product Development Policy, IT Security Policy, IT Risk Management Policy, Workplace Health & Safety Policy, Workplace Rehabilitation Policy and Harassment, Discrimination & Bullying Policy
Contagion Risk	The risk that problems arising in BOQ's subsidiary companies may compromise the financial and operational position of the BOQ Authorised Deposit-taking Institution
Reputation Risk	The risk to earnings and capital arising from negative public opinion resulting from the loss of reputation, public trust or standing, and is considered to be a risk derived from business activities and is considered in conjunction with the underlying risks resulting from those activities
Residual Value Risk	The risk of loss on the sale of leased equipment or assets that have been returned at the end of their contractual lease term. This risk arises in the operation of the BOQ Finance asset finance business on certain operating lease contracts. BOQ has a sophisticated residual value management process in place to determine the level of residual value risk it takes on individual lease contracts and portfolios of similar asset classes to manage this risk
Strategic Risk	The potential for financial loss associated with the vulnerability of business earnings to changes in the strategic environment

11.5 Risk Culture

The Board has a responsibility to set, communicate and enforce a risk culture that consistently influences, directs and aligns with the strategy and business objectives of the Bank and thereby supports the embedding of risk management frameworks and processes.

In overseeing the risk framework, and through its dialogues with the risk leadership team and executive management, the Risk Committee is charged with monitoring the health of BOQ's risk culture, and reporting any significant issues to the Board.

An effective risk culture is one that enables and rewards individuals and groups for taking the right risks, aligned with approved risk appetite, in an informed manner. Risk culture is reflected in:

- The quality of engagement and state of dialogue between operational (generally business divisions) and risk personnel – senior business and risk management must reflect on that dialogue, with examination by the Board as well
- Governance, in terms of the transparency of risk accountabilities and the accuracy and timeliness of risk information
- The resourcing provided to risk functions by business divisions. In the first line of defence role, senior business division heads must dedicate an appropriate percentage of budget to risk resources

11.5 Sustainability

BOQ is aware of the increasing calls for business to address matters of economic, environmental, social and governance sustainability (ESG), and the increasing demand from investors for greater transparency on these matters so they can properly assess investment risk.

The Bank published a framework that captured its main ESG considerations and outlined its approach to sustainability in 2014 for the first time. This year, BOQ has undertaken a materiality assessment to identify which ESG considerations are most important to BOQ's operations, performance and stakeholder relationships, and introduced clearer performance measures. This assessment has determined the following areas will form the key sustainability areas that BOQ will focus on during 2015/2016 financial year:

- offering competitive products in key customer segments
- information technology security
- responsible lending
- customer satisfaction, engagement and advocacy
- diversity

BOQ has determined that it currently does not have any material exposure to ESG risks. These matters are continually monitored as part of its sustainability approach. For more information on BOQ's materiality assessment including how it is managing its key sustainability issues, please view the sustainability section of the Bank's website:

<http://www.boq.com.au/about-sustainability.htm>.

12. REMUNERATION

The Human Resources & Remuneration Committee is responsible for assisting the Board to discharge its responsibilities regarding the public reporting of remuneration information, remuneration policies, Directors' Fees and entitlements and other matters such as diversity (referred to in section 7 in this Corporate Governance Statement).

The Human Resources & Remuneration Committee:

- Comprises of four non-executive directors of the Board
- Is chaired by Mr David Willis and has Mr Neil Berkett, Ms Michelle Tredenick and Ms Margaret Seale as its current members
- The Board Chairman is an attendee at all meetings of the Human Resources & Remuneration Committee

The names and qualifications of those appointed to the Human Resources & Remuneration Committee, and number of meetings of the Human Resources & Remuneration Committee held during the financial year are set out in the Directors' Report in the Annual Report.

The Board has approved a Remuneration Policy which is in accordance with the APRA requirements set out in APRA CPS 510 Governance. The Committee Chair, the Board Chairman and the Group Executive, Corporate Affairs, Investor Relations & Government Relations meet with institutional shareholders and corporate governance agencies throughout the year to discuss BOQ's remuneration framework and seek feedback on the Remuneration Report.

A summary of the key responsibilities of the Human Resources & Remuneration Committee are detailed in Section 4. The Human Resources & Remuneration Committee Charter is available on the Corporate Governance Page.

12.1 Structure of Remuneration

Non-Executive Directors' remuneration is distinguished from the remuneration of the MD & CEO and Group Executives. Non-Executive Directors are remunerated by cash fees which reflect the time commitment and responsibilities of their role and superannuation contributions, and do not receive performance-based or equity-based remuneration.

Shareholders approved an increase in the fee pool for the Non-Executive Directors at the 2013 Annual General Meeting, and following advice from an independent, external consultant, Non-Executive Directors' fees were increased from 1 July 2014.

The MD & CEO and Group Executives are provided with remuneration packages which incorporate a balance of fixed and performance-based remuneration. The performance-based remuneration is based on specific performance targets which are aligned to short and long-term performance, and comprise cash and equity-based elements.

Further details in relation to the quantum of remuneration for Non-Executive Directors, the MD & CEO and Group Management are provided in the Remuneration Report in the Annual Report.

Short-term incentives will be deferred when they meet the Board's threshold amount and could take the form of cash or Restricted Shares. They will be subject to claw back in the event that employees' behaviour is inconsistent with the Bank's risk and compliance standards or if financial misstatement has occurred.

All employees are benchmarked independently with respect to their performance-based remuneration. Any employee found not to have complied with these standards may, at Board discretion, become ineligible for an award in addition to any other appropriate measures that may be taken by the Bank in such cases. Where applicable, such employees remain ineligible for awards in any further periods until such time as the matter is resolved to the Board's satisfaction.

The Board has set a deferral period of up to two years. Vesting of deferred short term incentives is subject to Board approval and the Board may choose to request input from the Chief Risk Officer in making its decision.

Long term incentives are delivered either as Deferred Award Rights (DARs), Performance Award Rights (3 year deferral) (PARs), or a combination of the two. From the end of the 2014 financial year, DARs are no longer offered as part of Key Management Personnel remuneration packages. Awards of long term incentives are also contingent upon compliance with the Bank's risk and compliance standards and forfeiture and claw back procedures similar to those for short term incentives apply. On occasion, the Board may award restricted equity to new employees as a means of attracting them to BOQ and in recognition of any short and long term remuneration forfeited at their previous place of employment. This is usually done on a present value and pro rata basis.

