

# ASX RELEASE



100 Skyring Terrace  
Newstead QLD 4006

## DIGITAL BANK INFORMATION SESSIONS

**Monday, 4 July 2022, Sydney:** Bank of Queensland Limited (**BOQ**) is holding information sessions over the coming days regarding the digital bank and its relationship with Temenos. The presentation follows this announcement.

### ENDS

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

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**BOQ**Group

# Digital Bank Update.

July 2022



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**I BEGIN TODAY BY ACKNOWLEDGING THE TRADITIONAL CUSTODIANS OF THE LAND ON WHICH WE MEET TODAY, AND PAY MY RESPECTS TO THEIR ELDERS PAST AND PRESENT. I EXTEND THAT RESPECT TO ABORIGINAL AND TORRES STRAIT ISLANDER PEOPLES HERE TODAY.**

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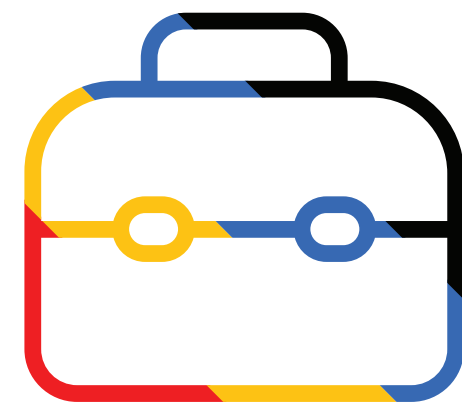
# Delivering digital transformation across BOQ.



BOQ has a strong foundation from which to grow profitability



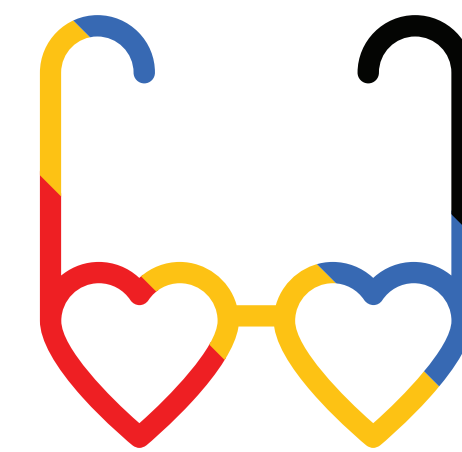
We're well progressed on our digital transformation



We are building a differentiated end-to-end digital bank in the cloud with open architecture



Partnering with innovative global players like Temenos, to deliver best in class technology that stays current and leading edge



Which will enable a superior customer proposition with personalised offerings



BOQ's digital bank builds clear competitive advantage and a low cost to income ratio

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# Our digital transformation is built on a strong foundation.

- BOQ has been serving customers for 148 years
- Ability to profitably grow above market in a quality way
- Changing competitive landscape requires a compelling customer offering
- BOQ has scale, a strong capital position and proven brands which provides the Group with a competitive advantage over new entrants

## Retail Banking



Retail and SME lending, deposits, credit cards and insurance



Digital home loans, deposits, credit cards, insurance and superannuation



Home loans, personal loans, deposits and credit cards

## BOQ Business



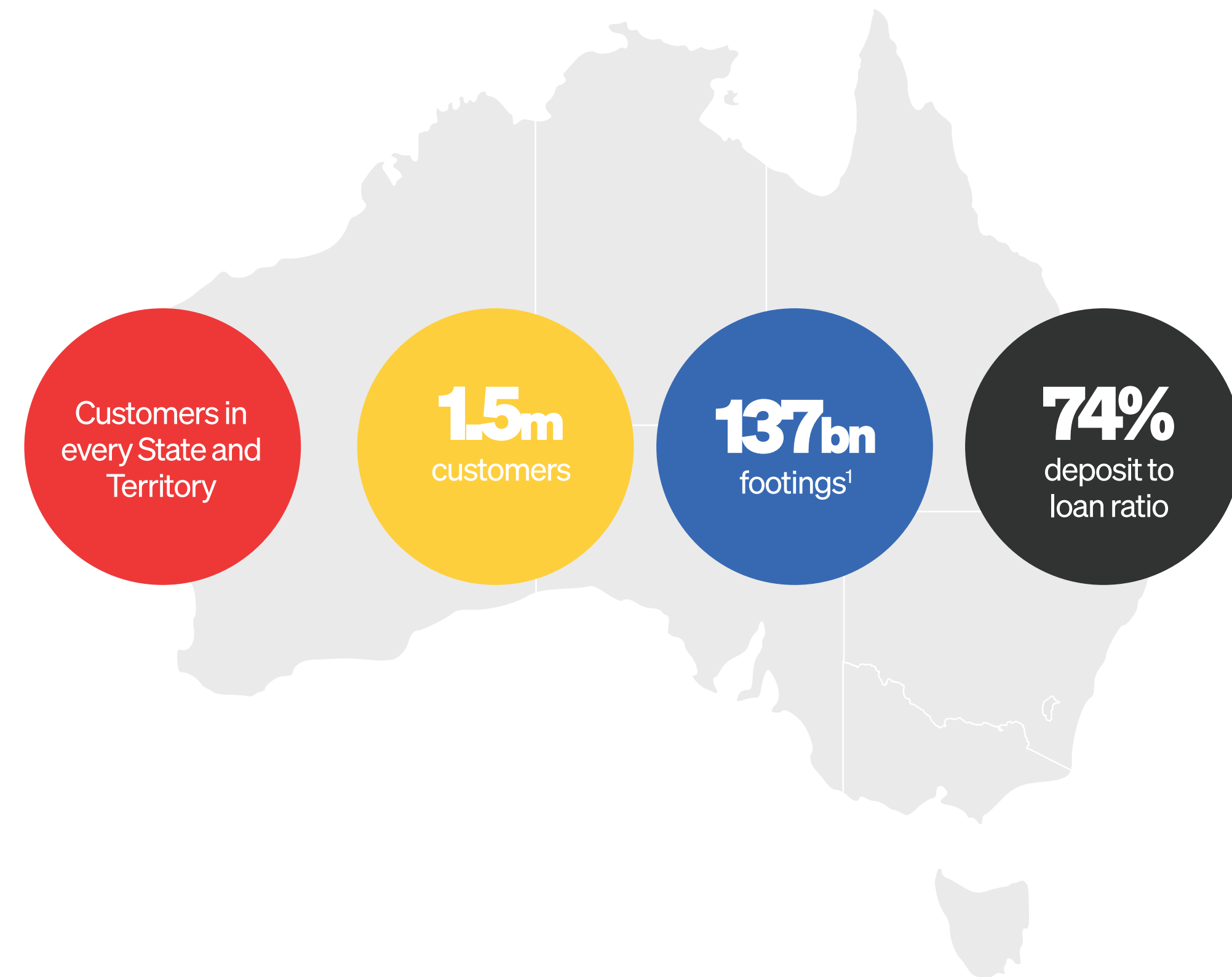
Commercial lending, deposits, financial markets and insurance



Asset finance and leasing



Lending, deposits, credit cards and leasing for medical and professional services



1. Footings means gross loans and advances plus customer deposits

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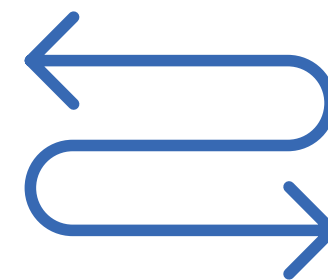
# Digital transformation is key to building our competitive advantage.



Shifting customer preferences towards digital interaction



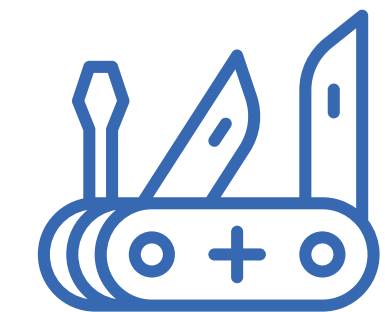
Single view of the customer through centralised core



Front to back cloud based platform enables innovation at scale and at pace



Personalised experiences for customers in real-time



Simplification and digitisation ensures the experience and processes are simple, scalable, low-cost and compliant by design

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# Transformation is well progressed with benefits emerging.



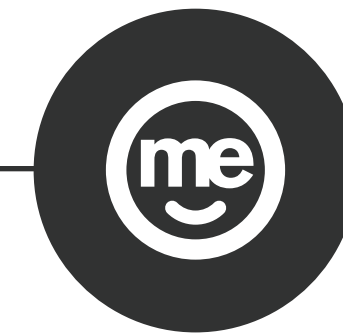
### August 2020

Migrated legacy apps to private cloud



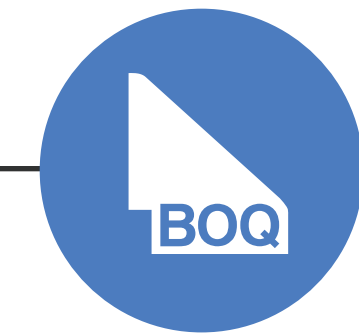
### March 2021

VMA transactions, savings and credit card products on new digital cloud core



### November 2021

ME Bank migration to v.18 of Temenos completed, customers migrated and Ultracs decommissioned (April 2021)



### March 2022

BOQ transaction and savings product capability on new digital cloud core

### VMA\*

- 27% of customers under age 35
- 94% of customers are new to bank
- average balance \$18K per customer
- 43 of 60 customer processes digitised
- \$0.5bn balances on new VMA platform

### BOQ\*

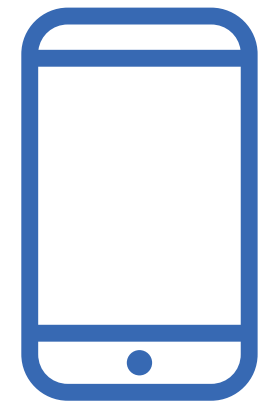
- 18% of customers under 30
- 45% of customers are new to bank
- average balance \$23K per customer
- to date 4million customer transactions processed (myBOQ + VMA)
- \$0.45bn balances on new BOQ platform

### Next steps

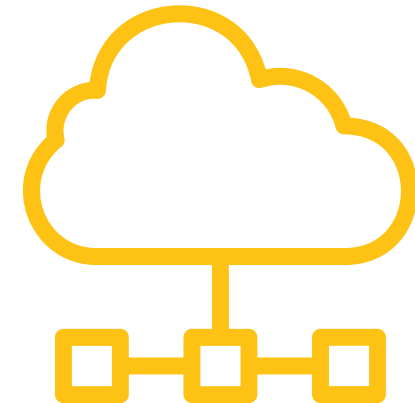
- Upgrade and migration of ME Bank to cloud based platform
- Development of home lending product well progressed
- BOQ Business digital transformation to leverage existing private cloud version of Temenos for more complex customer needs
- Migrate all apps to public cloud and exit traditional data centres



# We are building a differentiated digital bank.



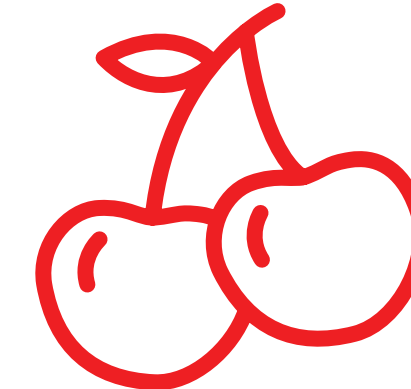
More than just a digital front end



All layers of the Retail stack will be fully digitised and cloud based.  
No legacy layers utilised



Organising our business to enable continuous delivery of new features – our people capabilities and operating model are evolving



All BOQ customers will benefit from the transformation as will our people and shareholders

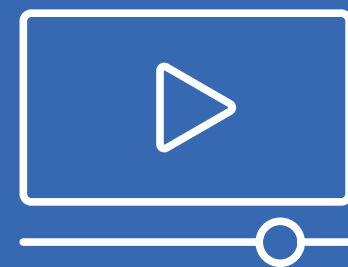


Complex customers to utilise private cloud version of Temenos in Business Bank

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# Leveraging strong partnerships.



**Video:**

**Andreas Andreades**  
Executive Chairman, Temenos



**Presentation:**

**Erich Gerber**  
President and Chief Revenue Officer, Temenos

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# Temenos: everyone's banking platform.

**1.2 billion**

individuals, families and businesses rely on Temenos. That's **30%** of the world's banking population.

**3X**

industry average return on equity is achieved by banks who use Temenos

**3,000**

customers including **41** of the top **50** global banks and **70+** challengers rely on Temenos

**\$2.5 billion cumulative R&D investment 1990-2021 is the industry's highest.**

2011

### Temenos Cloud.

Virtual machines, Core Banking, Managed Service etc.

2020

### Cloud Native.

Containers and serverless multi-product, continuous operations, cloud agnostic.

2020

### Temenos Cloud Banking.

Continuous updates, composable banking, enterprise banking services, self-service, sandbox, etc.

2022-2025

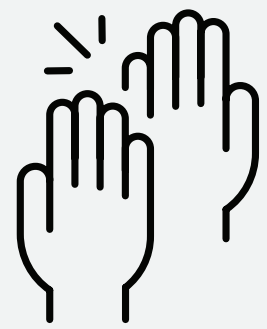
### \$1.0B R&D.

XAI Ops, Specialist Micro clouds, Hyperplexed, architecture, Quantum computing, AR & VR, Edge computing / IOT, etc.

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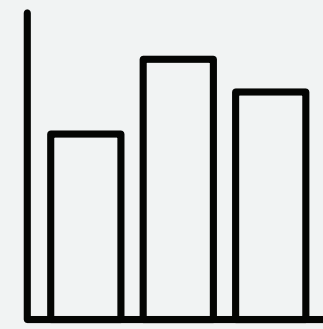
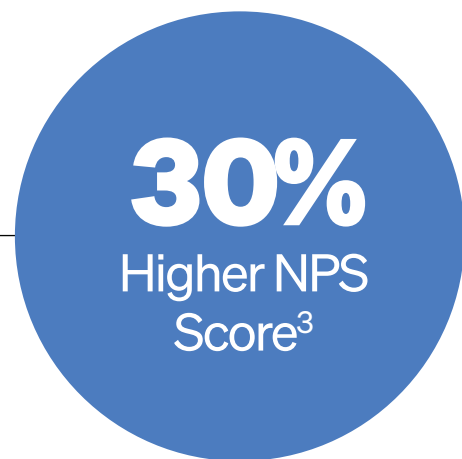
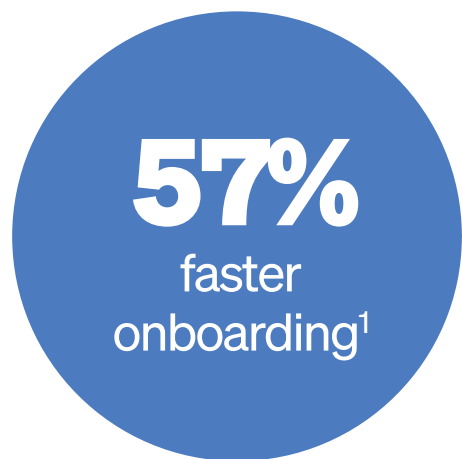
# The value of everyone's banking platform.

Banks that run Temenos outperform those that don't.



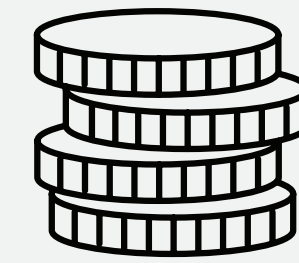
## Win on Customer Experience

Hyper-personalization powered by explainable AI



## Agility to Grow

Faster innovation with cloud native, API-first banking capabilities and a plug-and-play fintech ecosystem



## Scale Without Limits

Improve cost-to-income ratio with unlimited scale and services delivered at a fraction of cost of legacy systems



Source: 1. Temenos CEO Navigator 2022. Sample from 102+ Banks. Refers to Digital Banking capabilities; 2. Retail banks that run Product Builder; 3. Banks running Temenos core banking; 4. Banks running Temenos front-to-back

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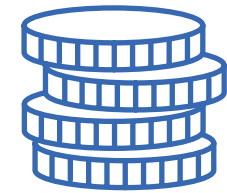
# Global presence.

Everyone's banking platform.

 <p><b>Retail</b></p>	                       
 <p><b>Corporate</b></p>	                    
 <p><b>Wealth Management</b></p>	                     

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# Today's challenges for incumbents.



## High operational costs

High IT integration and maintenance costs

Majority of IT spend on 'Run the Bank' vs 'Change the Bank'



## High operational risk

Technological obsolescence and skill shortages

Processing errors due to manual hand-offs

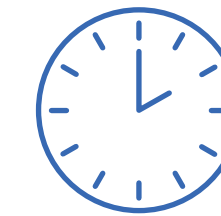


## Poor customer service

Customer journeys with manual hand-offs

Reactive, delayed responses

Inconvenience due to outages



## Long times to market

Coding and testing required to launch new products or respond to regulatory change

Long and infrequent release cycles



## Poor business insights

Complex and costly to extract data from multiple legacy systems

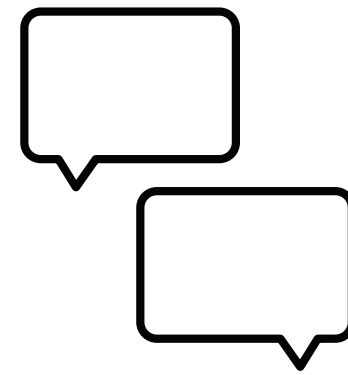
Duplication of data - no single version of the truth

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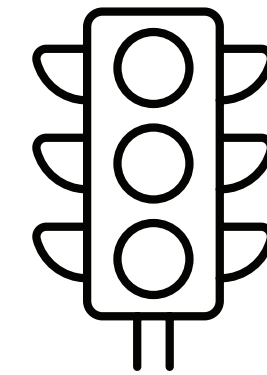
# Temenos and BOQ de-risking the delivery of digital bank through:



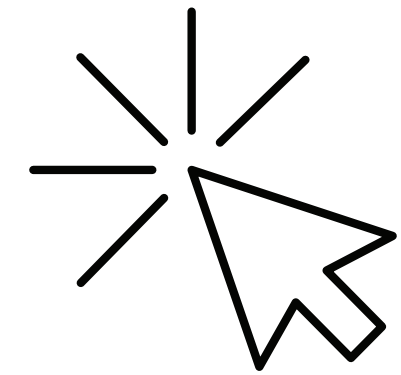
**'Adopt not adapt'**  
customisation of  
core technology



**Strong long-term  
partnerships** in place  
with key providers  
to secure talent and  
capability



**ExCo level  
accountability**  
to deliver  
transformation



**No migration of  
complexity**, disciplined  
approach to simple  
operating model

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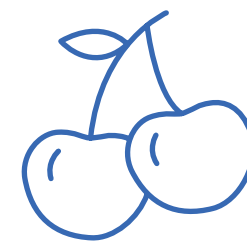
# Delivering a superior experience which our customers are embracing.



Account opening completed through the app in c.4 minutes



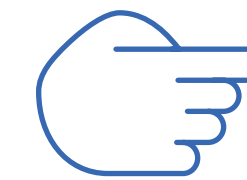
Attracting a younger customer demographic, with 20% saving towards homeownership



Unique loyalty offering



'Locked Saver' feature supporting customers meet their financial goals



56% of myBOQ customers have chosen to self-migrate



Awarded the Mozo award for 'Best New Savings Account' and 'Best Regular Saver Account' in 2022



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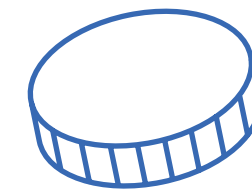
# Digital transformation building a clear competitive advantage.



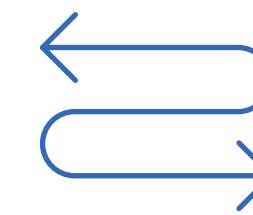
Consistent delivery of end-to-end technology



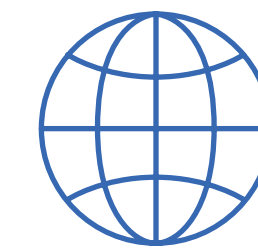
Fast and consistent delivery of customer solutions and regulatory changes across all brands



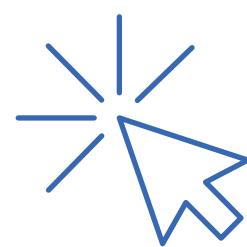
Lower unit costs, lower delivery and run costs



All end-to-end processes fully digitised



Significant reduction in number of systems



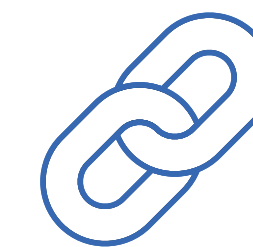
One private cloud Business Banking platform servicing complex customer needs



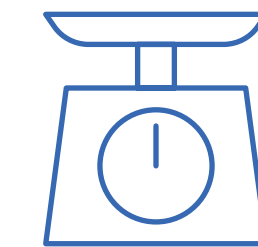
One cloud core Retail Banking platform, easily updated to new versions



Majority of apps in the cloud



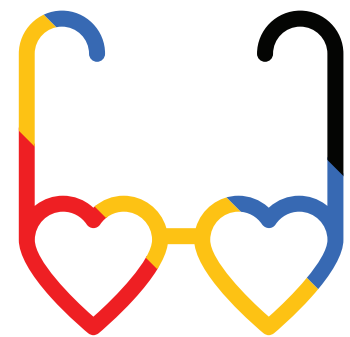
API/open architecture enables partnering with best in ecosystem



Increased capacity to scale the business

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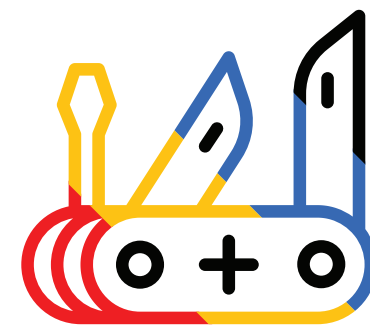
# Transforming BOQ.



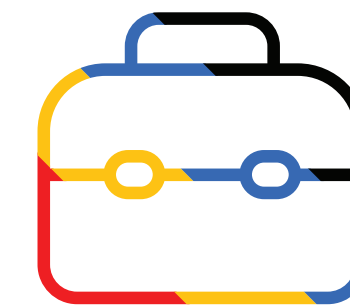
We are enhancing our distinctive purpose-lead culture to support our digital transformation



Transformations are challenging, but our phased approach has reduced our risk and enables us to deliver benefits along the roadmap.



We are delivering, with the multi-brand capability of the retail platform proven and operational.



We are building a differentiated end-to-end digital bank with open architecture.



Partnering with innovative global players like Temenos, to deliver best in class technology.



The digital transformation will deliver BOQ with a clear competitive advantage.

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**Thanks**