

## CHAIRMAN'S ADDRESS – 2020 ANNUAL GENERAL MEETING

**Tuesday, 8 December 2020, Sydney:** Address by Patrick Allaway, Chairman of Bank of Queensland Limited, at the Bank's 2020 Annual General Meeting (AGM). The webcast of the AGM can be viewed at: <https://agmlive.link/BOQAGM20>.

*Check against delivery*

### Opening remarks

I would like to leave you with 2 key messages today:

1. We recognise that 2020 has been a considerably challenging year for all of our stakeholders with many suffering hardship. Our highest priority throughout this period has been to support our customers, our people and you – our shareholders – and we will continue to do so.
2. At last year's AGM, your Board made a commitment to achieve better outcomes for our stakeholders. While not yet reflected in our statutory profit, BOQ is in better shape today than it was 12 months ago. We have made good progress this year in executing our transformation, maintaining a strong financial and risk position, and positioning BOQ for growth and improved performance when the economy recovers.

We said that FY20 would be a difficult year as we transformed the business. I don't think any of us could have anticipated just what lay ahead. Bushfires, storms, and COVID-19 caused considerable challenges and hardship for our customers, shareholders, employees and the broader community.

Our financial performance of statutory net profit after tax of \$115million, cash earnings after tax of \$225 million and the dividend of 12 cents per share was delivered in this environment.

Being prudent, we have taken a material provision for expected credit losses resulting from the impact of the COVID-19 pandemic and a write down in our technology investment reflecting changes in our digital strategy to achieve better outcomes for our customers.

### Message to our Shareholders

We recognise this has been a difficult year for our shareholders with a material reduction in dividends, which we understand many of you rely on to support your income. Prudent balance sheet and capital management has been critical to ensure we act for the long term. The dividend payout ratio this past year reflected our statutory profits, APRA guidelines and balancing returns to our shareholders against the ongoing assessment of the resilience of the bank to absorb credit losses, the protection of deposit holders and debt security holders, and the investment in our transformation. We are well capitalised

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and remain committed to returning the business to profitable growth, sustainable dividends and growing long term shareholder value. Our strong relative share price performance against the banking index and ASX 200 in calendar 2020 reflects our clear strategy and transformation progress with good momentum in the business.

### **Message to our Customers**

BOQ has worked hard to support our customers in bridging through this severe economic downturn. Working closely with government, regulators and others in the sector, we responded quickly, providing solutions for customers with financial relief for households and small businesses where required. It is pleasing to see so many of our customers returning to standard payment terms.

We remain focused on improving our customer experience and have elevated the customer voice in the organisation. We have improved our ranking from 5th position to 3rd on customer net promoter scores and were named 2020 MOZO People's Choice Award winner in the excellent customer service category. We will continue to support our customers through this challenging period. We have more to do to delight our customers and achieve our objective of being a leading digital bank of the future while ensuring we have a personal touch.

### **Message to our Employees**

Through the pandemic we have focused on ensuring the safety and well-being of our employees, while maintaining continuity of our operations. Our people have performed strongly over the past 12 months, executing against our strategic priorities, reacting quickly and adapting to new ways of working whilst retaining productivity and dedicated support for our customers. We have moved with agility and our purpose-led culture has driven the right behaviours. Recognising both the improved performance of our people and the difficult year experienced by our shareholders, the Board exercised its discretion to moderate the short-term incentive compensation payments for 2020. Further, we resolved to make no STI cash payments to senior executives with the award being paid in deferred equity to better align with shareholders' interests.

On behalf of the Board I would like to thank all our employees for their hard work and contribution in a very difficult year. We are committed to making BOQ a great place to work and embedding our purpose-led empathetic culture.

### **Leadership**

We recognise that quality people and strong leadership will drive our success. George Frazis commenced in his role as Managing Director & CEO in September 2019 and has already made a material difference to BOQ, bringing a performance driven approach while navigating the uncertainty of the COVID-19 economic impacts. Supporting George to strengthen the capability of BOQ's Executive and senior leadership team has been a key priority for the Board. We were pleased to welcome Ewen Stafford as our Chief Financial Officer and Chief Operating Officer, Fiamma Morton as Group Executive BOQ Business, and Craig Ryman as Chief Information Officer. In FY21 Danielle Keighery will join BOQ as the Chief Customer Officer. We have materially increased the depth of talent and experience in the leadership team and believe that under the strong leadership of George we have the right skills and experience to drive BOQ's transformation agenda.

### **Culture and Governance**

Culture and governance remain key priorities for the Board and BOQ. During the year we conducted a cultural review and in response, embarked on a cultural transformation. At its core, is our shared

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commitment to our purpose and values of empathy, integrity, and making a difference. We are shifting the organisation to a performance-led culture with executive empowerment and accountability to deliver our plans. Our future remuneration framework has been updated, further aligning leadership performance with long term shareholder value creation, reducing cash payments, attracting and retaining talent, and ensuring our people demonstrate appropriate risk behaviours.

We are committed to continuous improvement and excellence in corporate governance, increasing transparency in our reporting, compliance with our regulatory obligations, and protecting our license to operate.

### **Community**

BOQ is similarly committed to building a sustainable business and supporting the communities in which we operate. We have a responsibility to invest and manage our business to deliver strong returns for our shareholders - at the same time as improving outcomes for the community and environment. BOQ recognises the role it can play in reducing its own carbon footprint and supporting our customers on their sustainability journey.

### **Board renewal**

Following my appointment as Chairman in October 2019, BOQ conducted an independent Board performance and skills matrix review focused on improving the effectiveness and performance of your Board. We have reduced the number of non-executive directors from ten to seven, with our Board renewal and succession plan committed to improving diversity of thought, digital transformation, and strategic capability. I would like to take this opportunity to thank Richard Haire, who retired from the Board in April and Michelle Tredenick who retires from the Board at this AGM. Thank you also to my colleagues on the Board for their contribution to BOQ.

### **Looking ahead**

We have made a strong start but have a lot more to do to achieve our aspiration of being a bold challenger bank with multi brands that are digitally enabled, while maintaining a personal touch and providing an exceptional customer experience and compelling value proposition.

We continue to operate in a highly uncertain economic environment with accelerating shifts in consumer behaviours, public expectations, and operating models. We have the right team in place to manage through this period and will continue to refine our strategy to reflect these shifts.

We will continue to ensure we live our purpose of creating prosperity for our customers shareholders and people through empathy, integrity, and by making a difference.

We wish to thank you for your ongoing support of BOQ. We appreciate the considerable responsibility for the Board and management to continue to deliver improved outcomes for all our stakeholders and we remain committed to doing so.

I will now hand over to George for his MD & CEO address.

### **ENDS**

**Authorised for release by:** Fiona Daly, Company Secretary

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