

ASX RELEASE



100 Skyring Terrace
NEWSTEAD QLD 4006

2019 AGM PRESENTATION

Tuesday, 10 December 2019, Brisbane: The presentation slides for the Bank of Queensland Limited (BOQ) 2019 Annual General Meeting are enclosed.

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2019 ANNUAL GENERAL MEETING

10 December 2019

BANK OF QUEENSLAND LIMITED ABN 32 009 656 740. AFSL NO 244616.

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CHAIRMAN'S ADDRESS

PATRICK ALLAWAY
CHAIRMAN

- > Disappointing results in a challenging operating environment
- > Decisive action required to transform
- > Strategic and productivity review underway to return to profitable growth
- > Strong platform to build on

- > Embed customer led purpose and culture
- > Invest in modernising technology infrastructure and digital platforms
- > Transformation will take time; FY20 will be a difficult year
- > Accountability for achieving better outcomes for all stakeholders

MANAGING DIRECTOR & CEO'S ADDRESS

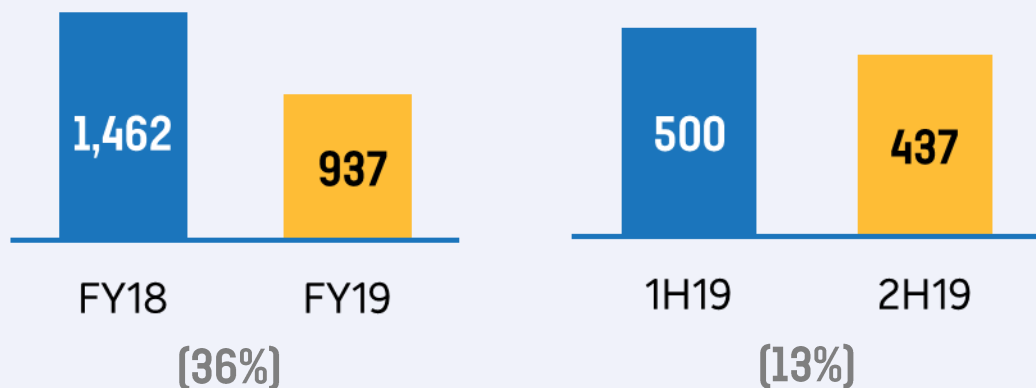
GEORGE FRAZIS
MANAGING DIRECTOR & CEO

RESULTS DISAPPOINTING IN A CHALLENGING ENVIRONMENT

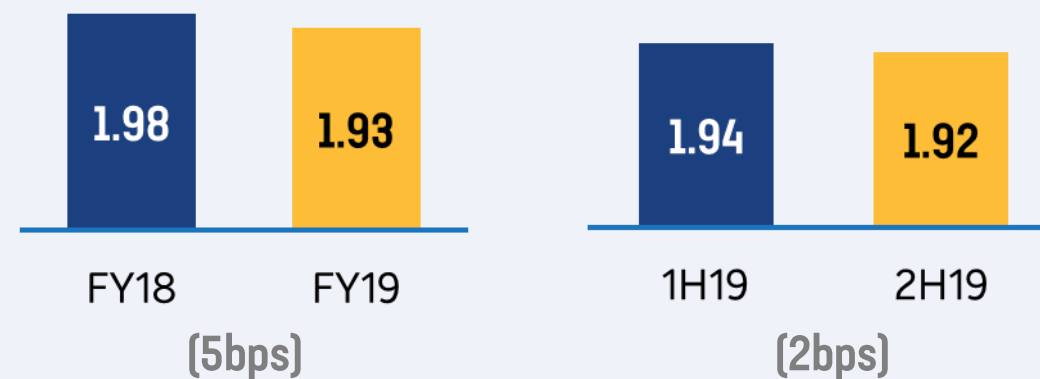
	FY19	FY19 v FY18	2H19	2H19 v 1H19
Statutory net profit after tax ⁽¹⁾	\$298m	(11%) ▼	\$142m	(9%) ▼
Cash earnings after tax	\$320m	(14%) ▼	\$153m	(8%) ▼
Cash return on average equity	8.3%	(160bps) ▼	7.8%	(100bps) ▼
Common Equity Tier 1 ratio	9.04%	(27bps) ▼	9.04%	(22bps) ▼
Cash earnings per share	79.6c	(16%) ▼	37.8c	(10%) ▼
Dividend per share	65c	(14%) ▼	31c	(9%) ▼

DRIVERS OF THE RESULT

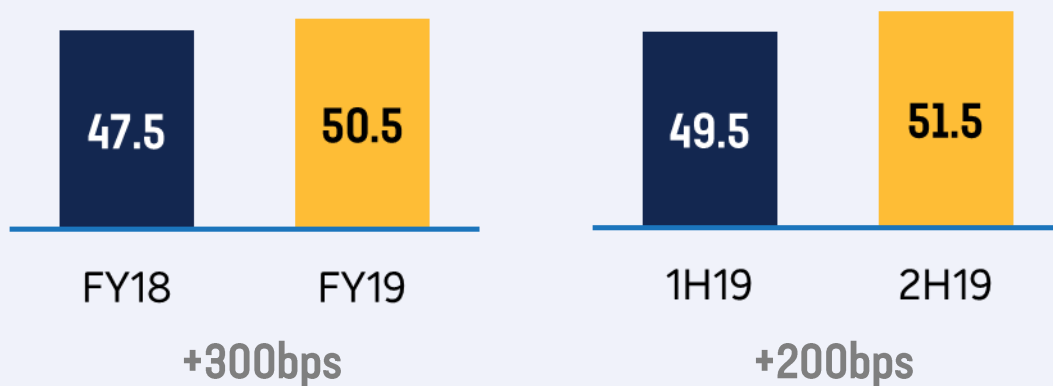
LENDING GROWTH (\$M)



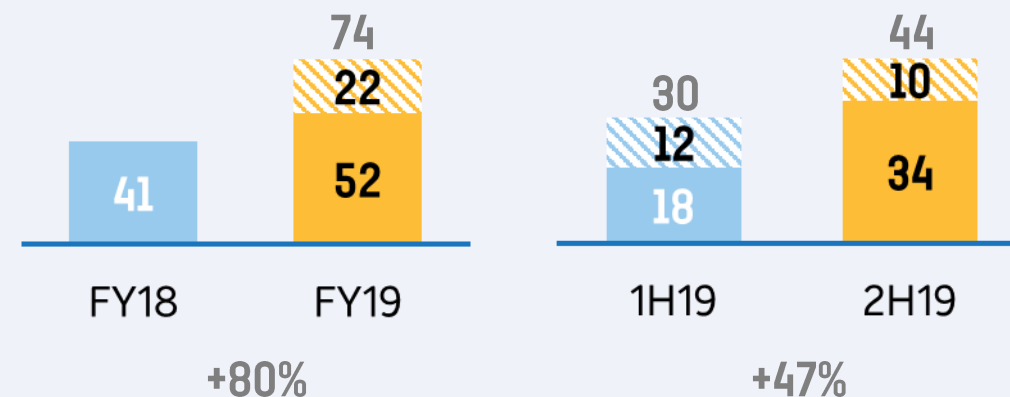
NET INTEREST MARGIN (%)



COST TO INCOME RATIO (%)



LOAN IMPAIRMENT EXPENSE (\$M)



FUNDAMENTALLY GOOD BUSINESS

- > Solid platform for differentiation
- > Growth in niche business segments
- > Virgin Money Australia momentum
- > Sound underlying asset quality
- > Solid balance sheet
- > People care about customers and the bank

AREAS REQUIRING ATTENTION

- > Retail Bank performance
- > Lending processes
- > Rising cost structure
- > Digital and data platforms
- > Skills and capability build

STRATEGIC PRIORITIES

01

Return to profitable and sustainable growth

- > Optimise revenue and margin
- > Improve lending processes and grow volumes
- > Lift distribution performance
- > Profitably grow target customer segments

02

Embed our purpose-led, customer culture

- > High quality appointments to key executive positions
- > Inclusive leadership with decisions aligned to our purpose
- > Build our people's skills and capability
- > Improving customer experience

03

Simplify our business, improve productivity and address costs

- > Structural productivity and operating model review
- > Simplify and reduce number of products
- > Migration to cloud, simplify IT platforms
- > Improve cost efficiency

04

Close the digital and data gap, deliver mobile and VMA

- > Grow Virgin Money Australia digital bank
- > Migrate to a common, cloud-based, multi-brand, digital front-end
- > Improve data and analytics platforms and capability

05

Continue to strengthen the Bank

- > Strong risk and compliance standards
- > Solid liquidity and funding
- > Sub-segment analysis to optimise RWAs and risk/return decision making
- > Strong balance sheet and well placed to accelerate transformation

VIRGIN MONEY AUSTRALIA DIGITAL BANK INVESTMENT

SUMMARY

- > Building on the strong momentum of VMA
- > Successful completion of stage 1 digital bank proof of concept; Now planning full build and implementation
- > Investing in long term value creation; move towards a common cloud based platform

DIGITAL BANK DELIVERY

- > ~\$30m capital expenditure required in FY20 to complete phase 1 build; targeting launch in late 2020
- > Will require higher operating expenses from launch but expected to deliver compelling long term value creation
- > Further detail to be provided at strategy update in February 2020



- 1 FY19 performance disappointing
- 2 Decisive action being taken to improve our performance
- 3 We anticipate lower year on year cash earnings in FY20
 - > FY20 will be another tough year as we transition
 - > Revenue & impairments broadly in line with FY19, subject to market conditions
 - > Costs growing due to regulatory compliance and increased technology investment
- 4 Transformation strategy update planned for late February 2020
 - > Fundamentally good business with a sound platform for differentiation
 - > Focus on business simplification and productivity improvement
 - > Strategic investment underway in Virgin Money Australia and BOQ
 - > Clear objective of returning to profitable and sustainable growth