For personal use only

# ASX RELEASE

BOQ GROUP
100 Skyring Terrace
Newstead QLD 4006

## 2020 ANNUAL GENERAL MEETING PRESENTATION

**Tuesday, 8 December 2020, Sydney:** The presentation slides for Bank of Queensland Limited's (**BOQ**) 2020 Annual General Meeting are attached.

**ENDS**

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

**For further information please call:**

**Media**
Tracy Hicks, Head of Corporate Affairs
0439 540 960 tracy.hicks@boq.com.au

**Analysts**
Cherie Bell, General Manager Investor Relations
0488 756 126 cherie.bell@boq.com.au

BOQ GROUP

ersonal use only

# 2020 ANNUAL GENERAL MEETING

8 December 2020

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

# DISCLAIMER

This is a presentation of general background information about Bank of Queensland Limited's (BOQ's) activities at the date of this document. It is in summary form and does not purport to be complete. It should be read in conjunction with BOQ's other periodic and continuous disclosure announcements. All figures are presented on a cash earnings basis unless otherwise stated.

The information contained in this presentation may include information derived from publicly available sources that has not been independently verified. BOQ does not warrant the accuracy, completeness or reliability of the information contained in this presentation or any assumptions on which it is based.

This presentation is not financial product advice and should not be relied upon for investment purposes. This presentation does not take into account the investment objectives, financial situation or particular needs of any individual investors. These should be considered, with or without professional advice, before deciding if an investment in BOQ is appropriate.

This presentation may contain forward-looking statements about BOQ's business and operations, market conditions, results of operations and financial condition, capital adequacy and risk management practices which reflect BOQ's views held and current expectations as at the date of this document.

Forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of BOQ and which may cause actual results to differ materially from those expressed or implied in such statements. Readers are cautioned not to place undue reliance on any forward-looking statements. Actual results or performance may vary from those expressed in, or implied by, any forward-looking statements. BOQ does not undertake to update any forward-looking statements contained in this document, subject to disclosure requirements applicable to it.

ersonal use only

ersonal use only

# 2020 ANNUAL GENERAL MEETING

8 December 2020

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

For personal use only

# CHAIRMAN'S ADDRESS

PATRICK ALLAWAY
CHAIRMAN

# CHAIRMAN'S SUMMARY

- FY20 has been a considerably challenging year - focus has been on supporting our customers, our people and our shareholders

- Good progress against your Board's 2019 AGM commitments to achieve better outcomes for stakeholders
  - Good progress in strategy transformation
  - Maintained a strong financial and risk position
  - BOQ is well positioned for growth and improved performance

ersonal use only

# CHAIRMAN'S ADDRESS

- Committed to returning the business to profitable growth, sustainable dividends and growing long-term **shareholder value**
- Focused on improving our **customer experience,** customer net promoter score increased to 3rd position (from 5th)
- **Our people have performed strongly** over the past 12 months, executing against our strategy, adapting to new ways of working and maintaining support for our customers
- Materially increased the depth of **talent and experience in leadership team** with strong execution capability
- **Culture and governance remain key,** shifting BOQ to a purpose-led organisation and are committed to continuous improvement and excellence in corporate governance
- Recognise the role we play in **supporting the communities and environment** in which we operate
- Focused on improving **effectiveness and performance of the Board**

ersonal use only

# LOOKING AHEAD

- More to do to achieve our aspiration
- Right team in place to manage through the operating environment uncertainty
- Living our purpose of ***creating prosperity for customers, shareholders and people through empathy, integrity and by making a difference***
- Committed to delivering better outcomes for all stakeholders

ersonal use only

For personal use only

# MANAGING DIRECTOR & CEO'S ADDRESS

GEORGE FRAZIS
MANAGING DIRECTOR & CEO

# MANAGING DIRECTOR & CEO'S SUMMARY

- Focus has been on supporting our customers and people through drought, bushfires, and COVID-19
- Achieved solid growth in a challenging year, with momentum continuing
- Executing on our strategy as planned, digital transformation is on track
- Completed the operating model review and delivered productivity savings
- Leaning into a health and economic crisis that has been well managed by the Government and regulators
- Sale of St Andrews announced, in line with the focus on simplification

ersonal use only

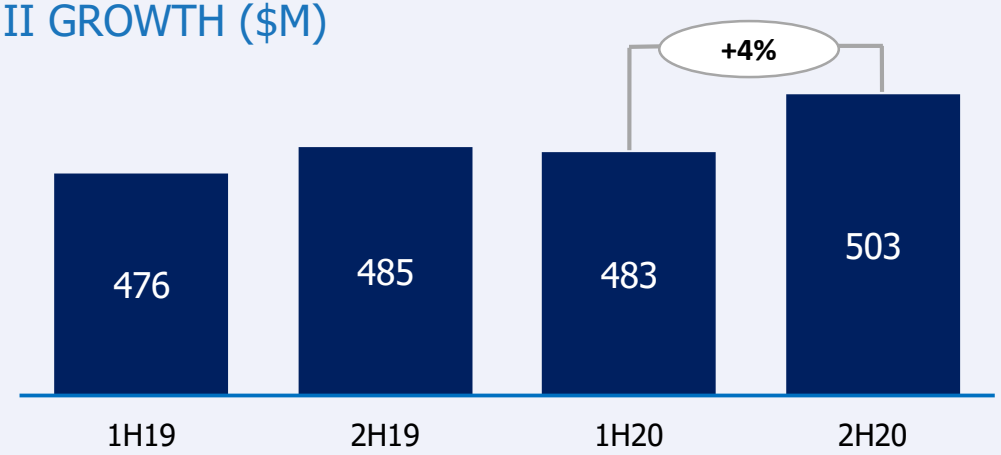
# FY20 RESULTS

| Key financial results $ million | FY20 | FY19 | FY20 v FY19 |
|---|---|---|---|
| Statutory net profit after tax | 115 | 298 | (61%) ▼ |
| Cash earnings after tax | 225 | 320 | (30%) ▼ |
| Cash return on average equity | 5.4% | 8.3% | (290bps) ▼ |
| Common Equity Tier 1 ratio | 9.78% | 9.04% | 74bps ▲ |
| Cash earnings per share | 51.1c | 79.5c | (36%) ▼ |
| Dividend per share | 12c | 65c | (82%) ▼ |

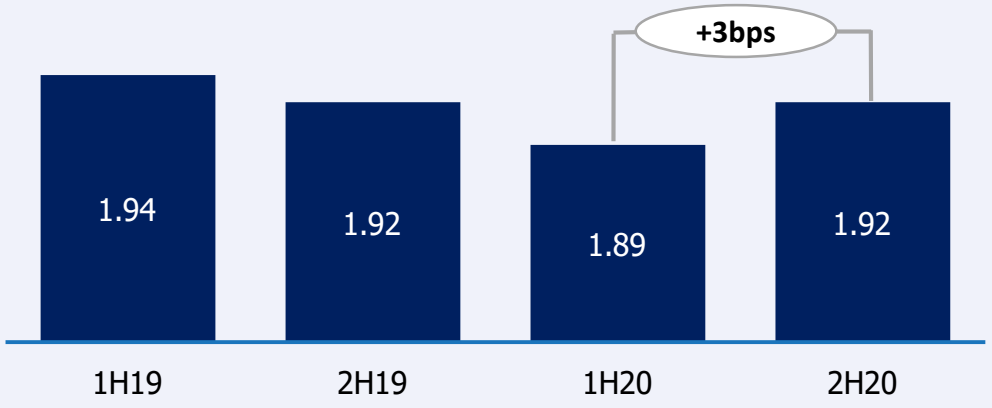
ersonal use only

# KEY ELEMENTS OF THE RESULT

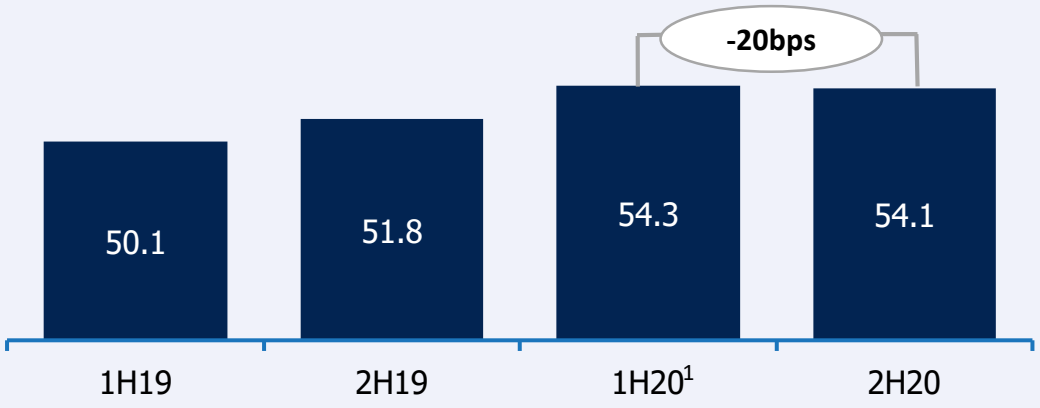
## NII GROWTH ($M)



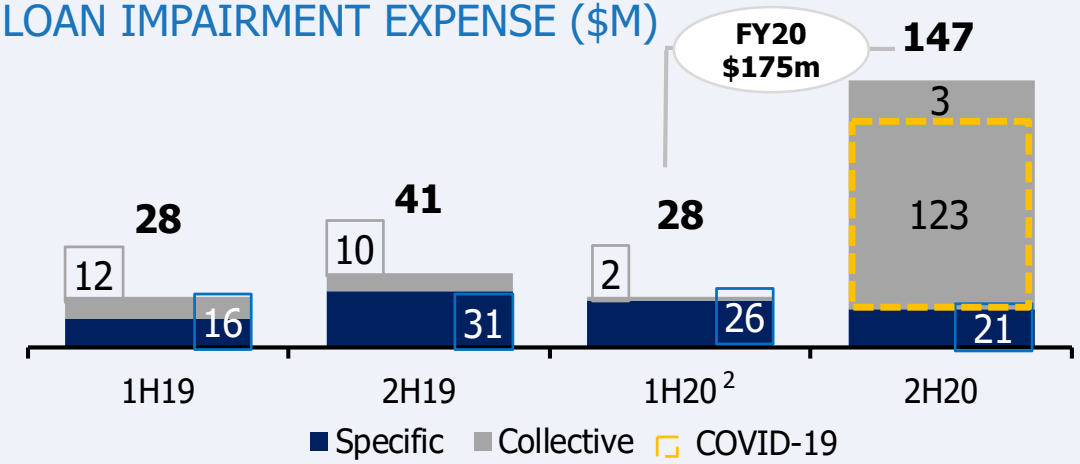

## NET INTEREST MARGIN (%)




## COST TO INCOME RATIO (%)




## LOAN IMPAIRMENT EXPENSE ($M)



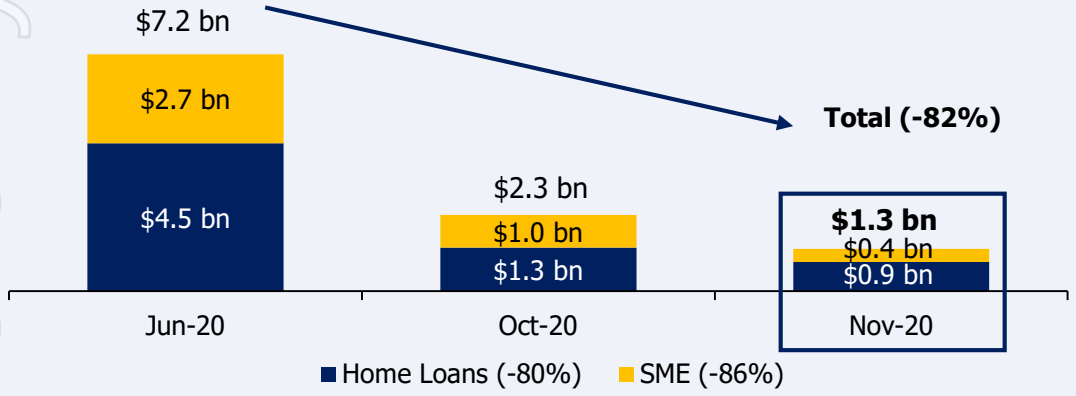

(1) Increase in costs driven by regulation and strategic investment as guided to the market

(2) 1H20 includes a $10m collective provision overlay in respect of COVID-19

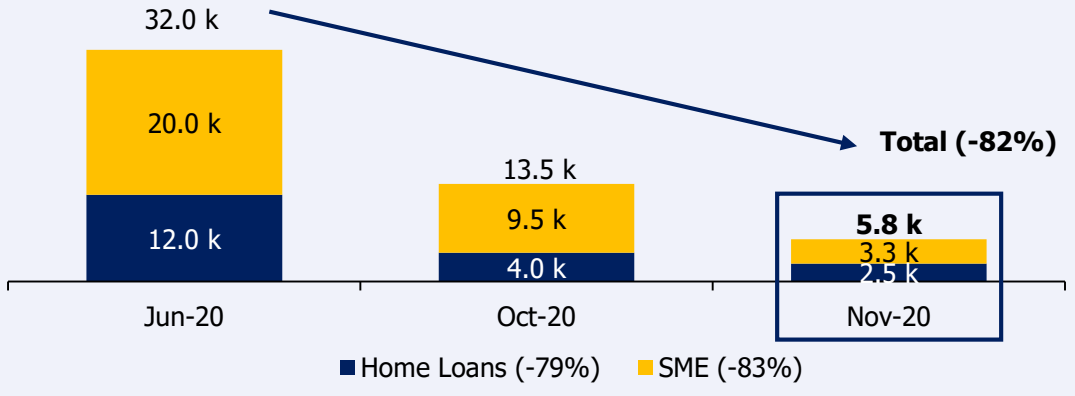
ersonal use only

# BANKING RELIEF PACKAGES NOVEMBER 2020

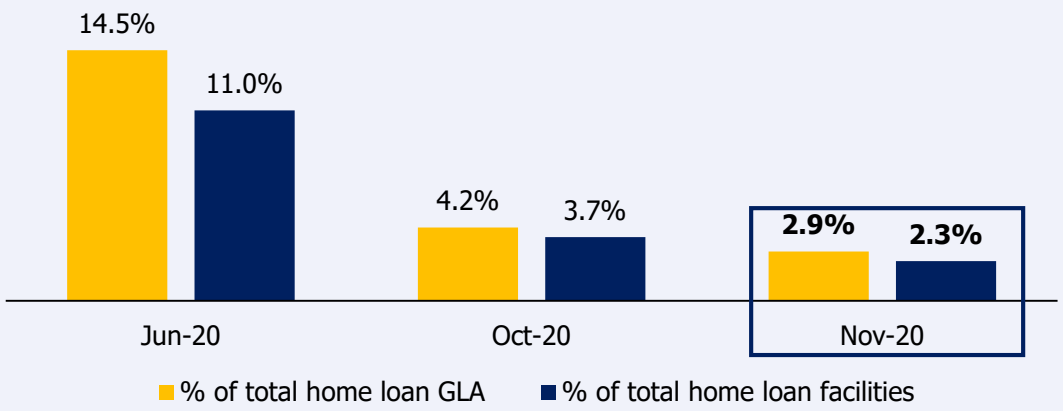
## TOTAL DEFERRAL BALANCES ($BN)



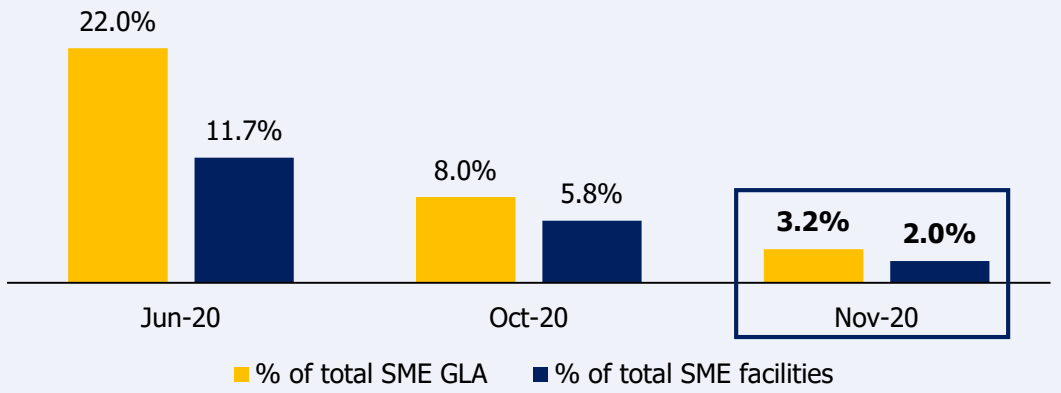

## TOTAL NUMBER OF DEFERRALS




## HOME LOAN DEFERRAL BALANCES ($BN)




## SME DEFERRAL BALANCES ($BN)

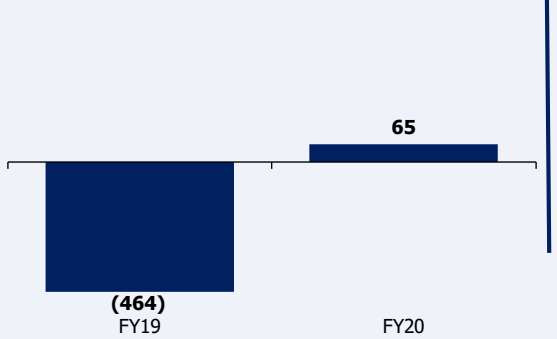



ersonal use only

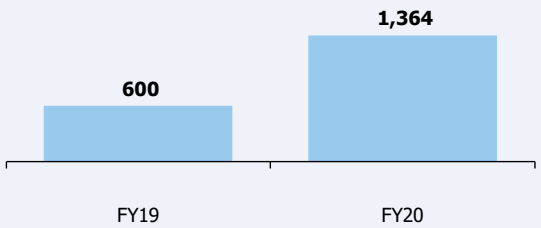
# DIVISIONAL ACHIEVEMENTS

## RETAIL BANK

### Housing Lending Growth ($m)



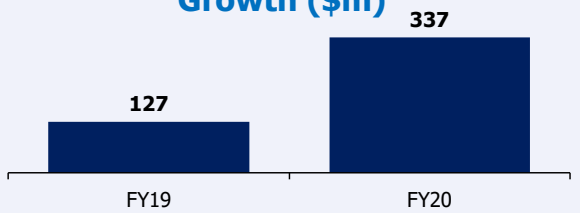

### Deposit Growth ($m)



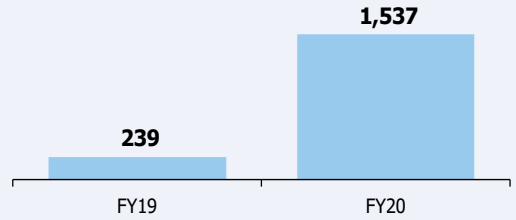

- Retail Bank Net Interest Income increased 1% through home loan growth and improved margins
- Consumer NPS[1] ranked 3rd (up from 5th in FY19), Mortgage NPS ranked 5th (up from 11th in FY19)
- Home Buying Transformation program reduced 'time to yes' from five days down to one
- 95% of OMs on new franchise agreement
- Family and friends launch of phase 1 VMA Digital Bank due to go live this week

## BOQ BUSINESS

### Commercial, Agri & SME Lending Growth ($m)




### Deposit Growth ($m)




- BOQB Net Interest Income increased 3% due to good growth and margin management
- SME NPS[2] ranked 3rd (up from 4th in FY19)
- Continued focus on niche segments delivering good growth with all business lines outperforming system
- BOQ Finance book maintained in a declining market – balancing growth and margin considerations
- Relationship banking support to customers through COVID-19
- New mobile app for BOQS with ApplePay

ersonal use only



(1) RFi XPRT Report, August 2020 and August 2019
(2) DBM Atlas BFSM Report August 2020. SME NPS refers to Any Financial Relationship (**AFR**) and businesses under $40m turnover.

# DRIVING BOQ FORWARD

| | Objective | FY19 | FY20 |
|---|---|---|---|
| High calibre team | High calibre Executive and Senior Management | High level of Executive turnover | Key Executive roles filled with experienced leaders and strong execution capability |
| | Lift employee engagement | 56% | 59% |
| Delivering against key metrics | Simplified and streamlined mortgage process to reduce time to yes | +5 days | 1 day |
| | Enhanced customer experience – uplift in customer and mortgage NPS[2] | Consumer ranked 5th<br>Mortgage ranked 11th<br>Business ranked 4th | Consumer ranked 3rd<br>Mortgage Ranked 5th<br>Business Ranked 3rd |
| | Lending growth momentum – growing market share | 0.2x system Housing (net growth $141m)<br>1.2x system Business (net growth $127m)[1] | 0.9x system Housing (net growth $508m)<br>+ large Business (net growth $337m)[2] |
| | NIM management | 5bps decline | 2bps decline for FY20, 3bps up 2H20 vs. 1H20 |
| | Productivity benefits of c.$30m p.a. | - | $30m<br>Increased regulatory costs and investments as guided to the market |
| Superior project execution capabilities | Delivering against 8 core tier 1 projects | Capital investment of $92m<br>Limited execution capability | Capital investment of $100m<br>6 core transformation projects completed, including data centres in cloud, and VMA on track for 2020 |
| | Strategic reset of intangibles portfolio | 135 intangible assets on balance sheet | 58 intangible assets on balance sheet |

personal use only



(1) GLA data has been aligned for the new APRA regulatory definitions applicable from 1 July 2019
(2) Excludes BOQF; (2) RFi XPRT Report August 2019, August 2020

# building the digital bank of the future

Executing on our strategy – VMA phase 1 on track for soft launch by December

ersonal use only

**Executing on our strategy**

**Leveraging existing scale**

**Partnership as a strategic advantage**

**Market leading technology solution**

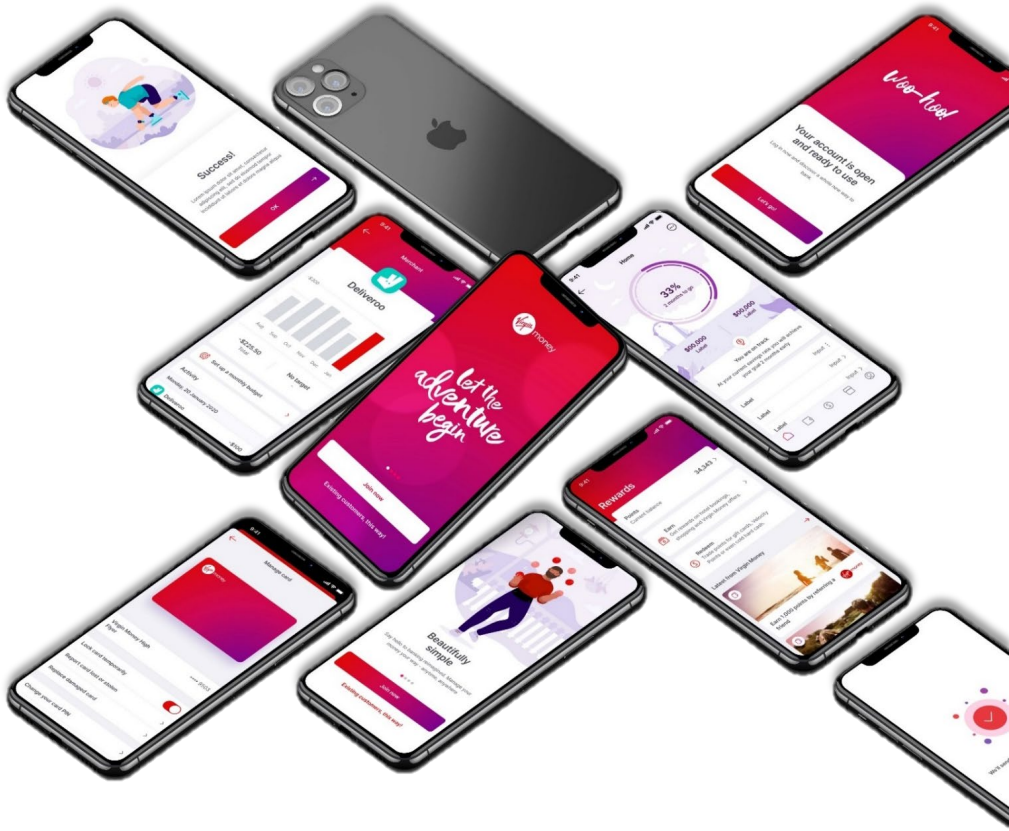
**Clear roadmap for phase 2**

Setting the foundation for BOQ's digital transformation

Cloud based core banking platform for the Retail Bank

VMA as a growth engine, improving ROE

Family and friends launch of phase 1 VMA digital bank to go live this week



# FY21 OUTLOOK[1]

- Remain committed to executing against strategic targets
- Uncertain outlook given COVID-19, but conditions improving and Australia relatively well placed
- Continue to support our customers, communities and people while growing our business
- Well provisioned for COVID-19 impacts with a strong capital position
- Overcoming legacy structural disadvantages through the use of digital channels and partnerships
- Expecting broadly neutral jaws in FY21
- Committed to delivering long term shareholder value through sustainable, profitable growth and attractive returns

1. Subject to no material change in market conditions

ersonal use only