

ASX RELEASE

BOQ
GROUP

100 Skyring Terrace
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MACQUARIE AUSTRALIA INVESTOR CONFERENCE

Thursday, 6 May 2021, Sydney: Bank of Queensland Limited (**BOQ**) Managing Director & CEO will be delivering the attached presentation at the Macquarie Australia Conference on 6 May 2021.

ENDS

Authorised for release by: The Disclosure Committee, Bank of Queensland Limited

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Macquarie Investor Conference

May 2021

All data as at 28 February 2021 unless otherwise stated

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

KEY MESSAGES

1. Continued support for our customers and people through COVID-19
2. Operational improvement driving business momentum, with strong housing loan growth of 1.6x system
3. Executing on our digital transformation
4. Strong balance sheet and capital, with sound asset quality
5. Acquisition of ME Bank is strategically and financially compelling

1H21 FINANCIAL RESULTS

Key financial results	1H21	2H20	1H20	1H21 vs 2H20	1H21 vs 1H20
Statutory net profit after tax (\$m)	154	22	93	600% ▲	66% ▲
Cash earnings after tax (\$m)	165	74	151	123% ▲	9% ▲
Cash return on average equity	7.8%	3.4%	7.5%	440bps ▲	30bps ▲
Common Equity Tier 1 ratio	10.03%	9.78%	9.91%	25bps ▲	12bps ▲
Cash earnings per share ¹	35.5c	15.8c	34.3c	125% ▲	3% ▲
Dividend per share	17c	6c ²	6c ²	183% ▲	183% ▲

(1) 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

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

DELIVERING RESULTS AND EXECUTING THE TRANSFORMATION ROADMAP

	Key Metrics	1H20	2H20	1H21
Growth, margin and productivity	Home lending system multiples ¹	1.2x system	0.2x system	1.6x system
	Business lending system multiples ¹	1.6x system	Positive to system	Lending growth in contracting system
	Margin	1.89%	1.92%	1.95%
Customer experience	Consumer NPS ²	3 rd	3 rd	4 th
	Mortgage NPS ²	5 th	5 th	3 rd
	Business NPS ³	4 th	3 rd	3 rd
	Time to 'yes' ⁴	1 day	1 day	2 days
Digital Bank	Delivery of core projects	<ul style="list-style-type: none"> ✓ Upgraded BOQS mobile app ✓ Contact Centre telephony platform ✓ Treasury system upgrade 		<ul style="list-style-type: none"> ✓ Migration of data centres to cloud ✓ Customer engagement platform ✓ Risk & Regulatory program
Strength	CET1	9.91%, \$340m capital raise	9.78%	10.03% \$1.35bn capital raise, funding the acquisition of ME Bank ⁵
	NSFR	112%	119%	118%
	LCR	133%	164%	182%
	Deposit to loan ratio	69%	74%	74%

(1) Reflects the APRA definition of lending and will therefore not directly correlate to the balance sheet growth

(2) RFI XPRT Report, February 2021, August 2020 and February 2020. Note an additional competitor was added to the reporting suite in FY21. Excluding this, Consumer NPS would be 3rd

(3) DBM Atlas Report February 2021. SME NPS refers to Any Financial Relationship (AFR) and businesses under \$40m turnover

(4) Time to 'yes' timeframes refer to time to conditional yes for branch originated PAYG loans

(5) Proceeds from the capital raisings were received in March 2021 and are not included in the CET1 calculation for 1H21

BUILDING THE DIGITAL RETAIL BANK OF THE FUTURE



First phase of the retail digital bank launched in March 2021

Launch of three new fully digital products

Compelling and personalised loyalty offering



Foundational investment in a new cloud environment for BOQ's digital transformation

Leveraging common data architecture

Creating the Temenos retail banking common platform to be used by all brands



Phase 2 underway including home loans, expanded deposit and loyalty offering and Open Banking capability



BOQ development commenced for new mobile app and loyalty offering



Planning underway to integrate ME Bank onto the common platform

ME ACQUISITION IS STRATEGICALLY AND FINANCIALLY COMPELLING

INTEGRATION PLANNING PROGRESSED AND REGULATORY APPROVALS UNDERWAY

Significantly enhanced scale and portfolio mix for profitable growth

- Number of customers increases from ~900k to ~1.45m
- Broadly doubles retail banking GLAs to over \$57 billion
- Increases Retail net profit contribution from ~35% to greater than 50%

Strong complementary challenger brands with a shared customer centric culture

- Strong customer-centric ME Bank brand aligned to BOQ's multi-brand strategy
- Differentiated customer segments and geographies with minimal overlap
- Re-balances BOQ's East Coast presence (Qld GLAs reduce from 42% to 31% of BOQ's loan portfolio, NSW increases to 29% and VIC to 21%)
- ME, BOQ and VMA all with high Net Promoter Scores (NPS)

Attractive financial outcomes

- Expected to be low double-digit to mid-teens cash EPS accretive including full run-rate synergies in the first year (FY22)¹
- Expected to be cash ROE accretive, over 100bps including full run-rate synergies in the first year¹
- Full run-rate pre-tax synergy benefits of ~\$70 - \$80m expected

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

- Acquisition provides opportunity to accelerate BOQ's digital strategy
- Common use of Temenos for retail core banking aligns to BOQ's pathway to a single, multi-brand cloud-based digital platform
- Leveraged capital investment across a broader base to deliver best-in-class customer experience
- Delivering Temenos's global innovation through continuous cloud upgrades

1. FY2022 pro forma EPS accretion on an underlying cash EPS basis assuming the Acquisition is effective from 1 September 2021. Excludes transaction and integration costs and amortisation of acquired intangibles. Calculated in accordance with AASB 133, *Earnings per Share*, with adjustments to reflect the bonus element of the Offer. Based on market consensus earnings for BOQ.

1. Environment more positive, with indications that Australia is relatively well placed with less likelihood of downside scenarios on unemployment and house prices given the success of the Government stimulus
2. Continued operational improvements to support business momentum
3. Focused on executing on the strategic transformation, with go live of the first phase of retail digital banking platform, acquisition of ME Bank and St Andrews divestment expected in 2H21¹
4. Re-affirming outlook of around 1% positive jaws²
 - Above system growth in lending
 - NIM positive in FY21, broadly flat half on half
 - Cost growth of c.3% to support business momentum
5. Committed to sustainable profitable growth, supporting returns to shareholders and a dividend payout ratio target range of 60 – 75% of cash earnings³

1. Subject to receipt of regulatory approvals

2. Subject to no material change in market conditions. Excludes any impacts from the divestment of St Andrew's or the acquisition of ME Bank

3. The amount of any dividend paid will be at the discretion of the Board and will depend on several factors, including (a) the recognition of profits and availability of cash for distributions; (b) the anticipated future earnings of the Company; or (c) when the forecast timeframe for capital demands of the business allows for a prudent distribution to Shareholders.

IMPORTANT INFORMATION AND DISCLAIMER

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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 (available at www.asx.com.au). All figures are presented on a cash earnings basis unless otherwise stated.

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