



BOQ GROUP

ANNUAL REPORT

Bank of Queensland Limited | ABN 32 009 656 740

20 26

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BOQ GROUP

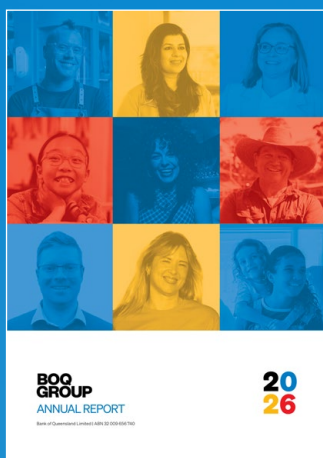
Bank of Queensland Limited
ABN 32 009 656 740
AFSL No. 244616
Level 3, 100 Skyring Terrace
Newstead QLD 4006

Unless otherwise stated, the Annual Report encompasses all BOQ activities for the financial year that commenced 1 September 2025 and ended 31 August 2026. All monetary values in this document are presented in Australian dollars, which is the Bank's functional currency.



Our reporting suite.

The full suite of reporting is available at www.boq.com.au/2026



Annual Report



Investor Materials



Sustainability Data Pack

Acknowledgement of Country

BOQ Group acknowledges Aboriginal and Torres Strait Islander people as the First Australians. We acknowledge the Yuggera people and the Turrbal people as the Traditional Custodians of Booroodabin (Newstead), the lands on which our head office is located. We pay our respects to Elders past and present, across Australia.

Image | Burrul gi-gi magula (*Growing Together*) by Kamilaroi artist, Merinda Walters.



Important information and disclaimer

This document may contain forward-looking statements, forecasts, estimates, projections, and opinions. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms “believe”, “estimate”, “plan”, “target”, “project”, “anticipate”, “expect”, “intend”, “likely”, “may”, “will”, “could”, “should” or other similar expressions, or by discussions of strategy, plans, objectives, targets, goals, future events or intentions. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. There can be no assurance that actual outcomes will not differ materially from these statements.

Forward-looking statements reflect BOQ's current views about future events. There are a number of factors (which may involve known or unknown risks and uncertainties, many of which are outside the control of BOQ) that could cause BOQ's financial performance and actual results to differ materially from those expressed, anticipated, or implied, by any forward-looking statements. These factors include changes in BOQ's operating environment, changes to the financial performance or position of BOQ, material changes to the law or applicable regulation, risks and uncertainties associated with the Australian and global economic/political environment and capital market conditions. Readers should not place undue reliance on any forward-looking statements.

To the maximum extent permitted by law, BOQ takes no responsibility for the accuracy or completeness of any forward-looking statements, whether as a result of new information, future events or results or otherwise. BOQ does not undertake to update any forward-looking statements contained in this document.

Who we are.

BOQ Group

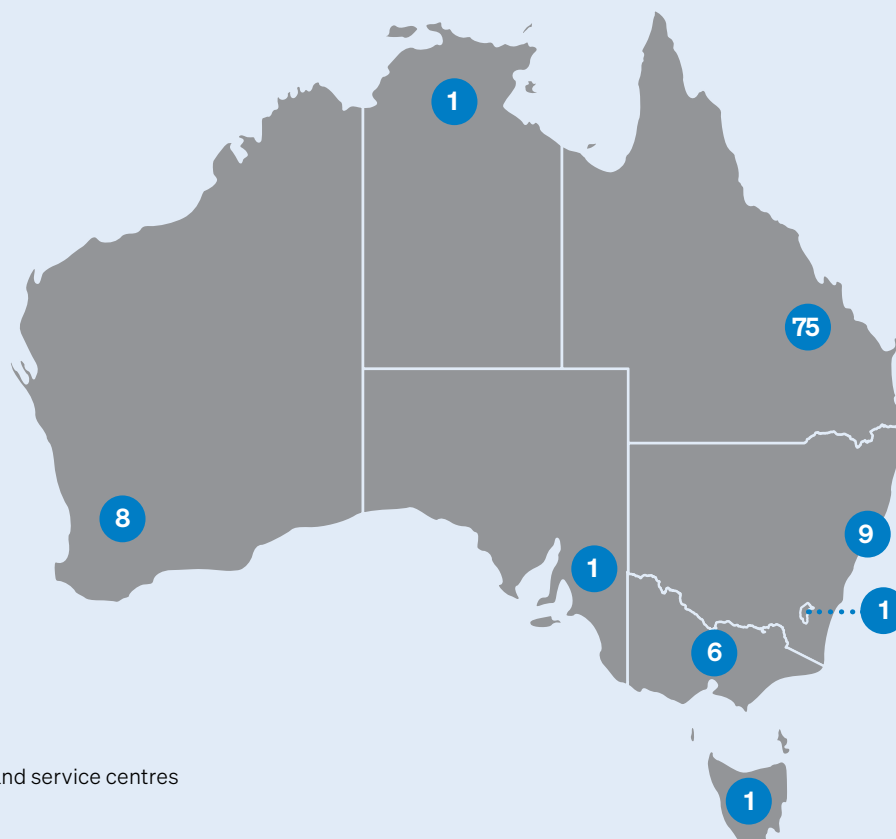
BOQ Group is one of Australia's leading mid-tier banks. Supporting Australians since 1874, we pride ourselves on building long-term customer relationships. We have a deep 152-year history in Queensland, and a national reach through branches, mobile bankers and digital channels. We serve 1.4 million customers across our retail and business banking brands and products, and have 3.5 thousand employees across Australia.

Our brands

BOQ operates a number of brands which offer a diverse range of products and services for our retail and business customers.

Digital brands: **Virgin Money** provides home loans, deposits and third-party products (including superannuation, credit cards and insurance). **ME** provides digital deposits and home loans, with a strong presence in the Broker channel. myBOQ is the future state for BOQ retail customers and currently offers deposit products.

Relationship brands: **BOQ** services customers who prefer a relationship bank, providing deposits, credit cards, home loans and insurance and has a footprint of 102 branches. **BOQ Specialist** provides business banking products, with a particular focus on small to medium businesses in healthcare, agriculture and diversified industries. **BOQ Finance** services both personal and business customers in equipment finance and asset finance needs.



 Branches and service centres



BOQ

Bank of
supporting
Queenslanders
for 150 years

Message to shareholders.

Dear Shareholders,

It has been a year of significant execution at your bank, building on the foundations of many years of investment and our business transformation strategy. We are well progressed in our plan to deliver a simpler, specialist bank.

We are refocused on, and energised by, our Queensland heritage. With a strong pipeline of investment into the state, we see opportunities to differentiate and win customers, underpinned by improved risk practices and leveraging the modern digital banking assets we have built.

The Group delivered \$358 million in cash earnings after tax, excluding notable items ⁽¹⁾, and statutory profit after tax of \$250 million. We have maintained prudent liquidity, provisioning and capital settings throughout a period of heightened macro-economic uncertainty.

⊕ See page 23 for more details

In May this year, we entered into a capital partnership with Challenger, including a whole-of-loan sale of equipment finance contracts and establishing a forward flow arrangement for ongoing origination of these facilities. This partnership enabled a one-off, fully franked special dividend to shareholders of 15 cents per share.

⊕ See page 15 for more details

The Board has declared a final dividend of 20 cents per share, representing a yield of 6.1 per cent ⁽²⁾. Shareholders received total dividend payments of 55 cents per share this year.

Digital progress

All three Retail brands are on the digital bank and this year we completed the migration of ME customers to the new platform. ME customers are now experiencing an end-to-end digital banking proposition, with home lending, transactional banking, at-call deposits and term deposits available on the modern technology stack, the result of significant work that commenced in 2024.

⊕ See page 14 for more details

The proposition delivered through our digital assets is attracting younger customers, with more stable, intuitive banking services that have significant self-serve functionality. While the digital bank has offered deposit products across all three Retail brands, this year our home lending proposition reached scale, with 88 per cent of all Group application volumes now originating through the digital channel.⁽³⁾

Following the successful migration of all ME customers, the Group is finalising the decommissioning of heritage systems and applications, which remains on track to occur in calendar year 2026. This decommissioning will provide material cost savings, simplification and help reduce risks to the Group, as aged technology will no longer need to be maintained.

Commitment to customers and communities

The migration to the digital bank provided customers with a better banking experience and enhanced features, including stronger protections against scams and fraud.

The majority of customers were migrated successfully and are now benefiting from this improved service. However, we recognise that the transition was not as expected for some of our customers who experienced disruption, inconvenience and frustration during migration.

This resulted in heightened complaints and an increased need for customer support. We acknowledge this impact to our customers and thank them for their patience during this period.

In response, we established a cross-functional team to listen to customer feedback, capture and respond to their concerns, and identify emerging themes to enable resolution of areas of potential customer harm and frustration. This enabled us to address the key issues, stabilise areas of concern and strengthen customer support throughout the transition.

Importantly, insights from this are informing how we plan future migration activities, with a greater focus on customer readiness, risk identification and support. We continue to see evidence of a materially improved customer experience on the digital platform.

During a period of continued cost of living pressures, we provided tailored solutions to support 3,877 customers experiencing financial difficulty. The volume of assistance provided was pronounced during the second half of the financial year. Given ongoing cost of living pressures, we are encouraging customers to continue approaching us, should they need assistance.

Our commitment to the communities we serve remained key throughout the year. Through our partnerships, we focused on support for vulnerable Australians and bringing communities together. Orange Sky Australia remained our primary community partner, and we leveraged opportunities to create awareness of the charity through our Queensland Reds partnership.



(1) Notable item this year was a \$47 million asset impairment charge. For further detail, refer to page 154.

(2) Yield calculated on 31 August 2026 share price of \$6.53.

(3) August 2026 volume.

In our second year as presenting partner of the Royal Queensland Show (Ekka), during a milestone 150th year celebration, we facilitated employee volunteering opportunities and community activations including *The Ultimate Queenslander Test*, recognising the strong connection both BOQ and Ekka have to the prosperity of the state.

⊕ See pages 20 to 22 for more details

Building on the foundations for growth

Having built the digital bank and migrated a significant cohort of customers, we are now scaling the digital offering for home loans and deposits, alongside the continuing growth in our Business Bank.

We've materially simplified our business across distribution channels, product mix and technology architecture. The benefits from our Remedial Action Plans are translating into outcomes, with 74 per cent of activities now complete, and evidence of an improved risk culture.

With the right foundations for success in place for the Group's next phase, we are focused on a sustainable return to growth, built on four strategic pillars:

- *Grow our customer relationships*: focused growth in customer segments where we can win, building on our strengths and Queensland heritage
- *Rewire the bank for the future*: building on our technology investments to drive operational leverage, deploy Artificial Intelligence (AI) and ensure we have the capability and capacity to grow into the future
- *Accelerate the culture shift*: embedding accountability for risk, financial and customer outcomes, and equipping our people with the capabilities to deliver them
- *Optimise the bank economics*: maintaining disciplined use of capital to generate strong and sustainable returns

Board and management

As the Group reorients towards growth and continues to adapt to a rapidly advancing technology landscape, the Board was pleased to welcome Chris Eigeland as an Independent Non-Executive Director in May 2026. Chris brings a depth of entrepreneurial and technology expertise, including first-hand experience overseeing complex digital ecosystems.

In March 2026, Rod Finch succeeded Patrick Allaway as Managing Director and Chief Executive Officer. Rod's appointment follows three years as Chief Transformation and Operations Officer, leading the digital transformation and risk uplift.

On behalf of the Board and management, we thank Patrick for his leadership during a challenging and transformative period for BOQ. During his tenure, he helped strengthen the operational and financial resilience of the bank and laid the foundations for a materially improved customer experience.

We are pleased to have appointed Mandy Khanna as Chief Risk Officer ⁽⁴⁾. Mandy will commence with the Group in January 2027, bringing over 25 years' risk experience in banking and financial services across Australia and Asia Pacific. Her deep credit expertise and enterprise risk, regulatory and transformation leadership will be valuable as the Group undertakes a return to sustainable growth in FY27.

(4) Appointment was made after balance date, as such Ms Khanna is not included in FY26 gender diversity data.

"We focused on support for vulnerable Australians and bringing communities together"

Outlook

This year has been one of uncertainty for our customers, with persistent domestic inflation and higher cash rates. While economic growth has continued, it has been at a moderated pace and with continuing geopolitical risks. As households and businesses navigate the year ahead, our role remains unchanged: to support customers, as we have done for 152 years.

As we enter this next phase of our strategy, your Board and management team are sharply focused on the disciplined allocation of capital and growing sustainably, building on the strong foundations we have established as part of our transformation.

With improved operational resilience, a simpler business model, modernised technology and renewed focus on our strengths, we are optimistic about growth opportunities for the Group, serving more customers and generating stronger returns for shareholders.

We thank our customers for choosing to bank with us, our people for their dedication and you, our valued shareholders, for your ongoing support.

Sincerely,



Andrew Fraser
Chair
14 October 2026



Rod Finch
Managing Director & CEO
14 October 2026

CREATING VALUE.

How we create value.

Value drivers.



Customers

With a clearly defined customer proposition across our retail and business bank brands, we have supported customers for 152 years.



Technology & data capabilities

The digital bank and simplified technology landscape are equipped to deliver customer experiences faster, more securely and at a lower cost to the Group.



People & talent

Our people are what set us apart. Dedicated bankers and support teams who strive to deliver outstanding customer experiences.

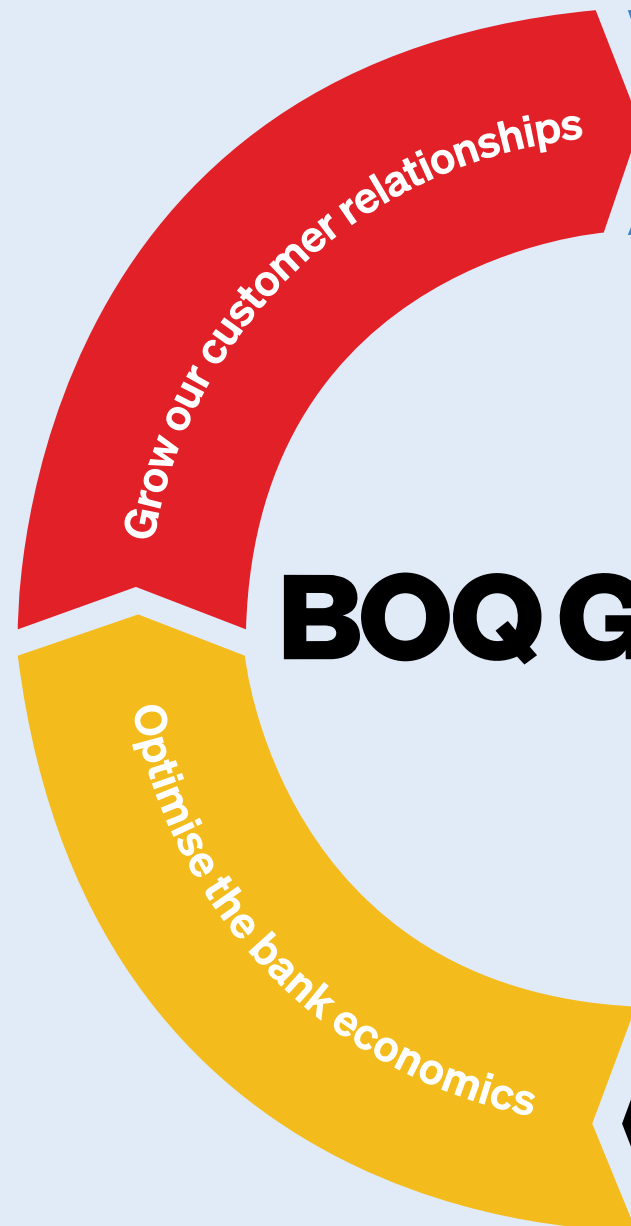


Capital & funding

A diverse mix of funding through customer deposits, wholesale debt and capital markets. We deploy shareholder capital to generate returns.

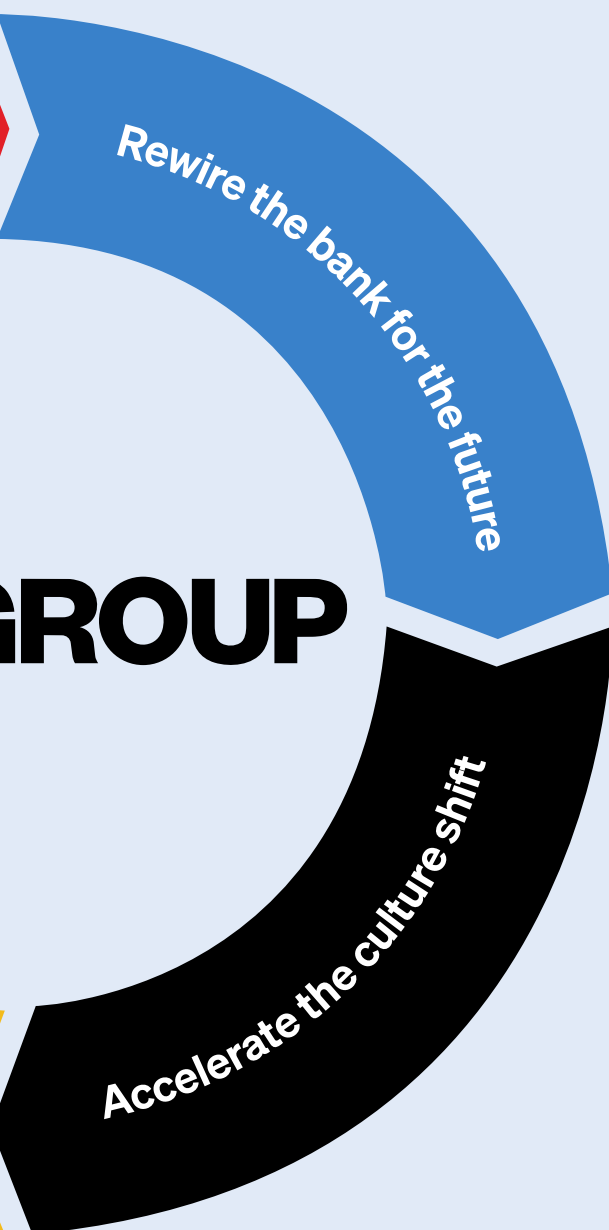
Our strategy

A simple, specialist bank



Our vision

To be the bank customers choose



Value created.



Customers

- \$53bn in housing loans
- \$15bn in commercial lending
- 3,877 customers supported through financial difficulty



People

- Five percentage point improvement in risk culture index, exceeding our FY26 target
- 588 leaders received bespoke leadership training



Community

- \$1.9m raised for community partners
- Sustainability report in line with new standards



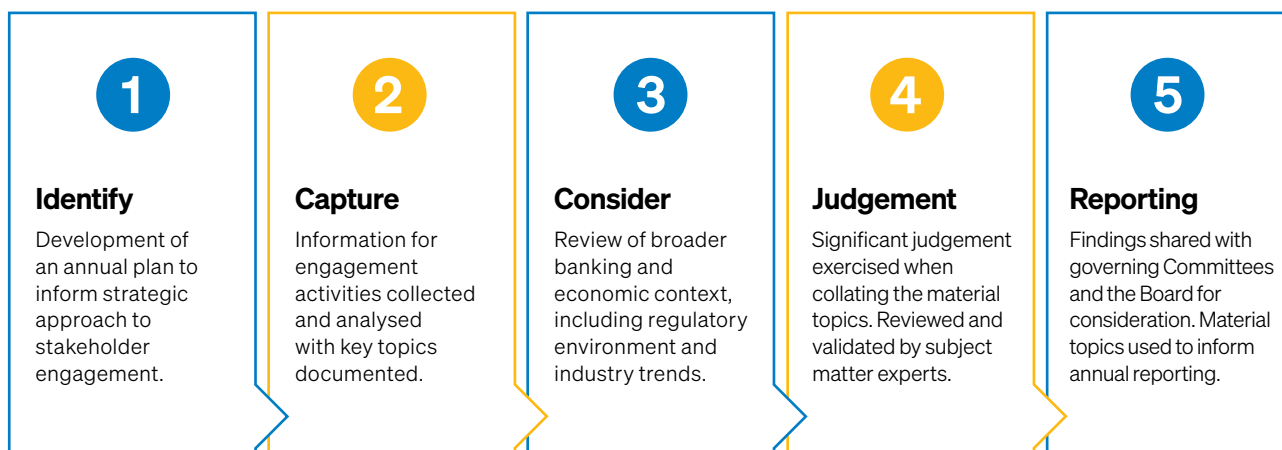
Shareholders

- Capital partnership established
- \$363m in fully franked dividends paid

Our material themes.

BOQ Group recognises that meaningful stakeholder engagement is essential to building trusted relationships and informing the identification and prioritisation of sustainability focus areas. Consistent with previous years, a range of stakeholders including customers, employees, investors, brokers, communities, government, media, regulators and suppliers were considered for engagement to ensure the Group's approach remains inclusive and responsive.

BOQ's 2026 stakeholder engagement and materiality process is described as follows:



This approach has been informed by the United Nations Environment Programme Finance Initiative's (UNEPFI) Guidance on Client Engagement and the Global Reporting Index. BOQ Group recognises this process may continue to develop as stakeholder engagement broadens and new topics emerge.



L-R Anna Horton, Peter Munckton, Yun Tin, Garret Goring

Chief Economist updates: breaking it down for everyday Australians

In a year marked by shifting interest rates, cost of living pressures and global economic uncertainty, BOQ Group Chief Economist Peter Munckton translated economic headlines into plain, practical insight through appearances in Queensland local media, customer engagement events and in the *Money with Munckton* podcast series. Peter's updates helped local businesses and households make sense of economic conditions. These updates covered everything from RBA cash rate decisions and housing market movements to half year and full year reviews of the broader outlook.

His commentary on the resilience of the Queensland economy pointed to the state's infrastructure pipeline, population growth and employment. Beyond the screen and the inbox, Peter took these insights directly to customers, fronting events where business owners could ask questions and stress test their own plans against his read of the economy.

The annual sustainability materiality assessment identified the material topics outlined below. Topics which were elevated for stakeholders this year were ethical business conduct, innovation & digitisation and customer & business resilience. These topics align with the Group's strategic focus areas.

Material Topic	Sustainable Development Goals	Description
 Ethical business conduct		Upholding the highest standards of ethical business conduct, including measures to promote human rights, anti-corruption, trust and ethical supply chains.
 Data governance		Ethical and safe protection of data and safeguarding systems from cyber security threats.
 Fraud & financial crime		Protecting the Group and its customers from fraud, money laundering and other financial crimes.
 Innovation & digitisation		Continuing to innovate and transform the business through digitisation to provide consistent and accessible services to customers.
 Customer & business resilience		Supporting economic resilience, by monitoring macro trends and events, such as cost of living challenges and potential movement in housing prices.
 Customer experience		Delivering exceptional customer experiences through consistent, fair, easy to use, and accessible banking products and services that accommodate diverse customer needs. This includes supporting vulnerable customers and those experiencing hardship, helping to support financial inclusion, wellbeing and participation in the financial system.
 Financial resilience & inclusion		Supporting a stronger Australia, by ensuring we only lend what customers can afford to pay and focusing on potential adverse impacts on customers and communities.

The icons above appear throughout this report where a disclosure relates to the material topics.

The 2026 Sustainability Data Pack can be found at www.boq.com.au/2026 which includes further information on engagement with stakeholders over the year, the BOQ Group 2026 Global Reporting Index, and data tables. The 2026 Sustainability Data Pack is not subject to independent assurance.

Our stakeholders.



Customers.

Customer focus has been the foundation of our business for 152 years. We have a differentiated approach to meeting our customers' banking needs across our unique brands, through the newly built digital banking apps, personalised service for the banking moments that matter, and strong protection against an ever-changing scams and fraud landscape.

Digital banking

Following the launch of digital mortgages across three retail banking brands, BOQ Group continued to scale the digital offering during FY26. Progress included the migration of new broker lending flows from legacy ME platforms, expansion of lending capability to support more complex lending scenarios and commencement of the BOQ network pilot to support a broader rollout in FY27.

The digital home loan remains a key component of BOQ's digital transformation strategy, delivering a streamlined omni-channel lending experience and is expected to reduce the mortgage origination and servicing cost by fifty per cent, compared to a heritage home loan.

This year, the migration of ME customers to the digital bank was completed, which is a key milestone in the Group's transformation. Insights from this program will be utilised to inform the BOQ customer migration in future years.

Contact centre experience

The contact centre played an essential role in supporting customers throughout the year. In response to evolving market conditions, including the increased cost of living, the contact centre also strengthened its focus on supporting customers experiencing vulnerability.

Several initiatives were advanced to improve service flexibility and the customer experience.

The Group invested in AI-enabled tools via phone and chat services, as well as greater self-service capabilities for customers, to enable a more seamless contact centre experience.

Scams and fraud

Acknowledging the continued heightened threat to Australians from scams is an important consideration in the Group's approach to managing risk. BOQ Group remains committed to a whole of ecosystem approach, aligned with emerging regulatory frameworks and customer expectations. Through collaboration across industry, government and intelligence sharing with cross-sector partners, the Group aims to reduce the potential impact of scams on customers.

During the year, the Group achieved an average fraudulent deposit account onboarding intervention rate of 99.4 per cent, and prevented or recovered \$7.5 million in scam and online fraud losses. Separately, planned Scams Prevention Framework uplifts were delivered, including case management, governance and reasonable steps artefacts, payment and payee controls, channel and digital restrictions, limit reviews and supporting process and training updates.

Continued investment in scams and fraud risk infrastructure remains a key priority in a dynamic threat environment.

**We recovered or prevented
\$7.5 million in scam
and online fraud losses
to customers.**

Modernising technology

The Group continued to modernise its technology foundations this year, supporting a more secure and stable banking environment for our customers and people.

Completion of the ME customer migration marked a significant milestone in the Group's simplification agenda. The Group decommissioned over 100 technology assets during the year, including assets associated with the migration, reducing complexity and reliance on legacy technology. Remaining ME archive and decommissioning activities are progressing, with final legacy data retirement on track to complete in calendar 2026.

BOQ Group has continued to invest in analytics capabilities, AI and data governance, to enhance decision making, strengthen risk management and improve customer experiences. Key indicators for data quality and management are regularly reported to Management and Board.

Capital Partnership

In May 2026 ⁽¹⁾, the Group formed a strategic capital partnership with Challenger Limited, an ASX-listed investment manager and retirement services and income firm. The partnership included a \$3.6 billion whole-of-loan sale of equipment finance assets and the commencement of a forward flow arrangement.

This partnership is designed to optimise the Group's balance sheet by transferring the underlying assets, exposure to direct credit risk and net interest income, in exchange for capital light origination and servicing fees.

The Group has retained flexibility to continue originating these contracts on its own balance sheet. Through this partnership, the Group will, for facilities originated through the forward flow, continue to originate and service equipment finance facilities, without capital and funding requirements. It is aimed at improving shareholder returns and supporting more customers with their equipment finance needs.

Following settlement of the whole-of-loan sale, the Group announced its intention ⁽²⁾ to provide a capital return to shareholders of approximately \$295 million. A special dividend of 15 cents per share was paid to shareholders on 24 August 2026, and an on-market share buy-back of up to \$196 million commenced on 25 August 2026.

Cyber security

Keeping customer information safe remains critical in an ever-evolving threat landscape, and requires continual investment into the strength and maturity of the Group's cyber security. Along with a dedicated team including incident response, threat, and vulnerability management spanning security architecture, strategy, governance and risk, the Group engages a leading cyber security consultancy for independent testing and reviews of its environment and penetration and controls testing. Annual attestations are conducted for partners, for reporting to regulators and insurers.

The Group had no significant notifiable cyber security or privacy breaches in FY26 resulting in the public disclosure of data.

Growth in the Business Bank

During FY26, the Group continued to strengthen its position as a specialist relationship bank through targeted expansion in healthcare, agribusiness, and diversified industries.

Continued investment in enhanced credit capability and productivity initiatives supported customer acquisition and lending growth. This was complemented by a growing banker presence through co-located sites with Retail branches and a disciplined approach to risk and portfolio quality.

The Group's strategic capital partnership also created additional capacity to support future equipment finance growth while optimising capital allocation.

Customer resilience

This year, the Group supported 3,877 customers to access financial difficulty assistance. The total volume of financial difficulty assistance applications increased in the second half of FY26, reflecting higher cost of living pressure in households during the second half of our financial year.

Financial inclusion and accessibility

The Group's digital applications have been designed with accessibility as a key element and are regularly tested. The applications support adjustable text sizing, zoom support, screen readers, hearing aid compatibility and dictation. Physical cards have accessibility features including cut outs to assist with orientation for VMA, and braille on ME Go cards.

Customer complaints

Customer complaints are an important source of feedback to highlight areas where we aren't meeting expectations.

This year, there was a 99 per cent increase in internal complaints received ⁽³⁾ and a 134 per cent increase in external complaints received ⁽⁴⁾. Resolutions were provided within five days for 88 per cent of complaints, and 75 per cent on the same day they were raised. While these resolution timeframes improved against last year, by three percentage points, the heightened complaint activity shows our customers overall were not receiving the standard of care we aim to deliver.

The increased complaints were primarily driven by the cumulative impact of multiple change events and operational challenges, including elevated volumes of ME complaints during the migration period. During this period of higher complaints, the Group established a dedicated cross-functional team that monitors complaint trends, drives volume reduction initiatives, and addresses underlying root causes. This has also included specific engagement with regulators.

Alongside this, the Group continued to deliver its program to uplift systems, processes, data and people capability required to manage customer complaints. Key milestones from the program this year were:

- launching a single way to record, manage and resolve complaints across all brands and business units, strengthening complaint handling, data capture, reporting and oversight across the Group;
- delivering a complaints capability uplift including updated procedures, guidance materials, leader resources and role-based training to support better customer outcomes, regulatory compliance and adoption across the Group; and
- migrating complaints from the legacy customer service platform which improved consistency in how complaints are managed across the Group.

(1) Capital partnership was announced to the ASX on 7 April 2026 and 1 May 2026.

(2) Capital return was announced to the ASX on 10 August 2026.

(3) Internal complaint refers to a customer complaint to a frontline or BOQ complaints team.

(4) External complaint refers to a complaint to the Australian Financial Complaints Authority.



People.

Our people are at the heart of our success. We are committed to a high performing and safe workplace, that invests in resilience and readiness for the future, celebrates inclusion, and where everyone can do their best work in service of our customers.

Engagement and culture

During the year, activities to support the Group's target state culture (customer-focused, outcomes driven and agile) were progressed, including a partnership with a leading external provider to define the transformational roadmap and disciplined approach to ways of working and building a climate in which team members can thrive, with the customer experience central to progress.

Recognising the critical role leaders play in driving this cultural shift, we continued the delivery of our leadership program, Lead on Q, with 588 leaders having completed the program at the end of FY26. Underpinning this, the Group has aligned its performance framework to focus on outcomes and impact, including impact on culture and risk, ensuring both the "what" and the "how" are considered in reward.

The Group's employee listening strategy, which includes people surveys, was enhanced during the year, to provide additional flexibility in our approach. With a participation rate of 79 per cent, the people experience engagement index remained stable at 72 per cent, compared to 73 per cent in August 2025.

Trends observed in this year's survey were:

- 85 per cent of individuals reported it is safe to speak up in their part of the business (an increase of two percentage points compared to August 2025);
- 77 per cent of individuals agreed that the organisation has effective processes for controlling risk (an increase of five percentage points since August 2025); and
- 92 per cent of individuals agreed they understand the risk delegations of their role (an increase of one percentage point from August 2025).

The Risk Culture Index increased five percentage points to 77 (from 72 in August 2025), with improvement across all underlying questions, indicating that activities delivered through the remedial action plans are translating to a stronger risk culture.

Diversity and inclusion

BOQ Group is committed to a workplace where people feel safe, can bring their authentic selves to work, and are valued and respected for who they are. This includes embedding diversity and inclusion practices in setting measurable objectives, reporting, recruitment, performance and remuneration, flexible working, promotions and succession, and capability programs.

We recognise that diversity is a key enabler of success and inclusion is central to our culture. We value and respect differences across gender, marital or family status, sexual orientation, age, ability, ethnicity, religious beliefs, cultural background, socio-economic background and experience.

BOQ Group is currently developing its second Innovate Reconciliation Action Plan, due to be launched in FY27.

The Group's Diversity and Inclusion Policy can be found on its [website](#).

Diversity targets

BOQ is committed to the fair and equitable treatment of all employees.

The Group's Diversity and Inclusion Policy requires the Board to set measurable objectives for achieving gender diversity and is reviewed annually. As of 31 August 2026, the representation of women against target was:

- Women in senior leadership ⁽¹⁾ was 38 per cent (against target of 40 per cent); and
- Women in leadership ⁽²⁾ was 41 per cent (against a target of 42 per cent)

The percentage of employees identifying as women in BOQ Group is 54 per cent. As of 31 August 2026, there were six permanent executives, and an interim Chief Risk Officer. Female representation of permanent executives was 33 per cent and reflects the smaller executive team.

In accordance with the Workplace Gender Equality Act 2012, BOQ lodged its annual public report to Workplace Gender Equality Agency (**WGEA**) for 2026, which can be located on the [BOQ website](#) and <http://www.wgea.gov.au>.

In March 2026, the Group also lodged the following numeric targets in support of WGEA recommendations.

- increase representation of women in Senior Manager ⁽³⁾ roles from 41.7 per cent to 42.7 per cent by the end of March 2029;
- reduce the gender pay gap for average base salary from 16.7 per cent to 14.7 per cent by the end of March 2029; and
- increase men's uptake of parental leave from 24 per cent year-on-year to 33 per cent by the end of March 2029.

Diversity governance

The Group's People, Culture and Remuneration Committee plays an important role to:

- review, note and monitor the effectiveness of the Group's approach to diversity and inclusion;
- review and recommend to the Board;
- measurable objectives for achieving diversity and inclusion; and
- review both the objectives and progress in achieving the objectives, including the relative proportion of women and men at all levels.

This Committee also reviews annual performance remuneration outcomes including a review of the outcomes, by gender, of the distribution of performance ratings, change in salary and short term incentive awards, and has a focus on gender pay equity. Gender balance of the Board is the responsibility of the Nomination and Governance Committee.

(1) Senior leadership encompasses our Executive Committee, General Managers and Heads of who are responsible for leading an organisational department. This calculation includes employees in tiers 8 and above.

(2) Women in leadership encompasses senior leaders (as defined above), as well as senior managers in tiers 7 and above.

(3) Senior leader in this context encompasses Executive Committee, General Managers, Heads of and senior managers in tiers 7 and above.

Affinity groups

Passionate advocates within BOQ Group are spread across six employee affinity groups, all of which support an inclusive workplace and facilitate belonging.



Banking Without Barriers

Champion accessibility to help our people and customers reach their full potential.



FIRST NATIONS RECONCILIATION COUNCIL

Strengthen relationships with Aboriginal and Torres Strait Islander peoples, communities and employees.



CULTURAL CAPITAL COMMITTEE

Celebrate and amplify the rich cultural diversity of our people, customers and communities.



ProudlyMe

Amplify the voice of the LGBTQIA+ and ally community through education, events and advocacy.



SPARK

Drive gender equality to build a gender balanced workforce and inclusive culture.



THE CAREER NETWORK

Support personal and professional development across the Group.



BOQ executives and staff with Wear it Purple panelists.

In recognition of Wear it Purple Day, our employee-led inclusion network ProudlyMe, hosted a panel discussion titled *You Can't Talk About That*. This event brought together leading LGBTQIA+ advocates who shared their perspectives on visibility, allyship and creating environments where people feel safe to bring their whole selves to work. Reflecting this year's theme, *Colours of Courage*, panellists explored the many ways people show courage, from living authentically and speaking up as allies. Discussion reinforced that meaningful progress requires ongoing commitment, open conversations and everyday actions that help people feel seen, heard and valued. It also highlighted the important role workplaces play in fostering a culture of inclusion and belonging.

Talent management

BOQ Group's talent strategy is focused on building a workforce equipped to meet the opportunities and challenges of the future. This means developing leaders and team members who think enterprise-first, adapt quickly to change, work effectively with AI and speak up when needed. In FY26, this approach shaped how senior roles were assessed, developed and filled. More emphasis was placed on a person's potential, supported by structured assessments and diverse, well qualified candidate shortlists.

Building AI capability is a core part of this strategy. Through our AI Academy, leaders and employees were given opportunities to build their confidence and skills in using AI at work. We also continued to broaden the way talent is assessed with a stronger focus on adaptability, willingness to learn and the ability to work with emerging technologies.

Workforce planning became more robust, giving leaders a clearer view of the skills and capacity needed to deliver the Group's strategy. This helped direct investment towards priority areas including strengthening banker and specialist capability in the Business Bank.

Together, these efforts are helping BOQ Group build a workforce with the skills, capabilities and mindset needed to deliver on its vision of being *the bank customers choose*.

Leadership and risk management

Our focus on further lifting leadership capability throughout the organisation, remains a high priority for the executive team. Our program of leadership development work is multi-faceted and caters to multiple cohorts of leaders and needs.

Underpinning our approach is our signature leadership program, Lead on Q. This two day program helps leaders build the skills and understanding needed to meet our Group-wide leadership expectations. Nearly 600 leaders have completed the program, including our network of branch leaders. The program continues to receive exceptional feedback, while leadership support measures in our employee listening surveys have also improved.

In addition, forums to support our General Managers, have been extended to a broader leadership audience, increasing the opportunity for our leaders to gain timely insight into Group priorities, market landscape, and emerging leadership capability needs.

Recognition

ThanQ is the Group's peer recognition platform. This year, more than 13,500 real time recognitions were shared, celebrating employees who brought our culture and values to life.



Building capability

Supporting the Group's strategic focus on accelerating growth in business banking, BOQ Group leveraged its partnership with an industry-recognised external training provider to uplift credit risk capability. Bankers across both front line lending and credit risk completed programs tailored to their role. This was complemented by the Business Bank delegated approval authority uplift program, building the depth of credit judgement to enable decision-making closer to the customer at pace, while retaining appropriate risk oversight.

In the Retail Bank, capability programs underpinned people readiness for at-scale customer migrations, the myBOQ digital home loan pilot and stronger support for digital customers in branch. Targeted lender training and refreshed sales and service rhythms further strengthened our teams' ability to identify opportunities, grow customer relationships and support sustainable growth.

Work to transition from the Group's legacy learning management system is well advanced and will conclude in FY27. The new platform will unify mandatory learning, role-based training and development activity together in a single connected ecosystem, empowering learners and leaders with improved self-service capabilities. Alongside the AI Academy, it will provide the infrastructure needed to support a future-ready workforce.

AI Academy

BOQ Group is focused on embedding AI into the organisation's culture and everyday ways of working. In February 2026, the Group launched an AI Academy to support employee upskilling and build practical AI capability to improve efficiency, consistency and decision making.

Through the AI Academy, employees have access to AI learning and the opportunity to hear from AI experts from the Group's strategic partners, Capgemini and Microsoft, who share insights into AI best practice and its application across industries through a regular speaker series.

The Group also ran a 90 Day Challenge during which employees were encouraged to dedicate time each week to AI learning, complete a fortnightly activity to build practical AI skills, and share their learnings with colleagues to uplift collective capability.

BOQ's use of AI is guided by a policy that defines the requirements for managing AI risk and provides users with guardrails on safe and responsible use of AI.

Conduct

The Group's Code of Conduct (**CoC**) outlines the expectations and standards of behaviour for employees, agency and contingent workers, leaders, senior leadership and Directors at BOQ Group. It connects the Group's vision and values with key policies to make a positive difference to customers, people, partners, shareholders, and the community.

Leadership and targeted capability programs in conjunction with Group-wide mandatory risk training continued to strengthen risk culture and reinforce accountability for effective risk management across the Group.

The Group's Whistleblower Policy, Whistleblower Standard and Speak Up Standard support employees to understand expected behaviour, and how to raise concerns when those standards are not met. This year, there were five whistleblower reports.

The Group continuously monitors conduct and applies consequences for breaches to the CoC. In accordance with BOQ's Board Charter, conduct matters are regularly reported to the Board.

BOQ's approach to corporate governance is set out in the Corporate Governance Statement on pages 24 to 43. In 2026, there were 41 breaches of the CoC. Of these, 14 resulted in terminations of employment and the remaining 27 resulted in formal warnings issued.

All BOQ Group employees and representatives are required to undertake mandatory training to develop and maintain the knowledge and skills required to uphold obligations to customers, team members, regulators and communities. In FY26, 98 per cent of the BOQ workforce completed assigned mandatory compliance learning modules.

BOQ Enterprise Agreement

This year, the Group negotiated a new Enterprise Agreement, which was endorsed by the Fair Work Commission on 24 August 2026. Of the 83 per cent of eligible employees who voted on the proposed Agreement, 92 per cent supported the Agreement.

The Agreement will deliver meaningful benefits for employees over the next three years, including new leave entitlements. Team members who work full time (or pro-rata for part time) now have access to five days of Wellbeing Leave each year, in addition to four weeks of Annual Leave, supporting a positive work-life balance. Team members can also access a paid day of Volunteer Leave per year, creating more opportunities for them to positively contribute to their communities.

The Group's new Enterprise Agreement will uplift the employee experience while remaining sustainable for the organisation as the bank continues to support its customers and invest in growth to deliver stronger returns for shareholders.



Amanda at the 2026 Vanloads of Hope Breakfast event

Leading with passion and purpose

Executive Branch Manager Amanda Watt leads the BOQ Capalaba and Birkdale branches in Queensland. Over the past five years with the bank, she has earned a reputation as a leader with a genuine passion for delighting her customers, empowering her team, and building strong community connections.

Amanda is an avid supporter of BOQ's community sponsorships. She was a core contributor to the bank's partnership with Queensland Rugby Union throughout the 2026 season, volunteering her time to bring to life community activations to support the professional teams and junior grassroots rugby. She also volunteered across multiple shifts at BOQ's on-site booth at Ekka.

From attending local expos to running educational seminars for first home buyers, Amanda is always looking for opportunities to make a positive difference and represents BOQ with professionalism and heart.

"I'm proud to be part of events that bring people together and strengthen our local community. Taking the time to show up, connect and work together is what creates long-term impact."

– Amanda

Throughout the year, the Group showcased the impact of strong banking relationships through a content series sharing the stories of BOQS customers. Dr Tapiwa Gwengo's story that brought that impact to life, showing how specialist banking support can help business owners pursue growth while staying focused on what matters most to their own customers.

Dr Tapiwa Gwengo, is the founder of Apex Orthodontics, and for him, building a practice was about more than straightening teeth, it was about creating an experience patients could trust.

The business has grown steadily, drawing upon the specialist expertise of Senior Relationship Executive Aaron Montoro and his team along the way. Working with a banking partner who understands the complexities of running and scaling a dentistry business has given Dr Gwengo confidence in his plans to expand the business over the next five years.

"I've created an environment where I can combine advanced treatment, innovation and a warm, personal experience for every patient," he says.

"Support (from BOQS) has been personal, seamless and encouraging, and that partnership allows us to focus on delivering exceptional care for our patients," Dr Gwengo said.



Dr Gwengo, Apex Orthodontics



Community.

We aim to positively contribute to the communities in which we operate, through deep and interconnected partnerships that provide impactful support for vulnerable Australians and bring communities together.

Orange Sky

Orange Sky July remains BOQ Group's flagship community fundraising campaign and a powerful expression of purpose in action. In FY26, the campaign achieved its strongest result to date, raising more than \$240,000 for [Orange Sky Australia](#) and helping provide practical support and meaningful connection for Australians experiencing homelessness and hardship.

The month-long campaign brought together employees, customers, community partners and suppliers in support of a shared cause. A highlight was the annual Vanloads of Hope Breakfast, which united business and community leaders to raise awareness and funds for Orange Sky while showcasing the impact that can be achieved through collaboration and partnership.

Across the Group, employees embraced opportunities to support the campaign through branch and workplace fundraising activities, volunteering and advocacy. Market stalls, bake sales, raffles, trivia nights and workplace giving initiatives helped create a strong sense of connection and engagement, while reinforcing a commitment to supporting local communities.

Orange Sky July continues to be one of BOQ Group's most engaging employee-led initiatives, strengthening connections between colleagues and fostering a shared sense of purpose.

OrangeSky
— Australia —

Vanloads of Hope breakfast

For the second consecutive year, BOQ Group hosted the Vanloads of Hope breakfast for customers and partners to commence Orange Sky July. More than 200 attendees came together at Howard Smith Wharves in Brisbane, raising more than \$53,000 in a single morning.

Pictured below L-R: Lucas Patchett (Orange Sky Co-Founder), Andrew Fraser (Chair of BOQ and Orange Sky), Rod Finch (CEO) and Nic Marchesi (Orange Sky Co-Founder)



Every Try For Orange Sky

2026 saw the introduction of our Every Try for Orange Sky initiative, which united BOQ, Orange Sky and the Queensland Reds in support of vulnerable Australians. For every try scored at a home game by the Queensland Reds women's and men's teams throughout the season, BOQ donated to Orange Sky. The initiative generated \$15,400 in donations, equating to 641 loads of laundry and hot showers. It reflects our shared belief in backing communities and creating positive outcomes both on and off the field.

Christmas gift wrapping

In the lead-up to the festive season, BOQ Group brought people together through a 12 Days of Giving campaign, supporting communities during a time when it matters most.

Team members in Brisbane donated gifts to Orange Sky which were given to families who were living in crisis accommodation. They also volunteered their time to sort, wrap and prepare presents for delivery.

Across the country, branches also rallied behind local causes, fundraising for charities in their communities, with every dollar raised matched by BOQ through our dollar-for-dollar program, amplifying the collective impact of local communities.





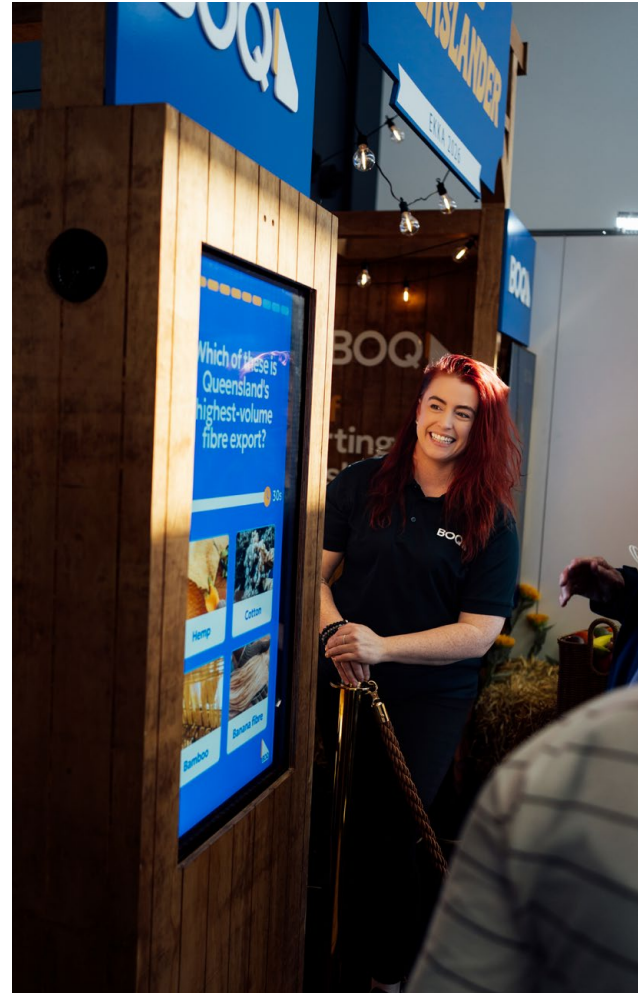
Celebrating Ekka Icons

In celebration of 150 years of Ekka and the second year of BOQ's presenting partnership, BOQ decided to shine a light on the Queenslanders who help bring the magic to this iconic annual event through a video series called Ekka Icons.

The series featured BOQ customer, the Katavic family, from Mt Gravatt, Queensland. Together, the family of four has fielded more than 100 entries in Ekka's craft and cookery competitions since 2022. For parents Amber and Pete, preparing the entries with 11 year old Rose and 12 year old Henry isn't really about the blue ribbons – though they've won a few. It's about sharing a creative streak, learning useful skills and making memories as a family.

The series also featured Matt Welsh (pictured above), BOQ customer and Queensland cattle farmer. Based at Huntington Charbray Stud near Taroom, about 450km north west of Brisbane, Matt shows his Charbray cattle at the Ekka in front of breeders, buyers and the public. BOQ is proud to be backing Matt on his mission to prove the breed belongs in the mainstream Australian beef industry.

Both the Katavic family and Matt appear on the cover of this report.



Ekka presenting partnership

Staff volunteers continued as presenting partner of The Royal Queensland Show (Ekka) in 2026, supporting one of Queensland's most significant community events and creating a valuable platform to engage customers, employees and the broader public.

BOQ once again provided strawberry sundaes to attendees, a much loved tradition, and engaged the community through *The Ultimate Queenslander Test* to bring Queensland pride to life. The interactive booth was supported by employee volunteers, creating practical opportunities to recognise and engage customers in a trusted community setting.

The impact of the partnership was recognised internationally in its first year, with BOQ and Ekka receiving Bronze in the International Association of Fairs & Expositions Awards for First-Time Sponsorship. The award acknowledged the partnership's strong brand integration, community impact and innovative delivery.



Above and top right | Staff Volunteers at the BOQ Ekka booth

Celebrating Lunar New Year

Dancing lions, shared plates and new connections set the scene as the BOQS team in Queensland welcomed the Year of the Horse alongside customers in February.

The Year of the Horse symbolises energy, independence and new beginnings, a fitting theme for an evening focused on connection. Customers were encouraged to bring a friend or colleague, helping to spark new conversations and broaden networks. Jared Moriarty, QLD State Manager BOQS reflected on the value of bringing key customers together in this way as it strengthened existing relationships while opening the door to new opportunities. 'It was a memorable night that captured the spirit of the season: connection, momentum and a positive start to the year ahead,' Jared said.



BOQS bankers (L-R): Julia Liang, Jaivis Lau and Hayley Wong

Queensland Rugby Union

BOQ continued its major sponsorship of Queensland Rugby Union and the Queensland Reds in 2026, extending its connection with communities through one of the state's most recognised sporting partnerships.

Throughout the season, BOQ connected with fans at every Queensland Reds home game through match day activations supported by employee volunteers. Initiatives including BOQ Bucket Hat Bay, exclusive BOQ x Reds merchandise and the Reds Biggest Fan content series helped create distinctive experiences for supporters and deepen engagement throughout the season.

The partnership also supported grassroots and regional rugby across Queensland. Player of the match awards were distributed through community rugby competitions and BOQ Group employees supported community activations at Queensland Rugby Union games and events across the state. BOQ also launched the BOQ Boost Program, providing grants to junior clubs in Toowoomba, Rockhampton, Mackay, Cairns and Townsville to support facility improvements and club development.

Through the sponsorship, the Group continues to invest in a partnership that enables community participation, regional development and employee advocacy, while building brand relevance and stronger connections with customers and communities in an important home market.

ME Go charity cards

BOQ Group donated \$355,000 this year, to five charity partners through ME Go debit cards. Through these cards, customers can choose which charity they would like to support and one cent per each digital tap is donated to the chosen charity by the Group.

Helping BOQS customers to drive community impact

The FY26 BOQS commercial lending spring campaign was a first of its kind, putting \$190,000 back into communities where Business Bank customers live and work.

For every new business loan during the campaign, the Group donated \$500 to the customer's choice of four charity partners who do vital work across the country: Orange Sky, Beyond Blue, Rural Aid and LifeFlight.

The campaign helped connect customers with the services provided to millions of Australians each year. Donations helped to fund Orange Sky shifts to deliver laundry services to people experiencing homelessness, enabled additional calls to be answered by Beyond Blue, supported LifeFlight to deliver critical ICU-level care in remote and time-critical emergencies and increased Rural Aid's supply of hay bales, domestic water tanks and gift cards which are provided to farming families.



OrangeSky
— AUSTRALIA —

National
Breast Cancer
Foundation

Proudly supporting
Beyond
Blue

Australian
Wildlife
Conservancy

MINUS18

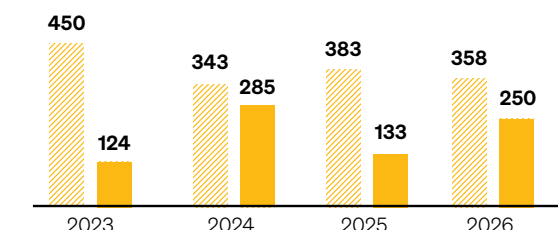


Shareholders.

Through a disciplined approach to deploying capital, we are working toward long-term sustainable returns to our shareholders.

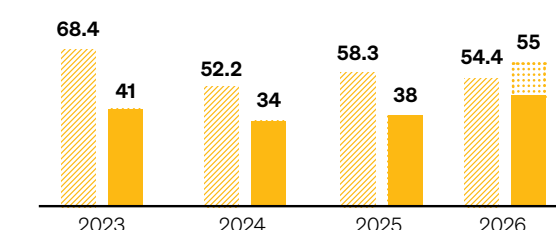
FY26 financial performance

Profit results (\$m)



Cash earnings excl. notable items
 Reported statutory net profit after tax

Earnings and dividends (cents per ordinary share)



Cash⁽¹⁾ basic earnings per ordinary share
 Dividends per ordinary share
 Special dividends per ordinary share

\$358m

Cash earnings after tax excl. notable items

Down 7% on FY25

\$250m

Reported statutory net profit after tax

Up 88% on FY25

54.4¢

Cash⁽¹⁾ basic earnings per ordinary share

Down 7% on FY25

20¢

Final dividend per ordinary share

1H26 dividend 20¢

1.70%

Cash⁽¹⁾ net interest margin

Up 6bps on FY25

65.4%

Cash⁽¹⁾ cost to income ratio

Up 70bps on FY25

6.1%

Cash⁽¹⁾ return on equity

Down 30bps on FY25

15¢

Fully franked special dividend

Further detail on the Group's financial performance can be found on page 80.



BOQ Group marketing team

Excellence in marketing

FY26 was a memorable year for BOQ Group's Digital & Marketing team, who earned a number of industry accolades for their contributions. The team was named Marketing Team of the Year at the 2026 Mumbrella Awards and was also shortlisted in both the Media Campaign of the Year and the Digital & UX Craft Award categories.

In addition, General Manager Digital & Marketing, Adrian McCaffrey, was awarded Chief Marketing Officer (CMO) of the Year at the 2026 CMO Awards, while Phoebe Duke, Senior Manager Brand, Social and Sponsorships, was named a 2026 AdNews Emerging Leader of the Year.

Central to the team's achievements was the successful execution of the Bank of Queenslanders brand repositioning initiative, which has elevated BOQ's share of voice in the Queensland media market, driven greater brand awareness and trust, and contributed to strong commercial growth.

(1) Cash earnings excl. notable items

CORPORATE GOVERNANCE.

Overview.

Corporate governance at BOQ Group is the framework of systems, policies and processes by which the Group is directed and controlled. It supports effective decision-making, ensuring our people are empowered while remaining accountable for outcomes impacting our business, customers and stakeholders.

The framework defines the respective roles and responsibilities of the Board, management and employees, and establishes clear lines of oversight and accountability. It also provides for the monitoring and evaluation of Board and management performance, and underpins our approach to corporate reporting and disclosure, remuneration, risk management and stakeholder engagement.

The following section forms our Corporate Governance Statement describing the key governance arrangements at BOQ. BOQ has followed the ASX Corporate Governance Principles and Recommendations (4th edition) (**CGPR**) published by the ASX Limited's Corporate Governance Council available at <https://www.asx.com.au> for the reporting period ending 31 August 2026.

The Statement has been approved by the Board and is current as at 14 October 2026.

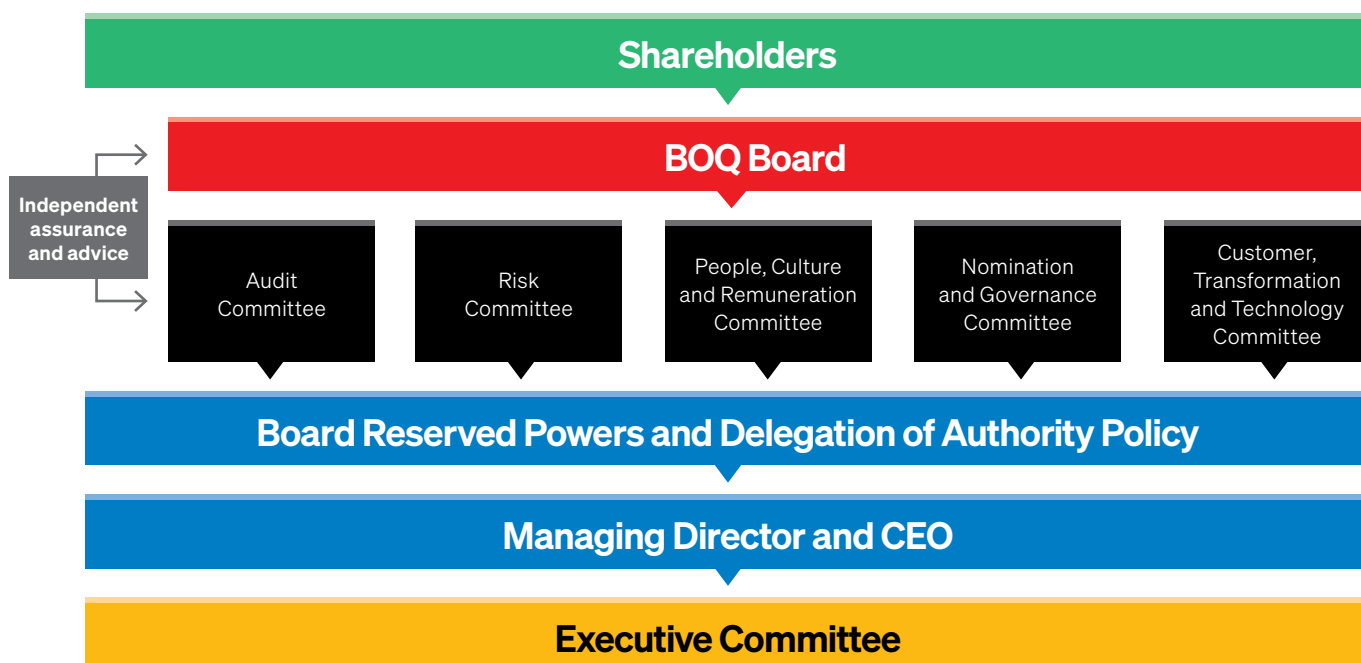
BOQ's Appendix 4G is available on the following section of our website: boq.com.au/about-us/corporategovernance. The Corporate Governance Statement should be read together with the following sections of the 2026 Annual Report, which are incorporated in this statement by reference:

- Information on our Inclusion and Diversity Policy and measurable objectives on page 16;
- Risk Management overview (including sustainability risk management) on pages 44 to 53. BOQ's Risk Management Framework was reviewed in the reporting period ending 31 August 2026;
- The Remuneration Report on pages 110 to 135; and
- BOQ's climate related financial disclosures on pages 55 to 79.

The Board regularly reviews and refines its corporate governance arrangements to consider their appropriateness. This includes incorporation of new laws and regulations, evolving stakeholder and regulator expectations and the volatile environment in which we operate. More information on BOQ's Constitution, Board and Committee Charters and key corporate governance policies is available on our [website](#).

The framework

BOQ has designed its corporate governance framework, policies, and practices with the objective of delivering a high standard of corporate governance. BOQ's corporate governance framework is outlined below.



Board of Directors.



Andrew Fraser

Non-Executive Independent Director LLB BCom (1st Class Hons)

Andrew was appointed a Director of BOQ on 8 February 2024, before becoming Chair on 24 October 2025.

Andrew is a Director of Brisbane Broncos Limited and President of Motorsport Australia, is Chair of Orange Sky Australia and in June 2026 was appointed a Non-Executive Director of Bapcor Limited.

In 2022, he was appointed Chancellor of Griffith University. His previous roles have included Head of Strategy & Investment at National Rugby League, and Director of the Australian Sports Commission, Moorebank Intermodal Company, Australian Retirement Trust and the Hear and Say Centre. Andrew also served as a Minister in two governments, including as Treasurer of Queensland from 2007 to 2012.

Andrew is also Chair of the Nomination & Governance Committee and a member of the Audit; Risk; People, Culture & Remuneration; and Customer, Transformation & Technology Committees.



Rod Finch

Managing Director & Chief Executive Officer BEc(Hons), GAICD

Rod was appointed Managing Director & Chief Executive Officer of BOQ Group on 1 March 2026.

Rod previously served as BOQ's Chief Transformation and Operations Officer since 2023. He brings more than 20 years' experience in the financial services industry, with a track record of delivery across customer, product, strategy and transformation roles in Australia and the United Kingdom.

Prior to joining BOQ, Rod held senior leadership roles at AMP, including Managing Director of AMP Bank and Managing Director of Wealth Products & Platforms. Earlier in his career, Rod held a number of executive roles at Lloyds Banking Group in the United Kingdom and Westpac in Australia.

Rod holds a Bachelor of Economics (Honours) from Monash University and is a Graduate of the Australian Institute of Company Directors.



Chris Eigeland

Non-Executive Independent Director LLB (1st Class Hons), BA

Chris was appointed a Director of BOQ on 18 May 2026.

Chris is a Queensland-based global technology founder and CEO with deep experience building, scaling and governing large scale digital platforms operating across multiple jurisdictions. He is the co-founder and CEO of GoI, one of Australia's largest global technology companies, which has scaled from a Brisbane based start-up to a global workplace learning platform, serving enterprise and institutional customers worldwide.

Chris is a member of the Audit; Nomination & Governance; Risk; People, Culture & Remuneration; and Customer, Transformation & Technology Committees.

Board of Directors.



Karen Penrose

Non-Executive Independent Director BCom, CPA, FAICD

Karen was appointed a Director of BOQ on 26 November 2015.

Karen is an experienced non-executive director and banker. As a banker, Karen has 20 years of experience leading businesses within Commonwealth Bank of Australia and HSBC, and over 10 years in accounting and finance roles. She has particular expertise in the financial services, health, property, resources and energy sectors. Karen is a Non-Executive Director of Cochlear Limited, Ramsay Health Care Limited and Charter Hall Group.

Karen is also a Director of Ramsay Générale de Santé. She was formerly a Non-Executive Director of Reece Limited, Estia Health Limited, Vicinity Centres Limited, AWE Limited, Spark Infrastructure Group and Future Generation Global Investment Company Limited. Karen is a member of Chief Executive Women.

Karen is the Chair of the People, Culture & Remuneration Committee and is a member of the Audit; Nomination & Governance; Risk; and Customer, Transformation & Technology Committees.



Paul Riordan

Non-Executive Independent Director BEcon, CPA, F FIN, GAICD, FCSI

Paul was appointed a Director of BOQ on 16 April 2025.

Paul brings more than 40 years of experience and expertise across corporate governance, risk management, financial markets, treasury and payments infrastructure. He has held senior executive roles across major banking institutions, both internationally and locally, including as Chief Risk Officer, Institutional & Business Banking at CBA, and most recently, Group Chief Credit & Market Risk Officer at NAB.

Paul is currently an Independent Non-Executive Director of FINSIA (Financial Services Institute of Australasia) and a Senior Advisor to Korda Mentha.

Paul is the Chair of the Audit Committee and a member of the Nomination & Governance; Risk; People, Culture & Remuneration; and Customer, Transformation & Technology Committees.



Mickie Rosen

Non-Executive Independent Director B.A., Economics, MBA

Mickie was appointed a Director of BOQ on 4 March 2021.

Mickie has over three decades of strategy, operating, and board experience at the intersection of media, technology, and e-commerce. She has led, built, and transformed businesses for global brands such as Yahoo, Fox, and Disney, as well as early-stage companies including Hulu and Fandango.

She currently advises startups and is also a Director of Nine Entertainment Company and Centurion Acquisition Corp in the United States. Prior, Mickie has served on several listed boards, including Domain Holdings, Fairfax Media, FaZe Clan, Pandora Media, and Ascendant Digital Acquisition Corp.

Mickie commenced her career with McKinsey & Company, is based in California, and holds an MBA from Harvard Business School.

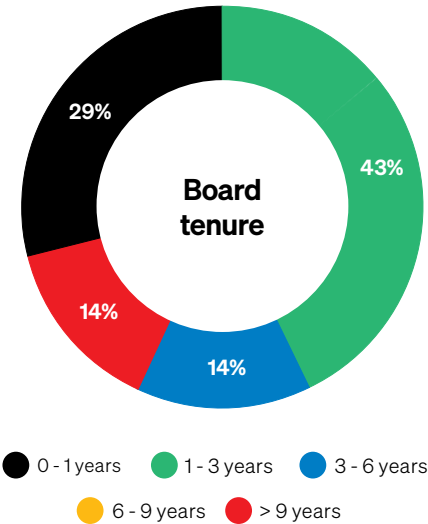
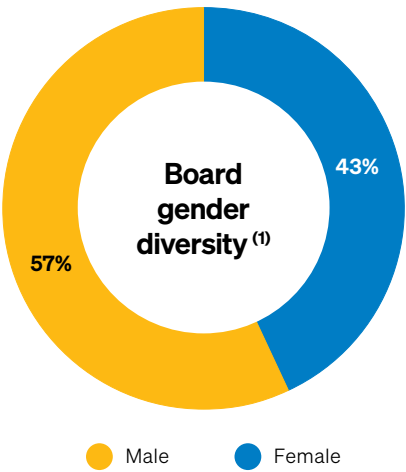
Mickie is the Chair of the Customer, Transformation & Technology Committee and is a member of the Audit; Nomination & Governance; Risk; and People, Culture & Remuneration Committees.



Mary Waldron

Non-Executive Independent Director
B.E.S.S (Hons), FCA, GAICD

Mary was appointed to the Board on 11 November 2024. Mary brings over 35 years' experience across audit, risk and consulting to Australian listed, government and private companies during her tenure in professional services. In her executive career, she held senior leadership roles at Arthur Anderson, Ernst & Young and PricewaterhouseCoopers. She is a graduate of the Australian Institute of Company Directors and a fellow of the Institute of Chartered Accountants in Australia. Mary is also a Director at Zurich Financial Services Australia Limited and subsidiaries, Crown Melbourne Limited, the Melbourne Symphony Orchestra Pty Ltd. She is Chair of the Advisory Board of Horizon Nexus Partners and a member of Chief Executive Women. Mary was formerly a Director of Chartered Accountants Australia & New Zealand, the Macfarlane Burnet institute for Medical Research & Public Health, Opera Australia, the Melbourne Recital Centre, and Chairperson of the Centre for Ethical Leadership Advisory Board. Mary is the Chair of the Risk Committee and a member of the Audit; Nomination & Governance; People, Culture & Remuneration; and Customer, Transformation & Technology Committees.



(1) Board encompasses Executive and Non-Executive Directors.

Company Secretaries.

The Board is responsible for appointing the BOQ Group Company Secretaries. The Board had two appointed Company Secretaries as at 31 August 2026. The Company Secretaries are accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.



Fiona Daly

LLB, LLM, ACG, MAICD

Fiona joined BOQ in October 2018, was appointed joint company secretary on 30 April 2019, then assumed full company secretary duties in September 2020, and General Counsel responsibilities on 31 January 2023. Fiona commenced her career as a corporate lawyer at Phillips Fox (now DLA Piper) before joining Allens.

Prior to working for BOQ, Fiona held senior legal and regulatory roles including as senior legal counsel, global regulatory affairs manager and joint company secretary at Energy Developments, an international energy company.



Ricky-Anne Lane-Mullins

LLB, B Bus

Ricky-Anne joined BOQ in September 2014, and was appointed company secretary on 17 January 2024.

Ricky-Anne commenced her career as a corporate lawyer at Minter Ellison Lawyers before moving to London and Sydney where she held senior legal counsel roles at Credit Lyonnais, HBOS Treasury and Bank of Scotland plc/Lloyds Banking Group in the areas of financial markets, derivatives and capital markets. During her time at BOQ, Ricky-Anne has led the Corporate and Lending legal team and the Corporate and Commercial legal team.

Executive team.



Rod Finch

Managing Director & Chief Executive Officer
BEc(Hons), GAICD

Refer to Board of Directors page 27 for Rod's biography.



Greg Boyle

Group Executive Retail Banking
LLB, BBus

Greg is the Group Executive, Retail Banking, at BOQ Group. He is accountable for leading the Group's retail distribution channels, growing the BOQ, Virgin Money and ME brands within their target market segments, and guiding the Group's digital bank strategy.

Prior to this appointment, Greg held senior leadership positions including Director Retail Brands and Distribution, BOQ Group, and Chief Executive Officer, Virgin Money Australia. In these roles, Greg has been instrumental in the transformation of BOQ Group's retail division including the build of the new multi-brand digital banking platform for the Virgin Money Australia, BOQ and ME brands.

Before serving as Chief Executive, Greg was Strategy and Commercial Director at Virgin Money Australia and part of the Investment Management team for Virgin Group in London. During this period, he helped oversee the performance of Virgin's portfolio of companies globally across multiple sectors, including financial services, and was responsible for the execution of major projects within the Virgin Group.

Prior to his roles at Virgin, Greg was a corporate lawyer in Australia and London at Mallesons and Freshfields.



Racheal Kellaway

Chief Financial Officer
BCom, FCPA, GAICD

Racheal was appointed the Group Chief Financial Officer in July 2022 and leads Group Finance, Treasury, Group Strategy, Group Transformation and Corporate Affairs for BOQ Group.

Racheal joined in 2019 as Deputy CFO after over a decade at the Commonwealth Bank of Australia during which time she held leadership roles at CBA Group and within the Business and Private Banking and the Retail Banking divisions.

Racheal is a seasoned banking executive with over 25 years in the industry and has a track record of driving strong business outcomes and value creation within Australia, New Zealand and UK.

Racheal currently holds the positions of Non-Executive Director at Barnardos Australia Ltd, supporting children and families, Finance and Risk Committee member at the Australian Banking Association Ltd, and is a member of Chief Executive Women.

Executive team.



Craig Ryman

Chief Information & Operations Officer BCom

Craig joined BOQ Group as Chief Information Officer in July 2020. In FY26, his role expanded to also lead Operations. Craig is responsible for driving the technology transformation agenda. He is a seasoned executive with more than 25 years' experience in financial services, leading technology transformation programs.

Craig was previously at AMP Limited where he held Group Executive roles as Chief Information Officer and Chief Operating Officer. During this time he had responsibility for critical business functions including Technology, Operations, Strategic Sourcing, Corporate Real Estate and Innovation.

Craig is a well-regarded technology leader and known for establishing visionary and innovative strategies that re-invent operating environments and future proof the foundations for a technology-enabled and customer focused enterprise. He has a proven track record in transformational change.

He holds a Bachelor of Commerce from the Australian National University.



Keith Strachan

Group Executive, Business Banking B.Proc

Keith joined BOQ in September 2021 and has held several senior leadership positions within the Business Bank. In October 2025, Keith was appointed as Group Executive Business Banking where he is currently responsible for BOQ Specialist, BOQ Finance, and BOQ Wholesale Banking and Markets businesses.

With over 25 years' experience in financial services, Keith is an experienced banker who combines a sharp focus on execution with a deep understanding of regulatory and risk requirements, ensuring change is customer led and sustainably embedded.

Known as a collaborative leader, Keith believes strong culture and clear purpose are the foundations for lasting change and invests heavily in developing talent and fostering inclusion. He is passionate about creating a simpler, stronger and more connected experience for customers and colleagues alike, enabling them to grow and thrive.

Prior to joining BOQ, Keith held a number of senior executive roles with Investec, including Chief Operating Officer and Head of Banking.

Keith has completed executive education in organisational leadership at Harvard Business School, studied leading organisational change at Stanford University, and holds a Bachelor of Law Degree from the University of Pretoria.



Alexandra Taylor

Chief People Officer BBus, CA, GAICD

Alexandra joined BOQ Group as Chief People Officer in March 2024. She has over 25 years' people and culture experience, predominantly in the financial services sector and is recognised as a leader who executes strategies that support the achievement of business outcomes.

Prior to joining BOQ, Alexandra spent three years at National Australia Bank as Chief People Officer to the Business, Private & Personal Banking Divisions. Before that, she held a number of executive roles at Citi, including Regional Head of Human Resources for the APAC & EMEA Consumer Bank, Chief Human Resources Officer for Australia and New Zealand and Chief Operating Officer for the Corporate and Investment Banking Division.

Alexandra is a commercial, results-focused executive who brings deep financial sector knowledge, diverse experience and a track record of driving change, transformation and high impact human resource strategies that accelerate strategic business outcomes.

Alexandra holds a Bachelor of Business from the University of Technology, Sydney, is a Chartered Accountant, a member of Chief Executive Women, and a graduate of the Australian Institute of Company Directors and a Non-Executive Director of KU Children's Services.

At 31 August 2026, BOQ Group's Interim Chief Risk Officer was Brad Davis who was appointed 1 June 2026, following the departure of Rachel Stock.

Board composition, diversity and performance.

Role of the Board

The role of the Board is to set the Group's strategic direction, risk appetite and cultural expectations through the Code of Conduct by leading from the top. The Board's responsibility is to effectively oversee the prudent and effective management of BOQ in a manner that ensures effective governance and supports the achievement of Group strategy, whilst driving actions that lead to better outcomes for customers, shareholders and our people.

The Board has adopted a [Board Charter](#) which details the roles and responsibilities of the Board and of Management including those matters expressly reserved to the Board and those delegated to Management.

The Board delegates to the Managing Director and Chief Executive Officer (**MD&CEO**) (who may sub-delegate to the Executive Committee), responsibility for the day-to-day management of BOQ Group, developing and implementing BOQ's strategy, and operating within the risk appetite that has been approved by the Board. The Delegation Authority Framework is reviewed regularly.

The Chair

The role of the Chair is to lead the Board and oversee the processes for the Board's performance of its role in accordance with the Board Charter. The role and responsibilities of the Chair are set out in the Board Charter. The current Board Chair is an independent Non-Executive Director elected by the Board. The roles of Chair and MD&CEO are separate and are held by different individuals.

Andrew Fraser was appointed BOQ's Chair on 24 October 2025. Andrew also chairs the Nomination & Governance Committee (and is a member of all other Board Committees). Prior to his retirement from the BOQ Board, Warwick Negus held the position of Chair from March 2023 and also chaired the Nomination & Governance Committee from March 2023 until his retirement in October 2025.

Key Board activities in FY26

Key areas of focus for the Board in FY26 (including with assistance from its Board Committees) were:

- the appointment of Rod Finch as BOQ's Managing Director and Chief Executive Officer (following the retirement of Mr Patrick Allaway), who commenced on 1 March 2026;
- transition of Chair to Andrew Fraser (following the retirement of Warwick Negus);
- oversight and delivery of the remedial action plans (AML First and Program rQ), BOQ's major regulatory remediation and uplift programs, focused on strengthening financial crime compliance, risk management, governance, operational resilience and risk culture to support the delivery of a stronger and more resilient bank;
- overseeing execution against BOQ's strategy, supporting the transition from strengthening the Bank's foundations to sustainable growth, with a continued focus on customer outcomes, disciplined execution, operational resilience and long-term shareholder value;
- overseeing BOQ's digital transformation to ensure technology investments, platform modernisation and digital capabilities support strategic objectives, customer outcomes and sustainable growth; and
- overseeing BOQ's cultural transformation to promote customer focus, accountability, constructive challenge and prudent risk-taking across the organisation.

Meetings

Meetings are a key driver of corporate governance at BOQ. Board meetings allow the Directors to have oversight of the performance of the BOQ Group against its strategy and allow the Board to set the tone from the top and their expectations of the executive team.

The Board's calendar is set in advance and provides for at least eight meetings per financial year with the ability to call additional meetings as required. In FY26 the Board held 17 meetings. The Board's forward planner reflects the Board Charter and allows flexibility to raise other matters and to tailor Board updates to emerging topics and regulatory change. Agendas are reviewed by the Chair, in consultation with the MD&CEO. Each of the principle Committees also have a forward planner reflecting that Committee's Charter, which are reviewed, together with agendas, by the respective Committee Chair in consultation with the relevant Group Executive.

Board committees

BOQ has five principal Board Committees, each of which has its own charter describing its roles and responsibilities. Each of these charters can be found on our [website](#).

The Board has also established a Due Diligence Committee (which may also be convened as required). As the purpose and mandate of the Due Diligence Committee is determined by the Board as the case requires, the Committee does not have a separate charter. The Board has the ability to establish other ad hoc committees from time to time as may be required.

	Board	Audit Committee	Nomination & Governance Committee	People, Culture & Remuneration Committee	Risk Committee	Customer, Transformation & Technology Committee
Andrew Fraser	●	○	●	○	○	○
Rod Finch	○					
Chris Eigeland	○	○	○	○	○	○
Karen Penrose	○	○	○	●	○	○
Paul Riordan	○	●	○	○	○	○
Mickie Rosen	○	○	○	○	○	●
Mary Waldron	○	○	○	○	●	○

○ Member ● Chair

Board composition, diversity and performance.

Composition of Committees

The composition of the five principal Board Committees is outlined below:

Committee	Chair	Composition	Key responsibilities
Audit Committee	Paul Riordan (from 24 October 2025 and prior to that Andrew Fraser)	The Audit Committee must have: - three independent Non-Executive Directors (NEDs) - an independent NED as Chair who is not Chair of the Board or the Risk Committee	The Audit Committee assists the Board on matters relating to oversight and review of: - external reporting of financial information and regulatory reporting for the Group; - the internal financial control framework for the Group; - the Chief Audit Executive and internal audit function and the external auditors; and - Monitoring the progress of the remediation of audit findings.
Risk Committee	Mary Waldron	The Risk Committee must have: - three independent NEDs - an independent NED as Chair who is not Chair of the Board or the Audit Committee	The Risk Committee assists the Board on matters relating to oversight and review of: - the design, implementation and operation of the Risk Management Framework; - monitoring the risk appetite and overall risk profile of the Group within the material risk types; - monitoring the effectiveness of the compliance management framework; and - monitoring and assessing risk culture, including whether it supports operation within risk appetite.
People, Culture and Remuneration Committee	Karen Penrose	The People, Culture and Remuneration Committee must have: - three independent NEDs - an independent NED as Chair	The People, Culture and Remuneration Committee assists the Board on matters relating to oversight and review of: - BOQ's values, culture, inclusion and diversity, health, safety and wellbeing and conduct expectations; - the Remuneration Framework and Remuneration Policy and other people related policies; and - remuneration arrangements for NEDs, Key Management Personnel (KMP) and other specified roles in the Group.
Nomination and Governance Committee	Andrew Fraser (from 24 October 2025 and prior to that Warwick Negus)	The Nominations and Governance Committee must have: - three independent NEDs - all Committee members comprised of NEDs - the Chair of the Board as the Chair of the Committee except when dealing with the appointment of a successor to the Chair of the Board	The purpose of the Nomination and Governance Committee is to assist the Board on matters relating to: - the composition of the Board and Board Committees; - Director independence assessments; - performance review processes for the Board and its Committees; - recommendations on the appointment, election and re-election of Directors; - Board succession planning, including for the Chair and the MD&CEO; and - corporate governance framework and policies for the Group.
Customer, Transformation & Technology Committee	Mickie Rosen	The Customer, Transformation & Technology Committee must have: - three independent NEDs - an independent NED as Chair	The purpose of the Customer, Transformation and Technology Committee is to assist the Board on matters relating to: - the end-to-end customer experience ⁽¹⁾; - the Group's strategic transformation agenda; - significant transformation and technology projects (including larger-scale investments); - technology strategy and operations; and - data strategy and governance, cyber security strategy and capabilities and AI strategy and governance.

(1) The charter for the Customer, Transformation and Technology Committee (formerly the Technology & Transformation Committee) was amended and approved on 5 August 2026, to broaden the Committee's remit to include customer experience, customer outcomes and customer impacts of change, delivery and operational activity.

Attendance at meetings

Details of Director attendance at Board and Committee meetings in FY26 are detailed below.

The number of meetings of the Group's Directors (including Committees of Directors) and the number of meetings attended by each Director during the financial year were:

	Board of Directors	Audit Committee	Nomination & Governance Committee	People, Culture & Remuneration Committee	Risk Committee	Customer, Transformation & Technology Committee	Tenure as at 31 August 2026
Patrick Allaway ⁽¹⁾	9/9	--	--	--	--	--	6 years, 9 months
Rod Finch ⁽²⁾	8/8	--	--	--	--	--	6 months
Andrew Fraser	17/17	9/9	5/5	7/7	8/8	5/5	2 years, 6 months
Chris Eigeland ⁽³⁾	5/5	2/2	1/1	2/2	2/2	2/2	3 months
Warwick Negus ⁽⁴⁾	0/2	0/3	0/1	0/3	0/3	--	9 years, 1 month
Karen Penrose	17/17	9/9	5/5	7/7	8/8	5/5	10 years, 9 months
Paul Riordan	17/17	9/9	5/5	4/4	8/8	5/5	1 year, 4 months
Mickie Rosen	17/17	6/6	5/5	7/7	8/8	5/5	5 years, 6 months
Mary Waldron	17/17	9/9	5/5	4/4	8/8	5/5	1 year, 9 months

Note: Prior to 24 October 2025, Paul Riordan and Mary Waldron were not members of the People, Culture & Remuneration Committee, and Mickie Rosen was not a member of the Audit Committee.

(1) Patrick Allaway ceased as Director, effective 28 February 2026.

(2) Rod Finch commenced as Director, effective 1 March 2026.

(3) Chris Eigeland commenced as a Director on 18 May 2026.

(4) Warwick Negus ceased as a Director on 24 October 2025.

Board composition

Effective from the close of the 2025 Annual General Meeting (**AGM**), the Board comprised five Non-Executive Directors. An additional Non-Executive Director was appointed in May 2026.

The Board's composition takes into account a number of matters including:

- ensuring it is of an appropriate size to facilitate efficient decision making;
- that there is a broad range of skills, experience and diversity;
- that there is a majority of independent Directors; and
- the existing workload of Directors and that they have sufficient capacity to undertake their duties.

BOQ has a Board approved Diversity & Inclusion Policy. The Board with the People, Culture and Remuneration Committee sets measurable objectives for achieving gender diversity in the composition of the Board. The Measurable objective set for the Board is 40 per cent of each gender. As at 31 August 2026 women represented 43 per cent of the Board and men represented 57 per cent.

Board skills matrix

Each year the Board assesses the skills and experience of each Director and the combined capabilities of the Board. The skills matrix documents this assessment which considers:

- BOQ's business and strategic needs;
- Board renewal and the skills sought in succession planning and for new appointments; and
- areas of focus for continuing education and use of external expertise.

To prepare the skills matrix, the following process was adopted:

- the previous year's skill matrix was assessed against BOQ's strategy and considered that it remained appropriate;
- a draft matrix was provided to the Directors,
- each Director self-rated and then went through a moderation exercise; and
- the Board then reviewed the matrix against current and future needs.

Board composition, diversity and performance.

The skills matrix presented below reflects the output of that process and will inform Board renewal and education.

Skill	Description	Measure
Leadership and governance	Experience as a senior leader or as a director in companies of similar size and complexity and in managing businesses through a period of significant change.	7
Banking and financial services experience	Experience in the financial services sector including retail and business banking services. Experience working in a regulated environment.	5 1 1
Strategy, transformation and commercial judgement	Ability to contribute to the development of a robust strategy, to constructively challenge and oversight its execution. Experience in organisational transformations and integrations. Ability to demonstrate sound commercial judgement.	7
Risk management and compliance	Experience in recognising and evaluating financial and non-financial risks that could impact the organisation, overseeing risk management frameworks; and overseeing the management of compliance risks.	4 2 1
Financial acumen	High level of financial literacy. Ability to: analyse and interpret financial statements, and capital management for businesses of this type; and evaluate the effectiveness of internal controls.	6 1
People, culture and remuneration	Experience in: leadership development, talent management and succession planning; driving organisational culture improvements that are shaped by the 'tone from the top'; and setting a remuneration framework that attracts and retains talent.	3 3 1
Customer	Experience developing, growing and sustaining differentiated value propositions and brands, overseeing the development of strong customer focussed cultures and driving customer outcomes.	4 3
Digital business models and technology	Experience in driving business transformation and improvements using digital led platforms and technology, including cultural transformation. Good understanding and oversight of cyber resilience and technology risks.	3 4
Sustainability and stakeholder engagement	Understanding the impact of potential risks and opportunities from an environmental and social perspective. Experience in building and maintaining transparent and collaborative relationships with regulators, industry groups and community partners.	3 1 3

● Moderate
 ● Strong
 ● Very Strong

The Board undertook continuing education in FY26 in the following areas: sustainability and climate related financial disclosures; artificial intelligence; CPS 230; managing through change; leadership capability; psychological safety and workplace health and safety & crisis simulation.

Board performance evaluation

The Board recognises the importance of reviewing its own performance and that of its Board Committees to enable ongoing development and to seek to maintain a high level of performance. Under the Board Performance Review and Renewal Policy, which can be found on our [website](#), the Board evaluates its performance annually.

An external performance review was undertaken in FY26. The review process involved an assessment of the performance of the Board and the Board Committees, with responses collected, reviewed and presented to the Board. The Board discussed the results and agreed follow-up items. The review recognised that the Board and Executive Team are navigating a period of meaningful change. A key action from the review was to continue to focus on strategic discussion and horizon scanning. The Board (excluding the Chair) reviewed the performance results of the Chair, as part of the process.

An internal review will be conducted in FY27.

Director engagement with BOQ's people

In FY26, the Board participated in a number of engagements including:

- call centre visit to better understand our customer's perspectives and the needs of our front line staff;
- listening to calls with teams who support customers through financial difficulty;
- regular informal lunches with staff on site, to understand business priorities and their day-to-day work;
- meetings with senior leaders allowing them insight into culture, engagement on topics coming before the Board and Committees and providing them a forum for informal feedback;
- involvement in town halls with BOQ staff;
- engagement on progress against BOQ's CEUs;
- community partner engagement with Orange Sky; and
- regional branch visits.

Remuneration policies and practices

The Board has approved a Remuneration Policy which forms part of BOQ's people and culture and risk management system in accordance with the APRA requirements set out in APRA CPS511 Remuneration.

In accordance with BOQ's performance framework, all employees and leaders are encouraged to have regular conversations focused on achievement and development, as well as a formal end of year review. The annual cycle commences with setting strategic objectives and results at the start of the year. Objectives should be aligned to BOQ's strategic pillars and articulate how each employee's contribution to delivering on the strategy will be measured.

A formal evaluation of each employee's performance against their agreed objectives is undertaken following the completion of the financial year (or, more frequently in some front-line roles).

The review also considers behaviours in line with BOQ's values and the completion of core requirements. The outcomes of this process inform an individual's variable reward outcome.

A performance evaluation of the executives was completed in respect of FY26 in accordance with this framework. Details of remuneration paid to Directors (Executive and Non-executive) are set out in the 2026 Remuneration Report contained on pages 110 to 139. The Remuneration Report also contains information on BOQ's policy for determining the nature and amount of remuneration for Directors and senior executives.

The People, Culture and Remuneration Committee Chair, the Board Chair and the General Manager Investor Relations & Corporate Affairs meet with institutional shareholders and corporate governance agencies throughout the year to discuss BOQ's remuneration framework and seek feedback on the Remuneration Report.

BOQ has a written agreement with the MD&CEO and each of its executives which sets out the contractual terms of their employment.



Townsville Community Engagement

In August 2026, the BOQ Group Board and executive committee travelled to Townsville to visit the vibrant North Queensland business hub.

Townsville is a recognised key growth area for the Business Bank, and the purpose of the visit was to listen, learn and strengthen relationships in a region where there is enormous potential.

This visit also gave local bankers the chance to introduce Board and executive members to their clients in the area, including a community function attended by more than 70 customers, community leaders, government representatives, industry groups and partners.

Director appointment, election, education and independence.

Appointment and election

All new and existing Directors are subject to an assessment of their fitness and propriety to hold office, both at the time of initial appointment, under the Independence Policy and BOQ's Fit and Proper Policy, and on an ongoing basis. BOQ undertakes extensive background and screening checks prior to nominating a Director for election by shareholders, including checks as to character, experience, education, criminal record and bankruptcy history.

Information relevant to the election or re-election of Directors at an AGM, including their professional experience and all other material information relevant to a decision on whether or not to elect or re-elect a Director, is included in the Notice of Meeting distributed each year in advance of the AGM.

BOQ has formal letters of appointment in place with all Non-Executive Directors setting out the terms of their appointment.

Directors' induction training and continuing education

BOQ delivers an induction program to assist and introduce all new Directors to the working environment of BOQ. As part of the induction, new Directors are provided with a detailed overview of BOQ's business operations, copies of all material policies and procedures, and information on the functions and responsibilities of the Board, Board Committees and Management. Meetings with members of the Executive Committee, and other senior managers are also held as part of the induction program.

On an ongoing basis, education sessions are provided to the Board on topical matters. Specific sessions are scheduled around Board meeting dates and BOQ provides other appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as a Director effectively.

Independence

The Board assesses the independence of a Non-Executive Director candidate prior to initial appointment, on an annual basis, and as required (depending on disclosures made).

It is the responsibility of the Board to determine the independence of Directors in accordance with the [Policy on Independence of Directors](#). The Board has assessed the independence of all Non-Executive Directors and determined that all Non-Executive Directors remain independent. As such, BOQ considers that no Non-Executive Directors have any relationship, interest or position that might influence, or reasonably be perceived to influence, in a material respect, their capacity to bring independent judgement to bear on issues before the Board and to act in the best interest of the entity as a whole, rather than in the interests of any individual security holder or other party. Accordingly, BOQ considers that the majority of the Board are independent Directors.

BOQ does not consider that the length of service on the Board of any of the independent Directors is currently a factor affecting the Director's ability to act independently and in the best interests of BOQ and its security holders. As at the date of this statement, Ms Penrose has served on the Board for more than 10 years. The Board has considered Ms Penrose's independence and has determined that she remains independent.

Conflicts of interest

All Directors are required to disclose to the Board any actual, potential or apparent conflicts of interest upon appointment and are required to keep those disclosures up to date.

Any Director with a material personal interest in a matter being considered by the Board must declare their interest and may not be present during any relevant Board discussion nor may they vote on such matter unless the Board resolves otherwise.

Access to advice

The Board, and all Directors individually, can seek independent professional advice, at BOQ's expense, to help them carry out their responsibilities, subject to obtaining prior written approval from the Chair (such approval not to be unreasonably withheld).

Share qualification

Within five years of appointment each Non-Executive Director must accumulate and then maintain a holding in BOQ shares that is equivalent to 100 per cent of a Non-Executive Director's base fee. All Non-Executive Directors who have served five years have met the holding requirement. Non-Executive Directors appointed within the last five years are building towards their shareholding requirement.

Commencing 1 September 2026, BOQ has introduced a minimum shareholding requirement with respect to Group Executives. Under that policy, Executive KMP are required to acquire and maintain equity holdings in BOQ within five years of commencement in their role or from commencement of the policy, whichever is later. The MD&CEO is required to hold a value equivalent to 150 per cent of fixed remuneration, the Chief Risk Officer is required to hold a value equivalent to 75 per cent of fixed remuneration, and all other Executive KMP are required to hold a value equivalent to 100 per cent of fixed remuneration.

Culture

At BOQ Group, we believe that a constructive culture where our people live our values (spirited, optimistic, curious, inclusive, accountable and lionhearted) is essential to creating long term value for our customers, people and shareholders. We are continuing to strengthen a culture that supports accountability, sound decision-making and the delivery of sustainable outcomes for our customers, people and shareholders. BOQ's Board and Management both play an important role in setting the cultural tone.

The Board sets the tone from the top, works with Management, and guides BOQ's culture through the Executive Committee and our Code of Conduct. The Board monitors our culture through surveys, audits, compliance and whistleblower reports and various other sources on an ongoing basis. The Board also considers culture through the quality of leadership, decision-making, accountability and customer outcomes across the organisation.

Key policies.



The Board regularly reviews BOQ's policy framework to assess whether it is appropriate and contemporary, and meets the needs and expectations of key stakeholders.



Code of Conduct

Further information on BOQ's Code of Conduct is found on page 18 of this report and in BOQ's Code of Conduct, which can be found on our [website](#).



Fit and Proper

Due to BOQ's status as an Authorised Deposit-Taking Institution (**ADI**), it is required under APRA Prudential Standard CPS 520 Fit and Proper to maintain a Fit and Proper Policy which reflects the requirements of CPS 520.

BOQ's Fit and Proper Policy sets out the requirements that the BOQ Group must follow to assess the competencies and fitness for office of persons appointed as Directors, Executives, Company Secretary, responsible persons and auditors. The person must have the appropriate skills, experience and knowledge for the role and act with the requisite character, diligence, honesty, integrity and judgement.



FAR

The Financial Accountability Regime (**FAR**) is designed to strengthen accountability, governance, and risk management within APRA regulated entities. At BOQ, accountability for key business, risk and regulatory responsibilities is held by designated Accountable Persons, comprising Directors and senior executives. These individuals are responsible for exercising their duties with honesty, integrity, due skill, care, and diligence, and must take reasonable steps to ensure the effective management of their areas of responsibility. BOQ maintains an accountability framework that clearly defines accountable roles and responsibilities and supports effective governance, oversight, and decision-making across the Group.



Whistleblowing

The Board and Management are seeking to shape a culture that encourages openness, integrity and accountability through our purpose and values. The Whistleblower Policy has been developed so that current and former employees, officers, associates, contractors, sub-contractors and relatives of these people can freely, and without detriment, raise concerns regarding actual or suspected misconduct by BOQ or anyone connected to the BOQ Group. The Board receives reporting on whistleblowing matters, including reports of any material incidents reported under the Whistleblower Policy, at each scheduled Board meeting. Further information is available in the Whistleblower Policy, which can be found on our [website](#).



Anti-Bribery and Corruption

Consistent with our values, BOQ has zero tolerance for any form of bribery and corruption. Our Anti-Bribery and Corruption Policy outlines our expectations and approach to identifying and preventing the risks of bribery and corruption by BOQ entities, personnel and business partners. In accordance with the Policy, material breaches of BOQ's Anti-Bribery and Corruption Policy are reported through the Risk Committee to the Board. The Anti-Bribery and Corruption Policy can be found on our [website](#).



Disclosure and Communication

BOQ's practice is to release market sensitive information to the ASX promptly and without delay in accordance with the ASX Listing Rules and then to the market and community generally through our media releases and website. BOQ requires Directors, officers and employees to advise the Disclosure Officer of any information that may require disclosure. Continuous disclosure confirmation is a standing agenda item at all Board and Board Committee meetings. BOQ's Board receives copies of all market announcements promptly after they have been made. Any new and substantive investor or analyst presentation is released to the ASX ahead of presentation.

The Group General Counsel and Company Secretary is the Disclosure Officer and is jointly responsible for communications with the ASX together with the Corporate Counsel and Company Secretary.

All announcements made by BOQ to the ASX are accessible via its website. A copy of the Disclosure and Communication Policy is available on our [website](#).



Securities Trading Policy

BOQ's Securities Trading Policy provides Directors, Executives, employees, agents and contractors of BOQ with information regarding their legal obligations with respect to trading in BOQ securities.

The Securities Trading Policy strictly prohibits trading in securities by all employees, Directors and contractors who possess information that is not generally available and that could be reasonably expected to have a material or significant effect on the price or value of a BOQ security.

The Policy specifically prohibits BOQ Directors and certain "restricted persons" and their associates from trading in BOQ securities during "blackout periods" as defined by the Policy. The Policy prohibits BOQ Directors entering hedging arrangements (the use of financial products to protect against or limit the risk associated with equity instruments such as shares, securities or options) in relation to any employee shares, securities or options received as part of their performance-based remuneration, whether directly or indirectly.

The Securities Trading Policy meets the requirements of the ASX Listing Rules and is available on our [website](#).



Modern Slavery

BOQ Group does not tolerate any form of modern slavery and acknowledges our responsibility to respect human rights and to prevent modern slavery within our operations and supply chain. We recognise that our business decisions, procurement activities and partner relationships can elevate the risk of modern slavery and human rights breaches.

We take a risk-based approach to identifying, assessing and addressing modern slavery and human rights risks. Our approach is supported by Group-wide policies and standards, including the Code of Conduct, Diversity and Inclusion Policy, Whistleblower Policy and Speak Up Standard, which set clear expectations for ethical behaviour and provide mechanisms for concerns to be raised without fear of retaliation.

BOQ Group considers the risk of modern slavery and human rights breaches within our operations and supply chain to be low. The majority of our suppliers are based in Australia, with offshore services generally limited to professional services and highly skilled activities.

During FY26, we continued to deliver our multi-year program to strengthen the Group's approach to modern slavery. Key actions included completing a targeted supplier deep dive, executing treatment plans for identified Business Critical suppliers to address gaps in modern slavery requirements, and progressing the uplift of supplier governance through our procurement system.

BOQ Group remains committed to building awareness of modern slavery and human rights risks across the Group and to strengthening our capability to prevent, detect and respond to those risks. We will continue to embed a sustainable, proportionate and risk-based approach to modern slavery and human rights, supported by continuous improvement and strong leadership oversight.

Audit and financial governance.

External auditor

In FY26, BOQ's external auditor was PricewaterhouseCoopers (**PwC**). PwC were appointed following a formal tender process and approval by BOQ's shareholders at BOQ's AGM in 2021.

The Audit Committee is responsible for the appointment, evaluation, management and removal of the external auditor, and approval of the external auditor's annual fee (subject to shareholder approval where required). To encourage open communication and to seek to ensure that appropriate matters come to the attention of the Audit Committee, the MD&CEO, Chief Financial Officer (**CFO**), Group Chief Risk Officer, Chief Audit Executive and the external auditor have direct and unfettered access to the Audit Committee.

The role of the External Auditor is to provide an independent opinion that BOQ's financial reports are true and fair and comply with accounting standards and applicable regulations. The external auditor performs an independent audit in accordance with Australian Auditing Standards.

The Audit Committee pre-approves audit, audit-related and non-audit services⁽¹⁾ whether on an engagement basis or under a specific service pre-approved by the Audit Committee, regularly reviews the independence of the external auditor, and evaluates their effectiveness.

BOQ's Auditor Independence Policy aims to support the independence of the external auditor by regulating the services it can provide to the Group and ensuring compliance with:

- *Corporations Act*
- APRA Prudential Standard CPS 510 Governance; and
- Accounting Ethical Professional Standards APES 110 – Code of Ethics for Professional Accountants Section 290 Independence.

As required by the Corporations Act, information about the non-audit services provided by the external auditor, PwC, is set out in the Directors' report.

Legislation requires the rotation of the external audit senior personnel who are significantly involved in BOQ's audit after five successive years, including the lead partner. BOQ's lead partner was last rotated in FY23.

The external auditor attends the AGM and is available to answer questions from security holders relevant to the audit.

Internal audit

BOQ's Internal Audit (**IA**) team is independent from Management and is responsible for providing the Board and Management with an independent appraisal of the internal controls established by BOQ's first (business) and second (Group Risk) lines of defence. IA operates under a Board approved Charter. The outcomes of IA's work are reported through the Audit Committee, and the Chief Audit Executive has a direct line of communication to the Chair of the Audit Committee, MD&CEO and the external auditor. The IA plan is developed and reviewed in line with BOQ's overall risk appetite and Risk Management Framework. The Chief Audit Executive presents a report at each Audit Committee meeting covering major activities and findings, statistics on issued audit reports, and ratings and information about the IA function before proceeding to the Board for noting.

Financial reporting and management declarations

The Board receives regular reporting from Management on BOQ's performance, including details of all key financial and business results.

Prior to approving BOQ's corporate reporting suite for the half year ended 28 February 2026 and full year ended 31 August 2026, the Audit Committee and Board received written declarations from the MD&CEO and the CFO that, in their opinion:

- the financial records of the entity have been properly maintained; and
- the financial statements comply with appropriate accounting standards and give a true and fair view of BOQ's financial position and performance.

The MD&CEO and CFO also declare that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Periodic corporate reports

BOQ conducts an internal verification process on all periodic corporate reporting. The process that is followed to verify BOQ's periodic reporting is based on the nature of the relevant report, its subject matter and where it will be published, adhering to the following general principles:

- periodic reporting is prepared by or under the oversight of the relevant subject matter expert for the area being reported on;
- the report should comply with applicable legislation or regulations; and
- the report should be reviewed with regard to ensuring it is not inaccurate, false, misleading or deceptive.

Non-audited sections of the Annual Report (including the Corporate Governance Statement) are prepared by the relevant subject matter experts and reviewed by members of the Executive Committee and senior managers prior to Board approval. ASX announcements (other than administrative announcements) are reviewed in accordance with BOQ's Disclosure and Communications Policy.

BOQ's external auditors provide recommendations for consideration to enhance reporting of non-financial performance measures.

BOQ's APRA Basel III Pillar 3 reports have been prepared to meet its disclosure requirements as set out in APRA's prudential standard APS 330 'Public Disclosure' (APS 330) and have been prepared in accordance with Board approved policy on disclosure controls and procedures.

(1) The Audit Committee approves non-audit services in excess of \$100,000 and is notified of non-audit services of less than \$100,000 (as approved by the CFO).

Engaging with stakeholders.

Customers

BOQ has a Customer Advocate who operates independently from its business operations and supports the Group by:

- championing the interests of customers within BOQ, particularly where decisions, policies or practices may result in unfair or unintended customer outcomes;
- providing guidance and insight to BOQ on customer fairness;
- providing reporting to the Board;
- identifying opportunities for improvement arising from feedback, customer experience, emerging customer themes and community expectations; and
- influencing change by recommending improvements to products, services, systems, processes and policies which reflect the needs of BOQ Group's diverse customers.

Engaging with our frontline

BOQ Group's Directors and executive team prioritise connecting directly with customers and the team members who serve them, to understand their experiences, and opportunities to enhance customer centric decision making.

On his first day as MD&CEO, Rod Finch visited the BOQ Capalaba branch in Brisbane. Throughout the year, executive team members spent time in BOQ branches connecting with our dedicated frontline staff, including those branches which have recently been redesigned as co-located retail and business banking hubs.

This co-location model aligns to geographical areas where there are opportunities to serve more customer needs, where customers are supported in building confidence self-servicing their everyday banking, and have access to specialist support for more complex needs or business lending.

This direct engagement provides valuable insights for the executive team in pursuing the Group's vision to become *the bank customers choose*.

Shareholders

BOQ is focused on growing shareholder value and strives for transparency in our business practices. We understand the impact of quality disclosure on the trust and confidence of shareholders, the wider market and the community. To enable security holders to access corporate reporting documents (including ASX announcements, charters and corporate governance policies) these are made available via the [Governance Page](#) and BOQ's [Shareholder Centre](#) on our website.

The Shareholder Centre includes the following:

- links for security holders to view details of their holding through its share registry provider's secure website, as well as access to contact details for the share registry;
- links for security holders to view details on historical dividend payments and information on BOQ's Dividend Reinvestment Plan;
- a financial calendar for the key events in the upcoming year, including results announcements, the AGM and dividend payments;

- BOQ's ASX announcements;
- details of AGMs, which are webcast on BOQ's website; and
- details of BOQ's preference shares and previous capital raisings.

The Corporate Governance Statement can be accessed from the BOQ [website](#).

Investor relations program

BOQ operates an ongoing investor relations program to facilitate effective two-way communication with investors on BOQ's market activities which involves:

- half-year and annual results briefings (made available via webcast on BOQ's website) which allow for questions from market participants;
- annual or semi-annual meetings with key proxy adviser groups;
- meetings with domestic and international institutional investors;
- presentations to institutional and retail brokers and their clients (with any new information being released to the ASX in advance of communication with investors at such meetings); and
- responding to ad-hoc queries from analysts and investors (institutional and retail), as well as financial media, on market releases made by BOQ.

These initiatives represent an opportunity for BOQ to provide investors, market participants and the general public with a greater understanding of BOQ's business, financial performance, governance and prospects, whilst also providing investors and other market participants the opportunity to express their views to BOQ on matters of concern or interest to them. These views are gathered and communicated to the Board, wherever appropriate.

Security holders may elect to receive communications from BOQ and its share registry electronically via the share registry's secure website, which is accessible from the Shareholder Centre on BOQ's website at [My Shareholding](#) or by contacting the share registry by phone on 1800 779 639 (within Australia) or +61 1800 779 639 (outside Australia).

Security holders may contact the BOQ Investor Relations team by email at InvestorRelations@boq.com.au and BOQ's share registry can be contacted by email at boq@cm.mpsm.mufg.com. Security holders may elect to receive a document electronically or in physical form at least once in each financial year.

AGM

The 2026 AGM will be held on 1 December 2026.

Shareholders are encouraged to submit questions ahead of the AGM. The Chair and the MD&CEO will seek to address the more frequently asked questions received ahead of the AGM in their address at the Meeting.

Shareholders will also be provided with a reasonable opportunity to ask questions about, or make comments on, the business of the Meeting, the management of the Company or about the Company generally during the Meeting. All substantive resolutions are decided by poll rather than a show of hands.

The AGM will be webcast live, and a recording of the AGM will be made available after the Meeting on BOQ's website at [Annual General Meeting](#) for security holders who are unable to attend.



RISK MANAGEMENT.

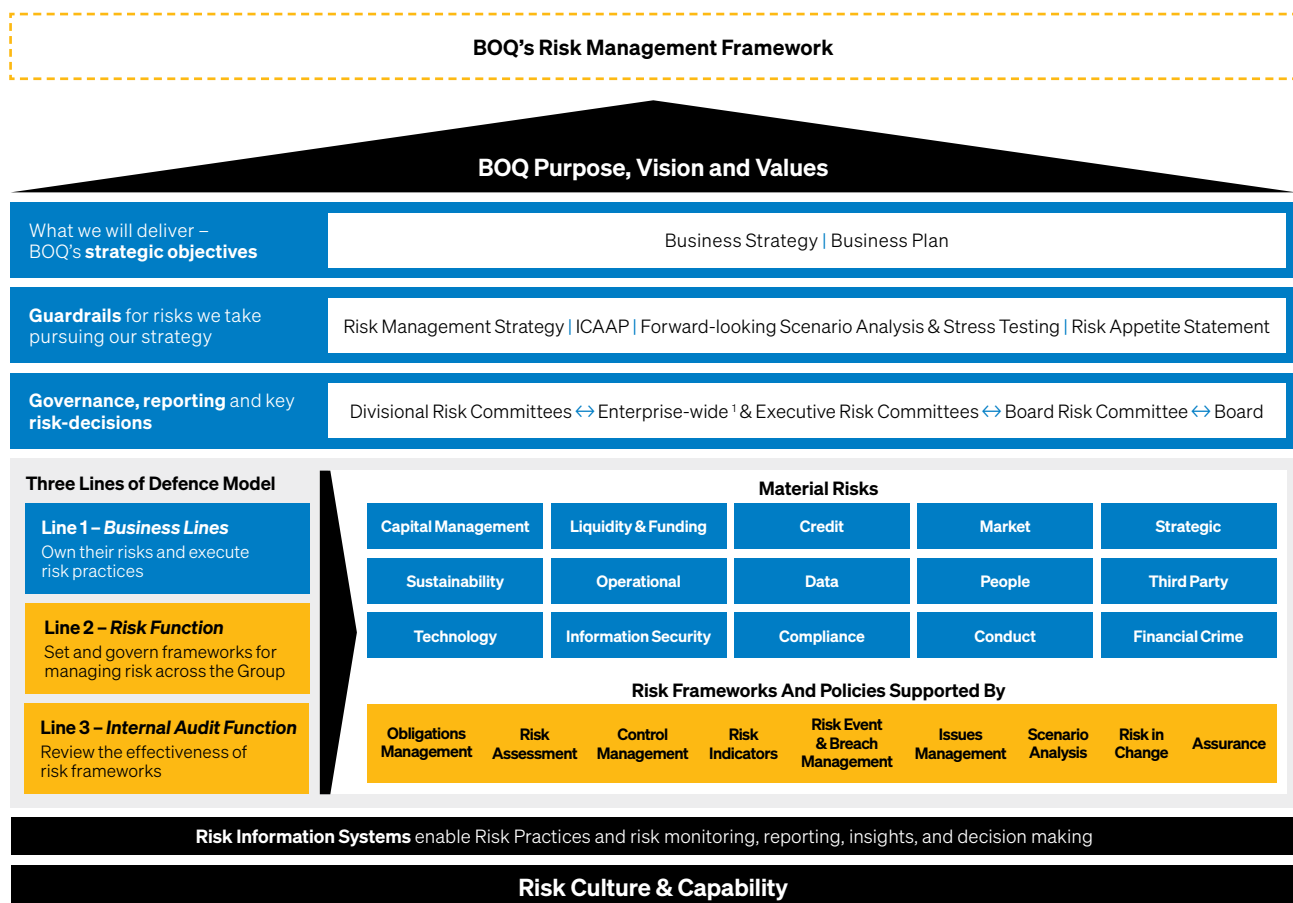
Risk management.

Risk management underpins the strength and resilience of the Group and is the foundation of delivering value to stakeholders. Risks exist across the BOQ Group and are inherent in its operations. The ability to manage risk effectively allows BOQ to deliver on its objectives and protect the interests of customers, people and shareholders. This is achieved through the Group's Risk Management Strategy (**RMS**) and associated risk frameworks, policies and standards.

Risk management framework

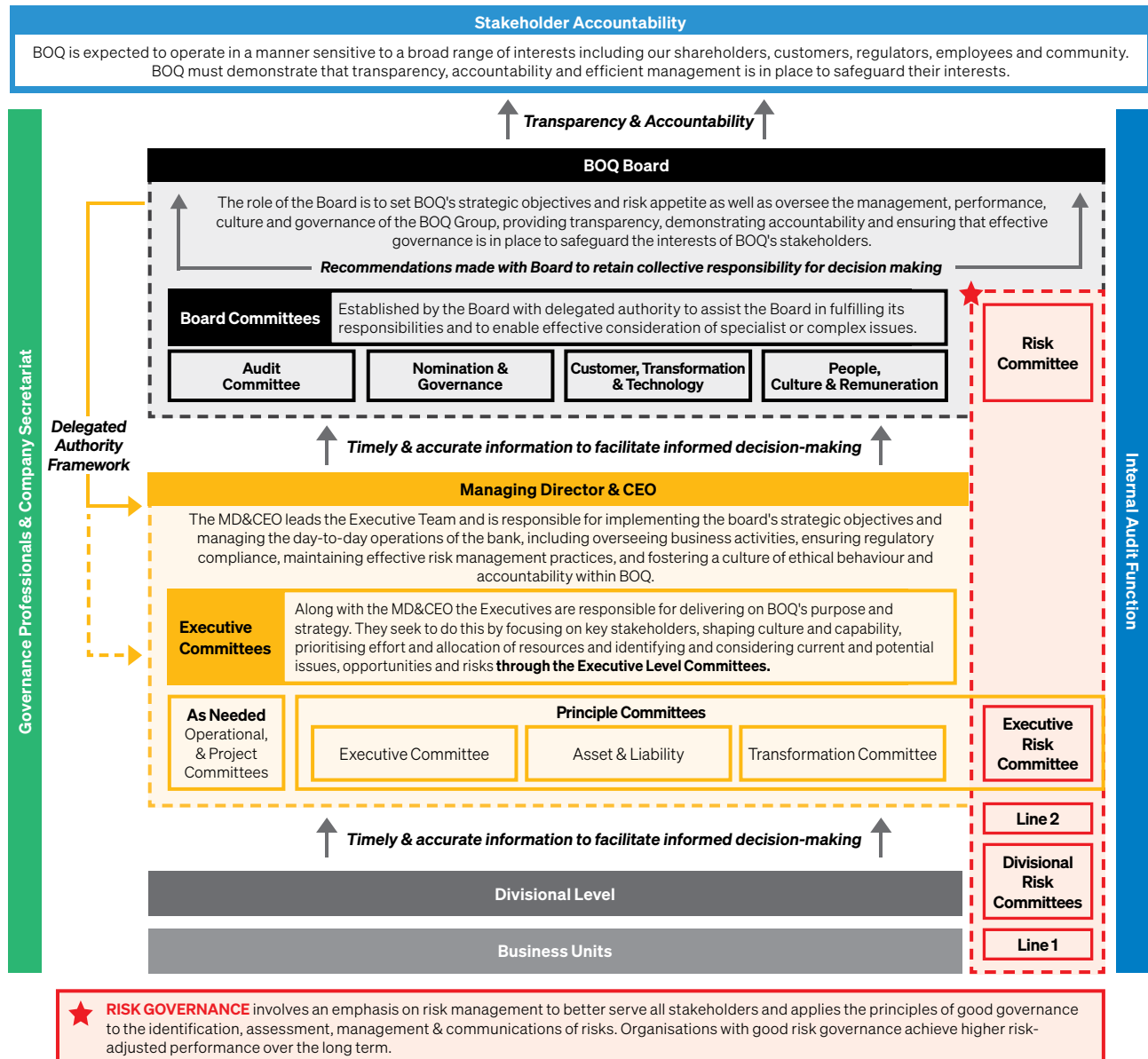
At BOQ, risk management is undertaken through the development and embedment of our systems, structures, policies, processes and people that identify, measure, evaluate, monitor, report and control or mitigate on both internal and external sources of material risk. The Board of BOQ is ultimately responsible for the risk management framework and for the oversight of its operation by management.

When the elements of the risk management framework work cohesively and effectively, they enable BOQ's people to focus on the risks that matter most, make informed risk-based decisions, and ultimately, be a successful, operationally and financially resilient organisation. The following diagram shows the key elements of BOQ's risk management framework.



(1) Enterprise-wide Committees include Asset & Liability Committee (**ALCO**) and the Credit Risk Committee

The RMS describes the Group's material risks and the approach to managing these risks. It summarises our key risk management documents and the roles and responsibilities of the risk management function, as well as outlining the risk governance relationship between the Board and senior management with respect to the risk management framework. The RMS is reviewed annually by the Board Risk Committee and approved by the Board. The diagram below outlines BOQ's Risk Committee governance.



Risk culture

A strong risk culture is essential for the Group's risk management frameworks, policies and standards to operate effectively. At BOQ Group, we are focused on building the foundations of a strong culture fostering the right behaviours and outcomes.

During FY26 we continued to embed our new risk culture framework, which clearly articulates the risk mindsets and behaviours expected of employees. It aligns and supports organisational culture and values and empowers our people to have risk at the forefront of their mind when carrying out day to day activities.

Our risk culture framework sets out BOQ's risk culture target state, to support effective management of risk culture across the organisation.

Three lines of defence

Three lines of defence is the operating model that helps our people understand the roles they are expected to play in risk management. The first line of defence is the business units who are responsible for identifying and owning the risks in all aspects of their activity. The second line of defence is the Group Risk and compliance function who design risk frameworks and guardrails and review and challenge the effectiveness of risk management. The third line of defence is the Internal Audit function who provide independent assurance that risk management practices are being complied with and operating effectively.

Providing our people with the tools and resources to effectively manage risk in alignment with the strategy empowers them to be forthcoming and proactive, ultimately protecting the interests of those who put their trust in BOQ, including customers, people, shareholders and the community.

Remedial Action Plans (RAPs)

The two EUs with regulators, APRA and AUSTRAC, are addressing weaknesses in risk management practices and risk culture. Building a stronger bank by embracing these EUs as a platform for change, the Group has improved risk culture, operational and financial resilience.

The RAPs are multi-year, Group-wide programs. Significant progress across both programs has been made this year. Program rQ is addressing the APRA EU, and AML First is addressing the AUSTRAC EU, they are a key priority for the Group, and are overseen by management and the Board.

While accountable executives oversee defined workstreams, and targeted workstream groups are accountable for specific action delivery, all BOQ Group executives have collective accountability for the delivery of program outcomes.

AML First

AML First is designed to address weaknesses and gaps across the Anti-Money Laundering and Counter Terrorism Financing (**AML/CTF**) operating model. The program aims to enhance systems, policies, and processes to deliver sustainable change, deliver against the requirements of the EU and uplift the Group's approach to AML/CTF.

Key deliverables under the AML First program are:

- strengthening the operating model and governance where roles, responsibilities and accountabilities are well defined and managed, and there is sufficient training in place to support capability uplift and awareness;
- strengthening and realigning risk assessment methodologies and due diligence frameworks within the Group's risk appetite;
- updated and simplified the customer onboarding forms and KYC steps and process across the Group;
- uplifting customer due diligence and enhanced customer due diligence processes;
- enhancing the controls associated with the transaction monitoring framework to identify, mitigate and manage customer transaction risks;
- assessment and validation of regulatory reporting issues identified by AUSTRAC to mitigate risks associated with regulatory reporting requirements; and
- alignment and uplift of data and technology to enable effective and technical compliance with the Group's AML/CTF program.

This year, the AML First program progressed with key milestones achieved including the implementation of refreshed 'know your customer', demonstrated success with customer risk rating, ongoing improvement in data quality feeding to AML systems, deployment of improved transaction monitoring governance and detection scenario uplift. This year, AML First has moved to the embed phase and completed 83 per cent of all activities.

The Group continues to work closely with AUSTRAC and industry bodies on the ongoing AML/CTF Reforms.

Program rQ

Program rQ is designed to strengthen risk culture, capability, governance and financial and operational resilience to build a stronger and simpler bank. There are over 150 unique activities across the following eight key themes:

Role of the Board

Setting the tone from the top, ensuring the right capabilities, skills and experience are held by the Board along with a demonstrated culture of inclusion, curiosity, constructive challenge and healthy debate in pursuit of strategic objectives.

Governance & reporting

Governance structures are clear and simple, enabling effective information flows, escalation pathways and risk-based decision making. Standardised risk reporting across the Group, with effective monitoring of risks and timely and effective engagement with regulators.

Risk Management Framework

Risk and compliance policies and frameworks are fit-for-purpose and roles and responsibilities are clear across the three lines of defence. The risk management framework is underpinned by a strong risk management strategy and a clearly defined risk appetite set from the top.

Accountability, performance & consequence management

Accountabilities are clearly articulated and well understood. Performance and consequence management frameworks are consistently applied, to reinforce risk expectations and behaviours in accordance with BOQ's risk culture target state.

Risk Culture Framework

Clearly defined risk culture target state, with meaningful risk culture reporting, embedded within divisional and Board reporting. Code of Conduct clearly sets expectations for behaviours.

Capability & capacity

Required risk capability and capacity is understood and prioritised across the three lines of defence, to deliver against BOQ's requirements in accordance with the risk management framework.

End-to-end risk and control environment

Key processes, risks, obligations and controls supporting BOQ's critical operations are consistently defined and mapped across the Group.

Strategic change

Effective planning and governance to ensure well informed prioritisation, risk mitigation, effective delivery and sustainability of BOQ's strategic change roadmap.

Throughout FY26, BOQ has continued to execute the actions set out in the RAP to uplift financial and operational resilience, risk culture and governance. This year, Program rQ moved to the embed phase of the program, with 108 RAP activities completed and closed.

Material risks.

BOQ's day to day operations involve managing a range of risks (material risks). The following categories of risk have been identified as the material risks for BOQ: capital management, liquidity and funding risk, credit risk, market risk, strategic risk, sustainability risk, operational risk, third party risk, data risk, people risk, technology risk, information security risk, compliance risk, conduct risk and financial crime risk. In addition, BOQ also considers emerging risks, including AI and geopolitical risks, as part of our internal and external operating environment and in alignment with regulatory insights.



Capital management

The risk that the Group has inadequate capital to support its business activities under normal and stressed conditions or to meet minimum prudential requirements.

Management

To maintain financial resilience, the Board approves and oversees capital limits, triggers and target ranges set in the risk appetite statement and the internal capital adequacy assessment process (**ICAAP**). ICAAP and the Group recovery plan are designed to identify and manage potential threats and ongoing business viability.



Compliance

The risk of failing to abide by compliance obligations required of us or otherwise failing to have behaviours and practices that deliver suitable, fair and clear outcomes for our customers and that support market integrity.

Management

A compliance risk management framework (**CRMF**) is maintained, that integrates compliance considerations into business practices to manage compliance with laws and regulations. The CRMF supports the objectives of the RMS in relation to the effective management of compliance risk as well as clarifying the key roles and responsibilities within the Group for managing, or providing oversight of, BOQ's compliance obligations. It defines how compliance risks must be identified, measured, evaluated, monitored, reported, and controlled or mitigated across the Group. It outlines the minimum practices and expectations for business units and risk functions. BOQ's governance, risk and compliance tool provides an organised way of managing relevant compliance matters, including in relation to obligations and compliance incidents. BOQ has implemented a range of actions over FY26 to improve its approach to manage compliance, with further actions planned as part of the Group's RAPs.



Conduct

The risk of failing to act in accordance with customers' best interests, fair market practices and codes of conduct.

Management

Conduct risk is considered in the context of customers' interests and is overseen by the group risk, compliance, legal and people functions. It is managed through the compliance risk management framework and supporting policies standards and processes to support good customer outcomes.



Credit

The risk of financial loss resulting from the failure of a customer or counterparty to settle its financial or contractual obligations to the Group as and when they fall due.

Management

The Group's credit risk management strategy reflects its credit risk appetite and credit risk profile. The objective of credit risk management is to maximise the risk-adjusted rate of return by maintaining credit risk exposure within acceptable parameters. Accordingly, credit risk inherent in the entire portfolio as well as the risk in individual credits or transactions is managed.



Data

The risk of failing to appropriately manage and maintain data, including all types of data, for example, client data, employee data, and the organisation's proprietary data, having regard to business objectives and legal, compliance and regulatory objectives.

Management

As reviewed and approved by the enterprise information management committee, BOQ's data risk management framework sets guiding principles and formalises the approach for the consistent management of data risk across the Group in alignment with the RMS and guidance contained in Prudential Practice Guide CPG 235 Managing Data Risk.

Material risks.



Financial crime

The risk of BOQs products, services, customers or channels being used to facilitate money laundering, terrorism financing, proliferation financing or other forms of financial crime.

Management

Broadly, the Group's AML/CTF obligations are managed through the customer lifecycle. There is an AML/CTF Compliance Officer responsible for the maintenance and oversight of this program as well as Board and senior management oversight and approval. In addition to progress under the RAP, the Group has commenced work to implement changes to comply with the *Anti-Money Laundering and Counter-Terrorism Financing Amendment Act 2024* and maintains open engagement with AUSTRAC on the implementation of the new legislation and the ongoing AML First progress.



Information security

The risk of information security incidents, including the loss, theft or misuse of data/ information, including all types of data (e.g. client data, employee data and the organisation's proprietary data), and can include the failure to comply with rules concerning information security.

Management

Information security risks are managed through dynamic risk assessments by monitoring the threat landscape and the effectiveness of information security controls. Practices are governed through key documents such as the Information Security Policy and Cyber Security Strategy. Information security risk is also managed in accordance with the Operational Risk Management Framework (ORMF).



Liquidity and funding

The risk that the Group cannot meet its payment obligations or that it does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets or to meet regulatory requirements.

Management

A diverse and stable pool of high-quality liquid assets, adequate liquidity buffers, short-term funding capacity, to withstand periods of disruption, and diversified potential long term funding sources is maintained. This includes a strategic focus on growing a core stable retail customer deposit base. This risk is governed by treasury and financial markets risk policies, liquidity and funding risk appetite statement, liquidity stress testing policy, contingency funding plan and Group recovery plan.



Market

The risk of an adverse impact on earnings resulting from changes in the value of the Group's positions as a result of a change in financial market factors, such as foreign exchange rates, interest rates, commodity prices and equity prices. This includes interest rate risk in the banking book - the risk to income from a mismatch between the duration of assets and liabilities that arises in the normal course of business activities.

Management

The Group's treasury and financial markets risk policies detail the risk appetite, governance and control frameworks for traded and non-traded market risk, including principles which act as the litmus test for effective management of this risk. In addition, a comprehensive limit framework is maintained that controls all material market risks, including value at risk, stress and scenario testing, position limits, loss limits and monitoring.



Operational

The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Management

The Group's ORMF defines the approach to operational risk management and is supported by underlying policies and standards. The ORMF also informs the running of divisional risk committees to ensure risk monitoring and profiling is effective throughout the business.

Material risks.



People

The risk of breaching employment legislation, mismanaging employee relations, failing to ensure a safe work environment and creating an environment for people that is not conducive to achieving Group strategy and objectives. Included within people risk is people management risk, described as the risk that the Group fails to achieve its strategic goals due to lack of adequate human resources. This includes insufficient staffing levels, lack of skilled personnel, high turnover rates, and inadequate leadership, training and development programs.

Management

Led by people and culture, leaders across the organisation play a key role in managing people risk, together with BOQ Group purpose and values and Code of Conduct. People policies and frameworks inform learning programs, pulse and culture surveys, employee development, wellness and remuneration. These are governed by the Board Risk Committee and People, Culture & Remuneration Committee.



Sustainability

The risk that the Group fails to comply with sustainability related environmental, social or governance regulatory requirements or to recognise and appropriately respond to stakeholder expectations or concerns.

Management

The Board delegates the day-to-day management of sustainability risks and opportunities, including climate change, to management and its committees, where appropriate. The executive committees are accountable for actions and commitments to embed climate change into business strategy and risk management. The Sustainability Committee supports the executive committees with the development and implementation of sustainability initiatives and reporting requirements. The Group's processes for identifying and assessing sustainability-related risks including climate are integrated into Group-wide risk management activities. Refer to pages 54 to 79 for further details on management of climate risk.



Strategic

The risk that the Group makes inappropriate strategic choices, does not implement its strategies successfully, or does not respond effectively to changes in the operating environment.

Management

The risks identified through the Group's strategic planning process and execution are governed through the RMS and ORMF. These risks are measurable through clear objectives, benefits and roadmaps with milestones, and are governed through appropriate forums on an executive and Board level.



Technology

The risk associated with the failure or outage of systems, including hardware, software, network infrastructure, cloud resources and data assets.

Management

The Group's technology architecture ensures there is review, governance and approval channels that provides sound management and sustainability of technology investments. This is supported by development, testing, change and release management, and an IT incident management team. Technology risk is also managed in accordance with the ORMF.



Third party

The risk that a service provider (or its subcontractors/fourth parties) fails to deliver products or services in accordance with BOQ's requirements due to inadequate governance, oversight or risk management, resulting in adverse impacts to customers, operations, compliance, financial performance, reputation or the achievement of BOQ's strategic objectives.

Management

All agreements are subject to initial and ongoing due diligence and monitoring under a suite of supplier policies and standards, including where an arrangement is material. Compliance with CPS 230 and CPS 234 is considered as part of this due diligence and monitoring. Third party risk is also managed in accordance with the ORMF.

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SUSTAINABILITY REPORT.

Sustainability Report.

Basis of preparation.

Statement of compliance

The Climate Statements contained within the Sustainability Report have been prepared in accordance with the *Corporations Act 2001* (Cth) and the Australian Sustainability Reporting Standard AASB S2 *Climate-related disclosures* (**AASB S2**). They represent the climate-related financial disclosures for Bank of Queensland Limited and its controlled subsidiaries (the **Bank or the Group**) for the year ended 31 August 2026. The Climate Statements were authorised for issue by the Directors on 14 October 2026. The Directors have the power to amend and reissue the Climate Statements.

The Climate Statements have been prepared for the same consolidated reporting entity as the Group's Consolidated Financial Statements, as described in Note 1.2 Basis of preparation on page 151.

Transition reliefs

For the year ended 31 August 2026, being the first annual reporting period in which AASB S2 applies to the Group, the Group has applied the following transition reliefs⁽¹⁾ in preparing the Climate Statements:

- No disclosure of Scope 3 greenhouse gas (**GHG**) emissions has been made in this report, including the methodologies and judgements used in their calculation, for the current and comparative periods.
- The Group has voluntarily disclosed comparative information for Scope 1 and Scope 2 emissions with GHG accounting methodologies applied consistently across the current and comparative periods.

(1) In doing so the Bank is applying the transition reliefs in AASB S2 Appendix C, paragraph C4(b).

Early adoption of amendments to AASB S2

The Group has elected to voluntarily early adopt AASB S2025-1 *Amendments to Greenhouse Gas Emissions Disclosures* in the current period, prior to it being mandatory for the Group in the financial year beginning 1 September 2027. Due to the transition reliefs applied, those provisions early adopted are specific to the Scope 1 and Scope 2 GHG emissions, paragraphs 29(a), B21-B22, B24 and B28.

The Group's climate-related position

The following is an outline of the key climate-related commitments and bodies to which the Group is connected:

- The Bank is a signatory of, and remains committed to the United Nations Environment Programme Finance Initiative's (**UNEPFI**) *Principles for Responsible Banking* (**UN PRB**).
- The Bank also remains committed to the objectives of the Paris Agreement, including the transition to a lower-emissions economy aligned with limiting global temperature rise.
- The Bank is no longer a member of the Net-Zero Banking Alliance (**NZBA**), which ceased operations as a membership-based alliance in October 2025. The Bank continues to reference the UN PRB's publicly available *Guidance for Climate Target Setting for Banks* as a relevant industry framework.



Ecologist Jemma Manfre and a Bilby

Ecologist Jemma Manfre releasing a Greater Bilby after annual survey at Mt Gibson Wildlife Sanctuary
Credit: Robin Sinclair and Australian Wildlife Conservancy (AWC)

Sustainability Report.

Use of significant judgements and measurement uncertainty

The preparation and presentation of the Climate Statements involve the application of judgement to ensure that disclosed information is relevant, reliable and informative. Measurement uncertainty may arise due to factors such as data limitations or variability, the use of proxy information, external influences, and forward-looking assumptions. The significant estimates and judgements applied in preparing the Climate Statements are outlined below, with further detail as to how they are applied provided throughout the report.

Significant judgements

Area	Description
Material information	Judgement was applied in determining which climate-related information is material for disclosure, including the identification, assessment and prioritisation of risks and opportunities that could reasonably be expected to affect the Group's financial position, performance or prospects. This includes consideration of both qualitative and quantitative factors, informed by stakeholder information needs, expected financial impacts, and alignment with AASB S2 requirements.
Identifying climate-related risks and opportunities (CRROs)	Judgement was applied in identifying and analysing the CRROs that could reasonably be expected to affect the Group, including the level of materiality, where CRROs arise across the Group's value chain, and the time-horizons over which they may affect the Group. CRROs are determined through stakeholder engagement and expert input and are based on information available at the reporting date.
Time horizons	The Group applied judgement in determining the appropriate time horizons to adopt for the assessment and disclosure of its CRROs. The short term and medium term time horizons align with the Group's business planning cycle, including the five year strategy and planning period. Time horizons used for CRROs are defined as follows: • short term - less than one year • medium term - one to five years • long term - five to twenty-five years.
Current and anticipated financial effects	Judgements were made in determining the extent to which CRROs impact financial performance, financial position and cash flows of the Group. This includes determination of whether impacts are identifiable, reliably quantifiable and material to users of the financial reports. Forward-looking disclosures are inherently judgemental as they may rely on outputs from climate scenario analysis (CSA) and evolving modelling approaches.
CSA inputs and assumptions	Judgement was applied in determining the Group's CSA approach, including the decision to undertake a qualitative assessment in the current period due to limitations in data availability, quality and coverage required for robust quantitative modelling. In the current period, CSA is qualitative in nature only and relies on emerging data sources and methodologies. Judgement was also exercised in selecting two plausible and contrasting climate scenarios to assess potential impacts across the Group's business model and value chain.
GHG emissions framework and organisational boundary	Judgment was applied in selecting the GHG Protocol and Partnership for Carbon Accounting Financials (PCAF) methodology as the appropriate framework for measuring and reporting GHG emissions. Judgement was also applied in determining relevant emission sources for inclusion. These judgements establish the basis by which emissions are measured and reported and are material as they directly impact the scope, completeness and comparability of the disclosures.
Calculation methodology – GHG emissions	The Group applied judgement in selecting the most appropriate methodologies to calculate Scope 1 and Scope 2 GHG emissions. Judgement was applied in determining relevant categories and materiality thresholds, and use of emissions factors and proxies where direct data is unavailable. Data sources used are aligned to PCAF guidance.
Assessment of activities vulnerable to climate-related risks	Judgement was applied in determining which assets and business activities are vulnerable to climate-related risks, including the selection of risk drivers, scenarios, methodologies and thresholds to apply. Portfolio characteristics, assumptions and proxies are used to assess potential exposure and align outcomes with the Group's risk framework.

Sustainability Report.

Use of significant judgements and measurement uncertainty (continued)

Measurement uncertainty

Area	Description
GHG emissions	Measurement uncertainty arises due to reliance on third-party data, use of emissions factors, evolving methodologies, proxy-based estimation techniques and extrapolations. The availability and quality of emissions data vary by category, portfolios, geographies and asset classes. As emissions measurement methodologies continue to evolve, and as the Group gains a deeper understanding of the impacts of mandatory reporting on its value-chain stakeholders, improvements in data availability and quality may result in different reported GHG emissions outcomes over time.
Assessment of activities vulnerable to climate-related risks	The assessment is subject to significant uncertainty due to its forward-looking nature and reliance on CSA, assumptions and proxy data. Outcomes are sensitive to changes in inputs, methodologies and climate scenarios.
Current and anticipated financial effects	Measurement uncertainty arises in determining and quantifying the anticipated financial effects resulting from each CRRO. In the current period, the Group has undertaken a qualitative assessment of anticipated financial effects only. Available data remains insufficient in completeness and reliability to support the quantification of anticipated financial effects. As a result, significant measurement uncertainty exists, and any quantitative estimates would not currently be considered sufficiently reliable or decision-useful.
CSA inputs and assumptions	CSA and climate resilience assessment are subject to inherent uncertainty due to the long term and complex nature of climate risks. Outcomes are sensitive to the frequency and severity of physical climate events as well as changes in regulatory, policy and market conditions, which influence climate and transition pathways over time. The analysis relies on emerging data sources and methodologies, management judgement and climate scenarios. Key uncertainties are: • the changing frequency and severity of physical climate risks • the pace and coordination of domestic and international decarbonisation, including the timing, stringency and enforcement of climate-related policy and regulation • macroeconomic outcomes of the transition, including impacts on GDP growth and capital allocation.

Sustainability Report.

Governance.

Board oversight of CRROs

The Board and its Committees oversee CRROs in accordance with their respective Charters. The Board holds the ultimate accountability for the overall climate-related leadership, including the approval and overseeing of strategies designed to respond to CRROs and ongoing risk management.

Board

The Board has ultimate oversight of the Group's sustainability strategy, including CRROs. It approves key sustainability policies and disclosures, and monitors management's delivery. The Board is informed through regular reporting from management and its committees on sustainability performance, material climate and sustainability risks. In the current period, the Board was directly informed on various climate and sustainability topics three times.

Board Audit Committee (BAC)

Oversees the integrity and quality of sustainability reporting including climate-related disclosures. It reviews key judgements, methodologies and controls underpinning disclosures and recommends reporting for Board approval.

Board Risk Committee (BRC)

Oversees the embedment and effectiveness of the Group's Risk Management Framework, this includes sustainability risks for which climate-related risk is a sub-set. It supports the Board in setting, monitoring and overseeing risk appetite, of which is informed through regular risk reporting from management via the annual Material Risk Report.

Nomination and Governance Committee (NGC)

Supports effective oversight by reviewing Board composition, capability and governance frameworks, including consideration of relevant skills and experience. The NGC is informed through periodic Board performance reviews, capability assessments and updates on governance developments.

Further information about the Board and its Committees, including changes in composition and meeting attendance throughout FY26, is included on pages 33 to 35 in the Corporate Governance section of the Annual Report.

Board competency and upskilling

The Board skills matrix is included on pages 35 to 36 of the Corporate Governance Section in this Annual Report. The skills matrix includes Sustainability and Stakeholder Engagement as a requisite skill. Although climate is not a standalone requisite skill within the matrix, climate-related competencies are assessed through the Sustainability and Stakeholder Engagement requisite.

To support the continuing education and professional development of Directors, in the current period, the Board attended a climate capability session facilitated by the University of Queensland focusing on the application of climate to the Group's value chain.

Board consideration of climate strategy and targets

In accordance with its Charter, the Board and its Committees are responsible for the overall strategy and direction of the Group and for approving the Group Risk Appetite Statement and Risk Management Strategy. Through its oversight of CRROs, the Board and its Committees consider the associated trade-offs, including the timing and nature of risk management responses and the balance between adaptation and mitigation measures. As part of its annual review and approval of the Group's strategy and business plans, the Board considers material matters that may affect the Group's long term performance and prospects, including relevant sustainability-related topics.

The Group does not have a standalone climate strategy. Climate-related considerations are assessed, where relevant, through the Group's existing governance, risk management and decision-making processes. The Group has not established climate-related targets as at the reporting date. Any future climate-related targets would be subject to Board approval and oversight through the Group's governance and Risk Management Framework.

Sustainability Report.

The role of management

The Board retains oversight of the Group's approach to climate change, with day-to-day management of the approach to climate change delegated to the Managing Director and Chief Executive Officer (**MD&CEO**) and Chief Financial Officer (**CFO**). Further delegation is made to management and committees, where appropriate.

The Executive Committees are accountable for actions and commitments to embed climate change into business strategy and risk management.

The Sustainability Committee, chaired by the CFO, supports the Executive Committees and meets at least four times a year. It includes general managers and senior management from the wider business with sustainability responsibilities, including climate-related topics. The Sustainability Committee is responsible for overseeing the Group's sustainability strategy, risk management, governance, and reporting. The Committee also supports the governance of CRROs by overseeing the Group's climate priorities and policy implementation. It provides strategic guidance, monitors compliance with evolving regulatory and governance requirements, and ensures appropriate risk management controls are in place. The Committee also reviews and endorses sustainability reporting and disclosures, advising on metrics, transparency, and assurance to support consistent and reliable communication with stakeholders.

The sustainability team sets priorities, advises on emerging risks and reporting requirements, and ensures alignment with external standards and stakeholders. The Group manages CRROs through coordinated sustainability, operational, and procurement activities led by management, of which the Board is informed through the existing reporting and governance process.

Executive remuneration

The Group assesses executive performance against strategic priorities through a combination of the Group Scorecard and individual scorecards. The MD&CEO is assessed against the Group Scorecard, while other Executives are assessed through a balanced combination of Group and individual scorecard outcomes. The Chief Risk Officer is assessed solely against an individual scorecard. All Group Executives are assessed against risk management objectives. Progress against the Group Scorecard is reported quarterly to the Executive Committee and the Board.

As at the reporting date, the Group does not incorporate specific climate-related performance metrics or targets within its executive remuneration frameworks. From FY27 the Group intends to incorporate specific climate-related performance metrics for the relevant executives. Further information is provided on pages 118 to 125 of the Remuneration Report in this Annual Report.

Sustainability Report.

Strategy.

The Group recognises the importance of addressing climate change and incorporating CRROs into its decision-making. The Group is in the early stages of building its approach to incorporating climate into the broader business strategy and acknowledges its role in supporting customers and the broader economy as CRROs evolve. The approach is intended to support its customers, communities, people and shareholders, while contributing to sustainable economic growth.

Business model and value chain

The Group's business model is centred on providing retail and business banking services, including but not limited to, home lending, commercial lending, asset finance and deposit products to customers across Australia. To support this business model, the Group's end to end value chain is focused on distribution and manufacturing of banking services to support retail and business bank customers. The Group operates across all Australian states and territories, with lending exposures concentrated in Queensland, New South Wales and Victoria.

Climate-related risks and opportunities

The Group's business activities and assets are spread across a wide range of sectors and geographies that could inherently expose the business model to CRROs across the short, medium and long term. Given the nature of the Group's business model, all CRROs have been considered within the context of the Australian retail and business banking sector.

The Group's exposure to CRROs is primarily linked to its role as a provider of finance. Physical climate risks are most relevant to the Group's downstream residential and business lending portfolios, where changes in economic conditions, sector transition pathways and physical climate impacts may influence customer cash flows, credit risk and asset values, including the value of collateral securing the Group's lending exposures. Transition risks may affect the Group through both its lending activities and broader banking operations, reflecting the systemic nature of climate-related risks in the financial sector. These risks may arise through customer exposures to transition-sensitive sectors, affecting credit origination and portfolio performance, and through upstream capital markets, where changing investor, regulatory or market expectations may influence treasury, liquidity and funding conditions. Climate-related factors may also influence funding conditions and, to a lesser extent, the Group's operations.

CRRO identification and analysis

The Group has undertaken a structured and iterative process to identify the CRROs that could reasonably be expected to affect its prospects over the short, medium and long term.

CRROs are prioritised based on their relevance to the Group's business model and value chain, and their potential to affect the Group's prospects over the time horizons. In prioritising the list of CRROs disclosed on pages 62 to 64, management considered the nature of each risk, as well as the likelihood and magnitude of potential impacts.

The Risk Management section on pages 69 to 70 of this report outlines the process undertaken by the Group to identify, manage and prioritise CRROs. This includes details on the Group's risk rating methodology which was applied in determining the CRROs for prioritisation. The identified CRROs reflect the Group's underlying climate-related exposures, with mitigation and adaptation efforts considered separately as part of the assessment.

In 2026, the Group undertook a detailed assessment to understand its exposure to physical and transition risks, as well as climate-related opportunities. From the analysis, three climate related risks were identified which could reasonably be expected to affect the Group's prospects over the short, medium or long term. Six plausible transmission channels⁽¹⁾ and potential impacts were identified by which these risks could reasonably be expected to impact the Group's future prospects across its time horizons. These risks and transmission channels are presented in the tables below.

As part of the assessment, potential opportunities arising from the transition to a lower-emissions economy were also considered. Based on the reasonable and supportable information available at the reporting date, there were no climate-related opportunities identified that could reasonably be expected to affect the Group's prospects over the short, medium or long term.

(1) The Bank adopts the NGFS definition of transmission pathways for climate risks, reiterated in the paper Basel Committee on Banking Supervision - Climate-related risk drivers and their transmission channels. The paper defines transmission channels as the causal chains linking climate risk drivers to the financial risks faced by banks and the banking sector. They can also be viewed as the way through which climate change might materialise as a source of financial risk.

Sustainability Report.

Physical risks

Acute and chronic climate hazards impacting customers, operations and insurance

Overview

Acute and chronic climate-related events impacting customers' operations may increase credit risk and reduce collateral values, and drive second order impacts including market value volatility, funding and liquidity pressures, and higher capital needs. Increasing insurance unaffordability or unavailability (including underinsurance) in hazard-exposed locations may reduce customers' financial resilience to physical events and amplify collateral devaluation and loss severity.

Time horizon

Impacts are low in the short term; however, they are expected to increase progressively over the medium term and become elevated in the long term.



Potential impacts

Physical risks may disrupt customer operations, adversely affecting revenues and cash flows, while also reducing collateral values and increasing loan-to-value ratios (**LVRs**), default risk and loss severity. These impacts may extend to exposures originated by the Group but held by other institutions, potentially affecting origination volumes, business income, and serviceability.

Physical risks may also reduce the availability and affordability of insurance and contribute to land use or zoning changes that further constrain insurability and asset use. Reduced or lapsed insurance coverage may increase the Group's exposure to collateral damage and customer default, resulting in further pressure on collateral values, customer cashflows, credit quality and portfolio resilience over time.

Physical risks may impact downstream lending, due to the potential impacts to customer cashflows, impacting the Group's financial returns. The potential impact may become more significant in the long term as the severity and frequency of physical climate-related impacts intensify.

Anticipated financial impact

In the short term, climate-driven impacts on BOQ customer operations are expected to be limited. In the medium to long term, as insurance availability and costs risk rise with increasing physical risk severity and frequency, the level of insurance coverage across the Group's portfolio may decline as customers reduce coverage or choose not to insure. The Group's exposure across high climate risk regions could also heighten in the long term. Together, this could have a financial impact due to higher LVRs and increases in the probability of default, resulting in higher provisions for loan losses and reducing interest income.

Mitigation and adaptation efforts

The Group requires customers to maintain insurance on property collateral, with confirmation of insurance validated at loan origination. While ongoing validation is not currently embedded as a standard monitoring activity, the Group expects to continue reviewing and, where appropriate, enhance its insurance-related controls and monitoring practices as physical climate risks evolve over the medium and long term.

Sustainability Report.

Transition risks

Transition risk impacts from customer exposures and funding market expectations

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Potential impacts

Customers with high GHG emissions or exposure to transition drivers, including policy, technology, market shifts and stakeholder expectations, may face higher capital and operating costs, changes in demand or asset repricing. This may affect customer financial resilience and increase credit risk within the Group's lending portfolio, particularly in emission-intensive sectors such as agriculture and transport.

Separately, the Group may be exposed to transition-related funding and market impacts where regulatory developments, investor expectations or wholesale funding market conditions influence perceptions of the Group's climate risk profile. This may impact the Group through its upstream value chain, as regulatory developments contribute to higher funding spreads, reduced investor demand or more constrained access to debt and equity markets over time.

Anticipated financial impact

Transition risk may increase credit risk where customers in emissions-intensive or transition-vulnerable sectors face higher costs, changing demand or asset repricing. For lending exposures, this may weaken customer cash flows and debt serviceability, contributing to higher default risk and credit provisions over the medium to long term.

Separately, broader market, investor and funding expectations relating to the Group's climate risk profile may result in higher funding spreads or more constrained market access over time.

Mitigation and adaptation efforts

Given the medium to long term nature of this risk and the ongoing development of the Group's climate risk assessment capabilities, management of related exposures occurs through existing business-as-usual risk management, portfolio monitoring and funding management practices.

The Group will continue to assess opportunities to enhance climate-related controls and management processes as climate risk capabilities, data availability and industry practices mature, to support ongoing management of transition risk.

Sustainability Report.

Evolving regulation, disclosure and conduct risk

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Potential impacts

Increased regulatory and disclosure expectations may require additional investment in governance, controls, systems, data, assurance and reporting capability. This may increase compliance costs and, over time, influence capital management where climate-related considerations are incorporated into prudential frameworks.

Separately, failure to meet evolving regulatory, disclosure or conduct expectations may also result in reputational impacts, regulatory scrutiny or reduced stakeholder confidence. These impacts could affect customer and investor perceptions of the Group's climate risk profile and, indirectly, its competitive position and market share. This could impact downstream segments such as business and household lending, which could result in reduced growth and profitability.

Anticipated financial impact

Financial impacts may arise through higher compliance, assurance, governance and reporting costs as climate-related regulatory and disclosure requirements mature. Over time, climate-related prudential expectations may also affect capital requirements, cost of capital and capital allocation flexibility.

Additional impacts may arise where reputational or conduct-related matters affect stakeholder confidence, customer growth, investor perceptions or competitive positioning, with potential downstream effects on funding outcomes and profitability over the long term.

Mitigation and adaptation efforts

The Group has controls and processes in place to monitor and assess this broader risk; however, it has not implemented climate-specific controls to mitigate the risk at this time. In relation to potential capital management impacts, existing capital management, forecasting and stress-testing processes provide mechanisms to monitor, assess and respond to potential changes in capital requirements. The appropriateness of these processes will continue to be reviewed as climate-related prudential expectations and methodologies develop.

Sustainability Report.

Current financial impact

The Group assessed the impact of CRROs on its financial position, financial performance and cashflows, considering any known climate events in the current year. The analysis showed no material impact to the Group in the current period, nor is there expected to be any material adjustment in the next reporting period.

Response to CRROs

The exposure reflects key areas through which climate-related factors may influence the Group's lending portfolios, operations and broader financial position over time. While the identified CRROs are considered material to the Group's prospects from a risk exposure perspective, the current assessment did not identify material current or anticipated financial effects based on reasonable and supportable information available at the reporting date. Accordingly, the Group does not consider any change to its business model or strategy necessary in the current period.

The Group remains focused on refining and monitoring the identified CRROs, strengthening climate risk capabilities and ongoing assessment, including climate scenario analysis. These activities are intended to improve the Group's understanding of exposures across climate-sensitive sectors and geographies, supporting capability uplift to better inform business decisions.

The Group's business model remains centred on its existing retail and business banking model, underpinned by a strategy to generate long term sustainable returns. While the Group has not made any changes to its existing strategy to take advantage of any potential climate-related opportunities, it continues to embed climate considerations into existing risk management and governance processes. This provides for a strong foundation for any future climate-related changes to be made.

Sustainability Report.

Climate scenario analysis

Scenario analysis is used to support the assessment of climate resilience by considering a range of plausible future states reflecting both transition and physical climate risks. It provides insight into how the Group's business model and risk profile may respond under different climate pathways and supports an assessment of its ability to adapt to changing conditions over time.

Due to limitations in the availability, quality, and coverage of the data required to support a robust and credible modelling exercise, quantitative modelling of the financial impacts of CRROs under climate scenarios was not conducted in the current financial period. The Group has undertaken a qualitative assessment of CRROs and detailed on pages 62 to 64 the potential impacts to the value chain that were identified through this analysis.

Management determined the best approach to be continuing to establish the foundations required to support future quantification, rather than producing results with a high degree of uncertainty. This approach included identifying key data gaps, improving understanding of data requirements, and defining the processes needed to collect, maintain, and govern the datasets. The Group intends to progressively include quantitative analysis to support future disclosures as data availability, quality and methodologies mature.

Scenario selection

The Group applied an approach proportionate to its current level of climate risk maturity, designing two distinct and plausible scenarios covering a range of temperature outcomes. The scenarios were selected to meet regulatory requirements while providing contrasting risk profiles across transition and physical risk dimensions, and to support a balanced and decision-useful assessment of the potential impacts on the Group's strategy and financial position.

In the current period, qualitative scenario analysis was conducted across key CRROs to understand how impacts may evolve across our business model and value chain. The low-warming scenario reflects an orderly transition broadly aligned with limiting global warming to ~1.4°C by 2100. The high-warming scenario reflects a disorderly, high-emissions pathway resulting in ~3.6°C warming by 2100. A summary of the scenarios used in the analysis is provided below.

Scenario	Low-warming	High-warming
Scenario details	SSP1-1.9 (~1.5°C)	SSP3-7.0 (>2.5°C)
Global temperature rise	Achieves Paris Agreement goals. Estimated rise of ~1.4°C by 2100.	Estimated rise of ~3.6°C by 2100.
Description	Represents a pathway aligned with the Paris Agreement. Assumes strong climate policy, coordinated global action and rapid decarbonisation.	Represents a higher-emissions pathway with limited climate policy action. Assumes geopolitical fragmentation and delayed or absent decarbonisation.
Key scenario sources	IPCC ⁽¹⁾ ; SSP ⁽²⁾ 1-1.9 (SSP1-2.6 proxy data for physical risks) NGFS ⁽³⁾ ; Highway to Paris (short term), Net-Zero by 2050 (long term)	IPCC ⁽¹⁾ ; SSP3-7.0 ⁽²⁾ NGFS ⁽³⁾ ; Disasters and Policy Stagnation (short term), Current Policies (long term)

(1) IPCC: Intergovernmental Panel on Climate Change is the United Nations body charged with overseeing climate change and publishing the global climate models.

(2) SSP: Shared Socioeconomic Pathways are five plausible scenarios used in climate research, they have been formally adopted by and integrated into the IPCC.

(3) NGFS: Network for Greening the Financial System is a global coalition of central banks and financial supervisors with a goal to manage environmental and climate risks in the climate sector. The coalition includes RBA and APRA.

Sustainability Report.

Climate scenario analysis (continued)

Low-warming ~1.5°C

Scenario details

Under the low-warming scenario, risks are primarily driven by the transition to a lower-carbon economy.

In the **short to medium term**, strong policy settings, rapid technological change and shifting market expectations may increase costs for customers, including capital expenditure and operating cost pressures, leading to potential stress on borrower cashflows and credit quality.

These transition dynamics may also contribute to sector repricing and changes in demand, with implications for portfolio composition and alignment with climate commitments.

In the **long term**, transition risks are expected to stabilise as decarbonisation progresses, with comparatively lower physical risk impacts relative to the high-warming scenario.

Key assumptions

- Strong and coordinated global climate policy including regulatory tightening and alignment with Paris Agreement objectives.
- Rapid decarbonisation, driven by accelerated technology development and adoption.
- Relatively stable macroeconomic conditions, with climate-related impacts absorbed over time without significant disruption.
- Increasing transition pressures on customers, including higher capital and operating costs.
- Moderate physical risks over time, relative to higher warming scenarios.
- Ongoing changes in market dynamics and investor expectations, supporting a lower-emissions pathway.

Outcomes of analysis

In the **short term**, coordinated climate policy and transition momentum is expected to build, with limited near term impact on funding, credit or market dynamics.

In the **medium term**, transition pressures increase costs for emissions-intensive borrowers but do not translate into significant credit risk for the Bank. Capital demand increases to fund the transition, having an inflationary effect, increasing market interest rates and cost of funding.

In the **long term**, while exposure is higher than present day, borrowers are more resilient due to early adaptation. Reputational risk continues to influence how pricing and credit access is applied across sectors.

High-warming >2.5°C

Scenario details

Under the high-warming scenario, risks are primarily driven by increasing physical climate impacts over time.

In the **short term**, impacts are comparatively limited, although emerging pressures may begin to affect specific geographies or sectors.

In the **medium to long term**, more frequent and severe weather events, alongside chronic climatic changes, may disrupt customer operations, reduce asset values and constrain insurance availability and affordability.

These impacts may increase borrower default risk and loss severity and contribute to concentration risk in climate-exposed regions, while transition risks may emerge later in a more disorderly manner.

Key assumptions

- Limited or delayed climate policy action and geopolitical fragmentation.
- Slower technological transition, with continued reliance on higher-emissions activities.
- Increasing frequency and severity of physical climate hazards.
- Greater impacts on customers and asset values due to physical disruption and insurance constraints.
- Reflects a more disorderly or delayed transition.

Outcomes of analysis

In the **short term**, while physical hazards may drive localised borrower impacts, credit quality and market dynamics remain largely unchanged.

In the **medium term**, global fragmentation and a worsening physical climate drive higher costs for customers, placing pressure on cashflows, while inflation risks may increase the Group's overall funding costs.

By the **long term**, without adaptation, severe physical impacts drive sustained borrower stress, resulting in the potential for portfolio level credit risk.

Sustainability Report.

Climate scenario analysis (continued)

Climate resilience

Overall, the qualitative scenario analysis indicates that the Bank's current business model has a number of resilience characteristics across physical and transition risks, while also noting key limitations and dependencies. Several key areas are foundational to the Bank's climate resilience, including:

- **Diversified lending portfolio:** The Bank's lending portfolio is diversified across asset classes, industries and geographies.
- **Limited exposure to emissions-intensive sectors:** Financed emissions are primarily concentrated in agriculture and transport, with limited exposure to coal, oil and gas.
- **Borrower resilience:** The Bank's borrowers exhibit financial resilience through savings buffers, income flexibility and access to insurance coverage.
- **Predominantly secured lending portfolio:** The Group's portfolio is strongly weighted toward secured lending, with residential mortgages and commercial real estate accounting for the majority of total drawn exposure.
- **Operational and capital management flexibility:** The Bank benefits from inherent structural flexibility in its business models, enabling the Bank to adapt lending, pricing, and capital allocation as risk conditions change.

Scenario analysis highlighted that these sources of resilience may be subject to certain constraints and dependencies over time. These include:

- Ongoing visibility over insurance coverage may be limited, as insurance is typically assessed at loan origination and is not consistently reassessed over the life of the loan.
- External market dynamics, including the characteristics of the Australian mortgage market, may affect the extent and timing of the Group's ability to adjust pricing and capital management settings in response to evolving climate-related risks.
- Portfolio diversification may help reduce exposure to localised acute events; however, broader or more persistent chronic risks may affect multiple regions or sectors across the portfolio.

Capacity to adapt strategy and business model

The analysis demonstrates the resilience of the Group's current business model. As a result, no material changes to the Group's strategy or business model were made in the current period. The analysis also indicated that some of these sources of resilience may become more constrained over time under certain climate-related scenarios. The Group recognises the evolving nature of the CRROs and with this, will seek to refresh and refine its approach to resilience over time.

Climate transition plan

A climate transition plan outlines an organisation's approach to managing the transition to a lower-carbon economy in response to CRROs. It may describe planned actions, strategic priorities, targets, assumptions and dependencies that support the achievement of climate-related objectives and the adaptation of the business model over time.

As at the reporting date, the Group has not established a standalone climate transition plan. Relevant information regarding the Group's management of climate-related transition risks is disclosed throughout these Climate Statements, including within the strategy, risk management, scenario analysis, climate resilience, and metrics and targets sections. The Group continues to assess and enhance its approach to transition planning, including the development of supporting assumptions, methodologies, governance arrangements and management actions, recognising that these areas are expected to evolve as data, capabilities and regulatory expectations mature.

Sustainability Report.

Risk management.

Sustainability risk is recognised under the Group's Risk Management Strategy and managed within the Group's enterprise-wide Risk Management Framework. Sustainability risk, comprising Environmental (including Climate), Governance and Social risks, is classified within the Group's risk taxonomy and assessed through the potential to affect, and be transmitted through, established financial and non-financial risk classes, including credit and operational risks.

Over the past two years, the Group has made meaningful progress in integrating sustainability risk, including enhancements to risk identification, assessment and supporting data and metrics for monitoring and reporting. Further development is ongoing to support consistency of application across the Group. Further information on the Group's Risk Management Framework is provided in the Risk Management Report on pages 46 to 47 of this Annual Report.

Climate risk and opportunity management approach

Approach

Sustainability risk drivers, including physical and transition climate-related factors, may impact the Group directly or indirectly through customers, counterparties and broader economic conditions. Accordingly, the Group seeks to manage these climate-related risks through existing risk management processes. For secured property lending, identified physical hazards are considered through applicable valuation and credit processes, which may result in escalation, loan approval conditions and requirements for evidence of insurance covering the identified risk. The management of climate risk continues to evolve in response to developments in methodologies, data availability, and regulatory expectations.

Framework

The approach to managing climate-related risks is set out in the suite of sustainability governing documents, which were implemented during the current reporting period. They provide a structured approach for assessing how sustainability risk drivers, including climate-related risks, transmit to risk classes (including credit, funding, capital and operational risk) across the Group's risk taxonomy. These documents align with the Group's broader risk management framework and establish the foundations for integrating climate-related risks into business-as-usual risk management activities.

Identify and assess

CRROs are identified through a process that draws on external and internal sources, including climate data, scenario analysis, sector and portfolio insights and engagement across business and risk functions. This is informed by physical climate hazard data, transition pathway assumptions and portfolio exposure information, using reasonable and supportable information available at the reporting date to determine those risks and opportunities that could reasonably be expected to affect the Group's prospects. The nature of exposure (including physical and transition), likelihood of occurrence across short, medium and long term time horizons (informed by scenario analysis and external data), and the magnitude of potential impact, including impacts on borrower cashflows, collateral values, portfolio performance, funding conditions and capital requirements are considered. CSA is used to inform and validate the identification of CRROs by identifying key risk drivers, transmission pathways and emerging risks under different climate pathways. Refer to the CSA analysis on pages 66 to 68 for further detail.

Prioritise

Once identified, CRROs are subsequently prioritised by applying qualitative factors including the significance of portfolio exposure, sensitivity to climate drivers and potential financial or strategic impact. This prioritisation is undertaken within the context of the Group's broader risk and financial materiality framework, enabling climate-related risks to be assessed and prioritised relative to other material risks.

Sustainability Report.

Risk rating methodology

Climate-related risks which have been identified for prioritisation are assigned inherent risk ratings based on the nature of the exposure, the likelihood of occurrence and the magnitude of potential impacts. The rating represents the level of exposure before considering the effect of controls, management actions or mitigating activities. Ratings are determined using the Group's risk rating methodology, which considers both likelihood and impact. These risks are then incorporated into the Sustainability Risk Register and are monitored by management on an ongoing basis.

Climate-related opportunities

Climate-related opportunities are identified through the Group's existing risk and strategy processes. These include consideration of market and transition dynamics associated with the shift to a lower-emissions economy and the potential impacts to the Group's lending portfolios. In the current reporting period, no material climate-related opportunities were identified that could reasonably be expected to affect Group's prospects.

Climate risk management roadmap

In the current reporting period, the Group has focused on progressing implementation of its climate risk management roadmap. The roadmap describes how sustainability-related governance and risk management can be embedded across the Group. This includes establishing a qualitative sustainability risk appetite and undertaking qualitative CSA, ensuring potential risk impacts are identified, assessed and prioritised.

The Group continues to develop its capabilities in climate risk management, including the expansion of scenario analysis, enhancement of data quality, and further integration into strategic planning and risk processes.

Sustainability Report.

Metrics & targets.

The Group adopts a measurement approach that aligns with both prevailing market and banking-industry practice, ensuring that reporting remains comparable. The following outlines the Group's climate-related metrics and targets.

There have been no changes to the measurement approach, inputs or assumptions used to estimate GHG emissions in the current reporting period. For further detail on the inputs, methods and assumptions used in estimating the GHG emissions refer to the measurement approach section detailed on page 73 of the report.

Emissions reporting boundary

The Group uses the operational control approach in determining its organisational and operational boundary for the purposes of measuring and disclosing GHG emissions. This approach provides the most accurate reflection of the emissions BOQ can directly influence, and results in the inclusion of all entities in the BOQ Consolidated Group, as disclosed within Note 5.4(a) to the Financial Statements. Accordingly, Scope 1 and Scope 2 GHG emissions represent emissions from activities considered within the Group's operational control. The Group elected to apply the transition relief available under AASB S2 for first year reporting and therefore, has not disclosed Scope 3 emissions in this report for the current or comparative periods.

Scope 1 and Scope 2 emissions performance

The Group measures operational emissions in accordance with the *Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004)* (the **GHG Protocol**).

Scope 1 and Scope 2 operational emissions

Absolute gross GHG emissions for the financial year ended 31 August (tCO ₂ -e)	2026	2025
Scope 1 emissions	237	270
Scope 2 emissions – location-based	2,425	2,785
Scope 2 emissions – market-based	-	-

Scope 1 GHG emissions

Scope 1 emissions arise from direct sources owned or controlled by the Group, this includes fuel consumed by the vehicle fleet.

Scope 2 GHG emissions

Scope 2 emissions arise from the generation of purchased electricity consumed by the Group in undertaking its operations, this includes electricity consumed at branches and offices. Under the GHG Protocol, Scope 2 emissions are calculated using two distinct methods, which are reported separately.

The location-based method estimates emissions from the consumption of electricity, reflecting the average emissions intensity of grids on which energy consumption occurs. Where electricity is acquired through an electricity grid, consumption activity data is multiplied by relevant emissions factors to calculate the location-based emissions.

Market-based emissions reflect the electricity products and renewable energy instruments the Group chooses to purchase, rather than the average emissions intensity of the electricity grid from which it consumes electricity. This reflects the Group's procurement of renewable electricity products such as GreenPower® and eligible renewable energy certificates such as Large-scale Generation Certificates (**LGCs**). The Bank is committed to source the equivalent of 100 per cent of electricity demands from renewables for the relevant reporting period by procuring and surrendering LGCs.

During the reporting period, the procurement of Greenpower® accounted for 2,077MWh of total electricity purchased and the Bank applied a further 943 MWh of LGCs to achieve zero Scope 2 market-based emissions. LGCs applied in the reporting period include 379 MWh of LGCs that were acquired and surrendered in previous reporting periods and 564MWh of LGCs acquired and surrendered during the reporting period. This is consistent with the approach the Bank has taken to achieving zero Scope 2 market-based emissions since the year ended 31 August 2024. Accordingly, the Bank considers this to represent the continuation of an established procurement commitment rather than an emissions reduction target.

Sustainability Report.

Other climate-related metrics

Capital deployment

During the reporting period, the Bank has not deployed material capital expenditure, financing or investment specifically to the management of CRROs. Expenditure for the period was immaterial and is primarily comprised of supporting foundational data, governance and reporting capability for the Group's climate-related disclosures and broader sustainability program.

Internal carbon price

The Group does not currently apply an internal carbon price to inform business or investment decision-making.

Climate-related transition risks

The Group has quantified its exposure to transition risk by assessing the amount and percentage of lending associated with emissions-intensive industries.

Based on this assessment, the Group has identified that lending to the agriculture sector (\$1.0bn, 1.1 per cent of total assets) and the medium and heavy vehicles sector (\$0.2bn, 0.2 per cent of total assets) represent the highest vulnerability to transition risk. These sectors do not currently have credible, science-aligned pathways to net zero, and as such, the Group considers these exposures to carry elevated transition risk over the medium to long term.

Climate-related physical risks

As at 31 August 2026, the Group has not completed quantitative analysis to assess its vulnerability to physical climate risks. Consistent with the approach outlined in the CRROs section of this report, the Group applied a qualitative assessment in the current period. The Group intends to progressively enhance its physical risk assessment capabilities as data and methodologies mature.

Climate-related opportunities

As at 31 August 2026, the Bank has not identified any material climate-related opportunities that could reasonably be expected to affect the Group's prospects.

Emissions targets

Status and monitoring of climate-related targets

As at the reporting date, the Group has not established formal climate-related targets for the purpose of monitoring performance against CRROs. This includes GHG emissions reduction targets, financed emissions targets, or other transition-related quantitative commitments.

In the prior voluntary reporting period, the Group outlined its intention to establish climate-related targets in FY26. The CRROs identified in the current year presently do not require any change to the Group's strategy or business model. The Group will work to further strengthen underlying data, measurement approaches and governance processes to support the development of decision-useful targets. Over time, and as this foundation continues to mature, development of climate-related targets will be revisited.

The Group holds an immaterial amount of carbon credits from residual commitments. The Group previously acquired and retired carbon credits to offset operational emissions and if targets are established in the future, will review the role of offsets within the Group's strategy.

Sustainability Report.

Measurement approach

Scope 1 and scope 2 emissions

Scope	Method	Emissions factor	Activity data	Key judgements and assumptions
Scope 1	Average-data	Emissions factors are obtained from the most recent Australian National Greenhouse Accounts (NGA) ⁽¹⁾ factors available at the beginning of the reporting period and are applied across all Scope 1 and Scope 2 emissions measurement.	Activity data utilised in the calculation of GHG emissions is obtained from third party records such as invoices, contracts, supplier statements or the Australian Clean Energy Regulator's REC Registry and are supplemented by management estimates where data is not available.	Calculated by multiplying the amount of fuel combusted by relevant energy conversion and emission factors. Where activity data is not available, energy usage may be estimated based on extrapolating available data.
Scope 2 (Location-based) ⁽²⁾	Activity-based			- Electricity consumption is determined using invoice data where available, followed by estimates based on net lettable area and then full-time equivalent employee numbers. - Electricity consumption associated with the Group's electric vehicle fleet was modelled based on the fuel efficiency (kWh per 100km) of each vehicle model and an estimated annual distance travelled.
Scope 2 (Market-based)	Activity-based			- Electricity consumption is determined using invoice data where available, followed by estimates based on net lettable area and then full-time equivalent employee numbers. - Electricity consumption associated with the Group's electric vehicle fleet was modelled based on the fuel efficiency (kWh per 100km) of each vehicle model and an estimated annual distance travelled.

(1) The Group has determined NGA factors to be the most appropriate and verifiable factors. They are regularly published by the Australian Government, ensuring current, transparent and nationally consistent data aligning to Australia's GHG inventory which is published at: <https://www.dcccew.gov.au/climate-change/publications/national-greenhouse-accounts-factors-2025>.

(2) Emissions from landlord-provided heating and cooling for leased assets over which the Group has no operational control are recorded as Scope 3 operational GHG emissions (Category 8).

Directors' declaration.

The Directors declare that in the Directors' opinion, Bank of Queensland Limited has taken reasonable steps to ensure the substantive provisions of the Sustainability Report for the financial year ended 31 August 2026 set out on pages 56 to 73 are in accordance with the *Corporations Act 2001* (Cth), including:

- a) section 296C of the act (compliance with the Australian Sustainability Reporting Standard AASB S2 *Climate-related Disclosures*);
- b) section 296D of the act (climate statement disclosures); and
- c) as modified by section 1707C.

This declaration is made in accordance with a resolution of the Directors.



Andrew Fraser
Chair
14 October 2026



Rod Finch
Managing Director & CEO
14 October 2026

Independent Auditor's Report.

For the year ended 31 August 2026



Independent Auditor's Review Report on specified Sustainability Disclosures

To the Members of Bank of Queensland Limited

Review Conclusion

We have conducted a review of the following specified Sustainability Disclosures in the Sustainability Report of Bank of Queensland Limited (the Company) and its controlled entities (together, the Group) for the year ended 31 August 2026 as required by Australian Standard on Sustainability Assurance ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* issued by the Auditing and Assurance Standards Board (AUASB):

Specified Sustainability Disclosures	Reporting requirement of Australian Sustainability Reporting Standard AASB S2 <i>Climate-related Disclosures</i> (AASB S2) (including related general disclosures required by Appendix D)	Location in Sustainability Report
Governance	Paragraph 6	The governance disclosures presented on pages 59 to 60.
Strategy (risks and opportunities)	Subparagraphs 9(a), 10(a) and 10(b)	The following physical risk on page 62: - Acute and chronic climate hazards impacting customers, operations and insurance The following transition risks on pages 63 and 64: - Transition risk impacts from customer exposures and funding market expectations - Evolving regulation, disclosure and conduct risk The information presented under the sub-heading 'CRRO identification and analysis' on page 61.
Scope 1 and 2 emissions	Subparagraphs 29(a)(i)(1) to (2) and 29(a)(ii) to (v)	The following emissions disclosures: - Scope 1 emissions – 237 tCO₂e - Scope 2 emissions (location-based) – 2,425 tCO₂e - Scope 2 emissions (market-based) – 0 tCO₂e The information presented under the heading 'Measurement approach' on page 73.

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Independent Auditor's Report.

For the year ended 31 August 2026



The requirements of AASB S2, identified in the table above, form the criteria relevant to the specified Sustainability Disclosures and apply under Division 1 of Part 2M.3 of the *Corporations Act 2001* (the Act).

We have not become aware of any matter in the course of our review that makes us believe that the Sustainability Disclosures specified in the table above do not comply with Division 1 of Part 2M.3 of the *Corporations Act 2001*.

Basis for Conclusion

Our review has been conducted in accordance with Australian Standard on Sustainability Assurance ASSA 5000 *General Requirements for Sustainability Assurance Engagements* (ASSA 5000) issued by the AUASB. Our review includes obtaining limited assurance about whether the specified Sustainability Disclosures are free from material misstatement.

In applying the relevant criteria, we note that subsection 296C(1) of the Act includes a requirement to comply with AASB S2.

Our conclusion is based on the procedures we have performed and the evidence we have obtained in accordance with ASSA 5000. The procedures in a review vary in nature and timing from, and are less in extent than for, an audit. Consequently, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained had an audit been performed. See the 'Summary of the Work Performed' section of our report below.

Our responsibilities under ASSA 5000 are further described in the Auditor's Responsibilities section of this report.

We are independent of the Company in accordance with the applicable ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code), together with the ethical requirements in the Act, that are relevant to our review of the specified Sustainability Disclosures and public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our firm applies Australian Standard on Quality Management ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Independent Auditor's Report.

For the year ended 31 August 2026



Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report for the year ended 31 August 2026, but does not include the specified Sustainability Disclosures and our auditor's report thereon.

Our conclusion on the specified Sustainability Disclosures does not cover the other information and we do not express any form of assurance conclusion thereon. We have issued a separate opinion on the Financial Report including the Remuneration Report included in the Annual Report.

In connection with our review of the specified Sustainability Disclosures, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the specified Sustainability Disclosures, or our knowledge obtained when conducting the review, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities for the specified Sustainability Disclosures

The directors of the Company are responsible for:

- The preparation of the specified Sustainability Disclosures in accordance with the Act; and
- Designing, implementing and maintaining such internal control necessary to enable the preparation of the specified Sustainability Disclosures, in accordance with the Act, that are free from material misstatement whether due to fraud or error.

Inherent Limitations in preparing the specified Sustainability Disclosures

Sustainability information may be subject to more inherent limitations than financial information, given both its nature and the methods used for determining, calculating, and estimating such information. Different acceptable methods have varying precision and can affect the comparability of sustainability information across entities and over time.

In addition, greenhouse gas emissions quantification is subject to inherent uncertainty, which arises because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

The specified Sustainability Disclosures in relation to Strategy (risks and opportunities) have been prepared using assumptions about future events, and management's actions, that may not occur.

Independent Auditor's Report.

For the year ended 31 August 2026



Auditor's Responsibilities

Our objectives are to plan and perform the review to obtain limited assurance about whether the specified Sustainability Disclosures are free from material misstatement, whether due to fraud or error, and to issue a review report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the specified Sustainability Disclosures.

As part of a review in accordance with ASSA 5000, we exercise professional judgement and maintain professional scepticism throughout the engagement. We also:

- Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify and assess the risks of material misstatements, whether due to fraud or error, at the disclosure level but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control.
- Design and perform procedures responsive to assessed risks of material misstatement at the disclosure level. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the Work Performed

A review is a limited assurance engagement and involves performing procedures to obtain evidence about the specified Sustainability Disclosures. The nature, timing and extent of procedures selected depend on professional judgement, including the assessed risks of material misstatement at the disclosure level, whether due to fraud or error. In conducting our review, we:

- Inspected the specified Sustainability Disclosures and assessed the completeness and accuracy of these disclosures against the relevant disclosure requirements of AASB S2 and with reference to the knowledge and evidence obtained during the assurance engagement;
- Performed enquiries of management regarding the methodologies, processes and controls for capturing, collating, calculating and reporting the specified Sustainability Disclosures and assessed their alignment with AASB S2 and applicable method and measurement approaches;
- Inspected and assessed, on a sample basis, charters, policies, minutes of meetings regarding the monitoring, management and oversight of climate-related matters, and other underlying evidence supporting the climate-related financial disclosures on governance;
- Performed enquiries of management and examined underlying evidence on a sample basis regarding the approach taken by the Group to:

Independent Auditor's Report.

For the year ended 31 August 2026



- Identify climate-related risks and opportunities;
- Identify material information for disclosure with regards to the Strategy (risks and opportunities) disclosures.
- Performed enquiries of management and examined underlying evidence to assess the completeness and accuracy of the establishment of the organisational boundary, and sources of emissions, in the context of the specified Sustainability Disclosures.
- Performed enquiries of management and examined underlying evidence on a sample basis regarding the estimates, assumptions, conversion factors and greenhouse gas emission factors applied within the calculations of the Scope 1 and 2 emissions;
- Applied analytical procedures to evaluate the Scope 1 and 2 emissions and the underlying activity data, and;
- Performed sample-based testing over the calculations of the Scope 1 and 2 emissions, including testing the activity data utilised within the calculations to third-party records, and other relevant underlying information. These procedures did not include any examination of whether Energy Attribute Certificates applied within these calculations, such as Large-scale Generation Certificates or Renewable Energy Certificates, actually represent renewable electricity generated.

A stylized, handwritten signature of 'PricewaterhouseCoopers' in dark ink.

PricewaterhouseCoopers

A stylized, handwritten signature of 'Craig Stafford' in dark ink.

Craig Stafford
Partner

Sydney
14 October 2026

FINANCIAL PERFORMANCE.

Financial performance.

For the year ended 31 August 2026

1. Financial highlights.

1.1 Reconciliation of cash earnings to statutory profit

Note on cash earnings to statutory profit

Statutory profit is prepared in accordance with the *Corporations Act 2001* and the Australian Accounting Standards, which comply with the International Financial Reporting Standards (**IFRS**). Cash earnings are a non-statutory measure commonly used in the banking industry to assist in presenting a view of the underlying earnings of Bank of Queensland Limited and its controlled entities (**BOQ or the Group**). Cash earnings excluding notable items is a non-statutory measure that further adjusts cash earnings for notable items that management considers are not reflective of the Group's underlying business performance. The intention of this measure is to assist users with understanding the performance of the Group's ongoing business activities and to improve comparability across reporting periods.

Figures disclosed in the Financial performance report are presented on a cash earnings excluding notable items basis, unless stated as being on a statutory profit or other basis. These non-statutory measures have not been subject to an independent audit or review.

The exclusions from cash earnings in FY26 relate to:

- Whole-of-loan sale ⁽¹⁾ – accounting remeasurements associated with the sale of the equipment finance portfolio;
- Branch strategy - conversion costs, associated amortisation of the right-to-operate assets that were acquired as part of the Owner Managed Branch (**OMB**) network, as announced in August 2024 and completed on 1 March 2025, and costs to optimise the network;
- Hedging and fair value changes – represents earnings volatility from changes in the fair value of economic hedges which represent timing differences that will reverse through earnings in the future and ineffectiveness from designated hedge accounting transactions; and
- Amortisation of acquisition fair value adjustments – these arise from the acquisition of subsidiaries.

Notable items refer to:

- Impairment charges related to aged technology assets and low value corporate and branch network assets. ⁽²⁾

⁽¹⁾ Further details can be found in the Group's ASX announcements dated 7 April 2026 and 1 May 2026.

⁽²⁾ Further details can be found in the Group's ASX announcement dated 10 August 2026.

Financial performance.

For the year ended 31 August 2026

1.1 Reconciliation of cash earnings to statutory profit (continued)

a) Reconciliation of cash earnings to statutory net profit after tax

	Year end performance			Half year performance		
	Aug 26 \$m	Aug 25 \$m	Aug 26 vs Aug 25	Aug 26 \$m	Feb 26 \$m	Aug 26 vs Feb 26
Cash earnings after tax	325	383	(15%)	149	176	(15%)
Whole-of-loan sale	(52)	-	large	(21)	(31)	(32%)
Branch strategy	(22)	(43)	(49%)	(14)	(8)	75%
Amortisation of acquisition fair value adjustments	(1)	3	large	(1)	-	large
Hedging and fair value changes	-	(1)	(100%)	1	(1)	large
Goodwill impairment	-	(170)	(100%)	-	-	-
Restructuring costs	-	(25)	(100%)	-	-	-
Remedial Action Plans	-	(14)	(100%)	-	-	-
Statutory net profit after tax	250	133	88%	114	136	(16%)

b) FY26 non-cash earnings reconciling items

	Cash earnings Aug 26 \$m	Whole-of-loan sale \$m	Branch strategy \$m	Amortisation of acquisition fair value adjustments \$m	Statutory net profit Aug 26 \$m
Net interest income	1,520	-	-	7	1,527
Non-interest income	159	-	-	-	159
Total income	1,679	-	-	7	1,686
Operating expenses	(1,145)	(66)	(31)	(8)	(1,250)
Underlying profit	534	(66)	(31)	(1)	436
Loan impairment expense	(54)	-	-	-	(54)
Profit before tax	480	(66)	(31)	(1)	382
Income tax expense	(155)	14	9	-	(132)
Profit after tax	325	(52)	(22)	(1)	250

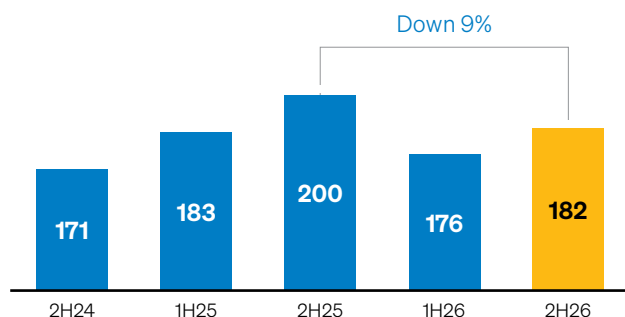
In the financial tables throughout the Financial performance report, 'large' indicates that the absolute percentage change in the balance was greater than 200% or 500 basis points or indicates the result was a gain or positive in one period and a loss or negative in the corresponding period.

Financial performance.

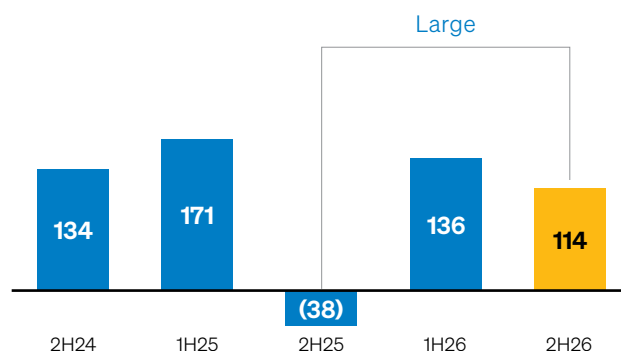
For the year ended 31 August 2026

1.2 Financial summary

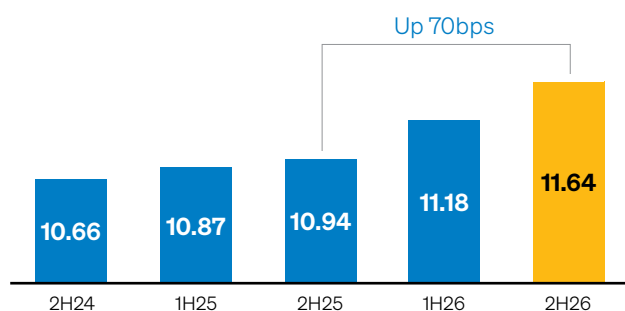
Cash earnings after tax excluding notable items (\$m)



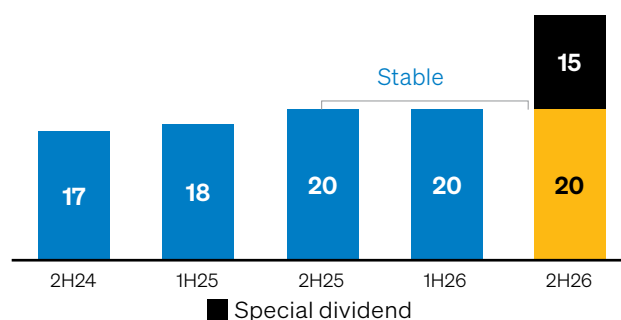
Statutory net profit after tax (NPAT) (\$m)



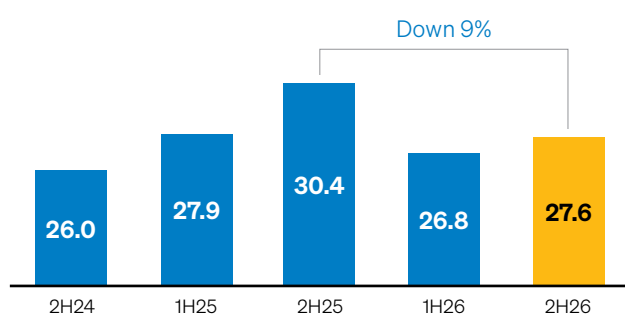
Common equity tier 1 ratio (CET1 ratio) (%)



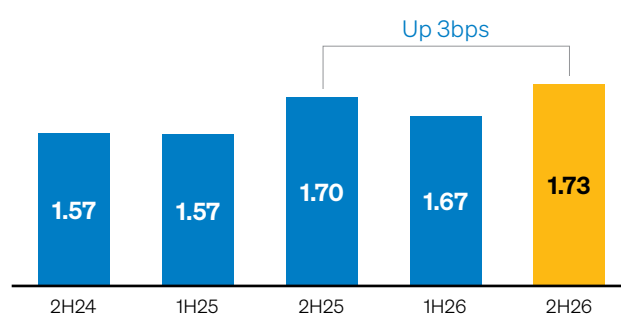
Dividends per ordinary share (cents)



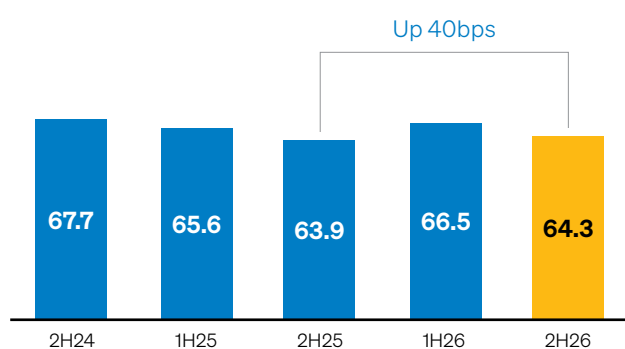
Basic earnings per share (EPS) (cents)⁽¹⁾



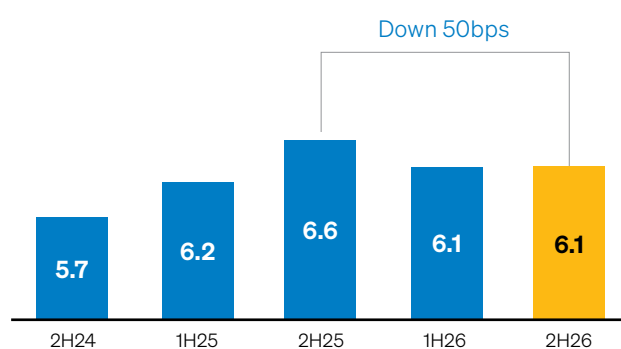
Cash net interest margin (NIM) (%)⁽²⁾



Cost to income ratio (CTI) (%)⁽¹⁾⁽²⁾



Return on average equity (ROE) (%)⁽¹⁾



(1) Measures are on an excluding notable items basis. The comparable measures on a cash earnings and statutory earnings basis are included in section 2.1 Income statement and key metrics.

(2) 2H25 includes the impact of the first period post the conversion of the branch network.

Financial performance.

For the year ended 31 August 2026

1.2 Financial summary (continued)

Net profit after tax

\$358m

Cash earnings excl. notable items

Down 7% on FY25, largely due to a higher loan impairment expense off a low base. Cash earnings including notable items were down 15% on FY25.

\$250m

Statutory NPAT

Up 88% on FY25 primarily due to an impairment of goodwill in FY25 more than offsetting the asset impairment and transaction related charges incurred in FY26.

Cash net interest margin

1.70%

Up 6 basis points on FY25 driven by benefits from the branch conversion and optimisation of funding, partially offset by competition for lending. 2H26 NIM of 1.73% was up 6 basis points on 1H26 due to higher interest rates and funding optimisation, partially offset by lending competition.

Cash operating expenses excl. notable items

\$1,098m

Up 2% on FY25 reflecting inflation, a full year of branch network costs, group-wide transformation activities, investment in business bank growth and higher amortisation. These costs were materially offset by benefits from the Group's productivity program.

Cash loan impairment expense (LIE)

\$54m

Up 157% or \$33 million on FY25 due to the non-recurrence of the FY25 provision release in commercial lending. The asset finance and retail expense remained in line with FY25, with commercial lending and retail loss rates remaining low.

CET1 ratio

11.64%

Up 70 basis points on FY25 driven by cash earnings net of dividends and capital released from the whole-of-loan sale.

Cash ROE excl. notable items

6.1%

Down 30 basis points on FY25 reflecting lower earnings.

Cash earnings after tax excluding notable items were \$358 million in FY26, down \$25 million or 7% on FY25. Cash earnings after tax excluding notable items were \$182 million in 2H26, up \$6 million or 3% on 1H26, reflecting higher revenue and lower operating expenses. The impact of a full year of branch operating costs, inflation and investment in both business bank growth and transformation was largely offset by benefits delivered through the Group's productivity program. LIE increased to \$54 million from a low base in FY25. Statutory net profit after tax of \$250 million was \$117 million or 88% higher than FY25, primarily due to an impairment of goodwill in FY25 more than offsetting an asset impairment and transaction related charges, associated with the equipment finance whole-of-loan sale, incurred in FY26.

Notable items

There is one notable item in 2H26 of \$47 million of impairment charges related to aged technology assets and low value corporate and branch network assets.⁽¹⁾

Net interest income

Net interest income (NII) of \$1,520 million increased by \$5 million, driven by a 6 basis point improvement in net interest margin (NIM) to 1.70%, partially offset by a \$3.1 billion decrease in average interest earning assets (AIEA). The increase in NIM reflected the full year benefits of the branch conversion completed during FY25, funding optimisation and higher returns from the replicating portfolio and unhedged low-cost deposits and capital. This was partially offset by ongoing competition across home and business lending. NIM was up 6 basis points on 1H26 primarily due to funding optimisation, partially offset by competition for lending.

AIEA decreased 3% on FY25, primarily due to an 8% contraction in housing balances and the sale of \$3.6 billion of equipment finance assets. This was partially offset by 16% growth in commercial lending balances as the Group continued to rebalance its portfolio mix towards higher-returning business lending.

Non-interest income

Non-interest income of \$159 million increased by \$17 million or 12% on FY25, reflecting higher business lending fees, increased origination and servicing fees from the capital partnership, and ceasing the revenue share arrangement following the branch conversion in 2H25.

Operating expenses

Operating expenses excluding notable items increased by \$26 million or 2% on FY25, reflecting the full year operating costs of the branch network, investment in business bank growth, group-wide transformation and higher amortisation costs. These costs, as well as inflation and ongoing investment in risk and regulatory programs, were materially offset by savings from productivity initiatives.

Loan impairment expense

Loan impairment expense of \$54 million increased by \$33 million on FY25, primarily due to the non-recurrence of a provision release in commercial lending in FY25. The asset finance expense remained in line with FY25 due to a specific provision for a single large asset finance exposure. Loss rates in retail and commercial remained low.

Capital management

CET1 ratio of 11.64% was 70 basis points higher than FY25 driven by the capital generated through cash earnings net of dividends and capital released from the equipment finance whole-of-loan sale. At 11.64%, the CET1 ratio is above the management target range of 10.25 – 10.75%. On 24 August 2026, the Group paid a special fully franked dividend of 15 cents per share; then commenced an on-market buy-back of shares.⁽¹⁾

Shareholder returns

BOQ has determined to pay a final ordinary dividend of 20 cents per share, which is 72.9% of 2H26 cash earnings excluding notable items. The Board has set a target cash dividend payout ratio of 60-75%.⁽²⁾

(1) Further details can be found in the Group's ASX announcement dated 10 August 2026.

(2) The amount of any dividend paid will be at the discretion of the Board and subject to capital requirements of the business.

Financial performance.

For the year ended 31 August 2026

2. Group performance analysis.

2.1 Income statement and key metrics

	Year end performance			Half year performance		
	Aug 26 \$m	Aug 25 \$m	Aug 26 vs Aug 25	Aug 26 \$m	Feb 26 \$m	Aug 26 vs Feb 26
Net interest income	1,520	1,515	-	765	755	1%
Non-interest income	159	142	12%	82	77	6%
Total income	1,679	1,657	1%	847	832	2%
Operating expenses excl. notable items	(1,098)	(1,072)	2%	(545)	(553)	(1%)
Notable expense items ⁽¹⁾	(47)	-	large	(47)	-	large
Total operating expenses	(1,145)	(1,072)	7%	(592)	(553)	7%
Underlying profit	534	585	(9%)	255	279	(9%)
Loan impairment expense	(54)	(21)	157%	(34)	(20)	70%
Profit before tax	480	564	(15%)	221	259	(15%)
Income tax expense	(155)	(181)	(14%)	(72)	(83)	(13%)
Cash earnings after tax	325	383	(15%)	149	176	(15%)
Notable items after tax	33	-	large	33	-	large
Cash earnings after tax excl. notable items	358	383	(7%)	182	176	3%
Statutory net profit after tax⁽²⁾	250	133	88%	114	136	(16%)

(1) Notable items include impairment charges related to aged technology assets and low value corporate and branch network assets.

(2) Refer to Section 1.1 (a) Reconciliation of cash earnings to statutory profit for a reconciliation of cash earnings to statutory net profit after tax.

Financial performance.

For the year ended 31 August 2026

2.1 Income statement and key metrics (continued)

		Year end performance			Half year performance		
Key metrics		Aug 26	Aug 25	Aug 26 vs Aug 25	Aug 26	Feb 26	Aug 26 vs Feb 26
SHAREHOLDER RETURNS							
Share price	\$	6.53	7.27	(10%)	6.53	7.00	(7%)
Market capitalisation	\$m	4,313	4,809	(10%)	4,313	4,630	(7%)
Dividends per ordinary share (fully franked)	cents	40	38	5%	20	20	-
Special dividend per ordinary share (fully franked)	cents	15	-	large	15	-	large
CASH EARNINGS EXCL. NOTABLE ITEMS							
Basic earnings per share (EPS) ⁽¹⁾	cents	54.4	58.3	(7%)	27.6	26.8	3%
Diluted EPS ⁽¹⁾	cents	51.1	55.7	(8%)	26.0	25.3	3%
Dividend payout ratio ⁽²⁾	%	73.9	65.6	large	72.9	75.1	(220bps)
CASH EARNINGS BASIS							
Basic EPS ⁽¹⁾	cents	49.4	58.3	(15%)	22.6	26.8	(16%)
Diluted EPS ⁽¹⁾	cents	46.8	55.7	(16%)	21.7	25.3	(14%)
Dividend payout ratio ⁽²⁾	%	81.4	65.6	large	89.0	75.1	large
STATUTORY BASIS							
Basic EPS ⁽¹⁾	cents	38.1	20.1	90%	17.4	20.7	(16%)
Diluted EPS ⁽¹⁾	cents	37.2	19.9	87%	17.2	20.1	(14%)
Dividend payout ratio ⁽²⁾	%	105.5	189.7	large	115.4	97.3	large
OTHER METRICS							
Full time equivalent (FTE) - spot ⁽³⁾	#	3,249	3,558	(9%)	3,249	3,394	(4%)
Average interest earning assets (AIEA)	\$m	89,433	92,518	(3%)	87,502	91,395	(4%)
Gross loans and advances (GLA)	\$m	71,914	77,860	(8%)	71,914	76,443	(6%)
Customer deposits	\$m	62,904	66,729	(6%)	62,904	65,275	(4%)
Deposit to loan ratio	%	87	86	100bps	87	85	200bps
Liquidity coverage ratio (LCR) - quarterly average	%	136.30	142.90	large	136.30	140.50	(420bps)
LCR – half year average	%	137.30	142.10	(480bps)	137.30	141.50	(420bps)
Net stable funding ratio (NSFR)	%	123.40	124.20	(80bps)	123.40	123.30	10bps

(1) Basic and diluted EPS are calculated using the weighted average number of shares outstanding in each period. The number of days shares were held varies across periods, causing differentiation in the weighted average number of shares. This may result in full-year EPS not equalling the sum of the two half-year figures.

(2) Dividend payout ratio is calculated based on ordinary dividends declared and excludes the FY26 special dividend.

(3) FTE and operating expenses include the impacts of branch conversion from 2H25.

Financial performance.

For the year ended 31 August 2026

2.1 Income statement and key metrics (continued)

Key metrics	Year end performance			Half year performance			
	Aug 26	Aug 25	Aug 26 vs Aug 25	Aug 26	Feb 26	Aug 26 vs Feb 26	
PROFITABILITY AND EFFICIENCY MEASURES							
CASH EARNINGS EXCL. NOTABLE ITEMS BASIS							
Net profit after tax	\$m	358	383	(7%)	182	176	3%
Underlying profit ⁽¹⁾	\$m	581	585	(1%)	302	279	8%
Cost to income ratio (CTI)	%	65.4	64.7	70bps	64.3	66.5	(220bps)
Return on average equity (ROE)	%	6.1	6.4	(30bps)	6.1	6.1	-
Return on average tangible equity (ROTE) ⁽²⁾	%	7.3	7.9	(60bps)	7.3	7.4	(10bps)
CASH EARNINGS BASIS							
Net profit after tax	\$m	325	383	(15%)	149	176	(15%)
Underlying profit ⁽¹⁾	\$m	534	585	(9%)	255	279	(9%)
NIM ⁽³⁾	%	1.70	1.64	6bps	1.73	1.67	6bps
CTI	%	68.2	64.7	350bps	69.9	66.5	340bps
Loan impairment expense (LIE) to GLA	bps	8	3	5	9	5	4
ROE	%	5.5	6.4	(90bps)	5.0	6.1	(110bps)
ROTE ⁽²⁾	%	6.7	7.9	(120bps)	6.0	7.4	(140bps)
Effective Tax Rate	%	32.3	32.1	20bps	32.6	32.0	60bps
STATUTORY BASIS							
Net profit after tax	\$m	250	133	88%	114	136	(16%)
Underlying profit ⁽¹⁾	\$m	436	298	46%	206	230	(10%)
NIM ⁽³⁾	%	1.71	1.65	6bps	1.74	1.67	7bps
CTI	%	74.1	82.1	large	75.8	72.5	330bps
LIE to GLA	bps	8	3	5	9	5	4
ROE	%	4.3	2.2	210bps	3.9	4.7	(80bps)
ROTE ⁽²⁾	%	5.2	2.8	240bps	4.7	5.7	(100bps)
Effective Tax Rate	%	34.6	52.2	large	large	35.2	large
ASSET QUALITY							
30 days past due (DPD) arrears	\$m	1,264	1,394	(9%)	1,264	1,258	-
90 DPD arrears	\$m	734	815	(10%)	734	727	1%
Impaired assets	\$m	75	94	(20%)	75	84	(11%)
Specific provisions to impaired assets	%	60	51	large	60	63	(300bps)
Normalised total provision / GLA ⁽⁴⁾	bps	38	37	1	38	36	2
Total provision / GLA	bps	38	39	(1)	38	39	(1)
CAPITAL							
CET1 ratio	%	11.64	10.94	70bps	11.64	11.18	46bps
Total capital adequacy ratio	%	16.29	15.18	111bps	16.29	15.39	90bps
Risk weighted assets (RWA)	\$m	38,342	40,140	(4%)	38,342	40,314	(5%)

(1) Profit before loan impairment expense and tax.

(2) Based on net profit applied to average shareholders' equity less goodwill and identifiable intangible assets.

(3) NIM is calculated net of offset accounts.

(4) Prior periods have been adjusted to exclude equipment finance and ME unsecured portfolios subsequently sold.

Financial performance.

For the year ended 31 August 2026

2.2 Net interest income

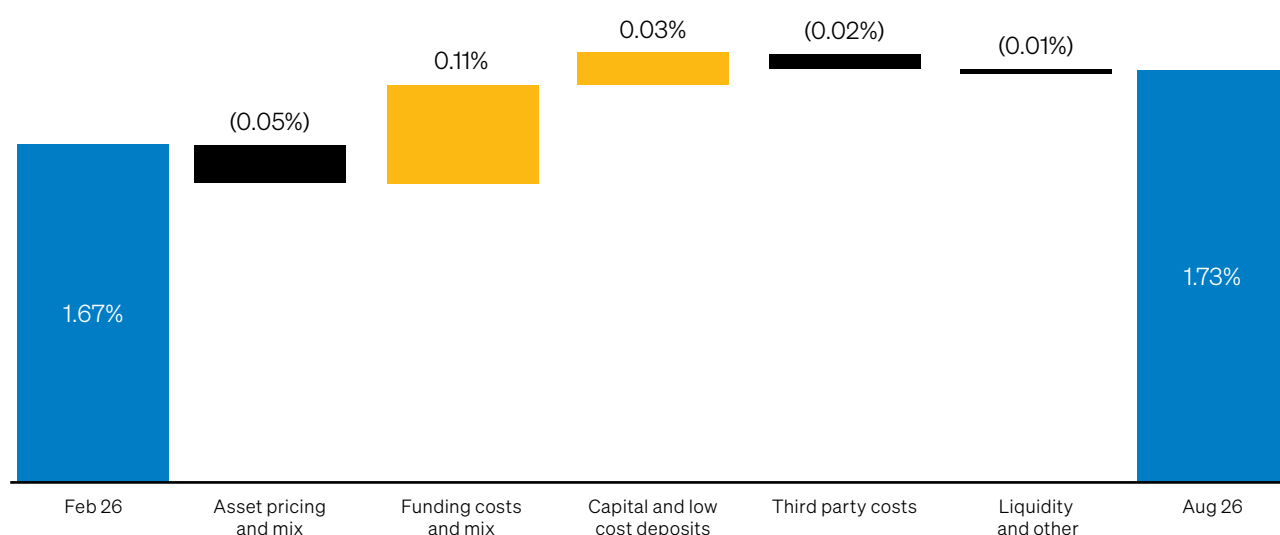
		Year end performance			Half year performance		
		Aug 26	Aug 25	Aug 26 vs Aug 25	Aug 26	Feb 26	Aug 26 vs Feb 26
Net interest income ⁽¹⁾	\$m	1,520	1,515	-	765	755	1%
AIEA	\$m	89,433	92,518	(3%)	87,502	91,395	(4%)
NIM	%	1.70	1.64	6bps	1.73	1.67	6bps

(1) Refer to Section 1.1 (b) FY26 Non-cash earnings reconciling items for a reconciliation of cash net interest income to statutory net interest income.

Net interest income of \$1,520 million increased by \$5 million on FY25, reflecting a 6 basis point improvement in NIM, partially offset by a 3% decline in AIEA. The increase in NIM was driven by the full year benefit of the branch conversion, funding optimisation, and cash rate increases benefitting both the replicating portfolio and the unhedged low-cost deposit and capital portfolios. AIEA decreased by \$3.1 billion or 3% on FY25, primarily due to the equipment finance whole-of-loan sale and the net contraction in lending balances as the Group continued to shift its portfolio mix from home lending to business lending.

Net interest income of \$765 million in 2H26 increased by \$10 million or 1% on 1H26, driven by a 6 basis points increase in NIM, partially offset by a 4% decline in AIEA.

Net interest margin - 1H26 to 2H26



NIM in 2H26 of 1.73% was up 6 basis points on 1H26. The key drivers of the movement within NIM are set out below.

Asset pricing and mix (-5bps): Driven by continued competitive pressure in housing and commercial lending, and impacts from the equipment finance whole-of-loan sale, partially offset by mix benefits from continued rebalancing of the portfolio towards business lending.

Funding costs and mix (+11bps): Improved funding mix due to a higher proportion of deposit funding and benefits from optimising the Group's at-call, retail term deposits and wholesale funding portfolios following the equipment finance whole-of-loan sale.

Capital and low-cost deposits (+3bps): The invested and uninvested capital and low-cost deposit portfolios continued to benefit from the replicating portfolio and the impacts of higher cash rates on the uninvested portfolio.

Third party costs (-2bps): This was primarily driven by the non-recurrence of one-off reductions in brokerage and amortisation expenses noted in 1H26.

Liquidity and other (-1bps): An increase in lower yielding, high-quality liquid assets (**HQLA**) balances was partially offset by improvements in cash-bills spreads.

Financial performance.

For the year ended 31 August 2026

2.3 Non-interest income

	Year end performance			Half year performance		
	Aug 26 \$m	Aug 25 \$m	Aug 26 vs Aug 25	Aug 26 \$m	Feb 26 \$m	Aug 26 vs Feb 26
Banking income	84	77	9%	41	43	(5%)
Other income	72	64	13%	41	31	32%
Trading income	3	1	200%	-	3	(100%)
Non-interest income⁽¹⁾	159	142	12%	82	77	6%

(1) Refer to Section 1.1 (b) FY26 Non-cash earnings reconciling items for a reconciliation of cash non-interest income to statutory non-interest income.

Non-interest income of \$159 million was up \$17 million or 12% on FY25. This was driven by:

Banking income of \$84 million increased by \$7 million or 9% on FY25, largely driven by higher business lending fees and the full year benefit from ceasing the revenue share arrangement following branch conversion in 2H25.

Other income of \$72 million increased by \$8 million or 13% on FY25 driven by fees from the equipment finance whole-of-loan sale and benefits following the branch conversion, partially offset by transition activities temporarily impacting origination across third party credit card and insurance products.

Trading income of \$3 million increased by \$2 million on FY25.

Financial performance.

For the year ended 31 August 2026

2.4 Operating expenses

	Year end performance			Half year performance		
	Aug 26 \$m	Aug 25 \$m	Aug 26 vs Aug 25	Aug 26 \$m	Feb 26 \$m	Aug 26 vs Feb 26
Salaries and on costs	544	529	3%	275	269	2%
Employee share programs and other	13	17	(24%)	5	8	(38%)
Employee expenses	557	546	2%	280	277	1%
Information technology services	242	232	4%	119	123	(3%)
Amortisation - intangible assets	96	81	19%	53	43	23%
Depreciation - fixed assets	2	3	(33%)	1	1	-
Technology expenses	340	316	8%	173	167	4%
Marketing	40	39	3%	18	22	(18%)
Communications, print and stationery	23	32	(28%)	10	13	(23%)
Processing costs	23	17	35%	13	10	30%
Other	31	37	(16%)	12	19	(37%)
Operational expenses	117	125	(6%)	53	64	(17%)
Occupancy expenses	52	52	-	23	29	(21%)
Administration expenses	32	33	(3%)	16	16	-
Operating expenses excl. notable items	1,098	1,072	2%	545	553	(1%)
Notable items ⁽¹⁾	47	-	large	47	-	large
Total operating expenses ⁽²⁾	1,145	1,072	7%	592	553	7%
Cash CTI ratio (%)	68.2	64.7	350bps	69.9	66.5	340bps
Cash CTI ratio excluding notable items (%)	65.4	64.7	70bps	64.3	66.5	(220bps)
Total FTE	3,249	3,558	(9%)	3,249	3,394	(4%)

(1) Notable items include impairment charges related to aged technology assets and low value corporate and branch network assets.

(2) Refer to Section 1.1 (b) "FY26 Non-cash earnings reconciling items" for a reconciliation of cash operating expenses to statutory operating expenses.

Summary

Operating expenses increased by \$73 million or 7% on FY25. Excluding notable items, operating expenses increased by \$26 million or 2%. This reflects the full year cost of running the branch network which was converted during FY25, investment in business bank growth, group-wide transformation and higher amortisation. These costs, as well as inflation and ongoing investment in risk and regulatory programs, were materially offset by savings from productivity initiatives.

Employee expenses

Employee expenses of \$557 million increased by \$11 million or 2% on FY25. The increase was driven by a full year of running the branch network, inflation, investment in business bankers and risk and regulatory programs. This was partially offset by benefits driven by transformation and simplification of the operating model, including the benefit of new outsourcing arrangements. These changes resulted in an FTE decrease of 9% on FY25.

Technology expenses

Technology expenses of \$340 million increased by \$24 million or 8% on FY25. The increase in amortisation and information technology services reflects investment in digital transformation. Inflation and higher software licensing costs were materially offset by savings from productivity initiatives.

Operational expenses

Operational expenses of \$117 million decreased by \$8 million or 6% on FY25, driven by savings from productivity initiatives. The increase in processing costs reflects new outsourcing arrangements with strategic partners, the benefits of which are reflected in Employee expenses and Technology expenses.

Occupancy expenses

Occupancy expenses of \$52 million were flat on FY25. Higher costs driven by the conversion of branch sites were offset by the continued optimisation of the Group's property footprint. Occupancy expenses were \$6 million or 21% lower than 1H26 mainly due to optimisation of the branch and corporate footprint.

Administration expenses

Administration expenses of \$32 million decreased by \$1 million or 3% on FY25 primarily driven by lower project related consulting costs following the achievement of key transformation milestones.

Financial performance.

For the year ended 31 August 2026

2.5 Investment expenditure

	Year end performance			Half year performance		
	Aug 26 \$m	Aug 25 \$m	Aug 26 vs Aug 25	Aug 26 \$m	Feb 26 \$m	Aug 26 vs Feb 26
Expensed investment expenditure ⁽¹⁾	62	88	(30%)	34	28	21%
Capitalised investment expenditure	118	100	18%	69	49	41%
Total investment expenditure	180	188	(4%)	103	77	34%
Software intangible assets	423	460	(8%)	423	485	(13%)
Assets under construction	117	107	9%	117	88	33%
Total carrying value of technology assets	540	567	(5%)	540	573	(6%)

(1) Expensed investment expenditure in FY25 includes the pre-tax increase in the Remedial Action Plan provision, which is a non-cash item. Refer to Note 4.2 Provisions and contingent liabilities in the statutory financial statements for further details.

Total investment expenditure of \$180 million in FY26 was \$8 million or 4% lower than FY25. Investment expenditure of \$103 million in 2H26 was \$26 million or 34% higher than 1H26. During the period, the Group progressed with developing its digital deposit and home lending offerings, its business banking origination and risk management capabilities, transitioning to a new technology and operations outsource partner and continued investment in risk and compliance.

The carrying value of technology assets decreased by \$27 million or 5% to \$540 million compared to FY25. This reflects amortisation and the impairment of aged technology assets. ME migration was completed, with customers migrated to the digital bank. The Group expects to complete decommissioning of ME core heritage platforms in calendar year 2026. The Group continued to progress the delivery of its Remedial Action Plans, having completed approximately 74% of activities.

2.6 Lending

	As at				
	Aug 26 \$m	Feb 26 \$m	Aug 25 \$m	Aug 26 vs Feb 26	Aug 26 vs Aug 25
Housing lending	48,270	50,145	52,052	(4%)	(7%)
Housing lending - APS 120 qualifying securitisation ⁽¹⁾	4,598	5,117	5,449	(10%)	(16%)
	52,868	55,262	57,501	(4%)	(8%)
Commercial lending	15,238	14,110	13,176	8%	16%
Asset finance	3,712	6,966	7,011	(47%)	(47%)
Consumer	96	105	172	(9%)	(44%)
Gross loans and advances	71,914	76,443	77,860	(6%)	(8%)
Provisions for impairment	(274)	(298)	(307)	(8%)	(11%)
Net loans and advances	71,640	76,145	77,553	(6%)	(8%)

(1) Securitised loans subject to capital relief under APRA's Prudential Standard APS 120 Securitisation (APS 120).

Gross loans and advances of \$71.9 billion contracted by \$5.9 billion or 8% on FY25, driven by the \$3.6 billion equipment finance whole-of-loan sale completed in 2H26, and lower housing lending balances. Housing balances decreased by \$4.6 billion or 8% on FY25, reflecting lower settlement volumes and higher portfolio run-off. Commercial lending increased by \$2.1 billion or 16% reflecting above-system growth. Excluding the \$3.6 billion equipment finance whole-of-loan sale, asset finance grew \$321 million or 5%. Consumer lending contracted \$76 million or 44% on FY25, following the closure and subsequent sale of the ME credit card and personal loans portfolios.

Financial performance.

For the year ended 31 August 2026

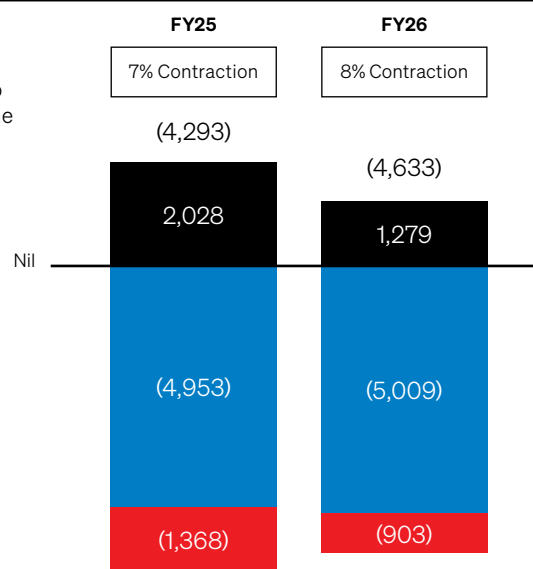
2.6 Lending (continued)

Growth in housing lending (\$m)

The housing portfolio contracted \$4.6 billion or 8% on FY25 reflecting lower settlement volumes and higher portfolio run-off in a period of significant transformation activity. This included the ongoing transition of originations to the digital platform, migration of ME customers from legacy platforms, and the transition of operational activities to a new outsource partner.

In 2H26, housing application volumes and portfolio run-off improved, providing a stronger foundation for the planned return to home lending growth in FY27.

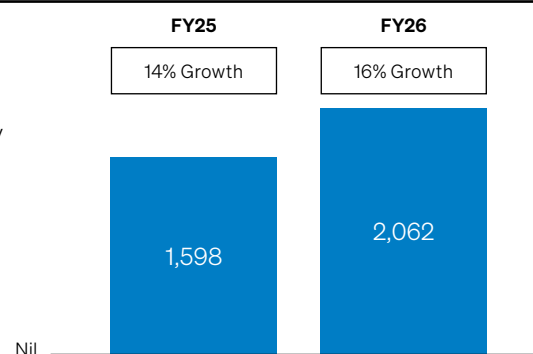
The Group remains focused on optimising and scaling the digital platform through phased market launches, continued product and process simplification and improved customer experience.



Growth in commercial lending (\$m)

Commercial lending balances grew \$2.1 billion or 16% on FY25. Commercial lending delivered strong growth while maintaining disciplined risk-adjusted returns. Growth was across a diverse range of industries and businesses, with lending well secured by property. FY26 growth was enabled by the investment and expansion of the banker footprint and continued focus on key growth corridors.

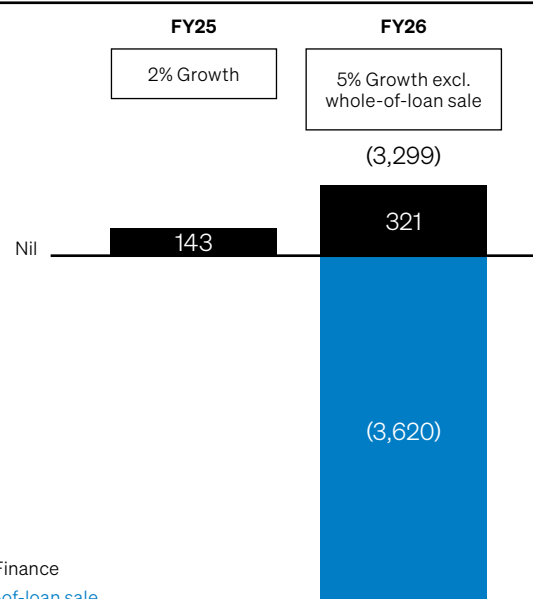
BOQ continues to focus on specialist segments of healthcare, agribusiness and diversified industry business segments and supports both family owned businesses and larger commercial clients.



Growth in asset finance (\$m)

Asset finance balances contracted \$3.3 billion or 47% on FY25 due to the equipment finance whole-of-loan sale of \$3.6 billion to a capital partner. Excluding the sale, asset finance grew by \$0.3 billion or 5% on FY25.

The commencement of the capital partnership allows the Group to leverage its capability in originating and servicing equipment finance facilities, while underlying direct credit risk exposure will be held by the capital partner for facilities originated through the partnership. The growth in the on-balance sheet asset finance portfolio was driven by strong growth in the structured finance portfolio of \$262 million reflecting strong relationships across the novated leasing sector and continued demand for electric vehicles.



Financial performance.

For the year ended 31 August 2026

2.7 Customer deposits

	As at				
	Aug 26 \$m	Feb 26 \$m	Aug 25 \$m	Aug 26 vs Feb 26	Aug 26 vs Aug 25
Transaction accounts ⁽¹⁾	5,164	5,406	5,236	(4%)	(1%)
Term deposits	18,667	20,965	22,350	(11%)	(16%)
Savings and investment accounts	33,617	33,283	33,551	1%	-
Sub-total	57,448	59,654	61,137	(4%)	(6%)
Mortgage offsets ^{(1) (2)}	5,456	5,621	5,592	(3%)	(2%)
Customer deposits	62,904	65,275	66,729	(4%)	(6%)
Deposit to loan ratio	87%	85%	86%	2%	1%

(1) Comparative periods have been restated to reflect mortgage offset balances which were previously reported as transaction accounts. Transaction account balances presented for Aug 25 and Feb 26 were reduced by \$186 million and \$143 million, respectively, with corresponding increases to mortgage offset balances.

(2) Mortgage offset balances are netted against home loans for the purposes of customer interest payments.

Customer deposits

Customer deposits of \$62.9 billion decreased by \$3.8 billion or 6% on FY25 reflecting lower funding requirements as housing lending volumes contracted and the focus on funding optimisation following the equipment finance whole-of-loan sale. The Group has maintained strong funding diversification with the deposit to loan ratio increasing to 87%.

Transaction accounts

Transaction accounts were broadly in line with FY25, and decreased by \$242m or 4% on 1H26 due to elevated end of financial year and seasonal outflows.

Term deposits

Term deposits decreased by \$3.7 billion or 16% on FY25 reflecting lower funding requirements and pausing term deposit origination on a number of legacy portfolios while digital term deposits were introduced.

Savings and investment accounts

Savings and investment accounts were stable on FY25 with growth in digital deposits offset by contraction in legacy portfolios.

Mortgage offsets

Mortgage offsets decreased by \$0.1 billion or 2% on FY25.

Financial performance.

For the year ended 31 August 2026

3. Business settings.

3.1 Asset quality

		As at				
PROVISION COVERAGE		Aug 26	Feb 26	Aug 25	Aug 26 vs Feb 26	Aug 26 vs Aug 25
Specific provision (SP)	\$m	45	53	48	(15%)	(6%)
Collective provision (CP)	\$m	229	245	259	(7%)	(12%)
Total provision	\$m	274	298	307	(8%)	(11%)
SP to impaired assets	%	60	63	51	(300bps)	large
Total provisions / impaired assets	%	365	355	327	large	large
CP / Total RWA	bps	60	61	65	(1)	(5)
Normalised total provision / GLA ⁽¹⁾	bps	38	36	37	2	1
Total provision / GLA	bps	38	39	39	(1)	(1)
IMPAIRED ASSETS						
Total impaired assets	\$m	75	84	94	(11%)	(20%)
Total impaired assets / GLA	bps	10	11	12	(1)	(2)

(1) Prior periods have been adjusted to exclude equipment finance and ME unsecured portfolios subsequently sold.

Provision coverage

Total provisions of \$274 million decreased by \$33 million or 11% on FY25, primarily driven by portfolio sales.

Specific provisions of \$45 million decreased by \$3 million or 6% on FY25. Specific provisions across retail and commercial remained subdued in FY26 due to strong net property values over recent years and prudent lending standards. This was offset by an increase in asset finance provisions primarily driven by one large exposure.

Collective provisions of \$229 million decreased by \$30 million or 12% on FY25, primarily driven by the sale of ME unsecured portfolio and the equipment finance whole-of-loan sale. Excluding the impact of the sales, collective provisions increased by \$2 million over the year and \$7 million over 2H26. On a like-for-like basis, retail coverage increased during FY26, as uncertainty in the economic outlook was reflected in updated economic scenarios. Commercial and asset finance coverage remained relatively stable throughout FY26. Economic forecasts and scenario weightings cater for uncertainties in the outlook and the possibility of a downturn.

Specific provisions (\$m)

PORTFOLIO		Retail	Commercial	Asset finance	Total
Aug 25	\$m	8	20	20	48
Realisation and other ⁽¹⁾	\$m	(3)	(5)	(11)	(19)
New specific	\$m	1	2	21	24
Feb 26	\$m	6	17	30	53
Realisation and other ⁽¹⁾	\$m	(1)	(2)	(18)	(21)
New specific	\$m	1	2	10	13
Aug 26	\$m	6	17	22	45

(1) Includes realisations and movements within existing provisions.

Financial performance.

For the year ended 31 August 2026

3.1 Asset quality (continued)

Impaired assets

PORTFOLIO		Retail	Commercial	Asset finance	Total
Aug 25	\$m	22	44	28	94
Realisation and other ⁽¹⁾	\$m	(12)	(16)	(14)	(42)
New impaired	\$m	6	2	24	32
Feb 26	\$m	16	30	38	84
Realisation and other ⁽¹⁾	\$m	(6)	(5)	(21)	(32)
New impaired	\$m	6	5	12	23
Aug 26	\$m	16	30	29	75

(1) Includes realisations and movements within existing provisions.

BOQ impaired assets of \$75 million decreased by \$19 million or 20% on FY25. Reductions were observed across retail and commercial portfolios reflecting low levels of new specific provision activity, which was offset by a small increase in asset finance, primarily driven by one large exposure.

Loan impairment expense

PORTFOLIO		Year end performance			Half year performance		
		Aug 26	Aug 25	Aug 26 vs Aug 25	Aug 26	Feb 26	Aug 26 vs Feb 26
Retail lending ⁽¹⁾	\$m	5	3	67%	12	(7)	large
Commercial lending	\$m	10	(22)	large	7	3	133%
Asset finance	\$m	39	40	(3%)	15	24	(38%)
Total loan impairment expense	\$m	54	21	157%	34	20	70%
Total loan impairment expense / GLA ⁽²⁾	bps	8	3	5	9	5	4

(1) Retail lending includes both housing and consumer lending.

(2) Half yearly ratios are annualised.

The loan impairment expense of \$54 million increased by \$33 million on FY25. This was driven by the non-recurrence of a provision release in commercial lending in FY25 and the asset finance expense remaining elevated. The asset finance expense was higher in 1H26 primarily due to a specific provision raised on one large exposure. The increase in the retail expense in 2H26 was off a low base and due to increased collective provisions to cater for further uncertainty in the economic outlook. Retail and commercial loan impairment expenses remain well below long-run averages.

Financial performance.

For the year ended 31 August 2026

3.1 Asset quality (continued)

Arrears

Key metrics		Aug 26 portfolio balance \$m	Aug 26	Feb 26	Aug 25	Aug 26 vs Feb 26	Aug 26 vs Aug 25
Total lending - portfolio balance	\$m		71,914	76,443	77,860	(6%)	(8%)
30 days past due	\$m		1,264	1,258	1,394	-	(9%)
90 days past due	\$m		734	727	815	1%	(10%)
Proportion of portfolio							
30 days past due: GLAs			1.76%	1.65%	1.79%	11bps	(3bps)
90 days past due: GLAs			1.02%	0.95%	1.05%	7bps	(3bps)
BY PORTFOLIO							
30 days past due: GLAs (Retail) ⁽¹⁾		52,964	1.87%	1.76%	1.93%	11bps	(6bps)
90 days past due: GLAs (Retail) ⁽¹⁾			1.05%	1.00%	1.14%	5bps	(9bps)
30 days past due: GLAs (Commercial)		15,238	1.14%	1.10%	1.34%	4bps	(20bps)
90 days past due: GLAs (Commercial)			0.79%	0.79%	0.74%	-	5bps
30 days past due: GLAs (Asset finance)		3,712	2.81%	1.88%	1.55%	93bps	126bps
90 days past due: GLAs (Asset finance)			1.71%	0.96%	0.90%	75bps	81bps

(1) Retail arrears includes housing and consumer lending.

Total arrears balances reduced through FY26, although arrears rates have increased in 2H26 as a result of the portfolio balance contraction combined with a marginal increase in arrears balances. The 30 days past due (DPD) rate decreased by 3 basis points and the 90 DPD category decreased by 3 basis points compared to FY25.

Retail arrears

Retail arrears have reduced since FY25. The 30 DPD category decreased by 6 basis points and the 90 DPD category decreased by 9 basis points compared to FY25. The minor increase in retail arrears rates in 2H26 reflects further contraction of the retail portfolio as well as ongoing cost-of-living pressures.

Commercial arrears

Commercial arrears reduced by 20 basis points in the 30 DPD category and increased marginally in the 90 DPD category since FY25, as conditions remained relatively stable.

Asset finance arrears

Asset finance arrears rates have increased on FY25, as a result of the equipment finance whole-of-loan sale reducing the portfolio balance and a small number of individual exposures. Although the 90 DPD category increased by 75 basis points and the 30 DPD category increased by 93 basis points in 2H26, the arrears balances have reduced by \$3m and \$27m respectively over this same period.

Financial performance.

For the year ended 31 August 2026

3.2 Funding and liquidity

BOQ's funding and liquidity risk appetite strategy is designed to support the Group's ability to meet its financial obligations as they fall due under all market conditions. Management of the Group's liquidity risk is focused on developing a stable customer deposit base, maintaining access to diversified wholesale funding markets and disciplined management of maturity profiles. BOQ regularly stress tests its liquidity risk profile to identify vulnerabilities under a diverse range of market scenarios and to maintain an appropriate level of liquidity.

Funding and liquidity ratios	Aug 26	Feb 26	Aug 25	Aug 26 vs Feb 26	Aug 26 vs Aug 25
LCR - quarterly average	136.3	140.5	142.9	(420bps)	large
LCR - half year average	137.3	141.5	142.1	(420bps)	(480bps)
NSFR - spot	123.4	123.3	124.2	10bps	(80bps)

Liquidity coverage ratio (LCR)

BOQ's level 2 quarterly average LCR for 2H26 of 136.3% decreased 420 bps from 1H26 driven by a decrease in wholesale funding and other contractual funding obligations. The average level 2 LCR for 2H26 was 137.3%, a decrease of 420bps from 1H26.

APRA requires that ADIs maintain a minimum LCR of 100%. BOQ manages its LCR on a daily basis and actively maintains a buffer above the regulatory minimum which is informed by BOQ's liquidity stress testing results in line with BOQ's prescribed risk appetite and policy settings.

Funding

BOQ's funding strategy and risk appetite reflects the Group's business strategy and the current economic environment. Funding is optimised to allow for flexibility in managing various scenarios while ensuring a resilient balance sheet. The table below outlines the mix of total funding between customer deposits, short term and long term wholesale:

Funding mix		As at				
		Aug 26	Feb 26	Aug 25	Aug 26 vs Feb 26	Aug 26 vs Aug 25
Customer deposits ⁽¹⁾	\$bn	62.9	65.3	66.7	(4%)	(6%)
Short term wholesale	\$bn	9.7	10.0	9.9	(3%)	(2%)
Long term wholesale	\$bn	13.5	15.4	16.3	(12%)	(17%)
Total funding ⁽²⁾	\$bn	86.1	90.7	92.9	(5%)	(7%)

(1) The classification of customer deposits is defined as all deposits excluding those from financial institutions as defined under APS 210 Liquidity.

(2) Foreign currency balances have been translated at end of day spot rates.

Term funding issuance

During FY26, BOQ accessed wholesale funding markets via \$1.1 billion of issuances under its Debt Issuance Programme, comprising a \$750 million domestic senior unsecured issuance in 1H26 and a \$350 million domestic subordinated debt issuance in 2H26. BOQ's broad suite of secured and unsecured debt programs continues to deliver funding diversification benefits, enabling BOQ to support future asset growth, manage refinancing risk, and smooth term maturity profiles over the next five years.

During the period, BOQ completed the \$3.6 billion equipment finance whole-of-loan sale to a capital partner. The transaction reduced wholesale funding requirements and enhanced balance sheet flexibility, supporting BOQ's disciplined approach to funding, capital and liquidity management.

The table below outlines term funding maturities from 1H27 to 2H31:

Term funding maturity profile: ⁽¹⁾ ⁽²⁾ ⁽³⁾

Major Maturities (\$m)	1H27	2H27	1H28	2H28	1H29	2H29	1H30	2H30	1H31	2H31
Subordinated Debt	-	400	-	-	-	-	250	-	-	350
Additional Tier 1	-	260	-	-	400	-	-	-	-	-
Covered Bonds	-	896	-	900	-	977	-	1,050	-	-
Senior Unsecured	1,600	-	-	-	750	900	-	-	-	-
Total	1,600	1,556	-	900	1,150	1,877	250	1,050	-	350

(1) Any transaction issued in a currency other than AUD is shown in the applicable AUD equivalent hedged amount.

(2) Senior unsecured maturities greater than or equal to \$100 million shown but exclude private placements.

(3) Table shows subordinated debt notes and additional tier 1 notes at first optional call date. Redemption of subordinated debt notes and additional tier 1 notes at the optional call date is at BOQ's option and is subject to obtaining prior written approval from the Australian Prudential Regulatory Authority.

Financial performance.

For the year ended 31 August 2026

3.3 Capital management

The Group's capital management aims to ensure adequate capital levels are maintained to protect deposit holders. The Group's capital is measured and managed in line with Prudential Standards issued by APRA. The Group's Internal Capital Adequacy Assessment Process (ICAAP) provides the framework to ensure that the Group is capitalised to meet internal capital targets and APRA's requirements.

The ICAAP is reviewed regularly and submitted to the Board annually for approval. The Group's capital position is monitored on a continuous basis and reported monthly to the Asset and Liability Committee and Board.

BOQ operates under APRA's revised Basel III capital framework. The Board has determined the Group will target to operate within the Common Equity Tier 1 (CET1) range of between 10.25-10.75%, in normal conditions.

Capital adequacy

	Aug 26 \$m	Feb 26 \$m	Aug 25 \$m	Aug 26 vs Feb 26	Aug 26 vs Aug 25
QUALIFYING CAPITAL FOR LEVEL 2 ENTITIES⁽¹⁾					
COMMON EQUITY TIER 1 CAPITAL					
Ordinary share capital	5,319	5,323	5,333	-	-
Reserves	258	383	276	(33%)	(7%)
Retained profits, including current period profits	161	191	299	(16%)	(46%)
Total CET1 Capital	5,738	5,897	5,908	(3%)	(3%)
REGULATORY ADJUSTMENTS					
Goodwill and intangibles	(957)	(1,003)	(1,031)	(5%)	(7%)
Deferred expenditure	(299)	(331)	(368)	(10%)	(19%)
Other deductions	(20)	(55)	(118)	(64%)	(83%)
Total CET1 regulatory adjustments	(1,276)	(1,389)	(1,517)	(8%)	(16%)
CET1 Capital	4,462	4,508	4,391	(1%)	2%
Additional Tier 1 Capital	660	660	660	-	-
Total Tier 1 Capital	5,122	5,168	5,051	(1%)	1%
Provisions eligible for inclusion in Tier 2 capital	139	152	156	(9%)	(11%)
Tier 2 Capital	986	886	886	11%	11%
Total Tier 2 Capital	1,125	1,038	1,042	8%	8%
Total Capital	6,247	6,206	6,093	1%	3%
Total RWA	38,342	40,314	40,140	(5%)	(4%)
CET1 ratio	11.64%	11.18%	10.94%	46bps	70bps
Tier 1 Capital ratio	13.36%	12.82%	12.58%	54bps	78bps
Total Capital adequacy ratio	16.29%	15.39%	15.18%	90bps	111bps

(1) APRA Prudential Standard CPS 001 'Defined terms' defines Level 2 as the Group and all of its subsidiary entities other than non-consolidated subsidiaries. The non-consolidated subsidiaries excluded from Level 2 regulatory measurements as at 31 August 2026 are listed below. Hence, the balances in the table will not directly correlate to the consolidated balance sheet.

- Bank of Queensland Limited Employee Share Plans Trust;
- Home Credit Management Pty Ltd;
- Series 2019-1 REDS Trust;
- Series 2023-1 REDS Trust;
- Series 2024-1 REDS Trust;
- Series 2024-2 REDS Trust;
- SMHL Series Securitisation Fund 2019-1;
- SMHL Series Private Placement Trust 2017-2;
- SMHL Series Private Placement Trust 2019-1;
- SMHL Series Private Placement 2019-2; and
- SMHL Securitisation Trust 2020-1.

Financial performance.

For the year ended 31 August 2026

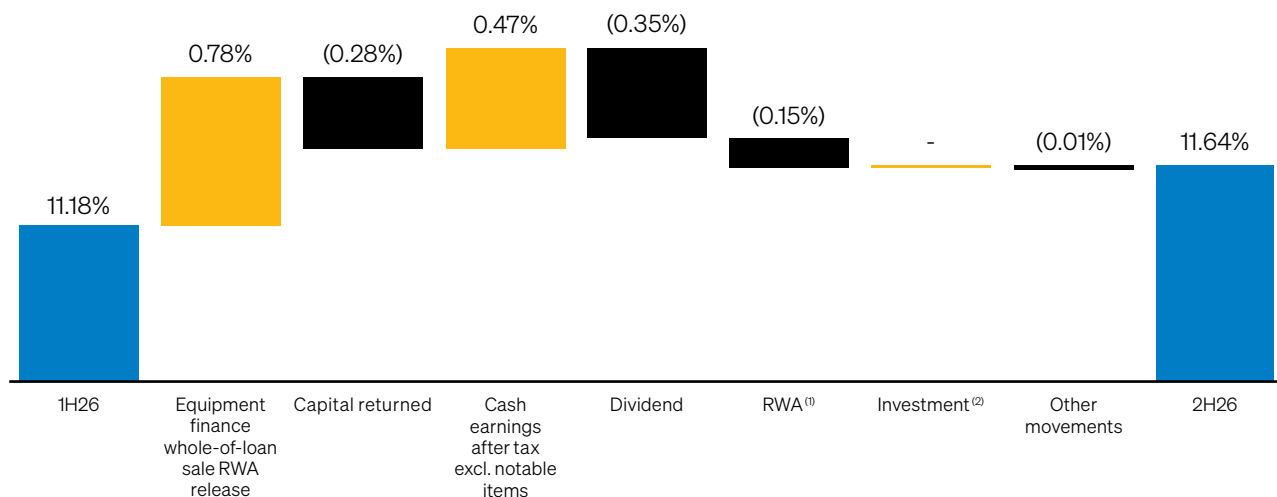
3.3 Capital management (continued)

In August 2026, following the completion of the equipment finance whole-of-loan sale to a capital partner, the Group announced a capital return to shareholders of approximately \$295 million, comprising a special dividend of \$99 million and a share buy-back of up to \$196 million. The special dividend was paid in August 2026 and the share buy-back commenced, with expected completion during FY27. The total capital return represents the capital released from the reduction in risk weighted assets due to the equipment finance whole-of-loan sale.

The Group's CET1 ratio of 11.64% increased by 46 basis points from 11.18% in 1H26 due to:

- Credit risk weighted assets released following completion of equipment finance whole-of-loan sale (78 basis points increase);
- Capital returned via payment of the special dividend and share buy-back in August (28 basis points decrease);
- Cash earnings after tax excluding notable items of \$182 million (47 basis points increase);
- Payment of the 1H26 interim dividend (35 basis points decrease);
- Increase in underlying risk weighted assets (RWA) (21 basis points decrease) offset by a reduction in loan origination costs (6 basis points increase);
- Investment spend net of amortisation broadly flat; and
- A number of small movements in other deductions and reserves (1 basis point decrease).

CET1 ratio - 1H26 to 2H26



(1) RWA includes loan origination costs and movements in capital relief securitisation.

(2) Capitalised expenses net of amortisation.

3.4 Tax expense

BOQ tax expense arising on cash earnings for FY26 amounted to \$155 million. This represented an effective tax rate of 32.3% on a cash earnings basis, which is above the corporate tax rate of 30% primarily due to the non-deductibility of interest payable on capital notes which were issued in FY21 and FY23.

Financial performance.

For the year ended 31 August 2026

4. Divisional performance.

4.1 Retail income statement, key metrics and financial performance review

Overview

The Retail Bank meets the financial needs of personal customers. The division supports 1.2 million customers through a network of branches, third party intermediaries, customer call centres, digital services, and mobile mortgage specialists.

	Year end performance			Half year performance		
	Aug 26 \$m	Aug 25 \$m	Aug 26 vs Aug 25	Aug 26 \$m	Feb 26 \$m	Aug 26 vs Feb 26
Net interest income	807	807	-	415	392	6%
Non-interest income	84	94	(11%)	40	44	(9%)
Total income	891	901	(1%)	455	436	4%
Operating expenses excl. notable items	(746)	(738)	1%	(370)	(376)	(2%)
Notable expense items ⁽¹⁾	(35)	-	large	(35)	-	large
Total operating expenses ⁽²⁾	(781)	(738)	6%	(405)	(376)	8%
Underlying profit	110	163	(33%)	50	60	(17%)
Loan impairment expense	(9)	(2)	large	(14)	5	large
Profit before tax	101	161	(37%)	36	65	(45%)
Income tax expense	(32)	(52)	(38%)	(11)	(21)	(48%)
Cash earnings after tax	69	109	(37%)	25	44	(43%)
Notable items after tax	25	-	large	25	-	large
Cash earnings after tax excl. notable items	94	109	(14%)	50	44	14%

		Year end performance			Half year performance		
Key metrics		Aug 26	Aug 25	Aug 26 vs Aug 25	Aug 26	Feb 26	Aug 26 vs Feb 26
PERFORMANCE INDICATORS							
CTI	%	87.7	81.9	large	89.0	86.2	280bps
CTI excluding notable items	%	83.7	81.9	180bps	81.3	86.2	(490bps)
Net interest income / average GLA ⁽³⁾	%	1.77	1.65	12bps	1.84	1.69	15bps
ASSET QUALITY							
90 DPD arrears	\$m	512	616	(17%)	512	522	(2%)
Impaired assets	\$m	11	14	(21%)	11	15	(27%)
LIE / GLA	bps	2	-	2	6	(2)	8
BALANCE SHEET							
GLA	\$m	48,366	51,623	(6%)	48,366	50,134	(4%)
Housing	\$m	48,343	51,539	(6%)	48,343	50,117	(4%)
Other retail	\$m	23	84	(73%)	23	17	35%
Credit risk weighted assets ⁽⁴⁾	\$m	14,276	15,319	(7%)	14,276	14,779	(3%)
Customer deposits ⁽⁵⁾	\$m	33,367	35,467	(6%)	33,367	34,591	(4%)
Transaction accounts ⁽⁶⁾	\$m	3,474	3,414	2%	3,474	3,518	(1%)
Term deposits	\$m	11,334	12,989	(13%)	11,334	12,011	(6%)
Savings and investment	\$m	14,124	14,718	(4%)	14,124	14,609	(3%)
Mortgage offsets ⁽⁶⁾	\$m	4,435	4,346	2%	4,435	4,453	-
Deposit to loan ratio	%	69	69	-	69	69	-

(1) Notable items include impairment charges related to aged technology assets and low value corporate and branch network assets.

(2) The methodology for allocating indirect expenses was updated in 2H25, with a minor impact to divisional expenses, following the completion of the branch conversion on 1 March 2025.

(3) Calculated on a cash earnings basis and net of mortgage offsets.

(4) Credit RWAs reflect on balance sheet exposures.

(5) Treasury managed customer deposits are included in the Group's Other operating business unit.

(6) Comparative periods have been restated to reflect mortgage offset balances which were previously reported as transaction accounts. Transaction account balances presented for Aug 25 and Feb 26 were reduced by \$186 million and \$143 million, respectively, with corresponding increases to mortgage offset balances.

Financial performance.

For the year ended 31 August 2026

4.1 Retail income statement, key metrics and financial performance review (continued)

FY26 vs FY25

Retail Bank cash earnings after tax excluding notable items decreased by \$15 million or 14% on FY25 to \$94 million. Total income decreased \$10 million or 1% on FY25. Operating expenses, excluding notable items, increased by \$8 million or 1% on prior year. Loan impairment expense was \$7 million higher than prior year.

Net interest income

Net interest income of \$807 million was flat to FY25, driven by the benefits of the branch conversion, deposit pricing and higher earnings on the replicating portfolio, offset by the impact of lower housing and customer deposit balances.

Spot balance sheet movements included:

- Housing contraction of \$3.2 billion or 6% on FY25, reflecting lower settlement volumes and higher portfolio run-off from closed legacy channels and the continued transition to the digital platform; and
- Customer deposits contracted \$2.1 billion or 6% on prior year, primarily driven by a targeted reduction in term deposits as the Group optimised funding requirements.

Net interest margin of 1.77% increased by 12 basis points on FY25, reflecting the benefits of the branch conversion, improved replicating portfolio returns and deposit optimisation. This was partially offset by continued competitive pressure across housing and lower customer deposits.

Non-interest income

Non-interest income of \$84 million decreased by \$10 million or 11% on FY25, reflecting a temporary reduction in third-party commissions due to the transition to a new insurance provider, partially offset by benefits following the branch conversion and a gain on the sale of the ME credit card portfolio.

Operating expenses

Operating expenses, excluding notable items, of \$746 million increased by \$8 million or 1% on FY25. This was driven by the full year operating costs of the branch network, inflation, and investment in technology transformation, partially offset by productivity initiatives.

Loan impairment expense

Loan impairment expense of \$9 million compares to \$2 million in FY25. This was driven by an increase in the collective provision due to increased cost-of-living pressures, a reduction in house prices and increased uncertainty in the economic outlook.

2H26 vs 1H26

Retail Bank cash earnings after tax excluding notable items increased by \$6 million or 14% on 1H26 to \$50 million. Total income increased by \$19 million or 4% on 1H26. Operating expenses, excluding notable items, decreased by \$6 million or 2% on 1H26. Loan impairment expense was a charge of \$14 million in 2H26, reflecting an increased collective provision given the changed economic outlook, compared to a \$5 million release in 1H26.

Net interest income

Net interest income of \$415 million increased by \$23 million or 6% on 1H26, driven by deposit pricing and higher earnings on the replicating portfolio, partially offset by lower housing balances.

Spot balance sheet movements included:

- Housing contraction of \$1.8 billion or 4% on 1H26, reflecting lower settlement volumes and higher portfolio run-off during the continued transition to the digital platform; and
- Customer deposits contracted \$1.2 billion or 4% on 1H26, driven by a targeted reduction in term deposits.

Net interest margin of 1.84% increased by 15 basis points on 1H26, reflecting improved funding costs and replicating portfolio returns, partially offset by competitive pressure across housing.

Non-interest income

Non-interest income of \$40 million decreased by \$4 million or 9% on 1H26, reflecting a temporary reduction in third-party commissions associated with the transition to a new insurance provider and the non-recurrence of a gain on the sale of the ME credit card portfolio in 1H26.

Operating expenses

Operating expenses, excluding notable items, of \$370 million decreased by \$6 million or 2% on 1H26 reflecting productivity initiatives, offsetting inflation and the continued investment in technology transformation.

Loan impairment expense

Loan impairment expense of \$14 million in 2H26 compares to a \$5 million release in 1H26. This was driven by a higher collective provision due to increased cost-of-living pressures, a reduction in house prices and increased uncertainty in the economic outlook.

Financial performance.

For the year ended 31 August 2026

4.2 BOQ Business income statement, key metrics and financial performance review

Overview

The BOQ Business division provides tailored business banking solutions, including commercial lending, equipment finance and leasing, foreign exchange hedging and international transfers, interest rate hedging, transaction banking, home lending and deposits for business customers.

	Year end performance			Half year performance		
	Aug 26 \$m	Aug 25 \$m	Aug 26 vs Aug 25	Aug 26 \$m	Feb 26 \$m	Aug 26 vs Feb 26
Net interest income	722	713	1%	356	366	(3%)
Non-interest income	72	50	44%	43	29	48%
Total income	794	763	4%	399	395	1%
Operating expenses excl. notable items	(352)	(334)	5%	(175)	(177)	(1%)
Notable expense items ⁽¹⁾	(12)	-	large	(12)	-	large
Total operating expenses ⁽²⁾	(364)	(334)	9%	(187)	(177)	6%
Underlying profit	430	429	-	212	218	(3%)
Loan impairment expense	(45)	(19)	137%	(20)	(25)	(20%)
Profit before tax	385	410	(6%)	192	193	(1%)
Income tax expense	(124)	(131)	(5%)	(63)	(61)	3%
Cash earnings after tax	261	279	(6%)	129	132	(2%)
Notable items after tax	8	-	large	8	-	large
Cash earnings after tax excl. notable items	269	279	(4%)	137	132	4%

		Year end performance			Half year performance		
Key metrics		Aug 26	Aug 25	Aug 26 vs Aug 25	Aug 26	Feb 26	Aug 26 vs Feb 26
PERFORMANCE INDICATORS							
CTI	%	45.8	43.8	200bps	46.9	44.8	210bps
CTI excluding notable items	%	44.4	43.8	60bps	43.9	44.8	(90bps)
Net interest income / average GLA ⁽³⁾	%	2.98	2.89	9bps	3.03	2.94	9bps
ASSET QUALITY							
90 DPD arrears	\$m	222	200	11%	222	205	8%
Impaired assets	\$m	64	80	(20%)	64	69	(7%)
LIE / GLA	bps	19	7	12	17	19	(2)
BALANCE SHEET							
GLA	\$m	23,548	26,237	(10%)	23,548	26,309	(10%)
Housing	\$m	4,525	5,962	(24%)	4,525	5,145	(12%)
Commercial and other	\$m	15,311	13,264	15%	15,311	14,198	8%
Asset finance	\$m	3,712	7,011	(47%)	3,712	6,966	(47%)
Credit risk weighted assets ⁽⁴⁾	\$m	17,163	18,269	(6%)	17,163	18,820	(9%)
Customer deposits ⁽⁵⁾	\$m	8,595	9,556	(10%)	8,595	9,286	(7%)
Transaction accounts	\$m	1,690	1,822	(7%)	1,690	1,888	(10%)
Term deposits	\$m	1,211	1,434	(16%)	1,211	1,248	(3%)
Savings and investment	\$m	4,673	5,055	(8%)	4,673	4,981	(6%)
Mortgage offsets	\$m	1,021	1,245	(18%)	1,021	1,169	(13%)
Deposit to loan ratio	%	36	36	-	36	35	100bps

(1) Notable items include impairment charges related to aged technology assets and low value corporate and branch network assets.

(2) The methodology for allocating indirect expenses was updated in 2H25, with a minor impact to divisional expenses, following the completion of the branch conversion on 1 March 2025.

(3) Calculated on a cash earnings basis and net of mortgage offsets.

(4) Credit RWAs reflect on balance sheet exposures.

(5) Treasury managed customer deposits are included in the Group's Other operating business unit.

Financial performance.

For the year ended 31 August 2026

4.2 BOQ Business income statement, key metrics and financial performance review (continued)

FY26 vs FY25

BOQ Business cash earnings after tax excluding notable items decreased by \$10 million or 4% on FY25 to \$269 million. Total income increased by \$31 million or 4% on FY25. Operating expenses excluding notable items increased by \$18 million or 5%. Loan impairment expense was \$45 million in FY26, an increase of \$26 million on FY25, following a release of commercial lending provision in the prior year.

Net interest income

Net interest income of \$722 million increased by \$9 million or 1% on FY25, reflecting higher commercial lending assets and a 9 basis points improvement in net interest margin, partially offset by lower asset finance balances following the whole-of-loan sale.

Spot balance sheet movements included:

- Commercial and other lending growth of \$2.0 billion or 15% across a diverse range of industries and businesses, with lending well secured by property. FY26 growth was enabled by the investment and expansion of the banker footprint and continued focus on key growth corridors.
- Asset finance balances contracted by \$3.3 billion or 47% on FY25 due to the equipment finance whole-of-loan sale of \$3.6 billion to a capital partner.
- Housing contraction of \$1.4 billion or 24% reflecting higher run-off as economic returns were prioritised over growth in a competitive housing market; and
- Customer deposits contraction of \$961 million or 10%, driven by a targeted reduction in term deposits as the Group optimised funding.

Net interest margin of 2.98% increased by 9 basis points on FY25, reflecting the benefits of the branch conversion and favourable asset mix, partially offset by continued competitive pressure across business lending.

Non-interest income

Non-interest income of \$72 million increased by \$22 million or 44% on FY25, reflecting fee revenue associated with the capital partnership and higher business banking fees.

Operating expenses

Operating expenses of \$352 million, excluding notable items, increased by \$18 million or 5% on FY25, driven by investment in additional frontline bankers, the full year operating costs of the branch network, inflation and technology transformation.

Loan impairment expense

Loan impairment expense of \$45 million compared to \$19 million in FY25. This was primarily due to the non-recurrence of a provision release in commercial lending in FY25 and loan impairment expense in asset finance remaining elevated.

2H26 vs 1H26

BOQ Business cash earnings after tax excluding notable items increased by \$5 million or 4% on 1H26 to \$137 million. Total income increased by \$4 million or 1% on 1H26. Operating expenses excluding notable items decreased by \$2 million or 1% on 1H26. Loan impairment expense was \$20 million in 2H26, a decrease of \$5 million on 1H26.

Net interest income

Net interest income of \$356 million decreased by \$10 million or 3% on 1H26, reflecting lower asset balances following the equipment finance whole-of-loan sale, which more than offset commercial lending growth of \$1.1 billion during 2H26. The impact of lower asset balances was partially offset by a 9 basis point improvement in net interest margin.

Spot balance sheet movements included:

- Commercial and other lending growth of \$1.1 billion or 8% across a diverse range of industries and businesses, with lending well secured by property. Growth in 2H26 was enabled by the investment and expansion of the banker footprint and continued focus on key growth corridors.
- Asset finance balances contracted by \$3.3 billion or 47% on 1H26 due to the equipment finance whole-of-loan sale of \$3.6 billion to a capital partner.
- Housing contraction of \$620 million or 12% reflecting higher run-off as economic returns were prioritised over growth in a competitive housing market; and
- Customer deposits contraction of \$691 million or 7%, driven by a targeted reduction in term deposits as the Group optimised funding.

Net interest margin of 3.03% increased by 9 basis points on 1H26 reflecting favourable balance sheet mix, partially offset by continued competitive pressure across business lending.

Non-interest income

Non-interest income of \$43 million increased by \$14 million or 48% on 1H26, reflecting fee revenue associated with the capital partnership and higher business banking fees.

Operating expenses

Operating expenses of \$175 million, excluding notable items, decreased by \$2 million or 1% on 1H26 as productivity initiatives offset inflation and technology transformation.

Loan impairment expense

Loan impairment expense of \$20 million compared to \$25 million in 1H26 driven by a lower asset finance loan impairment expense.

Financial performance.

For the year ended 31 August 2026

4.3 Other income statement and financial performance review

Overview

The Other business unit includes Treasury and Group Head Office.

	Year end performance			Half year performance		
	Aug 26 \$m	Aug 25 \$m	Aug 26 vs Aug 25	Aug 26 \$m	Feb 26 \$m	Aug 26 vs Feb 26
Net interest income / (expense)	(9)	(5)	80%	(6)	(3)	100%
Non-interest income / (expense)	3	(2)	large	(1)	4	large
Total income / (loss)	(6)	(7)	(14%)	(7)	1	large
Operating expenses	-	-	-	-	-	-
Underlying profit / (loss)	(6)	(7)	(14%)	(7)	1	large
Loan impairment expense	-	-	-	-	-	-
Profit / (loss) before tax	(6)	(7)	(14%)	(7)	1	large
Income tax (expense) / benefit	1	2	(50%)	2	(1)	large
Cash profit / (loss) after tax	(5)	(5)	-	(5)	-	large

Financial performance review

Cash loss after tax of \$5 million in FY26 compares to cash loss after tax of \$5 million in FY25.

Net interest income / (expense)

Net interest expense of \$9 million in FY26 compares to net interest expense of \$5 million in FY25. This primarily includes the finance costs related to the Remedial Action Plans provision and lease liabilities in line with accounting standards.

Non-interest income / (expense)

Non-interest income of \$3 million in FY26 compares to non-interest expense of \$2 million in FY25.

4.4 Outlook ⁽¹⁾

Further moderation in economic growth is forecast in FY27. Sustained elevated competition for quality lending and deposit funding is expected. Consumer and business confidence continues to be weighed down by inflation, rising cash rates and geopolitical uncertainty. Further increases in the cash rate are possible and a reduction is not expected before calendar year 2028. BOQ will continue to support customers as they manage through a higher cash rate environment and continued inflationary pressures.

The Group has planned for a sustainable return to growth in home lending in FY27. This will be enabled by expanding the Group's digital mortgage to additional channels and customer segments. BOQ is targeting commercial lending growth comparable to FY26, with quality lending in target segments. The Group is focused on continued growth in digital deposits, and an increase in commercial deposits, both of which will support asset growth.

A modest uplift in margin in 1H27 is expected, subject to market conditions, alongside higher non-interest income from the capital partnership ⁽²⁾, offset by lower average interest earning assets. Equipment finance originations and servicing through the partnership are expected to generate capital light earnings for the Group, with no direct credit risk exposure or funding requirements. BOQ retains flexibility to originate facilities onto its own balance sheet or through the forward flow arrangement.

Transition of the technology and business processing partnership will continue, along with the decommissioning of ME legacy assets, both delivering productivity benefits. BOQ is targeting flat annual cost growth in FY27. Credit quality is expected to remain strong, with a relatively stable loan impairment expense.

There is no change to the CET1 capital management target range of 10.25–10.75% and the dividend payout ratio target range also remains unchanged at 60–75% of cash earnings ⁽³⁾.

(1) Subject to no material change in market conditions.

(2) The forward flow arrangement has a 12-month initial term, extendable by agreement between the parties.

(3) The amount of any dividend paid will be at the discretion of the Board and subject to capital requirements of the business.

Financial performance.

For the year ended 31 August 2026

5. Appendix to Financial performance.

5.1 Cash EPS calculations

		Year end performance			Half year performance		
		Aug 26	Aug 25	Aug 26 vs Aug 25	Aug 26	Feb 26	Aug 26 vs Feb 26
RECONCILIATION OF CASH EARNINGS FOR EPS							
Cash earnings after tax	\$m	325	383	(15%)	149	176	(15%)
Cash earnings available for ordinary shareholders	\$m	325	383	(15%)	149	176	(15%)
Effect of capital notes 2	\$m	14	14	-	7	7	-
Effect of capital notes 3	\$m	21	22	(5%)	11	10	10%
Cash diluted earnings available for ordinary shareholders	\$m	360	419	(14%)	167	193	(13%)
WEIGHTED AVERAGE NUMBER OF SHARES (WANOS)							
Basic WANOS - ordinary shares	m	657	658	-	657	657	-
Effect of award rights	m	7	7	-	8	7	14%
Effect of capital notes 2	m	40	35	14%	40	38	5%
Effect of capital notes 3	m	63	53	19%	63	59	7%
Diluted WANOS for cash earnings EPS ⁽¹⁾⁽²⁾	m	767	753	2%	768	761	1%
CASH EARNINGS PER SHARE ⁽²⁾							
Cash basic EPS - ordinary shares	cents	49.4	58.3	(15%)	22.6	26.8	(16%)
Cash diluted EPS - ordinary shares	cents	46.8	55.7	(16%)	21.7	25.3	(14%)
CASH EARNINGS ITEMS PER SHARE EXCL. NOTABLE ITEMS ⁽²⁾							
Cash basic earnings available for ordinary shareholders	\$m	358	383	(7%)	182	176	3%
Cash diluted earnings available for ordinary shareholders	\$m	393	419	(6%)	200	193	4%
Cash basic EPS - ordinary shares	cents	54.4	58.3	(7%)	27.6	26.8	3%
Cash diluted EPS - ordinary shares	cents	51.1	55.7	(8%)	26.0	25.3	3%

(1) The Group had awarded 10,144,873 employee share options as at 31 August 2026. The options were anti-dilutive during the period and therefore have not impacted diluted WANOS.

(2) Basic and diluted cash EPS are calculated using the weighted average number of shares outstanding in each period. The number of days shares were held varies across periods, causing differentiation in the weighted average number of shares. This may result in full-year EPS not equalling the sum of the two half-year figures.

Financial performance.

For the year ended 31 August 2026

5.2 Average balance sheet and margin analysis

The following table outlines the major categories of interest earning assets and interest bearing liabilities of the Group together with the respective interest earned or paid and the average interest rate for each of 1H26, 2H26, FY26 and FY25.

	2H26			1H26		
	Average balance \$m	Interest \$m	Average rate %	Average balance \$m	Interest \$m	Average rate %
INTEREST EARNING ASSETS						
Loans and advances ⁽¹⁾	67,935	2,029	5.92	71,760	1,962	5.51
Investments and other securities	19,567	429	4.35	19,635	364	3.74
Total interest earning assets	87,502	2,458	5.57	91,395	2,326	5.13
Non-interest earning assets						
Property, plant and equipment	134			145		
Other assets	2,205			2,437		
Provision for impairment	(284)			(304)		
Total non-interest earning assets	2,055			2,278		
Total assets	89,557			93,673		
INTEREST BEARING LIABILITIES						
Retail deposits	58,855	1,073	3.62	61,409	990	3.25
Wholesale deposits and borrowings	23,622	620	5.21	25,116	581	4.66
Total interest bearing liabilities	82,477	1,693	4.07	86,525	1,571	3.66
Non-interest bearing liabilities	1,249			1,307		
Total liabilities	83,726			87,832		
Shareholders' funds	5,831			5,841		
Total liabilities and shareholders' funds	89,557			93,673		
INTEREST MARGIN AND INTEREST SPREAD						
Interest earning assets	87,502	2,458	5.57	91,395	2,326	5.13
Interest bearing liabilities	82,477	1,693	4.07	86,525	1,571	3.66
Net interest spread			1.50			1.47
Benefit of free funds			0.23			0.20
NIM - on average interest earning assets	87,502	765	1.73	91,395	755	1.67

(1) Net of average mortgage offset balances.

Financial performance.

For the year ended 31 August 2026

5.2 Average balance sheet and margin analysis (continued)

	FY26			FY25		
	Average balance \$m	Interest \$m	Average rate %	Average balance \$m	Interest \$m	Average rate %
INTEREST EARNING ASSETS						
Loans and advances ⁽¹⁾	69,832	3,991	5.72	73,604	4,309	5.85
Investments and other securities	19,601	793	4.05	18,914	806	4.26
Total interest earning assets	89,433	4,784	5.35	92,518	5,115	5.53
Non-interest earning assets						
Property, plant and equipment	139			150		
Other assets	2,321			2,585		
Provision for impairment	(294)			(309)		
Total non-interest earning assets	2,166			2,426		
Total assets	91,599			94,944		
INTEREST BEARING LIABILITIES						
Retail deposits	60,121	2,063	3.43	61,756	2,291	3.71
Wholesale deposits and borrowings	24,363	1,201	4.93	25,814	1,309	5.07
Total interest bearing liabilities	84,484	3,264	3.86	87,570	3,600	4.11
Non-interest bearing liabilities	1,279			1,377		
Total liabilities	85,763			88,947		
Shareholders' funds	5,836			5,997		
Total liabilities and shareholders' funds	91,599			94,944		
INTEREST MARGIN AND INTEREST SPREAD						
Interest earning assets	89,433	4,784	5.35	92,518	5,115	5.53
Interest bearing liabilities	84,484	3,264	3.86	87,570	3,600	4.11
Net interest spread			1.49			1.42
Benefit of free funds			0.21			0.22
NIM - on average interest earning assets	89,433	1,520	1.70	92,518	1,515	1.64

(1) Net of average mortgage offset balances.

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DIRECTORS' REPORT.

Remuneration Report.

For the year ended 31 August 2026



"Meaningful progress in our transformation towards a simpler, specialist bank."

Dear Shareholder

Introduction

On behalf of the Board, I am pleased to present the FY26 Remuneration Report.

FY26 was a year marked by strategic execution and organisational change for BOQ. Against a backdrop of subdued economic conditions, heightened regulatory expectations and evolving customer needs, the Group remained focused on customer outcomes, simplifying the business, strengthening risk management and accountability, and progressing other strategic priorities.

The Board remains committed to a remuneration framework that supports prudent decision-making, reinforces accountability and aligns executive remuneration outcomes with the delivery of sustainable long-term shareholder value. FY26 remuneration outcomes reflected the Board's assessment of performance across a balanced set of financial and non-financial measures.

Financial Performance

The banking sector continued to navigate a challenging operating environment during FY26. Competitive pressures across retail and business banking, heightened regulatory and prudential expectations, and investment in technology, risk management and operational resilience contributed to persistent competitive, economic and regulatory pressures across the industry. Economic conditions also remained subdued, with cost-of-living pressures influencing customer and business activity.

BOQ delivered cash earnings excluding notable items of \$358 million in FY26, with a return on equity of 6.1%. The result reflected lending contraction during a period of significant transformation activity and a higher loan impairment expense, partly offset by disciplined cost management, with expense growth maintained below inflation and in line with market guidance.

A key strategic achievement during the year was the completion of BOQ Group's capital partnership with Challenger, comprising the whole-of-loan sale of \$3.6 billion in Equipment Finance facilities and a related forward flow origination and servicing arrangement. The partnership is expected to generate capital-light revenue streams for the Group and enabled the return of capital to shareholders. This included a special fully franked

dividend of 15 cents per share paid in August and the announcement of an on-market share buy-back of up to \$196 million.

The Board has determined to pay a fully franked final dividend of 20 cents per share, taking the total dividend for FY26 to 55 cents per share.

In assessing financial performance for remuneration purposes, the Board considered the Group's earnings performance, capital management initiatives and shareholder returns delivered during the year.

Non-financial Performance

Beyond financial performance, the Group progressed its key priorities during FY26, with a focus on customer outcomes, simplifying the business, strengthening risk management and accountability, and progressing other strategic priorities across the organisation.

A key milestone during the year was the completion of the migration of ME customers to BOQ's digital banking platform. At year end, 68% of customers were on the digital bank, supporting the transition to a simpler technology environment and positioning the Group to realise further customer, operational and efficiency benefits over time. The migration was a significant undertaking and involved temporary disruption for some customers. As the Group embeds the benefits of the digital transformation, it remains focused on minimising disruption and improving customer outcomes and experiences.

The Group also further simplified its product and technology environment through the deliberate reduction of heritage products and decommissioning of legacy applications. These initiatives contribute to a simpler and more efficient operating model by reducing complexity, cost and risk, while strengthening the foundations for more sustainable performance over time.

The Group's Remedial Action Plans (**RAPs**), including Program rQ and AML, together with BOQ's customer remediation uplift program, strengthened risk management capability, regulatory compliance and accountability across the organisation. Meaningful progress was made during FY26 through the delivery of key remediation activities and capability uplift initiatives. While important milestones were achieved, further work is required to embed and fully realise the intended risk and regulatory outcomes. While all planned Phase 1 milestones for the customer remediation

Remuneration Report.

For the year ended 31 August 2026

uplift program were delivered during FY26, the intended outcomes have not yet been fully demonstrated. Further work has been incorporated into FY27 to strengthen the delivery of more consistent and enduring customer outcomes.

The Group's investment in risk management and remediation is increasingly reflected in organisational outcomes. Results from the Group's internal risk culture survey improved from 72% to 77% during the year, reflecting stronger risk ownership, accountability and decision-making across the organisation. Separately, results from the Group's broader culture survey, which assesses the organisational behaviours, highlighted that further progress is required to continue strengthening organisational culture and reinforce positive customer outcomes and long-term business performance. The Group continued to invest in fostering a high-performance, customer-focused culture that enables our people to deliver better outcomes for customers and stakeholders.

In assessing the Group's overall non-financial performance and determining FY26 remuneration outcomes, the Board considered both the progress achieved and the work remaining.

FY26 Remuneration Framework and Outcomes

The Executive Remuneration Framework remained largely unchanged during FY26 and reinforced the Group's strategic priorities, prudent risk management and long-term shareholder interests. During the year, the Board approved a change to the Long-Term Variable Remuneration (LTVR) performance metrics, replacing the absolute Total Shareholder Return (TSR) measure with a relative TSR measure to better align with market practice and maintain a clear link to shareholder outcomes.

Based on the recommendation of the People, Culture & Remuneration Committee, the Board approved the following remuneration outcomes for FY26, reflecting the balanced assessment of financial and non-financial outcomes.

- Fixed Remuneration: Continuing KMPs received an average increase of 3.3% in fixed remuneration. Individual adjustments reflected relative market positioning of pay and individual role accountabilities.
- The FY26 Group Scorecard outcome was assessed at 81% of target, reflecting the weighted assessment of both financial and non-financial measures. Taking into account individual performance outcomes, STVR awards for Executives ranged from 79% to 94% of target, and 61% to 75% of maximum opportunity. Risk outcomes were considered through the Group Scorecard and individual performance assessments, and no additional adjustments were applied in determining remuneration outcomes.
- Further detail is provided in Section 3 and 4.

FY27 Remuneration Changes

The Board considers the current Executive Remuneration Framework to be appropriately aligned with the Group's strategy, risk settings, regulatory requirements and shareholder interests. Accordingly, no material changes will be made to the Executive Remuneration Framework or remuneration structure in FY27.

To further strengthen alignment between executives and shareholders, BOQ introduced Executive Minimum Shareholding Requirements, which took effect on 1 September 2026. Under the new requirements, the MD&CEO will be required to hold shares equivalent to 150 per cent of fixed remuneration, other Executive KMPs 100 per cent, and the CRO 75 per cent. Executives have until the later of five years from commencing a KMP role or five years from the commencement of the Policy to achieve the minimum

shareholding requirement. The Board considers that these requirements reinforce a long-term focus on sustainable value creation.

Leadership Changes

During the year, the Board welcomed Chris Eigeland as an independent Non-Executive Director. Chris brings significant experience in technology, digital transformation and strategy, further strengthening the Board's capability as BOQ continues to execute its transformation agenda and position the Group for its next phase of growth.

The Board also acknowledges the contributions of Patrick Allaway, who retired as MD&CEO, and former Chief Risk Officer Rachel Stock. We thank Patrick and Rachel for their leadership, dedication and service to BOQ.

Following Patrick Allaway's retirement, Rod Finch was appointed MD&CEO. Rod brings extensive banking experience and a strong understanding of BOQ's strategy and transformation agenda, having played a key role in delivering a number of the Group's strategic priorities. Under Rod's leadership, BOQ remains focused on its strategy, strengthening customer outcomes, maintaining sound risk management, and delivering sustainable long-term value for shareholders.

The Board remains confident that the depth of experience and capability across the executive leadership team positions BOQ well to continue delivering on its strategic priorities and supporting customers, people and shareholders through the next chapter of the Group's transformation journey.

Conclusion

The Board considers the FY26 remuneration outcomes appropriately reflect the Group's performance during the year and remain aligned with the interests of shareholders. We remain committed to maintaining a remuneration framework that supports sustainable performance, prudent risk management and long-term value creation.

I encourage shareholders to read the Remuneration Report ahead of the 2026 Annual General Meeting and welcome feedback.

Yours faithfully,



Karen Penrose

Chair, People, Culture & Remuneration Committee

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Remuneration Report.

For the year ended 31 August 2026

1. Key management personnel

This section identifies Directors and Group Executives who are classified as Key Management Personnel (**KMP**) and outlines the changes within this cohort for the year ended 31 August 2026.

Table 1 - Executive and Non-Executive directors

Name	Position	Term
CURRENT		
Rod Finch ⁽¹⁾	Managing Director & Chief Executive Officer	Commenced 1 March 2026
Andrew Fraser ⁽²⁾	Non-Executive Director & Chair	Full year
Chris Eigeland	Non-Executive Director	Commenced 18 May 2026
Karen Penrose	Non-Executive Director	Full year
Mary Waldron	Non-Executive Director	Full year
Mickie Rosen	Non-Executive Director	Full year
Paul Riordan	Non-Executive Director	Full year
FORMER		
Patrick Allaway ⁽³⁾	Managing Director & Chief Executive Officer	Retired 28 February 2026
Warwick Negus	Non-Executive Director & Chair	Retired 24 October 2025

Table 2 - Group Executives

Name	Position	Term
CURRENT		
Racheal Kellaway	Chief Financial Officer	Full year
Alexandra Taylor	Chief People Officer	Full year
Craig Ryman ⁽⁴⁾	Chief Information and Operations Officer	Full year
Greg Boyle	Group Executive Retail Banking	Full year
Keith Strachan ⁽⁵⁾	Group Executive Business Banking	Commenced 10 October 2025
FORMER		
Rachel Stock	Chief Risk Officer	Ceased 31 May 2026 ⁽⁶⁾

(1) Rod Finch held the role of Chief Transformation & Operations Officer until 28 February 2026 and commenced as MD&CEO on 1 March 2026. Rod Finch was a member of KMP throughout FY26.

(2) Andrew Fraser was appointed Chair of the Board on 24 October 2025, having served as an Independent Non-Executive Director since 8 February 2024.

(3) Patrick Allaway retired as MD&CEO and ceased as a KMP on 28 February 2026. His employment with the Group concluded on 31 August 2026.

(4) Craig Ryman served as Chief Information Officer until 28 February 2026. From 1 March 2026, his responsibilities were expanded and his role changed to Chief Information and Operations Officer.

(5) Keith Strachan was appointed Group Executive, Business Banking effective 10 October 2025 and became an Accountable Person and KMP from that date. Remuneration disclosures reflect the period from his appointment as a KMP.

(6) Effective 1 June 2026, Brad Davis, General Manager Market Risk Credit Models and Insights, was appointed Interim Chief Risk Officer and an Accountable Person. As Brad Davis served in an interim capacity, he was not considered a KMP for the purposes of the remuneration disclosures in this report.

1.1 Executive KMP exit arrangements

Patrick Allaway retired as MD&CEO, and ceased to be a Key Management Personnel (**KMP**), on 28 February 2026. His employment with the Group concluded on 31 August 2026. Consistent with the good leaver provisions of the applicable Award Terms and Plan Rules, Mr Allaway's equity awards remain on foot and continue to be subject to their original terms and conditions. The Board exercised its discretion to allow the FY24 Executive Performance Rights (**EPRs**) and FY23 Premium Priced Options (**PPOs**) to remain on foot in full, which would otherwise have been subject to pro-rata treatment on cessation, to align their treatment with awards granted under subsequent plans. Mr Allaway also received a pro-rated FY26 Short-Term Variable Reward (**STVR**), reflecting the period he served as MD&CEO from 1 September 2025 to 28 February 2026.

Rachel Stock ceased as Chief Risk Officer and as a Key Management Personnel (**KMP**) on 31 May 2026. Her employment with the Group concluded on 31 August 2026. In accordance with the cessation of employment provisions set out in the applicable Award Terms and Plan Rules, all of her unvested and restricted equity awards lapsed and Ms Stock will not receive any STVR for FY26.

Remuneration Report.

For the year ended 31 August 2026

2. Remuneration governance

2.1 Group remuneration policy

The Group Remuneration Policy (the **Policy**) sets out the governance structure for oversight of BOQ's remuneration frameworks and practices and the minimum expectations for their implementation. The Policy outlines the pivotal roles both financial and non-financial elements play in our remuneration design and decision-making, while ensuring that there are adequate controls in place to prevent and mitigate conduct risk with appropriate consequences.

The Policy is reviewed and approved by the Board on an annual basis to ensure that it remains compliant with all relevant regulatory requirements. It was last updated and approved by the Board in July 2026 in compliance with *APRA Remuneration Standard CPS 511*.

In line with the requirements under *CPS 511*, the Policy ensures that the Group's performance and remuneration frameworks:

- are aligned with BOQ's business plan, strategic objectives and risk management framework (**RMF**);
- promote effective management of both financial and non-financial risks, sustainable performance and BOQ's long-term soundness; and
- support the achievement of strategic, customer and financial objectives, as well as prevention and mitigation of conduct risk.

2.2 Roles and responsibilities

The People, Culture & Remuneration Committee (**PCRC**) considers matters relating to the remuneration of KMP as well as the remuneration policies of the Group generally. This includes reviewing and recommending to the Board, the remuneration of the Chair and Non-Executive Directors, Executive KMP, Accountable Persons and Senior Managers. The main responsibilities of the Committee are outlined in the Committee Charter available on the corporate governance page of the Company's website:

<https://www.boq.com.au/About-us/corporate-governance>

Under the PCRC's Charter, the Committee Chair and the majority of Committee members must be independent Non-Executive directors. All members of the Committee (including the Chair of the Committee) are independent Non-Executive directors. Details of members of the Committee and their background are included in the Directors' Report.

The following diagram outlines BOQ's remuneration decision-making structure.

BOARD

- Reviews and approves the remuneration policy, framework, strategy and outcomes.
- Exercises discretion on strategic objectives, targets and funding pools to ensure alignment with strategic people priorities, performance outcomes, consequence management and the Group's risk appetite.
- Reviews and approves individual remuneration arrangements for Accountable Persons, and Specified Roles of Senior Managers.
- Reviews and approves collective remuneration arrangements for others in Specified Roles (Highly Paid Material Risk Takers, Material Risk Takers and Risk and Financial Control Personnel).

PEOPLE, CULTURE AND REMUNERATION COMMITTEE (PCRC)

- Assists the Board to discharge its responsibility by overseeing the design, operation and monitoring of the remuneration strategy, framework and policy.
- Reviews and recommends individual remuneration arrangements for Accountable Persons, and Specified Roles of Senior Managers.
- Reviews and recommends collective remuneration arrangements for others in Specified Roles (Highly Paid Material Risk Takers, Material Risk Takers and Risk and Financial Control Personnel).
- Reviews and recommends consequence management actions, considering risk matters and input from the Chief Risk Officer and the Board Risk Committee.

SHAREHOLDERS

- Feedback received through shareholder voting on the Remuneration Report at the AGM and consultation with key stakeholders.

MANAGEMENT

- The MD&CEO assesses and provides remuneration recommendations for all Executives (excluding the MD&CEO) to the Committee and Board for approval.
- Oversees implementation of remuneration policies.

REMUNERATION ADVISERS

- External and independent remuneration advisers are engaged from time to time to assist the Committee on remuneration matters.
- No remuneration recommendations were sought or received from external advisers during FY26.

Remuneration Report.

For the year ended 31 August 2026

2.3 Consequence Management Framework

BOQ introduced its new Consequence Management Framework, commencing from 1 September 2025, representing the next stage in the evolution of its approach to risk culture and remuneration governance. The framework builds on BOQ's existing practices and strengthens the link between risk, conduct and behavioural outcomes and remuneration outcomes across the Group, supporting fair, transparent and proportionate remuneration decisions.

The Consequence Management Framework forms an integral component of BOQ's remuneration framework and provides the mechanism through which performance, risk, conduct and behavioural outcomes are reflected in remuneration decisions. Where outcomes are inconsistent with BOQ's expectations, consequences may be applied having regard to the nature and severity of the matter, customer and stakeholder impacts, individual responsibility and other relevant circumstances. Consequences may include both financial and non-financial outcomes, with remuneration adjustments forming one component of BOQ's broader consequence management approach.

Table 3 - How consequence management framework is integrated into our remuneration framework

FEATURES	DESCRIPTION
Policies and frameworks	- BOQ's Consequence Management Framework operates alongside the Performance Framework, Risk Management Framework and Remuneration Framework. - Together, these frameworks support the assessment of performance, risk and conduct outcomes and ensure remuneration outcomes appropriately reflect both what was achieved and how outcomes were achieved.
Scope	The Consequence Management Framework applies to all employees, including the MD&CEO.
Assessment	- Performance, risk, conduct and behavioural matters are assessed by leaders and through divisional consequence management and risk governance processes to determine the appropriate consequence. - The PCRC and Board receive biannual reporting on the operation of the framework, including emerging themes and outcomes, to support effective oversight and consistency across the Group. - The Chief Risk Officer provides biannual reporting on material risk events and Executive KMP risk outcomes. This reporting informs the Board's assessment of risk and conduct outcomes when determining remuneration outcomes, including STVR outcomes and when considering the vesting of, or removal of restrictions from, deferred equity awards.
Consequence Management Framework	- Purpose: - Reinforce prudent risk-taking and a strong risk culture. - Promote fair, transparent, consistent and proportionate outcomes. - Strengthen the alignment between remuneration outcomes and risk and conduct performance. - Assessment factors: - Nature and severity of the matter. - Customer, stakeholder, financial, operational and reputational impacts. - Individual responsibility and level of influence. - Previous conduct history and any mitigating or aggravating circumstances. - Consequences: - Consequences may be financial and/or non-financial, depending on the circumstances. - Non-financial consequences may include coaching, training, performance management, formal warnings, or termination of employment.
Remuneration adjustment tools	- In-period adjustment – reduction of current-year variable remuneration outcomes. - Malus – reduction, lapse or forfeiture of unvested variable remuneration. - Clawback – recovery of variable remuneration that has vested or been paid, where permitted under applicable plan rules and law. - Deferral – a portion of variable remuneration is deferred and remains subject to ongoing risk, conduct and performance assessment, including potential application of malus where appropriate.

Remuneration Report.

For the year ended 31 August 2026

2.4 Board discretion

Executive KMP remuneration is determined in accordance with the Executive Remuneration Framework. Remuneration outcomes are determined in accordance with relevant performance measures, plan design and the Equity Incentive Plan Rules.

The PCRC and the Board recognise that there are a range of factors which are specific to current and future years, and these may be considered when arriving at the overall remuneration outcomes for each year. To account for those factors, the PCRC and the Board may make discretionary adjustments to remuneration outcomes for Executive KMP, those employees in Specified Role Categories and all other employees. These discretionary adjustments may impact an individual's remuneration positively or negatively. In accordance with this principle, remuneration outcomes have been adjusted in prior years.

The criteria used by the PCRC and the Board to recommend and approve discretionary adjustments include:

- factors either not known or not relevant at the beginning of a performance period or financial year, which can impact performance positively or negatively during the course of that performance period or financial year;
- the degree of stretch implicit in the performance measures and targets, and the environment and market context in which the targets were set;
- whether the operating environment during the performance period or financial year was materially different than forecast;
- comparison of the Group's performance relative to its competitors;
- the emergence of any major positive or negative risk or reputational issues;
- the quality of financial results as shown by their composition and consistency;
- whether leadership behaviours consistent with the Group's Code of Conduct and values have been regularly demonstrated throughout the performance period or financial year; and
- any other matters that the PCRC and Board deem to be relevant.

2.5 Executive KMP contract terms

The employment terms for Executive KMP are formalised in their Executive Services Agreement (**ESA**). Each ESA provides for the payment of fixed and performance-based variable remuneration, superannuation and other benefits such as statutory leave entitlements.

The employment terms of each Executive KMP are summarised in Table 4 below.

Table 4 - Executive KMP contract terms

CONTRACT DETAILS	TERMS
Contract type	Permanent ongoing ESA
Notice period by Executive	6 months
Notice period by BOQ Group	6 months
Termination payments (includes notice period)	6 months' fixed reward in lieu of notice

2.6 Use of Remuneration Consultants

During FY26, the Board did not engage any remuneration consultant to provide a remuneration recommendation, as defined under the Corporations Act 2001. During the year, EY was engaged to undertake BOQ's triennial independent review of compliance with APRA Prudential Standard CPS 511 Remuneration. This engagement did not involve the provision of a remuneration recommendation or remuneration assessment under the Act.

Remuneration Report.

For the year ended 31 August 2026

3. FY26 remuneration framework

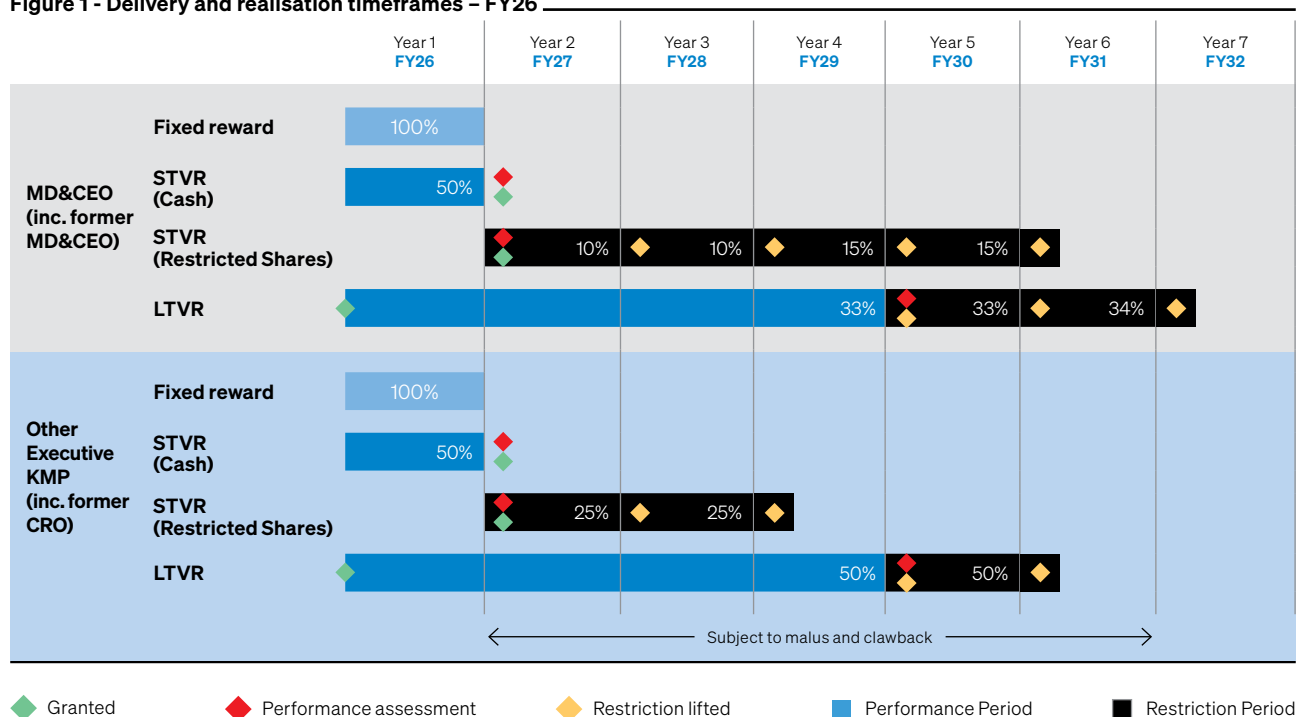
3.1 Our remuneration principles

Our Vision.	To be the bank customers choose.				
Our Strategy.	To be a simple, specialist bank.				
Pillars.	REWIRE THE BANK FOR THE FUTURE	ACCELERATE THE CULTURE SHIFT	OPTIMISE THE BANK ECONOMICS	GROW OUR CUSTOMER RELATIONSHIPS	
Reward principles.	 Drive a high performance culture.	 Promote performance outcomes consistent with BOQ Group's risk culture.	 Recognise the importance of exceptional customer and people experience.	 Align reward to sustainable value creation and shareholder interests.	 Ensure remuneration frameworks are clear, transparent and market competitive.

3.2 Our executive remuneration framework

BOQ's executive remuneration framework is designed to align with the Group's strategy, market practice, investor expectations and the requirements of APRA Prudential Standard CPS 511 Remuneration. Figure 1 illustrates the delivery profile of the different remuneration components for FY26 awards. Further details of executive remuneration arrangements are provided in section 3.3.

Figure 1 - Delivery and realisation timeframes – FY26



Remuneration Report.

For the year ended 31 August 2026

3.3 Remuneration structure

The detailed FY26 Executive Remuneration Framework is outlined in table 5.

Table 5 - FY26 Executive Remuneration Framework

	FIXED REWARD	STVR	LTVR
Purpose	Fixed remuneration forms an integral component of the overall employee value proposition, designed to attract and retain the talent required to run the bank. Fixed remuneration is designed to reflect the individual's skills, capabilities and experience and ensure a competitive market position.	STVR is designed to reward participants for execution of the Company's strategy, individually and collectively, during the performance period. The Group Scorecard is reviewed annually and reflects the most critical strategic priorities for the financial year.	LTVR is designed to align Executive KMP interests with the interests of shareholders and reward participants for their contribution towards delivering long-term sustainable shareholder value.
Delivery	Cash	50% Cash 50% Restricted Shares	Performance Rights with a four-year performance period
Opportunity	N/A	Current MD&CEO and other Executive KMP: target 75% of FR; maximum 94% of FR Former MD&CEO: target 110% of FR; maximum 147% of FR Former CRO⁽²⁾: target 60% of FR; maximum 75% of FR	Current MD&CEO and other Executive KMP: 140% of FR. Former MD&CEO: 100% of FR. Former CRO: 112% of FR.
Eligibility	N/A	At least three months' active employment during the performance period.	At least three months' active employment during the grant year.
Performance criteria	Compliance with the terms and conditions of employment including the Code of Conduct and fulfilment of accountabilities under the Financial Accountability Regime.	MD&CEO (inc. former): Group Scorecard (refer table 7) Other Executive KMP: 50% Group Scorecard, 50% Individual Objectives. Former CRO: Individual Objectives.	Financial: 70% Non-Financial: 30% In addition to the performance hurdles set for each tranche of the award, the Board will undertake a pre-vesting and pre-release assessment.
Risk Assessment	Effective management of financial and non-financial risk, contribution to strengthening the Group's risk maturity and improving risk culture.	The Board will undertake a pre-release assessment prior to lifting the Dealing Restrictions from each tranche. Restricted awards are subject to malus. A clawback period of two years applies to each tranche, from the date restrictions are lifted from Restricted Shares, and from the date of payment for the cash component.	Risk assessment prior to vesting and release of Dealing Restrictions. Unvested awards are subject to malus. Post-vesting Dealing Restrictions apply in satisfaction of CPS 511 deferral requirements. A clawback period of two years from the date the restrictions are lifted applies to each tranche.
Vesting and restriction profile	N/A	50% of the STVR will be paid in Cash on completion of the one-year performance period. Out of the 50% of the STVR that will be delivered via Restricted Shares, restrictions will be lifted in tranches as follows: MD&CEO (inc. former): 10% in December 2027; 10% in December 2028; 15% in December 2029; 15% in December 2030 (i.e., on completion of years two, three, four, and five). Other Executive KMP: 25% in December 2027; 25% in December 2028 (i.e., on completion of years two and three).	Performance criteria test on completion of the four-year performance period. Restrictions released as follows: MD&CEO (inc. former): 33% in December 2029; 33% in December 2030; 34% in December 2031 (i.e., on completion of years four, five and six). Other Executive KMP: 50% in December 2029; 50% in December 2030 (i.e., on completion of years four and five).
Cessation of employment	N/A	Restricted Shares issued under Deferred STVR will continue to vest in the event of a Qualifying Reason ⁽¹⁾ ; and will be forfeited in the event of summary dismissal or resignation, including when notice of resignation is given.	Unvested EPRs will remain on foot (rather than being pro-rated) in the event of a Qualifying Reason ⁽¹⁾ ; and will be forfeited in the event of dismissal, resignation or working with a competitor within 6 months of cessation.

(1) Qualifying Reason refers to retrenchment, retirement, mutually agreed separation, death, total and permanent disablement.

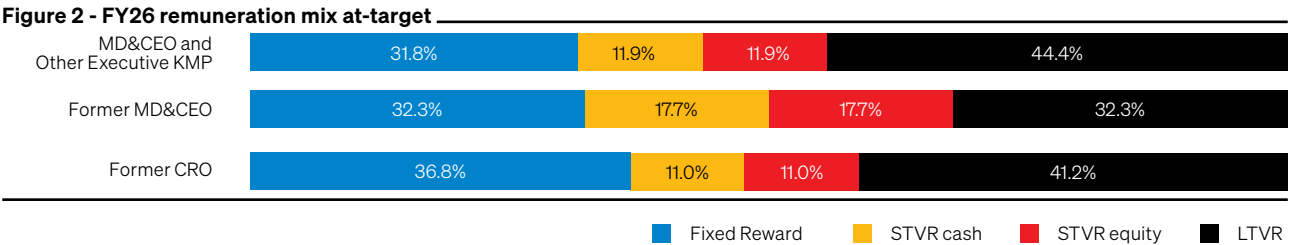
(2) Rachel Stock ceased as Chief Risk Officer and a KMP on 31 May 2026 and concluded her employment with the Group on 31 August 2026. Effective 1 June 2026, Brad Davis served as Interim Chief Risk Officer and, given the interim nature of the role, was not considered a KMP for the purposes of this report.

Remuneration Report.

For the year ended 31 August 2026

3.4 Remuneration mix

The remuneration mix is designed so that a significant proportion of Executive KMP remuneration is at risk and contingent on performance outcomes. Figure 2 illustrates the FY26 target remuneration mix for Executive KMP.



Remuneration Report.

For the year ended 31 August 2026

4. FY26 remuneration outcomes

This section details remuneration outcomes for Executive KMP during FY26.

4.1 Executive KMP actual reward outcomes for FY26 (non-statutory disclosure)

This section provides a summary of the total reward received by Executive KMP during FY26. Table 6 includes a breakdown of:

- fixed reward (including base salary and employer superannuation contributions);
- the value of non-monetary and other short-term benefits;
- termination benefits; and
- the value of any variable remuneration that was realised, lapsed or forfeited during FY26.

For remuneration disclosures in accordance with the Australian Accounting Standards, please refer to Section 6 (Statutory Disclosures).

Table 6 - Non-statutory disclosure - FY26 Executive KMP Realised Remuneration

Table 6 – Non-statutory disclosure – FY20 Executive KMP – Realised Remuneration								
Name	Position title	Year	Fixed reward ⁽¹⁾ \$	STVR Cash ⁽²⁾ \$	Value of deferred equity realised in period ⁽³⁾ \$	Termination benefits ⁽⁴⁾ \$	Total reward value ⁽⁵⁾ \$	Prior years' equity forfeited / lapsed ⁽⁶⁾ \$
CURRENT EXECUTIVE KMP								
Rod Finch ⁽⁷⁾	Managing Director & Chief Executive Officer	2026	1,171,052	341,719	280,985	-	1,793,756	-
		2025	766,676	264,375	232,211	-	1,263,262	-
Racheal Kellaway	Chief Financial Officer	2026	859,265	280,500	280,014	-	1,419,779	-
		2025	805,145	273,188	223,020	-	1,301,353	-
Alexandra Taylor	Chief People Officer	2026	729,308	254,203	228,638	-	1,212,149	-
		2025	703,049	253,313	123,316	-	1,079,678	-
Craig Ryman ⁽⁸⁾	Chief Information and Operations Officer	2026	853,268	244,406	369,391	-	1,467,065	-
		2025	843,044	298,547	414,296	-	1,555,887	-
Greg Boyle	Group Executive Retail Banking	2026	775,202	222,188	290,372	-	1,287,762	-
		2025	766,717	264,375	319,408	-	1,350,500	-
Keith Strachan ⁽⁹⁾	Group Executive Business Banking	2026	646,506	193,423	131,989	-	971,918	-
		2025	-	-	-	-	-	-
FORMER EXECUTIVE KMP								
Patrick Allaway ⁽¹⁰⁾	Former Managing Director & Chief Executive Officer	2026	799,970	356,400	110,860	1,214,363	2,481,593	-
		2025	1,502,541	627,750	-	-	2,130,291	-
Rachel Stock ⁽¹¹⁾	Former Chief Risk Officer	2026	645,796	-	50,553	252,527	948,876	2,300,532
		2025	866,910	229,500	-	-	1,096,410	-

(1) Fixed reward comprises salary and superannuation, including annual leave paid, and the value of short-term benefits such as allowances and non-monetary benefits (including associated FBT), including car parking, accommodation, relocation and travel.

(2) Cash STVR earned in respect of FY26, which will be paid in November 2026.

(3) The value of deferred equity awards realised during the period, measured using the closing share price on the vesting date or the date on which restrictions were lifted. This excludes equity awards granted in prior years that were not realised during the period.

(4) Includes termination payments in lieu of notice and, where relevant, any periods of gardening leave. For departing KMP, this also includes any leave paid out on termination of employment.

(5) The total value of fixed reward, benefits, cash STVR, vested equity, deferred awards released from dealing restrictions and termination payments.

(6) The value of equity that was forfeited or lapsed during the period as a result of performance hurdles not being met, the application of malus and/or cessation of employment. Rights and restricted shares are valued using the closing share price on the forfeiture or lapsing date. Premium-priced options are valued at nil, as the share price did not exceed the relevant exercise price at the lapsing date.

(7) Rod Finch held the role of Chief Transformation & Operations Officer until 28 February 2026 and commenced as MD&CEO on 1 March 2026.

(8) Craig Ryman served as Chief Information Officer until 28 February 2026. From 1 March 2026, his responsibilities were expanded and his role changed to Chief Information and Operations Officer.

(9) Keith Strachan was appointed Group Executive, Business Banking effective 10 October 2025 and became a KMP from that date.

(10) Patrick Allaway retired as MD&CEO and ceased as a KMP on 28 February 2026. His employment with the Group concluded on 31 August 2026.

(11) Rachel Stock ceased as Chief Risk Officer and as a KMP on 31 May 2026. Her employment with the Group concluded on 31 August 2026.

Remuneration Report.

For the year ended 31 August 2026

4.2 Fixed reward

Fixed reward for Executive KMP is determined having regard to the size and scope of the role, individual capability, experience and market positioning against financial services organisations and other similarly sized ASX-listed companies. During FY26, fixed reward for continuing Executive KMP increased by an average of 3.3%. Fixed reward for newly appointed Executive KMP was set in accordance with the principles outlined above and the terms of their appointment.

During FY26, Mr Allaway retired as MD&CEO and was succeeded by Mr Finch. Following Mr Finch's appointment, the Board reviewed the remuneration package for the MD&CEO to ensure it remained appropriately positioned and aligned with the Group's remuneration framework. The revised remuneration structure includes lower fixed remuneration and a greater proportion of remuneration at risk, increasing the emphasis on performance-based remuneration. In particular, the proportion of remuneration delivered through long-term variable remuneration increased from 32% of the former MD&CEO's target remuneration package to 44% for Mr Finch. This strengthens alignment between remuneration outcomes, long-term shareholder value creation and sustained business performance, while bringing the MD&CEO remuneration structure more closely into line with that of other Executive KMP.

4.3 Short-term variable reward outcomes

STVR is determined based on a combination of Group Scorecard outcomes and Executive KMP's performance against their individual objectives. The performance framework that underpins STVR places equal importance on both the delivery (the "what") and the impact (the "how").

Performance and STVR outcomes may be modified by the Board using its informed judgement in respect of key results, core requirements, management of accountabilities, effective risk management, underlying market and operational conditions and other considerations as determined by the Board.

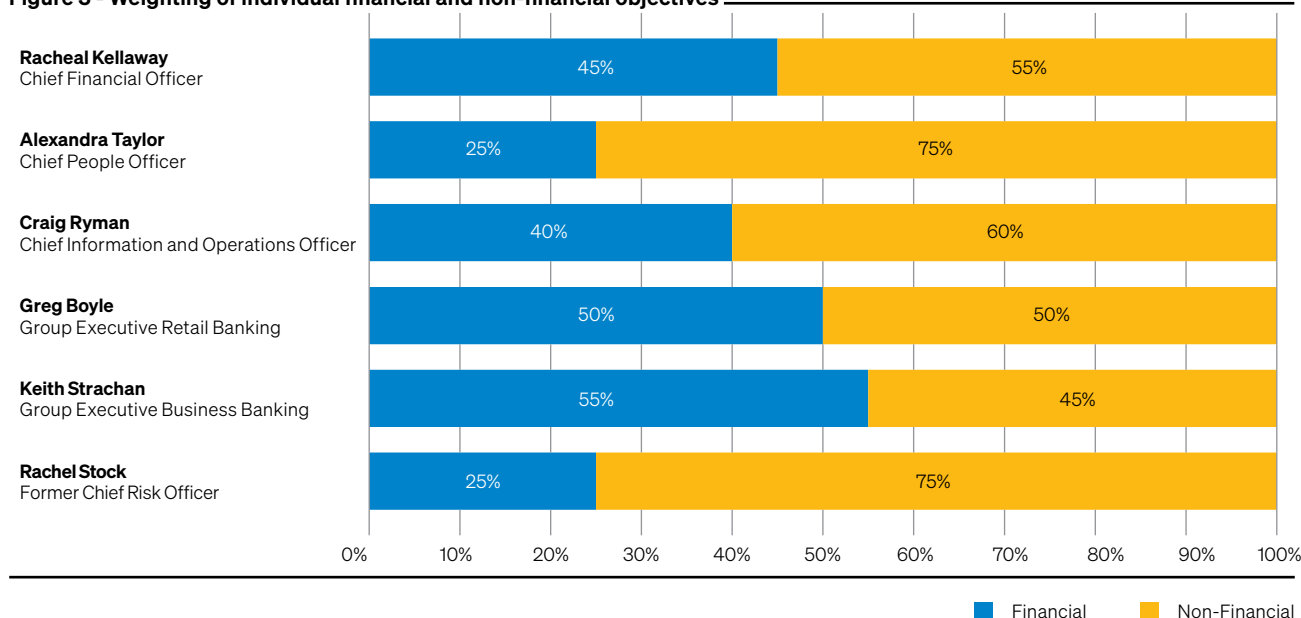
The performance outcomes for Executive KMP reflect their individual contribution to delivering both financial and non-financial objectives, their leadership in driving the transformation journey and their demonstration of sound risk behaviours.

4.3.1 Individual Objectives

For Executive KMP other than the MD&CEO and the former CRO, individual objectives have a 50 per cent weighting to STVR outcomes. For the former CRO, individual objectives have a 100 per cent weighting. The Group Scorecard is the basis for the MD&CEO's performance assessment.

Each Executive KMP's individual objectives, aligned to the Group Scorecard, were set with the MD&CEO at the commencement of FY26. The weighting of financial and non-financial measures in each scorecard varies by role, as outlined in Figure 3.

Figure 3 - Weighting of individual financial and non-financial objectives



4.3.2 FY26 Group Scorecard Outcomes

The Group Scorecard articulates the areas of focus that support the achievement of the Group's strategy and sets the tone for how achievement is measured throughout the performance period.

In FY26, the Group Scorecard informed the STVR outcome for the MD&CEO and 50 per cent of STVR outcomes for Executive KMP other than the former Chief Risk Officer. It also informed the size of the Group STVR pool.

The FY26 Group Scorecard builds on the approach introduced in FY25, maintaining a focus on the key measures that drive business performance and shareholder value. Compared to FY25, the scorecard simplified the assessment of financial performance by placing greater emphasis on Cash NPAT and Return on Equity, which incorporate the benefits of disciplined cost management alongside growth and returns. The scorecard also increased the focus on execution through risk remediation and regulatory uplift delivery and adoption, and introduced a Business Bank customer growth measure to better align performance assessment with the Group's strategic priorities.

The performance measures underpinning the FY26 Group Scorecard are summarised in Table 7, together with the associated rationale and FY26 outcomes. Based on these outcomes, the Board determined that STVR awards ranging from 79% to 94% of target (equivalent to 61% to 75% of maximum) were appropriate, as detailed in Table 8.

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Table 7 - Assessment of FY26 group scorecard

Metrics	Rationale for inclusion	FY26 Results			FY26 outcome detail
		Threshold	Target	Exceed	
Customer (15%)	Customers on digital bank (%) Migration to target-state digital platforms is critical to improving customer experience, reducing operational complexity and lowering the cost of servicing customers compared to legacy systems.	61%	68%	68% + qualitative overlay ⁽⁴⁾	The completion of the migration of ME customers to BOQ's digital banking platform was a significant milestone and was assessed at target. The migration was a complex undertaking that was successfully delivered, although it involved temporary disruption for some customers. As the Group continues to embed the benefits of its digital transformation, a continued focus remains on minimising disruption and improving customer outcomes and experiences.
	Business Bank Gross Loan and Advances Growth ('000) Growth in the Business Bank's commercial lending portfolio supports the Group's strategic objective of growing higher-value customer relationships and delivering long-term earnings growth.	1,598	2,002	2,400	Commercial lending growth within the Business Bank finished the year just above target, reflecting continued progress in executing the Group's strategy to grow higher-value customer relationships and support long-term earnings growth.
Culture Transformation (10%)	Culture Transformation Index (%) Culture transformation remains a foundational pillar of the Group's broader transformation agenda. Progress is measured through the Culture Transformation Index.	65%	67%	69%	Results from the Group's internal culture survey conducted in August 2026 were below the threshold level and highlighted opportunities to further strengthen organisational culture.
	Risk Culture Index (%) A strong risk culture supports prudent decision-making, accountability and sustainable performance across the Group. The Risk Culture Index measures progress in embedding positive risk behaviours and practices across the organisation.	72%	74%	76%	Results from the Group's internal risk culture survey conducted in August 2026 exceeded the target performance level, demonstrating the progress made through the Group's continued investment in risk management and remediation initiatives.
Risk, Remediation and Regulatory Uplift (15%)	Program rQ ⁽¹⁾ Delivery and adoption of the GRC platform and divisional risk profiles supports the uplift of risk management capability, governance and accountability across the Group.	Partially delivered to plan	Delivered to plan	Exceeded plan	Program rQ delivered outcomes above its approved quantitative targets during FY26. The outcome has been assessed at target, reflecting that further work is required to embed the changes and realise the intended risk management outcomes.
	AML ⁽²⁾ Delivery of AML remediation initiatives supports regulatory compliance, strengthens financial crime controls and reduces enterprise risk.	Partially delivered to plan	Delivered to plan	Exceeded plan	AML delivered outcomes that exceeded its approved quantitative targets during FY26. The outcome has been assessed at target, recognising that the program is focused on delivering agreed remediation commitments and strengthening sustainable risk and regulatory outcomes.
	Customer Remediation Uplift Program ⁽³⁾ Delivery of ASIC remediation commitments supports improved customer outcomes, regulatory compliance and stakeholder confidence.	Partially delivered to plan	Delivered to plan	Exceeded plan	While all planned Phase 1 milestones for this program were delivered during FY26, the Board determined that further work was required to demonstrate the effectiveness and sustainability of the intended compliance outcomes. As a result, the outcome was assessed at below threshold.
Simplification (10%)	Heritage applications decommissioned (#) Operating and maintaining legacy applications remains a material driver of cost, risk and complexity. The measure provides a leading indicator of progress against the Group's technology simplification agenda.	90	100	110	While overall targets were achieved, the ME Bank simplification outcomes, which were the most significant component of the measure, were not fully delivered as planned due to the deferral of certain decommissioning activities into FY27. As a result, the intended benefits have not yet been fully realised and the outcome has been assessed at threshold.
	Reduction of Heritage Products for Sale (#) Product simplification enables downstream efficiencies across governance, processes and technology and supports a simpler operating model.	16	15	14	The number of heritage products for sale reduced to 12, resulting in an exceeded performance outcome.
Profitability (35%)	Cash NPAT (excluding notable items) (\$) Cash NPAT (excluding notable items) reflects the Group's underlying and sustainable earnings. It holds management to be accountable for delivering results that support dividend payments, capital strength, and shareholder value.	\$350m	\$392m	\$434m	Cash NPAT (excluding notable items) resulted in an outcome just above threshold, reflecting lending contraction during a period of significant transformation activity and increased loan impairment expense, partly offset by disciplined cost management.
Returns (15%)	Return on Equity (%) Return on equity measures the Group's effectiveness in generating shareholder value and reflects cash NPAT (excluding notable items) generated from average shareholder capital.	5.7%	6.4%	7.2%	FY26 Cash ROE (excluding notable items) of 6.1% reflected lower earnings during the year, partially offset by continued focus on capital management and optimisation initiatives. The outcome was assessed at threshold.
Overall Group Scorecard Assessment					Assessment: 81%

(1) Program rQ metrics relate to delivery, adoption and completion respectively.

(2) AML metrics relate to RAP issues closed or downgraded and KYC refresh completion.

(3) The program metrics relate to the percentage of Consolidated Action Plan (CAP) items implemented on time and validated by Grant Thornton (GT).

(4) Subject to target outcomes being achieved and no material adverse customer impacts from migration or digital adoption.

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4.3.3 FY26 Executive KMP STVR Outcomes

Table 8 represents the FY26 STVR outcomes for Executive KMP, relative to both target and maximum opportunity.

Table 8 - FY26 Executive KMP STVR outcomes

Name	Role	Performance outcome	Target STVR opportunity \$	Maximum STVR opportunity \$	STVR awarded \$	STVR as % of target	STVR as % of maximum	% of maximum forfeited
CURRENT EXECUTIVE KMP								
Rod Finch ⁽¹⁾	Managing Director & Chief Executive Officer	Delivered	\$843,750	\$1,057,500	\$683,438	81%	65%	35%
Racheal Kellaway	Chief Financial Officer	Delivered	\$637,500	\$799,000	\$561,000	88%	70%	30%
Alexandra Taylor	Chief People Officer	Delivered	\$543,750	\$681,500	\$508,406	94%	75%	25%
Craig Ryman	Chief Information and Operations Officer	Delivered	\$618,750	\$775,500	\$488,813	79%	63%	37%
Greg Boyle	Group Executive Retail Banking	Delivered	\$562,500	\$705,000	\$444,375	79%	63%	37%
Keith Strachan ⁽²⁾	Group Executive Business Banking	Delivered	\$468,904	\$587,693	\$386,846	83%	66%	34%
FORMER EXECUTIVE KMP								
Patrick Allaway ⁽³⁾	Managing Director & Chief Executive Officer	Delivered	\$880,000	\$1,176,000	\$712,800	81%	61%	39%

(1) Rod Finch's STVR opportunity and actual STVR reflect his role as Chief Transformation & Operations Officer until 28 February 2026 and his role as MD&CEO from 1 March 2026 to year end.

(2) The STVR opportunity and STVR outcome disclosed for Keith Strachan reflect only the period during which he was a KMP, commencing on 10 October 2025 following his appointment as Group Executive, Business Banking.

(3) Patrick Allaway's STVR opportunity and actual STVR represent amounts attributable to the period up to 28 February 2026, being the period during which he was a KMP.

4.4 Linking performance & reward outcomes

Variable reward at BOQ is linked to the performance of both the Group as well as the individual contribution towards BOQ's strategic objectives.

Table 9 - Group performance summary

5 YEAR COMPANY PERFORMANCE		FY26	FY25	FY24	FY23 ⁽¹⁾	FY22 ⁽¹⁾
Cash earnings after tax ⁽²⁾	\$m	358	383	343	450	491
Basic cash earnings per share ⁽²⁾	cents	54.4	58.3	52.2	68.4	75.8
Cost to income ratio ⁽²⁾	%	65.4	64.7	66.8	58.0	56.5
Share price at balance sheet date	\$	6.53	7.27	6.32	5.76	7.03
Dividends per ordinary share (fully franked) ⁽³⁾	cps	55	38	34	41	46
Cash return on average equity ⁽²⁾	%	6.1	6.4	5.7	7.3	8.2

(1) Metrics were restated to reflect prior period adjustments detailed in Note 1.5 of the 2023 Financial Statements.

(2) Cash earnings after tax, basic cash earnings per share, cost to income ratio and cash return on average equity are non-statutory measures presented on a cash basis and exclude notable items. Non-statutory measures are not subject to audit.

(3) The FY26 dividend of 55 cents per share includes a fully franked special dividend of 15 cents per share.

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4.5 Long-term variable reward allocations

In FY26, BOQ granted Executive Performance Rights (**EPRs**) as the instrument for delivering LTVR to Executives. The FY26 LTVR framework continues to maintain an appropriate balance between financial and non-financial measures. To better align with market practice and shareholder interests, Relative Total Shareholder Return (**rTSR**) replaced Absolute Total Shareholder Return (**aTSR**) as the financial performance measure. Performance measures will be tested on completion of the four-year performance period, subject to the Board's assessment of the vesting conditions.

Table 10 - LTVR key characteristics

FEATURES	DETAIL
Performance period	1 September 2025 to 31 August 2029.
Performance measures	Relative Total Shareholder Return (rTSR) – 70% Customer experience measures – 30%.
Relative Total Shareholder Return (rTSR)	Measures BOQ's TSR performance relative to a peer group of companies in the S&P/ASX100 Index, excluding companies in the energy and materials sectors. - The peer group is determined as at 1 September 2025 and may be adjusted where companies are taken over, demerged, delisted or otherwise determined by the Board to no longer be an appropriate peer. - TSR is measured using the five-day VWAP at the beginning and end of the performance period, with dividends assumed to be reinvested. Vesting scale: 0% vesting below the 50th percentile; 50% vesting at the 50th percentile; - Straight-line vesting between the 50th and 75th percentiles; 100% vesting at or above the 75th percentile.
Customer experience measures	Measures long-term customer outcomes across both the Retail Bank and Business Bank over the four-year performance period. The customer experience measure represents 30% of LTVR and is equally weighted between the Retail Bank and Business Bank (15% each). Retail Bank customer experience is assessed based on the following measures and weightings: - transaction account activation rates (40% weighting), reflecting the proportion of transaction accounts activated within three months of opening (threshold: 43%; target: 45%); - net change in customer product holdings (40% weighting), reflecting the extent to which customers deepen their relationships with BOQ through increased product holdings (threshold: 4.5%; target: 5.5% cumulative improvement); and - customer sentiment (20% weighting), measured through customer survey results (threshold: +5 NPS; target: +10 NPS). Business Bank customer experience is assessed based on the following measures and weightings: - net customer growth (40% weighting), reflecting growth in the target business customer base (threshold: 8%; target: 12% cumulative growth); - net change in customer product holdings (40% weighting), reflecting the extent to which business customers deepen their relationships with BOQ through increased product holdings (threshold: 2%; target: 4% cumulative improvement); and - customer sentiment (20% weighting), measured through customer survey results (threshold: +5 NPS; target: +10 NPS). These measures are designed to assess the Group's ability to attract and retain customers, deepen customer relationships and improve customer advocacy and satisfaction over the performance period. The overall customer experience outcome is determined based on the weighted performance achieved across the underlying measures. Vesting is subject to Board-approved threshold and target performance levels established for each metric, based on the following vesting scale: 0% vesting below threshold performance. 50% vesting at threshold performance. - Straight-line vesting between threshold and target performance. 100% vesting at target performance.
Pre-vesting assessment	In addition to testing the performance measures, the Board will conduct a pre-vesting assessment before any EPRs vest, including consideration of risk, conduct, compliance and other relevant factors. The Board retains discretion to reduce vesting outcomes, including to zero. Any EPRs that do not vest will lapse.
Vesting schedule	Shares will be allocated in respect of any vested EPRs. Once issued, the following release schedule will apply: - MD&CEO: 33% released in December 2029, 33% in December 2030 and 34% in December 2031. - Other Executive KMP: 50% released in December 2029 and 50% in December 2030. Any unreleased shares remain subject to dealing restrictions until the applicable release date.
Board discretion	The Board may adjust vesting outcomes and release schedules where appropriate, including to address significant unexpected or unintended consequences or outcomes. Any EPRs that do not vest will lapse.

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4.6 Dealing restrictions released during FY26

In December 2025, Dealing Restrictions were lifted from the:

- third and final tranche (34%) of Restricted Shares issued on conversion of FY22 Performance Shares for 4 Executives (Rod Finch, Racheal Kellaway, Craig Ryman and Greg Boyle);
- second tranche (33%) of Restricted Shares issued on conversion of FY23 Performance Shares for 4 Executives (Rod Finch, Racheal Kellaway, Craig Ryman and Greg Boyle).

4.7 Equity vested during FY26

In December 2025, the following awards were vested:

- The first tranche of restricted shares awarded under the FY24 Deferred STVR vested for five current executives (Rod Finch, Racheal Kellaway, Alexandra Taylor, Craig Ryman and Greg Boyle) and two former executives (Patrick Allaway and Rachel Stock).
- The second tranche of FY21 Premium Priced Options (**PPOs**) vested for Rod Finch, Greg Boyle, Racheal Kellaway and Craig Ryman. These PPOs are currently out of the money and will lapse if the BOQ share price does not exceed the exercise price of \$9.3337 before the expiry date of 8 December 2026.
- The first tranche of FY22 Premium Priced Options (**PPOs**) vested for Rod Finch, Greg Boyle, Racheal Kellaway, Craig Ryman and Keith Strachan. These PPOs are currently out of the money and will lapse if the BOQ share price does not exceed the exercise price of \$9.5861 by the expiry date of 31 January 2028.
- The second tranche of restricted shares awarded to Alexandra Taylor as part of her make-good arrangement vested during the year, representing 44% of the total make-good award.
- A number of equity awards granted to Keith Strachan prior to his appointment as an Executive KMP vested during the year, including FY23 Deferred Award Rights (**DARs**), FY24 Chair Award Rights (**CARs**), FY24 Long-Term Variable Remuneration (**LTVR**) awards, FY25 one-off DARs, and discretionary equity DARs.

4.8 Other awards

No additional one-off awards were granted during FY26. The one-off Deferred Award Rights (**DARs**) granted to Craig Ryman in FY25 remain subject to their original terms and performance conditions. The first tranche of the award is scheduled to vest on 7 December 2026, subject to the Board assessing performance against the relevant milestones ahead of the vesting date. The outcome of the Board's assessment and the resulting vesting outcome will be disclosed in the FY27 Remuneration Report.

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5. Non-Executive Director remuneration

5.1 Fee pool

NED fees are determined within an aggregate fee pool limit. The current fee pool stands at \$2,800,000 inclusive of superannuation and was approved by shareholders on 30 November 2016. The fee pool provides the Board with flexibility to accommodate changes in its size and composition. The Board will not seek shareholder approval to increase the fee pool at the 2026 AGM.

5.2 Remuneration framework

NED fees are set to attract and retain individuals of appropriate calibre to the Board and Committees. Fees are reviewed periodically by the PCRC having regard to external market data and the fees paid by organisations of comparable size and complexity.

The Chair's fee is determined independently from the fees of other Directors and is also based on the external market. The Chair is not present at any discussions relating to the determination of his own remuneration.

To maintain independence and impartiality, NEDs do not receive any performance-based remuneration including share options or rights subject to a performance condition in addition to their prescribed fees. NEDs are not provided with retirement benefits apart from statutory superannuation.

Under the BOQ Constitution, Directors may receive additional remuneration for extra or special services performed for the Company. No Director received additional remuneration of this nature during FY26.

5.3 Non-Executive Director fees

During FY26, BOQ operated an individual committee fee structure, under which Non-Executive Directors receive a base Board fee together with additional fees for Committee Chair and Committee membership responsibilities. The Chair did not receive additional remuneration for Committee participation.

The Board comprised six Non-Executive Directors at the commencement of FY26 and returned to six following the appointment of Chris Eigeland. For substantially all of FY26, all Non-Executive Directors served on all standing Board Committees, reflecting the Board's composition and supporting effective governance across the Group's governance framework during a period of enhanced oversight.

During FY26, the Due Diligence Committee and Investment Committee were discontinued with those responsibilities incorporated into the other existing Committees. Accordingly, no fees were paid in respect of these Committees during the year.

No changes were made to Non-Executive Director fees during FY26. The FY26 fee structure will continue to apply in FY27 and remains within the aggregate fee pool approved by shareholders. Details of the fee structure are outlined in Table 11.

Table 11 - FY26 and FY27 NED fees

ANNUAL FEES	Chair ⁽¹⁾ (\$)	Member (\$)
Base fees	515,000	205,000
Audit Committee	60,000	30,000
Customer, Transformation & Technology Committee	60,000	30,000
People, Culture & Remuneration Committee	60,000	30,000
Risk Committee	60,000	30,000
Nomination & Governance Committee	0	0

(1) The chair receives no additional remuneration for involvement with Committees.

5.4 Minimum shareholding requirements

NEDs are required to hold equity interests equivalent to 100 per cent of their base fee within five years of their appointment to the Board. They may acquire these interests by purchasing on market in accordance with the Group Securities Trading Policy. All directors currently meet, or are on track to meet, the minimum shareholding requirement, with detailed holdings disclosed in Table 17.

The NED Fee Sacrifice Rights Plan was not offered during FY26 and remains suspended indefinitely.

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6. Statutory disclosures

The following tables include details of the nature and amount, as required by the Corporations Act 2001 (Cth), of each major element of the remuneration of each Non-Executive and Executive KMP of the Group, calculated in accordance with Australian Accounting Standards.

Details of the nature and amount of each major element of the remuneration of each Director of the Group are as outlined in Table 12 below.

Table 12 - Directors' Remuneration

Name	Year	Salary and fees ⁽¹⁾	STVR Cash ⁽²⁾	Non-monetary benefits ⁽³⁾	Other short-term benefits ⁽⁴⁾	Total short-term benefits ⁽⁵⁾	Post-employment ⁽⁶⁾	Other long-term ⁽⁶⁾	Termination Benefits ⁽⁷⁾	Rights ⁽⁸⁾	Shares and units ⁽⁹⁾	Total ⁽¹⁰⁾	Proportion of remuneration performance based %
CURRENT EXECUTIVE DIRECTOR													
Rod Finch⁽¹⁰⁾	2026	1,136,692	341,719	15,336	-	1,493,747	53,841	93,575	-	392,804	232,164	2,266,131	28%
	2025	756,763	264,375	14,652	-	1,035,790	29,949	16,376	-	459,433	230,697	1,772,245	39%
CURRENT NON-EXECUTIVE DIRECTORS													
Andrew Fraser⁽¹¹⁾	2026	458,039	-	-	-	458,039	29,717	-	-	-	-	487,756	N/A
	2025	269,257	-	-	-	269,257	29,777	-	-	-	-	299,034	N/A
Chris Eigeland⁽¹²⁾	2026	84,447	-	-	-	84,447	10,134	-	-	-	-	94,581	N/A
	2025	-	-	-	-	-	-	-	-	-	-	-	N/A
Karen Penrose	2026	324,583	-	-	-	324,583	30,417	-	-	-	-	355,000	N/A
	2025	289,843	-	-	-	289,843	30,156	-	-	-	-	319,999	N/A
Mary Waldron	2026	320,235	-	-	-	320,235	31,450	-	-	-	-	351,685	N/A
	2025	227,554	-	-	-	227,554	24,281	-	-	-	-	251,835	N/A
Mickie Rosen	2026	341,260	-	-	-	341,260	9,392	-	-	-	-	350,652	N/A
	2025	306,825	-	-	-	306,825	8,175	-	-	-	-	315,000	N/A
Paul Riordan	2026	315,480	-	-	-	315,480	31,584	-	-	-	-	347,064	N/A
	2025	88,949	-	-	-	88,949	10,426	-	-	-	-	99,375	N/A
FORMER EXECUTIVE DIRECTORS													
Patrick Allaway⁽¹³⁾	2026	739,850	356,400	7,530	-	1,103,780	15,000	(79,740)	1,139,653	1,620,290	738,479	4,537,462	52%
	2025	1,521,755	627,750	14,652	-	2,164,157	29,949	29,478	-	527,916	345,575	3,097,075	28%
FORMER NON-EXECUTIVE DIRECTORS													
Warwick Negus⁽¹⁴⁾	2026	80,833	-	-	-	80,833	5,000	-	-	-	-	85,833	N/A
	2025	470,057	-	-	-	470,057	29,944	-	-	-	-	500,001	N/A

(1) Salary and fees includes base salary (for Executive Directors) or directors' fees (for Non-Executive Directors) earned during the financial year, including annual leave accrued during the year.

(2) Represents 50% of the accrued STVR award, being the cash component of the STVR outcome. The remaining 50% is delivered as deferred Restricted Shares.

(3) Company-funded benefits (and associated FBT) such as car parking, accommodation, relocation and travel.

(4) Other cash benefits paid during the year, such as allowances.

(5) Superannuation contributions made in the financial year.

(6) Comprises long service leave accrued and/or utilised during the financial year. Included in FY26 is a negative long service leave expense of \$79,740 for Patrick Allaway, reflecting the reversal of long service leave expense accrued prior to the beginning of FY26.

(7) Includes payments in lieu of notice, other equity-related benefits provided on termination and, where applicable, remuneration paid during the contractual notice period and associated leave.

(8) The fair value of rights is calculated at the date of grant using an industry-accepted option pricing model.

(9) Represents the value of Restricted Shares awarded through short-term variable reward as well as converted Performance Shares. The fair value of shares has been calculated at the grant date using an industry-accepted pricing model.

(10) Rod Finch held the role of Chief Transformation & Operations Officer until 28 February 2026 and commenced as MD&CEO on 1 March 2026. Amounts disclosed represent remuneration received in respect of his executive responsibilities throughout FY26.

(11) Andrew Fraser was appointed Chair of the Board on 24 October 2025, having served as an Independent Non-Executive Director since 8 February 2024.

(12) Chris Eigeland was appointed as a Non-Executive Director effective 18 May 2026.

(13) Patrick Allaway retired as MD&CEO and ceased as a KMP on 28 February 2026. His employment with the Group concluded on 31 August 2026.

(14) Warwick Negus retired from the Board effective 24 October 2025.

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6. Statutory disclosures (continued)

Details of the nature and amount of each major element of the remuneration of each Executive KMP of the Group are as outlined in Table 13 below.

Table 13 - Executive KMP remuneration

Name	Position title	Year	Salary and fees ⁽¹⁾	STVR Cash ⁽²⁾	Non-monetary benefits ⁽³⁾	Other short-term benefits ⁽⁴⁾	Total short-term benefits ⁽⁵⁾	Post-employment ⁽⁶⁾	Other long-term ⁽⁶⁾	Termination benefits ⁽⁷⁾	Rights ⁽⁸⁾	Shares and units ⁽⁹⁾	Total	Proportion of remuneration performance based %
CURRENT EXECUTIVE KMP														
Racheal Kellaway	Chief Financial Officer	2026	787,507	280,500	15,336	-	1,083,343	40,557	24,906	-	431,195	234,030	1,814,031	37%
		2025	722,657	273,188	28,052	-	1,023,897	29,949	18,068	-	515,795	203,174	1,790,883	40%
Alexandra Taylor	Chief People Officer	2026	676,848	254,203	-	1,203	932,254	37,796	14,259	-	279,172	256,816	1,520,297	35%
		2025	695,826	253,313	-	1,203	950,342	29,949	13,238	-	201,309	316,122	1,510,960	34%
Craig Ryman ⁽¹⁰⁾	Chief Information and Operations Officer	2026	778,530	244,406	15,336	1,203	1,039,475	40,005	15,319	-	748,712	236,467	2,079,978	47%
		2025	828,693	298,547	14,652	1,203	1,143,095	29,949	16,384	-	843,475	285,574	2,318,477	49%
Greg Boyle	Group Executive Retail Banking	2026	702,074	222,188	15,336	-	939,598	38,348	13,147	-	398,327	206,269	1,595,689	38%
		2025	737,722	264,375	14,652	-	1,016,749	29,949	35,229	-	493,381	189,578	1,764,886	39%
Keith Strachan ⁽¹¹⁾	Group Executive Business Banking	2026	584,989	193,423	13,729	1,075	793,216	33,352	31,874	-	145,983	179,128	1,183,553	27%
		2025	-	-	-	-	-	-	-	-	-	-	-	-
FORMER EXECUTIVE KMP														
Rachel Stock ⁽¹²⁾	Former Chief Risk Officer	2026	611,266	-	11,900	-	623,166	22,500	(25,506)	239,334	(203,054)	(102,598)	553,842	0%
		2025	848,444	229,500	14,652	-	1,092,596	29,949	16,218	-	176,670	138,114	1,453,547	22%

(1) Salary and fees includes base salary earned and annual leave accrued during the year.

(2) Represents 50% of the accrued STVR award, being the cash component of the STVR outcome. The remaining 50% is delivered as deferred Restricted Shares.

(3) Company-funded benefits (and associated FBT) such as car parking, accommodation, relocation and travel.

(4) Other cash benefits paid during the year, such as allowances.

(5) Superannuation contributions made in the financial year.

(6) Comprises long service leave accrued and/or utilised during the financial year. Rachel Stock's FY26 amount includes a reversal of long service leave expense of \$25,506 accrued prior to the beginning of FY26.

(7) Includes payments in lieu of notice, other equity-related benefits provided on termination and, where applicable, remuneration paid during the contractual notice period and associated leave.

(8) The fair value of rights is calculated at the date of grant using an industry-accepted option pricing model. Rachel Stock's FY26 amount includes a reversal of previously recognised expense of \$203,054 following the lapse of awards upon cessation of employment.

(9) Represents the value of Restricted Shares awarded through short-term variable reward and make-good awards as well as converted Performance Shares. The fair value of shares has been calculated at the grant date using an industry-accepted pricing model. Rachel Stock's FY26 amount includes a reversal of previously recognised expense of \$102,598 following the lapse of awards upon cessation of employment.

(10) Craig Ryman served as Chief Information Officer until 28 February 2026. From 1 March 2026, his responsibilities were expanded and his role changed to Chief Information and Operations Officer.

(11) Keith Strachan was appointed Group Executive, Business Banking and became a KMP effective 10 October 2025. The remuneration expense disclosed reflects the period from his commencement as a KMP.

(12) Rachel Stock ceased as Chief Risk Officer and as a KMP on 31 May 2026. Her employment with the Group concluded on 31 August 2026.

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6.1 Equity held by Executive KMP

6.1.1 Underlying factors used to value equity awards held by Executive KMP

The underlying factors used to value equity awards held by Executive KMP are set out in Tables 14 and 15 and inform the disclosures in Table 12 and 13.

The acronyms for award names as shown in Tables 14, 15 and 16 are as follows:

- Deferred Award Rights (**DARs**)
- Executive Performance Rights (**EPRs**)
- Performance Shares (**PS**)
- Premium Priced Options (**PPOs**)
- CEO and Chair Award Rights (**CARs**)
- Restricted Shares (**RS**).

Table 14 - Valuation inputs for awards issued in 2026

Award name	Tranche number	Performance Condition	Vesting date / date restrictions are lifted ⁽¹⁾	Grant date assumed for valuation	Share price ⁽²⁾ \$	Fair value ⁽³⁾ \$	Expiry date
FY26 RS	1	Non-Market	07/12/2026	17/12/2025	\$6.41	\$6.41	-
FY26 RS	2	Non-Market	06/12/2027	17/12/2025	\$6.41	\$6.41	-
FY26 RS	1	Non-Market	07/12/2026	22/01/2026	\$6.77	\$6.77	-
FY26 RS	2	Non-Market	06/12/2027	22/01/2026	\$6.77	\$6.77	-
FY26 RS ⁽⁴⁾	3	Non-Market	08/12/2028	22/01/2026	\$6.77	\$6.77	-
FY26 RS ⁽⁴⁾	4	Non-Market	07/12/2029	22/01/2026	\$6.77	\$6.77	-
FY26 RS ⁽⁴⁾	5	Non-Market	06/12/2030	22/01/2026	\$6.77	\$6.77	-
FY26 EPRs	1, 2, 3	Market	06/12/2029	22/01/2026	\$6.77	\$3.28	22/01/2033
FY26 EPRs	1, 2, 3	Non-Market	06/12/2029	22/01/2026	\$6.77	\$5.45	22/01/2033

(1) Represents the vesting date for EPRs and the date on which dealing restrictions are lifted for RS.

(2) Closing share price on the grant date.

(3) The fair value of rights granted measured using industry accepted pricing methodologies, taking into account the terms and conditions upon which the rights are granted.

(4) Tranches 3, 4 and 5 of the FY26 Restricted Shares relate only to the former MD&CEO, Patrick Allaway.

Remuneration Report.

For the year ended 31 August 2026

6.1 Equity held by Executive KMP (continued)

Table 15 - Valuation inputs for awards issued in prior years

Award name	Tranche number	Performance Condition	Vesting Date	Grant date assumed for valuation	Share price ⁽¹⁾ \$	Fair value ⁽²⁾ \$	Expiry date/ Restrictions lifted ⁽³⁾
FY21 PPOs	2	Non-Market	8/12/2025	9/04/2021	8.73	0.88	8/12/2026
FY21 PPOs	2	Non-Market	8/12/2025	6/01/2021	7.48	0.58	8/12/2026
FY21 PPOs	2	Non-Market	8/12/2025	30/06/2021	9.11	1.02	8/12/2026
FY22 PPOs	1	Non-Market	8/12/2025	31/01/2022	7.64	0.56	31/01/2028
FY22 PPOs	2	Non-Market	6/12/2026	31/01/2022	7.64	0.62	31/01/2029
FY24 DARs	3	Non-Market	7/12/2026	20/12/2023	6.03	5.06	20/12/2030
FY23 PS	3	Non-Market	6/12/2023	13/02/2023	7.16	6.87	6/12/2026
FY23 PPOs	1	Non-Market	6/12/2026	13/02/2023	7.16	0.69	6/12/2028
FY23 PPOs	2	Non-Market	6/12/2027	13/02/2023	7.16	0.73	6/12/2029
FY23 PS	3	Non-Market	6/12/2023	24/05/2023	5.68	5.52	6/12/2026
FY23 PPOs	1	Non-Market	6/12/2026	24/05/2023	5.68	0.24	6/12/2028
FY23 PPOs	2	Non-Market	6/12/2027	24/05/2023	5.68	0.28	6/12/2029
FY24 CARs	3	Non-Market	6/12/2026	31/01/2024	6.04	5.06	31/01/2031
FY24 EPRs	1,2,3	Non-Market	6/12/2027	30/01/2024	5.96	4.84	30/01/2031
FY24 EPRs	1,2,3	Market	6/12/2027	30/01/2024	5.96	2.32	30/01/2031
FY23 PPOs	1	Non-Market	6/12/2026	31/01/2024	6.04	0.24	6/12/2028
FY23 PPOs	2	Non-Market	6/12/2027	31/01/2024	6.04	0.31	6/12/2029
FY24 EPRs	1,2	Non-Market	6/12/2027	22/05/2024	5.92	4.83	22/05/2031
FY24 EPRs	1,2	Market	6/12/2027	22/05/2024	5.92	2.28	22/05/2031
FY24 RS	3	Non-Market	7/12/2026	24/05/2024	5.84	5.92	7/12/2026
FY25 RS	2	Non-Market	7/12/2026	19/12/2024	6.72	6.77	7/12/2026
FY25 RS	3	Non-Market	6/12/2027	19/12/2024	6.72	6.77	6/12/2027
FY25 RS	4	Non-Market	8/12/2028	19/12/2024	6.72	6.77	8/12/2028
FY25 EPRs	1,2,3	Non-Market	6/12/2028	24/01/2025	6.79	5.62	24/01/2032
FY25 EPRs	1,2,3	Market	6/12/2028	24/01/2025	6.79	3.06	24/01/2032
FY25 DARs	2	Non-Market	7/12/2026	24/01/2025	6.79	6.20	24/01/2032
FY25 DARs	3	Non-Market	6/12/2027	24/01/2025	6.79	5.90	24/01/2032
FY25 DARs	1	Non-Market	7/12/2026	15/05/2025	7.64	7.07	15/05/2032
FY25 DARs	2	Non-Market	7/12/2029	15/05/2025	7.64	6.08	15/05/2032

(1) Closing share price on the grant date assumed for valuation.

(2) The fair value of rights granted is measured using industry accepted pricing methodologies, taking into account the terms and conditions upon which the rights are granted.

(3) Performance Shares lapsed if they were not converted to Restricted Shares on completion of the one-year performance period. Once converted, Restricted Shares do not have an expiry date. The date shown for converted Performance Shares and Restricted Shares is the date that Dealing Restrictions are lifted.

Remuneration Report.

For the year ended 31 August 2026

6.2 Equity instruments – holdings and movements

The movement in equity instruments held by Executive KMP during FY26 is set out in Table 16. The table includes equity awards granted, vested, exercised, forfeited or lapsed during the year, together with the balance of equity instruments held at 31 August 2026 and the value realised on vesting.

Table 16 - Movement and value of equity awards held by Executive KMP during financial year 2026

Grant	Balance 1 Sep 25 ⁽¹⁾		Granted ⁽²⁾		Vested / Converted ⁽³⁾		Forfeited / Lapsed		Exercised / Restrictions lifted ⁽⁴⁾		Balance 31 Aug 26 ⁽⁵⁾		Value at 31 Aug 26 ⁽⁶⁾		Vested and unexercised as at 31 Aug 26 ⁽¹⁰⁾	
	Units	Other	Units	\$	Units	Date	Units	Date	Units	Date	\$	Units	\$	Units	\$	
CURRENT EXECUTIVE KMP																
Rod Finch	EPRs	292,975	-	136,162	535,426	-	-	-	-	-	-	429,137	1,704,815	-	-	-
	PPO	1,143,469	-	-	-	243,031	08/12/2025	79,153	06/12/2025	-	-	1,064,316	777,815	243,031	-	-
	PS	46,191	-	-	-	-	-	-	-	27,416	08/12/2025	189,924	18,775	127,010	18,775	-
	RS	32,567	-	34,284	232,103	16,283	08/12/2025	-	-	16,283	08/12/2025	110,236	50,568	342,346	-	-
Racheal Kellaway	DARs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	EPRs	302,885	-	154,317	606,814	-	-	-	-	-	-	457,202	1,815,788	-	-	-
	PPO	1,478,653	-	-	-	346,939	08/12/2025	226,591	06/12/2025	-	-	1,252,062	898,600	346,939	-	-
	PS	49,603	-	-	-	-	-	-	-	25,589	08/12/2025	176,686	24,014	164,976	24,014	-
Alexandra Taylor	RS	35,919	-	35,427	239,841	17,959	08/12/2025	-	-	17,959	08/12/2025	121,582	53,387	361,430	-	-
	EPRs	210,841	-	131,623	517,577	-	-	-	-	-	-	342,464	1,344,500	-	-	-
	RS	60,654	-	32,850	222,395	35,558	08/12/2025	-	-	35,558	08/12/2025	217,712	57,946	378,172	-	-
	DARs	225,772	-	-	-	-	-	-	-	-	-	225,772	1,484,451	-	-	-
Craig Ryman	EPRs	327,028	-	149,778	588,965	-	-	-	-	-	-	476,806	1,895,311	-	-	-
	PPO	2,089,741	-	-	-	611,891	08/12/2025	389,973	06/12/2025	-	-	1,699,768	1,102,878	611,891	-	-
	PS	61,187	-	-	-	-	-	-	-	36,455	08/12/2025	255,177	24,732	169,909	24,732	-
	RS	41,986	-	38,716	262,107	20,993	08/12/2025	-	-	20,993	08/12/2025	142,123	59,709	404,229	-	-
Greg Boyle	EPRs	288,652	-	136,162	535,426	-	-	-	-	-	-	424,814	1,686,616	-	-	-
	PPO	1,525,314	-	-	-	459,571	08/12/2025	295,694	06/12/2025	-	-	1,229,620	883,967	459,571	-	-
	PS	48,182	-	-	-	-	-	-	-	28,397	08/12/2025	198,581	19,785	135,922	19,785	-
	RS	33,525	-	34,284	232,103	16,762	08/12/2025	-	-	16,762	08/12/2025	113,479	51,047	345,588	-	-
Keith Strachan ^m	CARs	7,542	-	-	-	2,828	08/12/2025	-	-	2,828	08/05/2026	15,158	4,714	23,853	-	-
	DARs	29,941	-	-	-	17,699	08/12/2025	-	-	17,699	08/05/2026	99,731	12,242	65,452	-	-
	EPRs	-	-	127,085	499,731	-	-	-	-	-	-	127,085	499,731	-	-	-
	PPO	71,128	-	-	-	35,564	08/12/2025	-	-	-	-	71,128	41,966	35,564	-	-
RS	-	-	24,694	158,289	-	-	-	-	-	-	-	24,694	158,289	-	-	-

(1) Opening balance represents the balance at the date the individual became a KMP.
(2) Represents the maximum number of securities that may vest to each Executive. The value is calculated as the number of securities multiplied by the fair value. The minimum total value that may vest is zero.
(3) Represents Premium Priced Options, CARs and DARs vested on 8 December 2025 and Restricted Shares released from dealing restrictions on 8 December 2025.
(4) The value represents the fair value at grant date multiplied by the number of units or rights exercised or shares released from dealing restrictions.
(5) Balance amounts as at 31 August 2026 represent unvested awards and vested awards that are not yet exercised.
(6) Balance amounts as at 31 August 2026 are measured by multiplying the number of awards by their fair value.
(7) Keith Strachan commenced as KMP on 10 October 2025. The opening balance reflected holdings as at 10 October 2025.
(8) Patrick Allaway ceased to be a KMP on 28 February 2026. He commenced a six-month notice period on gardening leave and ceased employment with the Group on 31 August 2026.
(9) Rachel Stock ceased to be a KMP on 31 May 2026 and concluded employment with the Group on 31 August 2026.
(10) Vested PPOs are immediately exercisable. Vested Performance Shares are held under dealing restrictions.

Remuneration Report.

For the year ended 31 August 2026

6.2 Equity instruments – holdings and movements (continued)

Grant	Balance 1 Sep 25 ⁽¹⁾		Granted ⁽²⁾		Vested / Converted ⁽³⁾		Forfeited / Lapsed		Exercised / Restrictions lifted ⁽⁴⁾		Balance 31 Aug 26 ⁽⁵⁾		Value at 31 Aug 26 ⁽⁶⁾		Vested and unexercised as at 31 Aug 26 ⁽¹⁰⁾	
	Units	Other	Units	\$	Units	Date	Units	Date	Units	Date	Units	\$	\$	\$	Units	Units
FORMER EXECUTIVE KMP																
Patrick Allaway⁽⁸⁾	EPRs	498,810	-	207,485	815,868	-	-	-	-	-	-	706,295	2,824,376	-	-	-
	PPO	796,562	-	-	-	-	-	-	-	-	-	796,562	219,055	-	-	-
	RS	86,206	-	81,406	551,119	17,241	08/12/2025	-	-	17,241	08/12/2025	150,371	1,018,012	-	-	-
Rachel Stock⁽⁹⁾	EPRs	191,221	-	123,454	485,456	-	-	31/08/2026	-	-	-	-	-	-	-	-
	RS	15,725	-	29,762	201,489	7,862	08/12/2025	37,625	31/08/2026	7,862	08/12/2025	53,236	-	-	-	-

(1) Opening balance represents the balance at the date the individual became a KMP.

(2) Represents the maximum number of securities that may vest to each Executive. The value is calculated as the number of securities multiplied by the fair value. The minimum total value that may vest is zero.

(3) Represents Premium Priced Options, CARs and DARRs vested on 8 December 2025 and Restricted Shares released from dealing restrictions on 8 December 2025.

(4) The value represents the fair value at grant date multiplied by the number of units or rights exercised, or shares released from dealing restrictions.

(5) Balance amounts as at 31 August 2026 represent unvested awards and vested awards that are not yet exercised.

(6) Balance amounts as at 31 August 2026 are measured by multiplying the number of awards by their fair value.

(7) Keith Strachan commenced as KMP on 10 October 2025. The opening balance reflected holdings as at 10 October 2025.

(8) Patrick Allaway ceased to be a KMP on 28 February 2026. He commenced a six-month notice period on gardening leave and ceased employment with the Group on 31 August 2026.

(9) Rachel Stock ceased to be a KMP on 31 May 2026 and concluded employment with the Group on 31 August 2026.

(10) Vested PPOs are immediately exercisable. Vested Performance Shares are held under dealing restrictions.

Remuneration Report.

For the year ended 31 August 2026

6.2 Equity instruments - holdings and movements (continued)

The number of equity instruments held directly, indirectly, or beneficially by each Director, Executive KMP or related party is set out in Table 17. All shares were acquired by Directors under normal terms and conditions or through the (now suspended) NED Fee Sacrifice Rights Plan.

Table 17 - Number of other equity instruments held directly, indirectly or beneficially

Ordinary Shares ⁽¹⁾	Held on 1 September 2025	Purchases / (Sales)	Rights granted under NED Fee Sacrifice Rights Plan	Received on exercise of Rights or when restrictions were lifted from Restricted Shares	Held on 31 August 2026
CURRENT DIRECTORS					
Rod Finch	55,066	-	-	43,699	98,765
Andrew Fraser	11,533	18,320	-	-	29,853
Karen Penrose	33,912	-	-	-	33,912
Mary Waldron	-	10,500	-	-	10,500
Mickie Rosen	30,000	-	-	-	30,000
Paul Riordan	-	15,375	-	-	15,375
FORMER DIRECTORS					
Patrick Allaway ⁽²⁾	242,742	-	-	17,241	N/A
Warwick Negus ⁽³⁾	246,300	-	-	-	N/A
CURRENT EXECUTIVE KMP					
Racheal Kellaway	120,725	-	-	43,548	164,273
Alexandra Taylor	17,846	-	-	35,558	53,404
Craig Ryman	124,349	-	-	57,448	181,797
Greg Boyle	51,778	-	-	45,159	96,937
Keith Strachan ⁽⁴⁾	0	-	-	20,527	20,527
FORMER EXECUTIVE KMP					
Rachel Stock ⁽⁵⁾	14,500	-	-	7,862	N/A

(1) Directors and KMPs with nil shareholding opening balances as at 1 September 2025 and closing balances as at 31 August 2026 have been excluded from the table.

(2) Patrick Allaway retired as MD&CEO and ceased as a KMP on 28 February 2026. His employment with the Group concluded on 31 August 2026. When Patrick Allaway first transitioned from Chairman to MD&CEO, he held 221,864 ordinary shares.

(3) Warwick Negus retired from the Board effective 24 October 2025.

(4) Keith Strachan was appointed Group Executive, Business Banking on 10 October 2025 and became a KMP from that date.

(5) Rachel Stock ceased as Chief Risk Officer and as a KMP on 31 May 2026. Her employment with the Group concluded on 31 August 2026.

Remuneration Report.

For the year ended 31 August 2026

6.3 KMP - other transactions

6.3.1 Loan transactions

Loans to KMP and their related parties (including close family members and entities over which the KMP and/or their close family members have control, joint control, or considerable influence) are provided in the ordinary course of business. Normal commercial terms and conditions are applied to all loans. Any discounts provided to KMP are the same as those available to all employees of the Group. There have been no write-downs or amounts recorded as provisions during FY26.

Details of loans held by KMP and their related parties during FY26, where the individual's aggregate loan balance exceeded \$100,000 at any time in this period, are set out in Table 18.

Table 18 - Aggregated loan transactions with KMP

	Balance at 1 September 2025 \$	Interest and fees charged during the year \$	Balance at 31 August 2026 \$	Highest balance during the year \$
CURRENT EXECUTIVE KMP				
Greg Boyle	1,077,826	1,833	965,541	1,077,827
OTHER RELATED PARTIES - CURRENT				
Karen Penrose related parties	1,616,656	90,475	1,421,748	1,621,737

Details regarding the aggregate value of loans made, guaranteed, or secured by any entity in the economic entity to all KMP and their related parties and the number of individuals in each group are set out in Table 19.

Table 19 - Aggregated loan and lease transactions with KMP

	Balance at 1 September 2025 \$	Interest and fees charged during the year \$	Balance at 31 August 2026 \$	Number in Group at 31 August 2026
Current Executive KMP	1,192,658	7,048	985,591	3
Other Related Parties - Current	1,616,656	90,475	1,421,748	1

6.3.2 Capital notes

On 14 November 2022, the Bank issued Capital Notes at price of \$100 per note. Details of those notes issued to KMP are set out in Table 20.

Table 20 - Capital notes

		Balance at 31 August 2026 \$	Interest earned for the year \$
CURRENT DIRECTORS			
Karen Penrose	Capital Notes 3	50,000	2,574

Directors' Report.

For the year ended 31 August 2026

Principal activities

The principal activities of the Group are set out on page 4. There have been no significant changes in the nature of the principal activities of the Group during 2026.

Operating and Financial Review

The Group's Operating and Financial Review is contained in pages 81 to 108 of this report

Indemnification of officers

The Bank's Constitution, supported by a Deed of Indemnity, Insurance and Access, provides an indemnity in favour of all directors and officers of the Bank against liabilities incurred by them in their capacity as an officer to the maximum extent permitted by law.

Insurance of officers

Since the end of the previous financial year, the Bank has paid insurance premiums in respect of a Directors' and Officers' liability insurance contract. The contract insures each person who is or has been a director or officer (as defined in the relevant policy) of the Bank against certain liabilities arising in the course of their duties to the Bank and its subsidiaries, as defined in the relevant policy. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the insurance contract as such disclosure is prohibited under the terms of the contract.

Directors' interests

Directors' interests as at the date of this report are disclosed in the remuneration report on pages 132 to 135.

Information on Directors, Company Secretaries and Directors' meetings

Information on the directors, company secretaries and Board and Board Committee meetings are set out in the Corporate Governance Statement on pages 26 to 38.

Audit and non-audit services

During the year, PwC, the Bank's auditor, has performed certain other services in addition to their statutory duties. The Board has considered the non-audit services provided during the year by the auditor are compatible with, and did not compromise, the auditor's independence requirements of the *Corporations Act 2001* (Cth) for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Bank and have been reviewed by the Audit Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor's independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Bank or acting as an advocate for the Bank or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Bank, PwC and its related practices, for audit and non-audit services provided during the year are set out in Note 5.6 Auditor's remuneration to the financial statements.

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 138 and forms part of the Directors' report for the year ended 31 August 2026.

Significant changes in state of affairs

Director changes during the year included:

- Warwick Negus ceased as an Independent Non-Executive Director and Chair of the Board effective 24 October 2025;
- Andrew Fraser was appointed Chair of the Board and Chair of the Nomination and Governance Committee effective 24 October 2025;
- Patrick Allaway ceased as Managing Director on 28 February 2026 and Rod Finch was appointed Managing Director effective 1 March 2026; and
- Chris Eigeland was appointed as an Independent Non-Executive director of the Board effective 18 May 2026.

Management changes during the year included:

- Keith Strachan was appointed Group Executive Business Bank effective 10 October 2025;
- Patrick Allaway ceased as CEO on 28 February 2026;
- Rod Finch ceased as Chief Transformation and Operations Officer, and was appointed CEO, effective 1 March 2026. The Chief Transformation and Operations Officer role has not been replaced with Operations realigned under the Chief Information Officer, and Strategy and Transformation responsibilities assumed by the Chief Financial Officer; and
- Rachel Stock ceased in the role of Chief Risk Officer effective 12 June 2026 and ceased with the Group on 31 August 2026. Brad Davis was appointed as Acting Chief Risk Officer effective 12 June 2026. Mandy Khanna will commence as Chief Risk Officer effective 11 January 2027.

For any other significant developments, please refer to page 215 which forms part of the Directors' report.

Directors' Report.

For the year ended 31 August 2026

Management attestation

The Board has been provided with a joint written statement from the Group's Managing Director & CEO and Chief Financial Officer confirming that, in their opinion, the financial records of the Bank and the Group have been properly maintained and the accompanying financial statements and notes in accordance with the *Corporations Act 2001* (Cth) comply with accounting standards and present a true and fair view in all material respects of the Bank's and Group's financial position and performance as at and for the year ended 31 August 2026.

The statement also confirms to the Board that the consolidated entity disclosure statement (CEDS) contained on pages 219 to 220 of the Annual Report is true and correct.

The Directors' Declaration can be found on page 221 of the financial statements.

Environmental regulation

The Group is not required to report under the *National Greenhouse and Energy Reporting Act 2007* (Cth) because our business operations are below the threshold at which those requirements apply.

The Group does not believe its operations are subject to other significant environmental regulation under a law of the Commonwealth or a State or Territory. The Group may become subject to environmental regulation as a result of its lending activities in the ordinary course of business and has processes in place designed to ensure any potential risk is addressed. We are not aware of the Group incurring any material liability under any environmental legislation.

For more information on our approach to climate reporting, please refer to our Sustainability Report.

Dividends

Details of dividends paid during the financial year ended 31 August 2026 are outlined in Note 2.4 Dividends to the financial statements.

Subsequent events

The Bank has determined a fully franked dividend of 20 cents per share amounting to \$132 million to be paid on 19 November 2026.

The financial effect of these dividends has not been brought to account in the financial statements for the year ended 31 August 2026. Further details with respect to the dividend payment and dividend reinvestment plan can be obtained from Note 2.4 Dividends to the financial statements.

No matters or circumstances have arisen since the end of the financial year and up until the date of this report which significantly affect the operations of the Bank and the Group, the results of those operations, or the state of affairs of the Bank and the Group in subsequent years.

Rounding

The amounts in this report have been rounded to the nearest one million dollars in accordance with ASIC Corporations Instrument 2026/183 dated 24 March 2026, unless otherwise stated. Any discrepancies between total and sums of components in tables contained in this report are due to rounding.

Signed in accordance with a resolution of the Directors:



Andrew Fraser
Chair
14 October 2026



Rod Finch
Managing Director & CEO
14 October 2026

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001.

For the year ended 31 August 2026



Auditor's Independence Declaration

As lead auditor of Bank of Queensland Limited's financial report and specified sustainability disclosures within the sustainability report for the year ended 31 August 2026, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit of the financial report or the review of the specified sustainability disclosures; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit of the financial report or the review of the specified sustainability disclosures.

A handwritten signature in black ink, appearing to read 'C. Stafford'.

Craig Stafford
Partner
PricewaterhouseCoopers

Sydney
14 October 2026

pwc.com.au

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2026 FINANCIAL REPORT.

Income statements.

For the year ended 31 August 2026

	Note	Consolidated		Bank	
		2026 \$m	2025 \$m	2026 \$m	2025 \$m
Interest income:					
Effective interest income	2.1	4,016	4,327	4,721	5,087
Other	2.1	733	727	700	687
Interest expense	2.1	(3,222)	(3,527)	(4,190)	(4,609)
Net interest income	2.1	1,527	1,527	1,231	1,165
Net other operating income	2.1	159	141	493	430
Net operating income before impairment and operating expenses	2.1	1,686	1,668	1,724	1,595
Operating expenses	2.2	(1,250)	(1,370)	(1,168)	(1,321)
Impairment (loss) / benefit on loans and advances		(54)	(20)	(10)	16
Profit before income tax		382	278	546	290
Income tax expense	2.3	(132)	(145)	(132)	(124)
Profit for the year		250	133	414	166
PROFIT ATTRIBUTABLE TO:					
Equity holders of Bank of Queensland Limited		250	133	414	166
EARNINGS PER SHARE (EPS)					
Basic EPS - Ordinary shares (cents)	2.6	38.1	20.1		
Diluted EPS - Ordinary shares (cents)	2.6	37.2	19.9		

The income statements should be read in conjunction with the accompanying notes.

Statements of comprehensive income.

For the year ended 31 August 2026

	Consolidated		Bank	
	2026 \$m	2025 \$m	2026 \$m	2025 \$m
Profit for the year	250	133	414	166
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX				
Items that may be reclassified subsequently to profit or loss				
<i>Cash flow hedges:</i>				
Net movement taken to equity	(76)	(6)	(33)	(13)
Net movement transferred to profit or loss	(5)	(1)	(5)	(1)
<i>Debt instruments at fair value through other comprehensive income (FVOCI):</i>				
Net change in fair value	33	7	33	7
Net movement transferred to profit or loss	(1)	(3)	(1)	(3)
Items that will not be reclassified subsequently to profit or loss				
<i>Equity instruments at FVOCI:</i>				
Net change in fair value	4	3	4	3
Other comprehensive loss, net of income tax	(45)	-	(2)	(7)
Total comprehensive income for the year	205	133	412	159
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Equity holders of Bank of Queensland Limited	205	133	412	159

The statements of comprehensive income should be read in conjunction with the accompanying notes.

Balance sheets.

As at 31 August 2026

	Note	Consolidated		Bank	
		2026 \$m	2025 \$m	2026 \$m	2025 \$m
ASSETS					
Cash and cash equivalents	3.1	2,248	3,024	1,018	1,660
Due from other financial institutions		190	236	106	148
Derivative financial assets	3.2, 3.8	945	696	891	413
Financial assets at fair value through profit or loss (FVTPL)	3.2	1,054	941	1,054	941
Debt instruments at FVOCI	3.2	16,035	16,331	16,035	16,331
Equity instruments at FVOCI	3.2	10	6	10	6
Debt instruments at amortised cost	3.2	15	15	10,635	12,843
Loans and advances	3.3	71,640	77,553	68,704	71,365
Assets held for sale		-	4	-	-
Other assets		352	380	535	558
Current tax assets		46	82	46	83
Amounts due from controlled entities	5.3a)	-	-	4,422	7,270
Property, plant and equipment		133	156	131	154
Investments in controlled entities	5.4a)	-	-	359	384
Deferred tax assets	2.3	72	59	108	133
Intangible assets	4.1	967	1,043	946	1,000
Total assets		93,707	100,526	105,000	113,289
LIABILITIES					
Due to other financial institutions		1,427	1,003	1,427	1,003
Deposits	3.4	71,227	75,677	71,437	75,892
Derivative financial liabilities	3.2, 3.8	340	194	198	194
Accounts payable and other liabilities	4.3	1,041	949	940	895
Provisions	4.2	94	140	92	140
Amounts due to controlled entities	5.3a)	-	-	16,205	19,111
Borrowings	3.5	13,840	16,656	9,016	10,411
Total liabilities		87,969	94,619	99,315	107,646
Net assets		5,738	5,907	5,685	5,643
EQUITY					
Issued capital		5,319	5,333	5,354	5,361
Reserves		283	277	323	274
Retained profits		136	297	8	8
Total equity		5,738	5,907	5,685	5,643

The balance sheets should be read in conjunction with the accompanying notes.

Statements of changes in equity.

For the year ended 31 August 2026

Consolidated	Issued capital \$m	Employee benefits reserve \$m	Cash flow hedge reserve \$m	FVOCI reserve \$m	Profit reserve \$m	Retained profits \$m	Total equity \$m
YEAR ENDED 31 AUGUST 2026							
Balance as at 31 August 2025	5,333	57	30	(33)	223	297	5,907
TOTAL COMPREHENSIVE INCOME FOR THE YEAR							
Profit for the year	-	-	-	-	-	250	250
Transfers to profit reserve	-	-	-	-	414	(414)	-
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX:							
<i>Cash flow hedges:</i>							
Net movement taken to equity	-	-	(76)	-	-	-	(76)
Net movement transferred to profit or loss	-	-	(5)	-	-	-	(5)
<i>Debt instruments at FVOCI:</i>							
Net change in fair value	-	-	-	33	-	-	33
Net movement transferred to profit or loss	-	-	-	(1)	-	-	(1)
<i>Equity instruments at FVOCI:</i>							
Net change in fair value	-	-	-	4	-	-	4
Total other comprehensive income / (loss)	-	-	(81)	36	-	-	(45)
Total comprehensive income / (loss) for the year	-	-	(81)	36	414	(164)	205
TRANSACTIONS WITH EQUITY HOLDERS IN THEIR CAPACITY AS EQUITY HOLDERS							
Dividends to shareholders ⁽¹⁾	-	-	-	-	(363)	3	(360)
Share buy-back ⁽²⁾	(7)	-	-	-	-	-	(7)
Treasury shares	(7)	-	-	-	-	-	(7)
Total contributions by and distributions to owners	(14)	-	-	-	(363)	3	(374)
Balance as at 31 August 2026	5,319	57	(51)	3	274	136	5,738

(1) The dividend reinvestment plan (DRP) for the dividends paid on 21 November 2025 and 27 May 2026 was satisfied through the on-market purchase of 1,665,632 and 1,793,793 shares, respectively. Each purchase was valued at \$11 million. The DRP was suspended for the special dividend paid on 24 August 2026. Dividends paid on shares held by the BOQ Employee Share Plan Trust are eliminated on consolidation within retained earnings.

(2) On 10 August 2026, the Group announced its intention to undertake an on-market share buy-back of up to \$196 million. As at 31 August 2026, the Group has bought back and cancelled 1,040,214 shares at an average price of \$6.40. After the balance sheet date, the purchase of a further 681,948 shares at an average price of \$6.50 settled and the shares were cancelled.

The statements of changes in equity should be read in conjunction with the accompanying notes.

Statements of changes in equity.

For the year ended 31 August 2025

Consolidated	Issued capital \$m	Employee benefits reserve \$m	Cash flow hedge reserve \$m	FVOCI reserve \$m	Profit reserve \$m	Retained profits \$m	Total equity \$m
YEAR ENDED 31 AUGUST 2025							
Balance as at 31 August 2024	5,342	60	37	(37)	251	364	6,017
TOTAL COMPREHENSIVE INCOME FOR THE YEAR							
Profit for the year	-	-	-	-	-	133	133
Transfers to profit reserve	-	-	-	-	203	(203)	-
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX:							
<i>Cash flow hedges:</i>							
Net movement taken to equity	-	-	(6)	-	-	-	(6)
Net movement transferred to profit or loss	-	-	(1)	-	-	-	(1)
<i>Debt instruments at FVOCI:</i>							
Net change in fair value	-	-	-	7	-	-	7
Net movement transferred to profit or loss	-	-	-	(3)	-	-	(3)
<i>Equity instruments at FVOCI:</i>							
Net change in fair value	-	-	-	3	-	-	3
Transfer from reserves ⁽¹⁾	-	-	-	(3)	-	3	-
Total other comprehensive income / (loss)	-	-	(7)	4	-	3	-
Total comprehensive income / (loss) for the year	-	-	(7)	4	203	(67)	133
TRANSACTIONS WITH EQUITY HOLDERS IN THEIR CAPACITY AS EQUITY HOLDERS							
Dividends to shareholders ⁽²⁾	-	-	-	-	(231)	-	(231)
Equity settled transactions	-	(3)	-	-	-	-	(3)
Treasury shares	(9)	-	-	-	-	-	(9)
Total contributions by and distributions to owners	(9)	(3)	-	-	(231)	-	(243)
Balance as at 31 August 2025	5,333	57	30	(33)	223	297	5,907

(1) Disposal of equity instruments at FVOCI in the year ended 31 August 2025 resulted in a transfer of cumulative gain in respect of these instruments from FVOCI reserve to retained profits.

(2) The dividend reinvestment plan for the dividends paid on 19 November 2024 and 23 May 2025 was satisfied through the on-market purchase of 1,530,045 and 1,360,097 shares respectively. Each purchase was valued at \$10 million.

The statements of changes in equity should be read in conjunction with the accompanying notes.

Statements of changes in equity.

For the year ended 31 August 2026

Bank	Issued capital \$m	Employee benefits reserve \$m	Cash flow hedge reserve \$m	FVOCI reserve \$m	Profit reserve \$m	Retained profits \$m	Total equity \$m
YEAR ENDED 31 AUGUST 2026							
Balance as at 31 August 2025	5,361	57	27	(33)	223	8	5,643
TOTAL COMPREHENSIVE INCOME FOR THE YEAR							
Profit for the year	-	-	-	-	-	414	414
Transfers to profit reserve	-	-	-	-	414	(414)	-
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX:							
<i>Cash flow hedges:</i>							
Net movement taken to equity	-	-	(33)	-	-	-	(33)
Net movement transferred to profit or loss	-	-	(5)	-	-	-	(5)
<i>Debt instruments at FVOCI:</i>							
Net change in fair value	-	-	-	33	-	-	33
Net movement transferred to profit or loss	-	-	-	(1)	-	-	(1)
<i>Equity instruments at FVOCI:</i>							
Net change in fair value	-	-	-	4	-	-	4
Total other comprehensive income / (loss)	-	-	(38)	36	-	-	(2)
Total comprehensive income / (loss) for the year	-	-	(38)	36	414	-	412
TRANSACTIONS WITH EQUITY HOLDERS IN THEIR CAPACITY AS EQUITY HOLDERS							
Dividends to shareholders ⁽¹⁾	-	-	-	-	(363)	-	(363)
Share buy-back ⁽²⁾	(7)	-	-	-	-	-	(7)
Total contributions by and distributions to owners	(7)	-	-	-	(363)	-	(370)
Balance as at 31 August 2026	5,354	57	(11)	3	274	8	5,685

(1) The dividend reinvestment plan (DRP) for the dividends paid on 21 November 2025 and 27 May 2026 was satisfied through the on-market purchase of 1,665,632 and 1,793,793 shares, respectively. Each purchase was valued at \$11 million. The DRP was suspended for the special dividend paid on 24 August 2026.

(2) On 10 August 2026, the Group announced its intention to undertake an on-market share buy-back of up to \$196 million. As at 31 August 2026, the Group has bought back and cancelled 1,040,214 shares at an average price of \$6.40. After the balance sheet date, the purchase of a further 681,948 shares at an average price of \$6.50 settled and the shares were cancelled.

The statements of changes in equity should be read in conjunction with the accompanying notes.

Statements of changes in equity.

For the year ended 31 August 2025

Bank	Issued capital \$m	Employee benefits reserve \$m	Cash flow hedge reserve \$m	FVOCI reserve \$m	Profit reserve \$m	Retained profits \$m	Total equity \$m
YEAR ENDED 31 AUGUST 2025							
Balance as at 31 August 2024	5,361	60	41	(37)	251	42	5,718
TOTAL COMPREHENSIVE INCOME FOR THE YEAR							
Profit for the year	-	-	-	-	-	166	166
Transfers to profit reserve	-	-	-	-	203	(203)	-
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX:							
<i>Cash flow hedges:</i>							
Net movement taken to equity	-	-	(13)	-	-	-	(13)
Net movement transferred to profit or loss	-	-	(1)	-	-	-	(1)
<i>Debt instruments at FVOCI:</i>							
Net change in fair value	-	-	-	7	-	-	7
Net movement transferred to profit or loss	-	-	-	(3)	-	-	(3)
<i>Equity instruments at FVOCI:</i>							
Net change in fair value	-	-	-	3	-	-	3
Transfer from reserves ⁽¹⁾	-	-	-	(3)	-	3	-
Total other comprehensive income / (loss)	-	-	(14)	4	-	3	(7)
Total comprehensive income / (loss) for the year	-	-	(14)	4	203	(34)	159
TRANSACTIONS WITH EQUITY HOLDERS IN THEIR CAPACITY AS EQUITY HOLDERS							
Dividends to shareholders ⁽²⁾	-	-	-	-	(231)	-	(231)
Equity settled transactions	-	(3)	-	-	-	-	(3)
Total contributions by and distributions to owners	-	(3)	-	-	(231)	-	(234)
Balance as at 31 August 2025	5,361	57	27	(33)	223	8	5,643

(1) Disposal of equity instruments at FVOCI in the year ended 31 August 2025 resulted in a transfer of cumulative gain in respect of these instruments from FVOCI reserve to retained profits.

(2) The dividend reinvestment plan for the dividends paid on 19 November 2024 and 23 May 2025 was satisfied through the on-market purchase of 1,530,045 and 1,360,097 shares respectively. Each purchase was valued at \$10 million.

The statements of changes in equity should be read in conjunction with the accompanying notes.

Statements of cash flows.

For the year ended 31 August 2026

	Note	Consolidated		Bank	
		2026 \$m	2025 \$m	2026 \$m	2025 \$m
CASH FLOWS FROM OPERATING ACTIVITIES					
Interest received		4,680	5,032	5,156	5,576
Fees and other income received		147	133	262	258
Interest paid		(3,186)	(3,620)	(4,165)	(4,704)
Cash paid to suppliers and employees		(955)	(1,088)	(989)	(1,031)
Income tax paid		(90)	(230)	(90)	(231)
		596	227	174	(132)
DECREASE / (INCREASE) IN OPERATING ASSETS:					
Loans and advances at amortised cost		2,044	2,595	2,751	2,809
Proceeds from forward-flow arrangement	5.5b)	238	-	-	-
Other financial assets		(225)	111	1,859	109
(DECREASE) / INCREASE IN OPERATING LIABILITIES:					
Deposits		(4,467)	(544)	(4,037)	(613)
Due to other financial institutions		424	(61)	424	(61)
Net cash inflows / (outflows) from operating activities	3.1	(1,390)	2,328	1,171	2,112
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from whole-of-loan sale	5.5a)	3,641	-	-	-
Payments for property, plant and equipment		(21)	(13)	(21)	(13)
Proceeds from sale of property, plant and equipment		2	3	-	-
Payments to owner managers for branch fitouts		-	(7)	-	(7)
Proceeds from sale of equity investments		-	6	-	6
Proceeds from sale of joint arrangement		3	2	-	-
Proceeds from sale of ME legacy credit card portfolio		29	-	29	-
Payments to owner managers for right to operate intangible assets	4.1	-	(92)	-	(92)
Payments for software	4.1	(106)	(100)	(106)	(100)
Dividends received from controlled entities		-	-	103	18
Net cash inflows / (outflows) from investing activities		3,548	(201)	5	(188)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings	3.5	1,438	1,987	1,438	1,987
Repayments of borrowings	3.5	(3,950)	(3,723)	(2,528)	(2,348)
Net movement in other financing activities		-	-	(303)	(990)
Payments for treasury shares		(20)	(24)	(20)	(24)
Share buy-back	3.10	(7)	-	(7)	-
Dividends paid	2.4	(360)	(231)	(363)	(231)
Payment of lease liabilities		(35)	(39)	(35)	(39)
Net cash outflows from financing activities		(2,934)	(2,030)	(1,818)	(1,645)
Net increase / (decrease) in cash and cash equivalents		(776)	97	(642)	279
Cash and cash equivalents at beginning of year		3,024	2,927	1,660	1,381
Cash and cash equivalents at end of year	3.1	2,248	3,024	1,018	1,660

The statements of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements.

For the year ended 31 August 2026

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Notes to the financial statements.

For the year ended 31 August 2026

Note 1. Basis of preparation.

1.1 Reporting entity

The Bank of Queensland Limited (**the Bank**) is a for-profit company domiciled in Australia. Its registered office is Level 3, 100 Skyring Terrace, Newstead, QLD 4006.

The Financial Report includes the consolidated and standalone financial statements of the Group and the Bank. The consolidated financial statements as at and for the financial year ended 31 August 2026 comprise the Consolidated Entity (**the Group**), being the Bank and its controlled entities. The principal activity of the Group is the provision of financial services to the community.

1.2 Basis of preparation

a) Statement of compliance

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board (**AASB**) and the *Corporations Act 2001* (Cth). The financial statements and notes thereto also comply with International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**). The financial statements were authorised for issue by the Directors on 14 October 2026. The Directors have the power to amend and reissue the financial statements.

b) Basis of measurement

The financial statements are prepared on a going concern basis using a historical cost basis, with the exception of the following assets and liabilities which are stated at their fair value:

- Derivative financial instruments;
- Financial instruments at FVTPL;
- Loans at FVTPL; and
- Financial instruments at FVOCI.

c) Functional and presentation currency

The financial statements are presented in Australian dollars, which is the Bank's functional currency.

d) Rounding

The Group and the Bank are of a kind referred to in ASIC Corporations Instrument 2026/183 dated 24 March 2026 and in accordance with that instrument, amounts in the financial statements have been rounded to the nearest million dollars, unless otherwise stated.

e) Significant accounting policies

Significant accounting policies are included within each of the relevant notes throughout the financial statements with the exception of policies listed in Note 5.8.

f) Changes in accounting policies

During the year ended 31 August 2026, the Group revised its accounting treatment of ongoing trail commissions payable to mortgage brokers. The Bank has recognised a liability within accounts payable and other liabilities equal to the present value of expected future trail commission payments and a corresponding increase in capitalised brokerage costs in gross loans and advances. Comparative information has not been restated.

1.3 Use of estimates and judgements

The preparation of the financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied throughout the Group.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting standards are recognised in the period in which the estimates are revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described below:

- Loans and advances - weighted average life (**WAL**) - Note 3.3;
- Loans and advances - expected credit losses (**ECL**) - Note 3.3;
- Fair value of financial instruments - Note 3.7;
- Intangible assets - Note 4.1;
- Provisions and contingent liabilities - Note 4.2;
- Capital partnership (non consolidation of SPV and derecognition of transferred assets) - Note 5.5; and
- Consolidation of structured entities - Note 5.8a).

1.4 New Australian accounting standards and legislative changes

Standards, amendments to standards and interpretations issued by the AASB and the IASB, including those that are not yet effective, are not expected to result in significant changes to the Group or the Bank.

Sustainability reporting standards

In September 2024, the AASB issued Australian Sustainability Reporting Standards AASB S1 *General Requirements for Disclosure of Sustainability-related Financial Information* (**AASB S1**) and AASB S2 *Climate-related Disclosures* (**AASB S2**). As a Group 1 reporting entity, BOQ has prepared its Sustainability Report in accordance with the *Corporations Act 2001* (Cth) and AASB S2 for the year ended 31 August 2026, available on pages 55 to 74. The Group does not intend to voluntarily adopt AASB S1.

Notes to the financial statements.

For the year ended 31 August 2026

1.4 New Australian accounting standards and legislative changes (continued)

AASB 18 Presentation and Disclosure in Financial Statements

AASB 18 *Presentation and Disclosure in Financial Statements* was issued in June 2024 and will be effective for the Group from 1 September 2027. The standard is required to be applied retrospectively and replaces AASB 101 *Presentation of Financial Statements*. AASB 18 focuses on improving information disclosed about financial performance in the income statement, with new requirements relating to the disclosure of management-defined performance measures as well as the introduction of newly defined subtotals and grouping information. The changes are aimed to improve transparency and comparability of financial information for investors. The Group is continuing to assess the impact of adopting this standard.

Amendments to AASB 7 Financial Instruments: Disclosures and AASB 9 Financial Instruments

AASB 2024-2 *Amendments to Australian Accounting Standards - Classification and Measurement of Financial Instruments* was issued in July 2024 and will be effective for the Group from 1 September 2026. The amendments include clarification on the derecognition of financial liabilities settled via electronic payment systems and guidance on assessing contractual cash flow characteristics for financial assets with environmental, social, and governance or similar features. The disclosure requirements for equity instruments at FVOCI were also amended, with disclosures required for financial instruments with contingent features that do not relate directly to basic lending risks and costs. The Group has assessed the amendments and does not expect their adoption to have a material impact on the Group's consolidated financial statements.

Notes to the financial statements.

For the year ended 31 August 2026

Note 2. Financial performance.

2.1 Operating income

	Consolidated		Bank	
	2026	2025	2026	2025
	\$m	\$m	\$m	\$m
INTEREST INCOME				
Effective interest income				
Loans and other receivables	4,016	4,327	4,525	4,887
Due from controlled entities	-	-	196	200
Other: Securities at fair value	733	727	700	687
Total interest income	4,749	5,054	5,421	5,774
INTEREST EXPENSE				
Retail deposits	(2,061)	(2,300)	(2,061)	(2,301)
Wholesale deposits and borrowings	(1,158)	(1,223)	(2,125)	(2,304)
Lease liabilities	(3)	(4)	(3)	(4)
Due to controlled entities	-	-	(1)	-
Total interest expense	(3,222)	(3,527)	(4,190)	(4,609)
Net interest income	1,527	1,527	1,231	1,165
INCOME FROM OPERATING ACTIVITIES				
Customer fees and charges ⁽¹⁾	72	71	71	70
Loyalty program expenses	(6)	(8)	(6)	(8)
Commissions	31	48	11	12
Foreign exchange income – customer based	15	17	15	17
Income from capital partnership ⁽²⁾	15	-	-	-
Origination costs associated with capital partnership	(2)	-	-	-
Net gain/(loss) from financial instruments and derivatives at fair value	8	(2)	12	(2)
Profit on sale of ME credit card portfolio ⁽³⁾	4	-	4	-
Profit on sale of joint venture	2	1	-	-
Securitisation income from controlled entities	-	-	141	157
Dividend income from controlled entities	-	-	143	58
Management fees from controlled entities	-	-	85	117
Other income	20	14	17	9
Net other operating income	159	141	493	430
Total	1,686	1,668	1,724	1,595

(1) Customer charges on lending, banking and leasing products.

(2) Includes servicing fee income as well as fair value gain/(loss) on equipment finance loans measured at Fair Value Through Profit or Loss (FVTPL) under the forward-flow arrangement. Refer to Note 3.3.

(3) In February 2026, the Group sold its ME legacy credit card portfolio, with a total carrying value of \$42 million.

Interest income and expense

Interest income and expense for all interest bearing financial instruments, excluding loans measured at fair value through profit or loss (FVTPL), is recognised in the income statement using the effective interest rate of the financial assets or financial liabilities to which they relate. The effective interest rate is the rate that discounts estimated future cash flows through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial instrument. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but not future credit losses. Commitment fees, establishment fees, and transaction costs that are directly attributable to the origination or acquisition of financial instruments and are considered integral to the effective interest rate are included in the measurement of the effective interest rate.

Interest income on finance lease receivables is recognised progressively over the life of the lease, reflecting a constant periodic rate of return in the lease. Interest income on financial instruments that are classified at FVTPL or fair value through other comprehensive income (FVOCI) is accounted for on a contractual rate basis, and includes amortisation of premium or discounts.

Other operating income

Other lending, banking and leasing fees revenue is recognised over the contract period in line with the performance obligation delivered to the customers. Customer service fees that represent the recoupment of the costs of providing the service are recognised when the service is provided. Commissions are recognised as income when performance obligations in respect of those commissions have been satisfied. Dividends are recognised when control of a right to receive consideration is established.

Securitisation income includes servicing fees and trust distributions. Servicing fees are recognised as income over the period in which services are provided. Trust distributions represent residual income allocated to unitholders and are recognised once the Bank is entitled. Management fee income is recognised in profit or loss as management services are provided and the related performance obligations are satisfied.

Servicing fee income is earned under the Group's capital partnership and is recognised as the related performance obligations are satisfied over time.

Notes to the financial statements.

For the year ended 31 August 2026

2.2 Operating expenses

		Consolidated		Bank	
	Note	2026 \$m	2025 \$m	2026 \$m	2025 \$m
EMPLOYEE EXPENSES					
Salaries, wages and superannuation contributions		520	501	520	501
Payroll tax		31	30	31	30
Equity settled transactions		9	12	9	12
Other employee expenses		11	15	11	15
		571	558	571	558
IT EXPENSES					
Technology services		242	232	237	227
Amortisation - computer software	4.1	96	82	94	79
Impairment - intangible assets ⁽¹⁾	4.1	37	13	37	13
Depreciation - IT equipment		2	3	2	3
		377	330	370	322
OCCUPANCY EXPENSES					
Depreciation of ROU assets and lease expenses		39	38	39	38
Depreciation - property, plant and equipment		13	13	13	13
Impairment - lease and leasehold improvements ⁽¹⁾		6	2	6	2
Other occupancy expenses		6	5	6	5
		64	58	64	58
ADMINISTRATIVE EXPENSES					
Professional fees		22	25	21	23
Directors' fees		2	2	2	2
Other administrative expenses		8	9	17	18
		32	36	40	43
OTHER OPERATING EXPENSES					
Advertising		40	39	23	21
Communications and postage		17	27	17	27
Processing costs		23	17	23	17
Printing and stationery		6	6	6	6
Other ⁽¹⁾		39	49	39	49
		125	138	108	120
OTHER					
Loss on whole-of-loan sale	5.5a)	66	-	-	-
Impairment – goodwill		-	170	-	143
Amortisation - right to operate assets	4.1	21	38	21	38
Amortisation - acquired intangibles	4.1	8	8	8	8
Remedial Action Plans	4.2	(3)	21	(3)	21
Restructuring provision	4.2	(11)	10	(11)	10
Impairment - joint arrangements		-	3	-	-
		81	250	15	220
Total operating expenses		1,250	1,370	1,168	1,321

(1) These line items contain \$47 million impairment announced on 10 August 2026, comprising \$37 million related to computer software, \$5 million to tangible assets and \$5 million to prepayments in other assets.

Notes to the financial statements.

For the year ended 31 August 2026

2.2 Operating expenses (continued)

Operating expenses are recognised on an accruals basis, over the period in which services are rendered.

Employee expenses

Employee expenses are recognised over the period during which employees provide services.

Refer to Note 4.2 for details regarding the measurement of annual leave and long service leave entitlements.

For the accounting policy on equity-settled transactions, refer to Note 5.1b).

Information Technology (IT) expenses

Technology expenses are recognised on an accruals basis over the period in which the services are rendered. IT expenses include the amortisation of intangible assets, which is recognised in profit or loss using the straight-line method over the estimated useful life of the asset. Refer to Note 4.1 for further information.

Occupancy expenses

Depreciation is calculated using the straight-line method over the estimated useful lives of the individual components of property, plant, and equipment. Depreciation of right-of-use assets is recognised over the shorter of the lease term or the useful life of the underlying asset.

Notes to the financial statements.

For the year ended 31 August 2026

2.3 Income tax expense and deferred tax

Income tax expense

The major components of income tax expense along with a reconciliation between pre-tax profit and tax expense are detailed below:

	Consolidated		Bank	
	2026 \$m	2025 \$m	2026 \$m	2025 \$m
CURRENT TAX EXPENSE				
Current year	124	135	114	98
Adjustments for prior years	2	(2)	(8)	-
	126	133	106	98
DEFERRED TAX EXPENSE				
Origination and reversal of temporary differences	6	12	26	26
Total income tax expense in income statement	132	145	132	124
DEFERRED TAX RECOGNISED IN EQUITY				
Cash flow hedge reserve	35	(3)	16	(6)
Other	(15)	2	(15)	2
Income tax charged in equity	20	(1)	1	(4)
NUMERICAL RECONCILIATIONS BETWEEN TAX EXPENSE AND PRE-TAX PROFIT				
Profit before tax	382	278	546	290
Income tax using the Australian corporate tax rate of 30% (2025: 30%)	115	83	164	87
INCREASE IN INCOME TAX EXPENSE DUE TO:				
Loss on sale of New Zealand asset portfolio	-	(1)	-	-
Goodwill impairment	-	51	-	43
Non-deductible other expenses	17	12	11	11
DECREASE IN INCOME TAX EXPENSE DUE TO:				
Other ⁽¹⁾	-	-	(43)	(17)
Income tax expense on pre-tax net profit⁽²⁾	132	145	132	124

(1) In the Bank, this includes the impact of dividends received from subsidiary members in the tax consolidated group which are eliminated at the Group level.

(2) The Group's effective tax rate for the year ended 31 August 2026 was 34.6% (2025: 52.2%). This is above the corporate tax rate of 30 per cent, primarily attributable to the interest payable on Capital Notes, which is non-deductible for tax purposes. Prior year effective tax rate was above the corporate tax rate of 30 per cent primarily due to the impairment of Goodwill and interest payable on Capital Notes, which are both non-deductible for tax purposes.

Notes to the financial statements.

For the year ended 31 August 2026

2.3 Income tax expense and deferred tax (continued)

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2026 \$m	2025 \$m	2026 \$m	2025 \$m	2026 \$m	2025 \$m
Consolidated						
Accruals	24	22	-	-	24	22
Capitalised expenditure	-	-	(4)	(10)	(4)	(10)
ECL Provisions	77	88	-	-	77	88
Other provisions	30	42	-	-	30	42
Equity reserves	23	3	-	-	23	3
ROU Asset and Lease Liability	44	44	(38)	(36)	6	8
Lease financing relating to lessor activities	-	-	(82)	(101)	(82)	(101)
Intangible assets	-	-	(5)	(7)	(5)	(7)
Right to Operate Assets (OMB)	-	-	(10)	(16)	(10)	(16)
Other	13	30	-	-	13	30
Total tax assets / (liabilities)	211	229	(139)	(170)	72	59

Bank						
Accruals	22	22	-	-	22	22
Capitalised expenditure	-	-	(1)	(1)	(1)	(1)
Provisions for impairment	56	60	-	-	56	60
Other provisions	30	42	-	-	30	42
Equity reserves	4	3	-	-	4	3
ROU Asset and Lease Liability	44	44	(38)	(36)	6	8
Lease financing relating to lessor activities	-	-	(6)	(8)	(6)	(8)
Intangible assets	-	-	(5)	(7)	(5)	(7)
Right to operate assets (OMB)	-	-	(10)	(16)	(10)	(16)
Other	12	30	-	-	12	30
Total tax assets / (liabilities)	168	201	(60)	(68)	108	133

Unrecognised deferred tax assets

Deferred tax assets have not been brought to account for the following items as realisation of the benefit is not regarded as probable:

	2026 \$m	2025 \$m
Gross income tax losses ⁽¹⁾	18	19
Gross capital gains tax losses	73	73

(1) Income tax losses are subject to utilisation over an expected 15 - 20 year period.

Notes to the financial statements.

For the year ended 31 August 2026

2.3 Income tax expense and deferred tax (continued)

Accounting for income tax

Income tax expense comprises current and deferred tax. Income tax is recognised in profit or loss in the income statement except to the extent that it relates to items recognised directly in equity, or other comprehensive income.

Current tax is the expected tax payable/receivable on the taxable income/loss for the year and any adjustment to the tax payable/receivable in respect of previous years. It is measured using tax rates enacted or substantially enacted at the reporting date.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Tax consolidation

The Bank is the head entity in the tax-consolidated group comprising all the Australian wholly-owned subsidiaries. The implementation date for the tax-consolidated group was 1 September 2003.

Current tax expense (income), deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using a 'group allocation' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax-consolidated group and are recognised as amounts payable (receivable) to (from) other entities in the tax-consolidated group in conjunction with any Tax Funding Agreement (**TFA**) amounts. Any difference between these amounts is recognised by the Bank as an equity contribution, or distribution from the subsidiary.

Any subsequent period amendments to deferred tax assets arising from unused tax losses as a result of a revised assessment of the probability of recoverability is recognised by the head entity only.

Nature of tax funding and tax sharing arrangements

The Bank, in conjunction with other members of the tax-consolidated group, has entered into a TFA which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The TFA requires payments to/from the head entity equal to the current tax liability/asset assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the Bank recognising an inter-entity payable/receivable equal in amount to the tax liability/asset assumed.

Contributions to fund the current tax liabilities are payable as per the TFA and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The Bank, in conjunction with other members of the tax-consolidated group, has also entered into a Tax Sharing Agreement (**TSA**). The TSA provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the TSA is considered remote.

Notes to the financial statements.

For the year ended 31 August 2026

2.4 Dividends

	Bank			
	2026		2025	
	Cents per share	\$m	Cents per share	\$m
ORDINARY SHARES				
Final 2025 dividend paid 21 November 2025 (2024: 19 November 2024)	20	132	17	112
Interim 2026 ordinary share dividend paid 27 May 2026 (2025: 23 May 2025)	20	132	18	119
Special dividend paid 24 August 2026 (2025: nil)	15	99	-	-
		363		231

All dividends paid on ordinary shares have been fully franked. Since the end of the financial year, the Directors have determined the following dividends:

	Cents per share	\$m
Final 2026 ordinary share dividend	20	132

The final ordinary share dividend will be paid on 19 November 2026 to owners of ordinary shares at the close of business on 28 October 2026 (record date). Shares will be quoted ex-dividend on 27 October 2026.

	Bank	
	2026 \$m	2025 \$m
30% franking credits available to shareholders of the Bank for subsequent financial years	595	649

The ability to utilise the franking credits is dependent upon there being sufficient available profits to pay dividends. The profits accumulated in the profit reserve are available for dividend payments in future years. All dividends paid by the Bank since the end of the previous financial year were franked at the tax rate of 30 per cent.

The balance of the Bank's dividend franking account at the date of this report, after adjusting for franking credits and debits that will arise on payment of income tax and proposed dividends relating to the year ended 31 August 2026, is \$536 million calculated at the 30 per cent tax rate (2025: \$590 million). It is anticipated, based on these franking account balances that the Bank will continue to pay fully franked dividends in the foreseeable future.

Dividend reinvestment plan

The dividend reinvestment plan (**DRP**) provides ordinary shareholders with the opportunity to reinvest all or part of their entitlement to a dividend into additional ordinary shares.

The price for shares issued or transferred under the **DRP** is the Market Price less such discount (if any) as the directors may determine from time to time and notify to the ASX (rounded to the nearest cent).

Market price is the arithmetic average, rounded to four decimal places, of the daily volume weighted average price of:

- all shares sold in the ordinary course of trading on the ASX automated trading system; and
- where shares are sold on trading platforms of Australian licensed financial markets operated by persons other than ASX, all shares sold in the ordinary course of trading on such of those trading platforms determined by the Board, from time to time, during the 10 trading day period commencing on the second trading day after the record date in respect of the relevant dividend.

The calculation of the daily volume weighted average price shall not include certain transactions, as outlined in the **DRP** terms and conditions. If, after this calculation, there is a residual balance, that balance will be carried forward (without interest) and added to the next dividend for the purpose of calculating the number of shares secured under the **DRP** at that time.

Shares issued or transferred under the **DRP** will be fully-paid and rank equally in all respects with existing shares.

The last date for election to participate in the **DRP** for the 2026 full year dividend is 29 October 2026.

Notes to the financial statements.

For the year ended 31 August 2026

2.5 Operating segments

Segment information

The Group determines and presents operating segments based on the information that is provided internally to the Managing Director and CEO, the Group's and the Bank's chief operating decision maker.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

All operating segments' operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to each segment and assess performance for which discrete financial information is available. Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Group's operating segments comprise the following:

Retail Bank - retail banking solutions provided to customers through a network of BOQ branches, ME Bank and Virgin Money distribution channels, digital platforms, and third-party intermediaries; and

BOQ Business - provides tailored business banking solutions, including commercial lending, equipment finance and leasing, foreign exchange hedging and international transfers, interest rate hedging, transaction banking, home lending and deposit solutions for business customers.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis, reflecting the Bank's external cost of funds, in a manner similar to transactions with third parties.

Major customers

No revenue from transactions with a single external customer or counterparty amounted to 10 per cent or more of the Group's total revenue in 2026 or 2025.

Geographic information

The business segments operate in Australia.

Goodwill

For goodwill allocation between segments, refer to Note 4.1.

Presentation

The following table presents income, profit and certain asset and liability information regarding the Group's operating segments. Consistent with the information provided to the chief operating decision maker, the information is on a cash basis, with the statutory adjustments shown below the line.

Inter-segment revenue and expenses and transfer pricing adjustments are reflected in the performance of each operating segment.

Other column includes Treasury and Group Head Office operations. This is not reported internally to the Group's and the Bank's chief operating decision maker as an operating segment.

Notes to the financial statements.

For the year ended 31 August 2026

2.5 Operating segments (continued)

	Retail Bank		BOQ Business		Other ⁽¹⁾		Total	
	2026 \$m	2025 \$m	2026 \$m	2025 \$m	2026 \$m	2025 \$m	2026 \$m	2025 \$m
CASH BASIS:								
INCOME								
Net interest income ⁽²⁾	807	807	722	713	(9)	(5)	1,520	1,515
Non-interest income	84	94	72	50	3	(2)	159	142
Total income	891	901	794	763	(6)	(7)	1,679	1,657
Operating expenses excl. notable items	(746)	(738)	(352)	(334)	-	-	(1,098)	(1,072)
Notable expense items ⁽³⁾⁽⁴⁾	(35)	-	(12)	-	-	-	(47)	-
Total operating expenses	(781)	(738)	(364)	(334)	-	-	(1,145)	(1,072)
Underlying profit / (loss)	110	163	430	429	(6)	(7)	534	585
Loan impairment (loss) / benefit	(9)	(2)	(45)	(19)	-	-	(54)	(21)
Cash profit / (loss) before tax	101	161	385	410	(6)	(7)	480	564
Income tax (expense) / benefit	(32)	(52)	(124)	(131)	1	2	(155)	(181)
Cash earnings after tax	69	109	261	279	(5)	(5)	325	383
Notable items after tax	25	-	8	-	-	-	33	-
Cash earnings after tax excl. notable items	94	109	269	279	(5)	(5)	358	383
Cash earnings after tax	69	109	261	279	(5)	(5)	325	383
STATUTORY BASIS ADJUSTMENTS:								
Whole-of-loan sale ⁽⁵⁾	-	-	(52)	-	-	-	(52)	-
Goodwill impairment	-	(170)	-	-	-	-	-	(170)
Branch strategy ⁽⁶⁾	(16)	(31)	(6)	(12)	-	-	(22)	(43)
Hedging and fair value changes	-	-	-	-	-	(1)	-	(1)
Amortisation of acquisition fair value adjustments	-	-	-	-	(1)	3	(1)	3
Restructuring costs	-	-	-	-	-	(25)	-	(25)
Remedial Action Plans	-	-	-	-	-	(14)	-	(14)
Statutory net profit / (loss) after tax	53	(92)	203	267	(6)	(42)	250	133
INCLUDED IN THE RESULTS:								
Depreciation and amortisation	(112)	(93)	(28)	(31)	(8)	(8)	(148)	(132)
Segment assets	49,677	52,820	24,624	27,254	19,406	20,452	93,707	100,526
Segment liabilities	33,367	35,467	8,595	9,556	46,007	49,596	87,969	94,619

(1) This is not reported internally to the Group's and the Bank's chief operating decision maker as an operating segment.

(2) Interest income and interest expenses are disclosed in this note on a net interest income basis. This is in line with the information provided internally to the Group's chief operating decision maker.

(3) This excludes a number of items that introduce volatility and / or one-off distortions of the current period performance.

(4) During the year, the Group recognised \$47 million of impairment announced on 10 August 2026. These are related to intangible assets following a reassessment of their expected future economic benefits, aged technology assets being replaced as the Group transitions to modern digital infrastructure, low-value tangible assets identified through a review of corporate and branch network assets, and a prepayment asset.

(5) In April 2026, the Group entered into a capital partnership agreement which included a whole-of-loan sale of the Group's equipment finance portfolio. For further detail, refer to Note 5.5.

(6) Branch strategy costs predominantly comprise conversion costs, associated amortisation of the right-to-operate assets that were acquired as part of the Owner Managed Bank (OMB) network and costs to optimise the network.

Notes to the financial statements.

For the year ended 31 August 2026

2.6 Earnings per share

Basic earnings per share (**EPS**) is calculated by dividing the relevant earnings attributable to ordinary shareholders by the average weighted number of shares on issue. Diluted EPS takes into account the dilutive effect of all outstanding share rights vesting as ordinary shares.

	Consolidated	
	2026 \$m	2025 \$m
EARNINGS RECONCILIATION		
Profit for the year	250	133
Profit available for ordinary shareholders	250	133
BASIC EARNINGS		
Effect of Capital Notes 2 ⁽¹⁾	14	-
Effect of Capital Notes 3 ⁽¹⁾	21	-
Diluted earnings	285	133
	2026 Number of shares	2025 Number of shares
Weighted average number of shares used as the denominator		
NUMBER FOR BASIC EARNINGS PER SHARE		
Ordinary shares	656,809,046	658,119,186
NUMBER FOR DILUTED EARNINGS PER SHARE		
Ordinary Shares	656,809,046	658,119,186
Add: Effect of award rights	7,320,312	7,159,674
Add: Effect of Capital Notes 2 ⁽¹⁾	40,484,177	-
Add: Effect of Capital Notes 3 ⁽¹⁾	62,840,000	-
Diluted WANOS for earnings EPS ⁽²⁾	767,453,535	665,278,860
EARNINGS PER SHARE		
Basic earnings per share - ordinary shares	cents 38.1	20.1
Diluted earnings per share - ordinary shares	cents 37.2	19.9

(1) Capital notes 2 and Capital notes 3 were anti-dilutive during the year ended 31 August 2025, and as a result, their impact has been excluded from diluted EPS calculation.

(2) The Group had awarded 10,144,873 employee share options as at 31 August 2026. The options were anti-dilutive during the year and therefore have not impacted diluted WANOS.

Notes to the financial statements.

For the year ended 31 August 2026

Note 3. Capital and balance sheet management.

3.1 Cash and cash equivalents

Components of cash and cash equivalents

Cash and cash equivalents comprise cash at branches, cash on deposit, cash in transit and balances with the RBA. Cash flows from the following activities are presented on a net basis in the statements of cash flows:

- Sales and purchases of trading securities;
- Customer deposits and withdrawals from deposit accounts; and
- Loan drawdowns and repayments.

	Consolidated		Bank	
	2026 \$m	2025 \$m	2026 \$m	2025 \$m
Notes, coins and cash at bank	1,918	2,727	703	1,381
Remittances in transit	330	297	315	279
Total	2,248	3,024	1,018	1,660

Notes to the statements of cash flows

Reconciliation of profit for the year to net cash provided by operating activities:

Profit from ordinary activities after income tax	250	133	414	166
Adjustments				
Depreciation	54	42	54	42
Amortisation - right to operate assets	21	38	21	38
Amortisation - acquired intangibles	8	8	8	8
Software amortisation	96	82	94	79
Loss on whole-of-loan sale	66	-	-	-
Impairment - intangible assets	37	13	37	13
Impairment - leases	6	2	6	2
Impairment - goodwill	-	170	-	143
Equity settled transactions	9	12	9	12
Dividends received from controlled entities	-	-	(143)	(58)
Increase / (decrease) in impairment on loans and advances	54	20	10	(16)
(Increase) / decrease in derivatives	(454)	42	(782)	250
Increase/ (decrease) in amounts due to controlled entities	-	-	284	(605)
Decrease / (increase) in other assets	434	(23)	164	79
Increase/ (decrease) in accounts payable and other liabilities	38	(224)	(16)	(208)
Increase / (decrease) in current tax liabilities	36	(96)	37	(98)
(Increase) / decrease in deferred tax asset and liabilities	(13)	11	25	22
Decrease in provisions	(46)	(3)	(48)	(1)
Decrease in loans and advances	2,044	2,595	2,751	2,809
Proceeds from forward-flow arrangement	238	-	-	-
(Increase) / decrease in financial assets	(225)	111	1,859	109
Decrease in deposits	(4,467)	(544)	(4,037)	(613)
Increase / (decrease) in due to other financial institutions	424	(61)	424	(61)
Net cash (outflow) / inflow from operating activities	(1,390)	2,328	1,171	2,112

Notes to the financial statements.

For the year ended 31 August 2026

3.2 Financial assets and liabilities

Financial instruments measured at amortised cost

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the asset.

Financial assets that are held to collect the contractual cash flows and that contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest, are measured at amortised cost. In addition, most financial liabilities are measured at amortised cost. Financial assets or financial liabilities are initially recognised at fair value, inclusive of any directly attributable costs. They are subsequently measured at each reporting date at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

The Bank invests in debt securities at amortised cost that are issued by 100 per cent owned securitisation vehicles within the Consolidated Group. The programs' underlying pool of financial instruments are recorded within the Bank's loans and advances.

Also included in this category are loans and advances at amortised cost (refer to Note 3.3 Loans and advances) and receivables due from other financial institutions recognised and measured at amortised cost.

For financial liabilities at amortised cost, refer to Note 3.4 for further information on Deposits and Note 3.5 for further information on Borrowings.

Financial assets measured at fair value through other comprehensive income (FVOCI)

Financial assets are measured at FVOCI where they are held in a business model that aims to both collect contractual cash flows and realise value through sales of financial assets, and where the contractual cash flows comprise solely payments of principal and interest. Gains or losses arising from changes in the fair value of these financial instruments are recognised in other comprehensive income. Interest income and foreign exchange gains and losses are recognised in profit or loss. Upon derecognition of the financial instrument, any cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss.

Equity instruments that are not held for trading are measured at FVOCI, where an irrevocable election has been made by management. Amounts presented in other comprehensive income are not subsequently transferred to profit or loss, but can be reclassified to retained profits. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Financial instruments and derivatives at fair value through profit or loss (FVTPL)

Financial assets that do not meet the criteria to be measured at amortised cost or FVOCI are measured at FVTPL, with all changes in fair value recognised in the income statement. Financial assets in this category are those that are held for trading and have been designated by management upon initial recognition or are mandatorily required to be measured at fair value under AASB 9 *Financial Instruments* (**AASB 9**). Also included in this category are loans measured at FVTPL (refer to Note 3.3 Loans and advances).

Modification of financial instruments

A financial instrument is modified when its original contractual cash flows are modified. A financial instrument that is modified is derecognised if the existing agreement is cancelled and a new agreement is made on substantially different terms or if the existing terms of the financial instrument are substantially modified. Where the modification results in derecognition of the original financial instrument, a new financial instrument is recorded initially at fair value and the difference is recorded in profit or loss in the income statement.

When the modification does not result in derecognition, the difference between the financial instrument's original contractual cash flows and the modified cash flows, discounted at the original effective interest rate, is recognised as a gain or loss in the income statement.

Reclassification of financial instruments

The Group reclassifies financial assets when, and only when, it changes its business model for managing those assets. Reclassified financial assets are subsequently measured based on the new measurement category.

The Group does not reclassify financial liabilities.

Derecognition of financial instruments

Financial assets are derecognised when the contractual rights to receive cash flows from the assets have expired, or where the Group has transferred its contractual rights to receive the cash flows of the financial assets or substantially all the risks and rewards of ownership, or upon substantial modification. Financial liabilities are derecognised when they are extinguished, i.e. when the obligation is discharged, cancelled or expired.

Notes to the financial statements.

For the year ended 31 August 2026

3.2 Financial assets and liabilities (continued)

Financial assets and liabilities recognised and measured at fair value and debt instruments at amortised cost are listed below. For other financial assets and liabilities refer to Note 3.1 for Cash and cash equivalents, Note 3.3 for Loans and advances, Note 3.4 for Deposits, Note 3.5 for Borrowings and Note 3.8 for Derivative financial instruments and hedge accounting.

	Consolidated		Bank	
	2026 \$m	2025 \$m	2026 \$m	2025 \$m
DERIVATIVE FINANCIAL ASSETS				
Less than 12 months	230	198	176	198
Greater than 12 months	715	498	715	215
Total derivative financial assets	945	696	891	413
FINANCIAL ASSETS AT FVTPL				
Floating rate notes and bonds	1,054	941	1,054	941
Total financial assets at FVTPL	1,054	941	1,054	941
Less than 12 months	1,054	941	1,054	941
FINANCIAL ASSETS AT FVOCI				
Debt instruments ⁽¹⁾	16,035	16,331	16,035	16,331
Equity instruments	10	6	10	6
Total financial assets at FVOCI	16,045	16,337	16,045	16,337
Less than 12 months	3,267	4,363	3,267	4,363
Greater than 12 months	12,778	11,974	12,778	11,974
DEBT INSTRUMENTS AT AMORTISED COST				
Less than 12 months	-	-	17	17
Greater than 12 months	15	15	10,618	12,826
Total debt instruments at amortised cost	15	15	10,635	12,843
DERIVATIVE FINANCIAL LIABILITIES				
Less than 12 months	(57)	(63)	(57)	(64)
Greater than 12 months	(283)	(131)	(141)	(130)
Total derivative financial liabilities	(340)	(194)	(198)	(194)

(1) The Group invests in high-grade mortgage-backed securities with external counterparties. The balance as at 31 August 2026 was \$521 million (2025: \$50 million) and represents maximum exposure to loss from interests in unconsolidated structured entities.

Notes to the financial statements.

For the year ended 31 August 2026

3.3 Loans and advances

Loans and advances are primarily measured at amortised cost, with certain portfolios measured at Fair Value Through Profit or Loss (FVTPL).

Loans and advances at amortised cost

Loans and advances measured at amortised cost are originated by the Group and are recognised upon cash being advanced to the borrower. Loans and advances are initially recognised at fair value, plus incremental directly attributable transaction costs. They are subsequently measured at each reporting date at amortised cost using the effective interest method. The method used to determine the appropriate period to amortise any upfront payments or receipts on origination of loan contracts is the WAL of the loan category. The Group estimates the WAL of each loan portfolio by reference to historical prepayment rates and contractual maturities. The WAL for each loan category is reassessed at each reporting period.

Loans and advances at FVTPL

Equipment finance loans originated within the asset finance and leasing portfolio following the commencement of the forward-flow arrangement are classified and measured at FVTPL (refer to Note 5.5 Capital partnership). These assets are recognised upon cash being advanced to the borrower and are initially recognised at fair value, with directly attributable transaction costs recognised immediately in profit or loss as incurred. Subsequent to initial recognition, loans and advances at FVTPL are measured at fair value at each reporting date. Changes in fair value are recognised in profit or loss in the period in which they arise. As these assets are measured at FVTPL, they are not subject to the expected credit loss impairment requirements of AASB 9. The impact of credit risk is included in the determination of fair value.

Finance lease receivables

Loans and advances include finance lease receivables. Finance leases are those products where substantially all the risks and rewards of the leased asset have been transferred to the lessee. Lease receivables are recognised at amounts equal to the net investment in the lease. Lease repayments are apportioned between interest income and the reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment.

	Consolidated		Bank	
	2026 \$m	2025 \$m	2026 \$m	2025 \$m
Loans and advances				
Residential property loans	52,868	57,501	52,868	57,501
Personal loans	36	49	36	49
Overdrafts	114	153	114	153
Commercial loans	15,123	13,061	15,123	13,022
Credit cards	60	123	60	123
Asset finance and leasing	3,642	7,223	700	730
	71,843	78,110	68,901	71,578
LESS:				
Unearned finance lease income	(295)	(250)	(12)	(13)
Gross loans and advances	71,548	77,860	68,889	71,565
Specific provision for impairment	(45)	(48)	(25)	(35)
Collective provision for impairment	(229)	(259)	(160)	(165)
Total loans and advances at amortised cost	71,274	77,553	68,704	71,365
Asset finance loans at FVTPL	366	-	-	-
Total loans and advances	71,640	77,553	68,704	71,365

Notes to the financial statements.

For the year ended 31 August 2026

3.3 Loans and advances (continued)

a) Loans and advances - Expected Credit Losses (ECL)

In accordance with AASB 9, the Group and Bank utilise a forward-looking ECL approach. The ECL allowance is based on the credit losses expected to arise over the next 12 months of the financial asset, unless there has been a significant increase in credit risk (**SICR**) since origination. In this case, the allowance is based on the ECL for the life of the financial asset. The 12 month ECL is the portion of lifetime ECLs resulting from default events on a financial asset that are possible within the 12 months after the reporting date.

At the end of each reporting period, the Group performs an assessment of whether a financial asset's credit risk has increased significantly since initial recognition. This is done by considering the change in the risk of default occurring over the remaining life of the financial asset.

The Group applies a three stage approach to measuring the ECL, as described below:

- Stage 1 – For financial assets where there has not been a SICR since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default (**PD**) occurring within the next 12 months is recognised as the 12 month ECL, adjusted for forward-looking information. Stage 1 includes facilities where the credit risk has improved and the loan has been reclassified from Stage 2 or Stage 3.
- Stage 2 – When there has been a SICR, the lifetime ECL is determined with reference to the financial asset's lifetime PD and the lifetime losses associated with that PD, adjusted for forward-looking information. The Group assesses whether there has been a SICR since initial recognition based on qualitative, quantitative, and reasonable and supportable forward-looking information that includes significant management judgement. Use of alternative criteria could result in significant changes to the timing and amount of ECL to be recognised. Lifetime ECL considers the expected behaviour of the asset as well as forward-looking macro-economic forecasts. Stage 2 also includes facilities where the credit risk has improved and the loan has been reclassified from stage 3.
- Stage 3 – This includes financial assets that are deemed to be credit impaired, which generally correspond to the APRA definition of default, and include exposures that are at least 90 days past due. The provision is also equivalent to the lifetime ECL. Financial assets in Stage 3 will have a collective provision determined by the ECL model, although some loans are individually covered by a specific provision. A specific provision is calculated based on estimated future cash flows discounted to their present value, net of any collateral held against that financial asset.
- Purchased or originated credit-impaired (**POCI**)
- POCI assets are financial assets that are purchased or originated as being credit impaired. The ECL for POCI assets is measured at an amount equal to the lifetime ECL. However, the amount recognised as a loss allowance for these assets is not the total amount of lifetime ECLs, but instead the changes in lifetime ECLs since initial recognition of the asset.

Write-offs

Financial assets are written off, either partially or in full, against the related provision when the Group concludes that there is no reasonable expectation of recovery and all possible collateral has been realised. Recoveries of financial assets previously written off are recognised in profit or loss based on the cash received.

Definition of default

A default is considered to have occurred when the borrower is unlikely to pay its credit obligations in full without recourse by the Group to the realisation of available security and/or the borrower is at least 90 days past due on their credit obligations. This definition is in line with the regulatory definition of default and also aligned to the definition used for internal credit risk management purposes across all portfolios.

Significant increase in credit risk

SICR for financial assets is assessed by comparing the risk of a default occurring over the expected life of a financial asset at the reporting date compared to the corresponding risk of default at origination. In determining what constitutes a significant increase in credit risk, the Group considers qualitative and quantitative information. For the majority of BOQ's portfolios, SICR is assessed using PD based triggers, by comparing the PD at the reporting date to the PD at origination. PD's are primarily assigned through either a Customer Risk Rating or statistical models, utilising account behaviours. For all loan portfolios, the primary indicator is in addition to the secondary SICR indicator, which is based on 30 days past due arrears information and other qualitative criteria. The assessment also includes the impact of forward-looking macro-economic scenarios as well as adjustments for emerging risks. For the year ended 31 August 2026 this accounts for approximately 21% of Stage 2 exposures for the Group and 21% for the Bank (2025: 29% for the Group and 26% for the Bank).

Calculation of ECL

ECLs for financial assets in Stage 1 and 2 are assessed for impairment on a collective basis whilst those in Stage 3 are subjected to either collective or individual assessment. Where ECL is modelled collectively for portfolios of exposures, it is modelled primarily as the product of the PD, the loss given default (**LGD**) and the exposure at default (**EAD**).

These parameters are generally derived from internally developed statistical models combined with historical, current and forward- looking information, including macro-economic data:

- The 12-month and lifetime PD, for accounting purposes, represent the estimation of the point-in-time probability of a default over the next 12 months and remaining lifetime of the financial instrument, respectively, based on conditions existing at the balance sheet date and future economic conditions that affect credit risk;
- The EAD represents the expected exposure at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdown of a facility; and
- The LGD represents the expected loss conditional on default, taking into account the mitigating effect of collateral, its expected value when realised, and the time value of money.

Notes to the financial statements.

For the year ended 31 August 2026

3.3 Loans and advances (continued)

a) Loans and advances - Expected Credit Losses (ECL) (continued)

Incorporation of forward-looking information

The credit risk factors described above are point in time estimates based on the probability weighted forward-looking economic scenarios. The inclusion of a forward-looking component in the model anticipates changes in the economic outlook, and is an important component of the provisioning process. The Group considers four forward-looking macro-economic scenarios (base, upside, downside and severe downside) over the next three years. The scenarios are then probability weighted based on the likelihood of the scenario occurring to ensure ECL appropriately captures forward-looking effects and considers the range of possible economic outcomes.

The scenarios, including their underlying indicators, are developed using a combination of publicly available data and internal forecasts to form the initial baseline. The scenarios are refined through consultation with internal specialists and benchmarking to external data from reputable sources, which includes forecasts published from a range of market economists and official data sources, including major central banks.

Economic outlook factors that are taken into consideration include unemployment, interest rates, gross domestic product, commercial and residential property price indexes, and require an evaluation of both the current and forecast direction of the macro-economic cycle.

Incorporating forward-looking information, including macro-economic forecasts, increases the degree of judgement required to assess how changes in these data points will affect ECLs. The methodologies and assumptions, including any forecasts of future economic conditions, are reviewed regularly.

- **Base case scenario:** This scenario represents BOQ's baseline economic outlook where inflationary pressures persist through the remainder of this year and returns to the RBA target range by mid-2027. Cash rate remains elevated to drive down inflation, while unemployment rises gradually from current levels. Economic growth slows further into early next year before stabilising and gradually recovering. There is a modest contraction in house prices reflecting affordability constraints and reduced investor demand. Base case assumptions are supported by RBA forecasts where available.
- **Upside scenario:** This scenario represents a slight to moderate improvement on the economic conditions from the base case.
- **Downside scenario:** This scenario reflects the impacts of an economic downturn, where unemployment rates rise steeply and economic activity contracts, with GDP growth turning negative. Cash rates rise above the base scenario before easing and falling below the baseline path to stimulate economic recovery. Property prices also experience significant declines reflecting softer demand and deteriorating market sentiment.
- **Severe downside scenario:** This scenario also represents downturn economic outcomes and accounts for the potential impact of lower likelihood but higher severity macro-economic conditions. This includes the unemployment rate peaking at 10.8% in 2028, annual GDP reduction reaching a low of -4% in 2027 and house prices declining by approximately 30% in 2027. Cash rates decrease to 2.4% by mid-2028 under this scenario.

The table below provides a summary of macro-economic assumptions used in the Base and Downside scenarios as at 31 August 2026.

Macro-economic assumption ⁽¹⁾	Base			Downside		
	2026 %	2027 %	2028 %	2026 %	2027 %	2028 %
GDP Growth/(reduction) (YoY)	1.4	1.6	1.8	0.4	(1.2)	0.6
Unemployment Rate	4.5	4.7	4.8	5.0	7.4	7.8
Residential Property Price Growth/(reduction) (YoY)	(0.7)	1.4	1.4	(2.4)	(13.7)	(8.0)
Commercial Property Price Growth/(reduction) (YoY)	2.1	3.9	3.9	(3.3)	(15.1)	(7.1)
Cash Rate	4.4	4.5	4.4	4.5	3.7	3.4

(1) The forecasts in the table reflect calendar year numbers.

In determining the reported ECL of \$274 million, the Group has taken into account the facts, circumstances and forecasts of future economic conditions and supportable information available at the reporting date. Provisioning assumption updates have been made during FY26 which include a complete review of overlays and adjustments, which are held for external factors not captured in the core models, including specific industry or portfolio stresses and uncertainties related to model precision, as well as a review of scenarios and scenario weightings to cater for economic uncertainties. Key drivers of management overlays remain related to emerging risks associated with construction, transport, agriculture, manufacturing, retail trade, accommodation and food services and rental, hiring and real estate services.

Notes to the financial statements.

For the year ended 31 August 2026

3.3 Loans and advances (continued)

a) Loans and advances - Expected Credit Losses (ECL) (continued)

Incorporation of forward-looking information (continued)

The final ECL reflects an unbiased and probability weighted amount, determined by the evaluation of a range of possible forward-looking economic outcomes, rather than being based on a best or worst case scenario. The table below shows weightings applied to derive the probability weighted ECL, utilising the most up to date macro-economic information available as at reporting date.

		Upside		Base		Downside		Severe	
		2026	2025	2026	2025	2026	2025	2026	2025
Weighting	%	5	5	50	50	30	30	15	15

Sensitivity of provisions for impairment

The ECL reflects an unbiased and probability weighted amount across a range of macro-economic scenarios as described above.

The following table compares the reported ECL to approximate levels of ECL under each scenario assuming a 100 per cent weighting was applied to each scenario with all other assumptions held constant.

	Consolidated		Bank	
	2026 \$m	2025 \$m	2026 \$m	2025 \$m
Reported probability weighted ECL	274	307	185	200
100% Upside scenario	189	228	106	128
100% Base case scenario	200	237	116	136
100% Downside scenario	306	328	213	214
100% Severe downside scenario	483	523	389	407

Sensitivity of provisions for impairment to SICR assessments

If one per cent of Stage 1 credit exposures as at 31 August 2026 was included in Stage 2, provisions for impairment would increase by approximately \$4 million for the Group and \$3 million for the Bank (2025: \$8 million for the Group and \$7 million for the Bank) based on using coverage ratios by stage to the movement in the gross exposure by stage.

Notes to the financial statements.

For the year ended 31 August 2026

3.3 Loans and advances (continued)

a) Loans and advances - Expected Credit Losses (ECL) (continued)

Governance

The Credit Risk Committee has the delegation for reviewing and approving the determination of ECL, including any judgements and assumptions. Where applicable, management adjustments or overlays may be made to account for situations where known or expected risks and information have not been considered in the modelling process. The Group's provision for impairment on loans and advances, and key areas of judgement are reported to the Board Audit Committee at each reporting period.

Movements in ECL provisions and gross carrying amounts by stage

The following table discloses the breakdown of the Group's ECL by component for the year ended 31 August 2026.

Consolidated	Stage 1 – 12 month ECL \$m	Stage 2 – Lifetime ECL \$m	Stage 3 – Lifetime & Specific ECL \$m	Total \$m
Balance as at 1 September 2025	70	105	132	307
TRANSFERS DURING THE YEAR TO / (FROM):				
Stage 1	25	(18)	(7)	-
Stage 2	(6)	16	(10)	-
Stage 3	(2)	(7)	9	-
New provisions	20	19	5	44
Increased provisions	3	52	59	114
Write-back of provisions no longer required	(52)	(40)	(17)	(109)
Derecognised as part of disposal transactions ⁽¹⁾	(15)	(16)	(1)	(32)
Amounts written off, previously provided for	-	-	(50)	(50)
Balance as at 31 August 2026	43	111	120	274

The table below discloses the effect of movements in the gross carrying value of loans and advances measured at amortised cost in the different stages of the ECL model of the Group during the year ended 31 August 2026.

Consolidated	Stage 1 – 12 month ECL \$m	Stage 2 – Lifetime ECL \$m	Stage 3 – Lifetime & Specific ECL \$m	Stage 3 – POCI loans \$m	Total \$m
Gross carrying amount as at 1 September 2025	58,218	18,241	1,283	118	77,860
TRANSFERS DURING THE YEAR TO / (FROM):					
Stage 1	4,393	(4,343)	(50)	-	-
Stage 2	(6,169)	6,458	(289)	-	-
Stage 3	(342)	(369)	711	-	-
New loans and advances originated or purchased	14,834	1,803	51	-	16,688
Loans and advances derecognised or repaid during the year including write-offs	(14,920)	(4,745)	(440)	(24)	(20,129)
Loans and advances derecognised as part of disposal transactions ⁽¹⁾	(1,779)	(1,091)	(1)	-	(2,871)
Gross carrying amount as at 31 August 2026	54,235	15,954	1,265	94	71,548
Provision for impairment	(43)	(111)	(120)	-	(274)
Net carrying amount as at 31 August 2026	54,192	15,843	1,145	94	71,274

(1) Relates to the whole-of-loan sale of the Group's equipment finance portfolio (refer Note 5.5) and the sale of the ME legacy credit card portfolio, net of portfolio originations during the year.

The loss allowance associated with the POCI loans for the Bank reduced by \$0.3 million for the year ended 31 August 2026 (FY25 reduction: \$0.5 million), from an opening balance of \$1.3 million (FY25 opening balance: \$1.8 million), and was taken directly to the balance of the gross carrying value of loans and advances. No new POCI loans were recognised in the year ended 31 August 2026.

Notes to the financial statements.

For the year ended 31 August 2026

3.3 Loans and advances (continued)

a) Loans and advances - Expected Credit Losses (ECL) (continued)

The following table discloses the breakdown of the Group's ECL by component for the year ended 31 August 2025.

Consolidated	Stage 1 – 12 month ECL \$m	Stage 2 – Lifetime ECL \$m	Stage 3 – Lifetime & Specific ECL \$m	Total \$m
Balance as at 1 September 2024	69	113	134	316
TRANSFERS DURING THE YEAR TO / (FROM):				
Stage 1	39	(32)	(7)	-
Stage 2	(8)	17	(9)	-
Stage 3	(2)	(7)	9	-
New provisions	29	16	10	55
Increased provisions	9	50	65	124
Write-back of provisions no longer required	(66)	(52)	(47)	(165)
Amounts written off, previously provided for	-	-	(23)	(23)
Balance as at 31 August 2025	70	105	132	307

The table below discloses the effect of movements in the gross carrying value of loans and advances measured at amortised cost in the different stages of the ECL model of the Group during the year ended 31 August 2025.

Consolidated	Stage 1 – 12 month ECL \$m	Stage 2 – Lifetime ECL \$m	Stage 3 – Lifetime & Specific ECL \$m	Stage 3 – POCI loans \$m	Total \$m
Gross carrying amount as at 1 September 2024	62,396	16,682	1,258	143	80,479
TRANSFERS DURING THE YEAR TO / (FROM):					
Stage 1	4,115	(4,061)	(54)	-	-
Stage 2	(8,683)	8,902	(219)	-	-
Stage 3	(340)	(366)	706	-	-
New loans and advances originated or purchased	16,684	1,723	66	-	18,473
Loans and advances derecognised or repaid during the year including write-offs	(15,954)	(4,639)	(474)	(25)	(21,092)
Gross carrying amount as at 31 August 2025	58,218	18,241	1,283	118	77,860
Provision for impairment	(70)	(105)	(132)	-	(307)
Net carrying amount as at 31 August 2025	58,148	18,136	1,151	118	77,553

The loss allowance associated with the POCI loans for the Bank reduced by \$0.5 million for the year ended 31 August 2025 (FY24 reduction: \$1.2 million), from an opening balance of \$1.8 million (FY24 opening balance: \$3 million), and was taken directly to the balance of the gross carrying value of loans and advances. No new POCI loans were recognised in the year ended 31 August 2025.

Notes to the financial statements.

For the year ended 31 August 2026

3.3 Loans and advances (continued)

a) Loans and advances - Expected Credit Losses (ECL) (continued)

The following table discloses the breakdown of the Bank's ECL by component for the year ended 31 August 2026.

Bank	Stage 1 – 12 month ECL \$m	Stage 2 – Lifetime ECL \$m	Stage 3 – Lifetime & Specific ECL \$m	Total \$m
Balance as at 1 September 2025	30	79	91	200
TRANSFERS DURING THE YEAR TO / (FROM):				
Stage 1	19	(15)	(4)	-
Stage 2	(4)	12	(8)	-
Stage 3	(1)	(4)	5	-
New provisions	12	15	2	29
Increased provisions	3	47	28	78
Write-back of provisions no longer required	(40)	(38)	(33)	(111)
Amounts written off, previously provided for	-	-	(11)	(11)
Balance as at 31 August 2026	19	96	70	185

The table below discloses the effect of movements in the gross carrying value of loans and advances measured at amortised cost in the different stages of the ECL model of the Bank during the year ended 31 August 2026.

Bank	Stage 1 – 12 month ECL \$m	Stage 2 – Lifetime ECL \$m	Stage 3 – Lifetime & Specific ECL \$m	Stage 3 – POCI loans \$m	Total \$m
Gross carrying amount as at 1 September 2025	53,730	16,613	1,104	118	71,565
TRANSFERS DURING THE YEAR TO / (FROM):					
Stage 1	4,296	(4,264)	(32)	-	-
Stage 2	(5,950)	6,220	(270)	-	-
Stage 3	(306)	(329)	635	-	-
New loans and advances originated or purchased	13,828	1,716	38	-	15,582
Loans and advances derecognised during the period including write-offs	(13,427)	(4,466)	(341)	(24)	(18,258)
Gross carrying amount as at 31 August 2026	52,171	15,490	1,134	94	68,889
Provision for impairment	(19)	(96)	(70)	-	(185)
Net carrying amount as at 31 August 2026	52,152	15,394	1,064	94	68,704

The loss allowance associated with the POCI loans for the Bank reduced by \$0.3 million for the year ended 31 August 2026 (FY25 reduction: \$0.5 million), from an opening balance of \$1.3 million (FY25 opening balance: \$1.8 million), and was taken directly to the balance of the gross carrying value of loans and advances. No new POCI loans were recognised in the year ended 31 August 2026.

Notes to the financial statements.

For the year ended 31 August 2026

3.3 Loans and advances (continued)

a) Loans and advances - Expected Credit Losses (ECL) (continued)

The following table discloses the breakdown of the Bank's ECL by component for the year ended 31 August 2025.

Bank	Stage 1 – 12 month ECL \$m	Stage 2 – Lifetime ECL \$m	Stage 3 – Lifetime & Specific ECL \$m	Total \$m
Balance as at 1 September 2024	27	95	105	227
TRANSFERS DURING THE YEAR TO / (FROM):				
Stage 1	30	(25)	(5)	-
Stage 2	(3)	10	(7)	-
Stage 3	-	(5)	5	-
New provisions	12	8	3	23
Increased provisions	8	40	46	94
Write-back of provisions no longer required	(44)	(44)	(49)	(137)
Amounts written off, previously provided for	-	-	(7)	(7)
Balance as at 31 August 2025	30	79	91	200

The table below discloses the effect of movements in the gross carrying value of loans and advances measured at amortised cost in the different stages of the ECL model of the Bank during the year ended 31 August 2025.

Bank	Stage 1 – 12 month ECL \$m	Stage 2 – Lifetime ECL \$m	Stage 3 – Lifetime & Specific ECL \$m	Stage 3 – POCI loans \$m	Total \$m
Gross carrying amount as at 1 September 2024	57,057	15,993	1,189	143	74,382
TRANSFERS DURING THE YEAR TO / (FROM):					
Stage 1	3,935	(3,886)	(49)	-	-
Stage 2	(7,799)	8,013	(214)	-	-
Stage 3	(252)	(342)	594	-	-
New loans and advances originated or purchased	14,597	1,222	23	-	15,842
Loans and advances derecognised during the period including write-offs	(13,808)	(4,387)	(439)	(25)	(18,659)
Gross carrying amount as at 31 August 2025	53,730	16,613	1,104	118	71,565
Provision for impairment	(30)	(79)	(91)	-	(200)
Net carrying amount as at 31 August 2025	53,700	16,534	1,013	118	71,365

The loss allowance associated with the POCI loans for the Bank reduced by \$0.5 million for the year ended 31 August 2025 (FY24 reduction: \$1.2 million), from an opening balance of \$1.8 million (FY24 opening balance: \$3 million), and was taken directly to the balance of the gross carrying value of loans and advances. No new POCI loans were recognised in the year ended 31 August 2025.

Notes to the financial statements.

For the year ended 31 August 2026

3.3 Loans and advances (continued)

b) Lease receivables

Asset finance and leasing include the following finance lease receivables for leases where the Group is the lessor.

	Consolidated		Bank	
	2026 \$m	2025 \$m	2026 \$m	2025 \$m
GROSS INVESTMENT IN FINANCE LEASE RECEIVABLES:				
Less than one year	620	535	18	9
Between one and five years	1,406	1,176	67	72
More than five years	26	32	19	23
	2,052	1,743	104	104
Unearned finance lease income	(295)	(250)	(12)	(13)
Net investment in finance leases	1,757	1,493	92	91
NET INVESTMENT IN FINANCE LEASES:				
Less than one year	502	436	18	9
Between one and five years	1,233	1,031	58	64
More than five years	22	26	16	18
Net investment in finance leases	1,757	1,493	92	91

c) Transfer of financial assets

Securitisation program

Through its REDS Securitisation (**RMBS Trusts**), REDS EHP Securitisation (**REDS EHP Trusts**) and SMHL Securitisation (**SMHL Trusts**) programs, the Group packages loans and advances through a series of securitisation vehicles from which debt securities are issued to investors. The Group is entitled to any residual income from the vehicles after all payments to investors and costs of the programs have been met. The securitised loans and advances are included in Loans and advances and the securitisation liabilities are included in Borrowings on the Group's balance sheet. The note holders have recourse only to the loan pool of assets. Refer to Note 5.8 a) (ii) for further information.

Under internal securitisation arrangements, the Bank also holds debt securities issued by securitisation vehicles that are backed by the Bank's loans and advances. These are recognised as Debt Instruments at Amortised Cost in the Bank with a corresponding liability in Amounts Due to Controlled Entities representing the related obligations to the securitisation vehicles.

Covered bond programmes

The Bank issues covered bonds for funding and liquidity purposes. The bonds are issued to external investors and are secured against a pool of the Bank's housing loans. Housing loans are assigned to a bankruptcy remote structured entity to provide security for all obligations payable on the covered bonds issued by the Bank. The covered bond holders have dual recourse to the Bank and the cover pool of assets. The Bank is required to maintain the cover pool at a level sufficient to cover the obligations of the bonds. The Bank is entitled to any residual income of the covered bond structured entity after all payments due to the covered bond holders and any costs related to the program have been met. The housing loans are included in Loans and advances and the covered bonds issued are included in Borrowings on the Group's and the Bank's balance sheet. Refer to Note 5.8 a) (iii) for further information.

The Bank earns fees for provision of services and facilities to the securitisation vehicles and the covered bond program, including the management and servicing of the loans and leases securitised. The receivable for these fees is included in Other Assets on the Bank's balance sheet.

The following table sets out the transferred financial assets and associated liabilities of the securitisation and covered bond programmes that did not qualify for derecognition under AASB 9 and typically result in the transferred assets continuing to be recognised in full.

Notes to the financial statements.

For the year ended 31 August 2026

3.3 Loans and advances (continued)

c) Transfer of financial assets (continued)

	Consolidated		Bank	
	2026 \$m	2025 \$m	2026 \$m	2025 \$m
TRANSFERRED FINANCIAL ASSETS				
Securitisation - Loans and advances	3,983	5,210	14,587	17,575
Covered bonds - Loans and advances	5,301	5,505	5,301	5,505
	9,284	10,715	19,888	23,080
ASSOCIATED FINANCIAL LIABILITIES				
Securitisation liabilities - external investors	4,828	6,249	-	-
Covered bonds - external investors	3,812	4,115	3,812	4,115
Amounts due to controlled entities	-	-	15,432	18,362
	8,640	10,364	19,244	22,477
FOR THOSE LIABILITIES THAT HAVE RECOURSE⁽¹⁾				
Fair value of transferred assets	9,280	10,721	19,883	23,084
Fair value of associated liabilities	(8,640)	(10,364)	(19,244)	(22,477)
Net position	640	357	639	607

(1) The fair values of transferred assets and liabilities that reprice within six months are assumed to equate to the amortised cost. All other fair values are calculated using a discounted cash flow model.

3.4 Deposits

Deposits are initially recognised at fair value, net of any directly attributable transaction costs. Subsequent to initial measurement, they are measured at amortised cost using the effective interest method.

	Consolidated		Bank	
	2026 \$m	2025 \$m	2026 \$m	2025 \$m
Deposits at call	45,542	42,768	45,752	42,983
Term deposits	21,437	28,021	21,437	28,021
Certificates of deposit	4,248	4,888	4,248	4,888
Total deposits	71,227	75,677	71,437	75,892
CONCENTRATION OF DEPOSITS				
Customer deposits	62,904	66,729	63,114	66,944
Wholesale deposits	8,323	8,948	8,323	8,948
	71,227	75,677	71,437	75,892

Notes to the financial statements.

For the year ended 31 August 2026

3.5 Borrowings

Borrowings are initially recognised at fair value, net of any directly attributable transaction costs. Subsequent to initial measurement, they are measured at amortised cost using the effective interest method.

The Group recorded the following movements on borrowings:

	Securitisation liabilities ⁽¹⁾ \$m	Covered bonds liabilities ⁽²⁾⁽³⁾ \$m	EMTN program ⁽³⁾ \$m	ECP program ⁽³⁾ \$m	Subordinated notes \$m	Senior unsecured notes \$m	Capital notes ⁽⁴⁾ \$m	Total \$m
Consolidated								
YEAR ENDED 31 AUGUST 2026								
Balance at beginning of year	6,245	4,107	16	348	898	4,387	655	16,656
Proceeds from issues	-	-	-	338	350	750	-	1,438
Repayments	(1,422)	-	(15)	(373)	(250)	(1,890)	-	(3,950)
Amortisation of deferred costs ⁽⁵⁾	1	2	-	-	-	1	2	6
Foreign exchange translation ⁽⁵⁾	-	(302)	(1)	(7)	-	-	-	(310)
Balance at end of year	4,824	3,807	-	306	998	3,248	657	13,840

	Securitisation liabilities ⁽¹⁾ \$m	Covered bonds liabilities ⁽²⁾⁽³⁾ \$m	EMTN program ⁽³⁾ \$m	ECP program ⁽³⁾ \$m	Subordinated notes \$m	Senior unsecured notes \$m	Capital notes ⁽⁴⁾ \$m	Total \$m
Consolidated								
YEAR ENDED 31 AUGUST 2025								
Balance at beginning of year	7,618	3,798	15	280	648	5,175	653	18,187
Proceeds from issues / new funding	-	1,062	-	375	250	300	-	1,987
Repayments	(1,374)	(950)	-	(305)	-	(1,090)	-	(3,719)
Deferred establishment costs	(1)	(3)	-	-	-	-	-	(4)
Amortisation of deferred costs ⁽⁵⁾	2	2	-	-	-	2	2	8
Foreign exchange translation ⁽⁵⁾	-	198	1	(2)	-	-	-	197
Balance at end of year	6,245	4,107	16	348	898	4,387	655	16,656

(1) Securitisation liabilities are secured by a floating charge over securitised assets for amounts owing to note holders and any other secured creditors of the securitisation vehicles.

(2) Covered bonds liabilities are secured by a charge over a pool of loans and advances and guaranteed by the covered bond guarantor.

(3) At the end of the year the BOQ Group held borrowings in the following currencies, Covered Bonds EUR €1.8bn (2025: EUR €1.8bn), EMTN Program EUR nil (2025: EUR €9m), ECP Program USD \$30m and EUR €20m (2025: USD \$141m and EUR €20m). All other balances are denominated in Australian dollars.

(4) Capital notes 2

On 30 November 2020, the Bank issued 2,600,000 Capital notes 2 at a price of \$100 per note. Capital notes 2 are perpetual and convertible notes issued by BOQ, with preferred, discretionary, non-cumulative distributions. They are not guaranteed or secured. As at 31 August 2026, 2,600,000 Capital Notes 2 were outstanding. Capital notes 2 must convert into ordinary shares on 15 May 2029 if certain mandatory conversion conditions are satisfied, unless they are converted or redeemed earlier. Where the mandatory conversion conditions are satisfied, a holder will receive a number of ordinary shares per Capital note 2 based on the volume weighted average price of ordinary shares during a specified period. Capital notes 2 must also convert to ordinary shares of the Bank with the occurrence of a loss absorption event or an acquisition event. BOQ may elect to convert, redeem or resell Capital notes 2 on 14 May 2027 or following a regulatory or tax event. BOQ may also elect to convert all Capital notes 2 following a potential acquisition event. These options are subject to APRA's prior written approval and certain conditions being satisfied. In a winding up of the Bank, Capital notes 2 will rank for payment ahead of ordinary shares, equally with Capital notes 3 and other equal ranking instruments, but behind the claims of all senior ranking creditors, including depositors and unsubordinated and subordinated creditors. Capital notes 2 are additional tier 1 capital and form part of the Group's capital adequacy.

Capital notes 3

The Capital notes 3 were issued on 14 November 2022 at a price of \$100 per note. Capital notes 3 are non-cumulative, perpetual, convertible, unguaranteed and unsecured notes with discretionary distributions, issued by BOQ. As at 31 August 2026, 4,000,000 Capital notes 3 were outstanding. Capital notes 3 must convert into ordinary shares on 16 June 2031 if certain mandatory conversion conditions are satisfied, unless they are converted or redeemed earlier. Where the mandatory conversion conditions are satisfied, a holder will receive a number of ordinary shares per Capital Note 3 based on the volume weighted average price of ordinary shares during a specified period. Capital notes 3 must also convert to ordinary shares of the Bank with the occurrence of a loss absorption event or an acquisition event. BOQ may elect to convert, redeem or resell capital notes 3 on 15 December 2028, 15 March 2029 and 15 June 2029 or following a regulatory or tax event. BOQ may also elect to convert all Capital notes 3 following a potential acquisition event. These options are subject to APRA's prior written approval and certain conditions being satisfied. In a winding up of the Bank, Capital notes 3 will rank for payment ahead of ordinary shares, equally with Capital notes 2 and other equal ranking instruments, but behind the claims of all senior ranking creditors, including depositors and unsubordinated and subordinated creditors. Capital notes 3 are additional tier 1 capital and form part of the Group's capital adequacy.

(5) Amortisation of deferred costs and foreign exchange translation are non-cash movements. Foreign exchange translation movements are 100 per cent hedged.

Notes to the financial statements.

For the year ended 31 August 2026

3.5 Borrowings (continued)

The Bank recorded the following movements on borrowings:

Bank	Covered bonds liabilities ⁽¹⁾⁽²⁾ \$m	EMTN program ⁽²⁾ \$m	ECP program ⁽²⁾ \$m	Subordinated notes \$m	Senior unsecured notes \$m	Capital notes ⁽³⁾ \$m	Total \$m
YEAR ENDED 31 AUGUST 2026							
Balance at beginning of year	4,107	16	348	898	4,387	655	10,411
Proceeds from issues	-	-	338	350	750	-	1,438
Repayments	-	(15)	(373)	(250)	(1,890)	-	(2,528)
Amortisation of deferred costs ⁽⁴⁾	2	-	-	-	1	2	5
Foreign exchange translation ⁽⁴⁾	(302)	(1)	(7)	-	-	-	(310)
Balance at end of year	3,807	-	306	998	3,248	657	9,016

Bank	Covered bonds liabilities ⁽¹⁾⁽²⁾ \$m	EMTN program ⁽²⁾ \$m	ECP program ⁽²⁾ \$m	Subordinated notes \$m	Senior unsecured notes \$m	Capital notes ⁽³⁾ \$m	Total \$m
YEAR ENDED 31 AUGUST 2025							
Balance at beginning of year	3,798	15	280	648	5,175	653	10,569
Proceeds from issues	1,062	-	375	250	300	-	1,987
Repayments	(950)	-	(305)	-	(1,090)	-	(2,345)
Deferred establishment costs	(3)	-	-	-	-	-	(3)
Amortisation of deferred costs ⁽⁴⁾	2	-	-	-	2	2	6
Foreign exchange translation ⁽⁴⁾	198	1	(2)	-	-	-	197
Balance at end of year	4,107	16	348	898	4,387	655	10,411

(1) Covered bonds liabilities are secured by a charge over a pool of loans and advances and guaranteed by the covered bond guarantor.

(2) At the end of the year the BOQ Group held borrowings in the following currencies, Covered Bonds EUR €1.8bn (2025: EUR €1.8bn), EMTN Program EUR nil (2025: EUR €9m), ECP Program USD \$30m and EUR €20m (2025: USD \$141m and EUR €20m). All other balances are denominated in Australian dollars.

(3) Capital notes 2

On 30 November 2020, the Bank issued 2,600,000 Capital notes 2 at a price of \$100 per note. Capital notes 2 are perpetual and convertible notes issued by BOQ, with preferred, discretionary, non-cumulative distributions. They are not guaranteed or secured. As at 31 August 2026, 2,600,000 Capital notes 2 were outstanding. Capital notes 2 must convert into ordinary shares on 15 May 2029 if certain mandatory conversion conditions are satisfied, unless they are converted or redeemed earlier. Where the mandatory conversion conditions are satisfied, a holder will receive a number of ordinary shares per Capital Note 2 based on the volume weighted average price of ordinary shares during a specified period. Capital notes 2 must also convert to ordinary shares of the Bank with the occurrence of a loss absorption event or an acquisition event. BOQ may elect to convert, redeem or resell Capital notes 2 on 14 May 2027 or following a regulatory or tax event. BOQ may also elect to convert all Capital notes 2 following a potential acquisition event. These options are subject to APRA's prior written approval and certain conditions being satisfied. In a winding up of the Bank, Capital notes 2 will rank for payment ahead of ordinary shares, equally with Capital notes 3 and other equal ranking instruments, but behind the claims of all senior ranking creditors, including depositors and unsubordinated and subordinated creditors. Capital notes 2 are additional tier 1 capital and form part of the Group's capital adequacy.

Capital notes 3

The Capital notes 3 were issued on 14 November 2022 at a price of \$100 per note. Capital notes 3 are non-cumulative, perpetual, convertible, unguaranteed and unsecured notes with discretionary distributions, issued by BOQ. As at 31 August 2026, 4,000,000 Capital notes 3 were outstanding. Capital notes 3 must convert into ordinary shares on 16 June 2031 if certain mandatory conversion conditions are satisfied, unless they are converted or redeemed earlier. Where the mandatory conversion conditions are satisfied, a holder will receive a number of ordinary shares per Capital Note 3 based on the volume weighted average price of ordinary shares during a specified period. Capital notes 3 must also convert to ordinary shares of the Bank with the occurrence of a loss absorption event or an acquisition event. BOQ may elect to convert, redeem or resell Capital notes 3 on 15 December 2028, 15 March 2029 and 15 June 2029 or following a regulatory or tax event. BOQ may also elect to convert all Capital notes 3 following a potential acquisition event. These options are subject to APRA's prior written approval and certain conditions being satisfied. In a winding up of the Bank, Capital notes 3 will rank for payment ahead of ordinary shares, equally with Capital notes 2 and other equal ranking instruments, but behind the claims of all senior ranking creditors, including depositors and unsubordinated and subordinated creditors. Capital notes 3 are additional tier 1 capital and form part of the Group's capital adequacy.

(4) Amortisation of deferred costs and foreign exchange translation are non-cash movements. Foreign exchange translation movements are 100 per cent hedged.

Notes to the financial statements.

For the year ended 31 August 2026

3.6 Financial risk management

Financial risk is fundamental to the Group's business of providing banking services to our customers. BOQ's key material financial risks are Capital Management risk, Credit risk, Market risk and Liquidity & Funding risk. BOQ's approach to Capital Management risk has been detailed in Note 3.9.

The Group and the Bank adopts a comprehensive approach to managing financial risk, with Board approved policies in relation to the assessment, management and monitoring of these risks. Development of the frameworks and policies reside with the Chief Risk Officer, with limit frameworks delegated from the Board's Risk Committee to key executive committees.

The continued improvement of the Group's risk management function focusses on a number of key areas, with particular emphasis on:

1. the efficiency and effectiveness of the Group's credit, market and liquidity risk management process, controls and policies to support the Bank's customer proposition in line with its risk appetite;
2. providing management and the Board with risk reporting that is integrated into both day to day and strategic decision making and in line with sound corporate governance;
3. implementing frameworks to support maintaining regulatory compliance; and
4. contributing to the Group achieving risk based performance management.

Group Risk is an independent function and is responsible for providing and overseeing adherence to the frameworks and policies for managing credit, market and liquidity risk throughout the Group. Policies are set in line with the governing strategy and risk guidelines set by the Board.

Monitoring

The Group's enterprise risk management framework incorporates active management and monitoring of a range of risks including (but not limited to):

1. Market;
2. Credit; and
3. Liquidity.

a) Market risk

Market risk is the risk that movements in market rates and prices will result in profits or losses to the Group. The objective of market risk management is to manage and control market risk to balance risk vs return and stabilise the Group's long term earnings.

(i) Interest rate risk in the banking book (IRRBB)

IRRBB is the risk of loss in net interest income (**NII**) or in the economic value (**EV**) in the banking book due to movements in interest rates. IRRBB arises predominantly from the Group's general balance sheet funding and lending activities.

The operations of the Group are subject to the risk of interest rate fluctuations as a result of mismatches in the timing of the interest rate repricing on the Group's assets and liabilities.

The Group takes a prudent approach to the management of IRRBB, balancing NII and EV within Board risk appetite and aiming to reduce volatility in current and future earnings. Risks are monitored and measured against limits delegated by the Asset-Liability Committee (**ALCO**) and approved by the Board's Risk Committee.

The figures in the table below indicate the potential increase/ (decrease) in net interest income for an ensuing 12 month period of a one per cent parallel shock increase to the yield curve.

	2026 \$m	2025 \$m
NII sensitivities		
Exposure at the end of the year	34	(1)
Average monthly exposure during the year	11	1
High month exposure during the year	38	10
Low month exposure during the year	-	(6)

The IRRBB Value-at-Risk (**VaR**) model uses the historical simulation approach method to measure the risk of losses in EV from changes in base interest rates to a 99 per cent confidence level and 12 month holding period. In addition to VaR, the Group measures IRRBB risk through a framework of daily metrics and models, including scenarios that would potentially have an extreme impact on earnings.

The following table outlines the non-traded VaR for the Bank for the year:

	2026 \$m	2025 \$m
IRRBB VaR		
Average	19	18
Maximum	36	37
Minimum	10	8

Notes to the financial statements.

For the year ended 31 August 2026

3.6 Financial risk management (continued)

a) Market risk (continued)

(ii) Foreign exchange risk

It is the Group's policy not to carry material foreign exchange (FX) exposures, net of associated hedging instruments, in the banking book. At balance date, there are no net material foreign exchange rate exposures in the banking book.

The Group uses cross currency swaps and FX forward exchange contracts to hedge its FX exposures arising from borrowing offshore in foreign currencies.

The Group uses FX forward exchange contracts to hedge FX exposures created by customer-originated foreign currency transactions.

The Group's foreign exchange risk in the trading book is measured in section (iii) Traded market risk.

(iii) Traded market risk

Market risks attributable to trading activities are primarily measured using a historical simulation VaR model based on historical data. The Traded market risk VaR is a statistical technique used to quantify the potential loss in the value of positions in the trading book from adverse market movements and is calculated to a 99 per cent confidence level over a one day holding period.

As an additional overlay to VaR, the individual market risks of interest rate, foreign exchange, and credit are managed on a daily basis using a framework that includes stress testing, scenario analysis, sensitivity analysis and stop losses. Risks are monitored and measured against limits delegated by the ALCO and approved by the Board's Risk Committee.

The portfolio (interest rate, foreign exchange, and credit) VaR for the Bank's trading portfolio for the year was as follows:

Trading VaR	2026 \$m	2025 \$m
Average	0.40	0.20
Maximum	1.30	0.54
Minimum	0.05	0.05

b) Credit risk

Credit risk arises in the business from lending activities, the provision of guarantees including letters of credit and commitments to lend, investment in bonds and notes, financial market transactions and other associated activities. Credit risk is the potential loss arising from the possibility that customers or counterparties fail to meet contractual payment obligations to the Group as they fall due.

The Board has implemented a structured framework of policies, systems and controls to monitor and manage credit risk comprising:

- documented credit risk management principles;
- documented credit policies, lending standards and procedures;
- a process for approving risk, based on tiered delegated approval authorities, whereby the largest exposures are assessed by the Credit Risk Committee consisting of Senior Executives and senior risk managers, chaired by the Chief Risk Officer;
- risk grading the Bank's commercial exposures based on items inclusive of financial performance and stability, organisational structure, industry segment and security support. Exposures within this segment of the portfolio are generally subject to annual review which may include reassessment of the assigned risk grade;
- an automated scorecard and decision strategy model for the Bank's home loan portfolio;
- a credit assurance framework that includes hindsight of credit decisions and portfolio reviews to assess credit quality; and
- a series of management reports detailing industry concentrations, counterparty concentrations risk grades and security strength ratings.

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operating, financing and investing activities. In accordance with its treasury and financial markets risk policies, the Group can hold derivative financial instruments for trading purposes. Credit risk on derivative contracts used for these purposes is minimised as counterparties are either qualifying central counterparties or recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency.

Notes to the financial statements.

For the year ended 31 August 2026

3.6 Financial risk management (continued)

b) Credit risk (continued)

(i) Maximum exposure to credit risk

The amounts disclosed are the maximum exposure to credit risk, before taking account of any collateral held or other credit enhancements. For financial assets recognised on the balance sheet, the exposure to credit risk equals their carrying amount. For customer funding commitments, the maximum exposure to credit risk is the full amount of the committed facilities as at reporting date. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2026 \$m				2025 \$m
Consolidated	Stage 1	Stage 2	Stage 3	Total	Total
Cash and cash equivalents	2,248	-	-	2,248	3,024
Due from other financial institutions	190	-	-	190	236
Other financial assets (including accrued interest) ⁽¹⁾	17,303	-	-	17,303	17,469
Derivative financial instruments ⁽¹⁾	945	-	-	945	696
Total financial assets other than loans and advances	20,686	-	-	20,686	21,425
Gross loans and advances at amortised cost	54,235	15,954	1,359	71,548	77,860
Asset finance loans at FVTPL ⁽¹⁾	366	-	-	366	-
Total gross loans and advances	54,601	15,954	1,359	71,914	77,860
Total financial assets	75,287	15,954	1,359	92,600	99,285
Customer funding commitments ⁽²⁾	9,643	-	-	9,643	9,922
Total potential exposure to credit risk	84,930	15,954	1,359	102,243	109,207

	2026 \$m				2025 \$m
Bank	Stage 1	Stage 2	Stage 3	Total	Total
Cash and cash equivalents	1,018	-	-	1,018	1,660
Due from other financial institutions	106	-	-	106	148
Other financial assets (including accrued interest) ⁽¹⁾	27,922	-	-	27,922	30,295
Derivative financial instruments ⁽¹⁾	891	-	-	891	413
Financial assets other than loans and advances	29,937	-	-	29,937	32,516
Gross loans and advances	52,171	15,490	1,228	68,889	71,565
Total financial assets	82,108	15,490	1,228	98,826	104,081
Customer funding commitments ⁽²⁾	8,906	-	-	8,906	9,225
Total potential exposure to credit risk	91,014	15,490	1,228	107,732	113,306

(1) While derivative financial instruments, financial assets at FVTPL and asset finance loans measured at fair value are not subject to classification by stage, they have been included in this analysis to provide a more comprehensive view of the Group's exposure to credit risk.

(2) Refer to Note 5.2 for details of customer funding commitments.

Notes to the financial statements.

For the year ended 31 August 2026

3.6 Financial risk management (continued)

b) Credit risk (continued)

(ii) Credit quality

The credit quality categories of financial assets have been determined based on Standard & Poor's credit ratings, APRA risk weightings and the Bank's standard risk grading. The categories are classified as below:

- High grade – generally corresponds to Standard & Poor's credit ratings AAA+ to BBB-;
- Satisfactory – generally corresponds to Standard & Poor's credit rating BB+ to B;
- Weak – generally corresponds to Standard & Poor's credit ratings up to B; and
- Unrated – Loans and advances which have been classified as unrated are not secured, however these are not deemed to be weak.

The table below presents an analysis of the credit quality of financial assets:

Row labels	Consolidated							
	2026				2025			
	\$m				\$m			
	Gross loans and advances				Gross loans and advances			
	Retail	Commercial	Total GLAs ⁽¹⁾	Other financial assets	Retail	Commercial	Gross loans and advances	Other financial assets
High	51,085	6,864	57,949	20,621	55,365	5,719	61,084	21,410
1	38,947	6,094	45,041	20,621	40,358	5,298	45,656	21,410
2	12,138	770	12,908	-	15,007	421	15,428	-
3	-	-	-	-	-	-	-	-
Satisfactory	961	10,117	11,078	50	1,073	13,332	14,405	-
1	845	7,750	8,595	50	1,007	10,732	11,739	-
2	116	2,367	2,483	-	66	2,600	2,666	-
3	-	-	-	-	-	-	-	-
Weak	918	1,678	2,596	-	1,172	876	2,048	-
1	83	591	674	-	157	343	500	-
2	9	554	563	-	25	122	147	-
3	826	533	1,359	-	990	411	1,401	-
Unrated	-	291	291	15	-	323	323	15
1	-	291	291	15	-	323	323	15
2	-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-
Grand Total	52,964	18,950	71,914	20,686	57,610	20,250	77,860	21,425

(1) Gross loans and advances includes loans measured at amortised cost as well as asset finance loans measured at FVTPL.

Notes to the financial statements.

For the year ended 31 August 2026

3.6 Financial risk management (continued)

b) Credit risk (continued)

(ii) Credit quality (continued)

	Bank							
	2026				2025			
	\$m				\$m			
	Gross loans and advances				Gross loans and advances			
	Retail	Commercial	Gross loans and advances	Other financial assets	Retail	Commercial	Gross loans and advances	Other financial assets
High Grade	51,085	4,464	55,549	28,761	55,365	3,772	59,137	31,268
Stage 1	38,947	4,055	43,002	28,761	40,358	3,645	44,003	31,268
Stage 2	12,138	409	12,547	-	15,007	127	15,134	-
Stage 3	-	-	-	-	-	-	-	-
Satisfactory	960	10,362	11,322	50	1,076	9,405	10,481	-
Stage 1	844	7,749	8,593	50	1,011	8,131	9,142	-
Stage 2	116	2,613	2,729	-	65	1,274	1,339	-
Stage 3	-	-	-	-	-	-	-	-
Weak	919	981	1,900	-	1,173	683	1,856	-
Stage 1	83	375	458	-	157	337	494	-
Stage 2	9	205	214	-	25	115	140	-
Stage 3	827	401	1,228	-	991	231	1,222	-
Unrated	-	118	118	1,126	-	91	91	1,248
Stage 1	-	118	118	1,126	-	91	91	1,248
Stage 2	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-
Grand Total	52,964	15,925	68,889	29,937	57,614	13,951	71,565	32,516

Notes to the financial statements.

For the year ended 31 August 2026

3.6 Financial risk management (continued)

b) Credit risk (continued)

(iii) Concentration of exposure for gross loans and advances

Concentration of credit risk exists when a number of counterparties are engaged in similar activities, are in the same geographical areas or industry sectors and/or have similar economic characteristics, so that their ability to meet contractual obligations is similarly affected by changes in economic, political or other conditions. The Group monitors concentrations of credit risk by geographical location and industry sectors for loans and advances.

An analysis of the geographical concentrations of credit risk at the reporting date, determined by the borrower's residence, is presented below, with industry sector concentrations presented in the accompanying industry concentration table.

Geographical concentration of credit risk for loans and advances (before provisions and unearned income)	Consolidated ⁽¹⁾		Bank	
	2026 \$m	2025 \$m	2026 \$m	2025 \$m
Queensland	20,479	23,025	19,373	20,971
New South Wales	22,330	22,824	21,415	21,228
Victoria	16,723	17,769	16,085	16,251
Northern Territory	340	412	303	342
Australian Capital Territory	2,023	2,255	1,955	2,174
Western Australia	6,522	7,288	6,145	6,557
South Australia	2,427	2,871	2,290	2,483
Tasmania	1,132	1,341	1,102	1,247
International	233	325	233	325
	72,209	78,110	68,901	71,578

Industry concentration of credit risk for loans and advances (before provisions and unearned income)	Consolidated ⁽¹⁾		Bank	
	2026 \$m	2025 \$m	2026 \$m	2025 \$m
Residential mortgages	54,208	59,000	54,208	59,000
Property and construction	7,250	6,921	6,867	5,152
Healthcare	2,759	2,668	2,682	2,541
Professional services	1,800	1,857	1,756	1,714
Agriculture	1,108	1,468	1,012	958
Transportation	257	853	89	41
Manufacturing and mining	393	785	227	285
Hospitality and accommodation	720	660	710	619
Other retail lending	85	131	85	130
Other	3,629	3,767	1,265	1,138
	72,209	78,110	68,901	71,578

(1) Gross loans and advances includes loans measured at amortised cost as well as asset finance loans measured at FVTPL.

Notes to the financial statements.

For the year ended 31 August 2026

3.6 Financial risk management (continued)

c) Liquidity and funding risk

Liquidity risk arises from the possibility that the Group is unable to meet its financial obligations as they fall due or incurs a loss on converting a position or selling an asset for cash to meet such obligations. These obligations include the repayment of deposits on demand or at their contractual maturity, the repayment of wholesale borrowings and capital notes as they mature and the payment of interest on borrowings.

These risks are governed by the Group's prescribed risk appetite, which is set by the Board, and managed by Group Treasury. Market Risk reviews the effectiveness of risk management and oversight is provided by the Group ALCO.

The Board is ultimately responsible for the prudent management of liquidity risk across the Group and to ensure compliance with risk appetite.

Key controls and risk mitigation strategies include:

- Daily monitoring of liquidity risk exposures, including LCR and NSFR.
- Maintaining adequate liquidity buffers and short term funding capacity to withstand periods of disruption in long-term wholesale funding markets.
- Operating a prudent funding strategy which ensures appropriate diversification and limits maturity concentrations and imposing internal limits that are in addition to regulatory requirements.
- Maintaining a contingent funding plan designed to address liquidity shortfalls in a crisis situation.
- Managing a robust limit framework including stress testing and scenario analysis.

The liquid asset portfolio held as part of these principles aims to be well diversified by tenor, counterparty and product type. The composition of the portfolio mainly includes cash, commonwealth government and semi government securities. In addition, the Group holds internal RMBS as a source of contingent liquidity.

Funding mix

The Group's funding is comprised of a mix of deposits, including retail transaction accounts, savings accounts and term deposits, together with term wholesale funding, short-term wholesale funding and equity. The Group manages this within risk appetite settings to ensure suitable funding of its asset base and to enable it to respond to changing market conditions and regulatory requirements.

The Group is focused on developing a stable customer deposit base and maintaining access to diversified wholesale funding markets via its term funding programmes. In addition, during the 2026 financial year, the Group continued to access domestic and to a lesser extent international short-term wholesale markets.

Notes to the financial statements.

For the year ended 31 August 2026

3.6 Financial risk management (continued)

c) Liquidity and funding risk (continued)

Consolidated 2026	Total contractual cashflows						Total \$m
	Carrying amount \$m	At call \$m	3 months or less \$m	3 to 12 months \$m	1 to 5 years \$m	Over 5 years \$m	
FINANCIAL LIABILITIES							
Due to other financial institutions	1,427	1,027	401	-	-	-	1,428
Deposits	71,227	45,541	12,112	13,495	890	-	72,038
Derivative financial instruments ⁽¹⁾	39	-	11	17	12	1	41
Accounts payable and other liabilities	1,041	-	931	21	88	1	1,041
Securitisation liabilities ⁽²⁾	4,824	-	192	3,424	597	1,333	5,546
Borrowings ⁽³⁾	9,016	-	1,018	2,864	5,976	-	9,858
Total financial liabilities	87,574	46,568	14,665	19,821	7,563	1,335	89,952
DERIVATIVE FINANCIAL INSTRUMENTS (HEDGING RELATIONSHIP)							
Contractual amounts payable	-	-	722	2,048	4,105	85	6,960
Contractual amounts receivable	-	-	(675)	(2,407)	(4,275)	(131)	(7,488)
	(614)	-	47	(359)	(170)	(46)	(528)
OFF BALANCE SHEET POSITIONS							
Guarantees, indemnities and letters of credit	-	242	-	-	-	-	242
Customer funding commitments	-	9,401	-	-	-	-	9,401
	-	9,643	-	-	-	-	9,643

(1) Derivative financial instruments other than those designated in hedge relationships.

(2) Repayment of securitisation bonds is forecast based on the expected repayment profile of the underlying assets of the Trusts.

(3) Excludes securitisation liabilities.

Consolidated 2025	Total contractual cashflows						Total \$m
	Carrying amount \$m	At call \$m	3 months or less \$m	3 to 12 months \$m	1 to 5 years \$m	Over 5 years \$m	
FINANCIAL LIABILITIES							
Due to other financial institutions	1,003	603	401	-	-	-	1,004
Deposits	75,677	42,768	17,913	14,774	1,025	4	76,484
Derivative financial instruments ⁽¹⁾	35	-	32	(6)	9	-	35
Accounts payable and other liabilities	949	-	812	25	92	20	949
Securitisation liabilities ⁽²⁾	6,245	-	175	2,414	2,646	1,738	6,973
Borrowings ⁽³⁾	10,411	-	934	1,938	8,548	-	11,420
Total financial liabilities	94,320	43,371	20,267	19,145	12,320	1,762	96,865
DERIVATIVE FINANCIAL INSTRUMENTS (HEDGING RELATIONSHIP)							
Contractual amounts payable	-	-	642	958	4,593	57	6,250
Contractual amounts receivable	-	-	(578)	(1,138)	(4,833)	(67)	(6,616)
	(498)	-	64	(180)	(240)	(10)	(366)
OFF BALANCE SHEET POSITIONS							
Guarantees, indemnities and letters of credit	-	254	-	-	-	-	254
Customer funding commitments	-	9,668	-	-	-	-	9,668
	-	9,922	-	-	-	-	9,922

(1) Derivative financial instruments other than those designated in hedge relationships.

(2) Repayment of securitisation bonds is forecast based on the expected repayment profile of the underlying assets of the Trusts.

(3) Excludes securitisation liabilities.

Notes to the financial statements.

For the year ended 31 August 2026

3.6 Financial risk management (continued)

c) Liquidity and funding risk (continued)

		Total contractual cash flows					
	Carrying amount \$m	At call \$m	3 months or less \$m	3 to 12 months \$m	1 to 5 years \$m	Over 5 years \$m	Total \$m
Bank 2026							
FINANCIAL LIABILITIES							
Due to other financial institutions	1,427	1,027	401	-	-	-	1,428
Deposits	71,437	45,751	12,112	13,495	890	-	72,248
Derivative financial instruments ⁽¹⁾	39	-	11	17	12	1	41
Accounts payable and other liabilities	940	-	830	21	88	1	940
Borrowings	9,016	-	1,018	2,864	5,976	-	9,858
Amounts due to controlled entities	16,205	16,205	-	-	-	-	16,205
Total financial liabilities	99,064	62,983	14,372	16,397	6,966	2	100,720
DERIVATIVE FINANCIAL INSTRUMENTS (HEDGING RELATIONSHIP)							
Contractual amounts payable		-	679	1,024	1,794	85	3,582
Contractual amounts receivable		-	(672)	(1,356)	(2,188)	(131)	(4,347)
	(701)	-	7	(332)	(394)	(46)	(765)
OFF BALANCE SHEET POSITIONS							
Guarantees, indemnities and letters of credit	-	242	-	-	-	-	242
Customer funding commitments	-	8,664	-	-	-	-	8,664
	-	8,906	-	-	-	-	8,906

(1) Derivative financial instruments other than those designated in hedge relationships.

		Total contractual cash flows					
	Carrying amount \$m	At call \$m	3 months or less \$m	3 to 12 months \$m	1 to 5 years \$m	Over 5 years \$m	Total \$m
Bank 2025							
FINANCIAL LIABILITIES							
Due to other financial institutions	1,003	603	401	-	-	-	1,004
Deposits	75,892	42,983	17,913	14,774	1,025	4	76,699
Derivative financial instruments ⁽¹⁾	35	-	32	(6)	9	-	35
Accounts payable and other liabilities	895	-	758	25	92	20	895
Borrowings	10,411	-	934	1,938	8,548	-	11,420
Amounts due to controlled entities	19,111	19,111	-	-	-	-	19,111
Total financial liabilities	107,347	62,697	20,038	16,731	9,674	24	109,164
DERIVATIVE FINANCIAL INSTRUMENTS (HEDGING RELATIONSHIP)							
Contractual amounts payable		-	610	867	1,323	57	2,857
Contractual amounts receivable		-	(578)	(1,056)	(1,379)	(67)	(3,080)
	(215)	-	32	(189)	(56)	(10)	(223)
OFF BALANCE SHEET POSITIONS							
Guarantees, indemnities and letters of credit	-	254	-	-	-	-	254
Customer funding commitments	-	8,971	-	-	-	-	8,971
	-	9,225	-	-	-	-	9,225

(1) Derivative financial instruments other than those designated in hedge relationships.

Notes to the financial statements.

For the year ended 31 August 2026

3.7 Fair value of financial instruments

a) Fair value of financial instruments

The financial assets and liabilities listed below are recognised and measured at fair value and therefore their carrying value equates to their fair value:

- Derivatives;
- Financial instruments designated at FVTPL; and
- Financial instruments designated at FVOCI.

The fair value estimates for instruments carried at amortised cost are based on the methodologies and assumptions below.

Cash and cash equivalents, due from and to other financial institutions, accounts payable and other liabilities

The fair value approximates to their carrying value as they are short term in nature or are receivable or payable on demand.

Loans and advances

Loans and advances are net of specific and collective provisions for impairment and unearned income. The fair values of loans and advances that reprice within six months of year ended 31 August 2026 are assumed to equate to the carrying value. The fair values of all other loans and advances are calculated using discounted cash flow models based on the contractual maturity of the loans and advances.

The discount rates applied are based on the current interest rates at the reporting date for similar types of loans and advances, if the loans and advances were performing at the reporting date. The differences between estimated fair values and carrying values reflect changes in interest rates and creditworthiness of borrowers since loan or advance origination.

Deposits

The fair value of non-interest bearing, at call and variable rate deposits and fixed rate deposits repricing within six months is the carrying value. The fair value of other term deposits is calculated using discounted cash flow models based on the deposit type and its related maturity.

Borrowings and debt instruments at amortised cost

The fair values are calculated based on a discounted cash flow model using a yield curve appropriate to the remaining maturity of the instruments.

b) Comparison of fair value to carrying amounts

The table below discloses the fair value of financial instruments where their carrying values are not a reasonable approximation of their fair value:

	Carrying value		Fair value	
	2026 \$m	2025 \$m	2026 \$m	2025 \$m
Consolidated				
ASSETS CARRIED AT AMORTISED COST				
Loans and advances	71,274	77,553	71,170	77,608
	71,274	77,553	71,170	77,608
LIABILITIES CARRIED AT AMORTISED COST				
Deposits	(71,227)	(75,677)	(71,259)	(75,667)
Borrowings including subordinated notes	(13,840)	(16,656)	(13,860)	(16,641)
	(85,067)	(92,333)	(85,119)	(92,308)
Bank				
ASSETS CARRIED AT AMORTISED COST				
Loans and advances	68,704	71,365	68,678	71,381
Debt instruments at amortised cost	10,635	12,843	10,640	12,842
	79,339	84,208	79,318	84,223
LIABILITIES CARRIED AT AMORTISED COST				
Deposits	(71,437)	(75,892)	(71,469)	(75,882)
Borrowings including subordinated notes	(9,016)	(10,411)	(9,037)	(10,393)
	(80,453)	(86,303)	(80,506)	(86,275)

Notes to the financial statements.

For the year ended 31 August 2026

3.7 Fair value of financial instruments (continued)

c) Fair value hierarchy

The Group measures fair values using the following fair value hierarchy and valuation techniques, which reflect the significance of the inputs used in making the measurements:

- **Level 1:** This category includes assets and liabilities for which the valuation is determined from inputs based on unadjusted quoted market prices in active markets for identical instruments.
- **Level 2:** This category includes assets and liabilities for which the valuation is determined from inputs other than quoted prices included within level 1, which are observable either directly or indirectly. This includes the use of discounted cash flow analysis, option pricing models and other market accepted valuation models.
- **Level 3:** This category includes assets and liabilities for which the valuation includes inputs that are not based on observable market data. This includes equity instruments where there are no quoted market prices.

The fair value of loans at FVTPL is determined with reference to terms and conditions implied by the forward-flow arrangement (refer to Note 5.5 Capital partnership).

The fair value hierarchy classification of instruments held at amortised cost:

- Debt instruments at amortised cost – Level 2.
- Loans and advances – Level 3.
- Deposits and borrowings – Level 2.

The table below analyses financial instruments carried at fair value, by the valuation method:

Consolidated	2026			
	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE				
Derivative financial assets	-	945	-	945
Financial assets at FVTPL	-	1,054	-	1,054
Debt instruments at FVOCI	11,951	4,084	-	16,035
Loans at FVTPL	-	-	366	366
Equity Instruments at FVOCI	10	-	-	10
Total assets measured at fair value	11,961	6,083	366	18,410
Derivative financial liabilities	-	(340)	-	(340)
Net financial instruments at fair value	11,961	5,743	366	18,070

Consolidated	2025			
	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE				
Derivative financial assets	-	696	-	696
Financial assets at FVTPL	-	941	-	941
Debt instruments at FVOCI	11,139	5,192	-	16,331
Equity instruments at FVOCI	6	-	-	6
Total assets measured at fair value	11,145	6,829	-	17,974
Derivative financial liabilities	-	(194)	-	(194)
Net financial instruments at fair value	11,145	6,635	-	17,780

Notes to the financial statements.

For the year ended 31 August 2026

3.7 Fair value of financial instruments (continued)

c) Fair value hierarchy (continued)

Bank	2026			
	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE				
Derivative financial assets	-	891	-	891
Financial assets at FVTPL	-	1,054	-	1,054
Debt instruments at FVOCI	11,951	4,084	-	16,035
Equity Instruments at FVOCI	10	-	-	10
Total assets measured at fair value	11,961	6,029	-	17,990
Derivative financial liabilities	-	(198)	-	(198)
Net financial instruments at fair value	11,961	5,831	-	17,792

Bank	2025			
	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE				
Derivative financial assets	-	413	-	413
Financial assets at FVTPL	-	941	-	941
Debt instruments at FVOCI	11,139	5,192	-	16,331
Equity instruments at FVOCI	6	-	-	6
Total assets measured at fair value	11,145	6,546	-	17,691
Derivative financial liabilities	-	(194)	-	(194)
Net financial instruments at fair value	11,145	6,352	-	17,497

Notes to the financial statements.

For the year ended 31 August 2026

3.8 Derivative financial instruments and hedge accounting

a) Fair value of derivatives

The following tables summarise the notional and fair value of the Group's and Bank's commitments to derivative financial instruments at reporting date. Fair value in relation to derivative financial instruments is estimated using net present value techniques. The tables below set out the fair values of the derivative financial instruments.

	Consolidated					
	2026			2025		
	Notional amount	Fair value		Notional amount	Fair value	
	\$m	Asset \$m	Liability \$m	\$m	Asset \$m	Liability \$m
DERIVATIVES AT FAIR VALUE THROUGH PROFIT OR LOSS						
Interest rate swaps	106,908	22	(27)	58,898	30	(20)
Options	1,862	1	(1)	499	2	(1)
Foreign exchange forwards	743	7	(11)	913	7	(14)
	109,513	30	(39)	60,310	39	(35)
DERIVATIVES HELD AS CASH FLOW HEDGES						
Interest rate swaps	50,563	267	(146)	56,081	255	(95)
Cross currency swaps	2,925	54	(142)	2,939	285	-
	53,488	321	(288)	59,020	540	(95)
DERIVATIVES DESIGNATED AS FAIR VALUE HEDGES						
Interest rate swaps	12,282	594	(13)	11,160	117	(64)
Total derivatives measured at fair value	175,283	945	(340)	130,490	696	(194)

Notes to the financial statements.

For the year ended 31 August 2026

3.8 Derivative financial instruments and hedge accounting (continued)

a) Fair value of derivatives (continued)

	Bank					
	2026			2025		
	Notional amount	Fair value		Notional amount	Fair value	
	\$m	Asset \$m	Liability \$m	\$m	Asset \$m	Liability \$m
DERIVATIVES AT FAIR VALUE THROUGH PROFIT OR LOSS						
Interest rate swaps	106,908	22	(27)	58,898	30	(20)
Options	1,862	1	(1)	499	2	(1)
Foreign exchange forwards	743	8	(11)	913	7	(14)
	109,513	31	(39)	60,310	39	(35)
DERIVATIVES HELD AS CASH FLOW HEDGES						
Interest rate swaps	50,148	266	(146)	55,789	254	(95)
Cross currency swaps	-	-	-	14	3	-
	50,148	266	(146)	55,803	257	(95)
DERIVATIVES DESIGNATED AS FAIR VALUE HEDGES						
Interest rate swaps	12,282	594	(13)	11,160	117	(64)
Total derivatives measured at fair value	171,943	891	(198)	127,273	413	(194)

b) Hedging strategy

The Group and Bank used derivative financial instruments for both hedging and trading purposes in the current year and prior year. Refer to Note 3.6 a) for an explanation of the Group's and Bank's risk management framework. The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operating, financing and investing activities. The Group's hedging strategy is to protect net interest income from variability in interest rates in Australian dollars. This requires the Group to enter into interest rate swaps allowing for the mitigation of interest rate risk. Foreign currency exposures are swapped to Australian dollars using cross currency swaps. These cross currency swaps will be matched to the underlying fixed or floating interest rate exposure, respectively. The majority of exposures are managed under the above strategy. Where a risk is within agreed limits, the Group may decide not to apply hedge accounting to that risk. Instead, the Group will manage its exposure under broader risk management processes.

c) Accounting for derivatives

In accordance with its treasury risk policies, the Group can hold derivative financial instruments for trading purposes. Derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are initially measured at fair value. Subsequent to initial recognition, gains or losses on derivatives are recognised in the income statement, unless they are entered into for hedging purposes.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the reporting date, taking into account current interest rates and current creditworthiness of the swap counterparties.

The fair value of forward exchange contracts is their quoted market price at the reporting date, being the present value of the quoted forward price. The fair value of futures contracts is their quoted market price.

Notes to the financial statements.

For the year ended 31 August 2026

3.8 Derivative financial instruments and hedge accounting (continued)

c) Accounting for derivatives (continued)

The following table shows the maturity profile of hedging derivatives based on their notional amounts.

	2026 \$m				2025 \$m			
	0 to 12 months	1 to 5 years	Over 5 years	Total	0 to 12 months	1 to 5 years	Over 5 years	Total
Consolidated								
Interest rate swaps	36,101	21,001	5,743	62,845	45,054	21,462	725	67,241
Foreign exchange forwards	-	-	-	-	-	-	-	-
Cross currency swaps	896	2,029	-	2,925	14	2,925	-	2,939
Bank								
Interest rate swaps	35,713	20,974	5,743	62,430	44,592	21,632	725	66,949
Cross currency swaps	-	-	-	-	14	-	-	14

d) Hedging relationships

Cash flow hedges

Cash flow hedges are used by the Group to manage exposure to variability in future cash flows, which may result from fluctuations in interest and exchange rates. The Group principally uses interest rate swaps and cross currency swaps to protect against such fluctuations.

Where a derivative financial instrument is designated as a hedge of the variability of the cash flows of a recognised asset or liability, or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income and accumulated in reserves in equity. The ineffective portion of any gain or loss is recognised immediately in profit or loss in the income statement. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, then the associated gains and losses previously recognised directly in other comprehensive income are reclassified to profit or loss in the income statement in the same period or periods in which the asset acquired or liability assumed affects the income statement (i.e. when interest income or expense is recognised).

When a hedging instrument expires or is sold, terminated or exercised, or the Group revokes designation of the hedge relationship and the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in other comprehensive income and is recognised in profit or loss in the income statement when the transaction occurs. If the hedged transaction is no longer expected to take place, then the cumulative unrealised gain or loss is recognised immediately in profit or loss in the income statement.

The following table shows the executed rates for the most significant hedging instruments that have been designated in cash flow hedges that are in place at the balance date.

	Hedging Instruments	Currency	Consolidated	
			2026	2025
Cash flow hedges	Interest rate swaps	AUD	0.536% - 4.813%	0.233% - 4.730%
Cash flow hedges	Cross currency swaps	AUD / EUR	0.570 - 0.670	0.570 - 0.670

Notes to the financial statements.

For the year ended 31 August 2026

3.8 Derivative financial instruments and hedge accounting (continued)

d) Hedging relationships (continued)

Fair value hedges

Fair value hedges are used by the Group to manage exposure to changes in the fair value of an asset. Changes in fair values arise from fluctuations in interest rates. The Group principally uses interest rate swaps to protect against such fluctuations.

Changes in the value of fair value hedges are recognised in other comprehensive income, together with changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

All gains and losses associated with the ineffective portion of fair value hedge relationships are recognised immediately in the income statement.

If the hedge relationship no longer meets the criteria for hedge accounting, it is discontinued. The fair value adjustment to the hedged item is amortised to the income statement from the date of discontinuation over the period to maturity of the previously designated hedge relationship using the effective interest method. If the hedged item is sold or repaid, the unamortised fair value adjustment is recognised immediately in the income statement.

The following table shows the carrying value of hedged items designated in fair value hedge accounting relationships and the cumulative fair value hedge accounting adjustment that has been recognised as part of that carrying value. These balances are being amortised to the income statement on an effective yield basis. The Group does not hedge its entire exposure to a class of financial instruments, nor does it apply hedge accounting in all instances, therefore the carrying amounts below will not equal the total carrying amounts disclosed in other notes to these financial statements. As noted in the Group's accounting policies, since the hedged item is adjusted only for the hedged risk, the hedged item's carrying value disclosed in the table will not be equivalent to its fair value as disclosed in other notes to these financial statements. The accumulated amount of fair value hedge adjustments remaining in the balance sheet for hedged items that have ceased to be adjusted for hedging gains and losses is nil (2025: nil) for the Group.

	Consolidated			
	2026 \$m		2025 \$m	
	Carrying value ⁽¹⁾	Fair value hedge adjustments Debit / (Credit)	Carrying value ⁽¹⁾	Fair value hedge adjustments Debit / (Credit)
ASSETS				
Debt instruments at FVOCI	11,738	273	11,039	13

(1) Accrued interest is excluded from the carrying amounts of hedged items.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments not held for trading do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement and are included in other income.

Notes to the financial statements.

For the year ended 31 August 2026

3.8 Derivative financial instruments and hedge accounting (continued)

e) Hedge ineffectiveness

Hedge ineffectiveness, in the case of a fair value hedge, is the extent to which the changes in the fair value of the hedging instrument differ to that of the hedged item and, in the case of cash flow relationships, the extent to which the change in the hedging instrument exceeds that of the hedged item. Sources of hedge ineffectiveness primarily arise from basis and timing differences between the hedged items and hedging instruments.

The following table contains the hedge ineffectiveness associated with cash flow hedge and fair value hedge relationships during the period, as recognised in other operating income in the income statement:

	Consolidated					
	2026 \$m			2025 \$m		
	Gains / (losses) on hedging instruments	Gains / (losses) on hedged items	Hedge ineffectiveness	Gains / (losses) on hedging instruments	Gains / (losses) on hedged items	Hedge ineffectiveness
INTEREST RATE RISK						
<i>Fair value hedges:</i>						
Interest rate swaps	261	(260)	1	(97)	96	(1)
<i>Cash flow hedges: ⁽¹⁾</i>						
Interest rate swaps	(43)	47	4	(33)	33	-
INTEREST RATE AND FOREIGN EXCHANGE RISK						
<i>Cash flow hedges: ⁽¹⁾</i>						
Cross currency swaps	368	(368)	-	(234)	234	-

(1) Amounts recognised in OCI for cashflow hedges includes \$3 million (2025: \$5 million) related to de-designated hedges.

Notes to the financial statements.

For the year ended 31 August 2026

3.8 Derivative financial instruments and hedge accounting (continued)

f) Master netting or similar arrangements

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. Amounts owed by each counterparty are aggregated into a single net amount that is payable by one party to another.

The Group also receives and gives collateral in the form of cash in respect of derivatives and such collateral is subject to standard industry terms. The Group has not offset these amounts in the balance sheet as their ISDA agreements do not meet the criteria to do so. The Group has no current legally enforceable right to offset recognised amounts as the right to offset is only enforceable on the occurrence of future events. The Group normally settles on a net basis or realises the derivative assets and liabilities simultaneously.

The following tables set out the effect of netting arrangements on derivative financial assets and derivative financial liabilities if they were to be applied.

2026 \$m					
Consolidated	Gross amounts as presented in the balance sheet	Net amounts of recognised assets and liabilities available for offset	Calculated balance	Cash collateral	Net amounts if offsetting applied in the balance sheet
Derivative financial assets	945	(175)	770	(713)	57
Derivative financial liabilities	(340)	175	(165)	7	(158)

2025 \$m					
Consolidated	Gross amounts as presented in the balance sheet	Net amounts of recognised assets and liabilities available for offset	Calculated balance	Cash collateral	Net amounts if offsetting applied in the balance sheet
Derivative financial assets	696	(171)	525	(234)	291
Derivative financial liabilities	(194)	171	(23)	15	(8)

2026 \$m					
Bank	Gross amounts as presented in the balance sheet	Net amounts of recognised assets and liabilities available for offset	Calculated balance	Cash collateral	Net amounts if offsetting applied in the balance sheet
Derivative financial assets	891	(175)	716	(713)	3
Derivative financial liabilities	(198)	175	(23)	7	(16)

2025 \$m					
Bank	Gross amounts as presented in the balance sheet	Net amounts of recognised assets and liabilities available for offset	Calculated balance	Cash collateral	Net amounts if offsetting applied in the balance sheet
Derivative financial assets	413	(171)	242	(234)	8
Derivative financial liabilities	(194)	171	(23)	15	(8)

In addition to the above, the Group has entered into a \$400m (2025: \$400m) repurchase agreement, recorded in Due to other financial institutions that is not subject to a master netting arrangement and is secured by semi-government bonds.

Notes to the financial statements.

For the year ended 31 August 2026

3.9 Capital management

The Group's capital management aims to ensure adequate capital levels are maintained to protect deposit holders. The Group's capital is measured and managed in line with Prudential Standards issued by APRA. The Group's Internal Capital Adequacy Assessment Process (ICAAP) provides the framework to ensure that the Group is capitalised to meet internal capital targets and APRA's requirements. The ICAAP is reviewed regularly and submitted to the Board annually for approval. The Group's capital position is monitored on a continuous basis and reported monthly to the Asset and Liability Committee and Board. BOQ operates under APRA's revised Basel III capital framework. The Board has determined the Group will target operations within the Common Equity Tier 1 (CET1) range of between 10.25 - 10.75 per cent, in normal operating conditions.

3.10 Capital and reserves

a) Ordinary shares

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share rights are recognised as a deduction from equity, net of any tax effects.

Treasury shares

Ordinary shares of the Bank may be purchased from time to time by a controlled entity of the Bank, pursuant to the Awards Rights Plan, Equity Incentive Plan and Non-Executive Director Fee Sacrifice Rights Plan. Where these shares remain unvested to employees they are treated as treasury shares and deducted from capital as required by AASB 132 *Financial Instruments: Presentation*. No profit or loss is recorded on purchase, sale, issue or cancellation of these shares.

Terms and conditions

Holders of ordinary shares are entitled to receive dividends as determined by the Bank and are entitled to one vote per share at shareholders' meetings. In the event of a winding up of the Bank, ordinary shareholders rank after capital note holders and creditors and are fully entitled to any residual proceeds of liquidation.

	Consolidated		Bank	
	2026 No of shares	2025 No of shares	2026 No of shares	2025 No of shares
MOVEMENTS DURING THE YEAR				
Balance at the beginning of the year – fully paid	661,469,455	661,469,455	661,469,455	661,469,455
Share buy-back ⁽¹⁾	(1,040,214)	-	(1,040,214)	-
Dividend reinvestment plan ⁽²⁾	-	-	-	-
Balance at the end of the year – fully paid	660,429,241	661,469,455	660,429,241	661,469,455
TREASURY SHARES (INCLUDED IN ORDINARY SHARES ABOVE):				
Balance at the beginning of the year	3,981,555	2,833,720		
Net acquisitions and disposals during the year	1,205,742	1,147,835		
Balance at the end of the year	5,187,297	3,981,555		

(1) On 10 August 2026, the Group announced its intention to undertake an on-market share buy-back of up to \$196 million. As at 31 August 2026, the Group has bought back and cancelled 1,040,214 shares at an average price of \$6.40. After the balance sheet date, the purchase of a further 681,948 shares at an average price of \$6.50 settled and the shares were cancelled.

(2) Nine per cent of the dividend paid on 27 May 2026 and nine per cent of the dividend paid on 21 November 2025 were reinvested by shareholders as part of the dividend reinvestment plan, satisfied through the on-market purchase of shares. Nine per cent of the dividend paid on 23 May 2025 and nine per cent of the dividend paid on 19 November 2024 were reinvested by shareholders as part of the dividend reinvestment plan, satisfied through the on-market purchase of shares in prior year.

Notes to the financial statements.

For the year ended 31 August 2026

3.10 Capital and reserves (continued)

b) Nature and purpose of reserves

Employee benefits reserve

The employee benefits reserve is used to record the value of share based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 5.1 for further details of these plans.

Profit reserve

The profit reserve represents accumulated profits available for distribution as a dividend.

FVOCI reserve

Changes in the fair value of financial assets classified as debt and equity instruments at FVOCI are recognised in other comprehensive income as described in Note 3.2 and accumulated in a separate reserve within equity. For debt instruments at FVOCI, amounts are reclassified to Other operating income in the income statement when the associated assets are sold or impaired. For equity instruments at FVOCI, amounts are not subsequently transferred to the income statement when the associated assets are sold or impaired, but can be reclassified to retained profits.

Cash flow hedge reserve

The hedging reserve is used to record gains or losses on a hedge instrument in a cash flow hedge that are recognised in other comprehensive income, as described in Note 3.8d).

Notes to the financial statements.

For the year ended 31 August 2026

Note 4. Other assets and liabilities.

4.1 Intangible assets

	Goodwill \$m	Customer related intangibles and brands \$m	Computer software ⁽³⁾ \$m	Assets under construction ⁽³⁾ \$m	Right to operate asset - OMB conversion \$m	Total \$m
Consolidated						
Balance as at 1 September 2024	567	33	254	308	-	1,162
Additions	-	-	-	100	92	192
Transfers to asset	-	-	299	(299)	-	-
Amortisation charge	-	(8)	(82)	-	(38)	(128)
Impairment	(170)	-	(11)	(2)	-	(183)
Balance as at 31 August 2025	397	25	460	107	54	1,043
Balance as at 1 September 2025	397	25	460	107	54	1,043
Additions	-	-	3	120	-	123
R&D tax incentive ⁽¹⁾	-	-	(17)	-	-	(17)
Whole-of-loan sale ⁽²⁾	(20)	-	-	-	-	(20)
Transfers to asset	-	-	106	(106)	-	-
Amortisation charge ⁽¹⁾	-	(8)	(96)	-	(21)	(125)
Impairment	-	-	(33)	(4)	-	(37)
Balance as at 31 August 2026	377	17	423	117	33	967

	Goodwill \$m	Customer related intangibles and brands \$m	Computer software ⁽³⁾ \$m	Assets under construction ⁽³⁾ \$m	Right to operate asset - OMB conversion \$m	Total \$m
Bank						
Balance as at 1 September 2024	504	33	244	308	-	1,089
Additions	-	-	-	100	92	192
Transfers to asset	-	-	299	(299)	-	-
Amortisation charge	-	(8)	(79)	-	(38)	(125)
Impairment	(143)	-	(11)	(2)	-	(156)
Balance as at 31 August 2025	361	25	453	107	54	1,000
Balance as at 1 September 2025	361	25	453	107	54	1,000
Additions	-	-	3	120	-	123
R&D tax incentive ⁽¹⁾	-	-	(17)	-	-	(17)
Transfers to asset	-	-	106	(106)	-	-
Amortisation charge ⁽¹⁾	-	(8)	(94)	-	(21)	(123)
Impairment	-	-	(33)	(4)	-	(37)
Balance as at 31 August 2026	361	17	418	117	33	946

(1) Represents \$17 million in R&D incentives recognised against qualifying computer software assets, resulting in a \$5 million reduction in associated amortisation. Refer to Note 4.1(vi).

(2) Goodwill derecognised as part of the whole-of-loan sale. Refer to Note 5.5 for further details.

(3) During the year, \$37 million of software assets were impaired following a reassessment of future expected economic benefits and the replacement of aged technology assets as the Group transitions to its modern digital infrastructure.

Notes to the financial statements.

For the year ended 31 August 2026

4.1 Intangible assets (continued)

Recognition and measurement

(i) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Customer related intangibles and brands

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

(iii) Computer software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and a portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Research expenditure and development expenditure that do not meet the criteria above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(iv) Right to operate intangible assets - Owner Managed branch conversion

In the year ended 31 August 2025, the Group converted 114 Owner Managed branches to corporate branches and subsequently closed 26 of these branches as part of the Group's broader branch optimisation program.

The exit entitlement amounts paid to Owner Managers on conversion are recognised as right to operate intangible assets on the Group's Balance Sheet. The intangible assets were recognised on the Consolidated balance sheet when control of the Owner Managed branches passed to the Group.

(v) Software as a service

Software as a service (**SaaS**) costs are only recognised as intangible assets if the implementation activities create an asset that the entity controls and the asset meets the recognition criteria. Costs that do not result in intangible assets are expensed as incurred, unless they are paid to the suppliers of the SaaS arrangement to significantly customise the software for the Group, in which case the costs are recorded as a prepayment for services and amortised over the expected renewable term of the arrangement.

(vi) Research and development incentives

The Group has elected to account for research and development (R&D) tax incentives under AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*. Eligible R&D tax incentives are treated as government grants and are recognised when there is reasonable assurance that the Group will satisfy the associated conditions and that the incentive will be received. Where the related expenditure is capitalised as an asset under construction, the incentive is recognised as a reduction in the carrying amount of the asset. The resulting benefit is recognised in profit or loss over the asset's useful life through reduced amortisation charges.

Amortisation

Except for goodwill, amortisation is charged to profit or loss in the income statement on a straight-line basis over the estimated useful life of the intangible asset unless the life of the intangible asset is indefinite. Where applicable, intangible assets are amortised from the date they are available for use. The amortisation period and method are reviewed on an annual basis.

The amortisation rates used in the current and comparative periods are as follows:

	Years
Computer software	3-10
Customer related intangibles and brands	1-6

The right to operate intangible assets are amortised over the shorter of the remaining term of the original franchise agreement or branch closure.

Impairment

Intangible assets are reviewed for impairment at least annually, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For goodwill, intangible assets with an indefinite life and assets under construction that are yet to commence amortisation, the recoverable amount is estimated at the same time each year.

An impairment loss is recognised in profit or loss in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or Cash-Generating Unit (CGU) is the greater of its value-in use or its fair value less costs to sell.

Intangible assets, other than goodwill, that have previously incurred impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

Cash-Generating Units

For the purposes of testing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets or groups of assets - a Cash-Generating Unit (**CGU**). In addition to intangible assets, all other non-financial assets, other than deferred tax assets, are allocated and tested for impairment as part of the Group's CGUs. BOQ Group has two CGUs, Retail Bank and BOQ Business, refer to Note 2.5. All non-financial assets are allocated to these CGU's for the purposes of impairment testing.

The recoverable amount of each CGU is determined using a value-in-use calculation. In determining if the CGU is impaired, the carrying amount of each CGU is compared to its recoverable amount. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis.

Notes to the financial statements.

For the year ended 31 August 2026

4.1 Intangible assets (continued)

Value-in-use

Value-in-use is calculated by discounting the estimated future cash flows expected to be derived from the continued operation of the CGU.

The key assumptions represent management's assessments of future trends in retail and business banking and are based on both external and internal sources of information.

The following key assumptions were used in the value-in-use calculations:

- Post-tax cash flow projections based on a five-year financial forecast which is developed annually and approved by management and the Board, as well as terminal-year cash flows beyond the five-year forecast. These forecasts utilise information about current and future economic conditions, observable historical performance and management expectations of future business performance, including:
 - Net Interest Margin projections based on expectations of future RBA cash rate changes and changes to interest rates on the bank's lending and deposit products, having regard to expected market conditions. Terminal year key assumptions include mortgage spread assumptions that reflect management's expectations of sustainable net interest margins (refer 'Long-run NIM %' in following table); and
 - Expense growth projections based on management's view of the estimated cost base of the business having regard to inflation and required investment to sustain the business in perpetuity, as well as future average credit loss rates (refer 'Long-run expenses' in following table)

The cash flow projections used in the value-in-use calculations exclude the benefits of future strategic initiatives and transformation programs.

- Post-tax discount rate applied to the cash flow projections reflecting the specific risks and conditions relating to the relevant CGUs.
- Common Equity Tier 1 Holdback Rate refers to the level of capital held as a percentage of total risk-weighted assets, in line with the midpoint of management's target CET1 range.
- Long term growth rate is used to extrapolate cash flows beyond the forecast period and reflects the upper end of the RBA's target long-term inflation rate band.

The following table sets out the key assumptions used for both Retail Bank and BOQ Business value-in-use calculations:

	Retail Bank		BOQ Business	
	2026	2025	2026	2025
	%	%	%	%
Post-tax discount rate	11.58	12.71	10.72	10.44
Common Equity Tier 1 Holdback Rate	10.50	10.50	10.50	10.50
Long term growth rate	3.00	3.00	3.00	3.00

The aggregate carrying amount of goodwill for the BOQ Business CGU is shown below. No goodwill is allocated to the Retail CGU.

	2026	2025
	\$m	\$m
BOQ Business	377	397
Total	377	397

Sensitivity analysis for Cash-Generating Units

The table below shows a sensitivity analysis for the Retail Bank CGU's recoverable amount. Goodwill in the Retail Bank was fully impaired in the prior year however a reasonably possible change in assumptions could result in impairment which would be allocated to other non-financial assets contained in the Retail Bank CGU. Other non-financial assets predominantly comprise of computer software. This sensitivity analysis assumes the specific assumption moves in isolation while all other assumptions are held constant. The following sensitivities indicate the change in each key assumption that would erode the Retail Bank CGU's headroom to nil.

	Retail Bank
Post-tax discount rate	Increase by 42bps
Long-run NIM %	Decrease by 4.5bps
Long-run expenses	Increase by \$40m p.a.
Common Equity Tier 1 Holdback Rate	Increase by 80bps
Long-term growth rate	Decrease by 141bps

There are no reasonably possible changes in assumptions that could result in an impairment of the BOQ Business CGU.

Notes to the financial statements.

For the year ended 31 August 2026

4.2 Provisions and contingent liabilities

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability. The carrying amounts of the provisions recognised are:

	Consolidated		Bank	
	2026 \$m	2025 \$m	2026 \$m	2025 \$m
Employee benefits ⁽¹⁾	55	54	55	54
Restructuring provision	2	22	2	22
RAP provision	11	38	11	38
Pay and leave entitlements review	1	2	1	2
Other ⁽²⁾	25	24	23	24
Total	94	140	92	140

(1) Employee benefits provision consist of annual leave (represents present obligations resulting from employees' services provided up to the reporting date, calculated at discounted amounts based on remuneration wage and salary rates that the Consolidated Entity expects to pay as at reporting date including related on-costs) and long service leave entitlements for employees (represents the present value of the estimated future cash outflows to be made resulting from employees' services provided to reporting date). The provision is calculated using expected future increases in wage and salary rates including related on-costs, and expected settlement dates based on turnover history and is discounted using the rates attached to Australian 10 year corporate bonds at reporting date which most closely match the terms of maturity of the related liabilities. \$50 million (2025: \$50 million) of this provision balance is classified as current.

(2) Other provisions include lease make good liabilities and other contractual liabilities.

Pay and entitlements review

In 2020 BOQ commenced a review of payments to employees covering Superannuation Guarantee compliance and whether correct payments had been made to employees under successive BOQ Enterprise Agreements, being 2010, 2014 and 2018. BOQ has made remediation payments for base wage, lump-sum entitlement, superannuation and interest for active and former employees.

In the first half of 2026, BOQ received notice from the Fair Work Ombudsman that the matter is now closed. As at 31 August 2026, a provision remains of \$1 million (2025: \$2 million) for unclaimed money and associated costs.

Provision for Remedial Action Plans (RAP)

On 30 May 2023, the Group entered into voluntary enforceable undertakings with APRA and AUSTRAC to execute a multi-year program of work to uplift our operational resilience, risk culture, governance and Anti-Money Laundering and Counter-Terrorism Financing program. The enforceable undertakings are court enforceable.

The undertaking with APRA addresses remediation of weaknesses in the Group's risk management practices, controls, systems, governance and risk culture (**the APRA EU**). APRA has also determined to apply a capital adjustment to the Group's minimum capital requirements, adding \$50 million to the Group's operational risk capital requirement (applied as of 30 May 2023).

The adjustment reduced the Group's Level 2 CET1 ratio by approximately 17bps. The Group may apply for removal of all or part of the capital adjustment when it concludes that it can demonstrate compliance to APRA's satisfaction with commitments in respect of ongoing remediation and the APRA EU.

The enforceable undertaking with AUSTRAC addresses remediation of issues in respect of the Group's anti-money laundering and counter-terrorism financing EU program (**the AUSTRAC EU**).

The commitments entered into with APRA and AUSTRAC will continue the work commenced under the Remedial Action Plans announced to the market on 14 April 2023.

The provision excludes the costs of activities that are expected to be performed by existing resources of the Group, ongoing operating costs and costs related to improvements beyond the matters identified. To date, \$83 million of the provision has been utilised.

Notes to the financial statements.

For the year ended 31 August 2026

4.2 Provisions and contingent liabilities (continued)

As previously disclosed, a number of risks and uncertainties exist for which assumptions have been made in estimating the provision required, including:

- **Scope:** The provision has been based on matters currently identified that require uplift. It is possible that additional matters are identified as a result of further analysis or required by regulators that could increase the scope and cost of the programs.
- **Nature and extent of work required to address the matters identified:** It has been necessary to estimate the work required to deliver on requirements based on plans at different levels of development. Allowance has been made for this uncertainty in forming the estimate, however it is possible that as work proceeds the scope and cost of the programs required is different to the estimate.
- **Resources required to deliver the work:** As outlined above, the provision has been made for the additional expenditure to the Group necessary to deliver the required uplift such as external support, contractors and independent assurance providers. This has required estimation of the extent and cost of additional resources required based on an assumption of the Group's capacity to deliver a significant proportion of the activities with its existing and planned internal resources.

The Group appointed Grant Thornton as External Auditor for the purpose of the AUSTRAC EU and as Independent Reviewer for the purpose of APRA EU.

Throughout the year, BOQ has continued to execute the actions and deliverables required by the RAPs, completing, and closing numerous deliverables across the design, implementation and embed phases.

The appointed Independent Reviewers of the Remedial Action Plans continue to oversee and validate closure of activities for both RAPs. In the FY26 financial year, both programs have submitted three reports from Grant Thornton to APRA and AUSTRAC.

Reports will continue to be produced and submitted to APRA and AUSTRAC every four months in accordance with the conditions of the CEUs or as otherwise agreed with APRA and AUSTRAC.

ATO CRS Reporting remediation

In December 2025, the Australian Taxation Office (**ATO**) commenced a review of BOQ's compliance with the Common Reporting Standard (CRS) reporting obligations for the 2022, 2023 and 2024 calendar year reporting periods. The ultimate financial impact of this matter remains uncertain and, whilst not expected to be material for the Group, will continue to be assessed as additional information becomes available.

Notes to the financial statements.

For the year ended 31 August 2026

4.2 Provisions and contingent liabilities (continued)

Movements in provisions

Movements in each class of provision during the year, other than employee benefits, are as follows:

	Consolidated			
	RAP provision \$m	Restructuring provision \$m	Pay and entitlements review \$m	Other \$m
2026				
Carrying amount at beginning of year	38	22	2	24
Additional provision recognised	-	-	-	16
Unwinding of discount	4	-	-	-
Amounts utilised during the year	(28)	(9)	(1)	(10)
Release of provision	(3)	(11)	-	(5)
Carrying amount at end of year	11	2	1	25
Less than 12 months	11	2	1	18
Greater than 12 months	-	-	-	7

	Bank			
	RAP provision \$m	Restructuring provision \$m	Pay and entitlements review \$m	Other \$m
2026				
Carrying amount at beginning of year	38	22	2	24
Additional provision recognised	-	-	-	6
Unwinding of discount	4	-	-	-
Amounts utilised during the year	(28)	(9)	(1)	(2)
Release of provision	(3)	(11)	-	(5)
Carrying amount at end of year	11	2	1	23
Less than 12 months	11	2	1	16
Greater than 12 months	-	-	-	7

	Consolidated			
	RAP provision \$m	Restructuring provision \$m	Pay and entitlements review \$m	Other \$m
2025				
Carrying amount at beginning of year	36	37	3	18
Additional provision recognised	21	10	-	12
Unwinding of discount	2	-	-	-
Amounts utilised during the year	(21)	(25)	(1)	(4)
Release of provision	-	-	-	(2)
Carrying amount at end of year	38	22	2	24
Less than 12 months	30	22	2	11
Greater than 12 months	8	-	-	13

	Bank			
	RAP provision \$m	Restructuring provision \$m	Pay and entitlements review \$m	Other \$m
2025				
Carrying amount at beginning of year	36	37	3	17
Additional provision recognised	21	10	-	12
Unwinding of discount	2	-	-	-
Amounts utilised during the year	(21)	(25)	(1)	(4)
Release of provision	-	-	-	(1)
Carrying amount at end of year	38	22	2	24
Less than 12 months	30	22	2	11
Greater than 12 months	8	-	-	13

Notes to the financial statements.

For the year ended 31 August 2026

4.2 Provisions and contingent liabilities (continued)

Legal claims, remediation, compensation claims and regulatory enforcement

The BOQ Group is committed to strengthening, simplifying, digitising and optimising its business to deliver improved outcomes for our customers, people, shareholders and valued partners.

The Group has continued to engage with APRA and AUSTRAC as the Group has progressed through its Remedial Action Plans. Any identified areas for uplift, including delays in meeting deliverables under the Remedial Action Plans, have been discussed with relevant regulators, root cause analysis undertaken and BOQ is continuing work to address those items.

While it is uncertain whether AUSTRAC or APRA will take any enforcement action (either in relation to the matters referred to in the enforceable undertakings or other matters), neither regulator has indicated to the Group that it intends to do so as at the date of this report.

The Group is exposed to contingent risks and liabilities arising from the delivery of its required activities under the Remedial Action Plans. The Group's potential liability in relation to these matters remains uncertain (and cannot be accurately assessed).

There is a risk that from time to time, the Group does not comply with its legal, regulatory obligations or causes customer impact. In some cases where the Group does not comply or causes material customer harm, remediation programs may be undertaken. The Group also undertakes ongoing compliance activities, including breach reporting, reviews of products provided to its customers, and second line assurance and internal audit reviews. Some of these activities may identify weaknesses that result in remediation programs.

Where relevant, the Group consults with the respective regulator on these matters.

Financial services regulators also periodically engage with the Group, as part of their supervisory and regulatory roles. For example, our regulators or other independent bodies may carry out reviews or audits of our compliance requirements or request certain information from us as part of an inquiry or investigation.

Throughout the financial year, the Group has had numerous engagements with its regulators and been subject to several reviews and enquiries. This included continued engagement with ASIC about concerns it had regarding BOQ's systems and controls relating to its design and distribution obligations, breach reporting, dispute resolution, hardship, and effective compensation arrangement obligations.

BOQ has continued to engage with ASIC and deliver on committed remedial action plans within agreed timeframes. However, ASIC has raised concerns that BOQ may not deliver effective and sustainable compliance in practice and have requested that further activities be undertaken. As a result, BOQ is undertaking additional activities to better demonstrate clear customer and conduct outcomes, particularly in the context of managing customer impact.

In November 2025, ASIC commenced an industry review of debt collection activities, with BOQ a selected participant. ASIC Notices were received by BOQ in January 2026, with the review to extend across 2026. ASIC has indicated the review may result in some form of public output detailing its observations, in late 2026.

BOQ has also liaised with AFCA with respect to system migration matters during the period. AFCA has determined that certain matters are systemic and may refer these matters to relevant regulators.

There is a risk that these regulators may seek to commence proceedings, seek to impose fines or sanctions, or take other administrative or enforcement action in relation to the Group's compliance with relevant laws and regulations. The Group has not been informed of any current intention by these regulators to do so. There is also the risk that the Group incurs increased costs in people, processes and systems to meet regulators' requirements or expectations. The outcomes and total costs associated with these possible exposures remain uncertain.

The Group could be engaged in a range of litigation matters at any given time. The Group (like all entities in the banking and finance sector) is exposed to the risk of litigation and there can be no assurance that significant litigation will not arise in the future.

The outcome of legal proceedings, and total costs associated with exposure to litigation, remains uncertain. Where relevant, expert legal advice is obtained and, in the light of such advice, provisions or disclosures as deemed appropriate are made.

BOQ is engaging with six former Owner Managers who have lodged disputes with AFCA. It is possible that former Owner Managers may choose to launch legal proceedings regarding BOQ exercising its right to terminate the Owner Managed Branch Agency Agreements. As at 14 October 2026, no legal proceedings had been served.

Notes to the financial statements.

For the year ended 31 August 2026

4.3 Accounts payable and other liabilities

The following table provides a detailed breakdown of accounts payable and other liabilities by component.

	Consolidated		Bank	
	2026 \$m	2025 \$m	2026 \$m	2025 \$m
Accrued interest payable	438	452	392	411
Payables and accrued expenses	325	292	275	281
Lease liabilities	119	147	119	147
Other liabilities	159	58	154	56
Total	1,041	949	940	895

Payables and accrued expenses are recognised when there is a present obligation arising from the receipt of goods or services, or from contractual arrangements, and when settlement is probable and can be reliably measured. Payables and accrued expenses are initially recognised at fair value and subsequently measured at amortised cost.

Accrued interest payable reflects interest obligations incurred but not yet settled with counterparties. Interest is recognised using the effective interest rate method (refer Note 2.1). Payables and accrued expenses include short term creditor liabilities, salaries and other expense accruals.

Lease liabilities are recognised at the commencement of a lease contract and are measured as the present value of the lease payment outstanding at commencement date, discounted using the Group's incremental borrowing rate applied to the lease term. The lease liability is then increased by the interest expense on the lease liability and decreased by lease payments made. For further detail, refer Note 5.8 e).

Notes to the financial statements.

For the year ended 31 August 2026

Note 5. Other notes.

5.1 Employee benefits

a) Superannuation commitments

Superannuation plan

The Group contributes to a number of superannuation plans which comply with the *Superannuation Industry (Supervision) Act 1993*. Contributions are charged to profit or loss in the income statement as they are payable.

Basis of contributions

The Group is required to meet the minimum legal obligations under the relevant superannuation guarantee legislation and the industrial instrument provisions.

b) Share based payments

The Group currently operates the Equity Incentive Plan (previously the Awards Right Plan) for equity-settled compensation. The plan grants the Group's employees rights or options which can convert into shares in the Bank. The fair value of rights granted is recognised as an employee expense with a corresponding increase to the Employee Benefits Reserve. The fair value is measured at grant date and expensed over the service period, which is based on the respective service vesting conditions. The fair value of the rights granted is measured using industry accepted pricing methodologies, taking into account the terms and conditions upon which the rights are granted. Where rights do not vest due to failure to meet a non-market condition (e.g. company internal targets), the expense is reversed. Where rights do not vest due to failure to meet a market condition (e.g. total shareholder return test), the expense is not reversed.

(i) Description of share based payments

The Award Rights Plan was first introduced and approved by shareholders on 11 December 2008, which was replaced by the Equity Incentive Plan for new awards from 1 September 2020. Types of award rights granted to employees under the new plan are DARs, Premium Priced Options, Performance Shares, Restricted Shares, Executive Performance Rights and CEO and Chair Award Rights (CARs).

No amount is payable by employees for the grant of award rights.

Performance Shares

Performance Shares granted in FY21-23 were delivered in rights that converted to restricted shares at the end of the financial year based on the Board's assessment of the Group Scorecard, individual performance and risk and conduct assessment. Once converted, dealing restrictions are released from restricted shares after a further one, two and three years. Performance shares are expensed over the period in which the employee fulfils the service conditions as determined by the cessation clauses in the relevant award terms.

Premium Priced Options

Premium Priced Options vest in two tranches with 50 per cent vesting by the end of year three and 50 per cent by the end of year four and may be altered at the Board's discretion. The exercise price, which must be paid by the employee, is set at 120% of the share price following the Annual General Meeting (AGM). For FY21, this was based on a five-day VWAP, while FY22 and FY23 used a ten-day VWAP. This is also based on a risk assessment conducted by the Board. On exercise, the shares are subject to dealing restrictions for a further one year. Premium Priced Options are expensed over the period in which the employee fulfils the service conditions as determined by the relevant pro-rata cessation clauses in the Award Terms.

DARs

Typically, there are no market performance hurdles or other performance based vesting conditions for DARs but the holder must remain an employee of the Bank, unless employment is ceased for qualifying reasons whereby the holder receives a pro-rata allocation of DARs to cessation date or the full amount of the awards depends on the specific rules of the plan. The vesting conditions may vary depending on the nature of the award. DARs may be used for retention, make-good and other targeted remuneration purposes, and may include specific non-market performance conditions designed to achieve targeted outcomes.

The most common vesting schedule for DARS consists of three tranches, 35 per cent vesting by the end of year one, 35 per cent by the end of year two and 30 per cent at the end of year three. The vesting schedule may be adjusted based on the specific terms of the award. The last award of DARs to an Accountable Person occurred during year ended 31 August 2025 with a vesting schedule consisting of three tranches, 50 per cent (tranche 1 and 2) vesting by the end of year one, and 50 per cent vesting by the end of year four.

Once vested, DARs may be exercised, to receive ordinary shares.

Restricted Shares

The Group has used shares with restrictions on disposal as a non-cash, share based component of short term variable awards. On occasion, restricted shares are also used as make-good awards.

CEO and Chair Award Rights (CARs)

There are no market performance hurdles or other performance based vesting conditions for CARs but the holder must remain an employee of the Bank (unless employment is ceased for qualifying reasons whereby the holder receives a pro-rata allocation of CARs to cessation date or the full amount of the awards depends on the specific rules of the plan).

Notes to the financial statements.

For the year ended 31 August 2026

5.1 Employee benefits (continued)

b) Share based payments (continued)

(i) Description of share based payments (continued)

The CARs granted in the years ended 31 August 2023 and 2024 vest in three tranches, with 20 per cent vesting at the end of year one, 30 per cent at the end of year two and 50 per cent at the end of year three. CARs may be exercised, to receive ordinary shares, by the employee once they have vested.

Executive Performance Rights (EPRs)

EPRs granted in the year ended 31 August 2024 vest over a four year period, subject to the Board's assessment of three vesting conditions:

- Tranche 1 – Customer Experience (20 per cent); being Net Promoter Score (**NPS**) across BOQ Retail Main Financial Institution (**MFI**), ME Bank MFI and Business Bank Any Financial Relationship (**AFR**). Where specific measures are no longer tracked or available, the Board will determine performance outcomes using its judgement, taking into account available customer experience measures and overall customer outcomes;
- Tranche 2 – Strengthen (30 per cent); being Program rQ and AML First, BOQ's Remedial Action Plans, are on track for completion in accordance with the approved plan, within the agreed timeframes, to the satisfaction of the Board, the independent assurers and the regulators, measured via project status (**RAG**); and
- Tranche 3 – Optimise (50 per cent); comprising (i) return on equity (**ROE**) and (ii) Total Shareholder Return (**TSR**).

EPRs granted in the year end 31 August 2025 vest over a four year period, subject to the Board's assessment of two vesting conditions:

- Tranche 1 – Financial Tranche (70 per cent); being absolute total shareholder return
- Tranche 2 – Non Financial Tranche (30 per cent) – relates to the delivery of the digital and relationship banks through the successful migration of customers from, and decommissioning of, the heritage bank.

EPRs granted in the year end 31 August 2026 vest over a four-year period, subject to the Board's assessment of two vesting conditions:

- Tranche 1 – Financial Tranche (70 per cent): based on relative total shareholder return (TSR); and
- Tranche 2 – Non-financial Tranche (30 per cent): relating to improvement in customer satisfaction and experience, measured across retail and business banking customer segments, reflecting outcomes across customer acquisition, retention and growth, and overall customer sentiment.

EPRs can be exercised to receive ordinary shares once they have vested. Upon issuance, 33% of those shares will be available to the MD&CEO and 50% to other Executive KMPs at the end of year four. Dealing restrictions will apply to the remaining shares, released as follows:

- Group Executives – the remaining 50% at the end of year five.
- MD&CEO – 33% at the end of year five, and 34% at the end of year six.

(ii) Award rights on issue

The number of rights and restricted shares on issue for the Group is as follows:

	Deferred Award Rights	Premium Priced Options	BOQ Transformation Award Rights ⁽¹⁾	Performance Shares	Restricted Shares	CEO & Chair Awards Rights	Executive Performance Rights
	2026 '000	2026 '000	2026 '000	2026 '000	2026 '000	2026 '000	2026 '000
Balance at beginning of the year	3,293	10,819	4	512	451	598	2,341
Granted during the year	-	-	-	-	838	-	1,203
Forfeited / expired during the year	(104)	(1,822)	-	-	(38)	(14)	(315)
Exercised during the year	(1,159)	-	(4)	(296)	(221)	(198)	-
Outstanding at the end of the year	2,030	8,997	-	216	1,030	386	3,229

(1) Refer to previous Annual Reports for a description of Performance Award Rights, BOQ Transformation Award Rights and BOQ Transformation Award Rights-Virgin, issued under the previous Award Rights Plan.

Notes to the financial statements.

For the year ended 31 August 2026

5.1 Employee benefits (continued)

b) Share based payments (continued)

	Deferred Award Rights	Premium Priced Options	BOQ Transformation Award Rights ⁽¹⁾	Performance Shares	Restricted Shares	CEO & Chair Awards Rights	Executive Performance Rights
	2025 '000	2025 '000	2025 '000	2025 '000	2025 '000	2025 '000	2025 '000
Balance at beginning of the year	4,609	12,034	4	912	197	889	1,134
Granted during the year	564	-	-	-	385	-	1,405
Forfeited / expired during the year	(452)	(1,215)	-	-	(44)	(73)	(198)
Exercised during the year	(1,428)	-	-	(400)	(87)	(218)	-
Outstanding at the end of the year	3,293	10,819	4	512	451	598	2,341

(1) Refer to previous Annual Reports for a description of Performance Award Rights, BOQ Transformation Award Rights and BOQ Transformation Award Rights-Virgin, issued under the previous Award Rights Plan.

(iii) Measurement of fair values

The Premium Priced Options have been valued using a four step methodology that uses a simulation approach to project future share prices and then the Binomial model to value the options on vesting.

The EPRs with non-market based hurdles have been valued using a Black-Scholes option pricing model. The EPRs with the TSR (market based) hurdle have been valued using a Monte Carlo simulation-based model to project future share prices and TSR.

The fair value of DARs, Performance Shares and CEO and Chair Award Rights have been measured using a Black-Scholes option pricing model.

The value of Restricted Shares has been valued using a Black-Scholes option pricing model equivalent taking into account the dividend entitlement during the vesting period.

The weighted average of the inputs used in the measurement of the long term incentive award rights grants during the year was as follows:

		Restricted Shares	Executive Performance Rights
		2026	2026
Fair value at grant date	\$	6.55	3.93
Share price at grant date	\$	6.55	6.77
Expected volatility	%	23%	23%
Risk free interest rate	%	4%	4%
Dividend yield	%	0%	6%

		Deferred Award Rights	Restricted Shares	Executive Performance Rights
		2025	2025	2025
Fair value at grant date	\$	6.38	6.77	3.56
Share price at grant date	\$	7.12	6.72	6.78
Expected volatility	%	23	24	24
Risk free interest rate	%	3.7	3.8	3.9
Dividend yield	%	5.0	4.7	5.0

Notes to the financial statements.

For the year ended 31 August 2026

5.2 Commitments

a) Customer funding commitments

	Consolidated		Bank	
	2026 \$m	2025 \$m	2026 \$m	2025 \$m
Guarantees, indemnities and letters of credit	242	254	242	254
Customer funding commitments	9,401	9,668	8,664	8,971
Total	9,643	9,922	8,906	9,225

In the normal course of business the Group makes commitments to extend credit to its customers. Most commitments either expire if not taken up within a specified time or can be cancelled by the Group within one year. Credit risk is significantly less than the notional amount and does not crystallise until a commitment is funded.

Guarantees are provided to third parties on behalf of customers. The Group assesses the credit risk associated with guarantee balances and calculates Expected Credit Losses (**ECL**) using the same methodology applied to loans and advances.

b) Lease commitments

The Group has entered into a lease commitment for new office premises in Brisbane commencing 1 February 2027. Future minimum lease payments under this agreement amount to \$74 million.

c) Other commitments

Expenditure on software assets and other expenditure contracted for but not provided on the balance sheets is \$2 million (2025: \$4 million).

5.3 Related parties information

a) Controlled entities

Details of interests in controlled entities are set out in Note 5.4.

During the year there have been transactions between the Bank and its controlled entities. The Bank conducted normal banking business with its operating controlled entities. Amounts owing to or from controlled entities generally attract interest on normal terms and conditions, except in respect of Virgin Money Financial Services Pty Ltd, BOQ Specialist Pty Ltd, BOQ Home Pty Limited, Home Credit Management Pty Ltd, covered bond and securitisation trusts and dormant entities as set out in Note 5.4 a). The Bank receives management fees from its operating controlled entities except Virgin Money Financial Services Pty Ltd, BOQ Specialist Pty Ltd, BOQ Home Pty Limited, Home Credit Management Pty Ltd and dormant entities as set out in Note 5.4 a). The Bank earns fees for provision of services and facilities to the securitisation vehicles and the covered bond programmes, including the management and servicing of the loans and leases securitised.

The Bank has the following related party transactions and balances with controlled entities:

	Disclosure
Amounts due from/to controlled entities	Balance sheets
Interest income and interest expense	Note 2.1
Securitisation income, dividend income and management fees	Note 2.1
Debt instruments at amortised cost	Note 3.2

b) Key management personnel compensation

KMP, including Directors and other Senior Executives, have authority and responsibility for planning, directing and controlling the activities of the Bank and the Group.

KMP compensation included in 'administrative expenses' and 'employee expenses' (refer to Note 2.2) is as follows:

	2026 \$	2025 \$
Short term employee benefits	9,933,456	10,849,172
Long term employee benefits	87,834	149,662
Post employment benefits	429,092	402,305
Share based employment benefits	5,794,184	5,419,530
Termination benefits	1,378,987	404,330
Total	17,623,553	17,224,999

Notes to the financial statements.

For the year ended 31 August 2026

5.3 Related parties information (continued)

Individual Directors and Senior Executives compensation disclosures

Information regarding individual Directors and Senior Executives' compensation and equity instruments disclosures, as permitted by Regulation 2M.3.03 of the *Corporations Regulations 2001*, is provided in the Remuneration Report section of the Directors' Report.

Apart from the details disclosed in the Remuneration Report, no Director has entered into a material contract with the Bank since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year end.

c) Other financial instrument transactions with key management personnel and their related parties

A number of KMP and their close family members hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. These entities, as well as the KMP and their close family members, are related parties to the Group. Financial instrument transactions with KMP and their related parties during the financial year arise out of the provision of banking services, the acceptance of funds on deposit, the granting of loans and other associated financial activities.

The terms and conditions of the transactions entered into with KMP and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-related entities, on an arm's length basis. No amounts have been written down or recorded as impaired during the year (2025: nil).

The loans between the Group and KMP or their related parties up to 31 August 2026 are:

	Balance as at		For the period ⁽¹⁾		
	1 September 2025 \$	31 August 2026 \$	Total net loan repayments \$	Total loan / overdraft interest \$	Total fees on loans / overdrafts \$
TERM PRODUCTS (LOANS / ADVANCES)					
KMP	1,192,658	985,591	(214,115)	7,048	-
Other related parties	1,616,656	1,421,748	(285,383)	90,155	320
Total	2,809,314	2,407,339	(499,498)	97,203	320

(1) Amounts are included only for the period that the Director/Executive is classified as a member of the key management personnel.

	Balance as at		For the period ⁽¹⁾		
	1 September 2024 \$	31 August 2025 \$	Total net loan repayments \$	Total loan / overdraft interest \$	Total fees on loans / overdrafts \$
TERM PRODUCTS (LOANS / ADVANCES)					
KMP	1,318,737	1,192,658	(153,920)	27,841	-
Other related parties	1,639,786	1,616,656	(120,453)	96,963	360
Total	2,958,523	2,809,314	(274,373)	124,804	360

(1) Amounts are included only for the period that the Director/Executive is classified as a member of the key management personnel.

Notes to the financial statements.

For the year ended 31 August 2026

5.4 Controlled entities

a) Particulars in relation to material controlled entities

The Group's controlled entities at 31 August 2026 are set out below. The country of incorporation or registration is also the principal place of business.

	Place of business / country of incorporation	Parent entity's interest		Amount of investment		Principal activities
Controlled entities:		2026 %	2025 %	2026 \$m	2025 \$m	
Alliance Premium Funding Limited	New Zealand	-	100	-	-	Deregistered
Bank of Queensland Limited Employee Share Plans Trust	Australia	100	100	-	-	Trust
BOQ Asset Finance and Leasing Pty Ltd	Australia	100	100	-	-	Dormant
BOQ Covered Bond Trust	Australia	100	100	-	-	Issue of covered bonds
BOQ Soft Bullet Covered Bond Trust	Australia	100	100	-	-	Issue of covered bonds
BOQ Credit Pty Limited	Australia	100	100	-	-	Asset finance & leasing
BOQ Equipment Finance Limited	Australia	100	100	15	15	Asset finance & leasing
BOQF Cashflow Finance Pty Ltd	Australia	100	100	-	-	Professional finance
BOQ Finance (Aust) Limited	Australia	100	100	230	230	Asset finance & leasing
BOQ Finance (NZ) Limited	New Zealand	100	100	-	22	Asset finance & leasing
BOQ Funding Pty Limited	Australia	-	100	-	-	Deregistered
BOQ Home Pty Ltd	Australia	100	100	60	63	Investment holding entity
BOQ Specialist (Aust) Pty Ltd	Australia	100	100	1	1	Dormant
BOQ Specialist Pty Ltd	Australia	100	100	-	-	Dormant
B.Q.L. Management Pty Ltd	Australia	100	100	-	-	Trust management
Home Credit Management Pty Ltd	Australia	100	100	-	-	Investment holding entity
Members Equity Proprietary Limited	Australia	100	100	-	-	Dormant
SMHL Series Private Placement 2014-2	Australia	-	100	-	-	Terminated
SMHL Series Securitisation Fund 2016-1	Australia	-	100	-	-	Terminated
SMHL Series Securitisation Fund 2017-1	Australia	-	100	-	-	Terminated
SMHL Series Private Placement Trust 2017-2	Australia	100	100	-	-	Securitisation
SMHL Series 2018-1 Fund	Australia	100	100	-	-	Securitisation
SMHL Series Securitisation Fund 2018-2	Australia	-	100	-	-	Terminated
SMHL Series Private Placement Trust 2019-1	Australia	100	100	-	-	Securitisation

Notes to the financial statements.

For the year ended 31 August 2026

5.4 Controlled entities (continued)

a) Particulars in relation to materially controlled entities (continued)

	Place of business / country of incorporation	Parent entity's interest		Amount of investment		Principal activities
Controlled entities:		2026 %	2025 %	2026 \$m	2025 \$m	
SMHL Series Securitisation Fund 2019-1	Australia	100	100	-	-	Securitisation
SMHL Series Private Placement Trust 2019-2	Australia	100	100	-	-	Securitisation
SMHL Securitisation Trust 2020-1	Australia	100	100	-	-	Securitisation
Series 2008-1 REDS Trust	Australia	100	100	-	-	Securitisation
Series 2012-1E REDS Trust	Australia	-	100	-	-	Terminated
Series 2013-1 REDS Trust	Australia	-	100	-	-	Terminated
Series 2015-1 REDS Trust	Australia	-	100	-	-	Terminated
Series 2017-1 REDS Trust	Australia	100	100	-	-	Securitisation
Series 2018-1 REDS Trust	Australia	100	100	-	-	Securitisation
Series 2018-1 REDS EHP Trust	Australia	-	100	-	-	Terminated
Series 2019-1 REDS Trust	Australia	100	100	-	-	Securitisation
Series 2021-1 REDS EHP Trust	Australia	100	100	-	-	Securitisation
Series 2022-1 REDS MHP Trust	Australia	100	100	-	-	Dormant
Series 2022-1PP REDS EHP Trust	Australia	100	100	-	-	Securitisation
Series 2023-1 REDS Trust	Australia	100	100	-	-	Securitisation
Series 2024-1 REDS Trust	Australia	100	100	-	-	Securitisation
Series 2024-2 REDS Trust	Australia	100	100	-	-	Securitisation
Statewest Financial Planning Pty Ltd	Australia	-	100	-	-	Deregistered
Virgin Money (Australia) Pty Limited	Australia	100	100	53	53	Financial services
Virgin Money Financial Services Pty Ltd	Australia	100	100	-	-	Financial services
				359	384	

Notes to the financial statements.

For the year ended 31 August 2026

5.4 Controlled entities (continued)

b) Significant restrictions

In accordance with APS 222 *Associations with related entities*, the Bank and its subsidiaries that form part of the Extended Licensed Entity have various restrictions. This includes not having unlimited exposures to related entities, including general guarantees.

c) Acquisition of controlled entities

(i) Accounting for business combinations

All business combinations occurring on or after 1 July 2009 are accounted for by applying the acquisition method. For every business combination, the Group identifies the acquirer, which is the combining entity that obtains control of the other combining entities or businesses. The Group controls an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired.

Contingent liabilities

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event and its fair value can be measured reliably.

Transaction costs

Transaction costs that the Group incurs in connection with a business combination, such as a finder's fee, legal fees, due diligence fees and other professional and consulting fees are expensed as incurred. Transaction costs related to the issue of ordinary shares are recognised as a deduction from equity.

d) Disposal of controlled entities

(i) Entities closed during the year

The following trusts exercised their clean-up call option during the financial year:

- Series 2021-1 REDS EHP Trust clean up call option was exercised on 15 October 2025
- Series 2017-1 REDS Trust clean up call option was exercised on 23 March 2026
- Series 2022-1PP REDS EHP Trust clean up call option was exercised on 15 May 2026
- Series 2018-1 REDS Trust clean up call option was exercised on 17 August 2026.

The following trusts were closed during the financial year:

- SMHL Series Private Placement 2014-2
- SMHL Series Securitisation Fund 2016-1
- SMHL Series Securitisation Fund 2017-1
- SMHL Series Securitisation Fund 2018-2
- Series 2012-1E REDS Trust
- Series 2013-1 REDS Trust
- Series 2015-1 REDS Trust
- Series 2018-1 REDS EHP Trust.

The following entities were deregistered during the financial year:

- Alliance Premium Funding Limited
- BOQ Funding Pty Limited
- Statewest Financial Planning Pty Ltd

Notes to the financial statements.

For the year ended 31 August 2026

5.5 Capital partnership

a) Whole-of-loan sale

On 7 April 2026, the Group entered into a capital partnership with Challenger Limited (the 'Capital Partnership'). The arrangement comprised the sale of a \$3.6 billion portfolio of asset finance and leasing receivables (the 'back-book'), the establishment of a forward-flow arrangement, and a servicing agreement. Settlement of the sale occurred on 1 May 2026.

The disposed portfolio comprised fixed-rate loans and finance leases forming part of the BOQ Group's Business Bank cash generating unit. Accordingly, the carrying amount of the disposed portfolio included \$20 million of goodwill allocated to that cash-generating unit. The transaction also included sale of \$500 million of securitisation liabilities relating to a portion of the equipment finance portfolio equitably assigned to a REDS EHP trust.

A loss on disposal of \$66 million was recognised in profit or loss within operating expenses (refer to Note 2.2 Operating expenses). The loss primarily reflected transaction costs and costs incurred to establish new interest rate swaps for the sold portfolio, adjusted for prevailing interest rates.

b) Forward-flow arrangement

The Group continues to originate and service equipment finance receivables either for retention by the Group or for sale into the forward-flow arrangement. The forward-flow arrangement has an initial term of 12 months and may be extended by mutual agreement of the parties.

Equipment finance receivables originated for sale under the forward-flow arrangement are initially recognised on the Group's balance sheet and classified as loans at FVTPL (refer to Note 3.3 for further detail). Eligible receivables are subsequently sold to a special purpose vehicle (**SPV**) established as part of the structure. Receivables of \$238 million were sold to the SPV during the year.

As servicer of both the back-book and forward-flow receivables, the Group performs the day-to-day administration of the portfolios and earns ongoing servicing fee income (refer Note 2.1 Operating income). The Group also retains an insignificant exposure to the sold portfolios through a residual profit share and is entitled to a risk oversight fee relating to the back-book.

The Group's continuing involvement in the sold portfolios is limited to servicing activities, an insignificant residual profit share and risk oversight fee (back-book only). These interests represent the Group's maximum exposure to loss arising from its interests in these structured entities. The Group assessed the arrangement under AASB 10 *Consolidated Financial Statements* (AASB 10) and concluded that these interests, together with its servicing responsibilities, do not provide the Group with control over the SPVs. Accordingly, the SPVs are not consolidated.

The Group also assessed the transfer of receivables under the whole-of-loan sale and forward-flow arrangement, in accordance with AASB 9 *Financial Instruments* (AASB 9). The Group concluded that derecognition was appropriate as substantially all risks and rewards of ownership had been transferred and the Group no longer controlled the assets.

Notes to the financial statements.

For the year ended 31 August 2026

5.6 Auditor's remuneration

	Consolidated		Bank	
	2026 \$000	2025 \$000	2026 \$000	2025 \$000
AUDIT SERVICES				
Audits and reviews of the financial reports	3,305	3,444	2,889	2,981
Regulatory audits and reviews as required by regulatory authorities	1,019	958	990	933
Total audit services	4,324	4,402	3,879	3,914
AUDIT RELATED SERVICES				
Other assurance services ⁽¹⁾	134	769	134	769
Total audit related services	134	769	134	769
NON-AUDIT SERVICES				
Other ⁽²⁾	463	742	432	608
Total non-audit services	463	742	432	608

(1) Other assurance services relates predominantly to sustainability reporting readiness and assurance.

(2) Non-audit services primarily relates to transaction related advice, comfort letters and agreed upon procedures.

5.7 Events subsequent to balance date

Dividends have been determined after 31 August 2026. The financial effect of these dividends has not been brought to account in the financial statements for the year ended 31 August 2026. Further details with respect to the dividend amounts per share, payment date and dividend reinvestment plan can be obtained from Note 2.4 Dividends.

Except for the matters listed above, the Directors are not aware of any matters or circumstances that have arisen in the interval between the end of the financial year and the date of this report, or any item, event or transaction which significantly affects, or may significantly affect the operations of the Group in future financial years.

Notes to the financial statements.

For the year ended 31 August 2026

5.8 Material accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the financial statements and have been applied consistently across the Group and the Bank.

a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Bank. Control exists when the Bank has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to benefit from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. In the Bank's financial statements, investments in subsidiaries are carried at cost.

(ii) Securitisation

The Group's securitisation programs consist of:

- REDS RMBS Trusts - securitisation of mortgage loans;
- REDS EHP Trusts - securitisation of hire purchase, chattel mortgages and finance leases; and
- SMHL Trusts acquired as part of ME Bank acquisition in 2021.

The Group

The Group receives the residual income distributed by its consolidated Trusts - REDS and SMHL - after all payments due to investors and associated costs of the program have been met.

The Group is considered to retain substantially all the risks and rewards of the receivables and they do not meet the derecognition criteria of AASB 9.

The Trusts fund their purchase of the loans by issuing floating-rate debt securities. The securities are represented as borrowings of the Group, however, the Group does not stand behind the capital value or the performance of the securities or the assets of the Trusts. The Group does not guarantee the payment of interest or the repayment of principal due on the securities. The loans subject to the securitisation program have been pledged as security for the securities issued by the Trusts. The Group is not obliged to support any losses that may be suffered by investors and does not intend to provide such support.

The Bank provides the securitisation programs with arm's length services and facilities, including the management and servicing of the loans and leases securitised.

The Bank has no right to repurchase any of the securitised assets and no obligation to do so, other than in certain circumstances where there is a breach of warranty within 120 days of the sale or when certain criteria are met under the clean up provision per the Trust Deed Supplement.

The transferred assets are equitably assigned to the Trusts. The investors in the securities issued by the Trusts have full recourse to the assets transferred to the Trusts.

Bank

The original transfer of the mortgages from the Bank to the Trusts does not meet the derecognition criteria set out in AASB 9. The Bank continues to reflect the securitised loans in their entirety and also recognises a financial liability to the Trusts. The interest payable on the inter-company financial asset/liability represents the return on an imputed loan between the Bank and the Trusts and is based on the interest income under the mortgages, the fees payable by the Trusts and the interest income or expense not separately recognised under the interest rate and basis swaps transactions between the Bank and the Trusts.

All transactions between the Bank and the Trusts are eliminated on consolidation.

(iii) Covered bond programs

The Bank issues covered bonds for funding and liquidity purposes. Certain housing loans have been assigned to a bankruptcy remote structured entity to provide security for all obligations payable on the covered bonds issued by the Bank.

Similar to the securitisation programs, the Bank is entitled to any residual income after all payments due to covered bond investors have been met. As the Bank retains substantially all of the risks and rewards associated with the housing loans, the Bank continues to recognise the housing loans on balance sheet. Investors have dual recourse to the Bank and the covered pool assets.

(iv) Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Notes to the financial statements.

For the year ended 31 August 2026

5.8 Material accounting policies (continued)

b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are, initially, translated at the foreign exchange rate ruling at the date of the transaction. Subsequently, at reporting date, monetary assets and liabilities denominated in foreign currencies are translated into Australian dollars at the foreign exchange rate ruling at that date.

Non-monetary items in a foreign currency that are measured at historical cost remain translated using the original exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in profit or loss. Where a foreign currency transaction is part of a hedge relationship it is accounted for as above, subject to the hedge accounting rules set out in Note 3.8.

c) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (**GST**), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (**ATO**). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from or payable to the ATO is included as a current asset or current liability in the balance sheet.

Cash flows are included in the statements of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from or payable to the ATO are classified as operating cash flows.

d) Property, plant and equipment

(i) Recognition and initial measurement

Items of property, plant and equipment are measured at cost on recognition.

(ii) Subsequent costs

Subsequent additional costs are only capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the assets will flow to the Group in future years. Where these costs represent separate components, they are accounted for as separate assets and are separately depreciated over their useful lives. Costs that do not meet the criteria for subsequent capitalisation are expensed as incurred.

(iii) Subsequent measurement

The Group has elected to use the cost model to measure property, plant and equipment after recognition. The carrying value is the initial cost less accumulated depreciation and any accumulated impairment losses.

(iv) Depreciation

Depreciation is charged to the profit or loss in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives are as follows:

	Years
IT equipment	3-8
Plant, furniture and equipment	3-20
Leasehold improvements ⁽¹⁾	6-12

(1) Or term of lease if less.

The useful lives and residual values of property, plant and equipment are reviewed at least annually and revised where appropriate. Property, plant and equipment are also assessed at each reporting date for indicators of impairment. Where such indicators exist, the recoverable amount of the asset is determined and an impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Refer to Note 4.1 for accounting policies related to Intangible assets.

Notes to the financial statements.

For the year ended 31 August 2026

5.8 Material accounting policies (continued)

e) Leases

(i) Identification of a lease

A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group has identified three types of leases: property leases, vehicle leases and equipment leases. Where practical the Group separates consideration in a contract between lease and non-lease components, only accounting for the lease component under AASB 16 Leases (**AASB 16**) and the non-lease component under other relevant accounting standards. For property leases it has been possible to separate lease and non-lease components but for some equipment leases the Group has elected not to separate the consideration.

The Group has further elected not to recognise right-of-use (**ROU**) assets and lease liabilities for leases of low value assets (mainly IT equipment). The Group recognises these lease payments as an expense on a straight-line basis.

(ii) As a lessee

The Group recognises a ROU asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost and subsequently at cost less any accumulated depreciation and impairment losses. Lease incentives received at commencement reduce the ROU asset value. ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The lease liability is measured as the present value of the lease payment outstanding at commencement date, discounted using the Group's incremental borrowing rate applied to the lease term. The lease liability is then increased by the interest expense on the lease liability and decreased by lease payments made.

The determination of the lease term in calculation of the lease liability relies on judgement as to whether any extension options or termination options are likely to be exercised. If the lease liability is remeasured, a corresponding adjustment is made to the carrying value of the ROU asset, or, in the income statement, where the carrying value of the ROU asset has been fully written down.

(iii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The Group determines at lease inception whether each lease is a finance lease or an operating lease.

To classify the lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset.

If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of the assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group provides both finance and operating leases as part of its Asset Leasing subsidiaries.

(iv) Operating leases

Operating leases, in which the Group is the lessor, are measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated to write off the cost of operating lease assets less their estimated residual values using the straight-line basis over the term of the lease. This is generally recognised in profit or loss. Depreciation methods and residual values are reviewed at each reporting date and adjusted if appropriate.

(v) Finance leases

The Group leases business equipment to commercial customers. These leases typically run for a period of one to five years, with an option to renew the lease after that date or purchase. There are no products offered by the Group that contain variable lease payments.

Finance leases are those products where substantially all the risks and rewards of the leased asset have been transferred to the lessee.

Finance leases – unearned income

Finance lease receivables are recognised at amounts equal to the net investment in the lease. Lease repayments are apportioned between interest income and the reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease. Assets leased under finance leases are classified and presented as finance lease receivables.

Lease receivables include finance charges. These finance charges are recognised as income over the term of the lease, reflecting a constant periodic rate of return on the net investment. The amount of unearned income deducted from gross finance receivables represents income allocable to future periods. The remaining gross finance lease receivables represent the principal in the carrying amount.

Finance leases – residual values

Finance leases are recorded at the aggregated future minimum lease repayments plus estimated residual values. Residual values are assessed for impairment and in the event of a shortfall, an impairment charge is recognised in the current period. Data regarding equipment values, including appraisals, and historical residual realisation experience are among the factors considered in evaluating estimated residual values.

f) Due from/to other financial institutions

Amounts due from/to other financial institutions include cash collateral, short term deposits and other balances. Cash collateral includes initial and variation margins in relation to derivative transactions. Amounts due from/to other financial institutions are initially recognised at fair value and subsequently measured at amortised cost.

g) Other assets

Other assets include accrued interest receivable, GST recoverable (see Note 5.8 c)) and prepayments. Interest receivable is recognised on an accruals basis while prepayments are amortised over the period in which the economic benefits from the underlying goods or services are received.

Consolidated entity disclosure statement.

For the year ended 31 August 2026

Basis of preparation

This consolidated entity disclosure statement (**CEDS**) has been prepared in accordance with the *Corporations Act 2001* (Cth) and includes information for each entity that was part of the Group at the end of the financial year ended 31 August 2026 in accordance with AASB 10 *Consolidated Financial Statements*.

The tax residency of each entity, as disclosed below, is determined in accordance with the requirements of the *Income Tax Assessment Act 1997* (**ITAA 1997**).

	Type of entity	% of share capital held	Place of business / country of incorporation	Australian or foreign tax resident	Jurisdiction for foreign residency
Bank of Queensland Limited	Body corporate	-	Australia	Australian	N/A
Bank of Queensland Limited Employee Share Plans Trust	Trust	N/A	Australia	Australian	N/A
BOQ Asset Finance and Leasing Pty Ltd	Body corporate	100	Australia	Australian	N/A
BOQ Covered Bond Trust	Trust	N/A	Australia	Australian	N/A
BOQ Soft Bullet Covered Bond Trust	Trust	N/A	Australia	Australian	N/A
BOQ Credit Pty Limited	Body corporate	100	Australia	Australian	N/A
BOQ Equipment Finance Limited	Body corporate	100	Australia	Australian	N/A
BOQF Cashflow Finance Pty Ltd	Body corporate	100	Australia	Australian	N/A
BOQ Finance (Aust) Limited	Body corporate	100	Australia	Australian	N/A
BOQ Finance (NZ) Limited	Body corporate	100	New Zealand	Both	New Zealand
BOQ Home Pty Ltd	Body corporate	100	Australia	Australian	N/A
BOQ Specialist (Aust) Pty Ltd	Body corporate	100	Australia	Australian	N/A
BOQ Specialist Pty Ltd	Body corporate	100	Australia	Australian	N/A
B.Q.L. Management Pty Ltd	Body corporate	100	Australia	Australian	N/A
Home Credit Management Pty Ltd	Body corporate	100	Australia	Australian	N/A
Members Equity Proprietary Limited	Body corporate	100	Australia	Australian	N/A
SMHL Series Private Placement Trust 2017-2	Trust	N/A	Australia	Australian	N/A
SMHL Series 2018-1 Fund	Trust	N/A	Australia	Australian	N/A
SMHL Series Private Placement Trust 2019-1	Trust	N/A	Australia	Australian	N/A
SMHL Series Securitisation Fund 2019-1	Trust	N/A	Australia	Australian	N/A
SMHL Series Private Placement Trust 2019-2	Trust	N/A	Australia	Australian	N/A
SMHL Securitisation Trust 2020-1	Trust	N/A	Australia	Australian	N/A

Consolidated entity disclosure statement.

For the year ended 31 August 2026

	Type of entity	% of share capital held	Place of business / country of incorporation	Australian or foreign tax resident	Jurisdiction for foreign residency
Series 2008-1 REDS Trust	Trust	N/A	Australia	Australian	N/A
Series 2017-1 REDS Trust	Trust	N/A	Australia	Australian	N/A
Series 2018-1 REDS Trust	Trust	N/A	Australia	Australian	N/A
Series 2019-1 REDS Trust	Trust	N/A	Australia	Australian	N/A
Series 2021-1 REDS EHP Trust	Trust	N/A	Australia	Australian	N/A
Series 2022-1 REDS MHP Trust	Trust	N/A	Australia	Australian	N/A
Series 2022-1PP REDS EHP Trust	Trust	N/A	Australia	Australian	N/A
Series 2023-1 REDS Trust	Trust	N/A	Australia	Australian	N/A
Series 2024-1 REDS Trust	Trust	N/A	Australia	Australian	N/A
Series 2024-2 REDS Trust	Trust	N/A	Australia	Australian	N/A
Virgin Money (Australia) Pty Limited	Body corporate	100	Australia	Australian	N/A
Virgin Money Financial Services Pty Ltd	Body corporate	100	Australia	Australian	N/A

Directors' declaration.

For the year ended 31 August 2026

The Directors of Bank of Queensland Limited declare that:

1. In the opinion of the Directors:

a) the financial statements and notes (and the remuneration report included within the Directors' Report) set out on pages 111 to 220 are in accordance with the *Corporations Act 2001* (Cth), including:

i) complying with the Australian Accounting Standards and the *Corporations Regulations 2001*; and

ii) giving a true and fair view of the financial position of the Bank and the Group as at 31 August 2026 and their performance for the year ended 31 August 2026;

b) there are reasonable grounds to believe that the Bank and the Group will be able to pay its debts as and when they become due and payable; and

c) the consolidated entity disclosure statement on pages 219 to 220 is true and correct.

2. The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* (Cth) from the Managing Director & CEO and the Chief Financial Officer, for the year ended 31 August 2026.

3. Note 1.2a) to the financial statements includes a statement of compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Directors.



Andrew Fraser

Chair

14 October 2026



Rod Finch

Managing Director & CEO

14 October 2026

Independent auditor's report.

For the year ended 31 August 2026



Independent auditor's report

To the members of Bank of Queensland Limited

Report on the audit of the financial report

Our opinion

In our opinion, the accompanying financial report of Bank of Queensland Limited (the Bank) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Bank's and Group's financial positions as at 31 August 2026 and of their financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the Consolidated and Bank balance sheets as at 31 August 2026;
- the Consolidated and Bank income statements for the year then ended;
- the Consolidated and Bank statements of comprehensive income for the year then ended;
- the Consolidated and Bank statements of changes in equity for the year then ended;
- the Consolidated and Bank statements of cash flows for the year then ended;
- the notes to the financial statements, including material accounting policy information and other explanatory information;
- the Consolidated Entity Disclosure Statement as at 31 August 2026; and
- the Directors' declaration.

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Independent auditor's report.

For the year ended 31 August 2026



Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Bank and the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to audits of the financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach for the Bank and the Group

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Bank and the Group, their accounting processes and controls and the industry in which they operate.

Bank and Group audit scope

Our audit focused on where the Bank and the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

In designing the scope of our audit, we considered the structure of the Bank and the Group which include several business functions that encompass a combination of products, procedures, banking systems, processes, policies and controls.

Independent auditor's report.

For the year ended 31 August 2026



The nature, timing and extent of audit work performed for each component were determined by each component's risk characteristics and financial significance to the Bank and the Group, and consideration as to whether sufficient evidence had been obtained for our opinion on the financial report as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Any commentary on the outcomes of a particular audit procedure is made in that context. The key audit matters identified below relate to both the Bank and the Group audit, unless otherwise stated. We communicated the key audit matters to the Board Audit Committee.

Key audit matter	How our audit addressed the key audit matter
Recoverability of Intangible Assets (Refer to note 4.1) The Bank and the Group assessed the recoverability of intangible assets by calculating the Value in Use ("VIU") of the relevant cash generating units ("CGUs") and comparing this VIU to carrying values. We considered the recoverability of intangible assets to be a key audit matter as the balance is significant to the Bank's and Group's balance sheets, and the calculation of VIU requires judgement with respect to determining appropriate: • cash flow projections including net interest margin and expenses; • discount rate; • long term assumptions used to extrapolate cash flows beyond the forecast period.	Our procedures included developing an understanding of processes and controls relevant to the intangible assets impairment assessment and assessing whether controls were appropriately designed and implemented. In addition, we performed the following procedures, amongst others: • Evaluated whether the method applied in calculating and allocating the carrying value of net assets to each CGU complies with the requirements of Australian Accounting Standards; • Compared cash flow forecasts to Board approved business plans and tested whether adjustments made to these forecasts for the purposes of the VIU calculations are consistent with the requirements of Australian Accounting Standards; • Tested the arithmetical accuracy and internal consistency of the CGU impairment model and sensitivity analysis model; • Assessed the appropriateness of significant judgements used in the CGU impairment model and sensitivity analysis model; • Compared previous cash flow forecasts to actual results to assess the historical accuracy of forecasting; • Assessed the reasonableness of related disclosures in the financial report having regard to the requirements of Australian Accounting Standards.

Independent auditor's report.

For the year ended 31 August 2026



Key audit matter

Provisioning for Expected Credit Losses (ECL) (Refer to note 3.3)

The provision for ECL is a probability weighted estimate of the cash shortfalls expected to result from defaults over the relevant timeframe determined by evaluating a range of possible outcomes and taking into account the time value of money, past events, current conditions and forecasts of future economic conditions.

The Bank and the Group utilise collective provision models and performed individual assessments for certain impaired exposures to estimate the provision for ECL.

We considered the provision for ECL a key audit matter due to the uncertainty inherent in its estimation. In particular:

- the estimation and use of forward-looking macroeconomic scenarios (MES) and the application of associated weightings; and
- judgement is involved in determining the amount of individually assessed provisions for impaired loans.

How our audit addressed the key audit matter

Our procedures included, amongst others, developing an understanding of processes and controls relevant to our audit of the provision for ECL and assessing whether they were appropriately designed and implemented. We tested the operating effectiveness of certain control activities, including review and approval of the macroeconomic scenarios and their associated weights and the overall ECL provision outcome by the Credit Risk Committee (CRC).

In addition to control testing, we performed the following procedures, amongst others, with support from PwC credit modelling experts:

- Assessed the appropriateness of the ECL model methodology applied for certain loan portfolios, with particular focus on the results of model monitoring performed over significant assumptions, including probability of default, loss given default and SICR for existing models;
- Tested the accuracy of the modelled output for certain ECL models through recalculation;
- Assessed the appropriateness of macroeconomic scenarios, including underlying forecasts and the weightings assigned to the scenarios;
- Tested the completeness and accuracy of certain data elements used as inputs to the ECL models by tracing, on a sample basis, data back to their original source systems and reconciling amounts to supporting documentation;
- Tested the appropriateness of individually assessed provisions recognised for a selection of loan assets identified as impaired at the reporting date; and
- Assessed the reasonableness of the related disclosures in the financial report in light of the requirements of Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 August 2026 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report. We have

Independent auditor's report.

For the year ended 31 August 2026



issued a separate opinion on the Remuneration Report, and a separate review conclusion on specified Sustainability Disclosures within the Sustainability Report in accordance with the scope of Australian Standard on Sustainability Assurance ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001*.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Bank are responsible for the preparation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*, including giving a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Bank and the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Bank or the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://auasb.gov.au/media/bwvjcgre/ar1_2024.pdf. This description forms part of our auditor's report.

Independent auditor's report.

For the year ended 31 August 2026



Report on the Remuneration Report

Our opinion on the Remuneration Report

We have audited the Remuneration Report included in the Directors' Report for the year ended 31 August 2026.

In our opinion, the Remuneration Report of Bank of Queensland Limited for the year ended 31 August 2026 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Bank are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A stylized, handwritten-style signature of 'PricewaterhouseCoopers' in black ink.

PricewaterhouseCoopers

A stylized, handwritten-style signature of 'Craig Stafford' in black ink.

Craig Stafford
Partner

Sydney
14 October 2026

5 year financial summary.

\$m (unless otherwise stated)	2026	2025	2024	2023	2022
FINANCIAL PERFORMANCE⁽¹⁾					
Net interest income	1,520	1,515	1,463	1,600	1,505
Non-interest income	159	142	137	142	153
Total income	1,679	1,657	1,600	1,742	1,658
Operating expenses	(1,145)	(1,072)	(1,069)	(1,010)	(937)
Underlying profit before tax ⁽²⁾	534	585	531	732	721
Loan impairment expense	(54)	(21)	(20)	(71)	(13)
Cash earnings before tax	480	564	511	661	708
Cash earnings after tax excl. notable items	358	383	343	450	491
Cash earnings after tax	325	383	343	450	491
Statutory net profit after tax	250	133	285	124	409
FINANCIAL POSITION					
Gross loans and advances ⁽³⁾	71,914	77,860	80,479	81,135	81,226
Total assets	93,707	100,526	103,040	105,352	99,913
Customer deposits	62,904	66,729	67,361	66,964	60,903
Total liabilities	87,969	94,619	97,023	99,222	93,245
Total equity	5,738	5,907	6,017	6,130	6,668
SHAREHOLDER PERFORMANCE					
Market capitalisation at balance date	4,313	4,809	4,180	3,786	4,551
Share price at balance date	\$ 6.53	7.27	6.32	5.76	7.03
Statutory basic earnings per share	cents 38.1	20.1	43.3	18.3	63.1
Statutory diluted earnings per share	cents 37.2	19.9	41.1	18.2	57.8
Cash basic earnings excl. notable items per share	cents 54.4	58.3	52.2	68.4	75.8
Cash diluted earnings excl. notable items per share	cents 51.1	55.7	48.1	60.2	68.9
Dividends per ordinary share (fully franked)	cents 40	38	34	41	46
Special dividend per ordinary share (fully franked)	cents 15	-	-	-	-
Cash dividend payout ratio to ordinary shareholders	% 74	66	65	60	61
CASH EARNINGS RATIOS					
Net interest margin	% 1.70	1.64	1.56	1.69	1.71
Cost to income ratio excl. notable items	% 65.4	64.7	66.8	58.0	56.5
Return on average ordinary equity excl. notable items	% 6.1	6.4	5.7	7.3	8.2
CAPITAL ADEQUACY					
Common Equity Tier 1 ratio	% 11.64	10.94	10.66	10.91	9.57
Total Capital Adequacy ratio	% 16.29	15.18	14.27	15.64	13.78

(1) All amounts disclosed are on a cash basis except statutory net profit after tax. The five year financial summary should be read in conjunction with the financial performance definitions outlined in section 1.1, reconciliation of statutory profit to cash earnings.

(2) Underlying profit before tax is profit before impairment on loans and advances, non-cash items and tax.

(3) Before expected credit losses.

Shareholding details.

Twenty largest ordinary shareholders.

Top 20 ordinary shareholders as at Friday, 18 September 2026:

	Number of ordinary shares	%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	143,855,718	21.80
CITICORP NOMINEES PTY LIMITED	66,491,354	10.08
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	66,436,135	10.07
BNP PARIBAS NOMS PTY LTD	12,387,643	1.88
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING A/C>	6,067,291	0.92
PACIFIC CUSTODIANS PTY LIMITED <EMP SHARE PLANS TST>	4,766,651	0.72
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	3,532,224	0.54
GOLDEN LINEAGE PTY LTD <GOLDEN LINEAGE INV A/C>	2,597,158	0.39
PACIFIC CUSTODIANS PTY LIMITED <BOQ PLANS CTRL A/C>	1,977,796	0.30
BOND STREET CUSTODIANS LIMITED <BG7 - X03955 A/C>	1,865,000	0.28
BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERV LTD>	1,612,240	0.24
BNP PARIBAS NOMS (NZ) LTD	1,427,915	0.22
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING COLLATERAL >	1,205,256	0.18
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	1,103,767	0.17
CARLTON HOTEL LIMITED	1,084,037	0.16
ACE PROPERTY HOLDINGS PTY LTD	1,080,000	0.16
THE MANLY HOTELS PTY LIMITED	1,045,301	0.16
ALPHOEB PTY LTD	918,429	0.14
IOOF INVESTMENT SERVICES LIMITED <IPS SUPERFUND A/C>	779,016	0.12
CELESTIAL INHERITANCE PTY LTD	728,224	0.11
TOTAL	320,961,155	48.64

The above table includes shareholders that may hold shares for the benefit of third parties.

Voting rights

Each holder of ordinary shares, or their duly appointed representative, is entitled to one vote on a show of hands and, upon a poll, one vote for each fully paid ordinary share held.

Shareholding details.

Twenty largest Capital note 2 holders.

Top 20 holders of Capital notes 2 as at Friday, 18 September 2026:

	Number of Capital notes	%
BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERV LTD>	92,203	3.55
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	87,852	3.38
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	57,472	2.21
DIOCESE DEVELOPMENT FUND - CATHOLIC DIOCESE OF PARRAMATTA	49,989	1.92
CITICORP NOMINEES PTY LIMITED	40,238	1.55
IOOF INVESTMENT SERVICES LIMITED <IPS SUPERFUND A/C>	37,561	1.44
MUTUAL TRUST PTY LTD	34,253	1.32
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	32,358	1.24
IOOF INVESTMENT SERVICES LIMITED <IOOF IDPS A/C>	31,144	1.20
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	27,100	1.04
NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>	20,929	0.80
BNP PARIBAS NOMINEES PTY LTD <PITCHER PARTNERS>	13,445	0.52
INVIA CUSTODIAN PTY LIMITED <MR C & MRS C SAVVA A/C>	11,990	0.46
MRS NICOLE MANUELA BROWN	11,982	0.46
INVIA CUSTODIAN PTY LIMITED <A K & E F WILSON A/C>	11,839	0.46
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	10,469	0.40
YMH HOLDINGS PTY LTD <TULIP INVESTMENT A/C>	9,825	0.38
JASMIND INVESTMENTS PTY LTD <NJD S/F A/C>	9,060	0.35
COOLAN TRADING PTY LTD	8,513	0.33
INVIA CUSTODIAN PTY LIMITED <EIR - CORE PORTFOLIO A/C>	8,118	0.31
TOTAL	606,340	23.32

The above table includes security holders that may hold securities for the benefit of third parties.

Voting rights

Capital notes 2 do not give the holders any voting rights at any general shareholders meetings, except in certain circumstances.

Shareholding details.

Twenty largest Capital note 3 holders.

Top 20 holders of Capital notes 3 as at Friday, 18 September 2026:

	Number of Capital notes	%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	189,724	4.74
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	133,176	3.33
BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERV LTD>	118,535	2.96
CITICORP NOMINEES PTY LIMITED	54,863	1.37
IOOF INVESTMENT SERVICES LIMITED <IOOF IDPS A/C>	51,843	1.30
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	45,677	1.14
NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>	40,950	1.02
IOOF INVESTMENT SERVICES LIMITED <IPS SUPERFUND A/C>	36,410	0.91
BNP PARIBAS NOMINEES PTY LTD <PITCHER PARTNERS>	32,333	0.81
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	25,520	0.64
MUTUAL TRUST PTY LTD	24,279	0.61
JOHN E GILL TRADING PTY LTD	22,860	0.57
ELM SPRINGS PTY LTD <TURNBULL FAMILY A/C>	21,000	0.53
V G BOWEN HOLDINGS PTY LTD <V G BOWEN FAMILY A/C>	20,660	0.52
BARKLY HIRE PTY LTD	20,000	0.50
FAREX PTY LTD	16,893	0.42
DIOCESE DEVELOPMENT FUND - CATHOLIC DIOCESE OF PARRAMATTA	13,404	0.34
MR BRUCE WILLIAM NEILL	13,400	0.34
SKYPLAZA INVESTMENTS PTY LTD	12,400	0.31
GEAT INCORPORATED <GEAT-PRESERVATION FUND A/C>	12,190	0.30
TOTAL	906,117	22.66

The above table includes security holders that may hold securities for the benefit of third parties.

Voting rights

Capital notes 3 do not give the holders any voting rights at any general shareholders meetings, except in certain circumstances.

Shareholding details.

Distribution of security holders.

Distribution of fully paid ordinary shares as at Friday, 18 September 2026:

Category	Number of shareholders	% of shareholders	Number of shares	% of issued capital
1 - 1,000	54,710	56.14	19,611,744	2.97
1,001 - 5,000	27,754	28.49	70,057,262	10.62
5,001 - 10,000	8,034	8.25	58,481,743	8.86
10,001 - 100,000	6,720	6.90	153,491,988	23.27
100,001 - and over	214	0.22	358,104,556	54.28
Total	97,432	100.00	659,747,293	100.00
Less than marketable parcel ⁽¹⁾	4,482	4.60	142,084	0.02

Distribution of Capital notes 2 as at Friday, 18 September 2026:

Category	Number of security holders	% of security holders	Number of securities	% of issued capital
1 - 1,000	2,655	86.63	1,056,937	40.66
1,001 - 5,000	366	11.94	788,130	30.31
5,001 - 10,000	28	0.91	184,109	7.08
10,001 - 100,000	16	0.52	570,824	21.95
100,001 - and over	-	-	-	-
Total	3,065	100.00	2,600,000	100.00
Less than marketable parcel ⁽²⁾	1	0.03	1	0.00

Distribution of Capital notes 3 as at Friday, 18 September 2026:

Category	Number of security holders	% of security holders	Number of securities	% of issued capital
1 - 1,000	4,157	86.51	1,555,171	38.88
1,001 - 5,000	588	12.24	1,253,465	31.34
5,001 - 10,000	37	0.77	252,987	6.32
10,001 - 100,000	20	0.42	496,942	12.42
100,001 - and over	3	0.06	441,435	11.04
Total	4,805	100.00	4,000,000	100.00
Less than marketable parcel ⁽³⁾	1	0.02	1	0.00

(1) Based on a closing price of \$6.65 at 18 September 2026.

(2) Based on a closing price of \$101.55 at 18 September 2026.

(3) Based on a closing price of \$103.50 at 18 September 2026.

Shareholding details.

Partly paid shares.

There are no partly paid shares.

Substantial shareholders.

The names of substantial shareholders in the Bank, per the meaning within the *Corporations Act 2001* (Cth), and the number of shares in which each has an interest as disclosed in substantial shareholder notices given to the Bank were:

	Number of ordinary shares in which interest is held (at date of notification)	Date of notification
Dimensional Entities	33,090,124	4 August 2026
State Street Global	49,172,281	4 June 2025
The Vanguard Group Inc.	39,741,462	23 October 2024

Securities exchange listing.

The shares of Bank of Queensland Limited (**BOQ**), Capital notes 2 (**BOQPF**) and Capital notes 3 (**BOQPG**) are quoted on the Australian Stock Exchange.

Notes issued under BOQ's Euro Medium Term Note Programme and covered bonds issued under BOQ's Covered bond programmes may be listed on the London Stock Exchange.

Unquoted securities.

As at 30th September 2026, the following unquoted securities were on issue:

Unquoted securities ⁽¹⁾	Number of holders in the plan	Number of unquoted securities
CEO & Chair Awards	87	386,617
Deferred Award Rights	576	2,027,747
Premium Priced Options	16	9,130,355
Executive Performance Rights	10	3,228,311

On market buy-back.

On 10 August 2026, the Group announced its intention to undertake an on-market share buy-back of up to \$196 million. As at 31 August 2026, the Group has bought back and cancelled 1,040,214 shares at an average price of \$6.40. After the balance sheet date, the purchase of a further 681,948 shares at an average price of \$6.50 settled and the shares were cancelled.

Securities purchased on market.

During the year ended 31 August 2026, 3,100,000 shares were purchased on market under the employee incentive scheme. The average price per security was \$6.42.

Other information.

BOQ is a publicly listed company limited by shares and is incorporated and domiciled in Australia.

(1) Unquoted securities are issued under the Award Rights Plan and the Equity Incentive Plan.

Shareholding details.

Company information.

Share Registry.

MUFG Pension & Market Services

Level 21, 10 Eagle Street
Brisbane Qld 4000

Australia: 1800 779 639
International: +61 1800 779 639

Email: bog@cm.mpms.mufg.com

Website: au.investorcentre.mpms.mufg.com

Company Details.

Bank of Queensland Limited

ABN 32 009 656 740
ACN 009 656 740

Registered office:
Level 3, 100 Skyring Terrace
Newstead Qld 4006

Telephone: +61 7 3212 3844

Investor Relations:
InvestorRelations@boq.com.au
boq.com.au

Customer Service.

Australia: 1300 55 72 72
International: +61 7 3336 2420

Postal address:
GPO Box 898
Brisbane Qld 4001

Key Shareholder Dates.

Important dates for ordinary shareholders only, and are subject to change:

2026 (BOQ:ASX)

Financial full year end	31 August 2026
Full year results and dividend announcement	15 October 2026
Full year ex-dividend date	27 October 2026
Full year dividend record date	28 October 2026
Full year dividend payment date	19 November 2026
Annual General Meeting	1 December 2026

Shareholder communication election.

In accordance with the *Corporations Act 2001 (Cth)*, shareholders are able to elect how they wish to receive communications.

You can elect either as a one-off or ongoing basis how to receive certain documents. You may elect to receive documents such as the Annual Report and documents for shareholder meetings (and voting/proxy forms) as either physical or electronic reports and communications. We encourage our shareholders to receive these communications electronically, which is the best way to stay informed and support BOQ's commitment to the environment. You can change your elections through [BOQ's Investor Centre](#).

Glossary.

Anti-money laundering (AML)	The prevention of money laundering, being the process of moving money or property through the economy in a way that hides its illegal origins or intended criminal purpose.
APRA Prudential Standard (APS)	Prudential standards issued by APRA which are applicable to ADIs.
Artificial Intelligence (AI)	Technology that enables computer systems to perform tasks that typically require human intelligence, such as understanding language, recognising patterns and making predictions.
Asset backed securities (ABS)	A financial security which is collateralised by the pledge of a pool of assets such as but not limited to loans, leases and credit card debt.
Asset-Liability Committee (ALCO)	The committee responsible for the oversight and strategic management of the BOQ Group balance sheet, trading books, liquidity and funding positions and capital management activities.
Australian Accounting Standards Board (AASB)	An independent government agency responsible for developing, issuing and maintaining accounting standards in Australia.
Australian Banking Association (ABA)	The trade association for the Australian banking industry.
Australian Prudential Regulation Authority (APRA)	The prudential regulator of the Australian financial services industry. APRA is an independent statutory authority that supervises institutions across banking, insurance and superannuation and promotes financial system stability in Australia.
Australian Securities & Investments Commission (ASIC)	Australia's corporate, markets and financial services regulator.
Australian Securities Exchange or ASX Limited (ASX)	ASX is a multi-asset class, vertically integrated exchange group that functions as a market operator, clearing house and payments system facilitator. It oversees compliance with its operating rules, promotes standards of corporate governance among Australia's listed companies and helps educate retail investors.
Australian Taxation Office (ATO)	An Australian statutory agency and the principal revenue collection body for the Australian Government. The ATO has responsibility for administering the Australian federal taxation system, superannuation legislation, and other associated matters.
Australian Transactions Reports and Analysis Centre (AUSTRAC)	Australia's financial intelligence unit and anti-money laundering (AML) and counter-terrorism financing (CTF) regulator.
Authorised deposit-taking institution (ADI)	A body corporate which is authorised to carry on banking business in Australia under the <i>Banking Act 1959</i> (Cth).

Glossary.

Available stable funding (ASF)	The portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year.
Average interest earning assets (AIEA)	Average balance over the period for a bank's assets that accrue interest income.
Bank of Queensland Limited (the Bank or BOQ)	The Bank is a for-profit entity primarily involved in providing retail banking, business banking and leasing finance products to its customers.
Banking Code Compliance Committee (BCCC)	An independent body that monitors banks' compliance with the Banking Code of Practice.
Basel III	A global regulatory framework to improve the regulation, supervision and risk management within the banking system developed by the Basel Committee on Banking Supervision.
Basis points (bps)	One per cent of one per cent (0.01 per cent).
Capital notes 2 (BOQPF) & Capital notes 3 (BOQPG)	Perpetual, convertible, unguaranteed and unsecured notes issued by BOQ, with preferred, discretionary, non-cumulative distributions. Capital Notes may convert into common shares in certain circumstances as described in the offer documentation of the notes.
Capital partner	Challenger Limited, the Group's partner under the whole-of-loan sale and forward-flow arrangement for the equipment finance portfolio.
Cash-Generating Unit (CGU)	The smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The CGUs represent the Consolidated Entity's operating segments – Retail Bank and BOQ Business.
Cash earnings	A non-accounting standards measure commonly used in the banking industry to assist in presenting a clear view of underlying earnings.
Cash earnings excluding notable items	A non-statutory financial measure that adjusts cash earnings for notable items that management considers are not reflective of the Group's underlying business performance, to assist comparability across reporting periods.
CEO and Chair Award Rights (CARS)	A type of long-term variable reward granted to employees below Senior Executive Level. CARs vest subject to service conditions and a risk assessment.
Climate-related physical risks	Physical risks resulting from climate change can be acute or chronic. Acute physical risks arise from weather-related events such as storms, floods, drought or heatwaves. Chronic physical risks arise from longer-term shifts in climatic patterns such as changes in precipitation and temperature.

Glossary.

Climate-related transition risks	Risks that arise from efforts to transition to a lower-carbon economy. Transition risks include policy, legal, technological, market and reputational risks.
CO ² equivalent	The universal unit of measurement to indicate the global warming potential of each greenhouse gas, expressed in terms of the global warming potential of one unit of carbon dioxide. This unit is used to evaluate releasing (or avoiding releasing) different greenhouse gases against a common basis.
Collective Provision (CP)	An allowance for impairment loss of financial assets that are collectively assessed for impairment in accordance with AASB 9 <i>Financial Instruments</i> .
Commercial Real Estate (CRE)	Businesses whose primary purpose is the investment in the construction and / or development of commercial real estate.
Common equity tier 1 (CET1)	Capital that is recognised as the highest quality component of capital under APS.
Common equity tier 1 ratio (CET1 ratio)	CET1 capital divided by total RWA calculated in accordance with relevant APS.
Consolidated Entity (the Group or BOQ)	BOQ and its subsidiaries.
Consolidated Entity Disclosure Statement (CEDS)	A requirement of the <i>Corporations Act 2001</i> (Cth) for all public companies preparing consolidated financial statements to disclose details of all entities that are part of the consolidated entity as at the end of the financial year, including names, ownership interests, place of incorporation or formation and, for foreign resident entities, tax residency.
Corporation Regulations 2001	The Corporations Regulations 2001 made under the <i>Corporations Act 2001</i> (Cth).
Corporations Act 2001	The <i>Corporations Act 2001</i> (Cth).
Cost to income (CTI) ratio	Operating expenses divided by total income.
Council of Financial Regulators (CFR)	The main coordinating body for Australia's financial regulators. There are four members – APRA, ASIC, RBA and the Treasury. It is a non-statutory body, and as a consequence has no formal regulatory or policy decision-making powers. Those powers rest with its members under their respective acts.
Counter terrorism financing (CTF)	The prevention of the financing of terrorism, including the financing of terrorist acts, and of terrorists and terrorist organisations.
Court Enforceable Undertakings (CEUs)	Legally binding undertakings that have been accepted by APRA and AUSTRAC and are enforceable in a court.

Glossary.

Covered bond guarantor	Perpetual Corporate Trust Limited ABN 99 000 341 533, incorporated with limited liability in the Commonwealth of Australia and having its registered office at Level 18, 123 Pitt Street, Sydney, NSW 2000, as Trustee of the BOQ Covered Bond Trust and the BOQ Soft Bullet Covered Bond Trust (the Trustee) .
Days past due (DPD)	A metric measuring the number of days a loan or lease payment is overdue measured as either the calendar days since first missing a payment or the total arrears balance divided by the daily repayment amount.
Deferred Award Rights (DARs)	A deferred variable reward granted to eligible employees. Vesting is subject to service conditions, a risk assessment and, where applicable, performance conditions.
Dividend payout ratio	Dividends paid on ordinary shares divided by earnings.
Dividend reinvestment plan (DRP)	A plan which provides shareholders with the opportunity to convert all or part of their entitlement to a dividend into shares.
Dividend yield	Dividend per share as a percentage of the share price.
Earnings per share (EPS)	Measure of earnings attributed to each equivalent ordinary share. This is calculated by dividing the company's earnings by the weighted average number of shares on issue in accordance with AASB 133 <i>Earnings per share</i> .
Economic Value (EV)	The net present value of the bank's assets and liabilities in the banking book.
Effective tax rate	Income tax expense divided by profit before tax.
Equipment hire purchase trust (EHP trust)	Trust under the REDS securitisation program, issuing asset backed securities to the term market.
Euro Medium Term Note (EMTN)	An offshore medium term note program.
Eurocommercial paper program (ECP)	An offshore short term commercial paper program.
Executive Performance Rights (EPRs)	A type of long-term variable reward granted to senior employees, including executives. Vesting is subject to both financial and non-financial performance hurdles which are defined and disclosed in the remuneration report annually for each grant.
Expected credit loss (ECL)	Estimated credit losses, using a forward looking impairment methodology, accounted for in accordance with AASB 9 <i>Financial Instruments</i> .

Glossary.

Fair value through other comprehensive income (FVOCI)	Classification and measurement of financial assets under AASB 9 <i>Financial Instruments</i> . A financial asset is measured at FVOCI if it is held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. The contractual cash flows must be solely payments of principal and interest.
Fair value through profit or loss (FVTPL)	Classification and measurement of financial assets under AASB 9 <i>Financial instruments</i> . For financial assets measured at FVTPL all changes in fair value are recognised in the income statement. FVTPL includes financial assets that are held for trading.
Financial Accountability Regime (FAR)	<i>Financial Accountability Regime Act 2023</i> imposes core sets of obligations on authorised deposit-taking institutions, insurance companies, and superannuation funds.
Full time equivalent (FTE)	A calculation based on number of hours worked by full and part time employees as part of their normal duties.
Global Reporting Initiative Standards (GRI)	A set of guidelines and principles for organisations to report on their economic, environmental and social impacts. These standards assist organisations in communicating sustainability performance and impact transparently.
Greenhouse gases (GHG)	Refers to the release of gases into the atmosphere that trap heat and contribute to the greenhouse effect, leading to the expansion of global warming and climate change. This includes Scope 1, 2 and 3 greenhouse gas emissions.
Gross domestic product (GDP)	Total monetary value of all goods and services produced in a country.
Gross loans and advances (GLA)	The principal amount of loans and advances provided, gross of provisions and deferred fee income and including any accrued interest.
High quality liquid asset (HQLA)	Comprised of the Bank's notes and coins, central bank balances able to be drawn down and marketable securities representing claims on or guaranteed by the Australian Government or Semi-Government authorities.
Impaired assets	Exposures that have deteriorated to the point where full collection of principal and interest is in doubt.
Intangible asset	An identifiable, non-monetary asset which lacks physical substance.
Interest bearing liabilities	The Bank's liabilities that accrue interest expense.
Internal Capital Adequacy Assessment Process (ICAAP)	A framework introduced by APRA to be used by regulated financial institutions, to aid the institutions in understanding their risk profile and capital needs to support it.
International Financial Reporting Standards (IFRS)	Standards and interpretations issued by the International Accounting Standards Board.

Glossary.

International Swaps and Derivatives Agreement (ISDA)	An agreement published by the International Swaps and Derivatives Association (ISDA), outlines the terms to be applied to a derivatives transaction between two parties, typically a derivatives dealer and a counterparty.
Issued capital	Value of securities allotted in a company to its shareholders.
Liquid assets	All unencumbered RBA repurchase eligible liquid assets including HQLA.
Liquidity coverage ratio (LCR)	The ratio represents the level of unencumbered high quality liquid assets available to meet obligations over a 30-day period, under a regulator defined liquidity stress scenario.
Loan Impairment Expense (LIE)	Loan impairment reflects changes in our estimates of expected loan losses as well as bad debts incurred during the year net of any recoveries.
Loan to Value Ratio (LVR)	The ratio between the loan amount and the appraised value of the underlying asset.
Loss given default (LGD)	Loss incurred by a bank when a customer defaults on a loan represented as a percentage of the total exposure at the time of default.
Members Equity Bank Limited (ME Bank or ME)	ME is a brand owned by Bank of Queensland Limited, offering primarily home loan products and everyday transaction and online savings accounts.
Net cash outflow (NCO)	Represents the total expected cash outflows minus total expected cash inflows under a prescribed stress scenario for the subsequent 30 calendar days.
Net Interest income (NII)	The amount of interest income earned less interest expense incurred during the period.
Net interest margin (NIM)	Net interest income divided by average interest-earning assets.
Net profit after tax (NPAT)	The total profit of a company after all expenses, including taxes, have been deducted from total revenue.
Net Promoter Score (NPS)	A customer loyalty metric that measures how likely customers are to recommend a company, product, or service to others.
Net stable funding ratio (NSFR)	An APRA regulatory liquidity requirement that ensures a bank maintains a stable, long-term funding structure. It compares the amount of available stable funding (ASF) a bank has to the amount of required stable funding (RSF) needed to support its assets and off-balance-sheet activities.
Net-Zero Banking Alliance (NZBA)	An international alliance of banks established to support the transition to a net zero economy by 2050. While the NZBA ceased operations in October 2025, UNEP FI's Guidance for Climate Target Setting for Banks remains available as a framework for climate target setting.

Glossary.

Non-interest earning assets	Assets that do not accrue interest income.
Owner managed branch (OMB)	A BOQ branch operated by a franchisee. All OMBs converted to corporate branches on or before 1 March 2025.
Paris Climate Agreement	An international treaty on climate change signed in 2016, with the goals of maintaining the increase in the global average temperature to below 2°C above pre-industrial levels and pursuing efforts to limit the increase to 1.5°C above pre-industrial levels.
Partnership for Carbon Accounting Financials (PCAF)	A global initiative that provides methodologies and guidance for financial institutions to measure and disclose financed GHG emissions associated with lending and investment activities.
Probability of default (PD)	An estimate of the likelihood of a default over a given time horizon.
Purchased or originated credit impaired (POCI) assets	Financial assets that are purchased or originated as being credit impaired.
Remedial Action Plans (RAPs)	Programs to strengthen BOQ's operational resilience, risk culture and AML/CTF governance and compliance.
REDS	Term to describe the BOQ REDS securitisation programs.
Reserve Bank of Australia (RBA)	Australia's central bank that derives its functions and powers from the <i>Reserve Bank Act 1959</i> .
Residential mortgage-backed securities (RMBS)	BOQ's securitisation program which enables the trustee to issue debt securities backed by assets originated by the Group such as mortgages.
Return on average equity (ROE)	Net profit divided by average shareholder equity. Shareholder equity includes capital, retained earnings and the profit reserve, but excludes other reserves.
Return on average tangible equity (ROTE)	Net profit divided by average shareholder equity excluding intangible assets. Shareholder equity includes capital, retained earnings and the profit reserve, but excludes other reserves.
Right-of-use (ROU) asset	A lessee's right to use an asset over the life of a lease.
Risk weighted assets (RWA)	A quantitative measure of various risks including credit, operational and market risk as defined by APS.
Significant Increase in Credit Risk (SICR)	A significant change in the estimated risk of default over the remaining expected life of the financial asset. SICR is assessed by comparing the risk of a default occurring over the expected life of a financial asset at the reporting date compared to the corresponding risk of default at origination.

Glossary.

SMHL	Term to describe the ME Bank securitisation programs.
Software as a Service (SaaS)	Software delivery and licensing in which software is accessed online via a subscription, rather than bought and installed on individual computers.
Sustainability	The capacity to maintain the business activities over time without depleting natural or physical resources. This encompasses an approach to address Environmental, Social and Governance (ESG) issues such as climate-related risks. Environmental considerations include but are not limited to climate change and nature. Social considerations include but are not limited to Human Rights and Modern Slavery. Governance considerations include but are not limited to relationships with employees, suppliers, customers, and the communities where the business operates. Sustainability and ESG are considered interchangeable terms within the BOQ context.
Tax Funding Arrangement (TFA)	An agreement entered into between members of the BOQ income tax consolidated group for the funding of the Australian income tax liability.
Tax Sharing Arrangement (TSA)	An arrangement entered into between members of the BOQ income tax consolidated group for the apportionment of the Australian income tax liability.
Tier 1 capital	The aggregate of Common Equity Tier 1 (CET1) capital and instruments that meet the criteria for inclusion as Additional Tier 1 (AT1) capital set out in APS 111 Capital Adequacy: Measurement of Capital.
Tier 2 capital	Comprises other components of capital that, to varying degrees, do not meet the requirements of Tier 1 capital but nonetheless contribute to the capital strength of an ADI.
Tier 1 capital ratio	Total Tier 1 Capital divided by total RWA calculated in accordance with relevant APS.
Total capital adequacy ratio	Total capital divided by total RWA calculated in accordance with relevant APS.
Total Shareholder Return (TSR)	Measures the change in value delivered to shareholders over a specified period, taking into account both share price appreciation and dividends paid, assuming dividends are reinvested.
Treasury shares	Shares that the Bank has issued but are held by a trust included within the Bank's consolidated results. Treasury shares are not considered shares outstanding and are not included in 'per share' calculations.
United Nations Environment Programme Finance Initiative (UNEPFI)	A partnership between the United Nations Environment Programme and the global financial sector that supports banks, insurers and investors in integrating environmental, social and governance (ESG) considerations into their business strategies and decision-making.
UN Principles for Responsible Banking (UN PRB)	A framework of principles that guides banks in aligning their business practices with sustainable development and climate goals.

Glossary.

Virgin Money Australia (VMA or Virgin Money)	A business operated by BOQ, encompassing Virgin Money Australia Pty Ltd and its subsidiaries, as well as Virgin Money Australia products sold by the Bank. The VMA products offered by the Group include home loans, transaction and savings accounts and the provision of other financial services (e.g. credit cards, insurance and superannuation) on behalf of business partners.
Weighted average life (WAL)	The average length of time for the principal on a loan to be paid in full.
Weighted average number of shares (WANOS)	Calculated in accordance with AASB 133 <i>Earnings per share</i> .

BOQ GROUP