

2023 ANNUAL GENERAL METING PRESENTATION

Tuesday, 5 December 2023, Brisbane: The presentation slides for Bank of Queensland Limited's 2023 Annual General Meeting are attached.

ENDS

Authorised for release by: The Company Secretary of Bank of Queensland

2023

ANNUAL GENERAL MEETING

Bank of Queensland Limited



Important information and disclaimer

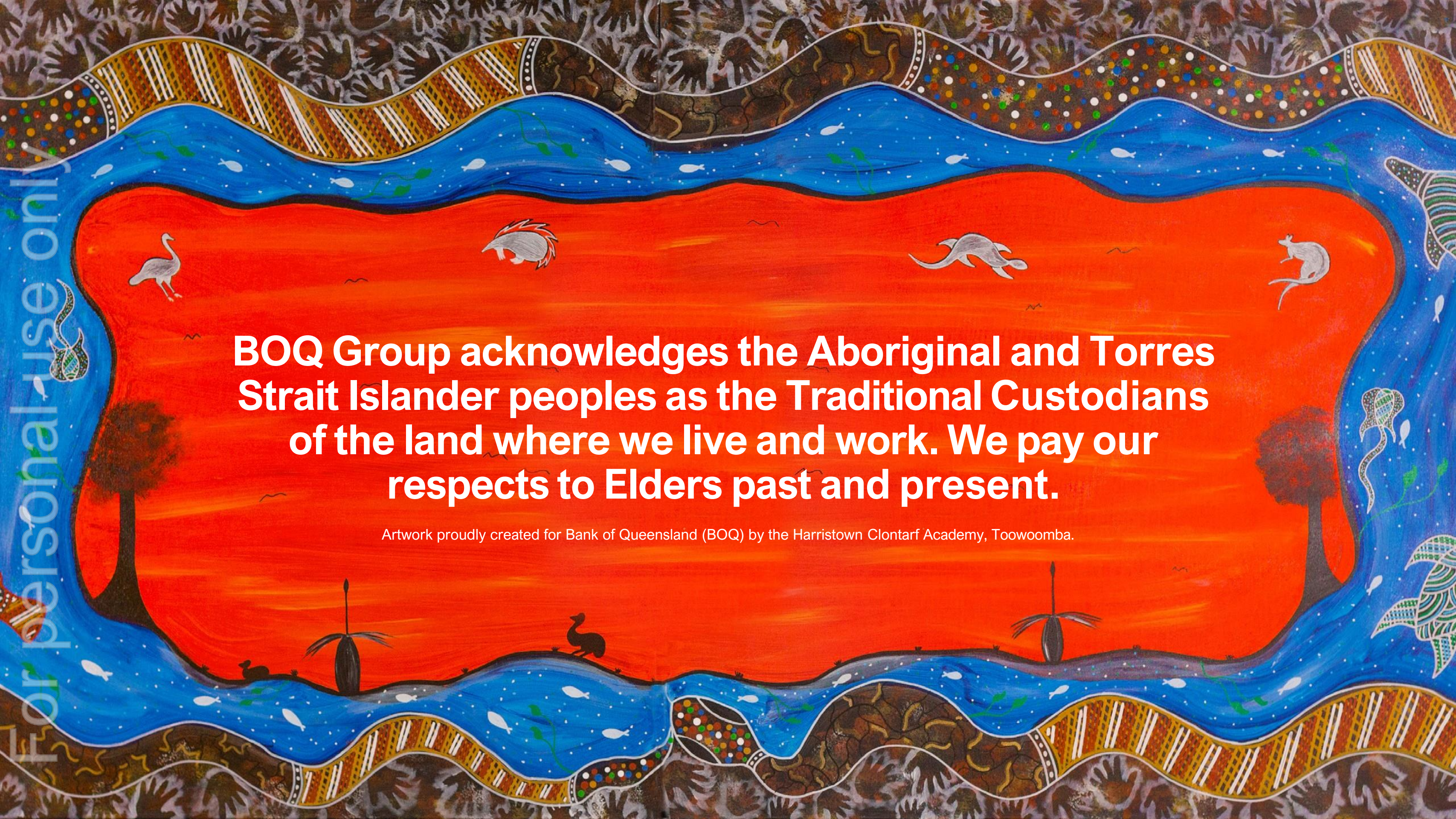
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BOQ Group acknowledges the Aboriginal and Torres Strait Islander peoples as the Traditional Custodians of the land where we live and work. We pay our respects to Elders past and present.

Artwork proudly created for Bank of Queensland (BOQ) by the Harristown Clontarf Academy, Toowoomba.

CHAIRMAN'S ADDRESS

Warwick Negus



Chairman's address

- > **Economic and operating environment** – customers are adjusting to sustained high inflation and the rapid rise of interest rates; heightened levels of scams and fraud activity; ways of working have fundamentally changed and competition in the banking sector remains strong.
- > **Financial performance** – digital strategy starting to deliver; industry wide headwinds impacted FY23 result; strong capital and liquidity positions; BOQ is embracing Court Enforceable Undertakings as a platform to further strengthen the Bank
- > **Consequence management** – Board has reflected deeply on the risk weaknesses and the circumstances which led to the CEUs and has taken appropriate consequence management actions
- > **Board and leadership composition and stability** – maintaining continuity across the Board and management team while addressing key legacy risk issues and continuing the transformation program
- > **Environmental commitments** – building a sustainable business, reducing our operational footprint and delivering outcomes for our people, customers, suppliers and communities
- > **Community involvement** – focused on supporting our customers and communities, living our purpose and values by Building Social Capital Through Banking

Looking ahead

- › High quality Board and Management team in place to transform the business
- › Committed to the strategy building a future-fit, simpler and lean organisation
- › Focused on rebuilding and growing long-term shareholder value
- › Overseeing the uplift of the Bank's risk practices through our Program rQ and AML First risk programs
- › Continued support of our customers and communities adjusting to sustained high inflation and the lagged impact of interest rate rises

MANAGING DIRECTOR & CEO'S ADDRESS

Patrick Allaway



Managing Director & CEO's address – key messages

- › **Clear plan to address legacy issues** and are making good progress in the execution against that plan
- › **Continued investment in the business is required** through this cycle of cost and margin headwinds, with lower returns likely in FY24 while we position BOQ for recovery in FY25 & FY26
- › **In a strong financial position** to continue our transformation investment and manage this economic cycle, while continuing to pay dividends
- › **Time and stability needed** to see this plan through

FY23 overview

Higher total income offset by a return to normalised loan impairment expense and increased costs driven by inflation and transformation investment. Statutory earnings impacted by one-off items

Key financial results (\$m)

	FY23	FY23 v FY22 ¹
Total income	1,742	5% ▲
Operating expenses	(1,010)	8% ▲
Underlying profit	732	2% ▲
Loan impairment expense	(71)	Large ▲
Cash profit before tax	661	(7%) ▼
Income tax expense	(211)	-
Cash earnings after tax	450	(8%) ▼
Statutory net profit after tax	124	(70%) ▼
Return on average tangible equity ² (%)	9.0	(120bps) ▼
Return on average equity (%)	7.3	(90bps) ▼
Cash earnings per share (cents)	68.4	(10%) ▼
Cost to income ratio (%)	58.0	150bps ▲
CET1 ratio ³ (%)	10.91	134bps ▲
Dividends per ordinary share (fully franked) ⁴	41.0	(11%) ▼

(1) Comparatives have been restated to reflect the prior period weighted average life adjustment. Further detail has been provided in BOQ's FY23 Annual Report and its disclosure to the ASX dated 29 September 2023







(2) Based on cash earnings after tax applied to average shareholders' equity (excluding preference shares and treasury shares) less goodwill and identifiable intangible assets (customer related intangibles/brands and computer software)

(3) FY22 CET1 reported under Basel II regulatory framework. FY23 is reported under the Basel III framework which took effect 1 January 2023

(4) The dividend will be fully franked and the dividend reinvestment plan will operate with no discount

FY23 divisional performance

Positive NII growth in BOQ Business and Retail Bank, NPAT down due to higher costs and normalised impairment expenses

	<div>Retail</div> <div></div> <div></div> <div></div>	<div>Business</div> <div></div> <div></div> <div></div>				
	FY23	FY22 ¹	FY23 v FY22 ¹	FY23	FY22	FY23 v FY22
Net interest income	929	919	1% ▲	686	593	16% ▲
Non-interest income	88	98	(10%) ▼	48	50	(4%) ▼
Total income	1,017	1,017	0% —	734	643	14% ▲
Operating expenses	(706)	(642)	10% ▲	(304)	(295)	3% ▲
Underlying profit	311	375	(17%) ▼	430	348	24% ▲
Loan impairment expense	(13)	(41)	(68%) ▼	(58)	28	Large ▲
Cash profit before tax	298	334	(11%) ▼	372	376	(1%) ▼
Income tax expense	(95)	(102)	(7%)	(119)	(115)	3%
Cash earnings after tax	203	232	(13%) ▼	253	261	(3%) ▼

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Transforming the business

Making bold choices about our business to address legacy issues, build a future fit bank, uplift performance and drive shareholder value

Our strategic pillars are driving decisive action

STRENGTHEN	Improved financial and operational resilience and risk culture
SIMPLIFY	Improved productivity and efficiency
DIGITISE	Improved customer and employee experience and lower cost to serve
OPTIMISE	Improved returns, with strong capital position

Addressing

- › Higher relative funding costs
- › Higher relative cost to income ratio
- › Historical technology deficit
- › Complex and duplicative operating structure




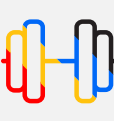




Delivering

- › New opportunities and improved ways of working
- › Resilient and simplified bank that customers choose
- › Future fit digital bank with a reduced cost to serve
- › Improved shareholder value

Customer experience

Elevating our customer voice and experience through a transformed operating model

Our Vision: To be the bank customers choose

 <p>149-year QLD heritage Supporting local communities</p>	 <p>Customer focused Supported 3.7k customers experiencing hardship</p>	 <p>Improving NPS +26 vs +18 myBOQ vs legacy platform</p>	 <p>Dedicated Group Executive Committed to elevating our customer voice</p>
 <p>Digital Bank foundations Growing a more diversified lower-cost funding base</p>	 <p>Scam and fraud prevention Protected customers from losing more than \$6m</p>	 <p>Enhanced digital offerings All retail brands on the new digital banking platform</p>	 <p>Customer growth +10% growth across all brands in FY23</p>

WE ARE BUILDING A DIFFERENTIATED APPROACH, FOCUSED ON NICHE CUSTOMER SEGMENTS ACROSS BOTH THE RELATIONSHIP AND DIGITAL BANK



- > Serving more complex customers requiring a human touch
- > Leveraging our deep community relationships, specialist bankers and OMB network



- > Serving customers requiring a fast and simple self-help digital experience
- > Leveraging our scalable, low cost to serve, end-to-end digital banking platform

Living our purposes and values

Building a sustainable business by supporting our customers and communities, creating an exceptional people experience and reducing our operational footprint

Customers and communities



Supporting regional areas – through owner manager deep relationships



Actively engaging our customers through the challenging and uncertain economic environment



Supporting our communities – partnerships with Orange Sky Australia, Clontarf Foundation, Stars Foundation, Head Start Homes and Mother's Day Classic



Building the resilience of our customers – particularly vulnerable customers and those in financial distress

Enriching our people



Strengthening risk culture – our people increasingly feel safe to speak up, and our organisational culture promotes positive risk outcomes



Building a future fit capability – transformation and digital capabilities required for future state



Developing curious bankers and an agile organisation – execution capability, ability to pivot quickly, banker tools and a flexible digital platform



Driving a diverse workforce and employee engagement – grounded in purpose, a clear strategy, inclusive leadership and empowered teams

Environmental commitments



Supporting our customers to transition – funding sustainable assets such as solar, electric vehicles and energy efficient infrastructure or property



Climate Active carbon neutral certified – reducing our operational footprint



Targeting 100% renewable energy by 2025



Carbon footprint to be reduced by 90% for scope 1 and scope 2 emissions and 40% for scope 3 by FY30⁽¹⁾

(1) Compared to a 2020 baseline. Scope 3 refers to organisational supply chain emissions

Looking ahead

- › Well positioned with a strong foundation for future success
- › Uplifting our operational resilience, risk culture and compliance
- › Simplifying and optimising our business for growth with a lower cost to serve when the cycle turns
- › Australian economy remains resilient heading into an uncertain economic environment due to the lagged impact of sustained high interest rates combined with an increased the cost of living
- › Operating environment to remain challenged with continued revenue and margin pressure
- › Returning to profitability and growth in FY25 & FY26 when the cycle turns
- › Continued dividend payments to shareholders at the lower end of payout ratio during the period