

CHAIRMAN'S ADDRESS – 2021 ANNUAL GENERAL MEETING

Tuesday, 7 December 2021, Brisbane: Address by Patrick Allaway, Chairman of Bank of Queensland Limited, at the Bank's 2021 Annual General Meeting (**AGM**). The webcast of the AGM can be viewed at: <https://agmlive.link/BOQ21>.

The Chairman's address should be considered in conjunction with BOQ's 2021 Annual General Meeting Presentation (available at www.boq.com.au).

Check against delivery

I will now turn to my meeting address, with four key messages to leave you with today:

1. I am delighted to be able to report a material improvement in our financial and operating performance in FY21 and that we are progressing well in executing against our transformation plan.
2. While the COVID pandemic has provided another challenging year with many of our stakeholders continuing to suffer hardship, we are cautiously optimistic that Australia is well placed for further economic recovery in 2022.
3. Our highest priorities include: supporting the financial needs of our customers, further embedding our purpose led culture, delivering the next phase of our digital bank transformation, integrating ME Bank, complying with our regulatory and social license to operate and growing shareholder value.
4. Our operating environment remains uncertain with industry headwinds and risks at the low point in the interest rate cycle. We are well positioned to continue to pursue quality growth across both the Retail and Business Bank within prudent risk settings across our multi brand portfolio and to progress our continuous improvement journey to deliver our ambitious long-term aspirations for BOQ.

FY21 Performance

BOQ delivered a statutory net profit after tax increase of 221 per cent to \$369 million and cash earnings after tax increased 83 per cent to \$412 million. These results reflected the strong improvement in our underlying performance, the release of provisions and two months of ME Bank earnings.

We have made strong progress executing our strategic transformation, with highlights for the year including:

- Returned the Retail bank to growth, achieving above-system quality mortgage growth.
- Strengthened our team with improved leadership and execution capability.

For further information please call:

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- Improved culture and engagement scores
- Delivered Phase One of our digital transformation – with Phase Two well progressed.
- Completed the value accretive acquisition of ME Bank and welcomed its team to BOQ Group.
- Streamlined our business with the divestment of St Andrew's Insurance.
- Maintained a prudent capital position with our CET1 ratio of 9.80% at financial year end.

These pleasing results are testament to the strong leadership of George and the senior executive team and the dedication of our people to deliver our strategic plan and continuous improvement journey, which in turn is growing shareholder value and making BOQ Group an exciting and great place to work.

Message to our Shareholders

We remain committed to delivering long term, sustainable, profitable growth to drive shareholder value. Our improving performance, coupled with the acquisition of ME Bank has enhanced value for shareholders this financial year.

We recognise the importance of dividends to our shareholders and were pleased to be in a position to pay a fully franked full year dividend of 39 cents per share. Barring unforeseen circumstances, we are targeting a dividend payout ratio between 60 per cent and 75 per cent of cash earnings going forward. We believe this payout ratio enables BOQ to balance an attractive annual distribution to shareholders against the capital needed to support our business transformation, growth and the resilience of the bank.

We successfully funded the ME Bank acquisition via a \$1.35 billion capital raising, and we thank shareholders for their support. Due to unforeseen delays to Australia Post's delivery times, some of our retail shareholders missed the cut-off date for acceptance of the rights issue offer. On being alerted to these delays, we extended the timeframe for further acceptances to be received as long as feasibly possible. We sincerely apologise to those shareholders who were unable to participate.

We gave extensive consideration and sought advice on the structure of our capital raising, to ensure it was fit for purpose noting the material size of the capital required as a percentage of our market capitalisation, the requirement for a fully underwritten bid and the interests of all our shareholders. We believe the accelerated timeline and non-renounceable structure were critical to BOQ achieving a timely underwritten capital raising, winning the bid, minimising the dilution impact of the capital raising and providing the opportunity to create value for all of our shareholders.

Message to our Customers

Exceptional customer experiences and delighting our customers every day is at the heart of what we do. Reliability, trust, making a difference, care & empathy are the key foundations of our customer relationships.

Over the past two years, our customers have needed us more than ever and I am proud to say BOQ's people kept our branches open as we continued to support our customers and those requiring financial hardship assistance through the pandemic.

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We acknowledge the many challenges experienced by our customers and the broader community over the past financial year and hope that the countless ways in which the COVID-19 pandemic has impacted individuals will start to ease with better days ahead. The reopening of borders across the country in time for Christmas certainly feels like we have turned a corner.

We are on a continuous improvement journey with the customer experience and value proposition at the forefront of our transformation plan. To provide just a few examples of this, during FY21 we have helped more Australians to own their homes with improved loan approval times and have offered digital transaction and savings account services for the first time through our Virgin Money Australia brand. This was built on a digital platform that we will extend to form the foundation for the Retail Bank, delivering improved digital customer offerings and experiences, including digital mortgages for all the BOQ Group brands.

We also continue to support our small business customers, helping them to achieve their business goals, and working alongside them over the past two years as many of their businesses were impacted by COVID.

We recognise our social responsibility to deliver improved and sustainable outcomes for all stakeholders and the environment. BOQ is well progressed in enhancing our ESG program with transparent reporting through our published sustainability scorecard. Our program is focussed on customer experience & resilience, conduct & culture, diversity & inclusion, community support, data protection and the environment. This year I am proud to report we achieved carbon neutral accreditation from Climate Active. We have also committed to using 100 per cent renewable energy by 2025.

The customer voice is an important part of all conversations. We will continue to listen to our customers to understand what is important to them, ensuring we provide value added products and services supporting their needs.

Message to our People

Our people are our greatest asset and we value the contribution they make to your business and our BOQ customers. We recognise that quality people and strong leadership will drive our success and are committed to making BOQ a great place to work with a focus on attracting, retaining and developing talent.

We have reframed our remuneration structure to increase employee share ownership to align with our shareholders and reward sustainable profitable growth, exceptional customer experiences and good conduct, prudent risk management and delivery against our strategic priorities.

We are embedding a performance-driven and inclusive culture through empowering our people and holding them to account to deliver against our key performance indicators. This includes encouraging our people to speak up, challenge the status quo and experiment to achieve improved outcomes. We believe living our purpose and values drives excellent conduct and better outcomes for all stakeholders.

We have managed through lockdowns with agility and adapting to new ways of working whilst retaining productivity and improving our people engagement scores. We are encouraging our fully

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vaccinated people back to the office to benefit from the collaboration, innovation, and cultural benefits of a dynamic in person office experience.

On behalf of the Board, I would like to thank all our employees for their continued hard work and contribution to a strong performance in yet another challenging year.

Board renewal

In late 2019 the Board embarked on a refresh program of succession for those Directors approaching retirement and to enhance our future fit mix of skills, diversity and intellectual curiosity. The size of the Board has reduced from 11 to 8 Directors - 7 of them non-executive, with the retirement of six directors and three new directors appointed. I'd like to formally welcome Mickie Rosen, Deborah Kiers and Dr Jenny Fagg to our Board. These directors bring deep experience in digital transformation, customer experience, organisational design, risk culture and knowledge of ME Bank's heritage. I would also like to thank Kathleen Bailey Lord who retired from the Board in 2021 and John Lorimer, who retires from the Board at this AGM. Thank you to all my Board colleagues, including those recently retired, for their considerable contribution to BOQ.

Looking ahead

Under the strong leadership of Managing Director & CEO, George Frazis, and the Executive Committee we have good momentum in the business and are well positioned to continue to progress our transformation journey. It has been 20 months since we first rolled out our strategic plan and we recognise we have a lot more to do to meet our ambitious aspirations for BOQ.

Our operating environment remains uncertain with the ongoing pandemic, structural headwinds, increasing competition, and high leverage and asset prices at the low point in the interest rate cycle. We will continue to support our customers with flexible policies and relief packages, manage prudent risk and capital settings and refine our strategy to respond to competition and structural headwinds where appropriate.

I would like to sincerely thank my colleagues on the Board, our CEO, the Executive Committee and our employees for their continued commitment to delivering better outcomes for all our stakeholders, including you – our shareholders.

Thank you for your continued support of BOQ Group.

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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