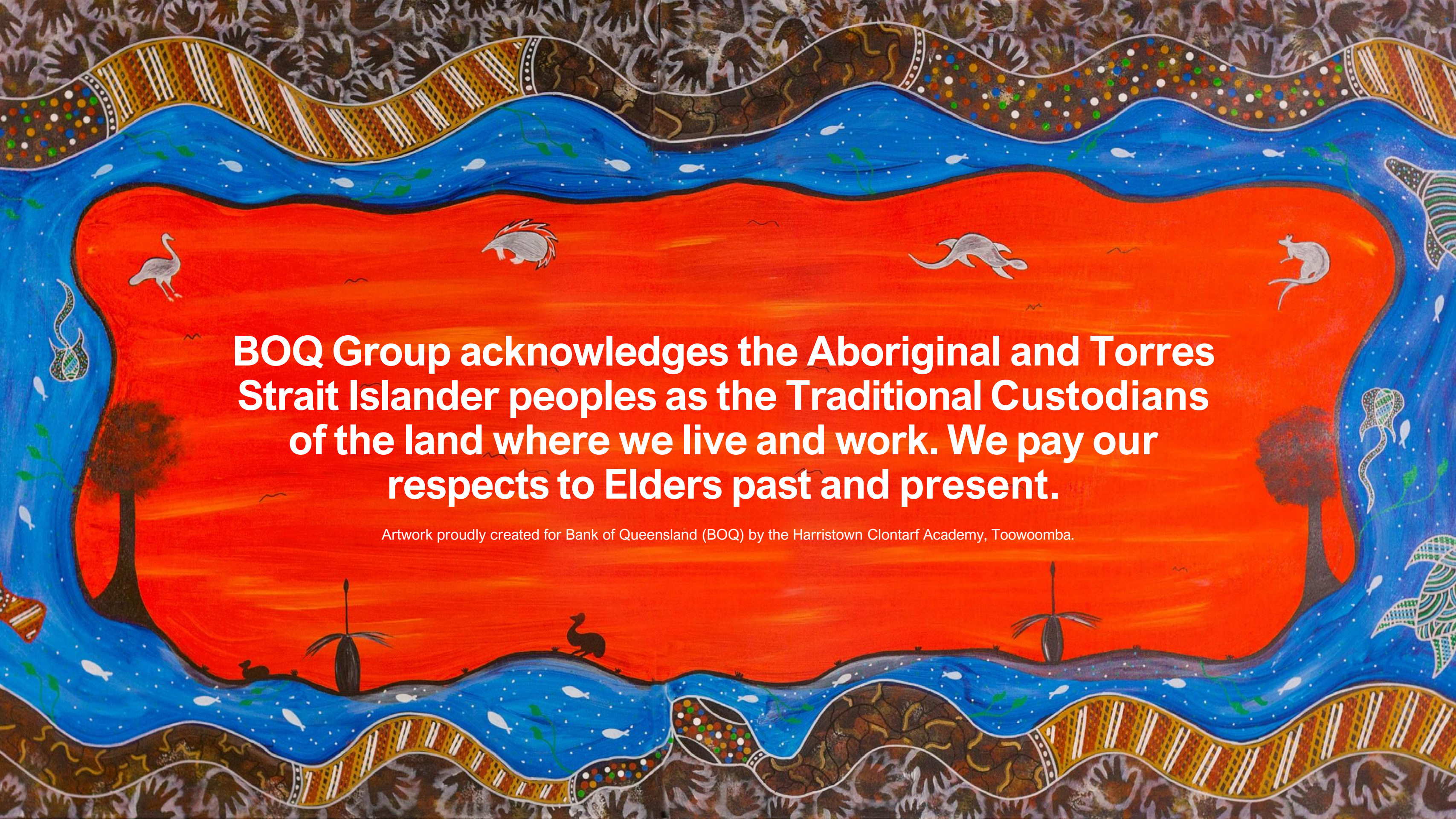


# 2023

## ANNUAL GENERAL MEETING

Bank of Queensland Limited





**BOQ Group acknowledges the Aboriginal and Torres Strait Islander peoples as the Traditional Custodians of the land where we live and work. We pay our respects to Elders past and present.**

Artwork proudly created for Bank of Queensland (BOQ) by the Harristown Clontarf Academy, Toowoomba.

# Important information and disclaimer

This is a presentation of general background information about Bank of Queensland ABN 32 009 656 740 and its consolidated entities (BOQ's) activities at the date of this document. It is in summary form, does not purport to be complete and should be read in conjunction with BOQ's other periodic and continuous disclosure announcements, including the 2023 Full Year Results Announcement (available at [www.boq.com.au](http://www.boq.com.au)). All figures are presented on a cash earnings basis unless otherwise stated.

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# 2023

## ANNUAL GENERAL MEETING

Bank of Queensland Limited



# CHAIRMAN'S ADDRESS

Warwick Negus



# Chairman's address

- > **Economic and operating environment** – customers are adjusting to sustained high inflation and the rapid rise of interest rates; heightened levels of scams and fraud activity; ways of working have fundamentally changed and competition in the banking sector remains strong.
- > **Financial performance** – digital strategy starting to deliver; industry wide headwinds impacted FY23 result; strong capital and liquidity positions; BOQ is embracing Court Enforceable Undertakings as a platform to further strengthen the Bank
- > **Consequence management** – Board has reflected deeply on the risk weaknesses and the circumstances which led to the CEUs and has taken appropriate consequence management actions
- > **Board and leadership composition and stability** – maintaining continuity across the Board and management team while addressing key legacy risk issues and continuing the transformation program
- > **Environmental commitments** – building a sustainable business, reducing our operational footprint and delivering outcomes for our people, customers, suppliers and communities
- > **Community involvement** – focused on supporting our customers and communities, living our purpose and values by Building Social Capital Through Banking

# Looking ahead

- › High quality Board and Management team in place to transform the business
- › Committed to the strategy building a future-fit, simpler and lean organisation
- › Focused on rebuilding and growing long-term shareholder value
- › Overseeing the uplift of the Bank's risk practices through our Program rQ and AML First risk programs
- › Continued support of our customers and communities adjusting to sustained high inflation and the lagged impact of interest rate rises

# MANAGING DIRECTOR & CEO'S ADDRESS

Patrick Allaway





# Managing Director & CEO's address – key messages

- > **Clear plan to address legacy issues** and are making good progress in the execution against that plan
- > **Continued investment in the business is required** through this cycle of cost and margin headwinds, with lower returns likely in FY24 while we position BOQ for recovery in FY25 & FY26
- > **In a strong financial position** to continue our transformation investment and manage this economic cycle, while continuing to pay dividends
- > **Time and stability needed** to see this plan through

# FY23 overview

Higher total income offset by a return to normalised loan impairment expense and increased costs driven by inflation and transformation investment. Statutory earnings impacted by one-off items

## Key financial results (\$m)

	FY23	FY23 v FY22 <sup>1</sup>
Total income	1,742	5% ▲
Operating expenses	(1,010)	8% ▲
<b>Underlying profit</b>	<b>732</b>	<b>2%</b> ▲
Loan impairment expense	(71)	Large ▲
<b>Cash profit before tax</b>	<b>661</b>	<b>(7%)</b> ▼
Income tax expense	(211)	-
<b>Cash earnings after tax</b>	<b>450</b>	<b>(8%)</b> ▼
<b>Statutory net profit after tax</b>	<b>124</b>	<b>(70%)</b> ▼
Return on average tangible equity <sup>2</sup> (%)	9.0	(120bps) ▼
Return on average equity (%)	7.3	(90bps) ▼
Cash earnings per share (cents)	68.4	(10%) ▼
Cost to income ratio (%)	58.0	150bps ▲
CET1 ratio <sup>3</sup> (%)	10.91	134bps ▲
Dividends per ordinary share (fully franked) <sup>4</sup>	41.0	(11%) ▼

(1) Comparatives have been restated to reflect the prior period weighted average life adjustment. Further detail has been provided in BOQ's FY23 Annual Report and its disclosure to the ASX dated 29 September 2023







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

(3) FY22 CET1 reported under Basel II regulatory framework. FY23 is reported under the Basel III framework which took effect 1 January 2023

(4) The dividend will be fully franked and the dividend reinvestment plan will operate with no discount

# FY23 divisional performance

Positive NII growth in BOQ Business and Retail Bank, NPAT down due to higher costs and normalised impairment expenses

	Retail 	 BOQ 		Business   		
	FY23	FY22 <sup>1</sup>	FY23 v FY22 <sup>1</sup>	FY23	FY22	FY23 v FY22
Net interest income	929	919	1% ▲	686	593	16% ▲
Non-interest income	88	98	(10%) ▼	48	50	(4%) ▼
<b>Total income</b>	<b>1,017</b>	<b>1,017</b>	<b>0% —</b>	<b>734</b>	<b>643</b>	<b>14% ▲</b>
Operating expenses	(706)	(642)	10% ▲	(304)	(295)	3% ▲
<b>Underlying profit</b>	<b>311</b>	<b>375</b>	<b>(17%) ▼</b>	<b>430</b>	<b>348</b>	<b>24% ▲</b>
Loan impairment expense	(13)	(41)	(68%) ▼	(58)	28	Large ▲
<b>Cash profit before tax</b>	<b>298</b>	<b>334</b>	<b>(11%) ▼</b>	<b>372</b>	<b>376</b>	<b>(1%) ▼</b>
Income tax expense	(95)	(102)	(7%)	(119)	(115)	3%
<b>Cash earnings after tax</b>	<b>203</b>	<b>232</b>	<b>(13%) ▼</b>	<b>253</b>	<b>261</b>	<b>(3%) ▼</b>

(1) Comparatives have been restated to reflect the prior period weighted average life adjustment. Further detail has been provided in BOQ's FY23 Annual Report and its disclosure to the ASX dated 29 September 2023

# Transforming the business

Making bold choices about our business to address legacy issues, build a future fit bank, uplift performance and drive shareholder value

Our strategic pillars are driving decisive action

<b>STRENGTHEN</b>	Improved financial and operational resilience and risk culture
<b>SIMPLIFY</b>	Improved productivity and efficiency
<b>DIGITISE</b>	Improved customer and employee experience and lower cost to serve
<b>OPTIMISE</b>	Improved returns, with strong capital position

## Addressing

- > Higher relative funding costs
- > Higher relative cost to income ratio
- > Historical technology deficit
- > Complex and duplicative operating structure









## Delivering

- > New opportunities and improved ways of working
- > Resilient and simplified bank that customers choose
- > Future fit digital bank with a reduced cost to serve
- > Improved shareholder value

# Customer experience

Elevating our customer voice and experience through a transformed operating model

## Our Vision: To be the bank customers choose

 <p><b>149-year QLD heritage</b> Supporting local communities</p>	 <p><b>Customer focused</b> Supported 3.7k customers experiencing hardship</p>	 <p><b>Improving NPS</b> +26 vs +18 myBOQ vs legacy platform</p>	 <p><b>Dedicated Group Executive</b> Committed to elevating our customer voice</p>
 <p><b>Digital Bank foundations</b> Growing a more diversified lower-cost funding base</p>	 <p><b>Scam and fraud prevention</b> Protected customers from losing more than \$6m</p>	 <p><b>Enhanced digital offerings</b> All retail brands on the new digital banking platform</p>	 <p><b>Customer growth</b> +10% growth across all brands in FY23</p>

**WE ARE BUILDING A DIFFERENTIATED APPROACH, FOCUSED ON NICHE CUSTOMER SEGMENTS ACROSS BOTH THE RELATIONSHIP AND DIGITAL BANK**



- > Serving more complex customers requiring a human touch
- > Leveraging our deep community relationships, specialist bankers and OMB network

- > Serving customers requiring a fast and simple self-help digital experience
- > Leveraging our scalable, low cost to serve, end-to-end digital banking platform

# Living our purposes and values

Building a sustainable business by supporting our customers and communities, creating an exceptional people experience and reducing our operational footprint

## Customers and communities



**Supporting regional areas** – through owner manager deep relationships



**Actively engaging our customers** through the challenging and uncertain economic environment



**Supporting our communities** – partnerships with Orange Sky Australia, Clontarf Foundation, Stars Foundation, Head Start Homes and Mother’s Day Classic



**Building the resilience of our customers** – particularly vulnerable customers and those in financial distress

## Enriching our people



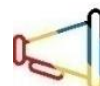
**Strengthening risk culture** – our people increasingly feel safe to speak up, and our organisational culture promotes positive risk outcomes



**Building a future fit capability** – transformation and digital capabilities required for future state



**Developing curious bankers and an agile organisation** – execution capability, ability to pivot quickly, banker tools and a flexible digital platform



**Driving a diverse workforce and employee engagement** – grounded in purpose, a clear strategy, inclusive leadership and empowered teams

## Environmental commitments



**Supporting our customers to transition** – funding sustainable assets such as solar, electric vehicles and energy efficient infrastructure or property



**Climate Active carbon neutral certified** – reducing our operational footprint



**Targeting 100% renewable energy by 2025**



Carbon footprint to be reduced by 90% for scope 1 and scope 2 emissions and 40% for scope 3 by FY30<sup>1</sup>

(1) Compared to a 2020 baseline. Scope 3 refers to organisational supply chain emissions

# Looking ahead

- › Well positioned with a strong foundation for future success
- › Uplifting our operational resilience, risk culture and compliance
- › Simplifying and optimising our business for growth with a lower cost to serve when the cycle turns
- › Australian economy remains resilient heading into an uncertain economic environment due to the lagged impact of sustained high interest rates combined with an increased the cost of living
- › Operating environment to remain challenged with continued revenue and margin pressure
- › Returning to profitability and growth in FY25 & FY26 when the cycle turns
- › Continued dividend payments to shareholders at the lower end of payout ratio during the period

# FORMAL BUSINESS





# Item 1

## Financial statements and reports

To receive and consider the Financial Report, Director's Report and Auditor's report for the Company and its controlled entities for the year ended 31 August 2023.

**Note:** There is no requirement for shareholders to approve these reports. Accordingly, there is no vote on this item.

# QUESTIONS



## Item 2

### Re-election of Mr Bruce Carter as Director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*To re-elect Bruce Carter, who retires in accordance with the Company's Constitution and, being eligible, offers himself for re-election.*



# QUESTIONS



## Item 2

### Re-election of Mr Bruce Carter as Director

	Votes	Holder	% Valid votes
For	118,868,945	938	63.09%
Open	2,450,909	408	1.30%
Against	67,094,271	345	35.61%
Total Valid	188,414,125	1,691	100%
Abstain	546,393	98	N/A

**Total valid votes as a percentage of Issued Capital: 28.56%**

# POLLS



## Item 3

### Remuneration report

To consider, and, if thought fit, to pass the following as a non-binding ordinary resolution:

To adopt the Remuneration Report of the Company for the year ended 31 August 2023.

**Note:** In accordance with section 250R of the *Corporations Act 2001 (Cth)* (**Corporations Act**), the vote on this resolution is advisory only and does not bind the Directors or the Company.

**Note:** This resolution is subject to a voting exclusions as set out at the end of the Notice of Meeting.

# QUESTIONS





## Item 3

### Remuneration report

	Votes	Holderes	% Valid votes
For	110,401,414	592	58.58%
Open	2,174,952	395	1.15%
Against	75,896,083	708	40.27%
Total Valid	188,472,449	1,695	100%
Abstain	488,069	94	N/A

**Total valid votes as a percentage of Issued Capital: 28.57%**

# POLLS



## Item 4

### Grant of Securities to the Managing Director & Chief Executive Officer – FY24 Long Term Variable Reward

To consider and, if thought fit, to pass the following as a non-binding ordinary resolution:

That approval be given for all purposes, including ASX Listing Rule 10.14, for the grant of Executive Performance Rights to the Managing Director & Chief Executive Officer, Mr Patrick Allaway, in accordance with the terms described in Item 4 of the Explanatory Statement to the Notice of Meeting.

**Note:** This resolution is subject to a voting exclusions as set out at the end of the Notice of Meeting.

# QUESTIONS



## Item 4

### Grant of Securities to the Managing Director & Chief Executive Officer – FY24 Long Term Variable Reward

	Votes	Holder	% Valid votes
For	162,023,148	378	85.86%
Open	2,139,555	390	1.13%
Against	24,532,526	943	13.00%
Total Valid	188,695,229	1,711	100%
Abstain	265,289	76	N/A

**Total valid votes as a percentage of Issued Capital: 28.60%**

# POLLS



## Item 5

### Grant of Securities to the Managing Director & Chief Executive Officer – FY23 Premium Priced Options

To consider and, if thought fit, to pass the following as a non-binding ordinary resolution:

That approval be given for all purposes, including ASX Listing Rule 10.14, the grant of Premium Priced Options to the Managing Director & Chief Executive Officer, Mr Patrick Allaway, in accordance with the terms described in Item 5 of the Explanatory Statement to the Notice of Meeting.

**Note:** This resolution is subject to a voting exclusions as set out at the end of the Notice of Meeting.

# QUESTIONS





## Item 5

### Grant of Securities to the Managing Director & Chief Executive Officer – FY23 Premium Priced Options

	Votes	Holder	% Valid votes
For	156,539,455	374	82.97%
Open	2,174,429	393	1.15%
Against	29,966,196	941	15.88%
Total Valid	188,680,080	1,708	100%
Abstain	280,438	79	N/A

**Total valid votes as a percentage of Issued Capital: 28.60%**

# POLLS



# FINAL QUESTIONS



# 2023

## ANNUAL GENERAL MEETING

Bank of Queensland Limited

