

# ASX RELEASE

**BOQ**  
**GROUP**

100 Skyring Terrace  
Newstead QLD 4006

## 2021 ANNUAL GENERAL MEETING PRESENTATION

**Tuesday, 7 December 2021, Brisbane:** The presentation slides for Bank of Queensland Limited's (BOQ) 2021 Annual General Meeting are attached.

**ENDS**

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

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# 2021 ANNUAL GENERAL MEETING

7 December 2021

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

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# 2021 ANNUAL GENERAL MEETING

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# CHAIRMAN'S ADDRESS

PATRICK ALLAWAY

- > Material improvement in financial and operating performance in FY21
- > Cautiously optimistic that Australia is well placed for further economic recovery in 2022
- > Highest priorities include:
  - Supporting the financial needs of our customers
  - Further embedding our purpose led culture
  - Delivering the next phase of the digital bank transformation
  - Integrating ME Bank
  - Regulatory compliance and social licence to operate
  - Growing shareholder value
- > Positioned to continue to pursue quality growth within prudent risk settings across our multi brand portfolio

- > Committed to delivering sustainable, profitable growth and growing long-term **shareholder value**
- > Continued focus on improving our **customer experience**, customer net promoter score remains strong in 3<sup>rd</sup> position<sup>1</sup>
- > **Building a sustainable business**, recognising our social responsibility to deliver improved outcomes for all stakeholders and the environment
- > **Our people continue to perform strongly**, embedding a performance driven culture and delivering against our strategic transformation
- > Completion of **Board refresh program**, enhancing our diversity, future fit skills mix and intellectual curiosity

# LOOKING AHEAD

- > High calibre leadership team with strong execution skills in place
- > Good business momentum and well positioned to continue to progress the transformation journey
- > Operating environment remains uncertain
- > Will continue to support customers and manage our risk and capital settings in the current environment
- > Refine strategy to respond to competition and structural headwinds where appropriate



# MANAGING DIRECTOR & CEO'S ADDRESS

GEORGE FRAZIS

- > Supporting our customers and people through ongoing challenging times
- > Delivering quality sustainable profitable growth
- > Executing on our digital transformation
- > Successfully completed acquisition of ME Bank and divestment of St Andrew's
- > Focus on strength with strong balance sheet and capital, with sound asset quality and prudent provision overlays in place

# FY21 RESULTS

HIGHER CASH PROFIT DRIVEN BY STRONG QUALITY ASSET GROWTH AND MARGIN MANAGEMENT

Key Financial Results	FY21	FY20	FY21 v FY20 <sup>1</sup>	BOQ <i>excluding ME Bank</i>	
				FY21 vs FY20	
Statutory net profit after tax (\$m)	369	115	221% ▲	352	206% ▲
Cash earnings after tax (\$m)	412	225	83% ▲	389	73% ▲
Cash return on average equity (%) <sup>2</sup>	8.2	5.4	280bps ▲		
Return on average tangible equity (%) <sup>2,3</sup>	10.2	6.9	330bps ▲		
Common Equity Tier 1 ratio (%) <sup>2</sup>	9.80	9.78	2bps ▲		
Cash earnings per share <sup>2,4</sup>	74.7c	49.6c	51% ▲		
Dividend per share	39c	12c <sup>5</sup>	27c ▲		

(1) PCP does not include comparative earnings for ME Bank

(2) Including earnings from ME Bank for the period 1 July 2021 to 31 August 2021

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

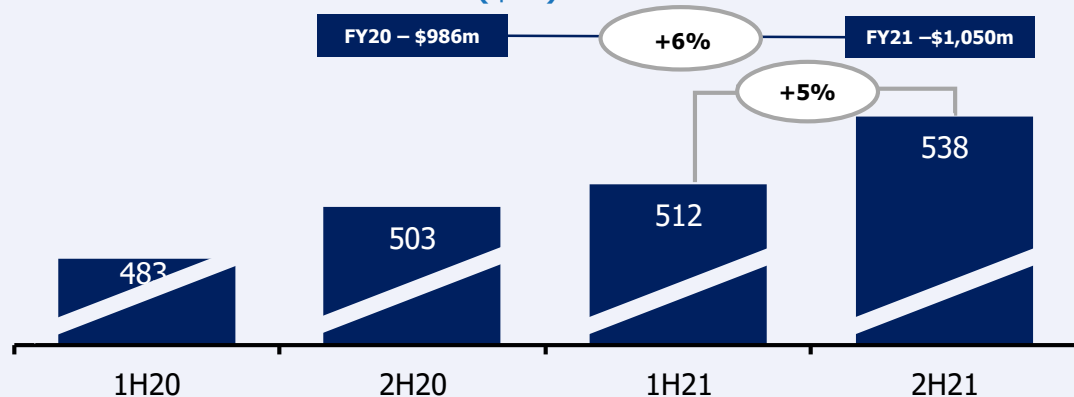
(4) The basic cash earnings per share for all prior periods have been adjusted for the effects of the Group's capital raise in March 2021

(5) BOQ paid a FY20 dividend of 12c, which represented 6c from 1H20 profits and 6c from 2H20 profits

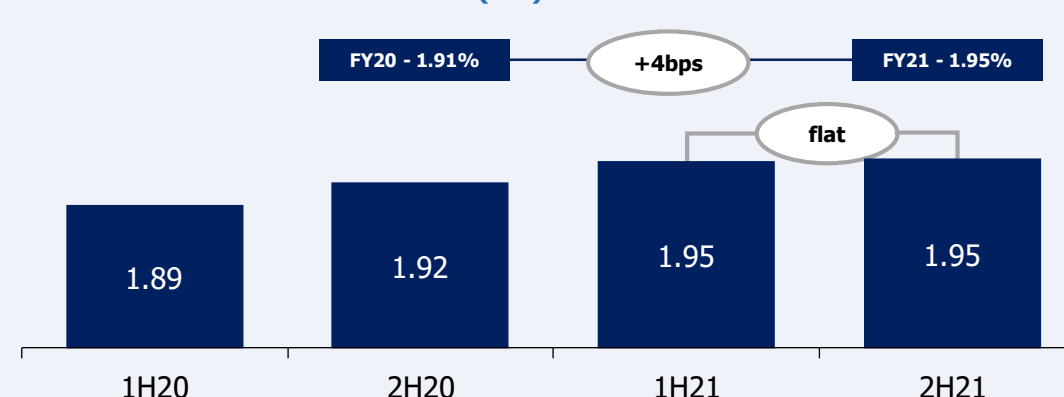
# KEY ELEMENTS OF THE RESULT<sup>1</sup>

INCOME GROWTH WITH GOOD MARGIN MANAGEMENT, IMPROVED PRODUCTIVITY AND IMPAIRMENT RELEASES

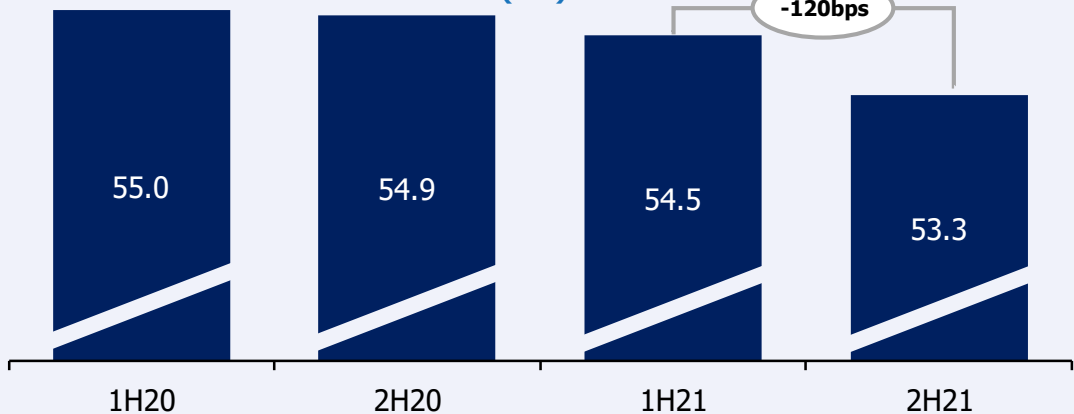
## NET INTEREST INCOME (\$M)



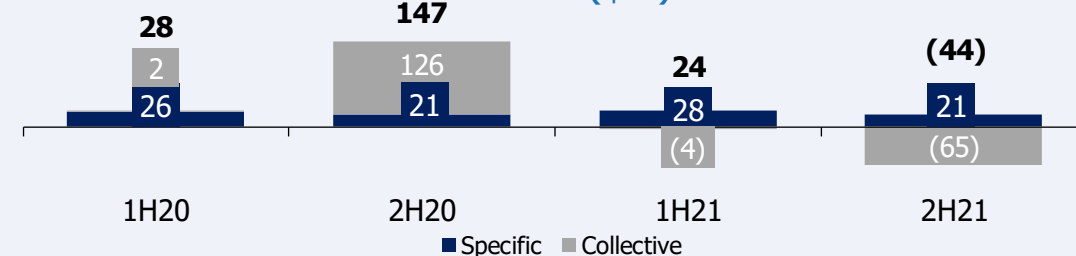
## NET INTEREST MARGIN (%)



## COST TO INCOME RATIO (%)<sup>2</sup>



## LOAN IMPAIRMENT EXPENSE (\$M)



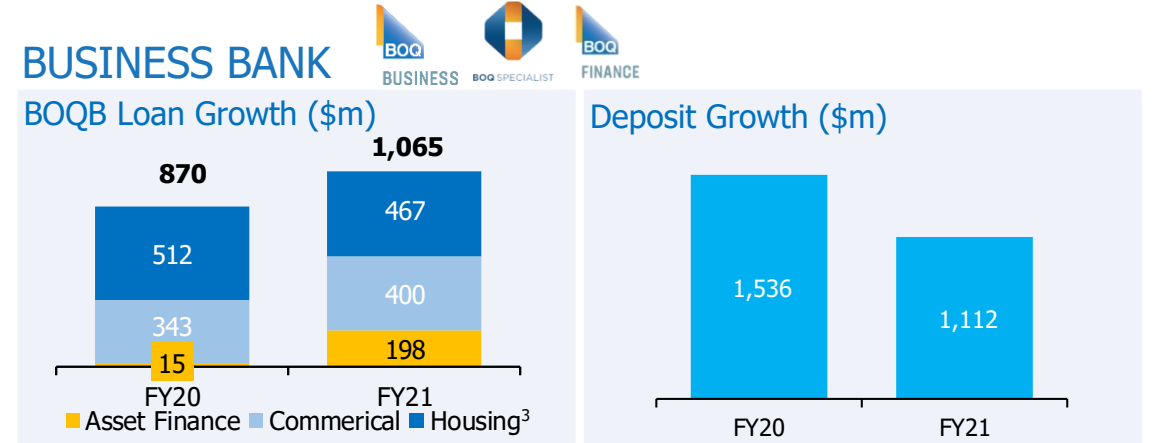
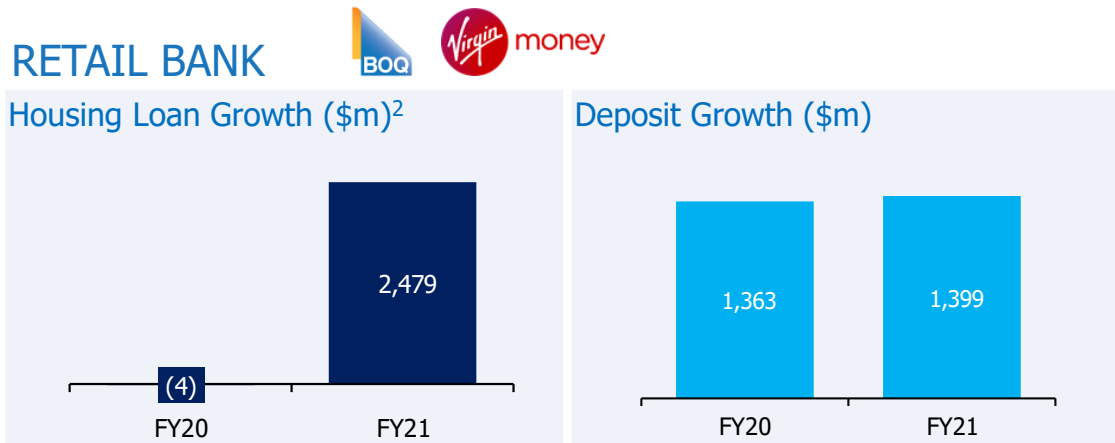
	1H20	2H20	1H21	2H21
Loan Impairment to GLA	12bps	62bps	10bps	(17bps)
Excluding material collective provisions <sup>(3)</sup>	8bps	10bps	10bps	12bps

(1) Excluding ME Bank

(2) VMA costs have been restated from non-interest income and included in operating expenses

(3) Loan impairment to GLA excludes material collective provisions adjustments, 1H20 \$10m, 2H20 \$123m and 2H21 -\$75m

# DIVISIONAL ACHIEVEMENTS<sup>1</sup>



- Growth delivered across all channels
- BOQ Housing loan growth of 1.7x system
- ME Bank application volumes increasing, with net growth in the month of November
- Consumer NPS<sup>4</sup> ranked 3<sup>rd</sup>, Mortgage NPS<sup>4</sup> ranked joint 4<sup>th</sup>

- Continued focus on niche segments
- Growth delivered across all channels
- Supported customers through COVID-19 with a personalised approach
- SME NPS<sup>5</sup> ranked 3<sup>rd</sup>

(1) Excluding ME Bank  
 (2) BOQ Retail Bank housing loan growth includes BOQ Retail plus VMA  
 (3) BOQB housing loan growth includes SME home lending plus BOQS  
 (4) RFI XPRT Report, August 2021 and August 2019  
 (5) DBM Atlas Report August 2021 and August 2019. SME NPS refers to Any Financial Relations (**AFR**) and businesses under \$40m turnover

# RETAIL BANK DIGITAL TRANSFORMATION

TRANSFORMATION ON TRACK AND PROGRESSING AS PLANNED

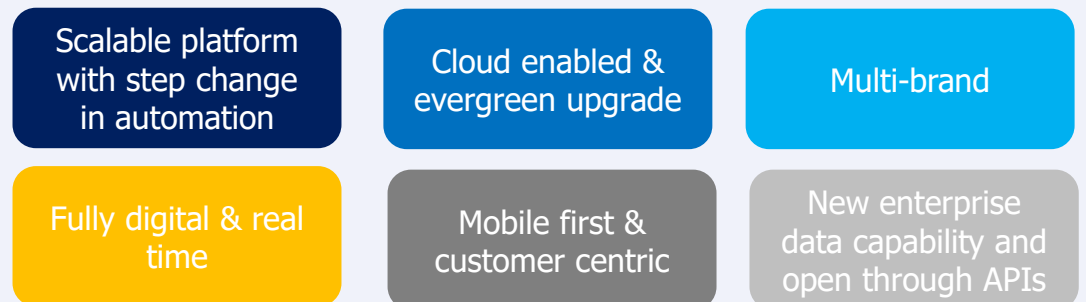
## BUILDING THE RETAIL DIGITAL BANK OF THE FUTURE



## FUTURE RETAIL PLATFORM END STATE



## END STATE



# ME BANK ACQUISITION

STRATEGIC BENEFITS DELIVERING VALUE AND INTEGRATION AHEAD OF SCHEDULE



## Significantly enhanced scale and portfolio mix for profitable growth

- 580k customers added, bringing the total to 1.5m
- \$25bn GLAs added, total BOQ GLAs now c.\$75bn
- Retail net profit contribution increases to c.55%



## Strong complementary challenger brands with a shared customer centric culture

- Differentiated customer segments and geographies with minimal overlap
- BOQ's East Coast presence has been re-balanced
- High Net Promoter Scores (NPS) achieved across all brands



## Attractive financial outcomes

- Due diligence assumptions validated
- Work underway to return ME Bank to growth, with application volumes up 62% in 1Q22 compared to the FY21 average. Net growth achieved for the month of November.
- Synergies accelerated and expected to be delivered by end of FY23<sup>1</sup>



## Clear pathway to a cloud based common digital Retail bank technology platform

- Upgrade to Temenos v.18 completed, customer migration underway
- Plans being developed for final migration to common cloud platform
- Leveraged capital investment across combined business

# EXECUTING THE TRANSFORMATION ROADMAP

Excluding ME Bank unless otherwise noted

	Key Metrics	FY19	FY20	FY21
Purpose Led Culture	Employee engagement	56%	59%	64%
	Strong Leadership Team	High level of Executive turnover	Key Executive roles filled	Executive team in place and delivering
Growth, margin and productivity	Customer Numbers	c.1.0m	c.900k	c.1.5m <sup>1</sup>
	Jaws	Negative jaws -6%	Negative jaws -6%	Positive jaws +2%
	Home lending system multiples <sup>2</sup>	0.2x system	0.9x system	1.7 x system
	Business lending system multiples <sup>2</sup>	1.2x system	Positive to system	0.8x system
	Margin	1.93%	1.91%	1.95%
	Productivity benefit	-	\$30m	\$30m
Distinctive brands serving niche segments	Consumer NPS <sup>3</sup>	5 <sup>th</sup>	3 <sup>rd</sup>	3 <sup>rd</sup>
	Mortgage NPS <sup>3</sup>	11 <sup>th</sup>	5 <sup>th</sup>	joint 4 <sup>th</sup>
	Business NPS <sup>4</sup>	joint 4 <sup>th</sup>	3 <sup>rd</sup>	3 <sup>rd</sup>
	Time to 'yes' – proprietary <sup>5</sup>	5 days	1 day	1 day
	Time to 'yes' – broker <sup>5</sup>	8 days	3 days	3 days
Digital Bank of the Future	Delivery of core projects	<ul style="list-style-type: none"> <li>✓ Branch bandwidth &amp; telephony upgrade</li> <li>✓ E Conveyancing (PEXA)</li> <li>✓ Virgin Money credit card app</li> <li>✓ Internet banking upgrade for BOQS</li> <li>✓ Regulatory uplift</li> </ul>	<ul style="list-style-type: none"> <li>✓ Upgraded BOQS mobile app</li> <li>✓ Contact Centre telephony platform</li> <li>✓ Treasury system upgrade</li> <li>✓ Migration of data centres to cloud</li> <li>✓ Customer engagement platform</li> <li>✓ Risk &amp; Regulatory program</li> </ul>	<ul style="list-style-type: none"> <li>✓ Phase 1 of retail digital bank</li> <li>✓ New credit cards management system</li> <li>✓ Regulatory reporting program</li> <li>✓ Lending system enhancements</li> <li>✓ FX digital platform</li> </ul>
Strong Financial & Risk Position	CET1	9.04%	9.78%	9.80% <sup>1</sup>
	NSFR	112%	119%	122% <sup>1</sup>
	LCR	145%	164%	149% <sup>1</sup>
	Deposit to loan ratio	70%	74%	75% <sup>1</sup>

(1) Including ME Bank

(2) Reflects the APRA definition of lending and will therefore not directly correlate to the balance sheet growth. Adjustments made to include BOQ Finance non ADI balances in overall growth result

(3) RFI XPRT Report, August 2021, August 2020 and August 2019. Excludes ME Bank.

(4) DBM Atlas Report August 2021, August 2020 and August 2019. SME NPS refers to Any Financial Relationship (AFR) and businesses under \$40m turnover

(5) BOQ brand during August 2021. Time to conditional yes varies during the year based on volumes and customer mix.



## FY21 OUTCOMES

### Environmental



- Carbon neutral certification achieved and climate risk scenario analysis enhanced

### Social



- Gender diversity focus - 39% of senior leadership positions held by women
- Employee engagement score increased to 64%
- Ongoing support of community partners and investment into local grassroots communities

### Governance



- All relevant Royal Commission recommendations implemented
- Supplier Code of Conduct introduced

## KEY FOCUS AREAS GOING FORWARD

- Reducing emissions and targeting 100% renewable energy by 2025 and supporting customers transition to low carbon future
- Senior leadership target of 40% females, 40% male, and 20% any gender
- Employee engagement target of 72%
- Targeting community investment of \$1m per annum
- Ongoing embedding of ESG risk management practices

- > Remain committed to executing our strategic transformation
- > Australia is well placed for economic recovery with high vaccination rates
- > Continue to support our customers, communities and people
- > Maintaining a strong capital position and sound asset quality
- > Reconfirming FY22 guidance of at least 2% jaws, with expenses down 1% for the year<sup>1</sup>
- > Committed to delivering long term shareholder value through sustainable profitable growth

(1) FY22 guidance is based on FY21 pro formas and subject to no material change in market conditions