



BOQ GROUP

ANNUAL REPORT

20
25

Bank of Queensland Limited | ABN: 32 009 656 740



Image | BOQ customer and Marketing Lead, Tim Watts, along with his daughter, Mardi, featuring in BOQ's 'the bank of Queenslanders' campaign

Contents.

Who we are.	4	Sustainability report.	55
Our purpose and strategy.	5	Financial performance.	69
Creating value.	7	Directors' report.	97
Message to shareholders.	8	Financial report.	125
Corporate governance.	29	Shareholding details.	213
Risk management.	47	Glossary.	219

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 2024 and ended 31 August 2025. All monetary values in this document are presented in Australian dollars, which is the Bank's functional currency.

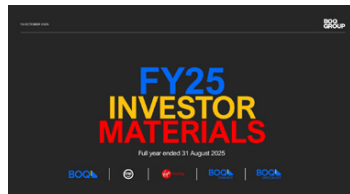
Our reporting suite.

2025 reporting suite

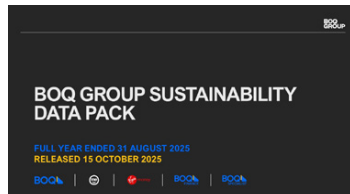
The full suite of reporting is available at
www.boq.com.au/2025



Annual Report



Investor Materials



Sustainability Data Pack

We're building a simpler, specialist bank.

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.

Cover images celebrate the Group's people, customers and community. Images (L-R) BOQ Intern Jenny Luong (refer page 15), BOQ customer Stem Design (refer page 22), BOQ Senior Agribusiness Manager Ian Mills (refer page 21), Ekka attendees (refer page 18 - 19).



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

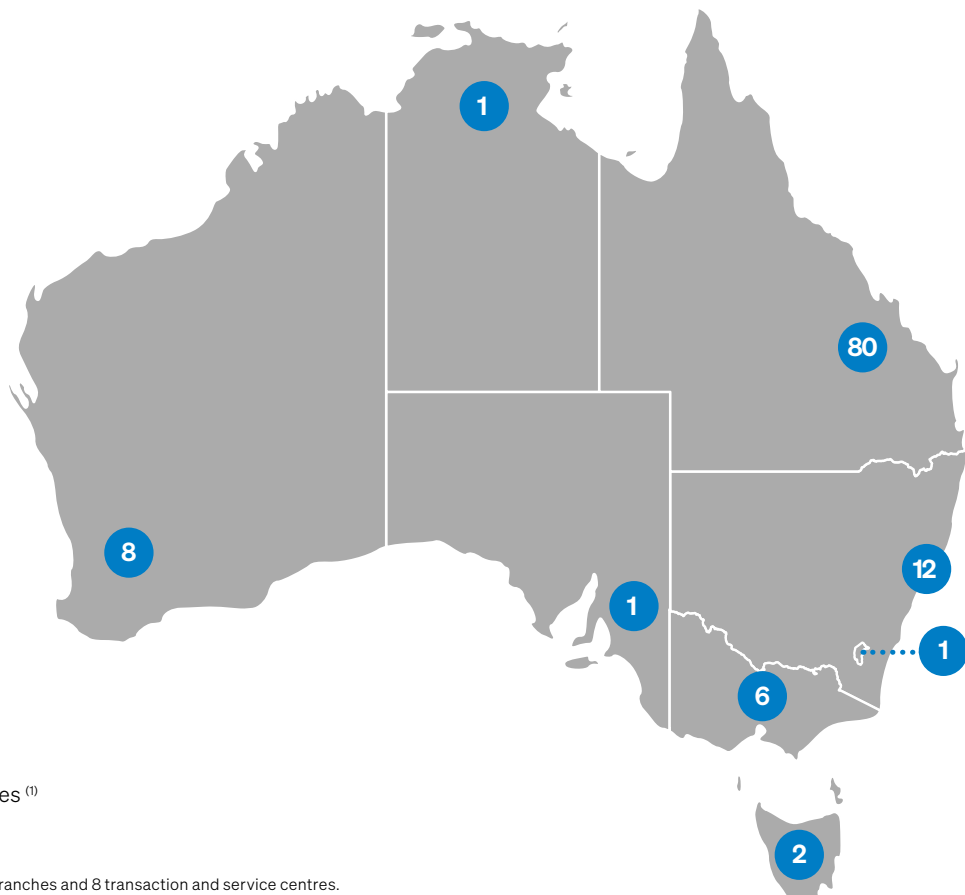
BOQ is one of Australia's leading mid-tier banks, supporting Australians since 1874. Serving 1.5 million customers in retail and business banking across all states and territories of Australia, through 111 branches, brokers, mobile and direct bankers and digital channels.

The Group comprises a portfolio of brands:

Digital brands: Virgin Money, which provides home loans, deposits and third party products such as insurance, superannuation and credit cards. ME is the Group's primary broker channel, providing home loans and deposits. MyBOQ, is the future state platform 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. BOQ Specialist provides business banking products, with a particular focus on healthcare, agriculture and diversified businesses. BOQ Finance provides equipment finance and asset finance products to personal and business customers.

Our brands:



Our purpose and strategy.

Purpose.
Why we exist

BUILDING
SOCIAL CAPITAL
THROUGH BANKING.

Vision.
Where we
are headed

To be the bank customers choose.

Pillars.
What we
will deliver

STRENGTHEN	SIMPLIFY	DIGITISE	OPTIMISE
We are building stronger foundations to ensure we deliver better customer, people and shareholder outcomes, and meet evolving regulatory requirements. We are working to deliver a stronger bank with improved operational resilience, risk maturity and culture.	We are working across the bank to create a simpler, future fit model, driving productivity benefits, while our digital transformation continues. This will make way for a leaner and more agile bank, with reduced inherent operational risk, ready to take on the challenges of tomorrow.	We know targeted digital models are not only levelling the playing field, but they are also enabling smaller players to outperform their bigger rivals. We are building a highly-automated digital bank proposition that delivers on customers' evolving needs, at a lower cost-to-serve.	We are continuing to invest in the future of the Group, optimising our risk adjusted returns. We are deploying capital in the highest returning areas of the business, leveraging our competitive advantages and being targeted with how and where we grow.

People.
Underpin all
that we do



Exceptional customer and people experience.

Capabilities.
How we
will deliver



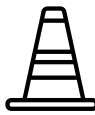
Digital
Banking



Relationship
Banking



Digitally enabled,
data informed



Risk
Intelligence



Transformational
Leadership

CREATING VALUE.

Message to shareholders.

This year has been one of considerable progress in delivering our strategy and improving BOQ's performance. We are transforming BOQ to a simpler, specialist bank with a superior customer experience and enhanced shareholder returns.

Benefits are starting to emerge through improved financial performance, enhanced customer experience, growth on the new digital banking platform, simplification of our distribution channels and new partnerships to deliver long-term value to customers, our people and shareholders.

The Group delivered \$383 million in cash earnings, representing a 12 per cent increase on the prior year. Statutory earnings after tax of \$133 million included one-off impacts aligning with our priorities to strengthen and simplify the Group and an impairment of the Goodwill allocated to the Retail Bank Cash Generating Unit.⁽¹⁾

Key financial metrics across margin, return on equity (ROE) and our cost to income ratio all improved against FY24, delivered against a backdrop of continued heightened competition in mortgages and deposits, sustained high inflation impacting Australian businesses and households and a significant regulatory change landscape.

The Board has determined to pay a final dividend of 20 cents per share, representing a yield of approximately 5.5 per cent.⁽²⁾

Delivering our strategy

As a mid-sized bank, we have needed to think differently about how we deliver value to our stakeholders, recognising that smaller banks have a critical role to play in serving customers and communities, and supporting competition in banking and financial services. We are also faced with unique challenges. As a result, we have made bold decisions with a long-term view of value generation. The benefits of these decisions are starting to emerge both financially and operationally.

We are encouraged by the recent recommendations from the Council of Financial Regulators review of smaller banks, aimed at strengthening competition in the sector. In particular, the consideration of proportional regulation, a more transparent and simplified pathway to advanced accreditation, and an increase in the covered bond issuance limit represent meaningful steps toward a more equitable operating environment for banks like BOQ. We acknowledge and appreciate the Federal Government and Regulator's support for these proposals.

Risk uplift

The Group has progressed with delivery of the Remedial Action Plans (RAPs), which are addressing the two Court Enforceable Undertakings (EUs) with regulators. These are being addressed through Group-wide programs: Program rQ and AML First, these programs combined are now 44 per cent complete.

The cultural transformation underpinning the Group's transformation has continued this year, with a refreshed Code of Conduct, clearly articulating the expectations of BOQ employees and representatives.

In our biannual people survey, we saw an increase in individuals feeling safe to speak up to 83 per cent, a material increase from 76 per cent prior to the commencement of our risk programs in 2022.

Branch strategy

As announced in August 2024, the Group made the decision to simplify distribution channels and align with evolving customer preference for digital banking, by converting all franchised branches to corporate branches. This conversion was completed by 1 March 2025. This provides an avenue to expand the presence of business bankers within branches in identified growth corridors, as part of branch conversion, we also welcomed 602 new BOQ employees.

Digital progress

We undertook two significant projects this year in digitising BOQ Group. Firstly, we launched our digital mortgage in a phased manner. This is a key enabler for future success, allowing for cost efficient growth in a highly commoditised and competitive environment. The digital mortgage is expected to reduce the cost in both delivering and servicing a mortgage by half, compared to the heritage process, and provides customers with an improved experience, faster time to decision and far greater self-serve capabilities.

Secondly, we migrated the majority of ME deposit-only customers from the heritage to digital bank, and commenced the migration of ME home loan customers. Almost half of our retail customers are now on digital platforms, and customers are enjoying improved day-to-day banking on the digital platforms, which have been rated an average 4.6 from 5 stars, as compared to 1.2 from five on the heritage bank.⁽³⁾



Once ME customers have been migrated, there will be a material reduction of technology assets and vendors supporting this heritage environment, providing cost benefits and strengthening our operating environment. Customers will enjoy an improved experience and the ME brand will be the first fully end-to-end digital brand in the Group.

Technology and automation

As digitisation progresses, we continue to refine and simplify the technology landscape. Across the Group, 91 per cent of future-state technology assets are securely stored in the cloud, allowing for efficient, personalised customer solutions and leveraging the latest technology releases. Automation efforts also continued and a further 72 processes, primarily customer and back-office related, were automated. To advance our ability to digitise at scale, and accelerate utilisation of artificial intelligence, the Group entered a new partnership with Capgemini, a global technology services and digital transformation leader.

Optimising financial performance and improving shareholder returns

Initiatives to improve shareholder returns have resulted in a ROE uplift of 70 basis points on FY24, along with an increase in dividends per share and share price performance. We have continued with the careful allocation of capital and rebalancing our portfolio towards higher returning assets. To continue optimising our balance sheet, we are exploring⁽⁴⁾ capital partnerships and generating capital light revenue streams.

Commitment to customers and community

BOQ Group remains committed to serving customers and communities in which we operate to achieve our vision **to be the bank customers choose**. This year we grew our customer base by three per cent.

In the digital bank, we introduced biometric capability, leading to an average intervention rate of 98.3 per cent for would-be scam and fraud onboarding. We've supported 4,098 customers with individual solutions to their lending needs when financial difficulty impacted their budgets. We also resolved customer complaints faster, with a 16-percentage point increase in the number of complaints resolved on the same day they were raised, compared to FY24.

In deepening our commitment to small and medium businesses, we have grown the number of business bankers, particularly within communities identified as key growth corridors. We will continue to grow the number of business bankers in FY26.

This year the Group proudly became a presenting partner for the Royal Queensland Show, the Ekka, joining another iconic Queensland institution, showcasing agriculture and supporting tourism. We also became a sponsor for the Queensland Reds, focused on grassroots support for local clubs.

In strengthening our partnership with Orange Sky Australia, a new volunteering program was launched for BOQ team members, advancing important work undertaken to support vulnerable Australians.

(1) As announced to the market on 3 October 2025.

(2) Yield calculated on 29 August 2025 share price of \$7.27.

(3) Apple App store ratings as at 9 September 2025 were: Digital – myBOQ 4.6, MEGo 4.6, Virgin Money 4.5; Heritage – BOQ 1.2. Rating is out of five.

(4) As announced to the market on 28 August 2025, the Group is exploring a potential whole of loan sale and forward flow agreement.

(5) Appointment occurred post-balance date with a start date of 10 October 2025.

Board and management

In April 2025, we welcomed Paul Riordan as Non-Executive Independent Director to the BOQ Board, bringing more than 40 years' experience and expertise across banking, corporate governance, risk management, financial markets and treasury payments infrastructure.

As announced to the ASX on 19 August 2025, Warwick Negus will retire from the BOQ Board, effective 24 October 2025. This follows three successive terms as a Non-Executive Director, and appointment as Chair on 27 March 2023.

Non-Executive Director, Andrew Fraser, has been appointed Chair Elect, having been appointed to the Board in February 2024.

On 22 September 2025, the Group was pleased to appoint Keith Strachan as Group Executive Business Bank⁽⁵⁾. Since joining BOQ in 2021, Keith has held various senior roles within the Business Bank, is a highly regarded leader and has been instrumental in driving this year's success in business banking.

Outlook

Domestic economic growth gradually improved over the course of FY25, though remained below its long-run average. Looking to FY26, rising household disposable income growth should result in further improvement to the economy. The uncertain geopolitical climate is a potential downside risk. We will continue to support our customers to manage through uncertainty and are committed to the further growth of business lending.

Your Board and management team have a clear plan to deliver a simpler, specialist bank, with an improved customer and people experience. We continue to demonstrate material operational and financial improvements aimed at sustainably uplifting shareholder returns.

Thank you shareholders, for your continued support of BOQ and to our people for their unwavering commitment to customers, and our future.

Sincerely,



Patrick Allaway
Managing Director & CEO



Warwick Negus
Chair

Thank you

On a personal note, I would like to extend my deepest gratitude to shareholders for your support during my nine years as a Director. It has been an honour to serve as your Chair for the last two years. As an enthusiastic shareholder myself, I look forward to watching BOQ continue to transform and grow, in the years to come.

Warwick Negus

Material sustainability topics.

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, the broker network, communities, government, media, regulators and suppliers were considered for engagement to ensure the Group's approach remains inclusive and responsive.

In 2025, new policies and standards were introduced to formalise the stakeholder engagement and materiality processes. As a result, the Group refreshed its methodology for identifying material topics.

BOQ's 2025 stakeholder engagement and materiality process is described as follows.

1

Identify

Development of an annual plan to inform strategic approach to stakeholder engagement.

2

Capture

Information for engagement activities collected and analysed with key topics documented.

3

Consider

Review of broader banking and economic context, including regulatory environment and industry trends.

4

Judgement

Significant judgement exercised when collating the material topics. Reviewed and validated by subject matter experts.

5

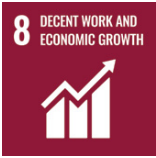
Reporting

Findings shared with governing Committees and the Board for consideration. Material topics used to inform annual reporting.

The updated 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 can be further improved. In 2026, focus areas include broader stakeholder engagement, risk integration and alignment with developing mandatory climate-related disclosure requirements.

The refreshed 2025 materiality assessment identified no change to the seven material topics reported in prior years. Topics which were elevated for stakeholders this year were ethical business conduct, data governance and customer & business resilience. These topics align with BOQ'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.
 Customer & business resilience		Supporting economic resilience, by monitoring macro trends and events, such as cost of living challenges and potential movement in housing prices.
 Fraud & financial crime		Protecting the Group and its customers from fraud, money laundering and other financial crimes.
 Customer experience		Delivering exceptional customer experiences through consistent, fair, easy to use, and accessible-from-anywhere banking products and services that accommodates customer needs.
 Innovation & digitisation		Continuing to innovate and transform the business through digitisation to provide consistent and accessible services to customers.
 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 seven material topics.

Further information on engagement with stakeholders over the year, the BOQ Group 2025 Global Reporting Index and data tables can be found in the BOQ data pack, available at www.boq.com.au/2025

How we create value.

Value drivers.



Customer

Personalised experiences delivered through digital and relationship banking.



Technology & Data Capabilities

Building new capabilities and leveraging our strategic partnerships to modernise and digitise the Group, providing great customer and people experiences more securely and effectively.



Environment & Climate Change

Responsible corporate citizen, seeking to actively support customer transitions to a more resilient, lower carbon-intensive economy.



Finance

Access to funding through customer deposits, wholesale debt and capital markets to support operations and execute our strategy.



Community

Passionate bankers embedded in the community forming strong community relationships and supporting vulnerable Australians.



People

Diverse and engaged workforce, building future fit capabilities.

Value creating



Our values: Spirited | Optimistic | Curious

By living the Group's values, each employee contributes to BOQ's aim to create value for all stakeholders and realise our vision to be the bank customers choose.

g strategies.



Value created.



Customer

- \$58bn in housing loans
- \$67bn in customer deposits
- \$20bn in business lending
- 4,098 customers supported through financial difficulty



Environment & Climate Change

- Implementing UN Principles of Responsible Banking
- Preparing for mandatory climate-related financial disclosures



Shareholders

- 58.3 cents in basic cash earnings per share
- \$231m in fully franked dividends paid



Community

- Orange Sky partnership strengthened
- Ekka presenting partnership
- \$314m in taxes paid⁽¹⁾



People

- Welcomed 602 new Group employees as part of the branch conversions
- Focused uplift in leadership, risk and banker capability

us | Inclusive | Accountable | Lionhearted

(1) Represents statutory income tax expense, unrecovered GST, employee related taxes, and other taxes/duties



Strengthen. Building stronger foundations

Highlights

RAPs
progressed

91%
of employees
understand their
risk delegations

Why is this important?

Financial resilience is critical in protecting the bank and our investors, allowing us to grow with our customers and support those in need, and to continue to invest in our transformation. We are working to deliver a stronger bank with improved financial and operational resilience, risk maturity and culture. This is building stronger foundations, and our ability to meet evolving regulatory requirements.

Our business.

Remedial Action Plans



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, 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.

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.

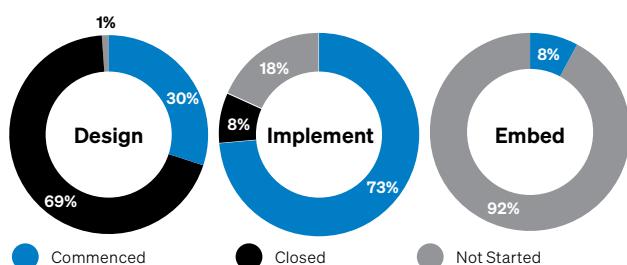
Strategic change

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

Throughout the financial year 2025, 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 implement phase of the program, with 51 RAP activities completed and closed.

Program rQ progress



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,
- Establishing process design and operating effectiveness for applicable customer identification,
- 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 includes uplifting both the customer onboarding experience and the financial crime customer lifecycle.

This year, the AML First program progressed with key milestones achieved including the refresh of 'know your customer', demonstrated success with name screening of customer for AML/CTF risks, significant improvement in data quality feeding to AML systems, deployment of updated BOQ Group mandatory training enhancing awareness across BOQ of AML/CTF requirements. A significant focus on FY25 AML First activities has been the strengthening of governance in relation to transaction mapping and detection scenario uplift.

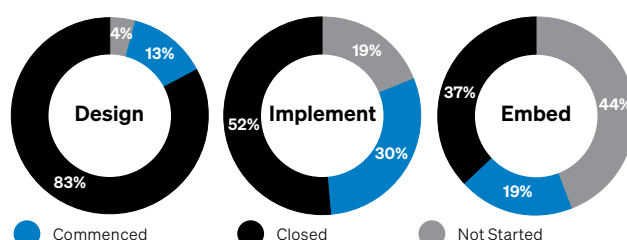
Over half of the unique activities in the AML First program have been completed.

On 10 December 2024, the *Anti-Money Laundering and Counter-Terrorism Financing Amendment Act 2024* received Royal Assent.

AUSTRAC has been consulting on the revised AML/CTF Rules. The final Rules were released on 29 August 2025. AUSTRAC has also published a regulatory expectations timeline. BOQ anticipates that the reforms will require significant changes to data, systems and processes, areas in which BOQ continues to invest.

The Group continues to work closely with AUSTRAC and industry bodies ahead of most changes taking effect from 31 March 2026, including with respect to compliance and deliverable dates under AML First.

AML First progress



Building a future-fit organisation

BOQ's intern program is an important lever to build a pipeline of talent for the future. The program is an annual 12-week initiative designed to provide interns with hands-on experience across various BOQ teams. It aims to build a diverse early-career talent pipeline by offering meaningful work, professional development, and strong connections within the organisation.

Interns for FY25 worked collaboratively with their peers on a group project aligned with sustainability in their designated business areas across both retail and business banking. Project teams applied human centred design principles to address real-world challenges culminating in a presentation of their recommendations to members of the Group's executive team.

This structured approach fostered innovative thinking while aligning intern efforts with BOQ's transformation priorities and sustainability goals.

Our people.

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 a central beacon for progress.

Recognising the importance of leadership in driving this cultural shift, BOQ delivered a flagship leadership program, 'Lead on Q', which over 200 leaders participated in during FY25. Additionally, this year the Group 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. Additional survey questions were included to hone in on the ability to deliver the cultural transformation underpinning BOQ's future state. With a participation rate of 78 per cent, the people experience engagement index improved by two percentage points compared to FY24, to 73 per cent.

Trends observed in this year's survey were:

- 83 per cent of individuals reported it is safe to speak up in their part of the business (an increase of one percentage point compared to FY24)
- 72 per cent of individuals agreed that the organisation has effective processes for controlling risk (an increase of four percentage points against FY24)
- 91 per cent of individuals agreed they understand the risk delegations of their role (an increase of five percentage points from FY24)

A new Culture Transformation Index was measured this year, developed to track the Group's progress towards target state cultural attributes. This measure was 65 per cent at August 2025. While this was an increase of 2 percentage points against the measurement in March 2025, it is recognised there is further progress to be made. The index has provided valuable insights into how the Group can progress towards its target state culture.

Code of Conduct

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

To embed this within the business, and continue uplifting risk culture, new leadership programs alongside a refreshed mandatory training module for the BOQ workforce was introduced.

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.

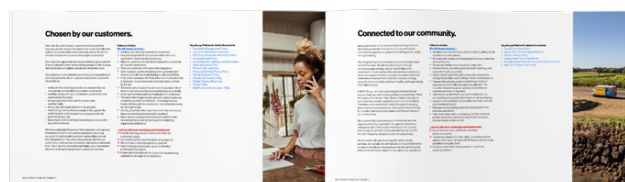
(1) BOQ workforce, excluding franchise network employees

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 29 to 45.

68 Breaches of CoC in FY25 ⁽¹⁾	13 Terminations due to breaches of CoC ⁽¹⁾	2 Whistleblower reports
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Of the 68 breaches of the CoC in FY25, 13 resulted in termination of employment and the remaining 55 resulted in formal warnings issued.



Wellbeing and psychosocial safety



BOQ is committed to creating a supportive environment where employees can thrive. Key to this aim is proactive management of psychological risks and promoting a safe, healthy workplace, focusing on prevention and early intervention.

During FY25, the Business Bank embedded 9-Thrive, BOQ's four-pillar wellbeing framework, through a structured change plan and providing leader enablement resources.

A dedicated leader hub and communications toolkit supported the integration of wellbeing into day-to-day practices, while a volunteer network of 'Wellbeing Champions' amplified participation and feedback loops.

The program is aligned to the Group's psychosocial risk management approach. During the embedment of the program in the Business Bank, high participation in quarterly initiatives and improved wellbeing metrics were observed, supporting a safe, connected and high-performance culture.

While a range of programs exist at BOQ to maintain a safe, respectful and inclusive workforce, during FY25, BOQ's Prevention Plan was launched to enhance management of the risk of sexual harassment, gender-based discrimination and other unlawful conduct.

This plan incorporated additional measures identified through consultation with employees as the Group refreshed its Workplace Behaviour Standard and training on the prevention of harassment, discrimination and bullying.

Our customers and community.

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 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 enhanced onboarding controls in the digital bank, and delivered biometric authentication, leading to fraud and scam intervention rates of 98.3 per cent⁽¹⁾. The Group also introduced crypto currency restrictions, acknowledging investment scams were the highest source of loss to Australians in the prior year⁽²⁾. BOQ was able to prevent or recover \$9.7 million in scam losses this year.

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

Advocating for our customers

Since 2017, BOQ's dedicated Customer Advocate has operated independently from business operations to support fairer customer outcomes.

Today, the Customer Advocate is supported by a multi-disciplinary and diverse team, the Customer Advocate Office (CAO), which operates as its own function within the Group.

The CAO is a well-integrated and highly regarded enabler of BOQ's target state customer culture. In FY25, the CAO was engaged by BOQ employees for more advice, support and solutions for customers than ever before.

Supporting our strategy

Throughout FY25, the BOQ Customer Advocate and their team have been closely involved in and supported key transformation initiatives, including:

- migration of customers from heritage to digital products
- supporting customers impacted by changes to BOQ's branch network
- providing input on proposed changes to BOQ's products and services
- improving the Group's understanding of and response to the needs of customers

Making a difference

Several proactive initiatives were developed and delivered by the CAO in response to the expectations and needs of customers throughout FY25.

Key outcomes were:

- the launch of a new partnership between BOQ and Way Forward Debt Solutions, a free, not-for-profit debt help service for customers
- development of an eight-part training curriculum on supporting customers experiencing vulnerability for BOQ's frontline contact centre teams
- comprehensive hindsight and thematic review of topical customer issues to support BOQ's transformation agenda

Further information on BOQ's Customer Advocate can be found on the [BOQ website](#).

Customer resilience

This year, the Group supported 4,098 customers to access financial difficulty assistance, an increase of 14 per cent against FY24. This increase was, in part due to BOQ's efforts in increasing awareness of support available to customers, and improving the ease in applying for support.

Customer complaints

Insights gained from complaints are utilised to create a better experience for customers, bankers and the community. To support this, the Group has continued to deliver a program of transformation to uplift systems, processes, data and people capability required to manage customer complaints.

There was significant progress on this transformation this year, with key milestones achieved:

- tactical and strategic changes to systems and processes to make it easier for employees to manage complaints and deliver more efficient outcomes to customers
- introduction of a new Complaints Policy, and accompanying [Complaint Guide](#)
- uplifted the identification of actionable insights, using this information to inform both operational and strategic initiatives

72%	127%	5%
complaints resolved on the same day they were raised	increase in internal complaints ⁽³⁾ compared to FY24	increase in external complaints ⁽⁴⁾ compared to FY24

This year there were improvements in the faster resolution of complaints, with 85 per cent of complaints resolved within five days (an increase of four percentage points from FY24) and 72 per cent of complaints were resolved on the same day they were raised (an increase of 16 percentage points from FY24).

There were increases in both internal and external complaints. These increases were partially attributed to short-term friction points as customers were migrated to the new digital bank, as well as heightened detection of internal complaints through the transformation program. The improved detection has led to actionable insights which have formed part of future migration plans and enable early resolution of complaints.

(1) Internal metric, yearly average.

(2) Report of the National Anti-Scam Centre on scams data and activity 2024, March 2025.

(3) Internal complaint refers to a customer complaint to a front-line or BOQ complaints team.

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

Embedded in our communities

In line with the Group's purpose, **to build social capital through banking**, BOQ has continued its support of vulnerable Australians and further strengthened its support of Queensland. By empowering employees to participate in fundraising, volunteering and storytelling opportunities, lasting impacts have been made within the communities the Group operates.

Orange Sky July

The Group's partnership with [Orange Sky Australia](#) has continued to strengthen this year. A new volunteering program, 'Empower Packs', was introduced for employees. July is a significant month for BOQ Group each year as it 'turns' orange to raise funds, awareness and support this key community partner. 2025 was the most successful Orange Sky July campaign to date with trivia nights, market stalls, and matched giving days providing an opportunity for team members to get involved and facilitate the important work of Orange Sky. This year, the Group hosted an inaugural event marking the start of July and showcase the partnership, which was well received by customers, the local business community, government representatives, community leaders and importantly, representatives from Orange Sky Australia.

Ekka presenting partnership

In 2025, BOQ proudly entered a three-year presenting partnership with the Royal Queensland Show (**Ekka**), uniting two iconic Queensland institutions with a shared commitment to supporting regional communities and celebrating the best of the sunshine state.

The Ekka is Queensland's largest and most beloved annual event, attracting around 400,000 visitors each August to the Brisbane showgrounds. Since 1876, it has brought the country to the city, showcasing agriculture, rural traditions, and family entertainment.

More than 75 BOQ people volunteered at BOQ's dedicated Strawberry Sundae Lane, across the nine days of the exhibition. This included handing out strawberries and guiding attendees through an interactive experience celebrating agriculture, sustainability, and telling the story of how the iconic strawberry sundae journeys from farm to cone.

The partnership reflects BOQ's strong Queensland heritage and commitment to banking that's personal, local, and built around the needs of customers and communities.



Queensland Rugby Union sponsorship

This year, BOQ proudly committed to a three-year partnership as the official banking partner of the Queensland Rugby Union (**QRU**) and Queensland Reds. The partnership aligns two organisations with a shared support for Queenslanders, from grassroots to professional teams.

Key initiatives this year included the Group donating footballs to junior rugby players across Queensland. BOQ bankers hosted financial education and wealth management sessions, to provide education and early career financial management for players, staff and their families, helping build financial confidence and strategies early in their careers.



Images | BOQ employees volunteering at the Ekka Strawberry Sundae Lane





Simplify. Removing complexity

Highlights

BRANCHES

converted
1 March 2025

ON TRACK

corporate footprint
reduction

Why is this important?

We operate in a highly regulated and intensely competitive market. As we simplify, rationalise products, systems and processes we are reducing complexity, improving customer and people experiences, and reducing our cost to serve. We are driving productivity benefits across the Group while our digital transformation continues. These productivity benefits are making way for a leaner and more agile bank, with reduced inherent operational risk, ready to take on the challenges of tomorrow and respond to changing customer preferences.

Our business.

Branch conversion

In March 2025, BOQ franchised branches were converted to corporate branches. This decision simplified distribution channels, aligning the branch footprint with BOQ's relationship and digital model. The conversion also aims to reduce origination, compliance and head office support costs while investing in business bank growth corridors.

Corporate footprint

The Group is on track with its targeted⁽¹⁾ square metre reduction, with more than 14,500 square metres removed since FY23.

This has been achieved through the consolidation of corporate office locations across Melbourne, Brisbane and Sydney, providing cost benefits and better alignment to the Group's ways of working.



Connecting with frontline team members

Following the conversion of branches on 1 March 2025, MD&CEO, Patrick Allaway, and Group Executive Retail, Greg Boyle, conducted in-branch visits welcoming new BOQ employees. Pictured L-R: Patrick Allaway, Rachel Lee, Bec Thiele, Furqan Javed, Manju Ghose, Greg Boyle and Rijan Pokhrel at 210 George Street branch.

Our people.

Process & automation

BOQ has continued its focus on automating processes for the benefit of both customers and team members.

72 key processes were automated this year, across customer onboarding, cards management, fraud detection, profile updates and operational servicing. The continued automation of processes improves the customer experience across back-office and front-line operations.

Our customers.

ME migration

This was a critical year for migration of ME customers from heritage systems to the new digital bank. The majority of deposit only customers were migrated this year, while mortgage customer migration commenced. During migration, the customer experience has been key, with additional contact centre support, maintaining customer account details, recurring payments and payee details.

With the migration of mortgage customers to occur throughout the 2026 calendar year, and the addition of term deposit products on the platform, ME customers will be the first brand within BOQ Group to experience a full end-to-end digital bank.

Customer experience

44 per cent of retail customers are now on digital platforms⁽²⁾, a significant achievement for the Group in modernising its offering.

Customer feedback on the experience provides critical insights. App ratings averaging 4.6⁽³⁾ demonstrates BOQ's digital bank meeting more daily banking needs of customers.

Contact centre

The Group has maintained its focus on optimising the customer experience through contact centres. This year, that has included continued cross-skilling of bankers in the contact centre across brands, and a particular focus on supporting customers as they migrated from the heritage to digital bank. BOQ also implemented a post interaction net promoter score, to better capture immediate customer feedback which is leveraged for ongoing capability and customer experience uplifts.

(1) BOQ is targeting a reduction of corporate floorspace by 16,000 square meters by FY26.

(2) Retail customers on digital platforms refers to the number of active retail customers on digital bank platforms divided by total active retail customers, excluding superannuation and insurance only customers. Definition of 'active' is a customer with one or more open accounts which had either customer-initiated transactions in the last 24 months or a balance > \$100. Definition of 'digital bank' are those customers on the retail bank digital bank and associated platforms (e.g. digital app).

(3) Apple app store ratings as at 9 September 2025 were: Digital – myBOQ 4.6, MEGo 4.6, Virgin Money 4.5; Heritage – BOQ 1.2. Rating is out of five.

Banking on relationships

Nestled near Clarke Creek in Central Queensland, Barmount Feedlot is more than just a high-performing beef cattle operation – it's a true-blue example of how commitment to people, process, and community can create a thriving rural business.

Named Feedlot of the Year in 2024 in its 8,000-15,000 head category, Barmount Feedlot is a family-run business that feeds more Bos indicus cattle than most other yards, operating in one of the most remote parts of Queensland.

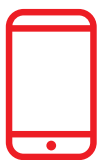
Behind the scenes, BOQ Senior Agribusiness Manager Ian Mills (featured on the front cover of this report) has been a steady partner on Barmount Feedlot's journey since 2014.

It's a relationship grounded in trust, understanding, and a deep commitment to long-term growth.

For Phil and Lynise Conaghan, co-owners of Barmount Feedlot, their relationship with Ian and BOQ began when they were searching for more personalised service.

'Bank of Queensland stood out as the right fit, and Ian quickly proved that they could deliver exactly what we needed,' the Conaghans say. 'Ian takes the time to understand our business, our goals and our people. He treats our successes like his own.'





Digitise. Automating and innovating

Highlights

91%
of target IT assets
on cloud

AI
partnership
launched

Why is this important?

We're building an end-to-end digital bank, that can grow at scale, with a lower unit cost, and deliver exceptional experiences for our customers and our people. We know targeted digital models are not only levelling the playing field, they are also enabling smaller players to outperform their bigger rivals. We are building a highly automated digital bank proposition that makes banking faster, better and easier for our customers.

Our business.

Digital mortgage

The Group's digital mortgage was released to customers through both mobile lenders and brokers this year in a phased approach.

The digital mortgage was developed to be omni-channel with digitised processing, seamless customer origination and servicing experience, enabling customers to self-serve multiple functions, to manage their loan at their convenience.

It reduces the number of hand-offs along the process of a customer obtaining a home loan, materially reducing the time a customer will wait for an outcome of their application and reducing the processing time by two thirds.

The cost for the Group to originate and service a digital loan is expected to halve compared to heritage home loan products and is a key initiative in BOQ's ability to compete effectively in a largely commoditised market.

Decommissioning heritage technology

BOQ remains focused on consolidating and simplifying its technology landscape. As customers are migrated to the new digital bank, the Group is also retiring a significant number of systems. This not only removes complexity but improves operating costs and allows changes to be delivered more quickly, to better meet customer needs.

Through FY25, 41 IT assets were decommissioned. A material reduction will occur following the completion of the migration of customers to the digital bank.

Cloud transformation

BOQ's cloud transformation program has delivered a highly automated and secure Microsoft Azure platform. This year, target state business banking applications were migrated to the new cloud platform.

91 per cent of BOQ's target state IT applications are now in the cloud, which allows the use of the latest innovations from Microsoft, including AI, and provides faster, more personalised digital services for customers.

Artificial Intelligence (AI)

BOQ has expanded its deployment of Microsoft Copilot across the business this year, creating capacity for users to focus on higher-value activities that better support customers, and strengthen BOQ. The pilot in 2024, in which a significant portion of users benefited from increased daily capacity, was showcased by the Microsoft CEO at Microsoft's global conference *Ignite* in November 2024.

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



Accelerating our transformation through partnerships



BOQ has entered into a new strategic partnership with **Capgemini** that will accelerate its digital transformation. Under the partnership, BOQ will draw on Capgemini's global capabilities to streamline technology and business operations and build and deploy enterprise AI capability to help better serve customers, and strengthen BOQ. A key supporting initiative is the co-creation of an AI academy to upskill employees and equip them for success in an AI-driven future.

The new partnership complements the strong established relationship with **Microsoft**, which remains core to BOQ's cloud-first digital transformation.

Our people.

Women in Digital

A key component of equipping employees for a rapidly advancing digital environment is the Group's platinum partnership with Women in Digital, which provides networking, education and empowerment opportunities.



(L-R): Shirphine Loh, Head of Product Acquisition & Retention and Victoria Vivente, Customer Outcomes Lead (CAO) attending a Women in Digital networking event.

Our customers and community.

Cyber security



Recognising that cyber security threats remain constant and evolving for the global financial services sector and the importance of keeping customers' information safe, BOQ has continued to invest in the strength of its cyber security maturity. The dedicated team at BOQ includes incident response, threat, and vulnerability management spanning security architecture, strategy, governance and risk.

BOQ engages a leading cyber security consultancy for independent testing and reviews of its environment and penetration & controls testing, and the Group utilises intelligence led exercises to both test and improve its response to cyber threats. These reviews assess BOQ's cyber posture against a benchmark of industry peers and provides management with a view of the environment. Annual attestations are conducted for partners, for reporting to regulators and insurers.

The Group has had no significant notifiable cyber security or privacy breaches⁽¹⁾ in 2025 resulting in the public disclosure of data.

Data



Data is a strategic asset for the Group, underpinning the delivery of secure, personalised and efficient banking services for customers. BOQ has continued to invest in its cloud data platform, analytics capabilities and artificial intelligence to enhance decision making, strengthen risk management and improve customer experiences.

Recognising the importance of maintaining high standards of data quality, the Group applies a framework that establishes clear ownership, accountability and controls across the data lifecycle. The framework is overseen by the Board and includes initiatives to improve the quality of data collected and managed, enhance data lineage capabilities and remove complexity as heritage data stores are retired. Key performance indicators are reported regularly to management and the Board.

Digital experience



The Group has continued to enhance the digital products and services offered to customers. An updated version of BOQ heritage internet banking was delivered, providing a more modern experience for BOQ heritage customers, while the digital bank migration continued for ME customers, who are the first tranche of customers migrating to the digital end-to-end bank. ME customer experience was also enhanced this year with the launch of a new digital bank browser-based internet banking platform.

During the year, personalisation was introduced to the digital bank apps, allowing tailored messaging and recommendations to customers. The login experience and payments flow were enhanced, and the chat service was improved to help customers get the right support more easily.

(1) Resulting in the public disclosure of data.



Optimise. Unlocking our potential

Highlights

\$231m
Dividends paid
to shareholders

+70 bps
ROE uplift YoY

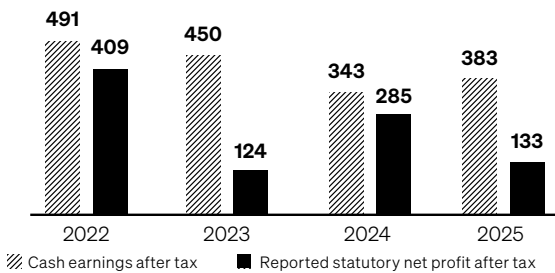
Why is this important?

When we optimise, we are making banking as good as it can be - for our customers, people, shareholders, and communities. We are continuing to invest in the future of the Group, seeking to optimise the allocation of capital and our risk adjusted returns, to improve Return on Equity. We are challenging existing norms, optimising our workforce by managing talent, ongoing diversity and inclusivity. We are supporting the transition to a lower carbon economy, and are steadfast in our commitment to deliver on our strategy and truly unlock the potential of BOQ Group.

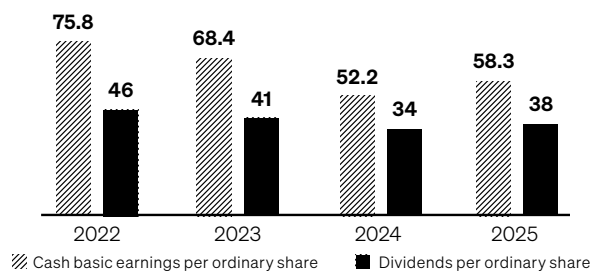
Our business.

FY25 financial performance

Profit results (\$m)



Earnings and dividends (cents per ordinary share)



\$383m

Cash earnings
after tax

Up 12% on FY24

\$133m

Reported statutory net
profit after tax

Down 53% on FY24

58.3¢

Cash basic earnings
per ordinary share

Up 12% on FY24

38¢

Dividend
per ordinary share

2H25 dividend 20¢

1.64%

Cash net
interest margin

Up 8bps on FY24

64.7%

Cash cost to
income ratio

Down 210bps on FY24

6.4%

Cash return
on equity

Up 70bps on FY24

\$21m

Loan impairment
expense

Up 5% on FY24

Further detail on the Group's financial performance can be found on page 69.

Business bank growth



Following the conversion of the branch network in March, BOQ has piloted a new co-located branch model, which is intended to expand in Queensland identified growth corridors, where both retail and business customers can be served. This model has provided early indicators of success with strong lending origination.

BOQ is focused on reallocating capital towards higher returning assets. This will build on existing strength in agriculture, healthcare and other diversified businesses. To support this, the Group has onboarded 35 business bankers, with a focus on continued growth in FY26.

“Being supported in my growth as a banker is so helpful in continuing to improve how we serve customers. In attending BOQ's 'business bank sales masterclass' program, I gained invaluable tools which could be applied immediately in customer situations.”

- Jon-Paul Powrie, Senior Relationship Manager

Our people.

Talent management and capability



BOQ Group's talent strategy aims to deliver sharper customer outcomes through a workforce that's agile, accountable, and future-ready. In FY25, this included the acceleration of capability uplift with targeted hiring, internal mobility, and leadership development, supported by a refreshed performance framework.

One focus of the strategy is potential over tenure, and investment in assessment tools has provided scalable talent assessment. By embedding clarity, career pathways, and compliance, BOQ continues to build a workforce that's not just skilled, but aligned to realising the Group's vision: *to be the bank customers choose*.

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 FY25, 99 per cent of the BOQ workforce completed mandatory compliance learning modules, with substantial strengthening of AML/CTF, Banking Code of Practice and CoC learning packages for team members.

Supporting banker capability

Supporting the Group's strategic focus on expanding business banking, BOQ has this year partnered with global and industry recognised external providers to uplift capability in banking, credit risk and customer experiences, and delivered a structured induction program for new BOQ Specialist bankers. Following the conversion of branches, a bespoke 'Transitioning to BOQ' capability program was delivered for team members who joined the Group from a previously franchised branch.

Uplifting both leadership capability and risk culture has remained a key focus for the Group, to support delivery of the defined target state culture: customer first, performance and outcomes driven and agile. This year that has included training programs on the end-to-end value chain for digital home loans, ensuring bankers are ready to serve customers and grow capability in response to customer needs; early and middle managers also received quarterly delivery of capability modules to uplift coaching and feedback.

Recognition

"ThanQ" is part of the Group's achiever platform, which enables real time recognition. This year, there were over 9,000 individual recognitions sent by peers to share a "ThanQ" for actions in line with the Group's values.

Diversity and inclusion

Diversity and inclusion requires a united collective approach. BOQ is committed to a workplace where people feel safe to belong, can bring their true and whole 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.

(1) Senior Leadership encompasses our Executive Committee, General Managers and Heads of 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.

At BOQ, diversity is recognised as a key enabler of success. Inclusion across all levels of BOQ is paramount, incorporating gender, marital or family status, sexual orientation, age, ethnicity, religious beliefs, nationality, cultural background, socio-economic background, perspective and experience or personal characteristics such as disability, medical conditions, carers' responsibilities or any other unique characteristic of an individual or group.

The Group's Diversity and Inclusion Policy can be found on the [website](#). A key advancement in recognising diversity this year was the introduction of changes to Parental Leave Standard to no longer distinguish primary and secondary carers, providing all BOQ employees with equal access to parental leave.

BOQ's People, Culture and Remuneration Committee plays an important role in relation to BOQ's people strategy, remuneration strategy and approach to diversity and inclusion (including gender balance). This Committee has a 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
- 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 with regard to the Board is the responsibility of the Nomination and Governance Committee.

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. BOQ is recognised as a Workplace Gender Equality Agency (WGEA) Employer of Choice for Gender Equality.

As at 31 August 2025, the representation of women against target was:

	Representation	Target
BOQ Board	43%	40%
Women in senior leadership ⁽¹⁾	41%	40%
Women in leadership ⁽²⁾	41%	42%

The percentage of employees identifying as women in BOQ Group is 54 per cent, and in the BOQ executive team, female representation is 43 per cent. This year has seen the highest representation of women in senior leadership and leadership since the Group set the measurable objectives in 2021. The year on year growth as compared to 2024 was two percentage points for women in senior leadership, and one percentage point for women in leadership.

In accordance with the *Workplace Gender Equality Act 2001*, BOQ lodged its annual public report to WGEA for 2025, which can be located on the BOQ [website](#) and www.wgea.gov.au.

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

Banking without Barriers champions accessibility and inclusivity, helping people and customers reach their full potential, by making diversity our strength.

ProudlyMe

ProudlyMe amplifies the voices of the LGBTQIA+ and ally community across the Group, striving to uplift and empower our people of diverse sexualities and genders through training and education, culture and events, and advocating for inclusive policies and procedures.

FIRST NATIONS RECONCILIATION COUNCIL

The First Nations Reconciliation Council is focussed on helping BOQ achieve its reconciliation vision through a collaborative, optimistic and inclusive approach.

SPARK

Spark is focused on igniting conversations to inspire and enable gender equality across the Group providing representation, removing barriers and driving action to achieve change through leadership.

CULTURAL CAPITAL COMMITTEE

The Cultural Capital Committee celebrates and amplifies the rich cultural diversity across the Group's people, customers and communities by being outrageously courageous and deeply curious.

THE CAREER NETWORK

The Career Network fosters an inclusive community, and supports personal and professional development for evolving talent across the Group.

Our customers and community.

First Nations reconciliation



The Group has continued to deliver [Reconciliation Action Plan](#) initiatives, whilst focusing on the development of BOQ's second Innovate Reconciliation Action Plan.

In acknowledgment of NAIDOC Week, teams across the country came together to reflect, connect, and honour the stories, cultures, and contributions of Aboriginal and Torres Strait Islander peoples. The Group was also proud to continue supporting Supply Nation to direct spending towards social change. Financial literacy, mentoring and networking opportunities were facilitated for First Nations youth.

Financial inclusion and accessibility



Acknowledging the pace of technological change and the impact on customers who may face barriers engaging with digital banking, the Group's digital apps have been designed with accessibility as a key element and are regularly tested. The apps 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.

ME Go charity cards



BOQ Group donated \$340,000 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 1c per each digital tap is donated to the chosen charity by the Group.



Way Forward

BOQ is proud to have partnered with Way Forward, a not-for-profit charity that helps people manage and repay their debts when life doesn't go to plan.

Way Forward works with people facing long-term financial stress due to unemployment, illness or other life changes. They provide high-quality, free and independent support by creating affordable repayment plans that bring multiple debts together, making it simpler and less stressful for people to get back on track.

“This is a win/win for both the bank and their customers. People want to repay their debts but some just need a bit more time and assistance to do that.”

– Fiona Guthrie
CEO, Way Forward Debt Solutions

For more information or to access support, visit www.wayforward.org.au.



In strengthening the long-standing partnership with Orange Sky Australia, the Group piloted a new corporate volunteering program, *Empower Packs*. This hands-on initiative allowed BOQ employees to attend a shift with Orange Sky across Brisbane, Sydney and Melbourne, gaining first hand experience of the important work Orange Sky does in supporting Australians doing it tough. Participants reported the experience as powerful in creating moments of connection and insight.

CORPORATE GOVERNANCE.

Overview.

The following section forms BOQ Group's Corporate Governance Statement, following the ASX Corporate Governance Principles and Recommendations (4th edition) (**CGPR**) published by the ASX Limited's Corporate Governance Council, available at asx.com.au.

The statement has been approved by the Board and is current as at 15 October 2025.

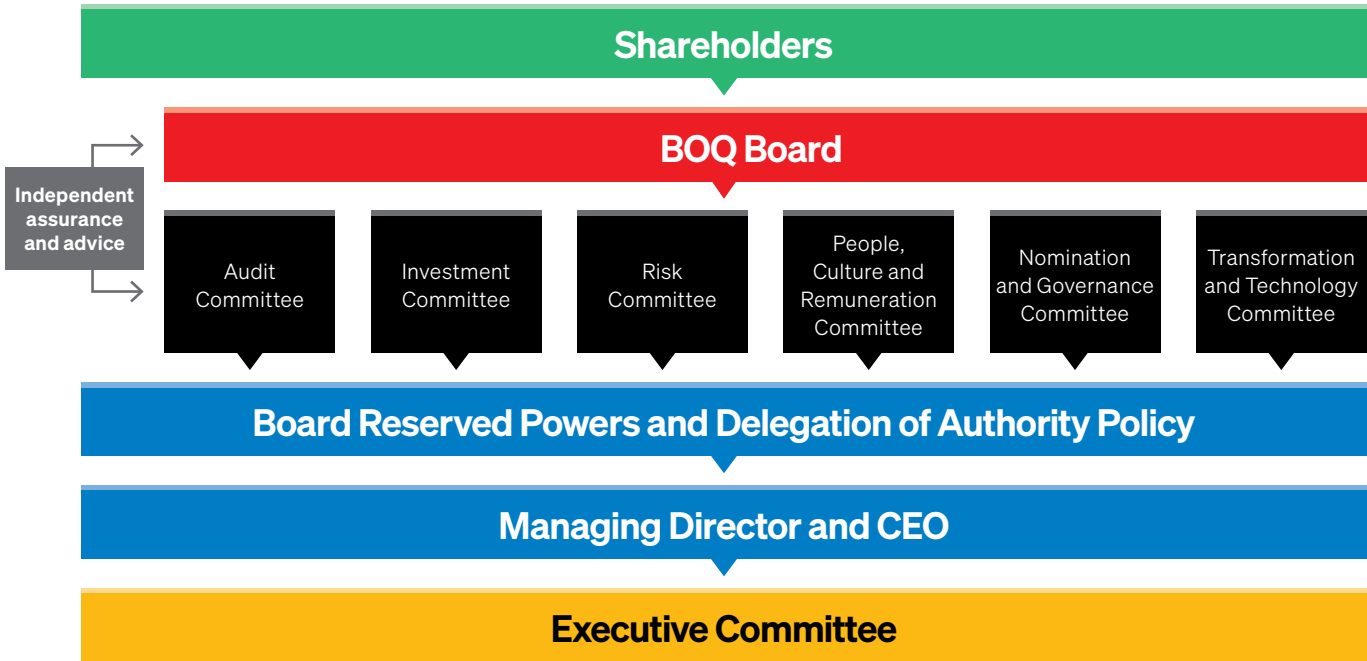
BOQ's Appendix 4G is available on the following section of BOQ's website: boq.com.au/about-us/corporate-governance

- Information on BOQ's Inclusion and Diversity Policy and measurable objectives are on page 25; and
- Risk Management overview (including Environmental, Social and Governance risk management) is on pages 47 to 53.

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 which presently exists. More information on BOQ's Constitution, Board and Committee Charters and key corporate governance policies is available on the [BOQ website](https://boq.com.au).

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.



Warwick Negus

BOQ Chair
Non-Executive Independent Director
B Bus, M Com, SF Fin

Warwick was appointed a Director of BOQ on 22 September 2016 and its Chair on 27 March 2023.

Warwick brings more than 30 years of finance industry experience in Asia, Europe, and Australia. His most recent executive roles include Chief Executive Officer of 452 Capital, Chief Executive Officer of Colonial First State Global Asset Management, and Goldman Sachs Managing Director in Australia, London, and Singapore. He was also a Vice President of Bankers Trust Australia and a Director of the University of NSW Foundation and FINSIA.

Warwick is Chair of Dexis Funds Management Limited, and a Non-Executive Director of Virgin Australia Holdings Ltd and Terrace Tower Group. He is a member of the Council of UNSW.

Warwick is Chair of the Nomination & Governance and Investment Committees and a member of the People, Culture & Remuneration, Audit, Risk and Transformation & Technology Committees.

As announced to the ASX on 19 August 2025, Warwick will retire from the BOQ Board, effective 24 October 2025.



Patrick Allaway

Managing Director & Chief Executive Officer
BA/LLB

Patrick was appointed as Managing Director & Chief Executive Officer of the Bank on 27 March 2023 for a period up to December 2024, following his role as Executive Chair. This was made a permanent role on 14 August 2023.

Patrick has extensive senior executive, non-executive, and corporate advisory experience across the financial services, property, media, and retail sectors.

Patrick's executive career was in financial services with Citibank and Swiss Bank Corporation (now UBS) working in Sydney, New York, Zurich, and London. Patrick was Managing Director SBC Capital Markets & Treasury with direct responsibility for a global business.

Patrick brings over 30 years of experience in financial services across financial markets, capital markets, institutional banking, and corporate advisory. Patrick has extensive experience in leading large global teams, transforming businesses and managing customer activities with global responsibility for serving corporate and institutional customers.

Patrick has over 15 years of Non-Executive Director experience and was formerly Chair of BOQ, a Non-Executive Director of Allianz Australia, Dexis Funds Management Limited, Macquarie Goodman Industrial Trust, Metcash Limited, Fairfax Media, Woolworths South Africa, David Jones, Country Road Group, and Nine Entertainment Co. Patrick chaired the Audit & Risk Committees for Metcash, David Jones, and Country Road Group.

Patrick is currently a member of the Adobe International Advisory Board. Adobe is a leading global technology company, ranked in the top 50 of all global companies by market capitalisation.



Andrew Fraser

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

Andrew was appointed a Director of BOQ on 8 February 2024.

Andrew is Chair of Australian Retirement Trust and a Director of Brisbane Broncos and President of Motorsport Australia. In addition, he is Chair of Orange Sky Australia, as well as a Director of the Hear and Say Centre; and a Director of BESIX Watpac (Corporate Services).

In 2022, he was appointed Chancellor of Griffith University.

His previous roles have included Head of Strategy & Investment at National Rugby League, Director of the Australian Sports Commission, Moorebank Intermodal Company and a Director of BESIX Watpac. Andrew also served as a Minister in two governments including as Treasurer of Queensland from 2007 to 2012.

Andrew is Chair of the Audit Committee, and a member of the Risk, Transformation & Technology, Nomination & Governance and Investment committees.

As announced to the ASX on 19 August 2025, Andrew Fraser has been appointed as Chair Elect.

When Andrew commences as Chair of the BOQ Board he will be a member of each Committee and will also Chair the Nominations & Governance Committee.

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 ten 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.

She is also a Director of Ramsay Générale de Santé. Karen 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. She is a member of Chief Executive Women.

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



Paul Riordan

Non-Executive Independent Director B Econ, CPA, F FIN, GAICD

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).

Paul is a member of the Audit, Risk, Transformation & Technology, and Nomination & Governance 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 across media, technology, and e-commerce. She has built and led global businesses for iconic brands such as Yahoo, Fox, and Disney, as well as early-stage companies including Hulu and Fandango.

Mickie is also a Non-Executive Director of Nine Entertainment Co and Centurion Acquisition Corp. Prior, Mickie served on the boards of Domain Holdings Group, FaZe Clan, Pandora Media and Ascendant Digital Acquisition Corp, was the President of Tribune Interactive and concurrently the President of the Los Angeles Times.

Mickie commenced her career with McKinsey & Company, is based on the West Coast of the United States, and holds an MBA from Harvard Business School.

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



Mary Waldron

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

Mary Waldron was appointed a Director on 11 November 2024.

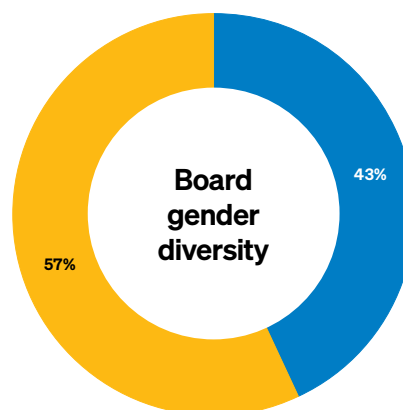
Mary is currently an Independent Non-Executive Director, and Chair of the Risk, Compliance and Audit Committee at Zurich Financial Services Australia Limited and subsidiaries, as well as an Independent Non-Executive Director and Chair of the Audit & Finance Committee of Crown Melbourne Limited.

Mary is a Non-Executive Director of the Melbourne Symphony Orchestra Pty Ltd, a member of Chief Executive Women, a graduate of the Australian Institute of Company Directors and a fellow of the Institute of Chartered Accountants in Australia.

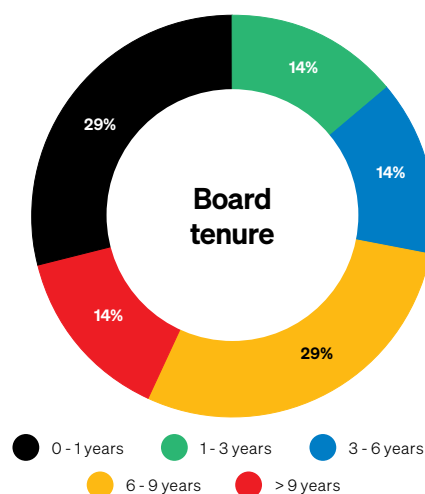
Mary was previously a Director of Chartered Accountants Australia & New Zealand, the Macfarlane Burnet Institute for Medical Research & Public Health, Opera Australia, the Melbourne Recital Centre, and Chair of the Centre for Ethical Leadership Advisory Board.

Mary has extensive global executive leadership experience (in risk, regulation and business technology, and digital transformation) with more than 35 years' professional experience in audit, risk and consulting to Australian listed, government, and private companies as a former Partner at Arthur Andersen and Ernst & Young, where she also held senior leadership roles. She spent 14 years at PricewaterhouseCoopers where she was a member of their Global Leadership Team and their Global Chief Risk Officer from 2016 to 2021.

Mary is Chair of the Risk Committee and a member of the Audit, Transformation & Technology, Nomination & Governance and Investment Committees.



● Male ● Female



● 0 - 1 years ● 1 - 3 years ● 3 - 6 years
 ● 6 - 9 years ● > 9 years

Executive team.



Patrick Allaway

**Managing Director & Chief Executive Officer
BA, LLB**

Refer to Board of Directors page 31 for Patrick'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 channels (including branch, broker, mobile lending and digital), growing the BOQ, Virgin Money and ME brands within their target customer segments. He is also responsible for guiding the Group's digital bank strategy, and product, marketing and digital functions.

Prior to this appointment, he was Director Retail Brands and Distribution, BOQ Group, and Chief Executive Officer, Virgin Money Australia.

Greg has a wealth of leadership and deep financial services expertise, he has been instrumental in the build and delivery of the new multi-brand digital bank for Virgin Money Australia, BOQ and ME brands. His experience spans across strategy and investment management at Virgin Group, in both Australia and London, executing major projects for the Group. Greg started his career as a corporate lawyer in Australia and London at Mallesons and Freshfields.



Rod Finch

**Chief Transformation & Operations Officer
BEc(Hons), GAICD**

Rod joined BOQ Group in April 2021 and was appointed Chief Transformation & Operations Officer in September 2023.

Rod brings over 20 years' experience in banking and financial services, spanning senior roles in corporate strategy, customer, product and digital functions in Australia and the UK.

In his current role, Rod leads the strategy function and operations for the Group, along with overseeing the delivery of the Group's transformation initiatives.

Prior to joining BOQ, Rod worked at AMP, where his most recent roles were Managing Director of AMP Bank and Managing Director of Wealth Platforms & Products.

Prior to AMP, Rod held a number of senior leadership roles in corporate strategy and customer functions at Lloyds Banking Group in the UK as well as senior management roles at Westpac.



Racheal Kellaway

Chief Financial Officer **BCom, CPA, GAICD**

Racheal was appointed the Chief Financial Officer in July 2022, having been part of the Executive team for the prior three years as Deputy CFO.

Racheal joined BOQ after over a decade at the Commonwealth Bank of Australia during which time she held leadership roles in Group Finance and within the Business and Private Banking and the Retail Banking divisions leading Finance teams.

Racheal is a seasoned executive with 25 years' of experience in the industry and a track record of driving strong business performance and value creation within Australia, New Zealand and the UK.

Racheal is also an experienced Company Director and currently is a Non-Executive Director at Barnardos, chairing the Finance and Audit Committee; is a member of the Finance and Risk Committee at the Australian Banking Association; and is a member of Chief Executive Women.



Craig Ryman

Chief Information Officer **BCom**

Craig is BOQ Group's Chief Information Officer, leading the bank's technology, data, procurement and property functions.

Craig is a seasoned financial services executive known for his strategic vision and track record of driving transformation programs and operational excellence. In his role at BOQ, Craig is leading the modernisation of BOQ's technology platforms and data-driven innovation that will transform how BOQ delivers value to its customers.

Craig joined BOQ in July 2020. Prior to this, he worked 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, enterprise project management, operations, strategic sourcing, corporate real estate and innovation. Craig also led the AMP Life divestment to Resolution Life.



Rachel Stock

Chief Risk Officer **BCom, MAppFin, CA, GAICD**

Rachel joined BOQ's executive team in February 2024 and transitioned to the role of Chief Risk Officer in April 2024. Rachel brings a wealth of experience in governance, risk management, financial management, and operations to BOQ.

A 25-year veteran of Macquarie Group, Rachel held various senior positions including Head of Operational Risk and Governance across the Group, Chief Financial Officer for Corporate and Asset Finance, and Chief Operating Officer roles for the Principal Finance business and Risk Management Group. Her career began in audit and advisory at KPMG, spanning offices in Sydney, London and Singapore.

Beyond extensive industry experience, Rachel offers valuable board-level insights. Since 2018, she has served as a Non-Executive Director at APIR Systems Limited, contributing to its governance and strategy. She has served on the Council of Newington College since February 2024, and is a member of Chief Executive Women.

Executive team.



Alexandra Taylor

Chief People Officer
BBus, CA, GAICD

Alexandra joined BOQ Group as Chief People Officer in March 2024. With over 25 years' experience, she is recognised as a leader who executes strategies that support business outcomes.

Prior to joining BOQ, Alexandra spent three years at the 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 commenced her career with KPMG in Assurance and Advisory, working in both Sydney and London.

Alexandra is a commercial, results-focused executive with deep financial sector knowledge, diverse experience and capability. Alexandra is a member of Chief Executive Women and a Non-Executive Director of KU Children's Services.

Company Secretaries.

The Board is responsible for appointing the BOQ Group Company Secretaries. The Board had two appointed Company Secretaries as at 31 August 2025. 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 headed the Corporate and Lending legal team and the Corporate and Commercial legal team.

Board composition, diversity and performance.

Role of the Board

The role of the Board is to set BOQ's strategic direction, risk appetite and cultural expectations through the CoC 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, people and shareholders.

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 Policy and 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.

Warwick Negus was appointed BOQ's Chair on 27 March 2023. Warwick also chairs the Nomination & Governance Committee and the Investment Committee (and is a member of all other Board Committees). As disclosed to the market on 19 August 2025, Warwick will retire from the Board on 24 October 2025 and Andrew Fraser has been appointed Chair Elect. It is intended that Andrew will also chair the Nomination & Governance Committee and the Investment Committee (and be a member of all other Board Committees).

Board committees

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

The Board has also established an Investment Committee (which may be convened as required to consider significant capital projects or investments or divestments) and a Due Diligence Committee (which may also be convened as required). As the purpose and mandate of the Investment Committee and Due Diligence Committee are determined by the Board as the case requires, the Committees do not have separate charters. The Board also has the ability to establish other ad hoc committees from time to time as may be required.

Key Board activities in FY25

Key areas of focus for the Board in FY25 were:

- Oversight and delivery of the remedial action plans (AML First and Program rQ),
- Overseeing execution (and acceleration) against BOQ's strategy, including the corporatisation of BOQ's branches,
- Overseeing BOQ's digital transformation; and
- Overseeing BOQ's cultural transformation.

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. The Board's forward planner reflects the Board Charter and is set annually in advance. The forward planner allows flexibility to raise ad hoc matters and to tailor Board training 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	Audit Committee	Investment Committee	Nomination & Governance Committee	People, Culture & Remuneration Committee	Risk Committee	Transformation & Technology Committee
Warwick Negus	●	○	●	●	○	○	○
Patrick Allaway	○						
Andrew Fraser	○	●	○	○		○	○
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
Audit Committee	Andrew Fraser (from 1 January 2025 and prior to that Karen Penrose)	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
Risk Committee	Mary Waldron (from 3 December 2024 and prior to that Bruce Carter)	The Risk Committee must have: - three independent NEDs - an independent NED as Chair who is not Chair of the Board or the Audit Committee
People, Culture and Remuneration Committee	Karen Penrose (from 1 January 2025 and prior to that Deborah Kiers)	The People, Culture and Remuneration Committee must have: - three independent NEDs - an independent NED as Chair
Nomination and Governance Committee	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
Transformation and Technology Committee	Mickie Rosen	The Transformation and Technology Committee must have: - three independent NEDs - an independent NED as Chair

Attendance at meetings

Details of director attendance at Board and Committee meetings in FY25 are detailed below.

While all directors are not members of all Committees, they receive the papers and are free to attend Committee meetings of which they are not a member.

The number of meetings of the Group's Directors (including meetings of 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	Transformation & Technology Committee	Tenure as at 31 August 2025
Warwick Negus ⁽¹⁾	13/14	7/7	5/5	7/7	7/7	10/10	8 years, 11 months
Patrick Allaway	14/14						6 years, 4 months
Bruce Carter ⁽²⁾	3/3	4/4	3/3	4/4	3/3	3/3	10 years, 10 months ⁽⁷⁾
Jennifer Fagg ⁽³⁾	3/3	3/3	2/2	3/3	3/3	3/3	3 years, 1 month ⁽⁷⁾
Andrew Fraser	14/14	7/7	5/5	4/4	7/7	10/10	1 year, 6 months
Deborah Kiers ⁽⁴⁾	14/14	4/4	5/5	7/7	7/7	9/10	4 years, 1 month
Karen Penrose	14/14	7/7	5/5	7/7	6/7	9/10	9 years, 9 months
Paul Riordan ⁽⁵⁾	6/6	1/1	0/1		2/2	3/4	4 months, 15 days
Mickie Rosen	13/14	4/4	5/5	7/7	7/7	10/10	4 years, 6 months
Mary Waldron ⁽⁶⁾	12/12	5/5	3/3	1/1	5/5	9/9	9 months, 20 days

There were no meetings of the Investment Committee in FY25.

(1) Warwick Negus ceasing as Director, effective 24 October 2025.

(2) Bruce Carter ceased as a Director on 3 December 2024.

(3) Jennifer Fagg ceased as a Director on 29 November 2024.

(4) Deborah Kiers ceased as a Director on 31 August 2025.

(5) Paul Riordan appointed as a Director on 16 April 2025.

(6) Mary Waldron appointed as a Director on 11 November 2024.

(7) Tenure as at date of retirement from Board.

Board composition

Effective from the close of the 2024 Annual General Meeting (**AGM**), the Board comprised six Non-Executive Directors. An additional Non-Executive Director was appointed in April 2025.

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
- the existing workload of directors and that they have sufficient capacity to undertake their duties

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 updated,
- A draft matrix was provided to the directors,
- Each director self-rated and was then peer rated; and

The Board then reviewed the matrix against current and future needs.

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.	
Banking and financial services experience	Experience in the financial services sector including retail and business banking services. Experience working in a regulated environment.	
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.	
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.	
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.	
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.	
Customer	Experience developing, growing and sustaining differentiated value propositions and brands, overseeing the development of strong customer focused cultures and driving customer outcomes.	
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.	
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.	

 Moderate
  Strong
  Very Strong

The Board undertook continuing education in FY25 in the following areas: sustainability and climate related financial disclosures, AI, CPS 230, managing through change, leadership capability; and psychological safety & WHS.

Board composition, diversity and performance.

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](#), the Board evaluates its performance annually.

The Chair meets with each individual Director to discuss Board and Committee performance and the individual Director's performance.

An internal performance review was undertaken in FY25, informed by the external review performed in FY24. External assistance was provided to inform the review process. 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.

Actions from the FY25 review included:

- continue uplift of governance and risk at BOQ through oversight of BOQ's Remedial Action Plans
- continue focus on strategy, transformation and culture,
- CEO succession and transition planning; and
- Board renewal.

The Board (excluding the Chair) reviewed the performance results of the Chair.

An external review will be conducted in FY26.

Remuneration policies and practices

The Board has in place a Remuneration Policy which forms part of BOQ's human resources and risk management system in accordance with the APRA requirements set out in APRA CPS 511 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 objective setting 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 behavioural impacts 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 FY25 in accordance with this framework. Details of remuneration paid to Directors (Executive and Non-Executive) are set out in the 2025 Remuneration Report contained on pages 96 to 119. The Remuneration Report also contains information on BOQ's policy for determining the nature and amount of remuneration for Directors and executives. BOQ has a written agreement with the MD&CEO and each of its executives, which sets out the contractual terms of their employment.

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.

Director engagement with BOQ's people

In FY25, the Board participated in a number of engagements including:

- Call centre visit to better understand customer perspectives and the needs of front-line staff
- Regular lunches with staff 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 a forum for informal feedback
- Involvement in town halls with BOQ staff
- Engagement on progress against the Group's EUs
- Customer engagements to mark BOQ's 150th anniversary
- Community partner engagement with Orange Sky Australia



Senior leaders, Niki King, Claire Woodley, Kate Gilligan joined by Director Mary Waldron for an International Women's Day panel discussion.

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. Nonetheless, the Board has set a maximum three term period, after which, the Director will remain subject to the Board's annual assessment of Director independence. In addition, a regular assessment of Director independence will be undertaken by BOQ.

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

All 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 at the time of appointment. 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.

Culture

BOQ Group believes that a constructive culture where all employees and representatives live the Group values is essential to creating long-term value for 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 the Code of Conduct. The Board monitors culture through surveys, audits, compliance and whistleblower reports and various other sources on an ongoing basis.

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 can be found on page 16 of this report, and in BOQ's [Code of Conduct](#).



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, 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**), effective 15 March 2024, expands on the accountability framework introduced under the Banking Executive Accountability Regime. The FAR mandates clear accountability and governance frameworks, along with promoting high standards of conduct and requiring integration of its risk management. All BOQ's Accountable Person statements have been reviewed and enhanced to comply with FAR. It is a requirement of the FAR for each Accountable Person to have an individual statement that sets out their individual areas of responsibility, including the Regulator prescribed responsibilities that the Accountable Person must agree to and sign. BOQ must also have an Accountability Map, which is a visual representation of the Accountable Persons reporting lines and areas of responsibility. Both the signed Accountability Statements and Accountability Map must be lodged with APRA, and BOQ must notify APRA of any relevant changes to these documents.

As part of BOQ's ongoing commitment to regulatory compliance and governance excellence, BOQ has matured its accountability frameworks with a focus on continuous improvement to ensure alignment with its strategic and transformational agenda. Accountability remains central to decision-making, reinforcing clarity of roles and responsibilities and supporting a strong risk culture.



Whistleblowing

The Board and Management are seeking to shape a culture that encourages openness, integrity and accountability through BOQ's 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](#).



Anti-Bribery and Corruption

Consistent with its values, BOQ has zero tolerance for any form of bribery and corruption. The Anti-Bribery and Corruption Policy outlines BOQ's 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 is available on [the 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 media releases and the BOQ 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 Communications Policy is available on [the website](#).



Securities Trading

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 [the BOQ website](#).



Modern Slavery

BOQ acknowledges its responsibility to reduce incidents of slavery, slavery-like practices, human trafficking, and other forms of modern slavery within its operations and supply chain. The Group recognises that the choices made in operations and procurement processes may elevate the risk of individuals becoming victims of modern slavery.

During 2025, BOQ continued to deliver against its multi-year plan to improve its approach to modern slavery. In this year, a new procurement system was implemented, that strengthens processes relating to the onboarding and management of suppliers; a review was completed for a supplier in a high-risk industry, and further analysis conducted on the Group's suppliers.

BOQ Group considers the risk of modern slavery within its business to be low, given that:

- employees have access to trade union membership and employee policies include a commitment to diversity and inclusion; and
- BOQ suppliers are predominately Australian based organisations, including some with overseas operations that provide goods or services of a highly skilled nature.

The steps taken this year demonstrate the Group's commitment to promoting awareness across the organisation of modern slavery risks, and of mitigating controls being implemented. The Group will continue to leverage BOQ values to ensure the approach taken to modern slavery remains sustainable and is championed by leaders.

BOQ's Modern Slavery Statement is on [the BOQ website](#).

Audit and financial governance

External auditor

In FY25, BOQ's external auditor was PricewaterhouseCoopers (PwC).

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. 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, 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 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 2001 (Cth)*,
- APRA Prudential Standard CPS 510 Governance; and
- Accounting Ethical Professional Standards Board 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.

The External Auditor attends the AGM and is available to answer questions from security holders relevant to the audit report.

Internal audit

The Internal Audit function at BOQ Group, referred to as Group Internal Audit (**GIA**), plays a pivotal role in the Group's governance framework by serving as the third line of defence. Operating independently of management, GIA provides objective assurance, advice, and insight to the Board and senior management on the effectiveness of governance, risk management, and internal control processes. Its authority is derived from a direct reporting line to the Board Audit Committee (**BAC**), ensuring unfettered access to all Group operations and reinforcing its independence.

GIA's mandate is formalised through the Board-approved Internal Audit Charter, which aligns with the Global Internal Audit Standards issued by the Institute of Internal Auditors. The Chief Audit Executive (**CAE**) is accountable for maintaining independence and objectivity, and for ensuring that internal audit activities are conducted with due professional care. The Charter empowers the CAE to escalate matters directly to the BAC and requires annual confirmation of organisational independence.

The BAC, as outlined in its Charter, is responsible for overseeing the effectiveness and independence of the Internal Audit function. It reviews and approves the Internal Audit Charter and annual audit plan, monitors audit outcomes, and ensures timely resolution of audit findings. The Committee also meets privately with the CAE to reinforce independence and transparency. The BAC's oversight extends to evaluating the adequacy of internal audit resourcing and ensuring alignment with regulatory expectations.

GIA develops a risk-based annual internal audit plan which is reviewed periodically based on ongoing risk assessments. Internal audit activities are executed in line with approved audit methodologies and the outcomes reported to the executive management and the BAC on a regular basis. Any findings in control gaps or weaknesses, or improvement opportunities, are monitored for implementation of agreed actions. GIA also provides thematic insights and comparative analysis across business units, enhancing the Board's understanding of risk culture and control maturity.

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 2025 and full year ended 31 August 2025, 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 APRA Basel III Pillar 3 reports have been prepared to meet its disclosure requirements set out in APRA's prudential standard APS 330 'Public Disclosure' (**APS 330**) and 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).

Our stakeholders.

Our customers

BOQ's Customer Advocate exists to be the voice of customers, ensuring they are heard, understood and treated fairly.

While not independent of the bank, the Customer Advocate and their team operate independently within the bank to support BOQ and its people to make better decisions by providing input and challenge, ensuring that processes and practices remain fair for customers and in line with community expectations.

BOQ's Customer Advocate has a particular focus on:

- facilitating fair outcomes with a focus on making things easier
- identifying opportunities to improve the bank's products, services, systems and processes
- advocacy and insights to deliver fairness for customers that align with community expectations
- working closely with consumer advocates and community organisations

Refer to page 17 for more information.

Our shareholders

BOQ is focused on growing shareholder value and strives for transparency in all of its business practices. The Group understands 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 all made available via the [Governance Page](#) and [BOQ's Shareholder Centre](#) on the BOQ 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. At AGMs, security holders have the opportunity to ask questions or make comments regarding BOQ's performance, including ahead of the meeting if they cannot attend the meeting and all voting on substantive resolutions are decided by poll rather than a show of hands,
- details of BOQ's preference shares and previous capital raisings; and
- BOQ's approach to Environmental, Social and Governance matters.

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)
- 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.mpms.mufg.com. Security holders may elect to receive a document electronically or in physical form at least once in each financial year.

AGM

The 2025 Annual General Meeting (**AGM**) will be held on 2 December 2025.

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.

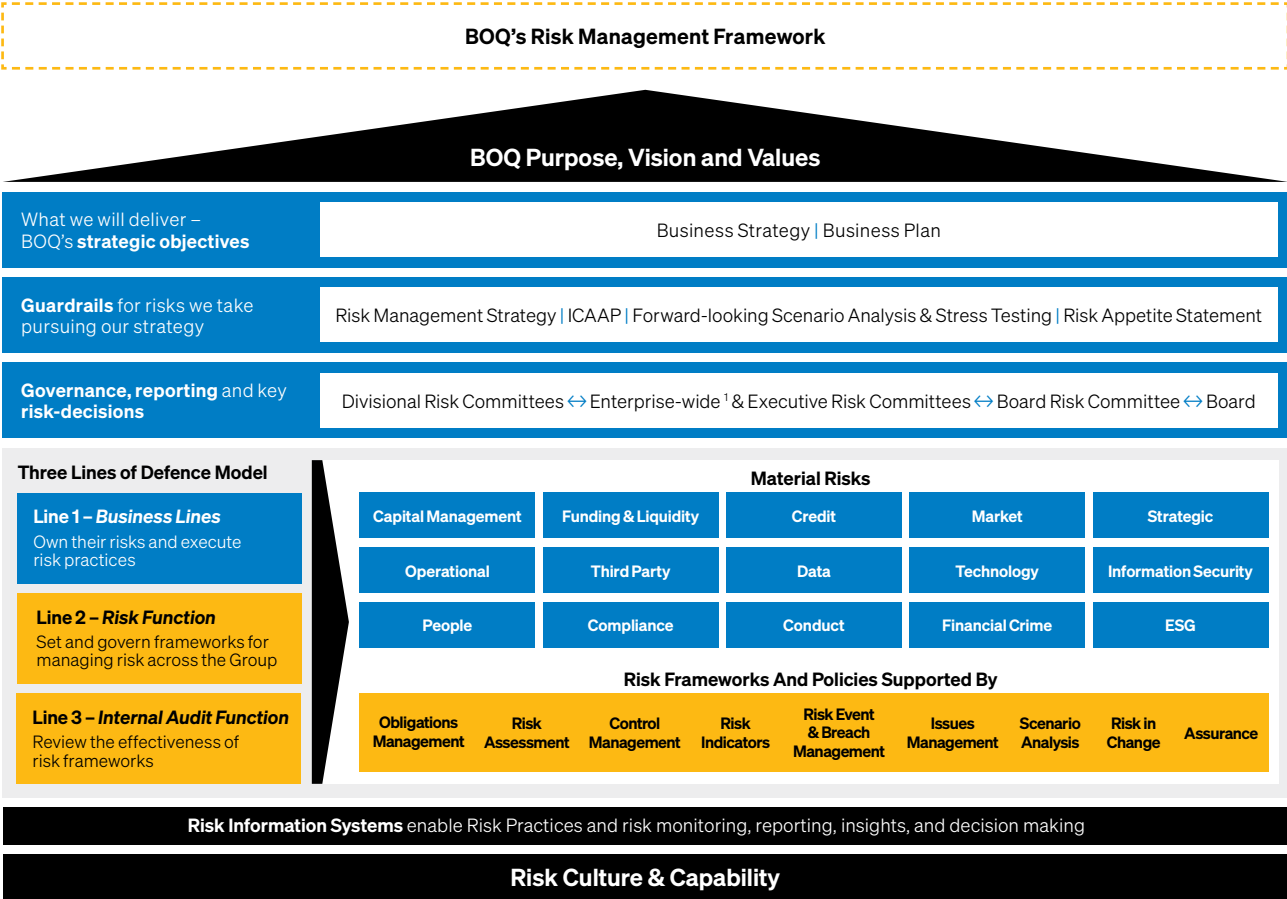
Shareholders will also be provided with a reasonable opportunity to ask questions about, or make comments on, the business of the Meeting, the management of the Company or about the Company generally during the Meeting.

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. The following diagram shows the key elements of BOQ's risk management framework.



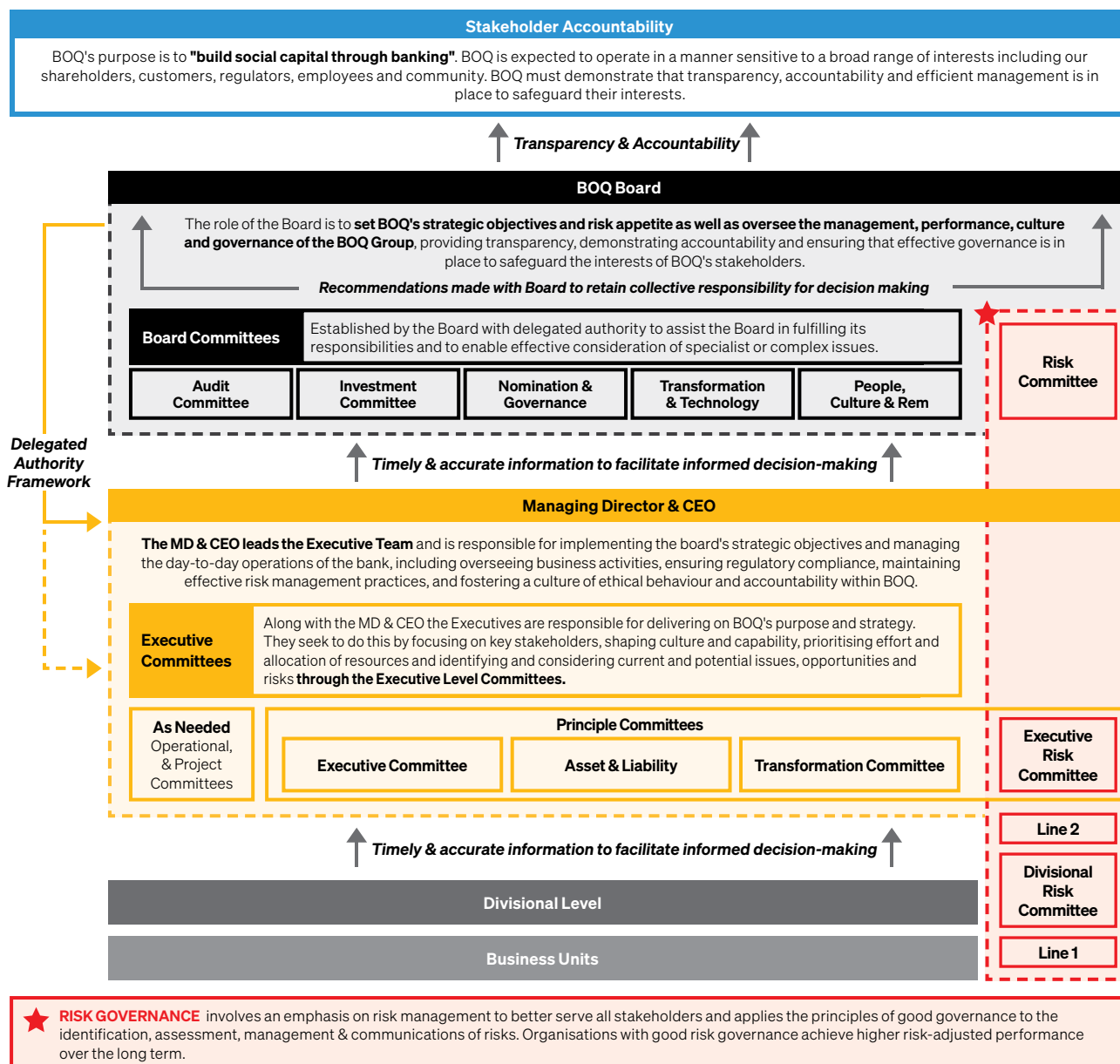
(1) Enterprise-wide Committees include Asset & Liability Committee (ALCO) and the Credit Risk Committee

Risk management framework

At BOQ, risk management is undertaken through the development and embedment of systems, structures, policies, processes and people that identify, measure, evaluate, control, monitor and report on both internal and external sources of material risk.

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, funding and liquidity risk, credit risk, market risk, strategy risk, environmental, social and governance risk, operational risk, third party risk, data risk, people risk, technology risk, information security risk, compliance risk, conduct risk and financial crime risk.

The RMS is reviewed annually and was reviewed in 2025 by the Board Risk Committee and approved by the Board. The diagram over page 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. The Group is focused on building the foundations of a strong culture fostering the right behaviours and outcomes.

During FY25 a risk culture framework was developed and implemented, which clearly articulates the risk mindsets and behaviours expected of employees. It aligns and supports organisational culture and values and empowers team members to have risk at the forefront of their mind when carrying out day to day activities.

The refreshed risk culture framework sets out BOQ's risk culture target state, describes how BOQ will monitor and measure risk culture and illustrates the metrics that will be used to measure progress towards the target state risk culture.

Three lines of defence

Three lines of defence is the operating model that helps team members 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 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 employees 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.

Material risks.



Capital management

Value drivers



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

Value drivers



The risk of failing to abide by compliance obligations as required or otherwise failing to have behaviours and practices that deliver suitable, fair and clear outcomes for 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 significant actions over FY25 to improve its approach to manage compliance, with further actions planned as part of the Group's RAPs.



Conduct

Value drivers



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

Value drivers



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

Value drivers



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

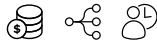
As reviewed and approved by the enterprise information management committee, BOQ's data risk management framework sets guiding principles and formalises the approach for the consistent management of data risk across the Group in alignment with the RMS and guidance contained in Prudential Practice Guide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



Environmental, social and governance



Value drivers



The risk that the Group is damaged as a result of failure to recognise or address existing or emerging sustainability related environmental, social or governance issues.

Management

The Board delegates the day-to-day management of environmental and social risks and opportunities including climate change to the executive committee. The executive committee is accountable for actions and commitments to embed climate change into business strategy and risk management. The Sustainability Committee supports the executive committee with the development and implementation of sustainability initiatives and reporting requirements. The Group's processes for identifying and assessing climate-related and social risks are integrated into Group-wide risk management activities. Refer to pages 55 to 67 for further details on management of climate risk.



Financial crime



Value drivers



The risk of engaging in money laundering and terrorism financing, bribery and corruption, and/or violating economic and trade sanctions or Know Your Customer obligations.

Management

Broadly, the Group's AML/CTF obligations are managed through the customer lifecycle and subsequent monitoring, internal policies and procedures which are governed by Part A and Part B of the AML/CTF program. There is an AML/CTF officer responsible for the maintenance and oversight of this program as well as Board oversight and approval. Through AML First, BOQ will implement a range of enhancements to the approach for compliance of AML/CTF obligations. The Group has commenced work to implement changes to comply with the *Anti-Money Laundering and Counter-Terrorism Financing Amendment Act 2024* and are engaged with AUSTRAC on the impact of the new rules on the inflight programs under AML First, including with respect to compliance and deliverable dates under AML First.



Funding and liquidity

Value drivers



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 is governed by treasury and financial markets risk policies, liquidity & funding risk appetite statement, liquidity stress testing policy, contingency funding plan and Group recovery plan.



Information security



Value drivers



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. Supported by the Board subcommittee, Transformation & Technology Committee, 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).



Market

Value drivers



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.

Material risks.



Operational

Value drivers



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.



People



Value drivers



The risk of breaching employment legislation, mismatching employee relations, failing to secure 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. People policies and frameworks inform learning programs, pulse and culture surveys, staff development, wellness and remuneration. These are governed by the Board Risk Committee and People, Culture & Remuneration Committee.



Strategic

Value drivers



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



Value drivers



The risk associated with the failure or outage of systems, including hardware, software and networks.

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



Value drivers



The risk of failing to manage third party relationships and risks appropriately, for example, not taking reasonable steps to identify and mitigate additional operational risks resulting from the outsourcing of services or functions.

Management

All outsourcing 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.

Value drivers.



Customer

Personalised experiences delivered through digital and relationship banking.



Technology & Data Capabilities

Building new capabilities and leveraging our strategic partnerships to modernise and digitise the Group, providing great customer and people experiences more securely and effectively.



Environment & Climate Change

Responsible corporate citizen, seeking to actively support customer transitions to a more resilient, lower carbon-intensive economy.



Finance

Access to funding through customer deposits, wholesale debt and capital markets to support operations and execute our strategy.



Community

Passionate bankers embedded in the community forming strong community relationships and supporting vulnerable Australians.



People

Diverse and engaged workforce, building future fit capabilities.

SUSTAINABILITY REPORT.

Sustainability Report.

Climate Statements

Basis of preparation

Reporting framework

This report represents the climate-related financial disclosures (**Climate Statements**) for Bank of Queensland Limited and its controlled subsidiaries (collectively, **BOQ, BOQ Group** or **the Group**) for the year ended 31 August 2025.

This is the final year BOQ will prepare the Climate Statements on a voluntary basis. From the year ending 31 August 2026, BOQ will be required to prepare an annual sustainability report in accordance with the mandatory climate-related financial disclosure requirements of the *Corporations Act 2001* (Cth) and related requirements in the new Australian Sustainability Reporting Standard *AASB S2 Climate-related disclosures* (**AASB S2**).

These Climate Statements have been prepared with reference to AASB S2 and voluntary reporting framework the Global Reporting Initiative (**GRI**) Standards, issued by the GRI. Data used and included within the Climate Statements is for the financial year ended 31 August 2025, unless otherwise stated. The Climate Statements should be read in conjunction with the accompanying notes on pages 60 to 62 and the Glossary commencing on page 219.

Governance

Board oversight of climate-related risks and opportunities

The Board is responsible for the oversight of environmental, social and governance (**ESG**) and sustainability matters. The Board oversees progress and approves changes to the Group's climate and sustainability-related priorities, including climate commitments.

The Board is supported in this work by its Committees. Each Committee has a Charter which sets out its purpose, composition, and responsibilities. Committee Chairs report throughout the year to the Board on their Committee's work. For further information on the Board and its Committees, including Chairs and frequency of meetings, see pages 37 to 38 in the Corporate Governance section of this Annual Report.

Below is a summary of the key Committees and their role in overseeing sustainability-related matters.

Board Committee	Roles and Responsibilities
Board Audit Committee (BAC)	BAC oversees and monitors the Group's sustainability-related reporting, ensuring transparency and accountability. In 2025, BAC reviewed the effectiveness of processes and controls in place for sustainability reporting, and engagement with senior management, the external auditor and other relevant stakeholders.
Board Risk Committee (BRC)	BRC is responsible for overseeing BOQ's management of Sustainability (ESG) risk and related controls. In 2025, BRC confirmed Sustainability (ESG) remained a material risk for BOQ.
Nomination and Governance Committee (NGC)	NGC is responsible for ensuring the Board comprises Directors who collectively bring appropriate skills, knowledge, experience, and independence to effectively oversee the Group's sustainability responsibilities. The Board Skills Matrix enables the Board to regularly assess its collective capabilities and identify areas for ongoing development, and includes Sustainability & Stakeholder Engagement as a requisite skill. In 2025, the NGC oversaw the assessment of Directors against the Board Skills Matrix. For more information see page 39 of the Corporate Governance section of this Annual Report.

Climate matters considered in 2025

The following is an outline of key climate-related matters that were considered by the Board and its Committees in 2025:

- BOQ's Sustainability Commitments, including becoming a signatory to UN Environment Programme Finance Initiative's (**UNEPFI**) *Principles for Responsible Banking* (**UN PRB**) and adopting the *Guidance for Climate Target Setting for Banks* in place of the Group's prior commitments including on fossil fuel extraction, and decision to discontinue BOQ's Climate Active Carbon Neutral Certification from 2025.
- Oversight of strategic sustainability priorities, including updates on:
 - a) Stakeholder engagement and the annual Materiality Assessment refresh;
 - b) Carbon Market participation;
 - c) Uplifts to sustainability governance;
 - d) Quantification of the Group's greenhouse gas (**GHG**) emissions; and
 - e) Climate Risk Appetite (Target) setting activities.
- Oversight of sustainability reporting and assurance activities with a focus on preparing for mandatory climate-related financial disclosures, and related obligations and guidance.
- Oversight of training to Executive and Key Management Personnel (**KMP**) on climate-related matters.
- Development of documents relating to Sustainability governance.

The role of Management

Executive accountability and day-to-day management of BOQ's approach to climate change is the responsibility of the MD&CEO and CFO and is delegated to senior management, where appropriate.

The Sustainability Committee is chaired by the CFO and meets at least four times a year. It includes general managers and senior management with ESG responsibilities, and oversees implementation of BOQ's sustainability priorities, including those related to climate strategy.

Divisional risk committees consider sustainability risks and controls through risk profile assessments. In 2025, several divisional risk profiles were refined to account for sustainability risks.

The Group Sustainability team:

- Identifies and coordinates the Group's sustainability priorities;
- Leads the Group's approach to collaborating with external bodies on sustainability related matters;
- Advises the Sustainability Committee, divisional committees and the business on climate and sustainability priorities and policies, and emerging risks and opportunities;
- Coordinates internal and external sustainability reporting improving the Group's alignment with sustainability-related standards and financial reporting; and
- Works with the external auditor on matters relating to sustainability.

The Group Property and Procurement team:

- Manages the environmental performance of the Group's operations;
- Works to reduce the Group's direct environmental footprint; and
- Considers supplier climate strategies in key sourcing decisions.



Partnering to invest in understanding climate

In 2025, BOQ took the next step investing in understanding climate risk. A cohort of key management completed climate change training through the United Nations Responsible Banking Academy, complemented by technical content tailored to the Australian context and delivered by The University of Queensland (UQ) Business School Executive Education.

UQ-led training will be extended to key leaders throughout 2026.

Risk Management

Material risk management at BOQ

Sustainability (ESG) risk, which includes climate risk, is a material risk for BOQ under the Group's Risk Management Strategy (**RMS**). Material risks are managed in accordance with the Group Material Risk Governance Policy and tolerance levels for risks are set by the Board in the Group Risk Appetite Statement (**RAS**). The Group's climate-related targets are set with reference to the RAS.

During 2025, the Chief Risk Officer (**CRO**) became the Material Risk Owner for Sustainability (ESG) risk and is responsible for:

- Establishing, maintaining and monitoring BOQ's framework for managing Sustainability (ESG) risk such that BOQ complies with current and emerging regulatory requirements; and
- Ensuring Sustainability (ESG) risk is managed within the Board's Risk Appetite as it changes over time.

The CRO delegates to the Group Head of Sustainability, to assist in fulfilling the requirements of their responsibilities, where appropriate.

For more information on how BOQ manages material risks, refer to the Risk Management Report on pages 48 to 49 of this Annual Report.

Climate-related risk management at BOQ

During 2025, BOQ established a suite of sustainability-related governing documents. BOQ's newly established Sustainability Policy, and Sustainability Risk Management Standard outline the Group's approach to identifying, assessing, prioritising, monitoring and managing climate-related risks, including guidance on how climate-related risks may affect the Group's stakeholders and transmit and manifest across BOQ's other risk classes.

In preparation for mandatory climate-related financial disclosures, and to ensure the sustainability-related governing documents are embedded across the Group, BOQ has undertaken qualitative analysis and developed a Climate Risk Management Roadmap, identifying areas where the Group will uplift activities related to identification, assessment, monitoring and management of climate risk to improve maturity.

Climate Risk Management Roadmap

Current horizon

- Developed and approved Governing document suite, including Transition to Compliance Plan.
- Review and perform a gap analysis of existing operational policies and processes for alignment and uplift.
- Conduct stakeholder engagement to gather feedback on current state.
- Perform qualitative Climate Scenario Analysis.

Next horizon

- Design and test the Annual Sustainability Risk Management Process.
- Produce Sustainability Risk Assessment and Material Risk Reports, integrate findings into strategic planning.
- Develop a methodology and process for performing Quantitative Climate Scenario Analysis.
- Identify and implement opportunities for process improvements and increased operational resilience, including data quality improvements.

Mature horizon

- Execute and embed quantitative and/or qualitative Climate Scenario Analysis in line with agreed planning cycle.
- Align and integrate with Group ICAAP, Credit Risk, Liquidity and Funding risk management activities.
- Adopt and embed the UNEPFI Environmental and Social Risk Assessment to assess sustainability risk as part of BOQ's customer due diligence and onboarding processes.

Sustainability Report.

Strategy

BOQ recognises the importance of addressing climate change and incorporating climate-related risks and opportunities (CRROs) into decision-making. The Group seeks to align its climate aspirations with the Paris Climate Agreement.

BOQ also recognises that significant challenges lie ahead for both global and local economies in transitioning to and achieving net-zero GHG emissions by 2050. A transition to net zero is dependent on many factors, including the effectiveness of GHG emissions reduction activities by BOQ's customers, suppliers and partners, as well as broader industry collaboration and government policy.

Engaging with stakeholders

During 2025, the Group reviewed its stakeholder engagement approach, established a new Stakeholder Engagement Standard and approved an annual engagement plan. The 2025 annual engagement plan involved a range of stakeholders, with a focus on primary users of the Climate Statements and Financial Report. For more information on our stakeholder engagement process refer to the Sustainability Data Pack.

Identification of climate-related risks and opportunities

Together with insights from environmental scans, BOQ's stakeholder engagement identified BOQ's potential exposure to climate-related risks, and potential climate-related opportunities for the Group. These CRROs were presented to the Sustainability Committee for consideration in strategic decision-making.

BOQ acknowledges that it will need to develop and undertake detailed qualitative and quantitative scenario analysis to better understand the Group's exposure to physical and transition climate risks, including transmission pathways. For more detail on our Climate Risk Management Roadmap, including our evolving approach to scenario analysis, see the Risk Management section of this report.

Response to climate related-risks and opportunities

In September 2024, BOQ became a signatory to the Net-Zero Banking Alliance (NZBA) and the UN PRB, aligning with the Group's commitment to the Paris Agreement and net-zero by 2050. While NZBA ceased operations in October 2025, BOQ remains committed to implementation of UNEPFI's *Guidance for Climate Target Setting for Banks*. As a result, BOQ's previous climate targets and commitments were retired.

During 2025, as part of implementing the UN PRB framework, and in preparation for Australia's mandatory climate-related financial disclosure requirements, the Group has quantified Scope 1 emissions, Scope 2 emissions (location and market based) and Scope 3 operational emissions (Categories 1-14). In addition, the Group has identified four key sectors within the lending and investment portfolios where it has, or is most likely to have, the most significant impact when seeking to align with pathways to net-zero by 2050.

Operational emissions



Financed emissions



In 2026, BOQ intends to set and disclose appropriate near-term science-based targets to align with UNEPFI's *Guidance for Climate Target Setting for Banks*, and with reference to the BOQ RAS. In determining the level of climate transition risk the Group might be willing to tolerate (risk appetite), BOQ is considering convergence to science-based sectoral decarbonisation pathways to represent triggers and limits (lower and upper boundaries). This is distinct from performance targets, which the Group may additionally adopt to measure progress against climate action plans.

In the near term and the longer term, this may involve working directly with suppliers and customers to understand their:

- Plans to reduce their reliance on fossil fuels across their value chain;
- Pathways for a just and inclusive transition to a lower carbon economy; and
- Consideration of potential adverse impacts on people and communities.

Metrics and Targets

Estimating BOQ's GHG emissions is an important step in quantifying the Group's climate transition risk and identifying where and how the Group can take meaningful action to reduce negative climate impacts.

In preparation for mandatory climate-related financial disclosures, during 2025 BOQ continued enhancing processes and controls in relation to the quantification of emissions. BOQ also made progress on the Group's estimate of GHG emissions associated with financing activities (financed emissions), as an important part of understanding CRROs.

The methodologies and scientific knowledge underpinning these estimates are detailed, complex and inherently uncertain. As reasonably available data and methodologies improve, and impacts of mandatory reporting on BOQ's value-chain stakeholders is better understood, BOQ generally expect accuracy of emissions estimation to improve over time.

See Notes to the Climate Statements for further details on metrics and targets including definitions and methodology.

Operational emissions

BOQ remains committed to reducing operational emissions, through consideration and management of the Group's energy usage and sourcing, and the procurement and retirement of carbon credits where appropriate. Below is a summary of the Groups operational emissions for the period.

Scope 1 and 2 emissions

Absolute gross GHG emissions for the financial year ended 31 August (tCO ₂ -e)	2025	2024
Scope 1 emissions	270	328
Scope 2 emissions – location-based	2,785	3,293
Scope 2 emissions – market-based	-	-

Scope 3 operational emissions

Absolute gross GHG emissions for the financial year ended 31 August (tCO ₂ -e)	2025	2024
Category 1 & 2 Purchased goods and services, Capital Goods	27,175	30,515
Category 3 Fuel- and Energy-Related Activities	96	83
Category 4 Upstream Transportation and Distribution	474	511
Category 5 Waste Generated in Operations	491	557
Category 6 Business Travel	1,952	1,792
Category 7 Employee Commuting	4,293	5,108
Category 8 Upstream Leased Assets	1,146	1,378
Category 12 End-of-Life Treatment of Sold Products	73	59
Total Scope 3 operational GHG emissions (categories 1-14) (tCO₂-e)	35,700	40,003

Categories 9-11, 13 and 14 were assessed as not relevant to BOQ's business model and therefore have not been disclosed.

Use of Large-scale Generation Certificates

In 2025, BOQ met its commitment to source the equivalent of 100 per cent of electricity demands from renewables (2024: 100 per cent) through the purchase of GreenPower and the purchase and surrender of Large-scale Generation Certificates (LGCs). In meeting this commitment, LGCs may be surrendered in advance, with some LGCs then used to claim electricity consumed as renewable during the reporting period, and other LGCs banked for use in future reporting periods. LGCs used for the reporting period were sourced from facilities on the East Coast of Australia where the majority of BOQ facilities are located and to support the transition to a lower carbon economy in the local communities BOQ serves. BOQ continues to work with its partners on expanding the direct sourcing of renewable electricity for its sites where possible.

Below is a summary of BOQ's LGC bank, and utilisation for the reporting period:

	2025	2024
Climate Active Carbon Neutral Certified Organisation status	No longer certified	Certified
LGC bank opening balance	1,031	413
LGC acquired and surrendered ⁽²⁾	-	2,000
LGC used to claim electricity consumed as renewable	(652)	(1,382) ⁽¹⁾
LGC bank closing balance	379	1,031

(1) Restated to align with new information from third party suppliers on procurement of 100% GreenPower for several of BOQ's corporate offices and branches. BOQ's Climate Active Public Disclosure Statement for FY24 reported this as 375.

(2) LGCs may have been acquired and retired before or after the reporting period.

Use of carbon credits

BOQ's priority is to operationalise direct emissions reductions. BOQ recognises the role of carbon credits and has previously relied on carbon credits to offset residual operational emissions. The Group has not sought to renew its Climate Active Carbon Neutral Certification beyond 2024.

Below is a summary of BOQ's carbon credit bank, and utilisation for the reporting period:

	2025	2024	2023
Climate Active Carbon Neutral Certified Organisation status	No longer certified	Certified	Certified
Total Scope 1, Scope 2 market-based and Scope 3 operational emissions for the reporting period (tCO₂-e)	35,970	40,331	38,425 ⁽¹⁾
Carbon bank opening balance	1,133	25,464	33,690 ⁽²⁾
Carbon credits acquired and retired for the reporting period ⁽⁴⁾	-	16,000	62,500
Carbon credits used to offset emissions	-	(40,331)	(38,425) ⁽¹⁾
Carbon bank closing balance	1,133	1,133	25,464 ⁽³⁾

- (1) Restated to align with information reported within BOQ's Climate Active Public Disclosure for FY24. BOQ Group reported this as 30,199 in the FY24 Annual Report.
- (2) Restated to align with information reported within BOQ's Climate Active Public Disclosure for FY24. BOQ Group reported this as 1,389 in the FY24 Annual Report.
- (3) Restated to align with information reported within BOQ's Climate Active Public Disclosure Statement for FY23. BOQ Group reported this as 33,690 in the FY24 Annual Report.
- (4) Carbon credits may have been acquired and retired before or after the reporting period.

Sustainability Report.

Notes to the Climate Statements

Metrics and targets

Basis of preparation

GHG emissions are reported for the 12-month period ended 31 August 2025 (prior period: 31 August 2024). Absolute GHG emissions are measured as metric tonnes of CO₂ equivalents (tCO₂-e).

Due to rounding, numbers presented may not add up to the totals provided.

Organisational boundary

BOQ uses the operational control approach in determining its organisation boundary for the purposes of measuring and disclosing GHG emissions. Accordingly, Scope 1 and 2 GHG emissions represent emissions for BOQ Group, excluding investees and associates. Investee and associate emissions are included in Scope 3 emissions.

Emissions associated with the provision of heating and cooling to leased assets recognised in BOQ's Financial Statements are not reported as Scope 2 GHG emissions where:

- BOQ, as the lessee, is not directly billed for the energy needed to generate the heating and cooling by the lessor or an energy retailer;
- There is no clear sub-metering or measurement of the energy consumed to provide the heating/cooling to these leased assets; and
- BOQ does not have consumption control for heating and cooling to these leased assets.

These emissions are reported as Scope 3 operational GHG emissions (Category 8).

Operational emissions measurement approach

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

BOQ disclosed in 2024 that its Scope 1 and 2 operational emissions were measured with reference to the Australian National Greenhouse and Energy Reporting Scheme (**NGERs**). It is noted that there is no material difference in the measurement methodologies required under NGERs and the GHG Protocol, accordingly, no adjustments or restatement of prior periods have been made due to this change in approach.

Scope 1 GHG emissions

Scope 1 emissions are direct emissions from sources that are under BOQ's operational control, such as emissions from combustion of fuels for stationary energy or transport purposes.

Scope 1 emissions are estimated by multiplying the amount of fuel combusted by relevant energy conversion and emission factors from the most recent Australian National Greenhouse Accounts (**NGA**) Factors at the beginning of the reporting period. Activity data for the combustion of fuels is obtained directly from third-party records, including invoices and fuel card records, supplemented by management estimates. Where activity data is not available, energy usage may be estimated based on extrapolating available data.

Scope 2 GHG emissions

BOQ's Scope 2 emissions are primarily the result of the consumption of electricity and are calculated using the methods set out in the most recent NGA Factors released at the start of the reporting period. BOQ estimates and reports its Scope 2 GHG emissions in two ways - one based on the location-based method, and one based on the market-based method. Both methods utilise activity data for the consumption of electricity, including energy attributes such as GreenPower and renewable energy certificates, in calculating Scope 2 emissions. Activity data is obtained from third party records such as invoices, contracts, supplier statements, or the Australian Clean Energy Regulator's Renewable Energy Certificates (**REC**) Registry, where this is available. Where this is not available, electricity consumption is estimated based on:

- Historical consumption data for the relevant facility;
- The net lettable area of the BOQ facility and an estimated average electricity consumption per square metre of other similar facilities in the same geographical region;
- The number of FTEs working at the BOQ facility and an average estimated consumption for similar facilities per FTE; or
- The distance travelled by electric vehicles under BOQ's operational control and the energy efficiency per 100 kms for these vehicles.

Location-based Scope 2 GHG emissions

The location-based Scope 2 method estimates emissions from the consumption of electricity in the context of the location of facilities under BOQ's operational control. It calculates the emissions from electricity consumption reflecting the emissions intensity of electricity generation within the state or territory and source from which the electricity was acquired.

Where electricity is acquired through an electricity grid, emission factors relevant to that grid (as contained within the most recently released NGA factors at the start of the reporting period) are multiplied by the electricity consumption activity data to calculate Scope 2 emissions using the location-based method.

Market-based Scope 2 GHG emissions

The market-based Scope 2 method estimates emissions in the context of BOQ's investments in different electricity products and markets.

Scope 2 market-based emissions reflect the Group's contractual electricity sourcing decisions and its contractual rights to purchase electricity and claim specific attributes about it, including:

- Voluntary purchases of renewable electricity, such as GreenPower;
- Energy attribute certificates such as LGCs which convey a right to claim electricity consumed as zero emissions electricity;
- Power purchase agreements that may include LGCs associated with generation or bundled as part of the agreement;
- Behind the meter local renewable electricity generation from sources such as solar panels; and
- Renewable energy target schemes as jurisdictional renewable energy targets.

For sites where renewable electricity (such as GreenPower) has been purchased, or where LGCs have been acquired and retired for non-renewable electricity consumption across BOQ facilities that are unable to transition to renewable electricity due to feasibility or contractual constraints, an emission factor of zero is applied to calculate Scope 2 market-based emissions.

Scope 3 operational GHG emissions

Scope 3 greenhouse gas emissions are indirect emissions that occur in BOQ's value chain, both upstream and downstream, which have not been recognised as Scope 1 or Scope 2 emissions. BOQ's Scope 3 operational emissions represent the Scope 3 GHG emissions estimated for Scope 3 categories 1-14 as defined in the *GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard*.

BOQ's Scope 3 operational emissions are primarily as a result of activities in BOQ's upstream supply chain and include embodied emissions from data centres, IT software and hardware, capital works and repairs to buildings, communications, office equipment, furniture, legal fees and insurance, fees from consultants supporting BOQ strategy and head office operations, waste disposal, and employee business travel, commuting, and work from home emissions.

Scope 3 operational emissions calculations use a hybrid approach with some calculations using consumption amounts and others using spend information as activity data, as set out in the Scope 3 operational emissions calculation methodologies table below.

Scope 3 operational GHG emissions calculation methodologies

Below is a summary of the data inputs, emission factors (most recent available at the start of the reporting period) and method used to estimate emissions for each Scope 3 operational emissions category:

Category	Method, inputs and assumptions	
Category 1 & 2 Purchased goods and services, Capital Goods	Activity data:	• BOQ vendor level spend data obtained from BOQ financial records supplemented by management estimates (excluding recoverable GST amounts)
	Emission factors:	• USEEIO emissions factors (2022), adjusted for inflation and foreign currency fluctuations
	Method:	• Spend-based method
Category 3 Fuel- and Energy-Related Activities (market-based where relevant)	Activity data:	• Third-party records, including invoices, fuel card records, contracts, supplier statements, and the Clean Energy Regulator's REC Registry, supplemented by management estimates
	Emission factors:	• NGA Factors • International Energy Agency Factors (IEA) • UK's Department for Energy Security & Net Zero (DESNZ) Factors • United States Environmental Protection Agency – eGrid (2021)
	Method:	• Average-data method
Category 4 Upstream Transportation and Distribution	Activity data:	• BOQ vendor level spend data • Supplier-supplied emissions data
	Emission factors:	• USEEIO emissions factors (2022), adjusted for inflation and foreign currency fluctuations
	Method:	• Spend-based method or distance-based method (supplier specific)
Category 5 Waste Generated in Operations	Activity data:	• BOQ Group estimates of waste by type by site based on the number of FTE employees at each BOQ facility
	Emission factors:	• NGA Factors
	Method:	• Average-data method
Category 6 Business Travel – Flights and Hotels	Activity data:	• Flight and hotel data sourced from BOQ Group's corporate travel agency
	Emission factors:	• DESNZ Factors including radiative forcing and well to tank emissions
	Method:	• Distance-based method
Category 6 Business Travel – Ground travel	Activity data:	• Transport fuel consumption based on; corporate fuel card transport fuel, BOQ employee fuel reimbursements, BOQ Motor Vehicle Allowances paid and assumed associated fuel consumption, supplier spend for taxis and assumed fuel consumption to spend ratio • Distance travelled by vehicle type based on car hire rental number of days from BOQ Group's corporate travel agency and the relevant distance travel limit per rental
	Emission factors:	• NGA Factors • DESNZ Factors
	Method:	• Fuel-based method and distance-based method
Category 7 Employee Commuting	Activity data:	• Management estimate using the number of FTE employees working at each BOQ location, assumed proportion of days working from home and Australian Census information of Population and Housing: Commuting to Work
	Emission factors:	• DESNZ Factors
	Method:	• Average-data method
Category 7 Employee Commuting (Work from home)	Activity data:	• BOQ specific assumptions on energy consumption required for equipment used to facilitate working from home and proportion of days working from home per FTE employee
	Emission factors:	• NGA Factors
	Method:	• Distance-based method

Sustainability Report.

Category	Method, inputs and assumptions
Category 8 Upstream Leased Assets	Activity data: - Dataset of all BOQ sites, including address, occupancy dates and occupied lettable area - BOQ share of base building electricity and natural gas consumption estimated using the NSW Government National Australian Built Environment Rating System (NABERS) base building energy performance rates (kWh per m² and GJ per m²) for relevant building or, where unavailable, using an assumed NABERS energy performance rating of 3 stars Emission factors: - NGA Factors Method: - Lessor-specific method
Category 12 End-of-Life Treatment of Sold Products	Activity data: - Supplier provided data on volumes of paper and plastics provided to customers (e.g., credit and debit cards, cheque books, customer statements) Emission factors: - NGA Factors Method: - Waste-type-specific method

Use of carbon credits

A carbon credit is a tradeable unit that represents the avoidance, reduction or removal of one tonne of carbon dioxide equivalent (**tCO₂-e**).

BOQ's carbon market due diligence process supports the integrity and impact of carbon credit procurement by sourcing only Australian Carbon Credit Units (**ACCUs**) certified under the Australian Clean Energy Regulator's Emissions Reduction Fund scheme. Projects are selected through a multi-stage due diligence process including desktop reviews, stakeholder engagement, and virtual or onsite assessments. Assessment criteria include regulatory compliance, co-benefits, geographic alignment, and credit quality. All credits are registered and retired via the Australian National Registry of Emissions Units (**ANREU**).

For 2023 and 2024, carbon credits utilised by BOQ to support its Climate Active Carbon Neutral Certified Organisation status were required to be eligible offset units in accordance with the requirements set out within the Climate Active Carbon Neutral Standard for Organisations dated 26 October 2022.

Engaging with Carbon Markets

In 2025, the Group introduced a new carbon markets engagement process to guide its carbon market activities. Aligned with this guidance, during the year BOQ engaged with and purchased Australian Carbon Credit Units from two domestic savanna burning projects, led by Australian Wildlife Conservancy and the Steve Irwin Wildlife Reserve.

These projects, located in the Cape York Peninsula region of Queensland, focus on strategic, early and controlled savanna burning, to mitigate the risk of high-intensity wildfires later in the season. This proactive fire management approach plays a vital role in conserving biodiversity by protecting critical habitats, including those of threatened species, and maintaining the ecological integrity of Australia's unique tropical savanna landscapes.

Image of Piccaninny by Sally Gray, Australian Wildlife Conservancy

Limited Assurance Report on Sustainability Reporting.

For the year ended 31 August 2025



To the Directors of Bank of Queensland Ltd

Independent Limited Assurance Report on identified Subject Matter Information disclosed in the BOQ Group 2025 Annual Report

The Board of Directors of Bank of Queensland Limited (BOQ) engaged us to perform an independent limited assurance engagement in respect of the identified Subject Matter Information disclosed in the Sustainability Report of the *BOQ Group 2025 Annual Report* (the BOQ 2025 Sustainability Reporting).

Subject Matter Information

The identified Subject Matter Information subject to our limited assurance engagement, as set out below and disclosed in the BOQ 2025 Sustainability Reporting, unless otherwise stated, are in relation to BOQ and its wholly owned subsidiaries (together, BOQ Group) for the year ended 31 August 2025.

Subject Matter Information	Reported Performance
Absolute gross greenhouse gas emissions (tCO ₂ -e):	
Total Scope 1 emissions	270
Total Scope 2 emissions (location-based)	2,785
Total Scope 2 emissions (market- based)	-
Total Scope 3 operational emissions (categories 1-14)	35,700
Equivalent of renewable electricity consumed (%)	100%
Carbon credits used to offset emissions (for the financial year ended 31 August 2024)	40,331

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PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006,
GPO Box 1331 MELBOURNE VIC 3001
T: +61 3 8603 1000, F: +61 3 8603 1999, www.pwc.com.au
Liability limited by a scheme approved under Professional Standards Legislation.

Limited Assurance Report on Sustainability Reporting.

For the year ended 31 August 2025



Criteria

The Subject Matter Information needs to be read and understood together with the Criteria, being the boundaries, definitions and methodologies used by BOQ to prepare the Subject Matter Information as set out in the 'Notes to the Climate Statements' section of the *BOQ Group 2025 Annual Report* (the Criteria). Our assurance conclusion is with respect to the year ended 31 August 2025 (or as otherwise stated) and does not extend to information in respect of earlier periods or to any other information included in, or linked from, the BOQ 2025 Sustainability Reporting.

Responsibilities of management

Management of BOQ (management) is responsible for the preparation of the Subject Matter Information in accordance with the Criteria. This responsibility includes:

- determining appropriate reporting topics and selecting or establishing suitable criteria for measuring, evaluating and preparing the underlying Subject Matter Information;
- ensuring that those criteria are relevant and appropriate to BOQ and the intended users; and
- designing, implementing and maintaining systems, processes and internal controls relevant to the preparation of the Subject Matter Information, which is free from material misstatement, whether due to fraud or error.

The maintenance and integrity of BOQ's website is also the responsibility of management; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Subject Matter Information or Criteria when presented on BOQ's website.

Our independence and quality control

We have complied with the ethical requirements of the Accounting Professional and Ethical Standard Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* relevant to assurance engagements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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 or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Limited Assurance Report on Sustainability Reporting.

For the year ended 31 August 2025



Our responsibilities

Our responsibility is to express a limited assurance conclusion based on the procedures we have performed and the evidence we have obtained.

Our engagement has been conducted in accordance with the Australian Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and the Australian Standard on Assurance Engagements ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*. Those standards require that we plan and perform this engagement to obtain limited assurance about whether anything has come to our attention to indicate that the Subject Matter Information has not been prepared, in all material respects, in accordance with the Criteria, for the year ended 31 August 2025 (or as otherwise stated in the 'Subject Matter Information' section).

Inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. It is therefore possible that fraud, error or non-compliance may occur and not be detected. A limited assurance engagement is not designed to detect all instances of non-compliance of the Subject Matter Information with the Criteria, as it is limited primarily to making enquiries of the management and applying analytical procedures.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion.

Inherent limitations

Non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating and estimating such data. The precision of different measurement techniques may also vary. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, evaluation and measurement techniques that can affect comparability between entities and over time. In addition, greenhouse gas emissions quantification is subject to inherent uncertainty because of evolving knowledge and information to determine emissions factors and the values needed to combine emissions of different gases.

The limited assurance conclusion expressed in this report has been formed on the above basis.

Limited Assurance Report on Sustainability Reporting.

For the year ended 31 August 2025



Main procedures performed

The procedures we performed in carrying out our limited assurance of the Subject Matter Information were based on our professional judgement and included:

- Inspection of a sample of underlying evidence to assess the completeness of:
 - facilities within the organisational boundary for the reporting entity; and
 - greenhouse gas emissions sources for these facilities;
- Enquiries of management regarding the methodologies, processes and controls for capturing, collating, calculating and reporting the Subject Matter Information, and assessing the alignment of these with the Criteria;
- Enquiries of management regarding the assumptions, greenhouse gas emission factors and conversion factors applied within the calculations of the Subject Matter Information;
- Undertaking analytical procedures over the Subject Matter Information and the underlying activity data utilised within its preparation;
- Reconciliation of the Subject Matter Information to underlying data sources and calculations, on a sample basis;
- Testing the calculations of the Subject Matter Information, including limited substantive testing of activity data utilised within the calculations to third-party records and other relevant underlying information, on a sample basis; and
- Consideration of the disclosure and presentation of the Subject Matter Information and the Criteria.

We have also performed procedures regarding the application of renewable energy certificates within the calculation of 'Total Scope 2 emissions (market-based)' and 'Equivalent of renewable electricity consumed', encompassing the sourcing of GreenPower® products. We have not, however, performed any procedures regarding the external providers of GreenPower® products procured or renewable energy certificates acquired and surrendered, and express no conclusion about whether these represent renewable electricity generated or displaced.

The BOQ Group Carbon Bank reconciliation disclosed on page 59 of the BOQ Group 2025 Annual Report states that 40,331 carbon credits (the 2024 Carbon credits) were used to offset emissions for the year ended 31 August 2024. We have performed procedures as to whether the 2024 Carbon credits were acquired, surrendered and used by BOQ for this purpose prior to 31 August 2025 and are considered eligible offset units in accordance with the Criteria. We have not, however, performed any procedures regarding the external providers of the 2024 Carbon credits, and express no conclusion on about whether the 2024 Carbon credits have resulted, or will result, in a reduction of 40,331 tonnes of CO₂-e.

Limited Assurance Report on Sustainability Reporting.

For the year ended 31 August 2025



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

Our limited assurance conclusion

Based on the procedures we have performed, as described under 'Main procedures performed' section above, and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information for the year ended 31 August 2025 (or as otherwise stated) has not been prepared, in all material respects, in accordance with the Criteria.

Use and distribution of our report

We were engaged by the board of directors of BOQ to prepare this independent assurance report having regard to the Criteria. This report was prepared solely for board of directors of BOQ in accordance with the agreement between us, to assist the directors in responding to their governance responsibilities by obtaining an independent assurance report in connection with the Subject Matter Information and may not be suitable for any other purpose.

We accept no duty, responsibility or liability to anyone other than BOQ in connection with this report or to BOQ for the consequences of using or relying on it for a purpose other than that referred to above. We make no representation concerning the appropriateness of this report for anyone other than BOQ and if anyone other than BOQ chooses to use or rely on it they do so at their own risk.

This disclaimer applies to the maximum extent permitted by law and, without limitation, to liability arising in negligence or under statute and even if we consent to anyone other than BOQ receiving or using this report.

A stylized, handwritten-style signature of 'PricewaterhouseCoopers' in black ink.

PricewaterhouseCoopers

A handwritten signature of 'Adam Cunningham' in black ink.

Adam Cunningham
Partner

Melbourne
14 October 2025

FINANCIAL PERFORMANCE.

Financial performance.

For the year ended 31 August 2025

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 is a non-accounting measure commonly used in the banking industry and assists in presenting a view of the underlying earnings of Bank of Queensland Limited and its controlled entities (BOQ or the Group).

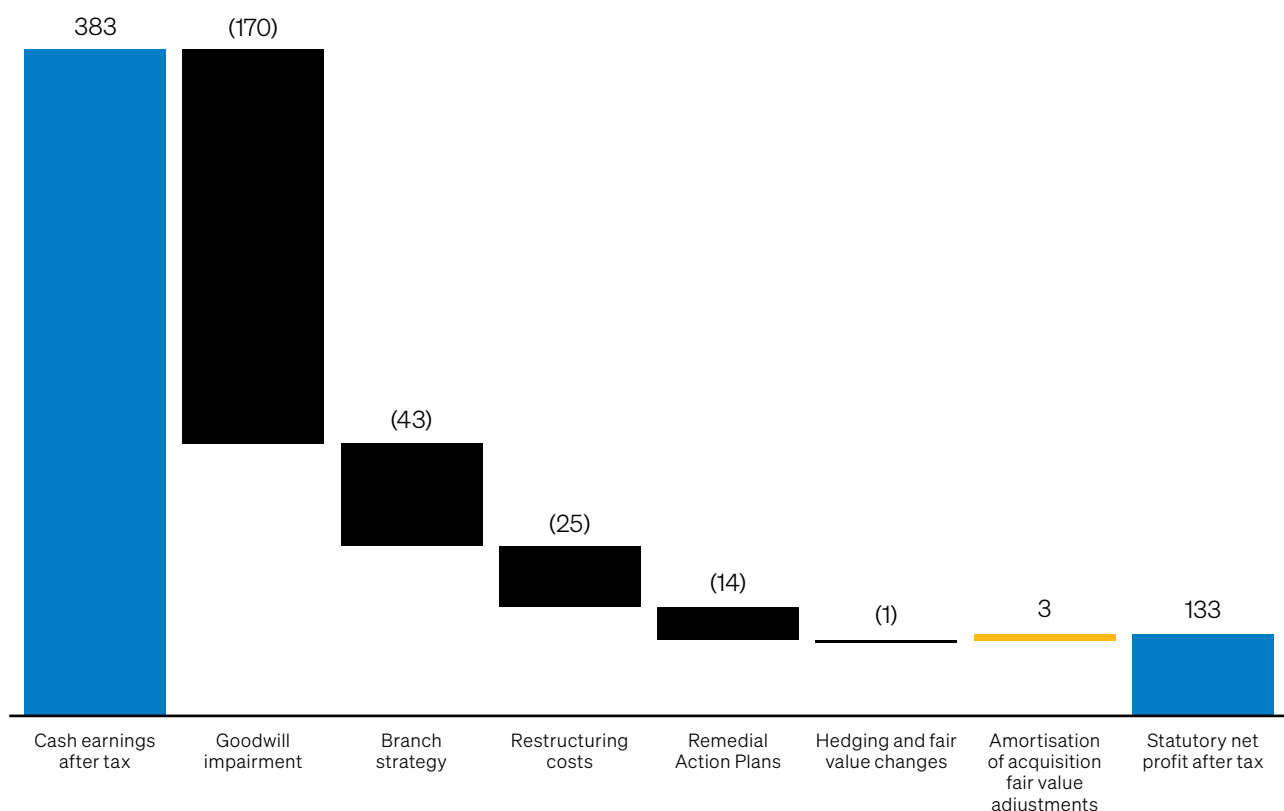
Figures disclosed in the Financial Performance report are on a cash earnings basis, unless stated as being on a statutory profit basis. The non-statutory measures have not been subject to an independent audit or review.

Cash earnings exclude several items that introduce volatility or do not reflect underlying performance of the current period. This allows for a more effective comparison of performance across reporting periods.

The exclusions from cash earnings in FY25 relate to:

- Goodwill impairment - impairment of the goodwill attributed to the Retail Bank CGU. Further detail has been provided on the impairment of goodwill in Note 4.1 Intangible assets;
- Branch strategy – costs of converting the Owner Managed branch (OMB) network to corporate branches on 1 March 2025, as announced in August 2024, and costs associated with the optimisation of the network;
- Restructuring costs – as announced in August 2025, incurred as a result of ongoing Group operating model simplification and transformation;
- Remedial Action Plans – as announced in August 2025, an increase to the provision relating to Remedial Action Plans to deliver against the Enforceable Undertaking (EU) with AUSTRAC;
- 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 – arise from the acquisition of subsidiaries.

Reconciliation of FY25 cash earnings to statutory net profit after tax (\$m)



In the financial tables throughout the Financial Performance report, 'large' indicates that the absolute percentage change in the balance was greater than 200 per cent or 500 basis points. 'Large' may also indicate 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 2025

1.1 Reconciliation of cash earnings to statutory profit (continued)

a) Reconciliation of FY25 cash earnings to statutory net profit after tax

	Year end performance			Half year performance		
	Aug 25 \$m	Aug 24 \$m	Aug 25 vs Aug 24	Aug 25 \$m	Feb 25 \$m	Aug 25 vs Feb 25
Cash earnings after tax	383	343	12%	200	183	9%
Goodwill impairment	(170)	-	large	(170)	-	large
Branch strategy	(43)	-	large	(27)	(16)	69%
Restructuring costs	(25)	(33)	(24%)	(25)	-	large
Remedial Action Plans	(14)	-	large	(14)	-	large
Hedging and fair value changes	(1)	(4)	(75%)	(2)	1	large
Amortisation of acquisition fair value adjustments	3	1	200%	-	3	(100%)
Sale of New Zealand asset portfolio ⁽¹⁾	-	(22)	(100%)	-	-	-
Statutory net profit after tax	133	285	(53%)	(38)	171	large

(1) The New Zealand asset portfolio sale completed on 31 March 2024.

b) FY25 non-cash earnings reconciling items

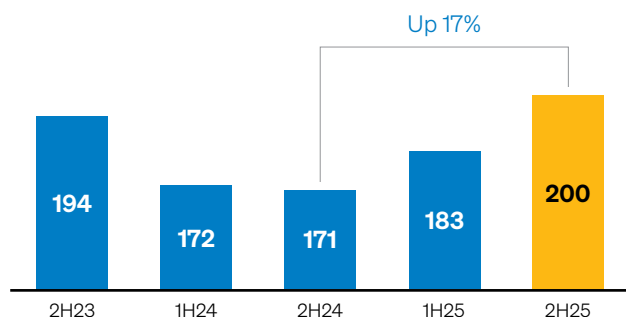
	Cash earnings Aug 25 \$m	Goodwill impairment \$m	Branch strategy \$m	Restructuring costs \$m	Remedial Action Plans \$m	Hedging and fair value changes \$m	Amortisation of acquisition fair value adjustments \$m	Statutory net profit Aug 25 \$m
Net interest income	1,515	-	-	-	-	-	12	1,527
Non-interest income	142	-	-	1	-	(2)	-	141
Total income	1,657	-	-	1	-	(2)	12	1,668
Operating expenses	(1,072)	(170)	(62)	(37)	(21)	-	(8)	(1,370)
Underlying profit	585	(170)	(62)	(36)	(21)	(2)	4	298
Loan impairment expense	(21)	-	-	-	-	-	1	(20)
Profit before tax	564	(170)	(62)	(36)	(21)	(2)	5	278
Income tax expense	(181)	-	19	11	7	1	(2)	(145)
Profit after tax	383	(170)	(43)	(25)	(14)	(1)	3	133

Financial performance.

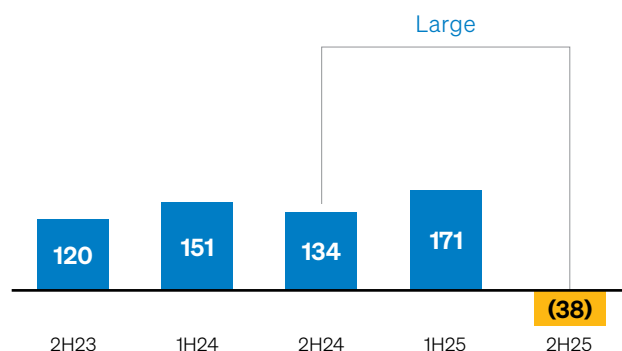
For the year ended 31 August 2025

1.2 Financial summary

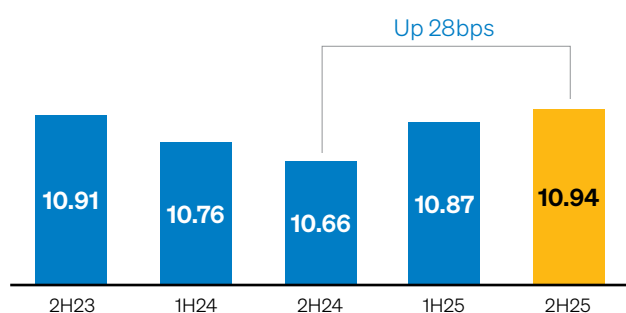
Cash earnings after tax (\$m)



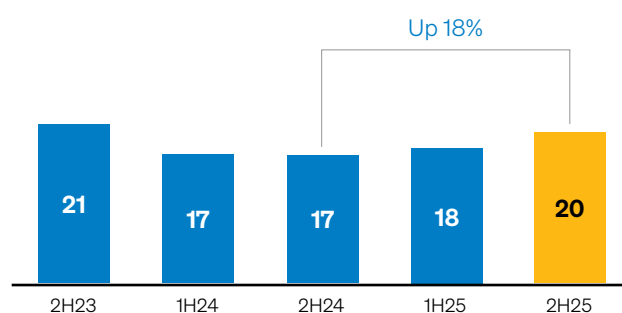
Statutory net profit after tax (NPAT) (\$m)



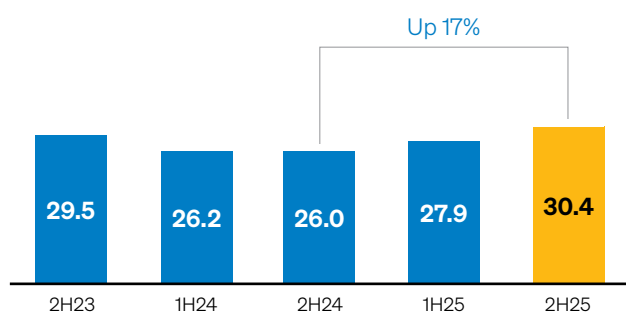
Common equity tier 1 ratio (CET1 ratio) (%)



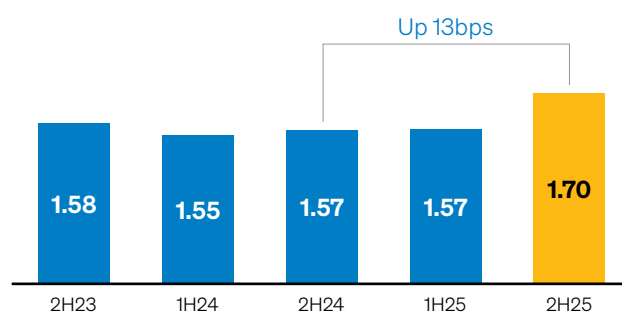
Dividends per ordinary share (cents)



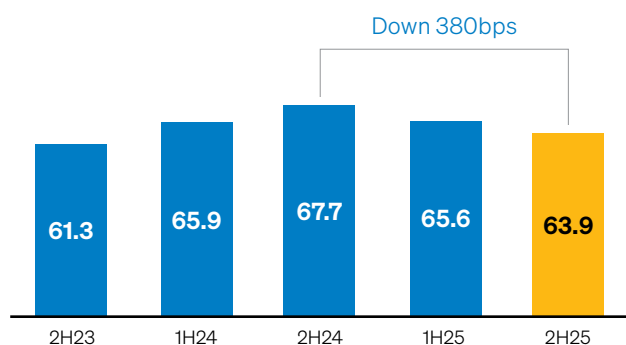
Cash basic earnings per share (EPS) (cents)



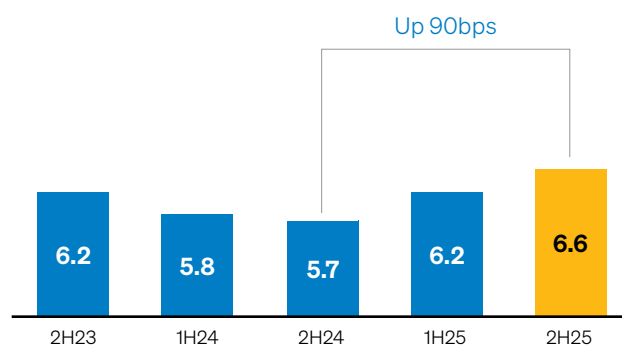
Cash net interest margin ⁽¹⁾ (NIM) (%)



Cash cost to income ratio ⁽¹⁾ (CTI) (%)



Cash return on average equity (ROE) (%)



⁽¹⁾ 2H25 is the first half year reflecting the branch conversion. Refer section 2.2 Net interest and section 2.4 Operating expenses for further detail relating to branch conversion impacts.

Financial performance.

For the year ended 31 August 2025

1.2 Financial summary (continued)

Net profit after tax

\$383m **\$133m**

Cash earnings

Up 12 per cent on FY24

Cash earnings after tax increased by 12 per cent on FY24, driven by strong commercial lending growth, operational efficiency through Group simplification initiatives and subdued credit losses.

Statutory NPAT

Down 53 per cent on FY24

Cash net interest margin

1.64%

Up eight basis points on FY24 driven by benefits from the branch conversion and business mix management.

Cash operating expenses

\$1,072m

Flat on FY24 reflecting benefits from the Group's simplification initiatives offsetting inflation, cost uplift from branch network conversion, business bank investment and ongoing investment in digital transformation and risk and regulatory programs.

Cash loan impairment expense (LIE)

\$21m

Loan impairment expense of \$21 million in FY25 increased \$1 million or five per cent on FY24.

CET1 ratio

10.94%

Up 28 basis points on FY24 driven by cash earnings net of dividend, and the cost of branch conversion.

Cash ROE

6.4%

Up 70 basis points on FY24.

Cash earnings after tax for FY25 of \$383 million were \$40 million or 12 per cent higher than FY24. The increase was driven by strong commercial lending growth, operational efficiency through Group simplification initiatives and subdued credit losses. Cash earnings in 2H25 of \$200 million were \$17 million or nine per cent higher than 1H25. Statutory NPAT for FY25 of \$133 million was \$152 million or 53 per cent lower than FY24. This result includes after-tax impacts of \$170 million goodwill impairment, \$43 million for branch strategy, \$25 million of restructuring costs and a \$14 million increase to the Remedial Action Plans provision.

Net interest income

Net interest income of \$1,515 million increased by \$52 million or four per cent on FY24. This was driven by an eight basis point increase in NIM to 1.64 per cent, partially offset by a one per cent decline in average interest earning assets (AIEA). The majority of the increase in NIM occurred in 2H25 and reflected the benefit of the branch conversion, growth in business banking and active margin management in a declining cash rate environment. NIM improved by 13 basis points to 1.70 per cent in 2H25 compared with 1H25. AIEA decreased \$1.4 billion or one per cent on FY24, driven predominantly by a contraction in housing lending. This reflects BOQ's decision to recycle capital from lower returning housing assets to higher returning business lending. AIEA declined one per cent in 2H25 compared to 1H25.

Non-interest income

Non-interest income of \$142 million was \$5 million or four per cent higher than FY24. Higher income from business lending fees and the branch conversion were partially offset by lower trading income and reduced gains on sales of leasing equipment. Non-interest income increased \$6 million or nine per cent on 1H25.

Operating expenses

Total operating expenses of \$1,072 million were flat on FY24. This was a particularly strong result given the operating expense uplift resulting from the branch conversion in 2H25. The Group continued to deliver on simplification initiatives which offset inflation, the impact of the branch conversion, investment in business bank growth and ongoing investment in digital transformation and risk and regulatory programs. Excluding the impact of the branch conversion, FTE decreased nine per cent and operating expenses decreased four per cent on a like-for-like basis when compared with FY24.

Loan impairment expense

Loan impairment expense of \$21 million increased by \$1 million or five per cent on FY24 and was \$15 million higher in 2H25 than 1H25. Credit quality remains strong with losses well below the long run average. The specific provision expense was \$26 million in FY25, mainly driven by the asset finance portfolio increasing off a low base. Overall, collective provisions reduced by \$5 million driven primarily by improved arrears in commercial lending.

Capital management

The CET1 ratio of 10.94 per cent was 28 basis points higher than FY24 and seven basis points higher than 1H25. The capital generated through cash earnings, net of 1H25 dividends, more than offset the capital required to execute the branch conversion, support group-wide restructuring costs and the delivery of the Remedial Action Plans. At 10.94 per cent, the CET1 ratio is above the management target range of 10.25 – 10.75 per cent.

Shareholder returns

BOQ has determined to pay a fully franked final dividend of 20 cents per share, which is 66 per cent of 2H25 cash earnings. The Board has committed to a target dividend payout ratio of 60-75 per cent. ⁽¹⁾

(1) The amount of any dividend paid will be at the discretion of the Board and will depend on several factors, including a) the recognition of profits and availability of cash for distributions; b) the anticipated future earnings of the company; and c) forecast capital demands of the business.

Financial performance.

For the year ended 31 August 2025

2. Group performance analysis.

2.1 Income statement and key metrics

	Year end performance			Half year performance		
	Aug 25 \$m	Aug 24 \$m	Aug 25 vs Aug 24	Aug 25 \$m	Feb 25 \$m	Aug 25 vs Feb 25
Net interest income ⁽¹⁾	1,515	1,463	4%	790	725	9%
Non-interest income ⁽¹⁾	142	137	4%	74	68	9%
Total income	1,657	1,600	4%	864	793	9%
Operating expenses ⁽¹⁾	(1,072)	(1,069)	-	(552)	(520)	6%
Underlying profit	585	531	10%	312	273	14%
Loan impairment expense ⁽¹⁾	(21)	(20)	5%	(18)	(3)	large
Profit before tax	564	511	10%	294	270	9%
Income tax expense ⁽¹⁾	(181)	(168)	8%	(94)	(87)	8%
Cash earnings after tax	383	343	12%	200	183	9%
Statutory net profit after tax	133	285	(53%)	(38)	171	large

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

Key metrics	Year end performance			Half year performance		
	Aug 25	Aug 24	Aug 25 vs Aug 24	Aug 25	Feb 25	Aug 25 vs Feb 25
SHAREHOLDER RETURNS						
Share price \$	7.27	6.32	15%	7.27	6.70	9%
Market capitalisation \$m	4,809	4,180	15%	4,809	4,432	9%
Dividends per ordinary share (fully franked) cents	38	34	12%	20	18	11%
CASH EARNINGS BASIS						
Basic EPS cents	58.3	52.2	12%	30.4	27.9	9%
Diluted EPS ⁽¹⁾ cents	55.7	48.1	16%	28.9	26.4	9%
Dividend payout ratio %	65.6	65.4	20bps	66.2	65.1	110bps
STATUTORY BASIS						
Basic EPS cents	20.1	43.3	(54%)	(5.9)	26.0	large
Diluted EPS ⁽¹⁾⁽²⁾⁽³⁾ cents	19.9	41.1	(52%)	(5.9)	24.8	large
Dividend payout ratio %	189.7	78.8	large	large	69.6	large
OTHER METRICS						
Full time equivalent (FTE) - spot ⁽⁴⁾ #	3,558	3,248	10%	3,558	3,105	15%
Average interest earning assets (AIEA) \$m	92,518	93,913	(1%)	91,990	93,052	(1%)
Gross loans and advances (GLA) \$m	77,860	80,479	(3%)	77,860	79,550	(2%)
Customer deposits \$m	66,729	67,361	(1%)	66,729	66,315	1%
Deposit to loan ratio %	86	84	200bps	86	83	300bps
Liquidity coverage ratio (LCR) - quarterly average %	142.9	144.7	(180bps)	142.9	141.8	110bps
LCR - half year average %	142.1	146.1	(400bps)	142.1	143.2	(110bps)
LCR - spot %	139.5	148.5	large	139.5	134.5	500bps
Net stable funding ratio (NSFR) - spot %	124.2	124.8	(60bps)	124.2	122.7	150bps

(1) Cash and statutory 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 equaling the sum of the two half-year figures.

(2) Retail Capital notes 2 and Retail Capital notes 3 were anti-dilutive in 2H25 and FY25, and as a result, their impact has been excluded from diluted EPS (Statutory basis) in these periods.

(3) Award rights were anti-dilutive for 2H25 and as a result their impact has been excluded from diluted EPS (Statutory basis) in the period.

(4) August 2025 FTE includes the impact of the OMB conversion which resulted in an uplift of 602 FTE as at 31 August 2025.

Financial performance.

For the year ended 31 August 2025

2.1 Income statement and key metrics (continued)

		Year end performance			Half year performance		
Key metrics		Aug 25	Aug 24	Aug 25 vs Aug 24	Aug 25	Feb 25	Aug 25 vs Feb 25
PROFITABILITY AND EFFICIENCY MEASURES							
CASH EARNINGS BASIS							
Net profit after tax	\$m	383	343	12%	200	183	9%
Underlying profit ⁽¹⁾	\$m	585	531	10%	312	273	14%
NIM ⁽²⁾	%	1.64	1.56	8bps	1.70	1.57	13bps
CTI	%	64.7	66.8	(210bps)	63.9	65.6	(170bps)
LIE to GLA	bps	3	2	1	5	1	4
ROE	%	6.4	5.7	70bps	6.6	6.2	40bps
Return on average tangible equity (ROTE) ⁽³⁾	%	7.9	7.1	80bps	8.2	7.7	50bps
Effective Tax Rate	%	32.1	32.9	(80bps)	32.0	32.2	(20bps)
STATUTORY BASIS							
Net profit after tax	\$m	133	285	(53%)	(38)	171	large
Underlying profit ⁽¹⁾	\$m	298	457	(35%)	43	255	(83%)
NIM ⁽²⁾	%	1.65	1.57	8bps	1.71	1.59	12bps
CTI	%	82.1	71.5	large	95.0	68.2	large
LIE to GLA	bps	3	2	1	4	1	3
ROE	%	2.2	4.8	(260bps)	(1.3)	5.8	large
ROTE ⁽³⁾	%	2.8	5.9	(310bps)	(1.6)	7.2	large
Effective Tax Rate	%	52.2	35.1	large	large	32.1	large
ASSET QUALITY							
30 days past due (DPD) arrears	\$m	1,394	1,495	(7%)	1,394	1,469	(5%)
90 DPD arrears	\$m	815	899	(9%)	815	879	(7%)
Impaired assets	\$m	94	103	(9%)	94	95	(1%)
Specific provisions to impaired assets	%	51	50	100bps	51	48	300bps
Total provision / GLA	bps	39	39	-	39	39	-
CAPITAL							
CET1 ratio	%	10.94	10.66	28bps	10.94	10.87	7bps
Total capital adequacy ratio	%	15.18	14.27	91bps	15.18	15.11	7bps
Risk weighted assets (RWA)	\$m	40,140	40,249	-	40,140	40,212	-

(1) Profit before LIE and tax.

(2) NIM is calculated net of offset accounts.

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

Financial performance.

For the year ended 31 August 2025

2.2 Net interest income

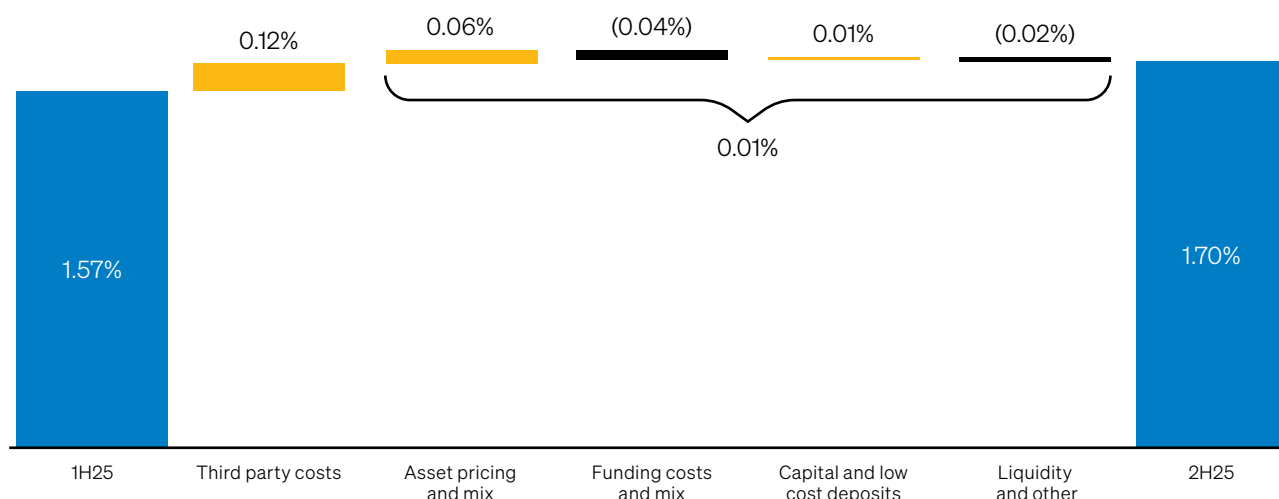
		Year end performance			Half year performance		
		Aug 25	Aug 24	Aug 25 vs Aug 24	Aug 25	Feb 25	Aug 25 vs Feb 25
Net interest income ⁽¹⁾	\$m	1,515	1,463	4%	790	725	9%
AIEA	\$m	92,518	93,913	(1%)	91,990	93,052	(1%)
NIM	%	1.64	1.56	8bps	1.70	1.57	13bps

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

Net interest income of \$1,515 million increased by \$52 million or four per cent on FY24, driven by an eight basis point increase in NIM, partially offset by a one per cent decline in AIEA. In 2H25, NIM increased 13 basis points, of which 12 basis points was driven by the branch conversion. Underlying NIM increased one basis point due to active margin management in a declining cash rate environment. AIEA decreased \$1.4 billion or one per cent on FY24, predominantly driven by a contraction in housing lending. This reflects BOQ's decision to recycle capital from lower returning housing assets to higher returning business lending.

Net interest income of \$790 million in 2H25 increased by \$65 million or nine per cent on 1H25, driven by a 13 basis point increase in NIM, partially offset by a one per cent decline in AIEA.

Net interest margin - 1H25 to 2H25



NIM in 2H25 was 1.70 per cent, up 13 basis points on 1H25. The key drivers of the movement are set out below:

Third Party Costs (+12bps): Lower commissions due to the branch conversion.

Asset pricing and mix (+6bps): Benefitting from active margin management in a declining rate environment and improved portfolio mix as the Group focused on growth in higher margin commercial lending.

Funding costs and mix (-4bps): Impacts of continued competition for deposits and a declining cash rate environment. Whilst slowing, customers' preferences continued to shift from lower yielding at-call products to higher yielding savings accounts.

Capital and low-cost deposits (+1bps): The \$8.3 billion invested capital and low-cost deposit portfolios continued to benefit from the replicating portfolio tractor rate, partially offset by the impact of lower cash rates on the uninvested portfolio.

Liquidity & Other (-2bps): An average decline in wholesale asset spreads and higher hedging costs as the cash bill spread widened on a relatively stable exposure.

Financial performance.

For the year ended 31 August 2025

2.3 Non-interest income

	Year end performance			Half year performance		
	Aug 25 \$m	Aug 24 \$m	Aug 25 vs Aug 24	Aug 25 \$m	Feb 25 \$m	Aug 25 vs Feb 25
Banking income	77	71	8%	42	35	20%
Other income	64	63	2%	32	32	-
Trading income	1	3	(67%)	-	1	(100%)
Non-interest income⁽¹⁾	142	137	4%	74	68	9%

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

Non-interest income of \$142 million increased \$5 million or four per cent on FY24. Higher business lending fees, lower revenue share following completion of the branch conversion, and higher third-party commission revenue from credit card, superannuation and insurance providers was partially offset by lower gains from the sale of leasing equipment. The result for 2H25 of \$74 million increased \$6 million or nine per cent on 1H25 driven by higher business lending fees and lower revenue share following completion of the branch conversion.

Banking income of \$77 million increased \$6 million or eight per cent on FY24, driven by higher business lending fees and lower revenue share following the completion of the branch conversion.

Other income of \$64 million increased \$1 million or two per cent on FY24, driven by increased commissions on the sale of third party products and higher incentives received, partially offset by lower gains from the sale of leasing equipment.

Trading income of \$1 million decreased \$2 million due to limited trading activity in FY25.

Financial performance.

For the year ended 31 August 2025

2.4 Operating expenses

	Year end performance			Half year performance		
	Aug 25 \$m	Aug 24 \$m	Aug 25 vs Aug 24	Aug 25 \$m	Feb 25 \$m	Aug 25 vs Feb 25
Salaries and on costs	529	493	7%	279	250	12%
Employee share programs and other	17	27	(37%)	8	9	(11%)
Employee expenses	546	520	5%	287	259	11%
Information technology services	232	218	6%	114	118	(3%)
Amortisation - intangible assets	81	69	17%	46	35	31%
Depreciation - fixed assets	3	4	(25%)	1	2	(50%)
Technology expenses	316	291	9%	161	155	4%
Marketing	39	47	(17%)	22	17	29%
Communications, print and stationery	32	31	3%	16	16	-
Processing costs	17	16	6%	9	8	13%
Other	37	55	(33%)	13	24	(46%)
Operational expenses	125	149	(16%)	60	65	(8%)
Occupancy expenses	52	45	16%	30	22	36%
Administration expenses	33	64	(48%)	14	19	(26%)
Total operating expenses⁽¹⁾	1,072	1,069	-	552	520	6%
Cash CTI ratio (%)	64.7	66.8	(210bps)	63.9	65.6	(170bps)
Number of employees (FTE) ⁽²⁾	3,558	3,248	10%	3,558	3,105	15%

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

(2) August 2025 FTE includes the impact of the OMB conversion which resulted in an uplift of 602 FTE as at 31 August 2025.

Summary

Total operating expenses of \$1,072 million were broadly flat on FY24 with savings from Group simplification initiatives offsetting inflation, the impact of the branch conversion, investment in business bank growth and ongoing investment in digital transformation and risk and regulatory programs. Excluding the impact of the branch conversion, expenses were down four per cent on FY24 and down two per cent on 1H25, reflecting strong cost management and material savings from Group productivity programs.

Employee expenses

Employee expenses of \$546 million increased by \$26 million or five per cent on FY24. The increase was driven by the inclusion of 602 FTE from the branch conversion, inflation and investment in business bank growth and customer support. This was partially offset by simplification of the operating model.

2H25 employee expenses increased by \$28 million or 11 per cent on 1H25 resulting from the branch conversion, investment in business bank growth and seasonally higher provision for annual leave partially offset by simplification of the operating model.

Technology expenses

Technology expenses of \$316 million increased by \$25 million or nine per cent on FY24. The increase reflected inflation and investment in the Group's digital transformation, simplification, and risk and regulatory programs. This was partially offset by savings from productivity initiatives.

Operational expenses

Operational expenses of \$125 million decreased by \$24 million or 16 per cent on FY24 driven by savings from productivity initiatives related to supplier optimisation, lower marketing and non-recurring one-off costs.

Occupancy expenses

Occupancy expense of \$52 million increased by \$7 million or 16 per cent on FY24 driven by the branch conversion, partially offset by a reduction in the Group's property footprint.

Administration expenses

Administration expenses of \$33 million decreased by \$31 million or 48 per cent on FY24, primarily driven by lower project related consulting costs and continued productivity savings.

Financial performance.

For the year ended 31 August 2025

2.5 Investment expenditure

	Year end performance			Half year performance		
	Aug 25 \$m	Aug 24 \$m	Aug 25 vs Aug 24	Aug 25 \$m	Feb 25 \$m	Aug 25 vs Feb 25
Expensed investment expenditure ⁽¹⁾	88	78	13%	54	34	59%
Capitalised investment expenditure	100	179	(44%)	54	46	17%
Total investment expenditure	188	257	(27%)	108	80	35%
Software intangible assets	460	254	81%	460	261	76%
Assets under construction	107	308	(65%)	107	312	(66%)
Total carrying value of technology assets	567	562	1%	567	573	(1%)

(1) Expensed investment expenditure in FY25 and 2H25 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 for further detail.

Total investment expenditure for FY25 of \$188 million decreased \$69 million or 27 per cent on FY24. This reflected a planned scale-down in investment expenditure as key strategic assets were delivered or are nearing completion. The carrying value of technology assets rose to \$567 million, an increase of \$5 million or one per cent on FY24.

In FY25, mortgages on the digital bank were launched across mobile banker channels for both the Virgin Money and ME brands, introducing automated title search and valuation capabilities. In addition, an aggregator pilot with National Mortgage Broker also commenced through the ME brand and the migration of all ME deposit-only customers from heritage systems to the digital platform progressed. The Group continued to focus on strengthening risk and regulatory compliance, commenced the uplift of people systems and enhanced customer onboarding processes and tools.

2.6 Lending

	As at				
	Aug 25 \$m	Feb 25 \$m	Aug 24 \$m	Aug 25 vs Feb 25	Aug 25 vs Aug 24
Housing lending	52,052	54,308	55,251	(4%)	(6%)
Housing lending - APS 120 qualifying securitisation ⁽¹⁾	5,449	5,957	6,543	(9%)	(17%)
	57,501	60,265	61,794	(5%)	(7%)
Commercial lending	13,176	12,162	11,578	8%	14%
Asset finance	7,011	6,908	6,868	1%	2%
Consumer	172	215	239	(20%)	(28%)
Gross loans and advances	77,860	79,550	80,479	(2%)	(3%)
Provisions for impairment	(307)	(310)	(316)	(1%)	(3%)
Net loans and advances	77,553	79,240	80,163	(2%)	(3%)

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

Gross loans and advances of \$77.9 billion contracted by \$2.6 billion or three per cent on FY24. Housing lending declined by \$4.3 billion or seven per cent, primarily reflecting the continued prioritisation of economic return over housing volume growth, as well as the pause in Virgin Money Australia (VMA) and BOQ Broker origination. Commercial lending increased by \$1.6 billion, or 14 per cent, driven by growth in the healthcare sector, agribusiness and well-secured commercial property lending across a diversified range of businesses. Asset finance grew by \$143 million or two per cent, supported by expansion in the equipment finance business and the structured finance portfolio, partially offset by a contraction in the cash flow finance portfolio.

Financial performance.

For the year ended 31 August 2025

2.6 Lending (continued)

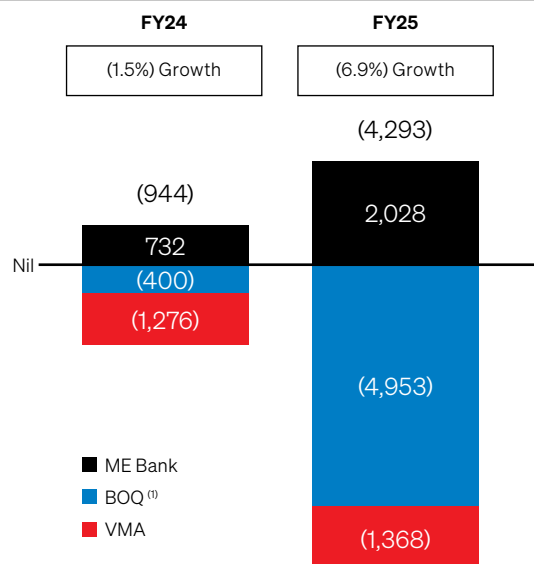
Growth in housing lending (\$m)

The housing portfolio contracted \$4.3 billion or seven per cent on FY24. The FY25 housing growth profile reflects the Group's continued prioritisation of economic return over volume growth in a competitive market which supports the strategic reallocation of capital towards business lending.

The ME portfolio grew at 1.3x system, with a focus on balancing the acquisition mix to support volume growth while optimising margins through increased investor and fixed-rate loan origination. The VMA and BOQ contraction reflects a combination of the decision to pause broker origination onto the heritage platform and higher run-off as economic returns were prioritised. The impact of the branch conversion on housing remains broadly in line with Management's expectations.

The digital mortgage was successfully piloted with mobile bankers and an aggregator in FY25. The strategic focus remains on scaling the digital platform through phased market launches, product and process simplification, and improved customer experience.

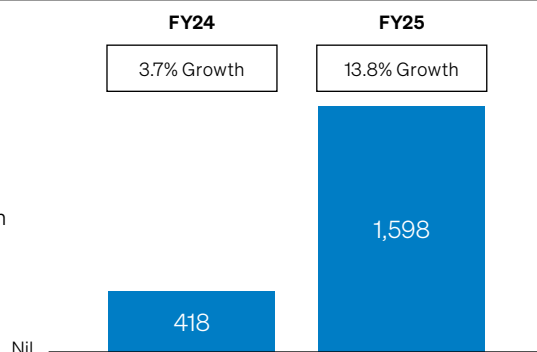
(1) BOQ includes both BOQ Retail and BOQ Business brands, including BOQ Specialist.



Growth in commercial lending (\$m)

The commercial lending portfolio grew \$1.6 billion or 14 per cent on FY24, driven by growth in the healthcare sector, agribusiness, and well-secured commercial property lending across a diversified range of businesses. BOQ maintained its focus on portfolio optimisation and risk adjusted returns throughout the period.

The healthcare sector benefited from growth in lending to retirement living facilities and specialist medical services. Lending to larger commercial real estate (CRE) clients grew in 2H25 as BOQ continued to take a prudent approach to the sector, with an emphasis on high-quality investment transactions.



Growth in asset finance lending⁽¹⁾ (\$m)

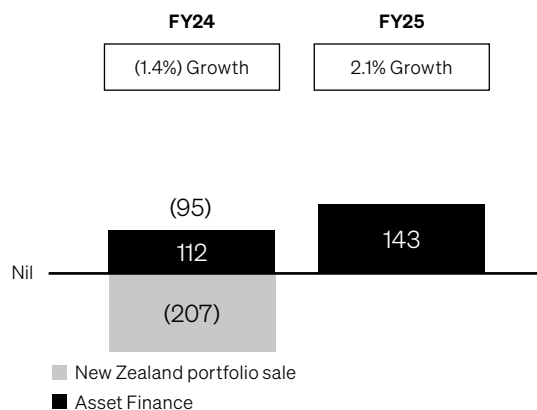
Asset finance grew \$143 million or two per cent on FY24, driven by growth in the equipment finance business and the structured finance portfolio. Excluding a contraction in the cashflow finance portfolio of \$94 million which was placed in run-off during 2H25, underlying asset finance balances grew by \$237 million or three per cent on FY24.

Growth of \$245 million in the structured finance portfolio reflected strong relationships across the novated leasing sector and continued demand for electric vehicles.

Lending to healthcare professionals contracted \$55 million, driven by subdued demand across the dental and medical sectors.

FY24 included a \$207 million reduction following the sale of the New Zealand portfolio.

(1) Asset finance includes BOQ Finance and BOQ Specialist.



Financial performance.

For the year ended 31 August 2025

2.7 Customer deposits

	As at				
	Aug 25 \$m	Feb 25 \$m	Aug 24 \$m	Aug 25 vs Feb 25	Aug 25 vs Aug 24
Transaction accounts	5,422	5,351	5,252	1%	3%
Term deposits	22,350	23,593	24,999	(5%)	(11%)
Savings and investment accounts	33,551	31,718	31,462	6%	7%
Sub-total	61,323	60,662	61,713	1%	(1%)
Mortgage offsets ⁽¹⁾	5,406	5,653	5,648	(4%)	(4%)
Customer deposits ⁽²⁾	66,729	66,315	67,361	1%	(1%)
Deposit to loan ratio	86%	83%	84%	300 bps	200 bps

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

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

Customer deposits

Customer deposits of \$66.7 billion declined \$632 million or one per cent on FY24. Overall funding requirements were reduced as housing lending volumes contracted. However, the Group remained focused on increasing stable sources of funding and maintained a strong funding diversification resulting in the deposit to loan ratio increasing to 86 per cent.

Transaction accounts and mortgage offsets

Transaction accounts increased \$170 million or three per cent on FY24, driven by growth in digital products offsetting a contraction in the legacy portfolio. Mortgage offsets decreased \$242 million or four per cent on FY24, reflecting the contraction in housing lending as the Group continued to focus on economic return over volume growth in a competitive market.

Term deposits

Term deposits decreased by \$2.6 billion or 11 per cent on FY24, reflecting optimisation of the Group's funding profile amidst continued elevated levels of competition for term deposits.

Savings and investment accounts

Savings and investment accounts increased by \$2.1 billion or seven per cent on FY24. Growth in digital products and third-party deposit arrangements were partially offset by a contraction in legacy portfolios.

Financial performance.

For the year ended 31 August 2025

3. Business settings.

3.1 Asset quality

		As at				
PROVISION COVERAGE		Aug 25	Feb 25	Aug 24	Aug 25 vs Feb 25	Aug 25 vs Aug 24
Specific provision (SP)	\$m	48	46	52	4%	(8%)
Collective provision (CP)	\$m	259	264	264	(2%)	(2%)
Total provision	\$m	307	310	316	(1%)	(3%)
SP to impaired assets	%	51	48	50	300bps	100bps
Total provisions / impaired assets	%	327	326	307	100bps	large
CP / Total RWA	bps	65	66	66	(1)	(1)
Total provision / GLA	bps	39	39	39	-	-
IMPAIRED ASSETS						
Total impaired assets	\$m	94	95	103	(1%)	(9%)
Total impaired assets / GLA	bps	12	12	13	-	(1)

Provision coverage

Total provisions of \$307 million decreased by \$9 million or three per cent on FY24, with reductions in both collective and specific provisions, while overall coverage remained stable throughout the year. Specific provisions of \$48 million decreased by \$4 million or eight per cent on FY24. Specific provisions remained subdued in FY25 due to strong net property value increases over recent years and prudent lending standards.

The collective provision of \$259 million decreased by \$5 million or two per cent on FY24, driven by reductions in both retail and commercial portfolios, offset by increases in asset finance. Retail reduced due to a contraction in the housing portfolio, improving arrears balances resulting from cash rate reductions and further strength in house prices. Commercial reduced due to improvements in arrears, offset by portfolio growth. Asset finance increased due to higher arrears.

In FY25, further refinements to overlays have been made to consider unique portfolio factors and industries where economic uncertainty could result in additional stress. Economic forecasts and prudent scenario weightings cater for further uncertainties in the outlook and the possibility of a downturn. The following table outlines the movements in specific provisions since August 2024.

Specific provisions (\$m)

PORTFOLIO	Aug 24	New specific	Realisations and other ⁽¹⁾	Feb 25	New specific	Realisations and other ⁽¹⁾	Aug 25	Aug 25 vs Feb 25	Aug 25 vs Aug 24
Retail	6	1	(2)	5	1	2	8	60%	33%
Commercial	29	2	(10)	21	6	(7)	20	(5%)	(31%)
Asset finance	17	7	(4)	20	10	(10)	20	-	18%
Total	52	10	(16)	46	17	(15)	48	4%	(8%)

(1) Includes realisations and movements within existing provisions.

Impaired assets

BOQ impaired assets of \$94 million decreased \$9 million or nine per cent on FY24. This was driven by a \$15 million or 25 per cent decrease in the commercial portfolio due to positive outcomes on a number of larger impaired matters, offset by a \$4 million or 17 per cent increase in the asset finance portfolio due to one large exposure and a \$2 million or 10 per cent increase in the retail portfolio. The following table outlines the movements in impaired assets since August 2024.

Impaired assets (\$m)

PORTFOLIO	Aug 24	New impaired	Realisations and other ⁽¹⁾	Feb 25	New impaired	Realisations and other ⁽¹⁾	Aug 25	Aug 25 vs Feb 25	Aug 25 vs Aug 24
Retail	20	2	(5)	17	7	(2)	22	29%	10%
Commercial	59	16	(19)	56	16	(28)	44	(21%)	(25%)
Asset finance	24	3	(5)	22	16	(10)	28	27%	17%
Total	103	21	(29)	95	39	(40)	94	(1%)	(9%)

(1) Includes realisations and movements within existing provisions.

Financial performance.

For the year ended 31 August 2025

3.1 Asset quality (continued)

Loan impairment expense

PORTFOLIO		Year end performance			Half year performance		
		Aug 25	Aug 24	Aug 25 vs Aug 24	Aug 25	Feb 25	Aug 25 vs Feb 25
Retail lending ⁽¹⁾	\$m	3	6	(50%)	(9)	12	large
Commercial lending	\$m	(22)	8	large	2	(24)	large
Asset finance	\$m	40	6	large	25	15	67%
Total loan impairment expense ⁽²⁾	\$m	21	20	5%	18	3	large
(3) Total loan impairment expense / GLA ⁽³⁾	bps	3	2	1	5	1	4

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

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

(3) Half yearly ratios are annualised.

The loan impairment expense of \$21 million for FY25 was broadly in line with FY24 with the increase driven by asset finance, as write-offs returned to long run averages and collective provisions increased due to higher arrears. This was offset by commercial lending where reductions in both collective and specific provisions were observed as a number of large, impaired matters were resolved and arrears continued to improve in this portfolio.

Arrears

		The Group					
Key metrics		Aug 25	Aug 25	Feb 25	Aug 24	Aug 25	Aug 25
		portfolio balance				vs Feb 25	vs Aug 24
	\$m	\$m					
Total lending - portfolio balance	\$m		77,860	79,550	80,479	(2%)	(3%)
30 days past due	\$m		1,394	1,469	1,495	(5%)	(7%)
90 days past due	\$m		815	879	899	(7%)	(9%)
			Proportion of portfolio				
30 days past due: GLAs			1.79%	1.85%	1.86%	(6bps)	(7bps)
90 days past due: GLAs			1.05%	1.10%	1.12%	(5bps)	(7bps)
BY PORTFOLIO							
30 days past due: GLAs (Retail) ⁽¹⁾		57,673	1.93%	1.94%	1.94%	(1bps)	(1bps)
90 days past due: GLAs (Retail) ⁽¹⁾			1.14%	1.12%	1.12%	2bps	2bps
30 days past due: GLAs (Commercial)		13,176	1.34%	1.49%	1.78%	(15bps)	(44bps)
90 days past due: GLAs (Commercial)			0.74%	1.17%	1.35%	(43bps)	(61bps)
30 days past due: GLAs (Asset finance)		7,011	1.55%	1.70%	1.38%	(15bps)	17bps
90 days past due: GLAs (Asset finance)			0.90%	0.93%	0.75%	(3bps)	15bps

(1) Retail arrears includes housing and consumer lending.

Arrears in the 30 days past due (DPD) and 90 DPD categories decreased compared with 1H25 and FY24. This was primarily driven by the commercial portfolio which experienced consistent improvement in performance over FY25.

Retail arrears

Retail arrears rates decreased by one basis point for the 30 DPD category and increased by two basis points for the 90 DPD category since FY24. The increase in the 90 DPD arrears rate reflects the contraction in the housing portfolio, as arrears balances actually decreased over FY25. Arrears balances have improved as a result of lower interest rates, tax change benefits and wage growth benefiting customers' ability to meet repayment requirements.

Commercial arrears

Commercial arrears improved by 44 basis points in the 30 DPD category and by 61 basis points in the 90 DPD category since FY24. Improvements have been seen in both categories in 2H25, primarily due to a number of individual exposures resolving their arrears positions.

Asset finance arrears

Asset finance arrears increased by 17 basis points in the 30 DPD category and 15 basis points in the 90 DPD category since FY24. Improvements have been seen over the second half with arrears decreasing by 15 basis points in the 30 DPD category and three basis points in the 90 DPD category. This was due to arrears easing in the construction and transport industries and payment delays being resolved, which impacted one large customer in 1H25.

Financial performance.

For the year ended 31 August 2025

3.2 Funding and liquidity

BOQ's liquidity and funding 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 liquidity risk at BOQ 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 25	Feb 25	Aug 24	Aug 25 vs Feb 25	Aug 25 vs Aug 24
LCR - quarterly average	142.9%	141.8%	144.7%	1.1%	(1.8%)
LCR - half year average	142.1%	143.2%	146.1%	(1.1%)	(4.0%)
LCR - spot	139.5%	134.5%	148.5%	5.0%	(9.0%)
NSFR - spot	124.2%	122.7%	124.8%	1.5%	(0.6%)

Liquidity coverage ratio

BOQ's level 2 quarterly average LCR at 31 August 2025 of 142.9 per cent increased 1.1 per cent from 28 February 2025 driven by an increase in less stable retail deposits and unsecured wholesale funding. The increase in spot LCR in 2H25 was driven by growth in retail deposits and increased lending activity. The average level 2 LCR in 2H25 was 142.1 per cent, a decrease of 1.1 per cent from 1H25. APRA requires that ADI's maintain a minimum LCR of 100 per cent. 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.

Net stable funding ratio

BOQ's level 2 NSFR at 31 August 2025 of 124.2 per cent increased 1.5 per cent from 28 February 2025. The increase was primarily due to an increase in less stable deposits. Additionally, the NSFR denominator (required stable funding) had a small positive impact on the NSFR overall due to lending activities. The NSFR encourages ADIs to fund their lending activities with more stable sources of funding, thereby promoting greater balance sheet resilience. BOQ manages its NSFR on a daily basis and actively maintains a buffer above the regulatory minimum of 100 per cent, 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 whilst 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 25 \$b	Feb 25 \$b	Aug 24 \$b	Aug 25 vs Feb 25	Aug 25 vs Aug 24
Customer Deposits ⁽¹⁾	66.7	66.3	67.4	1%	(1%)
Short Term Wholesale	9.9	9.7	9.8	2%	1%
Long Term Wholesale ⁽²⁾	16.3	16.7	17.9	(2%)	(9%)
Total Funding	92.9	92.7	95.1	-	(2%)

(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

In 2H25, BOQ continued to diversify its term funding sources, accessing wholesale markets via a €600 million (AUD \$1.05 billion) issuance under its soft bullet covered bond program in June 2025, the second euro-denominated covered bond transaction within the soft bullet program. 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.

The table below outlines term funding maturities from 1H26 to 1H31:

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

Major Maturities (\$m)	1H26	2H26	1H27	2H27	1H28	2H28	1H29	2H29	1H30	2H30	1H31
Subordinated Debt	-	250	-	400	-	-	-	-	250	-	-
Additional Tier 1	-	-	-	260	-	-	400	-	-	-	-
Covered Bonds	-	-	-	896	-	900	-	977	-	1050	-
Senior Unsecured	990	900	1600	-	-	-	-	900	-	-	-
Total	990	1,150	1,600	1,556	-	900	400	1,877	250	1050	-

(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) Redemption of subordinated debt notes and additional tier 1 notes at the scheduled call date is at BOQ's option and is subject to obtaining prior written approval from APRA.

Financial performance.

For the year ended 31 August 2025

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 operations within the CET1 range of between 10.25 - 10.75 per cent, in normal operating conditions.

Capital adequacy

	Aug 25 \$m	Feb 25 \$m	Aug 24 \$m	Aug 25 vs Feb 25	Aug 25 vs Aug 24
QUALIFYING CAPITAL FOR LEVEL 2 ENTITIES⁽¹⁾					
COMMON EQUITY TIER 1 CAPITAL					
Ordinary share capital	5,333	5,332	5,342	-	-
Reserves	276	386	310	(28%)	(11%)
Retained profits, including current period profits	299	336	366	(11%)	(18%)
Total CET1 Capital	5,908	6,054	6,018	(2%)	(2%)
REGULATORY ADJUSTMENTS					
Goodwill and intangibles	(1,031)	(1,169)	(1,152)	(12%)	(11%)
Deferred expenditure	(368)	(395)	(422)	(7%)	(13%)
Other deductions	(118)	(120)	(155)	(2%)	(24%)
Total CET1 regulatory adjustments	(1,517)	(1,684)	(1,729)	(10%)	(12%)
CET1 Capital	4,391	4,370	4,289	-	2%
Additional Tier 1 Capital	660	660	660	-	-
Total Tier 1 Capital	5,051	5,030	4,949	-	2%
Provisions eligible for inclusion in Tier 2 capital	156	162	160	(4%)	(3%)
Tier 2 Capital	886	886	636	-	39%
Total Tier 2 Capital	1,042	1,048	796	(1%)	31%
Total Capital	6,093	6,078	5,745	-	6%
Total RWA	40,140	40,212	40,249	-	-
CET1 ratio	10.94%	10.87%	10.66%	7bps	28bps
Tier 1 Capital ratio	12.58%	12.51%	12.30%	7bps	28bps
Total Capital adequacy ratio	15.18%	15.11%	14.27%	7bps	91bps

(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 2025 are:

- Bank of Queensland Limited Employee Share Plans Trust;
- Home Credit Management Pty Ltd;
- Series 2017-1 REDS Trust;
- Series 2018-1 REDS Trust;
- Series 2019-1 REDS Trust;
- Series 2022-1 REDS MHP Trust;
- Series 2023-1 REDS Trust;
- Series 2024-1 REDS Trust;
- Series 2024-2 REDS Trust
- SMHL Series Securitisation Fund 2018-2;
- 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.

Hence, the balances in the table will not directly correlate to the Consolidated balance sheet.

Financial performance.

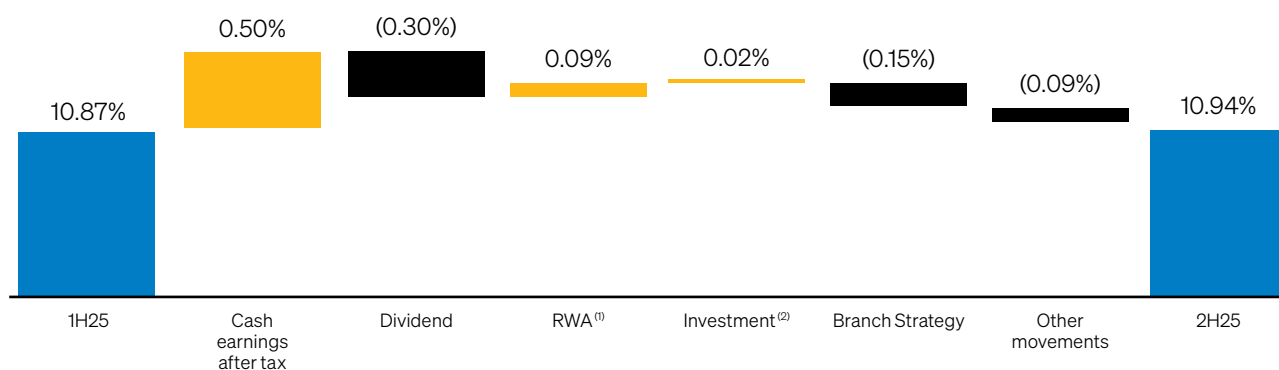
For the year ended 31 August 2025

3.3 Capital management (continued)

The Group's CET1 ratio of 10.94 per cent increased by seven basis points over the half, from 10.87 per cent in 1H25 due to:

- Cash earnings after tax of \$200 million (50 basis points increase);
- Payment of the FY25 interim dividend (30 basis points decrease);
- Reduction in underlying Risk Weighted Assets (RWA) (eight basis points increase), partially offset by run-off in capital relief securitisations (six basis points decrease) and benefiting from a reduction in loan origination costs (seven basis points increase);
- Investment spend net of amortisation (two basis points increase);
- Costs associated with the branch strategy (15 basis points decrease); and
- Other movements which decreased the ratio by nine basis points from:
 - Restructuring costs announced in August 2025 (three basis points decrease);
 - Increase to the provision for the Remedial Action Plans (five basis points decrease); and
 - Other movements (one basis point decrease).

CET1 ratio - 1H25 to 2H25



(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 FY25 amounted to \$181 million. This represented an effective tax rate of 32.1 per cent on a cash earnings basis, which is above the corporate tax rate of 30 per cent, primarily due to the non-deductibility of interest payable on capital notes issued in FY21 and FY23.

Financial performance.

For the year ended 31 August 2025

4. Divisional performance.

4.1 Retail income statement, key metrics and financial performance review

Overview

The Retail Bank meets the financial needs and services of personal customers. The division supports 1.3 million customers through a network of branches, third party intermediaries, customer call centres, digital services, and mobile mortgage specialists. Following the announcement on 22 August 2024, the Group converted the OMB network to corporate branches⁽¹⁾ on 1 March 2025.

	Year end performance			Half year performance		
	Aug 25 \$m	Aug 24 \$m	Aug 25 vs Aug 24	Aug 25 \$m	Feb 25 \$m	Aug 25 vs Feb 25
Net interest income	807	791	2%	419	388	8%
Non-interest income	94	88	7%	49	45	9%
Total income	901	879	3%	468	433	8%
Operating expenses ⁽²⁾	(738)	(746)	(1%)	(380)	(358)	6%
Underlying profit	163	133	23%	88	75	17%
Loan impairment expense	(2)	(1)	100%	7	(9)	large
Profit before tax	161	132	22%	95	66	44%
Income tax expense	(52)	(44)	18%	(31)	(21)	48%
Cash earnings after tax	109	88	24%	64	45	42%

		Year end performance			Half year performance		
Key metrics		Aug 25	Aug 24	Aug 25 vs Aug 24	Aug 25	Feb 25	Aug 25 vs Feb 25
PERFORMANCE INDICATORS							
CTI	%	81.9	84.9	(300bps)	81.2	82.7	(150bps)
Net interest income / average GLA ⁽³⁾	%	1.65	1.55	10bps	1.72	1.57	15bps
ASSET QUALITY							
90 DPD arrears	\$m	616	663	(7%)	616	634	(3%)
Impaired assets	\$m	14	13	8%	14	12	17%
LIE / GLA	bps	-	-	-	(3)	3	(6)
BALANCE SHEET							
GLA		51,623	54,765	(6%)	51,623	53,465	(3%)
Housing	\$m	51,539	54,618	(6%)	51,539	53,336	(3%)
Other retail	\$m	84	147	(43%)	84	129	(35%)
Credit risk weighted assets ⁽⁴⁾	\$m	15,319	16,181	(5%)	15,319	15,792	(3%)
Customer deposits ⁽⁵⁾							
Term deposits	\$m	12,989	14,534	(11%)	12,989	13,780	(6%)
Mortgage offsets	\$m	4,160	4,268	(3%)	4,160	4,236	(2%)
Savings and investment	\$m	14,718	14,607	1%	14,718	14,557	1%
Transaction accounts	\$m	3,600	3,470	4%	3,600	3,550	1%
Deposit to loan ratio	%	69	67	200bps	69	68	100bps

(1) Conversions exclude nine transaction and service centres

(2) The methodology for allocating indirect expenses has been updated in 2H25, with a minor impact to divisional expenses, following the completion of the branch conversions on 1 March 2025. Refer Note 2.5 Operating segments for further detail. Retail Bank operating expenses includes cross-divisional Group costs for various support functions including digital, marketing, product, complaints, remediation and insights.

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

(4) Credit risk weighted assets 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 2025

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

FY25 vs FY24

Retail Bank cash earnings after tax of \$109 million increased by \$21 million or 24 per cent on FY24. The underlying profit increased by \$30 million or 23 per cent, driven by a \$22 million or three per cent increase in total income and a \$8 million or one per cent decrease in operating expenses. Loan impairment expense was \$2 million in FY25, an increase of \$1 million on FY24.

Net interest income

Net interest income of \$807 million increased by \$16 million or two per cent on FY24, reflecting a six per cent contraction in the housing portfolio, partially offset by a 10 basis point increase in net interest margin.

Spot balance sheet movements included:

- Housing contraction of \$3.1 billion or six per cent on FY24 and reflects the continued prioritisation of returns over growth in a competitive housing market, alongside the ongoing moderation of VMA and BOQ broker origination; and
- Customer deposits contraction of \$1.4 billion or four per cent on FY24, driven by a \$1.5 billion or 11 per cent decrease in term deposits as the Group optimised funding requirements.

Net interest margin of 1.65 per cent increased by 10 basis points on FY24, reflecting the benefits of the branch conversion and hedged deposits and capital. This was partially offset by higher funding costs and the impact of customer preference for higher yielding deposit products. Housing lending margins remained largely stable.

Non-interest income

Non-interest income of \$94 million increased \$6 million or seven per cent on FY24, reflecting increased commissions from third party credit card and insurance providers, as well as the benefit of the branch conversion in 2H25.

Operating expenses

Operating expenses of \$738 million decreased by \$8 million or one per cent on FY24, driven by productivity initiatives. These were partially offset by inflation, investment in technology transformation, and an uplift in resourcing and occupancy resulting from the branch conversion.

Loan impairment expense

Loan impairment expense was \$2 million in FY25, an increase of \$1 million on FY24 mainly due to a small increase in specific provisions off a low base.

2H25 vs 1H25

Retail Bank cash earnings after tax of \$64 million increased \$19 million or 42 per cent on 1H25. The underlying profit increased by \$13 million or 17 per cent, reflecting a \$35 million or eight per cent increase in total income and a \$22 million or six per cent increase in operating expenses. Loan impairment expense was a release of \$7 million in 2H25, compared to a \$9 million expense in 1H25.

Net interest income

Net interest income of \$419 million increased by \$31 million or eight per cent on 1H25, driven primarily by the benefits of the branch conversion and a higher day count. Net interest margin increased by 15 basis points, while the housing portfolio contracted three per cent.

Spot balance sheet movements included:

- Housing contraction of \$1.8 billion or three per cent on 1H25. 2H25 housing continued to reflect the prioritisation of returns over growth in a competitive housing market, alongside the ongoing moderation of VMA and BOQ broker origination; and
- Customer deposits contraction of \$656 million or two per cent on 1H25, driven by a reduction in term deposits. This was partially offset by growth in savings and transaction account balances.

Net interest margin of 1.72 per cent increased 15 basis points on 1H25, reflecting the benefits of the branch conversion and hedged deposits and capital. This was partially offset by the impact of higher funding costs.

Non-interest income

Non-interest income of \$49 million increased \$4 million or nine per cent on 1H25, driven by the benefit of the branch conversion and commissions earned from the distribution of third party products.

Operating expenses

Operating expenses of \$380 million increased by \$22 million or six per cent on 1H25. This was driven by expenses relating to the branch conversion, inflation, investment in technology transformation, and the timing of marketing expenses. This was partially offset by productivity initiatives.

Loan impairment expense

Loan impairment expense was a release of \$7 million in 2H25 compared to \$9 million expense in 1H25. This was driven by lower collective provisions due to housing portfolio contraction, reductions in arrears and further house price increases.

Financial performance.

For the year ended 31 August 2025

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, housing lending and deposit solutions for business customers.

	Year end performance			Half year performance		
	Aug 25 \$m	Aug 24 \$m	Aug 25 vs Aug 24	Aug 25 \$m	Feb 25 \$m	Aug 25 vs Feb 25
Net interest income	713	672	6%	374	339	10%
Non-interest income	50	45	11%	27	23	17%
Total income	763	717	6%	401	362	11%
Operating expenses ⁽¹⁾	(334)	(323)	3%	(172)	(162)	6%
Underlying profit	429	394	9%	229	200	15%
Loan impairment expense	(19)	(19)	-	(25)	6	large
Profit before tax	410	375	9%	204	206	(1%)
Income tax expense	(131)	(122)	7%	(65)	(66)	(2%)
Cash earnings after tax	279	253	10%	139	140	(1%)

		Year end performance			Half year performance		
Key metrics		Aug 25	Aug 24	Aug 25 vs Aug 24	Aug 25	Feb 25	Aug 25 vs Feb 25
PERFORMANCE INDICATORS							
CTI	%	43.8	45.0	(120bps)	42.9	44.8	(190bps)
Net interest income / average GLA ⁽²⁾	%	2.89	2.78	11bps	2.99	2.79	20bps
ASSET QUALITY							
90 DPD arrears	\$m	200	237	(16%)	200	245	(18%)
Impaired assets	\$m	80	90	(11%)	80	83	(4%)
LIE / GLA	bps	7	7	-	19	(5)	24
BALANCE SHEET							
GLA	\$m	26,237	25,714	2%	26,237	26,085	1%
Housing	\$m	5,962	7,176	(17%)	5,962	6,929	(14%)
Commercial and other	\$m	13,264	11,670	14%	13,264	12,248	8%
Asset finance	\$m	7,011	6,868	2%	7,011	6,908	1%
Credit risk weighted assets ⁽³⁾	\$m	18,269	17,309	6%	18,269	17,763	3%
Customer deposits ⁽⁴⁾							
Term deposits	\$m	1,434	2,200	(35%)	1,434	1,750	(18%)
Mortgage offsets	\$m	1,245	1,379	(10%)	1,245	1,416	(12%)
Savings and investment	\$m	5,055	5,180	(2%)	5,055	5,174	(2%)
Transaction accounts	\$m	1,822	1,781	2%	1,822	1,801	1%
Deposit to loan ratio	%	36	41	(500bps)	36	39	(300bps)

(1) The methodology for allocating indirect expenses has been updated in 2H25, with a minor impact to divisional expenses, following the completion of the branch conversions on 1 March 2025. Refer Note 2.5 Operating segments for further detail.

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

(3) Credit risk weighted assets reflect on balance sheet exposures.

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

Financial performance.

For the year ended 31 August 2025

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

FY25 vs FY24

BOQ Business cash earnings after tax of \$279 million increased \$26 million or 10 per cent on FY24. Underlying profit increased \$35 million or nine per cent driven by a \$46 million or six per cent increase in total income. This was partially offset by a \$11 million or three per cent increase in operating expenses. Loan impairment expense was \$19 million in FY25, flat on FY24.

Net interest income

Net interest income of \$713 million increased by \$41 million or six per cent on FY24, reflecting higher lending assets and an 11 basis point improvement in net interest margin.

Spot balance sheet movements included:

- Commercial and other lending growth of \$1.6 billion or 14 per cent driven by growth in the healthcare sector, agribusiness and well secured commercial property lending across a diversified range of businesses;
- Asset finance growth of \$143m or two per cent supported by growth in the equipment finance business and structured finance portfolio, partially offset by contraction in the cash flow finance portfolio of \$94 million which was placed in run-off during 2H25;
- Housing contraction of \$1.2 billion or 17 per cent, reflecting the continued prioritisation of returns over growth in a competitive housing market; and
- Customer deposits contraction of \$1.0 billion or nine per cent, driven by a reduction in term deposits as the Group optimised funding requirements.

Net interest margin of 2.89 per cent increased 11 basis points on FY24, reflecting the benefits of the branch conversion and hedged deposits and capital, partially offset by continued competitive pressure across business lending.

Non-interest income

Non-interest income of \$50 million increased \$5 million or 11 per cent on FY24, reflecting higher business banking fees partially offset by lower gains from the sale of leasing equipment.

Operating expenses

Operating expenses of \$334 million increased by \$11 million or three per cent on FY24 reflecting inflation, investment in additional frontline bankers and technology transformation, partially offset by productivity initiatives.

Loan impairment expense

Loan impairment expense of \$19 million was flat on FY24. Although the loan impairment expense for asset finance increased in FY25, the impact was offset by reductions in commercial lending due to improvements in arrears.

2H25 vs 1H25

BOQ Business cash earnings after tax of \$139 million decreased \$1 million or one per cent on 1H25. The underlying profit increased \$29 million or 15 per cent, driven by a \$39 million or 11 per cent increase in total income. This was partially offset by a \$10 million or six per cent increase in operating expenses. Loan impairment expense was \$25 million in 2H25, an increase of \$31 million on 1H25.

Net interest income

Net interest income of \$374 million increased by \$35 million or 10 per cent on 1H25, reflecting growth in lending assets, a 20 basis point improvement in net interest margin, and the impact of a higher day count.

Spot balance sheet movements included:

- Commercial and other lending growth of \$1.0 billion or eight per cent driven by expansion in the healthcare sector, agribusiness, and well secured commercial property lending across a diversified range of businesses;
- Asset finance growth of \$103m or one per cent, supported by growth in the equipment finance business and structured finance portfolio, partially offset by contraction in the cash flow finance portfolio of \$53 million;
- Housing contraction of \$1.0 billion or 14 per cent, reflecting the continued prioritisation of returns over growth in a competitive housing market; and
- Customer deposits contraction of \$585 million or six per cent, driven by a reduction in term deposits as the Group optimised funding requirements.

Net interest margin of 2.99 per cent increased by 20 basis points on 1H25, reflecting the benefits of the branch conversion and hedged deposits and capital, partially offset by continued competitive pressure across business lending.

Non-interest income

Non-interest income of \$27 million increased \$4 million or 17 per cent on 1H25, reflecting higher business banking fees and financial markets revenue, alongside benefits following the branch conversion.

Operating expenses

Operating expenses of \$172 million increased by \$10 million or six per cent on 1H25, driven by investment in additional frontline bankers and technology transformation.

Loan impairment expense

Loan impairment expense of \$25 million compared to a \$6 million release in 1H25. This was driven by asset finance write-offs returning to long run averages in 2H25 as well as the non-recurrence of the provision reductions in commercial in 1H25.

Financial performance.

For the year ended 31 August 2025

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 25 \$m	Aug 24 \$m	Aug 25 vs Aug 24	Aug 25 \$m	Feb 25 \$m	Aug 25 vs Feb 25
Net interest income / (expense)	(5)	-	large	(3)	(2)	50%
Non-interest income / (expense)	(2)	4	large	(2)	-	large
Total income / (loss)	(7)	4	large	(5)	(2)	150%
Operating expenses	-	-	-	-	-	-
Underlying profit / (loss)	(7)	4	large	(5)	(2)	150%
Loan impairment expense	-	-	-	-	-	-
Profit / (loss) before tax	(7)	4	large	(5)	(2)	150%
Income tax expense / (benefit)	2	(2)	large	2	-	large
Cash profit / (loss) after tax	(5)	2	large	(3)	(2)	50%

Financial performance review

Cash loss after tax of \$5 million in FY25 compared to cash profit after tax of \$2 million in FY24.

Net interest income / (expense)

Net interest expense of \$5 million in FY25 compares to net interest expense of \$0 million in FY24. This includes the impact of finance costs related to the remedial action plan provision and the interest expense associated with lease liabilities in line with the accounting standards.

Non-interest income / (expense)

Non-interest expense of \$2 million compares with income of \$4 million from FY24, driven by treasury related fees and gains.

4.4 Outlook

The Australian economy gradually improved over the course of FY25. The labour market remains resilient, although there has been a modest rise in the unemployment rate. Business and consumer confidence is improving. BOQ expects the economy to strengthen further over the course of FY26 reflecting the benefits of lower inflation and stronger growth in household disposable incomes. BOQ's view is that there are likely to be additional cash rate reductions in FY26 and this should provide further support to the domestic economic outlook.

The Group's performance outlook for FY26 is outlined below:

- Ongoing geopolitical uncertainty has the potential to negatively impact on the economic and financial market outlook, particularly given elevated financial market valuations;
- There are risks to the margin outlook driven by the uncertainty around the depth and timing of cash rate movements, alongside a heightened competitive environment for lending and deposits;
- BOQ's mortgage book may continue to experience a modest decline as the Group prioritises higher returning business lending and progressively transitions origination to the new digital banking platform;
- Ongoing delivery of the Group's simplification agenda and continued investment in digital transformation, simplifying and strengthening operational resilience;
- Sustained level of investment expenditure in FY26 and higher amortisation expenditure with the launch of the digital platform;
- Loan impairment expense expected to remain below long run average loss rates for the short term; and
- Continued support for customers in managing through uncertain times.

Financial performance.

For the year ended 31 August 2025

5. Appendix to Financial performance.

5.1 Cash EPS calculations

		Year end performance			Half year performance		
		Aug 25	Aug 24	Aug 25 vs Aug 24	Aug 25	Feb 25	Aug 25 vs Feb 25
RECONCILIATION OF CASH EARNINGS FOR EPS							
Cash earnings after tax	\$m	383	343	12%	200	183	9%
Returns to other equity instruments ⁽¹⁾	\$m	-	(2)	(100%)	-	-	-
Fair value adjustment on ME AT1 capital notes ⁽²⁾	\$m	-	1	(100%)	-	-	-
Cash earnings available for ordinary shareholders	\$m	383	342	12%	200	183	9%
Effect of capital notes 1 ⁽³⁾	\$m	-	19	(100%)	-	-	-
Effect of capital notes 2	\$m	14	15	(7%)	7	7	-
Effect of capital notes 3	\$m	22	22	-	11	11	-
Cash diluted earnings available for ordinary shareholders	\$m	419	398	5%	218	201	8%
WEIGHTED AVERAGE NUMBER OF SHARES (WANOS)							
Basic WANOS - ordinary shares	m	658	657	-	658	658	-
Effect of award rights	m	7	7	-	7	7	-
Effect of capital notes 1 ⁽³⁾	m	-	55	(100%)	-	-	-
Effect of capital notes 2	m	35	43	(19%)	35	38	(8%)
Effect of capital notes 3	m	53	66	(20%)	53	60	(12%)
Diluted WANOS for cash earnings EPS ⁽⁴⁾	m	753	828	(9%)	753	763	(1%)
CASH EARNINGS PER SHARE ⁽⁵⁾							
Cash basic EPS - ordinary shares	cents	58.3	52.2	12%	30.4	27.9	9%
Cash diluted EPS - ordinary shares	cents	55.7	48.1	16%	28.9	26.4	9%

(1) BOQ redeemed ME Bank AT1 Capital Notes (Series 2) in full on 5 December 2023 without issuing a replacement security.

(2) Fair value adjustment on ME AT1 Capital Notes fully amortised in December 2023.

(3) BOQ redeemed Retail Capital notes 1 in full on 15 August 2024 without issuing a replacement security.

(4) The Group had awarded 10,818,626 employee share options as at 31 August 2025. The options were anti-dilutive during the period and therefore have not impacted diluted WANOS.

(5) Diluted EPS is 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 equaling the sum of the two half-year figures.

Financial performance.

For the year ended 31 August 2025

5.2 Average balance sheet and margin analysis

The following tables outline 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 1H25, 2H25, FY25 and FY24.

	2H25			1H25		
	Average balance \$m	Interest \$m	Average rate %	Average balance \$m	Interest \$m	Average rate %
INTEREST EARNING ASSETS						
Loans and advances ⁽¹⁾	73,141	2,142	5.81	74,073	2,167	5.90
Investments and other securities	18,849	387	4.07	18,979	419	4.45
Total interest earning assets	91,990	2,529	5.45	93,052	2,586	5.60
Non-interest earning assets						
Property, plant and equipment	159			140		
Other assets	2,651			2,454		
Provision for impairment	(310)			(307)		
Total non-interest earning assets	2,500			2,287		
Total assets	94,490			95,339		
INTEREST BEARING LIABILITIES						
Retail deposits	61,802	1,112	3.57	61,709	1,179	3.85
Wholesale deposits and borrowings ⁽²⁾	25,346	627	4.91	26,281	682	5.23
Total interest bearing liabilities	87,148	1,739	3.96	87,990	1,861	4.27
Non-interest bearing liabilities	1,322			1,477		
Total liabilities	88,470			89,467		
Shareholders' funds	6,020			5,872		
Total liabilities and shareholders' funds	94,490			95,339		
INTEREST MARGIN AND INTEREST SPREAD						
Interest earning assets	91,990	2,529	5.45	93,052	2,586	5.60
Interest bearing liabilities	87,148	1,739	3.96	87,990	1,861	4.27
Net interest spread			1.49			1.33
Benefit of free funds			0.21			0.24
NIM - on average interest earning assets	91,990	790	1.70	93,052	725	1.57

(1) Net of average mortgage offset balances.

(2) Includes hedging costs, execution costs and dealer fees.

Financial performance.

For the year ended 31 August 2025

5.2 Average balance sheet and margin analysis (continued)

	FY25			FY24		
	Average balance \$m	Interest \$m	Average rate %	Average balance \$m	Interest \$m	Average rate %
INTEREST EARNING ASSETS						
Loans and advances ⁽¹⁾	73,604	4,309	5.85	74,946	4,261	5.69
Investments and other securities	18,914	806	4.26	18,967	820	4.32
Total interest earning assets	92,518	5,115	5.53	93,913	5,081	5.41
Non-interest earning assets						
Property, plant and equipment	150			172		
Other assets	2,585			2,422		
Provision for impairment	(309)			(325)		
Total non-interest earning assets	2,426			2,269		
Total assets	94,944			96,182		
INTEREST BEARING LIABILITIES						
Retail deposits	61,756	2,291	3.71	61,001	2,279	3.74
Wholesale deposits and borrowings ⁽²⁾	25,814	1,309	5.07	27,354	1,339	4.89
Total interest bearing liabilities	87,570	3,600	4.11	88,355	3,618	4.09
Non-interest bearing liabilities	1,377			1,592		
Total liabilities	88,947			89,947		
Shareholders' funds	5,997			6,235		
Total liabilities and shareholders' funds	94,944			96,182		
INTEREST MARGIN AND INTEREST SPREAD						
Interest earning assets	92,518	5,115	5.53	93,913	5,081	5.41
Interest bearing liabilities	87,570	3,600	4.11	88,355	3,618	4.09
Net interest spread			1.42			1.32
Benefit of free funds			0.22			0.24
NIM - on average interest earning assets	92,518	1,515	1.64	93,913	1,463	1.56

(1) Net of average mortgage offset balances.

(2) Includes hedging costs, execution costs and dealer fees.

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DIRECTORS' REPORT.

Remuneration Report.

For the year ended 31 August 2025



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

Dear Shareholder

Introduction

On behalf of the Board, I am pleased to present the 2025 Remuneration Report, the first since my appointment as Chair of the People, Culture and Remuneration Committee. Our results reflect the unwavering commitment and diligent execution by the Executive team towards our strategic priorities. We have made meaningful progress in our transformation towards a simpler, specialist bank - one that aims to enhance the experience of our customers, people and shareholder outcomes.

Financial Performance

The banking sector continues to navigate strong headwinds—shaped by previously elevated inflationary pressures, margin compression, heightened regulatory expectations in remuneration governance, risk culture and prudential oversight—alongside the lagged impact of monetary tightening which continues to weigh on customer sentiment. Amid these pressures, the Group has delivered improved financial performance year-on-year, reflecting strong execution and disciplined management in a complex operating environment.

Cash earnings after tax rose to \$383 million, up 12 per cent year-on-year, supported by strong expense discipline and the delivery of strategic growth priorities. Operating expenses were flat, including the impact of the branch conversion. Excluding the uplift from the branch conversion, underlying expenses were down four per cent. The improved cost-to-income ratio of 64.7 per cent, down two percentage points, reflects stable expenses alongside a four per cent uplift in revenue, primarily driven by the branch conversion. Cash return on equity rose 70 basis points to 6.4 per cent, and cash earnings per share increased by 12 per cent to 58.3 cents. The Board has determined to pay a fully franked final dividend of 20 cents per share, taking the total dividend for FY25 to 38 cents per share.

Non-financial Performance

Beyond financial performance, the Group also made meaningful progress on its non-financial transformation priorities. Key transformation milestones were achieved, including the launch of digital mortgages, progress on migrating ME customers to the new platform and the decommissioning of our legacy systems.

The migration process is complex and involved some temporary disruption for some of our customers. We remain focused on addressing customer concerns and impact. In parallel, the conversion of the OMB network marks a significant step forward in enhancing our operational efficiency. Both these strategic initiatives are designed to deliver benefits for our customers through a superior and more consistent customer experience.

The Group continues to invest in leadership and organisational capability to drive improved customer outcomes and workforce performance. As we reshape our operating model and commence the strategic partnership with Capgemini, our commitment to maintaining an inclusive and values-led culture remains steadfast—recognising that a strong, aligned workforce is critical to delivering sustainable success.

The results of our internal culture survey indicate improvement across numerous areas, but also that further progress is needed to fully align with our target culture state. The insights have provided valuable direction into where we can focus our efforts, and we remain committed to driving improvement through continued engagement, focused action and sustained leadership support.

We continue to strengthen our financial resilience, operational resilience and risk culture through diligent progress against the deliverables of the Group's Remedial Action Plans (RAPs). In addition, we have maintained strong leadership focus on calling out behaviours that do not align with our risk culture and values - reinforcing accountability and fostering a safer environment where people feel empowered to speak up.

Within Program rQ, 83 per cent of deliverables have been completed on schedule, with independent assurance validating that the outputs are aligned to requirements and fit for purpose. Two of nine workstreams required additional refinement to meet the expected standards, which resulted in some delays to their delivery. Considerable efforts have been made to realign outcomes of these workstreams with expectations.

Remuneration Report.

For the year ended 31 August 2025

The AML First program has delivered 98 per cent of its milestones on time and to a high standard. One deliverable, relating to Enhanced Customer Due Diligence (ECDD), did not meet the post implementation requirements upon review by the Group's appointed internal assurers. The Group has been working closely with all parties to optimise the implementation requirements in line with expectations.

FY25 Remuneration Framework and Outcomes

Changes to our remuneration framework, foreshadowed in the 2024 Remuneration report, were implemented for FY25 (outlined on page 104). The Board revised the executive remuneration structure to strengthen alignment between remuneration outcomes and business performance. As part of this, the Group scorecard was simplified to ensure a clear focus on the strategic priorities and an appropriate balance between financial and non-financial measures.

Through the evolution of our remuneration approach, we aim to foster a high performance culture that rewards both strong delivery and positive impact. The revised framework also aims to achieve continued alignment with regulatory requirements and the expectations of our stakeholders.

Based on the recommendation of the Committee, the Board approved the following remuneration outcomes for FY25, taking into account both financial and non-financial performance:

- Fixed Remuneration: The Executive cohort received an average increase of two per cent in fixed remuneration. Individual adjustments ranged from zero to seven per cent, depending on relative market positioning of pay and individual role accountabilities.
- The Group Scorecard for FY25 was assessed at 93 per cent of target, reflecting the weighted outcome of both financial and non-financial measures. For Executives, including their individual performance outcomes, this resulted in STVR awards ranging from 90 per cent to 97 per cent of target, and 70 per cent to 77 per cent of maximum, with no downward adjustments for risk matters.

Further detail is provided in Section 3 and 4.

FY26 Remuneration Changes

During the year, the Committee conducted a review of the MD&CEO's remuneration package in relation to market alignment. Effective from FY26, Patrick Allaway's fixed remuneration increased by 6.7 per cent and his remuneration mix was adjusted to allow for a higher portion of performance based pay. These changes better align the overall package with external market benchmarks, reinforce the Company's outcomes-driven culture and mark the first adjustment to the MD&CEO's remuneration since 2021. Further details will be provided in the Company's notice of meeting ahead of the FY25 AGM.

Following a review of Non-Executive Director (NED) fees, the Board has approved changes to the FY26 fee structure to align with prevailing market practice. To support the continued attraction and retention of high-calibre directors, the revised framework replaces the previous 'all-in' committee fee structure with an individual committee fee model. The Board comprises only five independent Directors at the commencement of FY26. Pending the recruitment of additional Non-Executive Directors, all current Board members will temporarily serve on all Committees. As a result, the total expected Non-Executive Director fees will be lower, reflecting the reduced Board size

until additional Directors are appointed. These are the first adjustments to NED fees since FY22 and reflect the increasing governance expectations, complexity and workload associated with NED responsibilities.

Leadership Changes

During the year we were delighted to welcome Mary Waldron and Paul Riordan as independent Non-Executive Directors to the Board. Their diverse expertise and experience have further strengthened the Board's capability and governance oversight, enhancing our ability to guide the Group through its transformation journey. We also extend our sincere appreciation to retiring Chairman Warwick Negus and Director Deborah Kiers for their valuable contributions and dedicated service.

Following the departure of Chris Screen, Julian Russell was appointed as the Group Executive Business Banking commencing April 2025. Due to personal reasons, Julian Russell ceased employment with BOQ in June 2025. Following a successful interim period, Keith Strachan has been appointed as the permanent successor effective 10 October 2025. Keith Strachan has demonstrated strong capability and leadership since joining BOQ in 2021 as General Manager of Business Banking and will provide stability and continuity for the business banking function as it continues its growth trajectory.

Conclusion

The Board reaffirms its commitment to ensuring that the Executive Remuneration Framework is fit-for-purpose and aligned with BOQ's long-term strategy and the interests of our shareholders.

I encourage shareholders to read the Remuneration Report ahead of the 2025 Annual General Meeting and welcome feedback.

Yours faithfully,



Karen Penrose
Chair, People, Culture & Remuneration Committee

Table of Contents.

1. Key management personnel	100
2. Remuneration governance	101
3. FY25 remuneration framework	104
4. FY25 remuneration outcomes	106
5. Non-executive director remuneration	111
6. Statutory disclosures	112

Remuneration Report.

For the year ended 31 August 2025

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 2025.

Table 1 - Executive and non-executive directors

Name	Position	Term
Patrick Allaway ⁽¹⁾	Managing Director & Chief Executive Officer	Full year
Warwick Negus ⁽²⁾	Non-executive Director & Chair	Full year
Andrew Fraser	Non-executive Director & Chair-elect	Full year
Deborah Kiers ⁽³⁾	Non-executive Director	Full year
Karen Penrose	Non-executive Director	Full year
Mary Waldron	Non-executive Director	Commenced 11 November 2024
Mickie Rosen	Non-executive Director	Full year
Paul Riordan	Non-executive Director	Commenced 16 April 2025
FORMER		
Bruce Carter	Non-executive Director	Retired 3 December 2024
Jenny Fagg	Non-executive Director	Retired 29 November 2024

Table 2 - Group executives

Name	Position	Term
CURRENT		
Racheal Kellaway	Chief Financial Officer	Full year
Alexandra Taylor	Chief People Officer	Full year
Craig Ryman	Chief Information Officer	Full year
Greg Boyle	Group Executive Retail Banking	Full year
Rachel Stock	Chief Risk Officer	Full year
Rod Finch	Chief Transformation & Operations Officer	Full year
FORMER		
Chris Screen	Group Executive Business Banking	Ceased 2 January 2025
Julian Russell	Group Executive Business Banking	Commenced 22 April 2025 and ceased 23 June 2025 ⁽⁴⁾

(1) Patrick Allaway assumed accountability for Business Banking as the Accountable Person between 2 January 2025 and 21 April 2025.

(2) Warwick Negus is retiring from the Board effective 24 October 2025.

(3) Deborah Kiers retired from the Board effective 31 August 2025.

(4) Effective 23 June 2025, Keith Strachan, General Manager BOQ Specialist Banking, was appointed Interim Accountable Person for Business Banking. As Keith served in an interim capacity, he was not considered a KMP for the purpose of this disclosure.

1.1 Executive KMP exit arrangements

Chris Screen ceased as Group Executive Business Banking on 2 January 2025 and concluded employment with the Group on 2 July 2025. Chris Screen will not receive any STVR for FY25 and his unvested and restricted equity was treated in accordance with the cessation of employment (mutual agreement) provisions set out in the Award Terms and Plan Rules.

Julian Russell commenced his appointment as Group Executive, Business Banking on 22 April 2025 and concluded his employment on 23 June 2025. In accordance with the cessation of employment (resignation) provisions stipulated in the applicable Award Terms and Plan Rules, all unvested Equity Performance Rights (**EPRs**) granted to him have lapsed.

Remuneration Report.

For the year ended 31 August 2025

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 December 2024 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 Chairman and NEDs, 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 ADVISORS

- 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 advisors during FY25.

Remuneration Report.

For the year ended 31 August 2025

2.3 Risk adjustment

To ensure remuneration outcomes are aligned with BOQ's risk governance framework, a structured risk adjustment process is embedded across all levels of reward decision-making. This process supports sound risk management by linking variable remuneration to individual and collective accountability for risk, compliance and conduct outcomes. The following table outlines the key features of this framework, including the policies, assessment mechanisms and tools used by Management, the PCRC and the Board to uphold prudent and proportionate remuneration practices.

BOQ has consistently demonstrated its commitment to accountability and risk culture as evidenced by the decisive actions taken in prior years. These outcomes reflected the seriousness with which BOQ approaches consequence management.

The Group is introducing a new Consequence Management Framework from FY26 which marks the next step in this journey. It builds on past actions by embedding a more proportional, consistent and transparent approach to applying financial and non-financial consequences. This evolution reinforces individual accountability and supports the continued strengthening of BOQ's risk culture.

Table 3 - How risk and conduct are integrated in our remuneration framework

FEATURES	DESCRIPTION
Policies and frameworks	The Risk-Adjusted Reward Framework guides how risk-related conduct and outcomes influence remuneration decisions. It operates alongside broader consequence management mechanisms and supports decisions by Management, the PCRC and the Board. It aligns with prudential standards, BOQ's purpose and long-term financial and non-financial performance.
Scope	- Policies and frameworks apply to all employees including the MD&CEO. - All employees and contractors are required to comply with BOQ's Code of Conduct.
Assessment	The Chief Risk Officer (CRO) presents a biannual report to both the PCRC and the Board Risk Committee. This report outlines significant and thematic risk events and serves as a key input into variable remuneration decisions. It informs the granting of equity to Executive KMP and other employees, and supports the Board's assessment of risk and compliance prior to the vesting of, or the removal of restrictions from, equity awards.
Risk-Adjusted Reward Framework	- Purpose: - Supports Management, the PCRC and the Board in making informed, proportionate remuneration decisions in response to risk events - Sets clear criteria for applying adjustments where conduct, behaviour or actions have contributed to significant risk, compliance failures or adverse outcomes across the Group - Adjustment Criteria: - Failures in financial or non-financial risk management - Breaches of accountability, compliance or fitness and propriety obligations - Material errors or misstatements affecting remuneration decisions - Adverse impacts on customers, beneficiaries or counterparties - Examples of Conduct Considered: - Serious misconduct (e.g. fraud, dishonesty or gross negligence) - Breach of employment or behavioural standards - Misstatements in financials or performance conditions - Reputational damage - Awards later deemed unjustified based on new information - Application: - The Risk-Adjusted Reward Framework complements other consequence management mechanisms and provides guiding principles for leaders, the PCRC and the Board to determine appropriate and proportionate actions in response to risk events across the Group.
Risk Adjustment Tools	- Management, the PCRC and the Board may apply the following tools to adjust remuneration in response to risk, compliance or conduct matters: - In-period adjustment: The potential variable reward may be reduced—partially or entirely. - Malus: The Board may determine that all or part of any unvested award will be lapsed or forfeited. - Clawback: The Board may clawback any variable reward that has been paid or vested as an overpayment if, due to a risk, compliance or conduct incident, it would not have otherwise been granted. Subject to legal limitations, the Board may seek to recover the difference for the benefit of BOQ Group through any action it deems necessary and appropriate. This may apply regardless of whether the individual's employment or engagement has ceased.

Remuneration Report.

For the year ended 31 August 2025

2.4 Board discretion

Executive KMP remuneration is determined by the Reward Strategy, Policy and the 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 accordingly 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

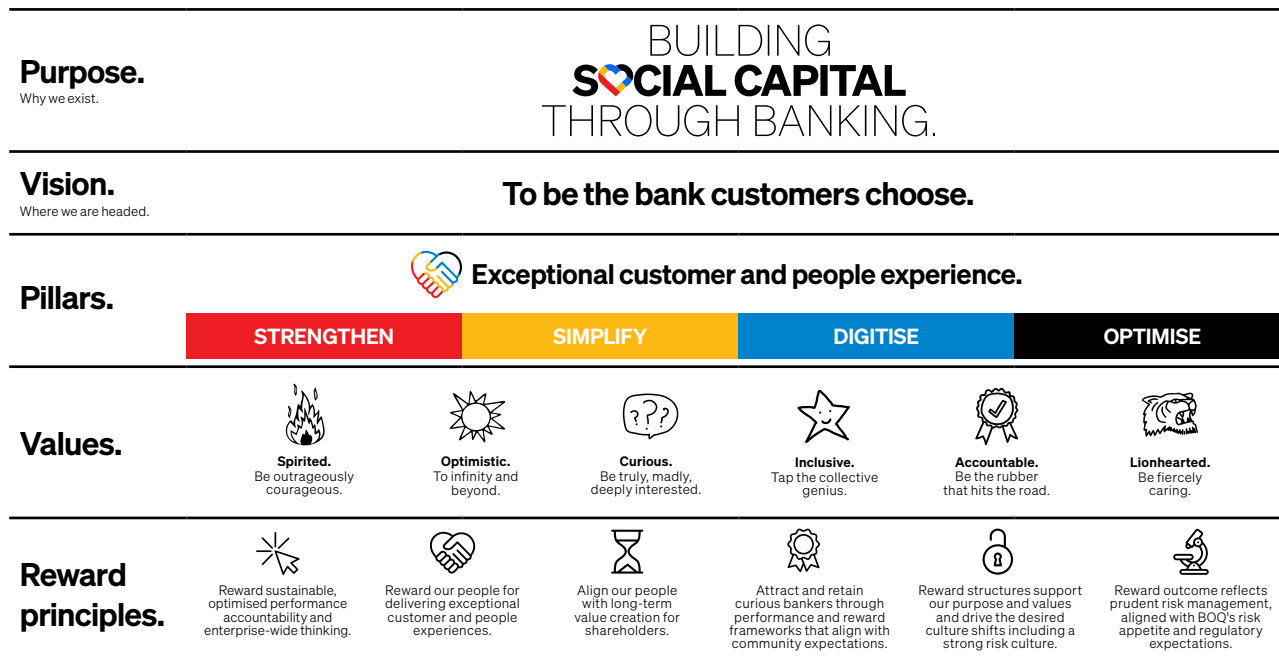
During FY25, the Board did not engage any remuneration consultant to provide a remuneration recommendation or assessment, as defined under the Corporations Act 2001. While EY was engaged in FY24 to provide input on proposed changes to the Executive Remuneration Framework for FY25, this advice did not constitute a remuneration recommendation under the Act, and no such engagement occurred during FY25.

Remuneration Report.

For the year ended 31 August 2025

3. FY25 remuneration framework

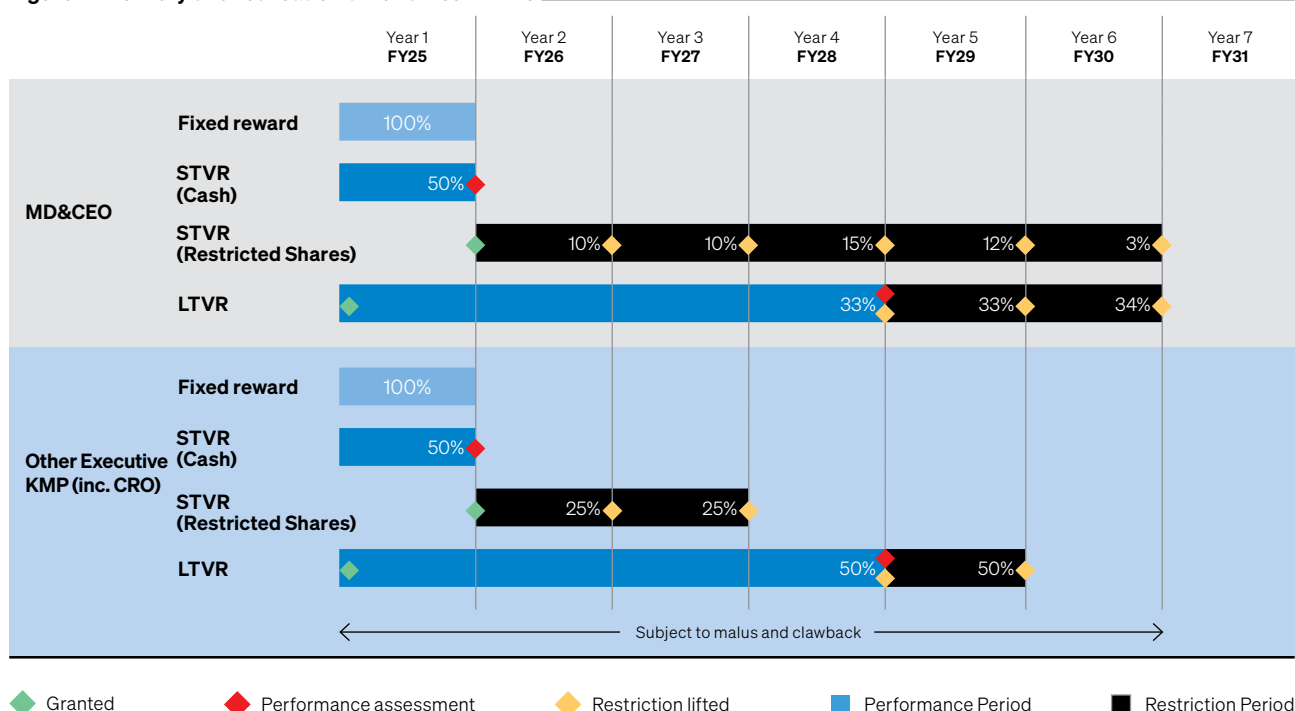
3.1 Our remuneration principles



3.2 Our executive remuneration framework

A revised executive remuneration framework was introduced effective from 1 Sep 2024. It is designed to align with our strategy, market practice, investor expectations and compliance with CPS 511. Figure 1 illustrates the delivery profile of the different remuneration components as related to FY25 awards. Refer to section 3.3 for further details of executive remuneration arrangements.

Figure 1 - Delivery and realisation timeframes – FY25



Remuneration Report.

For the year ended 31 August 2025

3.3 Remuneration structure

The detailed FY25 Executive Remuneration Framework is outlined in table 5.

Table 5 - FY25 executive KMP 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	MD&CEO: target 90% of FR; maximum 120% of FR. CRO: target 60% of FR; maximum 75% of FR. Other Executive KMP: target 75% of FR; maximum 94% of FR.	MD&CEO: 100% of FR. CRO: 112% of FR. Other Executive KMP: 140% 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: Group Scorecard (refer table 7) CRO: Individual Objectives. Other Executive KMP: 50% Group Scorecard, 50% 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 as relevant.
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 in satisfaction of CPS 511 deferral requirements. A clawback period of two years from the date 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: 10% in December 2026; 10% in December 2027; 15% in December 2028; 12% in December 2029, 3% in December 2030 (i.e., on completion of years two, three, four, five and six). ⁽¹⁾ Other Executive KMP: 25% in December 2026; 25% in December 2027 (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: 33% in December 2028; 33% in December 2029; 34% in December 2030 (i.e., on completion of years four, five and six). Other Executive KMP: 50% in December 2028; 50% in December 2029 (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 ⁽²⁾ ; 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 ⁽²⁾ ; and will be forfeited in the event of dismissal, resignation or working with a competitor within 6 months of cessation.

(1) The MD&CEO's vesting schedule for Restricted Shares has been updated to reflect a longer deferral period to ensure compliance with CPS 511 requirements. The typical profile will have restrictions lifted from the Restricted Shares in tranches of 10%, 10%, 15% and 15% on completion of years two, three, four and five.

(2) Qualifying Reason refers to retrenchment, retirement, mutually agreed separation, death, total and permanent disablement.

Remuneration Report.

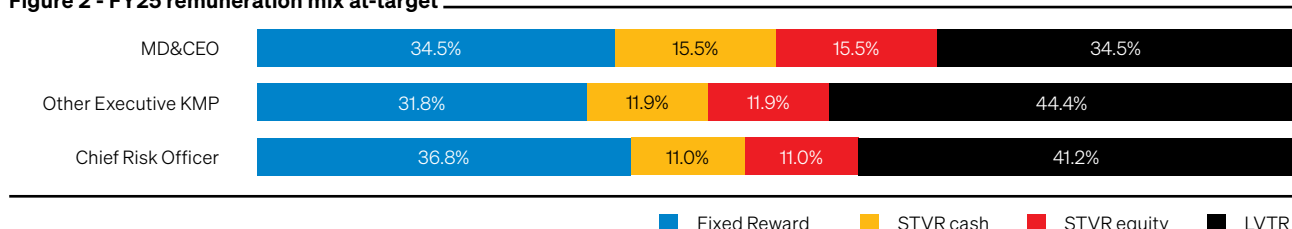
For the year ended 31 August 2025

3.4 Remuneration mix

The remuneration mix is designed with a significant proportion of variable reward at risk and based on performance.

Figure 2 illustrates the FY25 remuneration mix, at target, for Executive KMP.

Figure 2 - FY25 remuneration mix at-target



4. FY25 remuneration outcomes

This section details remuneration outcomes for Executive KMP during FY25.

4.1 Executive KMP actual reward outcomes for FY25 (non-statutory disclosure)

This section provides a summary of the total reward received by Executive KMP during FY25. 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 FY25.

For remuneration disclosures in accordance with the Australian Accounting Standards, please refer to Section 6 (Statutory Disclosures).

Table 6 - Non-statutory disclosure - FY25 Executive KMP Realised Remuneration

			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⁾
Name	Position title	Year	\$	\$	\$	\$	\$	\$
CURRENT EXECUTIVE KMP								
Patrick Allaway	Managing Director & Chief Executive Officer	2025	1,502,541	627,750	-	-	2,130,291	-
		2024	1,514,409	540,000	-	-	2,054,409	-
Racheal Kellaway	Chief Financial Officer	2025	805,145	273,188	223,020	-	1,301,353	-
		2024	892,252	225,000	98,363	-	1,215,615	250,450
Alexandra Taylor ⁽⁷⁾	Chief People Officer	2025	703,049	253,313	123,316	-	1,079,678	-
		2024	333,359	106,250	-	-	439,609	-
Craig Ryman	Chief Information Officer	2025	843,044	298,547	414,296	-	1,555,887	-
		2024	840,078	263,000	206,617	-	1,309,695	333,794
Greg Boyle	Group Executive Retail Banking	2025	766,717	264,375	319,408	-	1,350,500	-
		2024	714,409	210,000	147,803	-	1,072,212	290,570
Rachel Stock ⁽⁸⁾	Chief Risk Officer	2025	866,910	229,500	-	-	1,096,410	-
		2024	319,664	68,500	-	-	388,164	-
Rod Finch	Chief Transformation & Operations Officer	2025	766,676	264,375	232,211	-	1,263,262	-
		2024	739,409	204,000	84,771	-	1,028,180	250,067
FORMER EXECUTIVE KMP								
Chris Screen ⁽⁹⁾	Group Executive Business Banking	2025	259,256	-	245,270	431,758	936,284	550,803
		2024	764,409	211,000	107,923	-	1,083,332	318,960
Julian Russell ⁽¹⁰⁾	Group Executive Business Banking	2025	143,318	-	-	10,224	153,542	-
		2024	-	-	-	-	-	-

(1) Fixed reward comprises salary and superannuation, including annual leave paid and the value of any short-term benefits such as allowances and non-monetary benefits (including associated FBT) such as car parking, accommodation, relocation and travel.

(2) Cash STVR earned in respect of FY25 which will be paid in November 2025.

(3) The value of deferred equity awards realised during the period, using the closing share price on the vesting date / date that restrictions were lifted. It 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, it includes any leave that is 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 benefits.

(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 zero as the share price did not exceed the relevant exercise price at the lapsing date.

(7) Alex Taylor commenced as KMP on 11 March 2024.

(8) Rachel Stock commenced as KMP on 5 April 2024.

(9) Chris Screen ceased as KMP on 2 January 2025 and concluded employment with the Group on 2 July 2025.

(10) Julian Russell commenced as KMP on 22 April 2025 and ceased as KMP on 23 June 2025.

Remuneration Report.

For the year ended 31 August 2025

4.2 Fixed reward

Fixed reward for Executive KMP is determined based on the size and scope of the role, individual capability, experience and market positioning against other financial services organisations as well as other similarly sized ASX listed organisations. During FY25, fixed reward for continuing Executive KMP increased by an average of two per cent. Fixed reward for newly appointed Executive KMP was set in accordance with the principles noted above.

Additionally, the Board conducted a review of the MD&CEO's remuneration package for continued market alignment. Effective from FY26, the MD&CEO's fixed remuneration will increase by 6.7 per cent and his remuneration mix will be adjusted to allow for a higher portion of performance based pay. These changes better align the overall package with external market benchmarks, reinforces the Company's outcomes-driven culture and marks the first adjustment to the MD&CEO's remuneration since 2021. Further details will be provided in the Company's notice of meeting ahead of the FY25 AGM.

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.

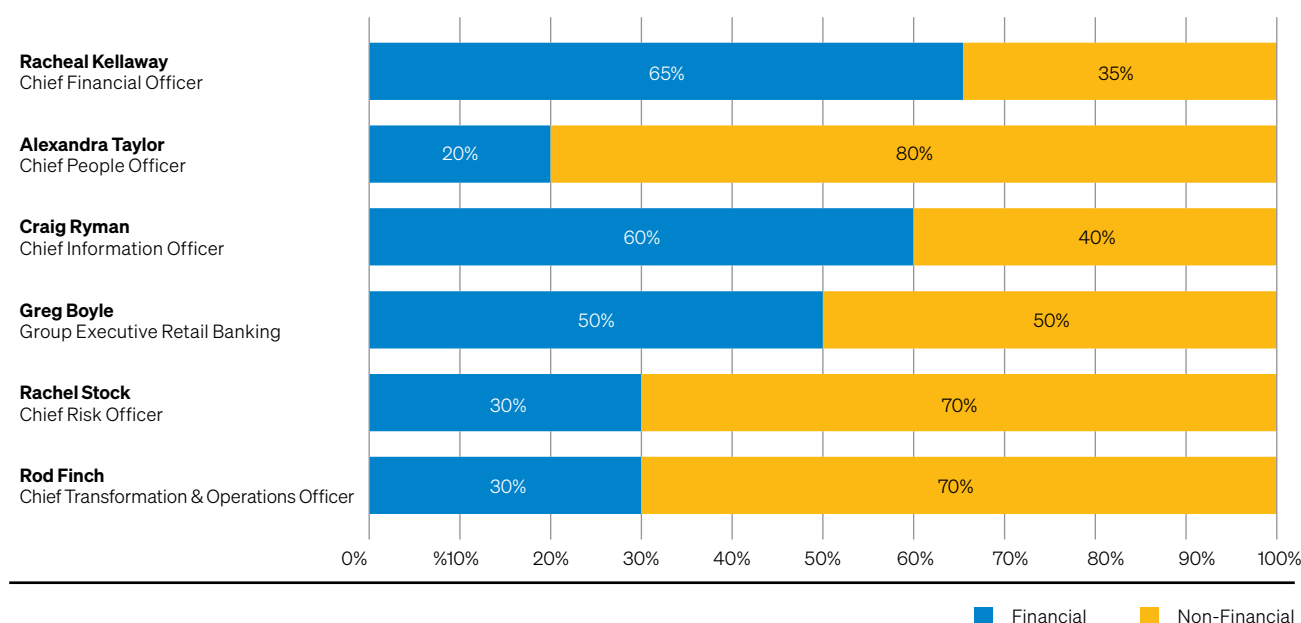
The performance outcomes for Executive KMP reflect their individual contribution to delivering both financial and non-financial objectives, their leadership in driving the transformation journey and their demonstration of sound risk behaviours.

4.3.1 Individual Objectives

For Executive KMP other than the MD&CEO and the CRO, individual objectives have a 50 per cent weighting to STVR outcomes. For the 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 agreed with the MD&CEO and approved by the Board. 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



FY25 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. It connects the Group's vision with tangible outcomes that contain an appropriate degree of stretch.

In FY25, the Group Scorecard informs the MD&CEO's STVR outcome and 50 per cent of the STVR awards for Group Executives other than the CRO. It also informs the size of the Group STVR pool.

For FY25, the Group Scorecard has been simplified to focus on key measures that are expected to drive business performance and enhance shareholder value. The performance measures underpinning the FY25 Group Scorecard are summarised below in Table 7, along with the associated rationale and FY25 results. Based on these outcomes, the Board determined that STVR awards ranging from 90 per cent to 97 per cent of target (equivalent to 70 per cent and 77 per cent of maximum), were appropriate as detailed in Table 8.

Remuneration Report.

For the year ended 31 August 2025

Table 7 - Assessment of FY25 group scorecard

Metrics	Rationale for inclusion	FY25 Results			FY25 outcome detail
		Threshold	Target	Exceed	
Customer Experience (15%)	Customers on digital bank (%) Migration to target state digital platforms is critical to unlocking enhanced customer experience, cost efficiency and risk reduction compared to legacy systems.	35%	40%	45%	Successful migration of ~170k ME customers to the new digital platform in line with plan. The migration process is complex and involved some temporary disruption for some of our customers. We remain focused on addressing customer concerns and impact.
				44%	
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.	69%	72%	75%	Results from the internal culture survey conducted in August 2025 were improved but still below threshold.
		65%			
Remedial Actions Plans (15%)	RAP milestones submitted on time and validated for closure by Independent Reviewer / External Auditor (%) Timely and high-quality delivery of RAPS remains a critical operational priority for the Group, underpinning regulatory compliance, stakeholder confidence, and strategic execution.	90%	95%	100%	FY25 threshold met, with 83% Program rQ and 98% AML deliverables completed on time and without rework.
		90%			
Simplification (10%)	Heritage applications decommissioned (#) Operating and maintaining legacy applications is a material driver of cost, risk and complexity for the Group. The number of legacy applications decommissioned serves as a key leading indicator that customer migration efforts are effectively reducing the cost base, risk exposure and operational complexity.	20	24	28	The Group has successfully decommissioned 41 heritage applications, and significantly outperformed the target.
				41	
Expense Management (15%)	Heritage Products for Sale (#) Product simplification is a leading indicator of organisational efficiency, as it enables material downstream simplification across product governance, processes and operational / technology requirements. With a majority of products classified as legacy, reducing complexity is dependent on effective product grandfathering and closure.	23	21	19	Successfully retired 19 heritage products.
				19	
Profitability 25%	Group Operating Expense(\$) Disciplined management of the Group's operating expense budget is critical to delivering strategic objectives. It ensures executive accountability for controllable expenditure and supports cost efficiency across the organisation.	\$1,110m	\$1,078m	\$1,069m	The Group delivered operating expenses just above target, driven by disciplined expense management.
				\$1,072m	
Returns 10%	Investment Budget (\$) Prudent oversight of the annual investment portfolio supports strategic capital allocation aligned to the delivery of financial benefits and long-term enterprise outcomes. It reinforces disciplined investment decision-making and alignment with the Group's strategic priorities.	\$170m	\$165m	N/A	The Group delivered the investment budget slightly above target, with the outcome assessed as "at target" in the absence of an exceed level.
			\$163m		
Profitability 25%	Cash NPAT (\$) Cash NPAT reflects the Group's underlying and sustainable earnings. It ensures management to be accountable for delivering results that support dividend payments, capital strength, and shareholder value.	\$343m	\$350m	\$370m	Cash NPAT targets exceeded due to disciplined margin and expense management.
				\$383m	
Returns 10%	Return on Equity (%) Return on equity measures the Group's effectiveness in generating shareholder value and reflects the NPAT generated for average shareholder capital.	5.7%	5.7% / on track for 8% in FY26	N/A	FY25 ROE exceeded the threshold at 6.4%. FY26 is assessed as not meeting the threshold due to the subsequent withdrawal of the target. The metric is assessed to be at the threshold level taking both into account.
		6.4% / Not on track for 8% in FY26			

Overall Group Scorecard Assessment

Assessment: 93%

Remuneration Report.

For the year ended 31 August 2025

4.3.2 FY25 Executive KMP STVR Outcomes

Table 8 presents the FY25 STVR outcomes for Executive KMP, relative to both target and maximum opportunity.

Table 8 - FY25 Executive KMP STVR outcomes

Name	Position	Performance outcome	Target STVR opportunity \$	Maximum STVR opportunity \$	STVR awarded \$	STVR as % of target	STVR as % of maximum	% of maximum forfeited
CURRENT EXECUTIVE KMP								
Patrick Allaway	Managing Director & Chief Executive Officer	Delivered	\$1,350,000	\$1,800,000	\$1,255,500	93%	70%	30%
Racheal Kellaway	Chief Financial Officer	Delivered	\$581,250	\$728,500	\$546,375	94%	75%	25%
Alexandra Taylor	Chief People Officer	Delivered	\$525,000	\$658,000	\$506,625	97%	77%	23%
Craig Ryman	Chief Information Officer	Delivered	\$618,750	\$775,500	\$597,094	97%	77%	23%
Greg Boyle	Group Executive Retail Banking	Delivered	\$562,500	\$705,000	\$528,750	94%	75%	25%
Rachel Stock	Chief Risk Officer	Delivered	\$510,000	\$637,500	\$459,000	90%	72%	28%
Rod Finch	Chief Transformation & Operations Officer	Delivered	\$562,500	\$705,000	\$528,750	94%	75%	25%

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		FY25	FY24	FY23 ⁽¹⁾	FY22 ⁽¹⁾	FY21 ⁽²⁾
Cash earnings after tax ⁽³⁾	\$m	383	343	450	491	412
Basic cash earnings per share ⁽³⁾	cents	58.3	52.2	68.4	75.8	74.7
Cost to income ratio ⁽³⁾	%	64.7	66.8	58.0	56.5	54.4
Share price at balance sheet date	\$	7.27	6.32	5.76	7.03	9.46
Dividends per ordinary share (fully franked)	cps	38	34	41	46	39
Cash return on average equity ⁽³⁾	%	6.4	5.7	7.3	8.2	8.2

(1) Metrics were restated to reflect prior period adjustments detailed in Note 1.5 of the 2023 Financial Statements.

(2) All results are inclusive of ME Bank.

(3) Cost to income is on a cash basis. Non-statutory measures are not subject to audit.

Remuneration Report.

For the year ended 31 August 2025

4.5. Long-term variable reward allocations

In FY25, BOQ granted Executive Performance Rights (EPRs) as the instrument for delivering LTVR to Executive KMP. Having regard for shareholder interests, the FY25 performance measures have taken a balanced approach between financial measures and non-financial measures. 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 2024 to 31 August 2028.
Performance measures	Absolute total shareholder return (aTSR) - 70% - Full vesting of the financial tranche if aTSR is 36.05% or above (8% compound annual growth rate (CAGR)). - Straight line vesting of the financial tranche if aTSR is between 31.08% and 36.05% (7% and 8% CAGR). - Nil vesting of the financial tranche if aTSR is less than 31.08% (7% CAGR). Non-Financial tranche - 30% - Delivery of the digital and relationship banks through the successful migration of customers from, and decommissioning of, the heritage bank. - The Board will leverage dashboard reporting to assess at the end of the four-year performance period.
Pre-vesting assessment	In addition to testing the performance measures, if the performance testing results in the vesting of EPRs at the end of the performance period, the Board will conduct a pre-vesting assessment to determine whether any downward adjustments to the outcomes of the testing are warranted, as detailed in our risk assessment in section 2.3. The Board has extensive discretion to downwardly adjust the number of EPRs vesting for each participant, including to zero. Any EPRs that do not vest following testing will lapse.
Vesting schedule	Shares will be issued in respect of any vested EPRs. Once issued, 33 per cent of those shares will be available to the MD&CEO in December 2028, and 50 per cent of those shares will be available to other Executive KMP in December 2028. Dealing Restrictions will be placed on the remainder of the shares, to be released as follows: - For the MD&CEO, 33 per cent in December 2029 (i.e., after 5 years) and 34 per cent in December 2030 (i.e., after 6 years). - For other Executive KMP, the remaining 50 per cent in December 2029 (i.e., after 5 years).
Board discretion	The Board may adjust the above schedule in its discretion, for example to address a significant unexpected or unintended consequence or outcome. Any EPRs that do not vest will lapse.

4.6. Dealing restrictions released during FY25

In December 2024, Dealing Restrictions were lifted from the:

- third and final tranche (34 per cent) of Restricted Shares issued on conversion of FY21 Performance Shares for 3 Executive KMP (Greg Boyle, Rod Finch and Craig Ryman);
- second tranche (33 per cent) of the Restricted Shares issued on conversion of FY22 Performance Shares for 5 Executive KMP (Greg Boyle, Rod Finch, Racheal Kellaway, Craig Ryman and Chris Screen);
- first tranche (33 per cent) of Restricted Shares issued on conversion of FY23 Performance Shares for 5 Executive KMP (Greg Boyle, Rod Finch, Racheal Kellaway, Craig Ryman and Chris Screen);
- second and final tranche (50 per cent) of the Restricted Shares awarded to Racheal Kellaway in respect of her FY22 STVR; and
- first tranche (29 per cent) of the Restricted Shares awarded to Alexandra Taylor in respect of her make-good award.

4.7. Equity vested during FY25

In December 2024, the first tranche of the FY21 Premium Priced Options (**PPOs**) was scheduled to vest for 5 Executive KMP (Greg Boyle, Rod Finch, Racheal Kellaway, Craig Ryman and Chris Screen). Any vested PPOs will be subject to dealing restrictions which will be lifted in December 2025. These PPOs are currently out of the money and will lapse unless the share price recovers to greater than \$9.3337 before the expiration date which is the first anniversary of the vesting date.

4.8. Other awards

On 27 May 2025, Craig Ryman was granted an award with a face value of \$1,500,000 in the form of 225,772 Deferred Award Rights (DARs). This one-off award recognises his critical accountability for decommissioning the legacy system, a foundational enabler of BOQ's multi-year transformation strategy.

The DARs are subject to performance hurdles aligned with clearly defined and measurable milestones that directly support the Group's transformation priorities. These include the successful digital transformation and the decommissioning of legacy systems – initiatives expected to enable the transition to a simpler and more resilient banking model, while delivering an enhanced digital experience for our customers. Performance will be assessed based on the timely delivery of these initiatives and the achievement of targeted annualised savings.

The award will vest in two tranches, with 50 per cent vesting on 7 December 2026 and the remaining 50 per cent vesting on 7 December 2029, subject to the satisfaction of relevant performance milestones. The awards are also subject to malus and clawback.

The Board considers this one-off award a prudent and disciplined mechanism to drive the leadership performance required to deliver complex, high-impact transformation initiatives over multiple years. It is designed to reward the delivery of tangible, value-creating outcomes that support the Group's long-term strategic objectives and deliver shareholder returns.

Remuneration Report.

For the year ended 31 August 2025

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 be seeking an increase to the fee pool at the 2025 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 annually by the PCRC having regard for the external market of similarly sized and comparably complex organisations.

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.

The BOQ Constitution allows the Company to pay Directors additional remuneration for extra or special services performed.

5.3. Non-executive Director remuneration

To reflect the committee composition and to provide fairness and simplicity, BOQ maintained an 'all-in' flat fee structure for Non-executive Directors (NEDs) in FY25. This structure is inclusive of superannuation which is payable up to the maximum contributions base. The only instances where additional committee fees are payable are in relation to the Due Diligence Committee and the Investment Committee, which are paid on a per-meeting basis. No meetings were held for either the Investment Committee or the Due Diligence Committee in 2025.

There were no changes made to NED fees in FY25.

Following a review of Non-Executive Director (NED) fees, the Board has approved changes to the FY26 fee structure to align with prevailing market practice. To support the continued attraction and retention of high-calibre directors, the revised framework replaces the previous 'all-in' committee fee structure with an individual committee fee model. The Board comprises only five Directors at the commencement of FY26. Pending the recruitment of additional Non-Executive Directors, all current Board members will temporarily serve on all Committees. As a result, the total expected Non-Executive Director fees will be lower, reflecting the reduced Board size until additional Directors are appointed. These are the first adjustments to NED fees since FY22 and reflect the increasing governance expectations, complexity and workload associated with NED responsibilities.

Further details on FY25 and FY26 fee structures are outlined in Table 11.

Table 11 - FY25 NED fees

	FY25 (01/09/2024 - 31/08/2025)		FY26 (01/09/2025 - 31/08/2026)	
	Chair ⁽¹⁾ \$	Member \$	Chair ⁽¹⁾ \$	Member \$
ANNUAL FEES				
Base fees	500,000	185,000	515,000	205,000
Audit Committee	50,000 ⁽²⁾	80,000 ⁽³⁾	60,000	30,000
T&T Committee			60,000	30,000
PCRC Committee			60,000	30,000
Risk Committee			60,000	30,000
Nom & Gov Committee			0	0
AML First ⁽⁴⁾	N/A	30,000	N/A	N/A
PER MEETING FEES				
Investment Committee	2,500	1,750	2,500	1,750
Due Diligence Committee	2,500	1,750	2,500	1,750

(1) The Chair receives no additional remuneration for involvement with Committees.

(2) For any Committee Chair, the \$50,000 Committee chair fee is paid in addition to the \$80,000 base committee member fee.

(3) A flat fee applies for the following Committees: Audit; Nomination & Governance; People, Culture & Remuneration; Risk; and Transformation & Technology.

(4) During FY24, one Director received an additional fee for her role in overseeing the Group's AML First program. This was ceased on 31 October 2024.

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 FY25 and has been suspended indefinitely.

Remuneration Report.

For the year ended 31 August 2025

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 ⁽⁷⁾	Rights ⁽⁷⁾	Shares and units ⁽⁸⁾	Total	Proportion of remuneration performance based %
EXECUTIVE DIRECTOR												
Patrick Allaway	2025	1,521,755	627,750	14,652	-	2,164,157	29,949	29,478	527,916	345,575	3,097,075	28%
	2024	1,579,820	540,000	14,409	-	2,134,229	28,032	28,666	313,076	149,603	2,653,606	17%
CURRENT NON-EXECUTIVE DIRECTORS												
Warwick Negus ⁽⁹⁾	2025	470,057	-	-	-	470,057	29,944	-	-	-	500,001	N/A
	2024	59,325	-	-	-	59,325	27,821	-	-	339,221	426,367	N/A
Andrew Fraser ⁽¹⁰⁾	2025	269,257	-	-	-	269,257	29,777	-	-	-	299,034	N/A
	2024	134,349	-	-	-	134,349	14,976	-	-	-	149,325	N/A
Deborah Kiers ⁽¹¹⁾	2025	253,078	-	-	-	253,078	28,588	-	-	-	281,666	N/A
	2024	250,263	-	-	-	250,263	27,737	-	-	-	278,000	N/A
Karen Penrose	2025	289,843	-	-	-	289,843	30,156	-	-	-	319,999	N/A
	2024	281,718	-	-	-	281,718	27,326	-	-	-	309,044	N/A
Mary Waldron ⁽¹²⁾	2025	227,554	-	-	-	227,554	24,281	-	-	-	251,835	N/A
	2024	-	-	-	-	-	-	-	-	-	-	N/A
Mickie Rosen	2025	306,825	-	-	-	306,825	8,175	-	-	-	315,000	N/A
	2024	271,066	-	-	-	271,066	6,934	-	-	-	278,000	N/A
Paul Riordan ⁽¹³⁾	2025	88,949	-	-	-	88,949	10,426	-	-	-	99,375	N/A
	2024	-	-	-	-	-	-	-	-	-	-	N/A
FORMER NON-EXECUTIVE DIRECTORS												
Bruce Carter ⁽¹⁴⁾	2025	73,214	-	-	-	73,214	7,923	-	-	-	81,137	N/A
	2024	1,577	-	-	-	1,577	173	-	-	270,534	272,284	N/A
Jenny Fagg ⁽¹⁵⁾	2025	59,417	-	-	-	59,417	6,833	-	-	-	66,250	N/A
	2024	182,452	-	-	-	182,452	22,748	-	-	22,192	227,392	N/A

(1) Salary and fees includes base salary, including annual leave accrued during the year, less any amounts sacrificed under the NED Fee Sacrifice Rights Plan.

(2) STVR Cash reflects 50 per cent of the amounts accrued in respect of FY25.

(3) Company-funded benefits (and associated FBT) such as car parking, accommodation, relocation, and travel.

(4) Benefits such as allowances.

(5) Superannuation.

(6) Comprises long service leave accrued and/or utilised during the financial year.

(7) The fair value of rights is calculated at the date of grant using an industry-accepted option pricing model.

(8) Represents the fair value of shares acquired under the Non-executive Director Fee Sacrifice Rights Plan on the grant date and the value of restricted shares awarded through short term variable award.

(9) Warwick Negus is retiring from the Board as a non-executive director on 24 October 2025.

(10) Andrew Fraser commenced as a non-executive director on 8 February 2024.

(11) Deborah Kiers retired as a non-executive director on 31 August 2025.

(12) Mary Waldron commenced as a non-executive director on 11 November 2024.

(13) Paul Riordan commenced as a non-executive director on 16 April 2025.

(14) Bruce Carter retired as a non-executive director on 3 December 2024.

(15) Jennifer Fagg retired as a non-executive director on 29 November 2024.

Remuneration Report.

For the year ended 31 August 2025

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	Year	Salary and fees ⁽¹⁾	STVR Cash ⁽²⁾	Non-monetary benefits ⁽³⁾	Other short-term benefits ⁽⁴⁾	Total short-term benefits	Post-employment ⁽⁵⁾	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	2025	722,657	273,188	28,052	-	1,023,897	29,949	18,068	-	515,795	203,174	1,790,883	40%
		2024	699,002	225,000	37,788	104,464	1,066,254	28,032	16,094	-	392,719	216,841	1,719,940	35%
Alexandra Taylor ⁽¹⁰⁾	Chief People Officer	2025	695,826	253,313	-	1,203	950,342	29,949	13,238	-	201,309	316,122	1,510,960	34%
		2024	344,968	106,250	-	572	451,790	16,894	6,201	-	28,949	152,135	655,969	28%
Craig Ryman	Chief Information Officer	2025	828,693	298,547	14,652	1,203	1,143,095	29,949	16,384	-	843,475	285,574	2,318,477	49%
		2024	782,493	263,000	14,409	669	1,060,571	28,032	17,048	-	456,040	194,165	1,755,856	37%
Greg Boyle	Group Executive Retail Banking	2025	737,722	264,375	14,652	-	1,016,749	29,949	35,229	-	493,381	189,578	1,764,886	39%
		2024	678,857	210,000	14,409	-	903,266	28,032	47,032	-	385,176	78,487	1,441,993	32%
Rachel Stock ⁽¹¹⁾	Chief Risk Officer	2025	848,444	229,500	14,652	-	1,092,596	29,949	16,218	-	176,670	138,114	1,453,547	22%
		2024	275,912	68,500	5,866	-	350,278	11,276	6,993	-	18,343	13,548	400,438	8%
Rod Finch	Chief Transformation & Operations Officer	2025	756,763	264,375	14,652	-	1,035,790	29,949	16,376	-	459,433	230,697	1,772,245	39%
		2024	702,721	204,000	14,409	-	921,130	28,032	15,641	-	324,192	264,860	1,553,855	38%
FORMER EXECUTIVE KMP														
Chris Screen ⁽¹²⁾	Group Executive Business Banking	2025	233,389	-	4,883	-	238,272	9,076	4,671	404,330	324,540	168,177	1,149,066	43%
		2024	738,786	211,000	14,409	-	964,195	28,032	15,914	-	411,357	204,479	1,623,978	38%
Julian Russell ⁽¹³⁾	Group Executive Business Banking	2025	143,528	-	2,554	-	146,082	7,483	-	-	-	-	153,565	0%
		2024	-	-	-	-	-	-	-	-	-	-	-	-

(1) Salary and fees includes base salary and annual leave accrued during the year.

(2) STVR Cash reflects 50 per cent of the amounts accrued in respect of FY25.

(3) Company-funded benefits (and associated FBT) such as car parking, accommodation, relocation and travel.

(4) Benefits such as allowances.

(5) Superannuation.

(6) Comprises long service leave accrued and/or utilised during the financial year.

(7) Includes termination payments in lieu of notice, payment of leave entitlements on separation and, where relevant, any period of gardening 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 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.

(10) Alex Taylor commenced as KMP on 11 March 2024.

(11) Rachel Stock commenced as KMP on 5 April 2024.

(12) Chris Screen ceased as KMP on 2 January 2025 and concluded employment with the Group on 2 July 2025.

(13) Julian Russell commenced as KMP on 22 April 2025 and ceased as KMP on 23 June 2025.

Remuneration Report.

For the year ended 31 August 2025

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 (**PPO**)
- Performance Award Rights (**PS**)
- Restricted Shares (**RS**).

Table 14 - Valuation inputs for awards issued in 2025

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
FY25 DARs	1	Non-Market	07/12/2026	15/05/2025	\$7.64	\$7.07	15/05/2032
FY25 DARs	2	Non-Market	07/12/2029	15/05/2025	\$7.64	\$6.08	15/05/2032
FY25 EPRs	1, 2, 3	Non-Market	06/12/2028	24/01/2025	\$6.79	\$5.62	24/01/2032
FY25 EPRs	1, 2, 3	Market Based	06/12/2028	24/01/2025	\$6.79	\$3.06	24/01/2032
FY25 EPRs	1, 2	Non-Market	06/12/2028	24/01/2025	\$6.79	\$3.92	24/01/2032
FY25 EPRs	1, 2	Non-Market	06/12/2028	15/05/2025	\$7.64	\$6.39	15/05/2032
FY25 EPRs	1, 2	Market Based	06/12/2028	15/05/2025	\$7.64	\$4.24	15/05/2032
FY25 RS	1	Non-Market	08/12/2025	18/12/2024	\$6.77	\$6.77	-
FY25 RS	2	Non-Market	07/12/2026	18/12/2024	\$6.77	\$6.77	-
FY25 RS ⁽⁴⁾	3	Non-Market	06/12/2027	18/12/2024	\$6.77	\$6.77	-
FY25 RS ⁽⁴⁾	4	Non-Market	08/12/2028	18/12/2024	\$6.77	\$6.77	-

(1) Represents the vesting date for EPRs and the date 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) Tranche 3 and 4 of the FY25 RS relates only to the MD&CEO.

Remuneration Report.

For the year ended 31 August 2025

6.1 Equity held by Executive KMP (continued)

Table 15 - Valuation inputs for awards issued in prior years

Award name	Tranche number	Performance Condition	Grant date assumed for valuation	Share price ⁽¹⁾ \$	Fair value ⁽²⁾ \$	Expiry date/ Restrictions lifted ⁽³⁾
FY24 EPRs	1, 2, 3	Non-Market	30/01/2024	\$5.96	\$4.84	30/01/2031
FY24 EPRs	1, 2, 3	Market Based	30/01/2024	\$5.96	\$2.32	30/01/2031
FY24 EPRs	1, 2	Non-Market	30/01/2024	\$5.96	\$3.31	30/01/2031
FY24 EPRs	1, 2	Non-Market	13/03/2024	\$6.22	\$5.08	13/03/2031
FY24 EPRs	1, 2	Market Based	13/03/2024	\$6.22	\$2.51	13/03/2031
FY24 EPRs	1, 2	Non-Market	22/05/2024	\$5.92	\$4.83	22/05/2031
FY24 EPRs	1, 2	Market Based	22/05/2024	\$5.92	\$2.28	22/05/2031
FY24 RS	1	Non-Market	22/05/2024	\$5.92	\$5.92	06/12/2024
FY24 RS	2	Non-Market	22/05/2024	\$5.92	\$5.92	08/12/2025
FY24 RS	3	Non-Market	22/05/2024	\$5.92	\$5.92	07/12/2026
FY23 PPO	1	Non-Market	30/01/2024	\$5.96	\$0.24	26/05/2030
FY23 PPO	2	Non-Market	30/01/2024	\$5.96	\$0.31	26/05/2030
FY23 PS	1	Non-Market	13/02/2023	\$7.16	\$6.87	06/12/2024
FY23 PS	2	Non-Market	13/02/2023	\$7.16	\$6.87	08/12/2025
FY23 PS	3	Non-Market	13/02/2023	\$7.16	\$6.87	06/12/2026
FY23 PS	1	Non-Market	24/05/2023	\$5.68	\$5.52	06/12/2024
FY23 PS	2	Non-Market	24/05/2023	\$5.68	\$5.52	08/12/2025
FY23 PS	3	Non-Market	24/05/2023	\$5.68	\$5.52	06/12/2026
FY23 PPO	1	Non-Market	13/02/2023	\$7.16	\$0.69	15/02/2030
FY23 PPO	2	Non-Market	13/02/2023	\$7.16	\$0.73	15/02/2030
FY23 PPO	1	Non-Market	24/05/2023	\$5.68	\$0.24	26/05/2030
FY23 PPO	2	Non-Market	24/05/2023	\$5.68	\$0.28	26/05/2030
FY22 PS	2	Non-Market	25/01/2022	\$7.61	\$7.25	06/12/2024
FY22 PS	3	Non-Market	25/01/2022	\$7.61	\$7.25	08/12/2025
FY22 PS	2	Non-Market	22/07/2022	\$7.44	\$7.26	06/12/2024
FY22 PS	2	Non-Market	22/07/2022	\$7.44	\$7.26	08/12/2025
FY22 PPO	1	Non-Market	25/01/2022	\$7.61	\$0.56	31/01/2029
FY22 PPO	2	Non-Market	25/01/2022	\$7.61	\$0.62	31/01/2029
FY21 PS	2	Non-Market	06/01/2021	\$7.48	\$7.49	06/12/2024
FY21 PPO	1	Non-Market	06/01/2021	\$7.48	\$0.53	06/01/2028
FY21 PPO	2	Non-Market	06/01/2021	\$7.48	\$0.58	06/01/2028
FY21 PPO	1	Non-Market	09/04/2021	\$8.73	\$0.83	06/01/2028
FY21 PPO	2	Non-Market	09/04/2021	\$8.73	\$0.88	06/01/2028

(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 2025

6.2 Equity instruments - holdings and movements

The number of equity instruments held directly, indirectly, or beneficially by each Director, Executive KMP or related party is set out in Table 16. All shares were acquired by Directors under normal terms and conditions or through the (now suspended) NED Fee Sacrifice Rights Plan.

Table 16 - Movement and value of equity awards held by Executive KMP during financial year 2025

	Grant	Balance 1 Sep 24 ⁽¹⁾		Granted ⁽²⁾		Vested / Converted ⁽³⁾		Forfeited / Lapsed		Exercised / Restrictions lifted ⁽⁴⁾		Balance 31 August 25 ⁽⁵⁾		Value at 31 August 25 ⁽⁶⁾		Vested During the Year	
		Units	Other	Units	\$	Units	Date	Units	Date	Units	Date	\$	Units	\$	%		
CURRENT EXECUTIVE KMP																	
Patrick Alloway	EPRs	259,350	-	239,460	916,648	-	-	-	-	-	-	-	498,810	2,008,508	-	-	
	RS	-	-	86,206	583,615	-	-	-	-	-	-	-	86,206	583,615	-	-	
	PPO	796,562	-	-	-	-	-	-	-	-	-	-	-	796,562	219,055	-	-
Racheal Kellaway	DARs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	EPRs	129,675	-	173,210	663,045	-	-	-	-	-	-	-	302,885	1,208,974	-	-	
	PPO	1,478,653	-	-	-	226,591	06/12/2024	-	-	-	-	-	1,478,653	1,086,671	15	15	
	PS	75,125	-	-	-	-	-	-	-	-	-	25,522	07/12/2024	49,603	341,662	-	-
	RS	6,753	-	35,919	243,172	6,753	06/12/2024	-	-	6,753	06/12/2024	46,798	35,919	243,171	100	100	
Alexandra Taylor	EPRs	54,393	-	156,448	598,882	-	-	-	-	-	-	-	210,841	826,923	-	-	
	RS	61,538	-	16,962	114,833	17,846	06/12/2024	-	-	17,846	06/12/2024	105,648	60,654	373,489	29	29	
	DARs	-	-	225,772	1,484,451	-	-	-	-	-	-	-	225,772	1,484,451	-	-	
Craig Ryman	EPRs	142,643	-	184,385	705,822	-	-	-	-	-	-	-	327,028	1,306,346	-	-	
	PPO	2,089,741	-	-	-	389,973	06/12/2024	-	-	-	-	-	2,089,741	1,309,564	19	19	
	PS	121,143	-	-	-	-	-	-	-	-	-	59,956	07/12/2024	61,187	425,086	-	-
	RS	-	-	41,986	284,245	-	-	-	-	-	-	-	41,986	284,245	-	-	
	EPRs	121,030	-	167,622	641,655	-	-	-	-	-	-	-	288,652	1,151,190	-	-	
Greg Boyle	RS	-	-	33,525	226,964	-	-	-	-	-	-	-	33,525	226,964	-	-	
	PPO	1,525,314	-	-	-	295,694	06/12/2024	-	-	-	-	-	1,525,314	1,129,393	19	19	
	PS	94,406	-	-	-	-	-	-	-	46,224	07/12/2024	350,086	48,182	334,503	-	-	

(1) Opening balance is the balance at the date the individual became KMP.

(2) This represents the maximum number of securities that may vest to each Executive. The value is the number of securities multiplied by the fair value. The minimum total value which may vest is zero.

(3) This represents Premium Priced Options vested on 6 December 2024 and Restricted Shares released from dealing restrictions on 6 December 2024.

(4) Fair value on grant date multiplied by the number of units/rights exercised during the year.

(5) Balance amounts as at 31 August 2025 are unvested and vested awards that are not yet exercisable.

(6) Balance amounts as at 31 August 2025 multiplied by the fair value. Chris Screen's balances are as at this employment cessation date, 2 July 2025.

(7) Chris Screen ceased as KMP on 2 January 2025 and concluded employment with the Group on 2 July 2025.

(8) Julian Russell commenced as KMP on 22 April 2025 and ceased as KMP on 23 June 2025.

Remuneration Report.

For the year ended 31 August 2025

6.2 Equity instruments - holdings and movements (continued)

	Grant	Balance 1 Sep 24 ⁽¹⁾		Other ⁽¹⁾	Granted ⁽²⁾		Vested / Converted ⁽³⁾		Forfeited / Lapsed		Exercised / Restrictions lifted ⁽⁴⁾		Balance 31 August 25 ⁽⁵⁾		Value at 31 August 25 ⁽⁶⁾	Vested During the Year	
		Units			Units	\$	Units	Date	Units	Date	Units	Date	Units	\$			Units
CURRENT EXECUTIVE KMP																	
Rachel Stock	EPRs	39,243	-	151,978	581,768	-	-	-	-	-	-	-	191,221	755,906	-		
	RS	-	-	15,725	106,458	-	-	-	-	-	-	-	15,725	106,458	-		
Rod Finch	EPRs	125,353	-	167,622	641,655	-	-	-	-	-	-	-	292,975	1,169,389	-		
	PPO	1,143,469	-	-	-	79,153	06/12/2024	-	-	-	-	-	1,143,469	794,593	7		
	RS	-	-	32,567	220,479	-	-	-	-	-	-	-	32,567	220,479	-		
	PS	79,796	-	-	-	-	-	-	-	33,605	07/12/2024	245,194	46,191	316,934	-		
FORMER EXECUTIVE KMP																	
DARs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
	EPRs	129,675	-	56,488	187,427	-	-	70,166	02/07/2025	-	-	-	115,997	518,473	-		
Chris Screen ⁽⁷⁾	PPO	1,628,533	-	-	-	226,591	06/12/2024	446,477	02/07/2025	-	-	-	1,182,056	861,982	14		
	PS	96,927	-	-	-	-	-	-	-	-	35,495	07/12/2024	247,891	426,201	-		
Julian Russell ⁽⁸⁾	RS	-	-	33,685	228,047	-	-	-	-	-	-	-	33,685	228,047	-		
	EPRs	-	-	60,658	296,311	-	-	60,658	23/06/2025	-	-	-	-	-	-		

(1) Opening balance is the balance at the date the individual became KMP.

(2) This represents the maximum number of securities that may vest to each Executive. The value is the number of securities multiplied by the fair value. The minimum total value which may vest is zero.

(3) This represents Premium Priced Options vested on 6 December 2024 and Restricted Shares released from dealing restrictions on 6 December 2024.

(4) Fair value on grant date multiplied by the number of units/rights exercised during the year.

(5) Balance amounts as at 31 August 2025 are unvested and vested awards that are not yet exercisable.

(6) Balance amounts as at 31 August 2025 multiplied by the fair value. Chris Screen's balances are as at this employment cessation date, 2 July 2025.

(7) Chris Screen ceased as KMP on 2 January 2025 and concluded employment with the Group on 2 July 2025.

(8) Julian Russell commenced as KMP on 22 April 2025 and ceased as KMP on 23 June 2025.

Remuneration Report.

For the year ended 31 August 2025

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 Sep 2024	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 2025
CURRENT DIRECTORS					
Patrick Allaway ⁽²⁾	242,742	-	-	-	242,742
Warwick Negus ⁽³⁾	246,300	-	-	-	246,300
Andrew Fraser	-	11,533	-	-	11,533
Deborah Kiers ⁽⁴⁾	21,034	-	-	-	N/A
Karen Penrose	33,912	-	-	-	33,912
Mickie Rosen	30,000	-	-	-	30,000
FORMER DIRECTORS					
Bruce Carter ⁽⁵⁾	263,850	-	-	-	N/A
Jenny Fagg ⁽⁶⁾	7,581	-	-	-	N/A
CURRENT EXECUTIVE KMP					
Racheal Kellaway	88,450	-	-	32,275	120,725
Alexandra Taylor	-	-	-	17,846	17,846
Craig Ryman	64,393	-	-	59,956	124,349
Greg Boyle	90,554	(85,000)	-	46,224	51,778
Rachel Stock	-	14,500	-	-	14,500
Rod Finch	21,461	-	-	33,605	55,066
FORMER EXECUTIVE KMP					
Chris Screen ⁽⁷⁾	33,642	(69,137)	-	35,495	N/A

(1) Directors and KMPs with nil shareholding opening balances as at 1 September 2024 and closing balances as at 31 August 2025 have been excluded from the table. In line with BOQ's policy, each non-executive director is required to accumulate and maintain a holding in BOQ shares equivalent to 100 per cent of their base fee within five years of appointment. Directors appointed during the financial year currently have no shareholdings and will work towards meeting this requirement within five years of their appointment.

(2) When Patrick Allaway first transitioned from Chairman to MD&CEO, he held 221,864 ordinary shares.

(3) Warwick Negus is retiring as a non-executive director on 24 October 2025.

(4) Deborah Kiers retired as a non-executive director on 31 August 2025.

(5) Bruce Carter retired as a non-executive director on 3 December 2024.

(6) Jennifer Fagg retired as a non-executive director on 29 November 2024.

(7) Chris Screen ceased as KMP on 2 January 2025 and concluded employment with BOQ on 2 July 2025.

Remuneration Report.

For the year ended 31 August 2025

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 FY25.

Details of loans held by KMP and their related parties during FY25, 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 2024 \$	Interest charged during the year \$	Balance at 31 August 2025 \$	Highest balance during the year \$
CURRENT EXECUTIVE KMP				
Greg Boyle	1,158,879	19,195	1,077,826	1,162,494
OTHER RELATED PARTIES - CURRENT				
Karen Penrose related parties	1,639,786	96,963	1,616,656	1,648,295

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 2024 \$	Interest charged during the year \$	Balance at 31 August 2025 \$	Number in Group at 31 August 2025
Current Executive KMP	1,318,737	27,841	1,192,658	3
Other Related Parties - Current	1,639,786	96,963	1,616,656	1

6.3.2 Capital notes

On 14 November 2022 the Bank issued Capital Notes at a 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 2025 \$	Interest earned for the year \$
CURRENT DIRECTORS			
Karen Penrose	Capital notes 3	50,000	2,661

Directors' Report.

For the year ended 31 August 2025

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.

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.

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 122 and forms part of the Directors' report for the year ended 31 August 2025.

Director and management changes

Director changes during the year:

- Mary Waldron was appointed as an independent Non-Executive Director to the BOQ Board on 11 November 2024;
- Jennifer Fagg ceased as an independent Non-Executive Director on 29 November 2024;
- Bruce Carter ceased as an independent Non-Executive Director on 3 December 2024;
- Paul Riordan was appointed as an independent Non-Executive Director to the BOQ Board effective from 16 April 2025;
- Deborah Kiers ceased as an independent Non-Executive Director on 31 August 2025; and
- Warwick Negus will cease as an independent Non-Executive Director and Chair of the Board effective 24 October 2025, with Andrew Fraser appointed as Chair Elect on 18 August 2025 and assuming the role of Chair on 24 October 2025.

Management changes during the year:

- Chris Screen, Group Executive Business Banking, ceased in his role on 10 January 2025;
- Julian Russell was appointed Group Executive Business Banking effective 22 April 2025 and ceased in his role on 23 June 2025; and
- Keith Strachan was appointed Group Executive Business Bank effective 10 October 2025.

Directors' Report.

For the year ended 31 August 2025

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 2025.

The statement also confirms to the Board that the consolidated entity disclosure statement (CEDS) contained on pages 203 - 204 of the Annual Report is true and correct.

The Directors' Declaration can be found on page 205 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 and environmental reporting, please refer to our Sustainability Report.

Dividends

Details of dividends paid during the financial year ended 31 August 2025 are outlined in Note 2.4 Dividends to the financial statements.

Subsequent events

The Directors have determined a fully franked dividend of 20 cents per share amounting to \$132 million to be paid on 21 November 2025.

The financial effect of these dividends has not been brought to account in the financial statements for the year ended 31 August 2025. 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 2016/191 dated 24 March 2016, unless otherwise stated.

Any discrepancies between total and sums of components in tables contained in this report are due to rounding.

Operating and Financial Review

The Group's Operating and Financial Review is contained in pages 69 - 94 of this report.

Signed in accordance with a resolution of the Directors:



Warwick Negus
Chair
14 October 2025



Patrick Allaway
Managing Director & CEO
14 October 2025

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001.

For the year ended 31 August 2025



Auditor's Independence Declaration

As lead auditor for the audit of Bank of Queensland Limited for the year ended 31 August 2025, 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; and
- b. no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Bank of Queensland Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'C. Stafford'.

Craig Stafford
Partner

Sydney
14 October 2025

PricewaterhouseCoopers

pwc.com.au

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, BARANGAROO NSW 2000,
GPO BOX 2650 SYDNEY NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

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2025 FINANCIAL REPORT.

Income statements.

For the year ended 31 August 2025

	Note	Consolidated		Bank	
		2025 \$m	2024 \$m	2025 \$m	2024 \$m
Interest income:					
Effective interest income	2.1	4,327	4,224	5,087	5,000
Other	2.1	727	730	687	694
Interest expense	2.1	(3,527)	(3,482)	(4,609)	(4,636)
Net interest income	2.1	1,527	1,472	1,165	1,058
Net other operating income	2.1	141	131	430	483
Net operating income before impairment and operating expenses	2.1	1,668	1,603	1,595	1,541
Operating expenses	2.2	(1,370)	(1,146)	(1,321)	(1,096)
Impairment (loss) / gain on loans and advances		(20)	(18)	16	(9)
Profit before income tax		278	439	290	436
Income tax expense	2.3	(145)	(154)	(124)	(117)
Profit for the year		133	285	166	319
PROFIT ATTRIBUTABLE TO:					
Equity holders of Bank of Queensland Limited		133	285	166	319
EARNINGS PER SHARE (EPS)					
Basic EPS - Ordinary shares (cents)	2.6	20.1	43.3		
Diluted EPS - Ordinary shares (cents)	2.6	19.9	41.1		

The income statements should be read in conjunction with the accompanying notes.

Statements of comprehensive income.

For the year ended 31 August 2025

	Consolidated		Bank	
	2025 \$m	2024 \$m	2025 \$m	2024 \$m
Profit for the year	133	285	166	319
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX				
Items that may be reclassified subsequently to profit or loss				
Cash flow hedges:				
Net movement taken to equity	(6)	(44)	(13)	(67)
Net movement transferred to profit or loss	(1)	7	(1)	7
Debt instruments at fair value through other comprehensive income (FVOCI):				
Net change in fair value	7	(39)	7	(39)
Net movement transferred to profit or loss	(3)	(8)	(3)	(8)
Equity instruments at FVOCI:				
Net change in fair value	3	-	3	-
Other comprehensive loss, net of income tax	-	(84)	(7)	(107)
Total comprehensive income for the year	133	201	159	212
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Equity holders of Bank of Queensland Limited	133	201	159	212

The statements of comprehensive income should be read in conjunction with the accompanying notes.

Balance sheets.

As at 31 August 2025

	Note	Consolidated		Bank	
		2025 \$m	2024 \$m	2025 \$m	2024 \$m
ASSETS					
Cash and cash equivalents	3.1	3,024	2,927	1,660	1,381
Due from other financial institutions		236	220	148	132
Derivative financial assets	3.8	696	561	413	508
Financial assets at fair value through profit or loss (FVTPL)	3.2	941	604	941	604
Debt instruments at FVOCI	3.2	16,331	16,760	16,331	16,760
Equity instruments at FVOCI	3.2	6	7	6	7
Debt instruments at amortised cost	3.2	15	15	12,843	12,937
Loans and advances	3.3	77,553	80,163	71,365	74,155
Assets held for sale	5.5	4	-	-	-
Other assets		380	401	558	584
Current tax assets		82	-	83	-
Amounts due from controlled entities	5.3 a)	-	-	7,270	6,549
Property, plant and equipment		156	142	154	137
Investments in controlled entities	5.4 a)	-	-	384	396
Investments in joint arrangements	5.5	-	8	-	-
Deferred tax assets	2.3	59	70	133	155
Intangible assets	4.1	1,043	1,162	1,000	1,089
Total assets		100,526	103,040	113,289	115,394
LIABILITIES					
Due to other financial institutions		1,003	1,064	1,003	1,064
Deposits	3.4	75,677	76,218	75,892	76,521
Derivative financial liabilities	3.8	194	218	194	231
Accounts payable and other liabilities	4.3	949	1,179	895	1,109
Current tax liabilities		-	14	-	15
Provisions	4.2	140	143	140	141
Amounts due to controlled entities	5.3 a)	-	-	19,111	20,026
Borrowings	3.5	16,656	18,187	10,411	10,569
Total liabilities		94,619	97,023	107,646	109,676
Net assets		5,907	6,017	5,643	5,718
EQUITY					
Issued capital		5,333	5,342	5,361	5,361
Reserves		277	311	274	315
Retained profits		297	364	8	42
Total equity		5,907	6,017	5,643	5,718

The balance sheets 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 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 2024

Consolidated	Issued capital ⁽²⁾ \$m	Other equity instruments \$m	Employee benefits reserve \$m	Equity reserve for credit losses \$m	Cash flow hedge reserve \$m	FVOCI reserve \$m	Profit reserve ⁽¹⁾ \$m	Retained profits ⁽¹⁾ \$m	Total equity \$m
YEAR ENDED 31 AUGUST 2024									
Balance as at 31 August 2023	5,312	101	54	20	74	10	183	376	6,130
TOTAL COMPREHENSIVE INCOME FOR THE YEAR									
Profit for the year	-	1	-	-	-	-	-	284	285
Transfers to profit reserve	-	-	-	-	-	-	318	(318)	-
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX:									
<i>Cash flow hedges:</i>									
Net movement to equity	-	-	-	-	(44)	-	-	-	(44)
Net movement transferred to profit or loss	-	-	-	-	7	-	-	-	7
<i>Debt instruments at FVOCI:</i>									
Net change in fair value	-	-	-	-	-	(39)	-	-	(39)
Net movement transferred to profit or loss	-	-	-	-	-	(8)	-	-	(8)
Transfer from equity reserve for credit losses	-	-	-	(20)	-	-	-	20	-
Total other comprehensive income / (loss)	-	-	-	(20)	(37)	(47)	-	20	(84)
Total comprehensive income / (loss) for the year	-	1	-	(20)	(37)	(47)	318	(14)	201
TRANSACTIONS WITH EQUITY HOLDERS IN THEIR CAPACITY AS EQUITY HOLDERS									
Dividend reinvestment plan	24	-	-	-	-	-	-	-	24
Dividends to shareholders	-	-	-	-	-	-	(250)	-	(250)
Equity settled transactions	-	-	6	-	-	-	-	-	6
Treasury shares ⁽³⁾	6	-	-	-	-	-	-	-	6
Other equity instruments distributions	-	(1)	-	-	-	-	-	-	(1)
Amortisation of premium	-	(1)	-	-	-	-	-	1	-
Redemption of other equity instruments	-	(100)	-	-	-	-	-	-	(100)
Total contributions by and distributions to owners	30	(102)	6	-	-	-	(250)	1	(315)
Balance as at 31 August 2024	5,342	-	60	-	37	(37)	251	364	6,017

(1) Comparatives have been restated to reclassify \$94 million from Profit Reserve to Retained Profits for the historical adjustment described in Note 1.5 of the 2023 Annual Report. There is no impact to total equity.

(2) Comparatives have been restated to eliminate the revaluation of treasury shares on consolidation.

(3) Treasury shares represent the value of shares held by a subsidiary that the Bank is required to include in the Consolidated Entity's financial statements.

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 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 changes in equity.

For the year ended 31 August 2024

Bank	Issued capital \$m	Other equity instruments \$m	Employee benefits reserve \$m	Equity reserve for credit losses \$m	Cash flow hedge reserve \$m	FVOCI reserve \$m	Profit reserve \$m	Retained profits \$m	Total equity \$m
YEAR ENDED 31 AUGUST 2024									
Balance as at 31 August 2023	5,337	101	54	21	101	10	183	23	5,830
TOTAL COMPREHENSIVE INCOME FOR THE YEAR									
Profit for the year	-	1	-	-	-	-	-	318	319
Transfers to profit reserve	-	-	-	-	-	-	318	(318)	-
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX:									
<i>Cash flow hedges:</i>									
Net movement to equity	-	-	-	-	(67)	-	-	-	(67)
Net movement transferred to profit or loss	-	-	-	-	7	-	-	-	7
<i>Debt instruments at FVOCI:</i>									
Net change in fair value	-	-	-	-	-	(39)	-	-	(39)
Net movement transferred to profit or loss	-	-	-	-	-	(8)	-	-	(8)
Transfer from equity reserve for credit losses	-	-	-	(21)	-	-	-	21	-
Total other comprehensive income / (loss)	-	-	-	(21)	(60)	(47)	-	21	(107)
Total comprehensive income / (loss) for the year	-	1	-	(21)	(60)	(47)	318	21	212
TRANSACTIONS WITH EQUITY HOLDERS IN THEIR CAPACITY AS EQUITY HOLDERS									
Dividend reinvestment plan	24	-	-	-	-	-	-	-	24
Dividends to shareholders	-	-	-	-	-	-	(250)	-	(250)
Equity settled transactions	-	-	6	-	-	-	-	-	6
Other equity instruments distributions	-	(1)	-	-	-	-	-	-	(1)
Amortisation of premium	-	(1)	-	-	-	-	-	1	-
Redemption of other equity instruments	-	(100)	-	-	-	-	-	-	(100)
Total contributions by and distributions to owners	24	(102)	6	-	-	-	(250)	1	(321)
Balance as at 31 August 2024	5,361	-	60	-	41	(37)	251	42	5,718

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 2025

	Note	Consolidated		Bank	
		2025 \$m	2024 \$m	2025 \$m	2024 \$m
CASH FLOWS FROM OPERATING ACTIVITIES					
Interest received		5,032	4,815	5,576	5,556
Fees and other income received		133	159	258	411
Interest paid		(3,620)	(3,276)	(4,704)	(4,449)
Cash paid to suppliers and employees		(1,088)	(965)	(1,031)	(1,067)
Income tax paid		(230)	(229)	(231)	(228)
		227	504	(132)	223
DECREASE / (INCREASE) IN OPERATING ASSETS:					
Loans and advances at amortised cost		2,595	417	2,809	620
Other financial assets		111	(857)	109	(834)
DECREASE IN OPERATING LIABILITIES:					
Deposits		(544)	(287)	(613)	(237)
Due to other financial institutions		(61)	(642)	(61)	(643)
Net cash inflows / (outflows) from operating activities	3.1	2,328	(865)	2,112	(871)
CASH FLOWS FROM INVESTING ACTIVITIES					
Sale of New Zealand asset portfolio		-	191	-	-
Payments for property, plant and equipment		(13)	(4)	(13)	(4)
Payments to owner managers for branch fitouts		(7)	-	(7)	-
Proceeds from sale of property, plant and equipment		3	4	-	-
Proceeds from sale of equity investments		6	-	6	-
Proceeds from sale of joint arrangement investments		2	-	-	-
Payments to owner managers for right to operate intangible assets	4.1	(92)	-	(92)	-
Payments for other intangible assets	4.1	(100)	(177)	(100)	(177)
Dividends received from controlled entities		-	-	18	106
Net cash (outflows) / inflows from investing activities		(201)	14	(188)	(75)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings	3.5	1,987	4,647	1,987	2,467
Repayments of borrowings	3.5	(3,723)	(5,728)	(2,348)	(4,135)
Proceeds from foreign exchange instruments		-	4	-	4
Net movement in other financing activities		-	-	(990)	162
Redemption of other equity instruments		-	(100)	-	(100)
Payments for treasury shares		(24)	(8)	(24)	(8)
Other equity instruments distribution paid		-	(1)	-	(1)
Dividends paid	2.4	(231)	(226)	(231)	(226)
Payment of lease liabilities		(39)	(48)	(39)	(48)
Net cash outflows from financing activities		(2,030)	(1,460)	(1,645)	(1,885)
Net increase / (decrease) in cash and cash equivalents		97	(2,311)	279	(2,831)
Cash and cash equivalents at beginning of year		2,927	5,238	1,381	4,212
Cash and cash equivalents at end of year	3.1	3,024	2,927	1,660	1,381

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 2025

	Page
Note 1. Basis of preparation.	135
1.1 Reporting entity	135
1.2 Basis of preparation	135
1.3 Use of estimates and judgements	135
1.4 New Australian accounting standards and legislative changes	135
Note 2. Financial performance.	137
2.1 Operating income	137
2.2 Operating expenses	138
2.3 Income tax expense and deferred tax	140
2.4 Dividends	143
2.5 Operating segments	144
2.6 Earnings per share	146
Note 3. Capital and balance sheet management.	147
3.1 Cash and cash equivalents	147
3.2 Financial assets and liabilities	148
3.3 Loans and advances	150
3.4 Deposits	159
3.5 Borrowings	160
3.6 Financial risk management	162
3.7 Fair value of financial instruments	171
3.8 Derivative financial instruments and hedge accounting	174
3.9 Capital management	180
3.10 Capital and reserves	180
Note 4. Other assets and liabilities.	182
4.1 Intangible assets	182
4.2 Provisions and contingent liabilities	185
4.3 Accounts payable and other liabilities	189
Note 5. Other notes.	190
5.1 Employee benefits	190
5.2 Commitments	193
5.3 Related parties information	193
5.4 Controlled entities	195
5.5 Assets held for sale	198
5.6 Auditor's remuneration	199
5.7 Events subsequent to balance date	199
5.8 Material accounting policies	200

Notes to the financial statements.

For the year ended 31 August 2025

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 2025 comprise the Consolidated Entity (or **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 2025. 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; 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 2016/191 dated 24 March 2016 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.

1.3 Use of estimates and judgements

The preparation of a 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; and
- Assets held for sale - Note 5.5.

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.

Introduction of Sustainability reporting standards

In September 2024, the AASB approved the final Australian Sustainability Reporting Standards, AASB S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and AASB S2 *Climate-related Disclosures*.

AASB S1 is a voluntary standard covering sustainability related financial disclosures, in particular, sustainability related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term.

AASB S2 is a mandatory standard that requires an entity to disclose information about climate related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term.

The Group is continuing to prepare for AASB S2 requirements for annual periods beginning 1 September 2025, and is not currently preparing to adopt AASB S1.

Pillar Two

The Bank is within the scope of the OECD Pillar Two model rules, the Australian legislation for which were substantively enacted from 23 December 2024. The Australian rules commence from income years starting on or after 1 January 2024 for the income inclusion rule and domestic minimum tax, and apply to the Bank from the financial year commenced 1 September 2024. The undertaxed profits rule commenced for income years starting on or after 1 January 2025, and will apply to the Bank from the financial year commencing 1 September 2025.

The Bank has no exposure to Pillar Two taxes in respect of the current year, and is not expected to be exposed to Pillar Two tax liabilities in subsequent periods, as its active operations are only based in Australia, where the corporate tax rate is 30 per cent.

Notes to the financial statements.

For the year ended 31 August 2025

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 will commence assessment of the standard implementation and its impacts on financial disclosures in the next reporting period.

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 (ESG) 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 will commence assessment of the impact to the Group of adopting the amendments in the next reporting period.

Notes to the financial statements.

For the year ended 31 August 2025

Note 2. Financial performance.

2.1 Operating income

	Consolidated		Bank	
	2025 \$m	2024 \$m	2025 \$m	2024 \$m
INTEREST INCOME				
Effective interest income				
Loans and other receivables	4,327	4,224	4,887	4,841
Due from controlled entities	-	-	200	159
Other: Securities at fair value	727	730	687	694
Total interest income	5,054	4,954	5,774	5,694
INTEREST EXPENSE				
Retail deposits	(2,300)	(2,335)	(2,301)	(2,328)
Wholesale deposits and borrowings	(1,223)	(1,142)	(2,304)	(2,301)
Lease liabilities	(4)	(5)	(4)	(5)
Due to controlled entities	-	-	-	(2)
Total interest expense	(3,527)	(3,482)	(4,609)	(4,636)
Net interest income	1,527	1,472	1,165	1,058
INCOME FROM OPERATING ACTIVITIES				
Customer fees and charges ⁽¹⁾	71	71	70	70
Share of fee revenue paid to owner-managed branches ⁽²⁾	(3)	(6)	(3)	(6)
Loyalty program expenses	(8)	(10)	(8)	(10)
Commissions	48	46	12	12
Foreign exchange income – customer based	17	17	17	17
Net profit on sale of property, plant and equipment	3	4	-	-
Net loss from financial instruments and derivatives at fair value	(2)	(3)	(2)	(3)
Securitisation income from controlled entities	-	-	157	207
Dividend income from controlled entities	-	-	58	106
Management fees from controlled entities	-	-	117	82
Other income	15	12	12	8
Net other operating income	141	131	430	483
Total	1,668	1,603	1,595	1,541

(1) Customer charges on lending, banking and leasing products.

(2) During the year ended 31 August 2025, BOQ converted all 114 owner managed branches to corporate branches. For further detail, refer to Note 4.1.

Interest income and expense

Interest income and expense for all interest bearing financial instruments is recognised in the income statement using the effective interest rates 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 servicing 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 fair value through the income statement 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 the Bank's performance obligations in respect of management services are satisfied.

Notes to the financial statements.

For the year ended 31 August 2025

2.2 Operating expenses

		Consolidated		Bank	
	Note	2025 \$m	2024 \$m	2025 \$m	2024 \$m
EMPLOYEE EXPENSES					
Salaries, wages and superannuation contributions		501	459	501	450
Payroll tax		30	29	30	29
Equity settled transactions		12	21	12	20
Other employee expenses		15	15	15	16
		558	524	558	515
IT EXPENSES					
Technology services		232	218	227	214
Amortisation - computer software	4.1	82	69	79	65
Impairment - intangible assets	4.1	13	9	13	9
Depreciation - IT equipment		3	4	3	4
		330	300	322	292
OCCUPANCY EXPENSES					
Depreciation of ROU assets and lease expenses		38	31	38	30
Depreciation - property, plant and equipment		13	9	13	9
Impairment - lease and leasehold improvements		2	2	2	2
Other occupancy expenses		5	4	5	4
		58	46	58	45
ADMINISTRATIVE EXPENSES					
Professional fees		25	48	23	52
Directors' fees		2	1	2	1
Other administrative expenses		9	11	18	20
		36	60	43	73
OTHER OPERATING EXPENSES					
Advertising		39	47	21	32
Communications and postage		27	27	27	27
Remedial Action Plans		21	6	21	6
Processing costs		17	16	17	16
Printing and stationery		6	4	6	4
Commissions to owner-managed branches		1	2	1	2
Other		48	50	48	40
		159	152	141	127
OTHER					
Impairment – goodwill	4.1	170	-	143	-
Amortisation - right to operate assets	4.1	38	-	38	-
Restructuring provision	4.2	10	35	10	35
Amortisation - acquired intangibles	4.1	8	9	8	9
Impairment - joint arrangements	5.5	3	-	-	-
Loss on sale of New Zealand asset portfolio		-	20	-	-
		229	64	199	44
Total operating expenses		1,370	1,146	1,321	1,096

Notes to the financial statements.

For the year ended 31 August 2025

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 5.1 b).

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 2025

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	
	2025 \$m	2024 \$m	2025 \$m	2024 \$m
CURRENT TAX EXPENSE				
Current year	135	204	98	147
Adjustments for prior years	(2)	15	-	14
	133	219	98	161
DEFERRED TAX EXPENSE				
Origination and reversal of temporary differences	12	(65)	26	(44)
	12	(65)	26	(44)
Total income tax expense in income statement	145	154	124	117
DEFERRED TAX RECOGNISED IN EQUITY				
Cash flow hedge reserve	(3)	(15)	(6)	(23)
Other	2	(20)	2	(20)
Income tax charged in equity	(1)	(35)	(4)	(43)
NUMERICAL RECONCILIATIONS BETWEEN TAX EXPENSE AND PRE-TAX PROFIT				
Profit before tax	278	439	290	436
Income tax using the Australian corporate tax rate of 30% (2024: 30%)	83	132	87	131
INCREASE IN INCOME TAX EXPENSE DUE TO:				
Loss on sale of New Zealand asset portfolio	(1)	6		
Goodwill impairment	51	-	43	
Non-deductible expenses	12	16	11	18
DECREASE IN INCOME TAX EXPENSE DUE TO:				
Other ⁽¹⁾	-	-	(17)	(32)
Income tax expense on pre-tax net profit⁽²⁾	145	154	124	117

(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 2025 was 52.2% (2024: 35.1%). This is above the corporate tax rate of 30 per cent, primarily attributable to the impairment of Goodwill and interest payable on Capital Notes, which are both non-deductible for tax purposes. Prior year effective tax rate was above the corporate tax rate of 30 per cent primarily due to the loss on sale of the New Zealand asset portfolio and interest payable on Capital Notes, both non-deductible for tax purposes.

Notes to the financial statements.

For the year ended 31 August 2025

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	
	2025 \$m	2024 \$m	2025 \$m	2024 \$m	2025 \$m	2024 \$m
Consolidated						
Accruals	22	21	-	-	22	21
Capitalised expenditure	-	-	(10)	(11)	(10)	(11)
Provisions for impairment	88	91	-	-	88	91
Other provisions	42	44	-	-	42	44
Equity reserves	3	1	-	-	3	1
ROU Asset and Lease Liability	44	51	(36)	(39)	8	12
Lease financing relating to lessor activities	-	-	(101)	(117)	(101)	(117)
Intangible assets	-	-	(7)	(10)	(7)	(10)
Right to Operate Assets (OMB)	-	-	(16)	-	(16)	-
Other	30	40	-	(1)	30	39
Total tax assets / (liabilities)	229	248	(170)	(178)	59	70

Bank						
Accruals	22	19	-	-	22	19
Capitalised expenditure	-	-	(1)	(3)	(1)	(3)
Provisions for impairment	60	68	-	-	60	68
Other provisions	42	43	-	-	42	43
Equity reserves	3	-	-	(1)	3	(1)
ROU Asset and Lease Liability	44	51	(36)	(39)	8	12
Lease financing relating to lessor activities	-	-	(8)	(10)	(8)	(10)
Intangible assets	-	-	(7)	(10)	(7)	(10)
Right to Operate Assets (OMB)	-	-	(16)	-	(16)	-
Other	30	38	-	(1)	30	37
Total tax assets / (liabilities)	201	219	(68)	(64)	133	155

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:

	2025 \$m	2024 \$m
Gross income tax losses ⁽¹⁾	19	20
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 2025

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 2025

2.4 Dividends

	Bank			
	2025		2024	
	Cents per share	\$m	Cents per share	\$m
ORDINARY SHARES				
Final 2024 dividend paid 19 November 2024 (2023: 16 November 2023)	17	112	21	138
Interim 2025 dividend paid 23 May 2025 (2024: 27 May 2024)	18	119	17	112
		231		250

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 ordinary share dividend	20	132

The final ordinary share dividend will be paid on 21 November 2025 to owners of ordinary shares at the close of business on 30 October 2025 (record date). Shares will be quoted ex-dividend on 29 October 2025.

	Bank	
	2025 \$m	2024 \$m
30% franking credits available to shareholders of the Bank for subsequent financial years	649	630

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 2025, is \$590 million calculated at the 30 per cent tax rate (2024: \$580 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 2025 full year dividend is 31 October 2025.

Notes to the financial statements.

For the year ended 31 August 2025

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.

Following the completion of the OMB conversion on 1 March 2025, the method for allocating indirect costs between the Retail and Business segments was updated. The change resulted in a reallocation of operating expenses from the Retail Bank segment to BOQ Business segment, with no impact to the Group's overall net profit.

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 2025 or 2024.

Geographic information

The business segments operate principally 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 2025

2.5 Operating segments (continued)

	Retail Bank		BOQ Business		Other ⁽¹⁾		Total	
	2025 \$m	2024 \$m	2025 \$m	2024 \$m	2025 \$m	2024 \$m	2025 \$m	2024 \$m
CASH BASIS:								
INCOME								
Net interest income ⁽²⁾	807	791	713	672	(5)	-	1,515	1,463
Non-interest income	94	88	50	45	(2)	4	142	137
Total income	901	879	763	717	(7)	4	1,657	1,600
Operating expenses	(738)	(746)	(334)	(323)	-	-	(1,072)	(1,069)
Underlying profit / (loss)	163	133	429	394	(7)	4	585	531
Loan impairment loss	(2)	(1)	(19)	(19)	-	-	(21)	(20)
Cash profit / (loss) before tax	161	132	410	375	(7)	4	564	511
Income tax (expense) / benefit	(52)	(44)	(131)	(122)	2	(2)	(181)	(168)
Segment cash profit / (loss) after tax⁽³⁾	109	88	279	253	(5)	2	383	343
STATUTORY BASIS ADJUSTMENTS:								
Goodwill impairment ⁽⁴⁾	(170)	-	-	-	-	-	(170)	-
Branch strategy ⁽⁵⁾	(31)	-	(12)	-	-	-	(43)	-
Sale of New Zealand asset portfolio ⁽⁶⁾	-	-	-	(22)	-	-	-	(22)
Hedging and fair value changes	-	-	-	-	(1)	(4)	(1)	(4)
Amortisation of acquisition fair value adjustments	-	-	-	-	3	1	3	1
Restructuring costs ⁽⁷⁾	-	-	-	-	(25)	(33)	(25)	(33)
Remedial Action Plans ⁽⁸⁾	-	-	-	-	(14)	-	(14)	-
Statutory net profit / (loss) after tax	(92)	88	267	231	(42)	(34)	133	285
INCLUDED IN THE RESULTS:								
Depreciation and amortisation	(93)	(81)	(31)	(28)	(8)	(9)	(132)	(118)
Segment assets	52,820	56,082	27,254	26,684	20,452	20,274	100,526	103,040
Segment liabilities	35,467	36,879	9,556	10,540	49,596	49,604	94,619	97,023

(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) In the year ended 31 August 2025, the Group recognised goodwill impairment of \$170 million to the Retail Bank's CGU. Refer to Note 4.1.

(5) Branch strategy includes the cost of converting the OMB network to corporate branches in 2025, and costs associated with optimisation of the network. Refer to Note 4.1.

(6) The New Zealand asset portfolio sale completed on 31 March 2024. Further detail has been provided in the 2024 Annual Report.

(7) Costs incurred as a result of ongoing Group operating model simplification and transformation.

(8) Relates to the previously announced Remedial Action Plans (RAP) following a reassessment of remedial activities required to complete the program. Refer to Note 4.2 for further detail.

Notes to the financial statements.

For the year ended 31 August 2025

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		
	2025 \$m	2024 \$m	
EARNINGS RECONCILIATION			
Profit for the year	133	285	
Returns to holders of other equity instruments ⁽¹⁾	-	(2)	
Amortisation of premium on other equity instruments ⁽²⁾	-	1	
Profit available for ordinary shareholders	133	284	
BASIC EARNINGS			
Effect of Capital Notes ⁽³⁾	-	19	
Effect of Capital Notes 2 ⁽⁴⁾	-	15	
Effect of Capital Notes 3 ⁽⁴⁾	-	22	
Diluted earnings	133	340	
	2025 Number of shares	2024 Number of shares	
Weighted average number of shares used as the denominator			
NUMBER FOR BASIC EARNINGS PER SHARE			
Ordinary shares	658,119,186	657,135,072	
NUMBER FOR DILUTED EARNINGS PER SHARE			
Ordinary Shares	658,119,186	657,135,072	
Add: Effect of award rights	7,159,674	7,146,622	
Add: Effect of Capital Notes ⁽³⁾	-	54,870,417	
Add: Effect of Capital Notes 2 ⁽⁴⁾	-	42,737,772	
Add: Effect of Capital Notes 3 ⁽⁴⁾	-	66,318,482	
Diluted WANOS for earnings EPS ⁽⁵⁾	665,278,860	828,208,365	
EARNINGS PER SHARE			
Basic earnings per share - ordinary shares	cents	20.1	43.3
Diluted earnings per share - ordinary shares	cents	19.9	41.1

(1) BOQ redeemed ME Bank AT1 Capital notes (Series 2) in full on 5 December 2023 without issuing a replacement security.

(2) Fair value adjustment on ME AT1 Capital notes fully amortised in December 2023.

(3) BOQ redeemed Retail Capital notes 1 in full on 15 August 2024 without issuing a replacement security.

(4) 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 for the year.

(5) The Group had awarded 10,818,626 employee share options as at 31 August 2025. 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 2025

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	
	2025 \$m	2024 \$m	2025 \$m	2024 \$m
Notes, coins and cash at bank	2,727	2,535	1,381	1,048
Remittances in transit	297	353	279	333
Retention amount ⁽¹⁾	-	39	-	-
Total	3,024	2,927	1,660	1,381

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	133	285	166	319
ADD / (LESS) ITEMS CLASSIFIED AS INVESTING / FINANCING ACTIVITIES OR NON-CASH ITEMS				
Depreciation	42	40	42	39
Amortisation - right to operate assets	38	-	38	-
Amortisation - acquired intangibles	8	9	8	9
Software amortisation	82	69	79	65
Loss on sale of New Zealand asset portfolio	-	20	-	-
Impairment - intangible assets	13	9	13	9
Impairment - leases	2	2	2	2
Impairment - goodwill	170	-	143	-
Equity settled transactions	12	21	12	20
Salary sacrifice arrangements	-	1	-	1
Dividends received from controlled entities	-	-	(58)	(106)
Increase / (decrease) in provision for impairment	20	18	(16)	9
Decrease / (increase) in derivatives	42	33	250	(34)
Decrease in amounts due to controlled entities	-	-	(605)	(272)
(Increase) / decrease in other assets	(23)	4	79	116
(Decrease) / increase in accounts payable and other liabilities	(224)	90	(208)	128
Decrease in current tax liabilities	(96)	(9)	(98)	(8)
Decrease / (increase) in deferred tax asset and liabilities	11	(100)	22	(87)
(Decrease) / increase in provisions	(3)	12	(1)	13
Decrease in loans and advances at amortised cost	2,595	417	2,809	620
Decrease / (increase) in financial assets	111	(857)	109	(834)
Decrease in deposits	(544)	(287)	(613)	(237)
Decrease in due to other financial institutions	(61)	(642)	(61)	(643)
Net cash inflow / (outflow) from operating activities	2,328	(865)	2,112	(871)

(1) Retention amount held as part of the New Zealand asset portfolio sale completed on 31 March 2024. BOQ is no longer required to hold the retention amount following the retention period expiry on 30 June 2025.

Notes to the financial statements.

For the year ended 31 August 2025

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 held in a business model with the objective of collecting contractual cash flows or realising the asset through sale and having contractual cash flows considered to be solely payments of principal and interest are measured at FVOCI. 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 in the income statement, as are cumulative gains or losses previously recognised in other comprehensive income upon derecognition of the financial instruments.

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).

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 2025

3.2 Financial assets and liabilities (continued)

Financial assets 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	
	2025 \$m	2024 \$m	2025 \$m	2024 \$m
DERIVATIVE FINANCIAL ASSETS				
Less than 12 months	198	178	198	177
Greater than 12 months	498	383	215	331
Total derivative financial assets	696	561	413	508
FINANCIAL ASSETS AT FVTPL				
Floating rate notes and bonds	941	604	941	604
Total financial assets at FVTPL	941	604	941	604
Less than 12 months	941	604	941	604
FINANCIAL ASSETS AT FVOCI				
Debt instruments ⁽¹⁾	16,331	16,760	16,331	16,760
Equity instruments	6	7	6	7
Total financial assets at FVOCI	16,337	16,767	16,337	16,767
Less than 12 months	4,363	7,673	4,363	7,673
Greater than 12 months	11,974	9,094	11,974	9,094
DEBT INSTRUMENTS AT AMORTISED COST				
Less than 12 months	-	-	17	51
Greater than 12 months	15	15	12,826	12,886
Total debt instruments at amortised cost	15	15	12,843	12,937

(1) The Group invests in high-grade mortgage-backed securities with external counterparties. The balance as at 31 August 2025 was \$50 million (2024: \$88 million) and represents maximum exposure to loss from interests in unconsolidated structured entities.

Notes to the financial statements.

For the year ended 31 August 2025

3.3 Loans and advances

Loans and advances at amortised cost

Loans and advances 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.

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	
	2025 \$m	2024 \$m	2025 \$m	2024 \$m
Residential property loans	57,501	61,794	57,501	61,793
Personal loans	49	74	49	74
Overdrafts ⁽¹⁾	153	142	153	142
Commercial loans ⁽¹⁾	13,061	11,569	13,022	11,437
Credit cards	123	165	123	165
Asset finance and leasing	7,223	6,924	730	782
	78,110	80,668	71,578	74,393
LESS:				
Unearned finance lease income	(250)	(189)	(13)	(11)
Gross loans and advances	77,860	80,479	71,565	74,382
Specific provision for impairment	(48)	(52)	(35)	(43)
Collective provision for impairment	(259)	(264)	(165)	(184)
Total loans and advances	77,553	80,163	71,365	74,155

(1) To align to underlying product characteristics, \$156 million of Overdrafts balances as at August 2024 have been reclassified to Commercial loans in both the Group and Bank.

Notes to the financial statements.

For the year ended 31 August 2025

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 2025 this accounts for approximately 29% of Stage 2 exposures for the Group and 26% for the Bank (2024: 43% for the Group and 43% 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 2025

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 reflects BOQ's forward-looking economic assumptions where inflation continues to moderate and cash rates see further reductions in 2025, reaching a low point in 2026. Base case assumptions are supported by RBA forecasts where available. Unemployment remains low over the medium term, with GDP increasing slightly in 2026. Residential property prices are expected to see further increases in 2026 and 2027.
- **Upside scenario:** This scenario represents a slight to moderate improvement on the economic conditions from the Base case.
- **Downside scenario:** This scenario represents the effects of a downturn scenario, with the cash rate falling below the base case after 2026 to stimulate economic growth, a falling GDP and rising unemployment. Compared to the base case, property prices also see a significant reduction.
- **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.

The table below provides a summary of macro-economic assumptions used in the Base and Downside scenarios as at 31 August 2025.

Macro-economic assumption ⁽¹⁾	Base			Downside		
	2025 %	2026 %	2027 %	2025 %	2026 %	2027 %
GDP Growth/(reduction) (YoY)	1.7	2.1	2.0	1.0	(0.7)	0.6
Unemployment Rate	4.3	4.3	4.3	4.5	6.7	7.3
Residential Property Price Growth/(reduction) (YoY)	4.4	5.9	4.8	0.8	(9.4)	(4.6)
Commercial Property Price Growth/(reduction) (YoY)	2.0	1.6	1.6	(2.3)	(12.0)	(7.1)
Cash Rate	3.4	2.9	3.1	3.5	2.6	2.5

(1) The forecasts in the table reflect calendar year end numbers.

In determining the reported ECL of \$307 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 FY25 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, retail trade, accommodation and food services and rental, hiring and real estate services.

Notes to the financial statements.

For the year ended 31 August 2025

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	
		2025	2024	2025	2024	2025	2024	2025	2024
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	
	2025 \$m	2024 \$m	2025 \$m	2024 \$m
Reported probability weighted ECL	307	316	200	227
100% Upside scenario	228	228	128	147
100% Base case scenario	237	238	136	157
100% Downside scenario	328	339	214	241
100% Severe Downside scenario	523	562	407	461

Sensitivity of provisions for impairment to SICR assessments

If one per cent of Stage 1 credit exposures as at 31 August 2025 was included in Stage 2, provisions for impairment would increase by approximately \$8 million for the Group and \$7 million for the Bank (2024: \$9 million for the Group and \$8 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 2025

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.

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 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 2025

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 2024.

	Stage 1 – 12 month ECL \$m	Stage 2 – Lifetime ECL \$m	Stage 3 – Lifetime & Specific ECL \$m	Total \$m
Consolidated				
Balance as at 1 September 2023	101	81	150	332
TRANSFERS DURING THE YEAR TO / (FROM):				
Stage 1	37	(20)	(17)	-
Stage 2 ⁽¹⁾	(23)	31	(8)	-
Stage 3	(2)	(9)	11	-
New provisions	30	15	8	53
Increased provisions	13	64	63	140
Write-back of provisions no longer required	(87)	(49)	(47)	(183)
Amounts written off, previously provided for	-	-	(26)	(26)
Balance as at 31 August 2024	69	113	134	316

(1) During FY24, the methodology for incorporating forward-looking adjustments into the ECL models was revised. This has resulted in an increase in the GLA and ECL reported as Stage 2, but did not have an impact on the overall expected credit loss.

The table below discloses the effect of movements in the gross carrying value of loans and advances in the different stages of the ECL model of the Group during the year ended 31 August 2024.

	Stage 1 – 12 month ECL \$m	Stage 2 – Lifetime ECL \$m	Stage 3 – Lifetime & Specific ECL \$m	Stage 3 – POCI loans \$m	Total \$m
Consolidated					
Gross carrying amount as at 1 September 2023	74,065	5,930	966	174	81,135
TRANSFERS DURING THE YEAR TO / (FROM):					
Stage 1	1,697	(1,631)	(66)	-	-
Stage 2 ⁽¹⁾	(12,588)	12,718	(130)	-	-
Stage 3	(334)	(443)	777	-	-
New loans and advances originated or purchased	16,799	1,769	38	-	18,606
Loans and advances derecognised or repaid during the year including write-offs	(17,243)	(1,661)	(327)	(31)	(19,262)
Gross carrying amount as at 31 August 2024	62,396	16,682	1,258	143	80,479
Provision for impairment	(69)	(113)	(134)	-	(316)
Net carrying amount as at 31 August 2024	62,327	16,569	1,124	143	80,163

(1) During FY24, the methodology for incorporating forward-looking adjustments into the ECL models was revised. This has resulted in an increase in the GLA and ECL reported as Stage 2, but did not have an impact on the overall expected credit loss.

The loss allowance associated with the POCI loans for the Group reduced by \$1.2 million for the year ended 31 August 2024 (FY23 reduction: \$5 million), from an opening balance of \$3 million (FY23 opening balance: \$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 2024.

Notes to the financial statements.

For the year ended 31 August 2025

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 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 2025

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 2024.

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 2023	46	73	112	231
TRANSFERS DURING THE YEAR TO / (FROM):				
Stage 1	26	(17)	(9)	-
Stage 2 ⁽¹⁾	(18)	25	(7)	-
Stage 3	(1)	(8)	9	-
New provisions	11	10	4	25
Increased provisions	12	57	46	115
Write-back of provisions no longer required	(49)	(45)	(39)	(133)
Amounts written off, previously provided for	-	-	(11)	(11)
Balance as at 31 August 2024	27	95	105	227

(1) During FY24, the methodology for incorporating forward-looking adjustments into the ECL models was revised. This has resulted in an increase in the GLA and ECL reported as Stage 2, but did not have an impact on the overall expected credit loss.

The table below discloses the effect of movements in the gross carrying value of loans and advances in the different stages of the ECL model of the Bank during the year ended 31 August 2024.

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 2023	68,305	5,633	899	174	75,011
TRANSFERS DURING THE YEAR TO / (FROM):					
Stage 1	1,606	(1,547)	(59)	-	-
Stage 2 ⁽¹⁾	(12,127)	12,254	(127)	-	-
Stage 3	(307)	(430)	737	-	-
New loans and advances originated or purchased	14,325	1,612	25	-	15,962
Loans and advances derecognised during the period including write-offs	(14,745)	(1,529)	(286)	(31)	(16,591)
Gross carrying amount as at 31 August 2024	57,057	15,993	1,189	143	74,382
Provision for impairment	(27)	(95)	(105)	-	(227)
Net carrying amount as at 31 August 2024	57,030	15,898	1,084	143	74,155

(1) During FY24, the methodology for incorporating forward-looking adjustments into the ECL models was revised. This has resulted in an increase in the GLA and ECL reported as Stage 2, but did not have an impact on the overall expected credit loss.

The loss allowance associated with the POCI loans for the Bank reduced by \$1 million for the year ended 31 August 2024 (FY23 reduction: \$5 million), from an opening balance of \$3 million (FY23 opening balance: \$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 2024.

Notes to the financial statements.

For the year ended 31 August 2025

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	
	2025 \$m	2024 \$m	2025 \$m	2024 \$m
GROSS INVESTMENT IN FINANCE LEASE RECEIVABLES:				
Less than one year	535	457	9	11
Between one and five years	1,176	897	72	79
More than five years	32	13	23	10
	1,743	1,367	104	100
Unearned finance lease income	(250)	(189)	(13)	(11)
Net investment in finance leases	1,493	1,178	91	89
NET INVESTMENT IN FINANCE LEASES:				
Less than one year	436	383	9	10
Between one and five years	1,031	784	64	71
More than five years	26	11	18	8
Net investment in finance leases	1,493	1,178	91	89

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 2025

3.3 Loans and advances (continued)

c) Transfer of financial assets (continued)

	Consolidated		Bank	
	2025 \$m	2024 \$m	2025 \$m	2024 \$m
TRANSFERRED FINANCIAL ASSETS				
Securitisation - Loans and advances	5,210	6,363	17,575	18,660
Covered bonds - Loans and advances	5,505	5,176	5,505	5,176
	10,715	11,539	23,080	23,836
ASSOCIATED FINANCIAL LIABILITIES				
Securitisation liabilities - external investors	6,249	7,623	-	-
Covered bonds - external investors	4,115	3,804	4,115	3,804
Amounts due to controlled entities	-	-	18,362	19,628
	10,364	11,427	22,477	23,432
FOR THOSE LIABILITIES THAT HAVE RECOURSE⁽¹⁾				
Fair value of transferred assets	10,721	11,528	23,084	23,822
Fair value of associated liabilities	(10,364)	(11,427)	(22,477)	(23,432)
Net position	357	101	607	390

(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	
	2025 \$m	2024 \$m	2025 \$m	2024 \$m
Deposits at call	42,768	40,435	42,983	40,738
Term deposits	28,021	31,334	28,021	31,334
Certificates of deposit	4,888	4,449	4,888	4,449
Total deposits	75,677	76,218	75,892	76,521
CONCENTRATION OF DEPOSITS				
Customer deposits	66,729	67,361	66,944	67,664
Wholesale deposits	8,948	8,857	8,948	8,857
	75,677	76,218	75,892	76,521

Notes to the financial statements.

For the year ended 31 August 2025

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⁾⁽⁶⁾ \$m	EMTN program ⁽⁶⁾ \$m	ECP program ⁽⁶⁾ \$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	-	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

	Securitisation liabilities ⁽¹⁾ \$m	Covered bonds liabilities ⁽²⁾⁽⁶⁾ \$m	EMTN program ⁽⁶⁾ \$m	ECP program ⁽⁶⁾ \$m	Term funding facility ⁽³⁾ \$m	Subordinated notes \$m	Senior unsecured notes \$m	Capital notes ⁽⁴⁾ \$m	Total \$m
Consolidated									
YEAR ENDED 31 AUGUST 2024									
Balance at beginning of year	7,029	3,694	35	362	1,779	648	4,775	1,000	19,322
Proceeds from issues / new funding	2,180	981	-	336	-	-	1,150	-	4,647
Repayments	(1,589)	(817)	(20)	(416)	(1,779)	-	(750)	(350)	(5,721)
Deferred establishment costs	(4)	(3)	-	-	-	-	-	-	(7)
Amortisation of deferred costs ⁽⁵⁾	2	2	-	-	-	-	-	3	7
Foreign exchange translation ⁽⁵⁾	-	(59)	-	(2)	-	-	-	-	(61)
Balance at end of year	7,618	3,798	15	280	-	648	5,175	653	18,187

(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) The TFF provided funding at a fixed interest rate of 25 basis points, for a maximum of three years and is accounted for as borrowings. From 4 November 2020 the interest rate of new borrowings was lowered to 10 basis points. The funding was a below market interest loan from a Government entity and, accordingly, classified as a Government Grant. The Group reflected an interest expense net of the benefit of the below market interest loan in the income statement. There were no terms and conditions associated with the TFF other than pledging eligible collateral that met the RBA's eligibility criteria. The Group repaid TFF in full in the year ended 31 August 2024.

(4) Capital notes

On 28 December 2017, the Bank issued 3,500,000 Capital notes at a price of \$100 per note. Capital notes were perpetual and convertible notes issued by BOQ, with preferred, discretionary, non-cumulative distributions. They were not guaranteed or secured. The Bank redeemed all 3,500,000 Capital notes together with accrued interest on the early redemption date of 15 August 2024. The early redemption was exercised following APRA approval.

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 2025, 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 2025, 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.

(6) At the end of the year the BOQ Group held borrowings in the following currencies, Covered Bonds EUR €1.8bn (2024: EUR €1.2bn), EMTN Program EUR €9m (2024: EUR €9m), ECP Program USD \$141m and EUR €20m (2024: USD \$40m and EUR €10m). All other balances are denominated in Australian dollars.

Notes to the financial statements.

For the year ended 31 August 2025

3.5 Borrowings (continued)

The Bank recorded the following movements on borrowings:

Bank	Covered bonds liabilities ⁽¹⁾⁽⁵⁾ \$m	EMTN program ⁽⁵⁾ \$m	ECP program ⁽⁵⁾ \$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

Bank	Covered bonds liabilities ⁽¹⁾⁽⁵⁾ \$m	EMTN program ⁽⁵⁾ \$m	ECP program ⁽⁵⁾ \$m	Term funding facility ⁽²⁾ \$m	Subordinated notes \$m	Senior unsecured notes \$m	Capital notes ⁽³⁾ \$m	Total \$m
YEAR ENDED 31 AUGUST 2024								
Balance at beginning of year	3,699	35	362	1,779	648	4,774	1,000	12,297
Deferred establishment costs transferred	(5)	-	-	-	-	-	-	(5)
Proceeds from issues / new funding	981	-	336	-	-	1,150	-	2,467
Repayments	(817)	(20)	(416)	(1,779)	-	(750)	(350)	(4,132)
Deferred establishment costs	(3)	-	-	-	-	-	-	(3)
Amortisation of deferred costs ⁽⁴⁾	2	-	-	-	-	1	3	6
Foreign exchange translation ⁽⁴⁾	(59)	-	(2)	-	-	-	-	(61)
Balance at end of year	3,798	15	280	-	648	5,175	653	10,569

(1) Covered bonds liabilities are secured by a charge over a pool of loans and advances and guaranteed by the covered bond guarantor.

(2) The TFF provided funding at a fixed interest rate of 25 basis points, for a maximum of three years and is accounted for as borrowings. From 4 November 2020 the interest rate of new borrowings was lowered to 10 basis points. The funding is a below market interest loan from a Government entity and, accordingly, classified as a Government Grant. The Bank reflects a net interest expense in the income statement. There are no terms and conditions associated with the TFF other than pledging eligible collateral that meets the RBA's eligibility criteria. The Group repaid TFF in full in the year ended 31 August 2024.

(3) Capital notes

On 28 December 2017, the Bank issued 3,500,000 Capital notes at a price of \$100 per note. Capital notes were perpetual and convertible notes issued by BOQ, with preferred, discretionary, non-cumulative distributions. They were not guaranteed or secured. The Bank redeemed all 3,500,000 Capital notes together with accrued interest on the early redemption date of 15 August 2024. The early redemption was exercised following APRA approval.

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 2025, 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 2025, 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.

(5) At the end of the year the Bank held borrowings in the following currencies, Covered Bonds EUR €1.8bn (2024: EUR €1.2bn), EMTN Program EUR €9m (2024: EUR €9m), ECP Program USD \$141m and EUR €20m (2024: USD \$40m and EUR €10m). All other balances are denominated in Australian dollars.

Notes to the financial statements.

For the year ended 31 August 2025

3.6 Financial risk management

The use of financial instruments is fundamental to the Group's business of providing banking services to our customers. The associated financial risks (primarily capital, credit, market and liquidity risks) are a significant portion of the Group's key material risks. BOQ's approach to capital risk management has been detailed in Note 3.9.

The Group and the Bank adopts a "managed risk" approach to its banking activities in which the articulation of a risk aware culture is prevalent throughout the Group's credit, market and liquidity risk policies and procedures. The Board has adopted policies in relation to the assessment, management and monitoring of these risks and ownership of the frameworks within which these risks are managed reside with the Chief Risk Officer.

The Chief Risk Officer contributes towards the achievement of the Group's corporate objectives through the operationalisation and progressive development of the Group's risk management function. 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 contributes to the further development of sound corporate governance standards;
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 the framework, policies and procedures needed 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 Groups' 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.

Consolidated	2025 \$m	2024 \$m
Exposure at the end of the year	(1)	(1)
Average monthly exposure during the year	1	(2)
High month exposure during the year	10	4
Low month exposure during the year	(6)	(5)

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:

IRRBB VaR	2025 \$m	2024 \$m
Average	18	20
Maximum	37	53
Minimum	8	8

Notes to the financial statements.

For the year ended 31 August 2025

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 off-shore 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	2025 \$m	2024 \$m
Average	0.20	0.09
Maximum	0.54	0.46
Minimum	0.05	0.01

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 2025

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 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:

	2025 \$m				2024 \$m
Consolidated	Stage 1	Stage 2	Stage 3	Total	Total
Cash and cash equivalents	3,024	-	-	3,024	2,927
Due from other financial institutions	236	-	-	236	220
Other financial assets (including accrued interest)	17,469	-	-	17,469	17,576
Derivative financial instruments ⁽¹⁾	696	-	-	696	561
Financial assets other than loans and advances	21,425	-	-	21,425	21,284
Gross loans and advances	58,218	18,241	1,401	77,860	80,479
Total financial assets	79,643	18,241	1,401	99,285	101,763
Customer commitments ⁽²⁾	9,922	-	-	9,922	10,602
Total potential exposure to credit risk	89,565	18,241	1,401	109,207	112,365

	2025 \$m				2024 \$m
Bank	Stage 1	Stage 2	Stage 3	Total	Total
Cash and cash equivalents	1,660	-	-	1,660	1,381
Due from other financial institutions	148	-	-	148	132
Other financial assets (including accrued interest)	30,295	-	-	30,295	30,496
Derivative financial instruments ⁽¹⁾	413	-	-	413	508
Financial assets other than loans and advances	32,516	-	-	32,516	32,517
Gross loans and advances	53,730	16,613	1,222	71,565	74,382
Total financial assets	86,246	16,613	1,222	104,081	106,899
Customer commitments ⁽²⁾	9,225	-	-	9,225	9,624
Total potential exposure to credit risk	95,471	16,613	1,222	113,306	116,523

(1) While not subject to classification by stage given the derivative financial instruments are measured at fair value, derivatives have been included in this analysis to assist with a more complete understanding of exposure to credit risk.

(2) Refer to Note 5.2 for details of customer commitments.

Notes to the financial statements.

For the year ended 31 August 2025

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:

	Consolidated							
	2025				2024			
	\$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	55,365	5,719	61,084	21,410	59,448	5,366	64,814	21,262
Stage 1	40,358	5,298	45,656	21,410	45,835	4,884	50,719	21,262
Stage 2	15,007	421	15,428	-	13,613	482	14,095	-
Stage 3	-	-	-	-	-	-	-	-
Satisfactory	1,073	13,332	14,405	-	1,083	11,860	12,943	-
Stage 1	1,007	10,732	11,739	-	989	9,726	10,715	-
Stage 2	66	2,600	2,666	-	94	2,134	2,228	-
Stage 3	-	-	-	-	-	-	-	-
Weak	1,172	876	2,048	-	1,312	1,098	2,410	7
Stage 1	157	343	500	-	234	416	650	7
Stage 2	25	122	147	-	103	256	359	-
Stage 3	990	411	1,401	-	975	426	1,401	-
Unrated	-	323	323	15	58	254	312	15
Stage 1	-	323	323	15	58	254	312	15
Stage 2	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-
Grand Total	57,610	20,250	77,860	21,425	61,901	18,578	80,479	21,284

Notes to the financial statements.

For the year ended 31 August 2025

3.6 Financial risk management (continued)

b) Credit risk (continued)

(ii) Credit quality (continued)

	Bank							
	2025				2024			
	\$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	55,365	3,772	59,137	31,268	59,448	3,369	62,817	31,169
Stage 1	40,358	3,645	44,003	31,268	45,835	3,077	48,912	31,169
Stage 2	15,007	127	15,134	-	13,613	292	13,905	-
Stage 3	-	-	-	-	-	-	-	-
Satisfactory	1,076	9,405	10,481	-	1,242	8,129	9,371	-
Stage 1	1,011	8,131	9,142	-	1,148	6,418	7,566	-
Stage 2	65	1,274	1,339	-	94	1,711	1,805	-
Stage 3	-	-	-	-	-	-	-	-
Weak	1,173	683	1,856	-	1,313	823	2,136	7
Stage 1	157	337	494	-	234	287	521	7
Stage 2	25	115	140	-	103	180	283	-
Stage 3	991	231	1,222	-	976	356	1,332	-
Unrated	-	91	91	1,248	58	-	58	1,341
Stage 1	-	91	91	1,248	58	-	58	1,341
Stage 2	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-
Grand Total	57,614	13,951	71,565	32,516	62,061	12,321	74,382	32,517

Notes to the financial statements.

For the year ended 31 August 2025

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 for loans and advances. An analysis of these concentrations of credit risk at the reporting date, determined by the geographic location of the borrower's residence is shown below:

Geographical concentration of credit risk for loans and advances (before provisions and unearned income)	Consolidated		Bank	
	2025 \$m	2024 ⁽¹⁾ \$m	2025 \$m	2024 ⁽¹⁾ \$m
Queensland	23,025	24,449	20,971	22,509
New South Wales	22,824	22,845	21,228	21,274
Victoria	17,769	18,045	16,251	16,595
Northern Territory	412	463	342	395
Australian Capital Territory	2,255	2,402	2,174	2,329
Western Australia	7,288	7,536	6,557	6,850
South Australia	2,871	3,094	2,483	2,702
Tasmania	1,341	1,438	1,247	1,343
International	325	396	325	396
	78,110	80,668	71,578	74,393

(1) Comparative balances have been restated to align to the current period presentation of credit risk concentration, reflecting the geographic location of borrower residences. In the prior period, credit risk concentration was determined using the state in which the loans and advances were originated.

Notes to the financial statements.

For the year ended 31 August 2025

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 2025 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 2025

3.6 Financial risk management (continued)

c) Liquidity and funding risk (continued)

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	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.

Consolidated 2024	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	1,064	664	401	-	-	-	1,065
Deposits	76,218	39,693	19,656	16,848	1,098	-	77,295
Derivative financial instruments ⁽¹⁾	27	-	(8)	26	9	-	27
Accounts payable and other liabilities	1,179	-	1,019	24	97	39	1,179
Securitisation liabilities ⁽²⁾	7,618	-	356	671	5,516	2,536	9,079
Borrowings	10,569	-	1,034	1,756	9,006	-	11,796
Total financial liabilities	96,675	40,357	22,458	19,325	15,726	2,575	100,441
DERIVATIVE FINANCIAL INSTRUMENTS (HEDGING RELATIONSHIP)							
Contractual amounts payable	-	-	1,024	1,134	3,589	89	5,836
Contractual amounts receivable	-	-	(975)	(1,342)	(3,664)	(101)	(6,082)
	(347)	-	49	(208)	(75)	(12)	(246)
OFF BALANCE SHEET POSITIONS							
Guarantees, indemnities and letters of credit	-	446	-	-	-	-	446
Customer funding commitments	-	10,156	-	-	-	-	10,156
	-	10,602	-	-	-	-	10,602

(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.

Notes to the financial statements.

For the year ended 31 August 2025

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 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.

		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 2024							
FINANCIAL LIABILITIES							
Due to other financial institutions	1,064	664	401	-	-	-	1,065
Deposits	76,521	39,996	19,656	16,848	1,098	-	77,598
Derivative financial instruments ⁽¹⁾	27	-	(8)	26	9	-	27
Accounts payable and other liabilities	1,109	-	949	24	97	39	1,109
Borrowings	10,569	-	1,034	1,756	9,006	-	11,796
Amounts due to controlled entities	20,026	20,026	-	-	-	-	20,026
Total financial liabilities	109,316	60,686	22,032	18,654	10,210	39	111,621
DERIVATIVE FINANCIAL INSTRUMENTS (HEDGING RELATIONSHIP)							
Contractual amounts payable		-	1,006	1,081	1,483	89	3,659
Contractual amounts receivable		-	(975)	(1,301)	(1,565)	(101)	(3,942)
	(281)	-	31	(220)	(82)	(12)	(283)
OFF BALANCE SHEET POSITIONS							
Guarantees, indemnities and letters of credit	-	446	-	-	-	-	446
Customer funding commitments	-	9,178	-	-	-	-	9,178
	-	9,624	-	-	-	-	9,624

(1) Derivative financial instruments other than those designated in hedge relationships.

Notes to the financial statements.

For the year ended 31 August 2025

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 2025 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	
	2025 \$m	2024 \$m	2025 \$m	2024 \$m
Consolidated				
ASSETS CARRIED AT AMORTISED COST				
Loans and advances	77,553	80,163	77,608	80,086
	77,553	80,163	77,608	80,086
LIABILITIES CARRIED AT AMORTISED COST				
Deposits	(75,677)	(76,218)	(75,667)	(76,231)
Borrowings including subordinated notes	(16,656)	(18,187)	(16,641)	(18,249)
	(92,333)	(94,405)	(92,308)	(94,480)
Bank				
ASSETS CARRIED AT AMORTISED COST				
Loans and advances	71,365	74,155	71,381	74,098
Debt instruments at amortised cost	12,843	12,937	12,842	12,942
	84,208	87,092	84,223	87,040
LIABILITIES CARRIED AT AMORTISED COST				
Deposits	(75,892)	(76,521)	(75,882)	(76,534)
Borrowings including subordinated notes	(10,411)	(10,569)	(10,393)	(10,632)
	(86,303)	(87,090)	(86,275)	(87,166)

Notes to the financial statements.

For the year ended 31 August 2025

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 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.

There was no movement between levels during the year except for the noted movements for equity instruments at FVOCI.

The table below analyses financial instruments carried at fair value, by the valuation method:

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 ⁽¹⁾	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

Consolidated	2024			
	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE				
Derivative financial assets	-	561	-	561
Financial assets at FVTPL	-	604	-	604
Debt instruments at FVOCI	7,491	9,269	-	16,760
Equity instruments at FVOCI	-	-	7	7
Total assets measured at fair value	7,491	10,434	7	17,932
Derivative financial liabilities	-	(218)	-	(218)
Net financial instruments at fair value	7,491	10,216	7	17,714

(1) A portion of equity instruments at FVOCI were disposed of during the period. The remaining portion of the same equity instrument was listed in an active market during the year, resulting in the movement from Level 3 to Level 1.

Notes to the financial statements.

For the year ended 31 August 2025

3.7 Fair value of financial instruments (continued)

c) Fair value hierarchy (continued)

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

Bank	2024			
	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE				
Derivative financial assets	-	508	-	508
Financial assets at FVTPL	-	604	-	604
Debt instruments at FVOCI	7,491	9,269	-	16,760
Equity instruments at FVOCI	-	-	7	7
Total assets measured at fair value	7,491	10,381	7	17,879
Derivative financial liabilities	-	(231)	-	(231)
Net financial instruments at fair value	7,491	10,150	7	17,648

Notes to the financial statements.

For the year ended 31 August 2025

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					
	2025			2024		
	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	58,898	30	(20)	45,555	20	(25)
Options	499	2	(1)	-	-	-
Foreign exchange forwards ⁽¹⁾	913	7	(14)	840	6	(11)
	60,310	39	(35)	46,395	26	(36)
DERIVATIVES HELD AS CASH FLOW HEDGES						
Interest rate swaps	56,081	255	(95)	47,525	301	(133)
Cross currency swaps	2,939	285	-	1,887	53	-
	59,020	540	(95)	49,412	354	(133)
DERIVATIVES DESIGNATED AS FAIR VALUE HEDGES						
Interest rate swaps	11,160	117	(64)	8,228	181	(49)
DERIVATIVES DESIGNATED AS NET INVESTMENT HEDGES						
Foreign exchange forwards	-	-	-	26	-	-
Total derivatives measured at fair value	130,490	696	(194)	104,061	561	(218)

(1) Comparative Foreign exchange forwards of \$611 million (Notional amount) have been reclassified from Derivatives held as cash flow hedges to Derivatives at fair value through profit or loss.

Notes to the financial statements.

For the year ended 31 August 2025

3.8 Derivative financial instruments and hedge accounting (continued)

a) Fair value of derivatives (continued)

	Bank					
	2025			2024		
	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	58,898	30	(20)	45,555	20	(25)
Options	499	2	(1)	-	-	-
Foreign exchange forwards ⁽¹⁾	913	7	(14)	867	6	(11)
	60,310	39	(35)	46,422	26	(36)
DERIVATIVES HELD AS CASH FLOW HEDGES						
Interest rate swaps	55,789	254	(95)	47,542	300	(146)
Cross currency swaps	14	3	-	14	1	-
	55,803	257	(95)	47,556	301	(146)
DERIVATIVES DESIGNATED AS FAIR VALUE HEDGES						
Interest rate swaps	11,160	117	(64)	8,228	181	(49)
Total derivatives measured at fair value	127,273	413	(194)	102,206	508	(231)

(1) Comparative Foreign exchange forwards of \$611 million (Notional amount) have been reclassified from Derivatives held as cash flow hedges to Derivatives at fair value through profit or loss.

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 2025

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.

	2025 \$m				2024 \$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	45,054	21,462	725	67,241	33,503	20,828	1,422	55,753
Foreign exchange forwards ⁽¹⁾	-	-	-	-	26	-	-	26
Cross currency swaps	14	2,925	-	2,939	-	1,887	-	1,887
Bank								
Interest rate swaps	44,592	21,632	725	66,949	32,778	21,285	1,707	55,770
Cross currency swaps	14	-	-	14	-	14	-	14

(1) Comparative foreign exchange forwards of \$611 million (Notional amount) have been reclassified to Derivatives at fair value through profit or loss. Refer to Note 3.8(a).

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.

Net investment hedge

The Group continues to hold investments in New Zealand operations subsequent to the asset sale that was completed on 31 March 2024. The Group's exposure reduced throughout the year with no direct exposure at the reporting date. To protect against foreign currency risk of net assets held in foreign currency, the Group entered into foreign currency forwards that were designated as hedging instruments in net investment hedges.

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any foreign currency gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income. To the extent the hedge is ineffective, a portion is recognised immediately in the income statement within other income or other expenses.

The following table shows the executed rates for the most significant hedging instruments that have been designated in cash flow hedges and net investment hedges that are in place at the balance date.

	Hedging Instruments	Currency	Consolidated	
			2025	2024
Cash flow hedges	Interest rate swaps	AUD	0.233% - 4.730%	0.154% - 4.737%
Cash flow hedges	Cross currency swaps	AUD / EUR	0.570 - 0.670	0.614 - 0.670
Net Investment hedges	Foreign exchange forwards	AUD / NZD	-	1.103

Notes to the financial statements.

For the year ended 31 August 2025

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 the income statement, 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 (2024: nil) for the Group.

	Consolidated			
	2025		2024	
	\$m		\$m	
	Carrying value ⁽¹⁾	Fair value hedge adjustments Debit / (Credit)	Carrying value ⁽¹⁾	Fair value hedge adjustments Debit / (Credit)
ASSETS				
Debt instruments at FVOCI	11,039	13	7,330	109

(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 2025

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 and net investment hedge 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					
	2025 \$m			2024 \$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	(97)	96	(1)	(169)	167	(2)
<i>Cash flow hedges: ⁽¹⁾</i>						
Interest rate swaps	(33)	33	-	(145)	145	-
INTEREST RATE AND FOREIGN EXCHANGE RISK						
<i>Cash flow hedges: ⁽¹⁾</i>						
Cross currency swaps	(234)	234	-	(2)	2	-
NET INVESTMENT HEDGE						
Foreign exchange forwards	-	-	-	2	(2)	-

(1) Amounts recognised in OCI for cashflow hedges includes \$5 million (2024: \$9 million) related to de-designated hedges.

Notes to the financial statements.

For the year ended 31 August 2025

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.

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)

2024 \$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	561	(196)	365	(304)	61
Derivative financial liabilities	(218)	196	(22)	12	(10)

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)

2024 \$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	508	(196)	312	(304)	8
Derivative financial liabilities	(231)	196	(35)	12	(23)

Notes to the financial statements.

For the year ended 31 August 2025

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	
	2025 No of shares	2024 No of shares	2025 No of shares	2024 No of shares
MOVEMENTS DURING THE YEAR				
Balance at the beginning of the year – fully paid	661,469,455	657,217,431	661,469,455	657,217,431
Dividend reinvestment plan ⁽¹⁾	-	4,252,024	-	4,252,024
Balance at the end of the year – fully paid	661,469,455	661,469,455	661,469,455	661,469,455
TREASURY SHARES (INCLUDED IN ORDINARY SHARES ABOVE):				
Balance at the beginning of the year	2,833,720	3,218,124		
Net acquisitions and disposals during the year	1,147,835	(384,404)		
Balance at the end of the year	3,981,555	2,833,720		

(1) 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. Nine per cent of the dividend paid on 27 May 2024 and 10 per cent of the dividend paid on 16 November 2023 were reinvested by shareholders as part of the dividend reinvestment plan in prior year through issuance of shares.

Notes to the financial statements.

For the year ended 31 August 2025

3.10 Capital and reserves (continued)

b) Other equity instruments

Other equity instruments are Additional Tier 1 (**AT1**) securities assumed on the acquisition of ME Bank. The securities were perpetual, non-cumulative, subordinated and unsecured notes (**AT1 Capital notes**).

The AT1 Capital notes were transferred to the Bank on 28 February 2022 as part of a total transfer of all assets and liabilities of ME Bank to the Bank undertaken pursuant to the *Financial Sector (Transfer and Restructure) Act 1999* (Cth). Upon transfer, the AT1 Capital notes formed part of the Group's capital adequacy. The AT1 Capital notes were presented in Other equity instruments in the consolidated balance sheet and the consolidated statement of changes in equity.

AT1 Capital notes (Series 2) were redeemed in full on 5 December 2023.

c) 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 3.8 d).

Notes to the financial statements.

For the year ended 31 August 2025

Note 4. Other assets and liabilities.

4.1 Intangible assets

	Goodwill \$m	Customer related intangibles and brands \$m	Computer software \$m	Assets under construction \$m	Right to operate asset - OMB conversion \$m	Total \$m
Consolidated						
Balance as at 1 September 2023	567	42	280	183	-	1,072
Additions	-	-	-	177	-	177
Transfers to asset	-	-	52	(52)	-	-
Amortisation charge	-	(9)	(69)	-	-	(78)
Impairment	-	-	(9)	-	-	(9)
Balance as at 31 August 2024	567	33	254	308	-	1,162
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

	Goodwill \$m	Customer related intangibles and brands \$m	Computer software \$m	Assets under construction \$m	Right to operate asset - OMB conversion \$m	Total \$m
Bank						
Balance as at 1 September 2023	504	42	277	183	-	1,006
Additions	-	-	-	177	-	177
Transfers to asset	-	-	52	(52)	-	-
Transfers to subsidiary ⁽¹⁾	-	-	(11)	-	-	(11)
Amortisation charge	-	(9)	(65)	-	-	(74)
Impairment	-	-	(9)	-	-	(9)
Balance as at 31 August 2024	504	33	244	308	-	1,089
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

(1) Transfer of an asset from the Bank to a subsidiary in the Group.

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.

Notes to the financial statements.

For the year ended 31 August 2025

4.1 Intangible assets (continued)

Recognition and measurement (continued)

(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) 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.

(v) Right to operate intangible assets - Owner Managed branch conversion

On 22 August 2024, the Group announced a strategic initiative to convert all 114 Owner Managed branches to corporate branches by March 2025.

In the year ended 31 August 2025, the Group converted 114 Owner Managed 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.

In the year ended 31 August 2025, the conversion and closure related costs, including the amortisation of the right to operate intangible assets, recognised in profit or loss as part of the Branch strategy was \$43 million after tax (refer to Note 2.5).

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.

The Group conducts an annual internal review to assess for any indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

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 suffered 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.

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. These cash flow projections were updated during the year to reflect the most recent Board approved Strategic Plan. The key assumptions represent management's assessments of future trends in retail and business banking and are based on both external and internal sources.

Notes to the financial statements.

For the year ended 31 August 2025

4.1 Intangible assets (continued)

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. 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; 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, as well as future average credit loss rates.
- 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	
	2025 %	2024 %	2025 %	2024 %
Post-tax discount rate	12.71	10.15	10.44	10.36
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

Goodwill impairment

For the 2025 annual assessment, the Retail bank CGU's recoverable amount was less than its carrying amount at the Group and Bank level resulting in a \$170 million impairment loss allocated to goodwill at the Group level and a \$143m impairment loss allocated at the Bank level. The impairment is principally as a result of an increase in the discount rate used in the value-in-use calculation to determine the recoverable amount of the CGU, reflecting heightened uncertainty in industry structural shifts in retail banking.

The aggregate carrying amounts of goodwill for the Retail Bank and BOQ Business CGUs before and after impairment is shown below:

	2024 \$m	Impairment expense \$m	2025 \$m
Retail Bank	170	(170)	-
BOQ Business	397	-	397
Total	567	(170)	397

Sensitivity analysis for Cash-Generating Units

The table below shows a sensitivity analysis for the Retail Bank CGU's recoverable amount. A reasonably possible change in assumptions could result in a further impairment which would be allocated to other assets contained in the Retail Bank CGU. Other assets predominantly comprise computer software. This sensitivity analysis assumes the specific assumption moves in isolation while all other assumptions are held constant.

	Increase in impairment \$m
10bps increase in post-tax discount rate	(30)
3bps decrease in long-run NIM %	(81)
300bps increase in long-run expenses	(97)
10bps increase in Common Equity Tier 1 Holdback Rate	(21)
10bps decrease in long-term growth rate	(11)

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 2025

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	
	2025 \$m	2024 \$m	2025 \$m	2024 \$m
Employee benefits ⁽¹⁾	54	49	54	48
Restructuring provision	22	37	22	37
RAP provision	38	36	38	36
Pay and leave entitlements review	2	3	2	3
Provision for Non Lending Loss	1	-	1	-
Other ⁽²⁾	23	18	23	17
Total	140	143	140	141

(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 (2024: \$45 million) of this provision balance is classified as current.

(2) Other provisions include make good liabilities and other contractual liabilities.

Restructuring provision

During the year ended 31 August 2025, a restructuring provision of \$10 million was raised for costs associated with ongoing operating model simplification and transformation of the business.

The provision balance is based on the best estimate of costs. It is reasonably possible that the final outcomes may differ to those reported, the impact of which will be reflected in future reporting periods.

Pay and entitlements review

In 2020 BOQ commenced a review of payments to employees covering Superannuation guarantee compliance and whether correct payments have 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. As at 31 August 2025, the remaining provision balance was \$2 million (2024: \$3 million). The provision balance is based on financial modelling that has reconstructed BOQ's payroll obligations, covering Enterprise Agreement remediation, on-costs and interest and associated professional costs based on management's assessment of the facts and circumstances existing as at the reporting date.

It is reasonably possible that the final outcomes may differ to those reported, the impact of which will be reflected in future reporting periods. It is anticipated that this matter will be resolved within the next financial year. BOQ continues to engage closely with the Fair Work Ombudsman on the progress of the remediation.

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 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.

As at 31 August 2025, the Group has recognised a cumulative provision of \$94 million, including \$23 million recorded during 2025. This amount incorporates the unwinding of the discount, which has been recognised as a finance cost. The increase in the provision reflects an updated assessment of the remedial activities required to complete the program.

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, \$56 million of the provision has been utilised.

Notes to the financial statements.

For the year ended 31 August 2025

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 program.
- **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 program 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. To the date of this report, both programs have submitted four reports from these parties to APRA and AUSTRAC respectively. Reports will continue to be produced and submitted to APRA and AUSTRAC every four months in accordance with the conditions of the CEUs.

Notes to the financial statements.

For the year ended 31 August 2025

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	Non-lending loss \$m	Other \$m
2025					
Carrying amount at beginning of year	36	37	3	-	18
Additional provision recognised	21	10	-	1	11
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	1	23
Less than 12 months	30	22	2	1	10
Greater than 12 months	8	-	-	-	13

	Bank				
	RAP provision \$m	Restructuring provision \$m	Pay and entitlements review \$m	Non-lending loss \$m	Other \$m
2025					
Carrying amount at beginning of year	36	37	3	-	17
Additional provision recognised	21	10	-	1	11
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	1	23
Less than 12 months	30	22	2	1	10
Greater than 12 months	8	-	-	-	13

	Consolidated				
	RAP provision \$m	Restructuring provision \$m	Pay and entitlements review \$m	Non-lending loss \$m	Other \$m
2024					
Carrying amount at beginning of year	45	15	6	1	17
Additional provision recognised	6	35	3	-	9
Unwinding of discount	5	-	-	-	-
Amounts utilised during the year	(20)	(10)	(6)	(1)	(7)
Release of provision	-	(3)	-	-	(1)
Carrying amount at end of year	36	37	3	-	18
Less than 12 months	25	37	3	-	11
Greater than 12 months	11	-	-	-	7

	Bank				
	RAP provision \$m	Restructuring provision \$m	Pay and entitlements review \$m	Non-lending loss \$m	Other \$m
2024					
Carrying amount at beginning of year	45	15	6	1	17
Additional provision recognised	6	35	3	-	8
Unwinding of discount	5	-	-	-	-
Amounts utilised during the year	(20)	(10)	(6)	(1)	(7)
Release of provision	-	(3)	-	-	(1)
Carrying amount at end of year	36	37	3	-	17
Less than 12 months	25	37	3	-	10
Greater than 12 months	11	-	-	-	7

Notes to the financial statements.

For the year ended 31 August 2025

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).

On 10 December 2024, the *Anti-Money Laundering and Counter-Terrorism Financing Amendment Act 2024* received Royal Assent with the final Rules released on 29 August 2025. BOQ anticipates that the reforms will require significant changes to data, systems and processes and continues to engage with industry bodies and AUSTRAC as to AUSTRAC's expectations regarding compliance by 31 March 2026.

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 period the Group has had numerous engagements with its regulators and independent bodies and been subject to a number of reviews and inquiries.

In January 2025 the BCCC sanctioned BOQ for past breaches of the Banking Code of Practice. This followed the BCCC's investigation into BOQ's compliance with deceased estates obligations under the Banking Code of Practice as previously disclosed (and which have now been remediated).

BOQ is also engaged with ASIC regarding concerns ASIC has in relation to BOQ's systems and controls relating to design and distribution obligations, breach reporting, dispute resolution, hardship and remediation processes. Work is progressing against the actions provided to ASIC as part of a consolidated action plan to address these matters. BOQ is building on existing or developing programs to address uplifts in each of these areas. Completed activities under the action plan are reviewed by an independent third party.

There is a risk that, 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 its 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 five 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 2025, no legal proceedings had been served.

Notes to the financial statements.

For the year ended 31 August 2025

4.3 Accounts payable and other liabilities

The following table provides a detailed breakdown of accounts payable and other liabilities by component.

	Consolidated		Bank	
	2025 \$m	2024 \$m	2025 \$m	2024 \$m
Accrued interest payable	452	589	411	546
Payables and accrued expenses	292	319	281	295
Lease liabilities	147	170	147	170
Other liabilities	58	101	56	98
Total	949	1,179	895	1,109

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.

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).

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 2025

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 fulfills 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 fulfills 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. Some one-off or tailored DARS awards 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 2025

5.1 Employee benefits (continued)

b) Share based payments (continued)

(i) Description of share based payments (continued)

The CARs granted during the year ended 31 August 2022 vest in three tranches, with 35 per cent vesting at the end of year one, 35 per cent at the end of year two and 30 per cent at the end of year three. 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**);
- 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 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
	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

	Deferred Award Rights	Performance Award Rights ⁽¹⁾	Premium Priced Options	BOQ Transformation Award Rights ⁽¹⁾	BOQ Transformation Award Rights - Virgin ⁽¹⁾	Performance Shares	Restricted Shares	CEO & Chair Awards Rights	Executive Performance Rights
	2024 '000	2024 '000	2024 '000	2024 '000	2024 '000	2024 '000	2024 '000	2024 '000	2024 '000
Balance at beginning of the year	3,543	457	14,313	51	3	1,749	163	568	-
Granted during the year	2,805	-	797	-	-	-	180	533	1,134
Forfeited / expired during the year	(551)	(457)	(3,076)	-	-	(650)	(14)	(74)	-
Exercised during the year	(1,188)	-	-	(47)	(3)	(187)	(132)	(138)	-
Outstanding at the end of the year	4,609	-	12,034	4	-	912	197	889	1,134

(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 2025

5.1 Employee benefits (continued)

b) Share based payments (continued)

(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:

		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

		Deferred Award Rights	Premium Priced Options	Restricted Shares	CEO & Chair Awards Rights	Executive Performance Rights
		2024	2024	2024	2024	2024
Fair value at grant date	\$	5.38	0.28	5.98	5.27	3.78
Share price at grant date	\$	6.01	5.96	5.98	6.01	5.97
Expected volatility	%	24	24	24	24	24
Risk free interest rate	%	3.5	3.5	3.6	3.5	3.5
Dividend yield	%	6.0	6.0	6.0	6.0	6.0

(iv) Salary sacrifice arrangements

The Non-Executive Director (**NEDs**) Fee Sacrifice Rights Plan (**NED Plan**) allows NEDs to sacrifice a portion of their Board fees to acquire BOQ shares. The equity under this plan is not subject to any conditions apart from a disposal restriction for a minimum of three years.

The shares acquired as part of the NED Plan have been valued using the fair value at grant date using an industry-accepted valuation model. Inputs into the fair value calculation are in line with those shown in the table above. The NED Fee Sacrifice Rights plan was not offered during FY25 and has been suspended indefinitely. The following table provides details of the shares acquired through the NED Plan.

	Participants	Number of shares purchased	Purchase price \$	Total purchase consideration \$
2025	-	-	-	-
2024	3	122,449	5.3034	649,383

Notes to the financial statements.

For the year ended 31 August 2025

5.2 Commitments

a) Customer funding commitments

	Consolidated		Bank	
	2025 \$m	2024 \$m	2025 \$m	2024 \$m
Guarantees, indemnities and letters of credit	254	446	254	446
Customer funding commitments	9,668	10,156	8,971	9,178
	9,922	10,602	9,225	9,624

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) Other commitments

Expenditure on software assets and other expenditure contracted for but not provided on the balance sheets is \$3.7 million (2024: \$8.7 million)

St Andrew's

As part of the St Andrew's sale completed on 28 October 2021, BOQ provided a capped indemnity of \$8.5 million to the buyer, Farmcove Investment Holdings, for the period ending 28 October 2024. BOQ has been notified of a claim under the indemnity, however, the estimated financial cost is not material. The indemnity period has now lapsed and accordingly, no further claims may be brought under its terms.

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

The Bank has a related party relationship with joint ventures classified as held for sale, refer to Note 5.5.

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:

	2025 \$	2024 \$
Short term employee benefits	10,849,172	9,920,975
Long term employee benefits	149,662	136,076
Post employment benefits	402,305	348,742
Share based employment benefits	5,419,530	5,024,002
Termination benefits	404,330	399,294
	17,224,999	15,829,089

Notes to the financial statements.

For the year ended 31 August 2025

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 (2024: nil).

The loans between the Group and KMP or their related parties up to 31 August 2025 are:

	Balance as at		For the period ⁽¹⁾		
	1 September 2024 \$	31 August 2025 \$	Total loan repayments \$	Total loan / overdraft interest \$	Total fees on loans / overdraft \$
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.

	Balance as at		For the period ⁽¹⁾		
	1 September 2023 \$	31 August 2024 \$	Total loan repayments \$	Total loan / overdraft interest \$	Total fees on loans / overdraft \$
TERM PRODUCTS (LOANS / ADVANCES)					
KMP ⁽²⁾	1,372,910	1,318,737	(104,869)	50,659	37
Other related parties	46,555,482	1,639,786	(832,197)	808,921	398
Total	47,928,392	2,958,523	(937,066)	859,580	435

(1) Amounts are included only for the period that the Director/Executive is classified as a member of the key management personnel. Martine Jager ceased in the role of Chief People & Customer Officer on 10 November 2023. On this basis, loans and advances between the Consolidated Entity and Ms Jager are not included in the closing balance as at 31 August 2024.

(2) The opening balance includes loans for Greg Boyle who commenced as a KMP on 1 September 2023.

Notes to the financial statements.

For the year ended 31 August 2025

5.4 Controlled entities

a) Particulars in relation to material controlled entities

The Group's controlled entities at 31 August 2025 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:		2025 %	2024 %	2025 \$m	2024 \$m	
Alliance Premium Funding Ltd	New Zealand	100	100	-	-	Dormant
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	22	Asset finance & leasing
BOQ Funding Pty Limited	Australia	100	100	-	-	Dormant
BOQ Home Pty Ltd	Australia	100	100	63	63	Investment holding entity
BOQ Specialist (Aust) Pty Ltd	Australia	100	100	1	13	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
Impala Trust No.1 - Sub-Series 2	Australia	100	100	-	-	Dormant
Members Equity Proprietary Limited	Australia	100	100	-	-	Dormant
SMHL Series Private Placement 2014-2	Australia	100	100	-	-	Dormant
SMHL Series Securitisation Fund 2016-1	Australia	100	100	-	-	Dormant
SMHL Series Securitisation Fund 2017-1	Australia	100	100	-	-	Dormant
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	100	-	-	Dormant
SMHL Series Private Placement Trust 2019-1	Australia	100	100	-	-	Securitisation

Notes to the financial statements.

For the year ended 31 August 2025

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:		2025 %	2024 %	2025 \$m	2024 \$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	100	-	-	Dormant
Series 2013-1 REDS Trust	Australia	100	100	-	-	Dormant
Series 2015-1 REDS Trust	Australia	100	100	-	-	Dormant
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	100	-	-	Dormant
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	100	-	-	Dormant
Virgin Money (Australia) Pty Limited	Australia	100	100	53	53	Financial services
Virgin Money Financial Services Pty Ltd	Australia	100	100	-	-	Financial services
				384	396	

Notes to the financial statements.

For the year ended 31 August 2025

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 have exercised their clean up call options during the financial year:

- Impala Trust No.1 - Sub-Series 2 clean-up call option was exercised on 10 September 2024;
- SMHL Series Securitisation Fund 2018-2 clean-up call option was exercised on 28 October 2024; and
- Series 2022-1 REDS MHP Trust clean up call option was exercised on 10 July 2025.

Notes to the financial statements.

For the year ended 31 August 2025

5.5 Assets held for sale

In accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued operations* (AASB 5), non-current assets (including disposal groups) are classified as held for sale if they will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the assets must be available for immediate sale in their present condition subject only to the terms that are usual and customary for sale of such assets and sale must be highly probable. Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell and are presented separately from the other assets in the Statement of financial position.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increase in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations and is part of a single coordinated plan to dispose of such a line of business or area of operations. The results of discontinued operations are presented separately in the statement of profit or loss.

a) Accounting for joint arrangements classified as held for sale

During the first half of 2025, the Group made a decision to sell its investment in Brighton, Dalyellup and Provence 2 joint arrangements. Provence joint arrangement is not held for sale, it is completed and dormant and will be wound up prior to the end of the financial year ending 31 August 2026. In accordance with AASB 5, the Group's investments in joint arrangements held for sale are no longer accounted for using the equity method of accounting and have been measured at the lower of fair value less cost to sell and carrying amount. The remeasurement during the financial year resulted in a \$3 million impairment included in the operating expenses in profit or loss.

In the second half of the year ended 31 August 2025, the Provence 2 arrangement was sold, resulting in a \$1.3 million gain on sale.

In September 2025, the Group completed the sale of the Dalyellup arrangement for total consideration of \$3.4 million. This transaction occurred after the reporting date of 31 August 2025 and does not impact the investment's carrying value as at 31 August 2025, as disclosed in the table below.

Set out below are the carrying amounts of the joint ventures of the Group as at 31 August 2025. The sale of the remaining investment held for sale is expected occur in the next 12 months.

	Ownership interest		Carrying amount	
	2025 %	2024 %	2025 \$m	2024 \$m
INVESTMENTS IN JOINT ARRANGEMENTS ⁽¹⁾				
Ocean Springs Pty Ltd (Brighton)	9.31	9.31	1	2
Dalyellup Beach Pty Ltd (Dalyellup)	17.08	17.08	3	6
East Busselton Estate Pty Ltd (Provence)	25.00	25.00	-	-
Provence 2 Pty Ltd (Provence 2)	-	25.00	-	-
Total investments			4	8

(1) The principal activity of the joint venture entities is land subdivision, development and sale. These investments were acquired as part of the Home Building Society acquisition in 2007.

b) Capital partnership

On 28 August 2025, the Group announced that it was exploring a whole-of-loan sale process for up to \$3.8 billion of its equipment finance portfolio (the 'Capital partnership'). Completion of the transaction, targeted for the first half of the year ending 31 August 2026, will be subject to acceptable terms, including sale price, servicing fees, scalability, and Board approval. As a result of this and other factors, the transaction was not considered highly probable at the reporting date and did not meet the criteria of being held for sale under AASB 5, continues to be measured at amortised cost under AASB 9 *Financial instruments* and is presented in Loans and advances in the Balance sheets.

Notes to the financial statements.

For the year ended 31 August 2025

5.6 Auditor's remuneration

	Consolidated		Bank	
	2025 \$000	2024 \$000	2025 \$000	2024 \$000
AUDIT SERVICES				
Audits and reviews of the financial reports	3,444	3,405	2,981	2,967
Regulatory audits and reviews as required by regulatory authorities	958	985	933	961
Total audit services	4,402	4,390	3,914	3,928
AUDIT RELATED SERVICES				
Other assurance services ⁽¹⁾	769	311	769	311
Total audit related services	769	311	769	311
NON-AUDIT SERVICES				
Other ⁽²⁾	742	831	608	685
Total non-audit services	742	831	608	685

(1) Other assurance services relates predominantly to sustainability reporting readiness and assurance.

(2) Non-audit services primarily relates to business specific reviews, comfort letters and review of agreed upon procedures.

5.7 Events subsequent to balance date

Dividends have been determined after 31 August 2025. The financial effect of these dividends has not been brought to account in the financial statements for the year ended 31 August 2025. 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 2025

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 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 programmes

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 2025

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 are reassessed annually.

Refer to Note 4.1 for accounting policies related to Intangible assets.

Notes to the financial statements.

For the year ended 31 August 2025

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 2025

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 2025 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
Alliance Premium Funding Ltd	Body corporate	100	New Zealand	Both	New Zealand
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 Funding Pty Limited	Body corporate	100	Australia	Australian	N/A
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
Impala Trust No.1 - Sub-Series 2	Trust	N/A	Australia	Australian	N/A
Members Equity Proprietary Limited	Body corporate	100	Australia	Australian	N/A
SMHL Series Private Placement 2014-2	Trust	N/A	Australia	Australian	N/A
SMHL Series Securitisation Fund 2016-1	Trust	N/A	Australia	Australian	N/A
SMHL Series Securitisation Fund 2017-1	Trust	N/A	Australia	Australian	N/A

Consolidated entity disclosure statement.

For the year ended 31 August 2025

	Type of entity	% of share capital held	Place of business / country of incorporation	Australian or foreign tax resident	Jurisdiction for foreign residency
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 Securitisation Fund 2018-2	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
Series 2008-1 REDS Trust	Trust	N/A	Australia	Australian	N/A
Series 2012-1E REDS Trust	Trust	N/A	Australia	Australian	N/A
Series 2013-1 REDS Trust	Trust	N/A	Australia	Australian	N/A
Series 2015-1 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 2018-1 REDS EHP 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
Statewest Financial Planning Pty Ltd	Body corporate	100	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 2025

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 96 to 202 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 2025 and their performance for the year ended 31 August 2025;

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 203 to 204 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 2025.

3. Note 1.2 a) 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.



Warwick Negus
Chair
14 October 2025



Patrick Allaway
Managing Director & CEO
14 October 2025

Independent auditor's report.

For the year ended 31 August 2025



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 2025 and of their financial performance for the year then ended
- 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 2025
- 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 2025
- the Directors' declaration.

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, BARANGAROO NSW 2000,
GPO BOX 2650 SYDNEY NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

pwc.com.au

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Independent auditor's report.

For the year ended 31 August 2025



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 our audit of the financial report 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 industries 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 2025



The nature, timing and extent of audit work performed for each component was 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 the audits of each of the Bank and the Group, unless otherwise stated below. We communicated the key audit matters to the Board Audit Committee.

Key audit matter	How our audit addressed the key audit matter
Recoverability of Goodwill (Refer to Note 4.1) The Group and Bank performed an impairment assessment of goodwill by calculating the value in use (VIU) for each of the Retail Bank and the BOQ Business cash generating units (CGUs) and comparing to the carrying values. This resulted in the recognition by the Group of a \$170m impairment of goodwill relating to the Retail Bank CGU (\$143m for the Bank), reducing that goodwill balance for Group and Bank to nil at 31 August 2025. We considered the recoverability of goodwill to be a key audit matter as the balance was significant to the Bank's and Group's balance sheets, and the calculation of VIU requires judgement with respect to determining appropriate: • post-tax cash flow projections including net interest margin and expenses; • post-tax discount rate; • long term growth rates used to extrapolate cash flows beyond the forecast period.	Our procedures included developing an understanding of processes and controls relevant to the goodwill 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 goodwill impairment model and sensitivity analysis model; • Assessed the appropriateness of significant judgements used in the goodwill 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 2025



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 utilised 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:

Multiple assumptions are made concerning the inputs to the ECL models including defining when a Significant Increase in Credit Risk (SICR) has occurred (which determines whether the period to be considered for loss estimation is 12 months or the lifetime of the exposure), the estimation and use of forward-looking macroeconomic scenarios (MES) and the application of associated weightings;

Judgement is involved in identifying and calculating adjustments to the ECL model output (overlays); and

Judgement is involved in determining the amount of specifically 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, overlays and the ECL provision by the Credit Risk Committee (CRC);
- Review and approval of the annual refresh of the credit risk ratings in line with policy.

In addition to control testing we, along with PwC credit modelling experts, performed the following procedures, amongst others:

- Assessed the appropriateness of the ECL model methodology applied for a selection of loan portfolios, with particular focus on the results of model monitoring performed for existing models, including back-testing of observed losses against predicted losses;
- Assessed the appropriateness of significant assumptions within ECL models, including probability of default, loss given default and SICR, through assessing the results of certain model monitoring tests and reperforming relevant calculations and analysis for accuracy;
- Assessed the appropriateness of macroeconomic scenarios developed, 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 the data back to their original source systems and reconciling amounts to supporting documentation;
- Assessed a selection of overlays and model adjustments applied, including the appropriateness of the methodology and significant assumptions utilised, and tested the underlying dataset used for the calculations;
- Tested the appropriateness of specifically assessed provisions recognised for a selection of loan assets identified as impaired at the reporting date;
- Considered the reasonableness of the related disclosures in the financial report in light of the requirements of Australian Accounting Standards.

Independent auditor's report.

For the year ended 31 August 2025



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 2025, 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 issued a separate opinion on the Remuneration Report and a separate limited assurance report on selected sustainability information included in the Sustainability Report section of the annual report.

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,

Independent auditor's report.

For the year ended 31 August 2025



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.

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 2025.

In our opinion, the Remuneration Report of Bank of Queensland Limited for the year ended 31 August 2025 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 2025

5 year financial summary.

\$m (unless otherwise stated)	2025	2024	2023	2022	2021
FINANCIAL PERFORMANCE⁽¹⁾					
Net interest income	1,515	1,463	1,600	1,505	1,128
Non-interest income	142	137	142	153	130
Total income	1,657	1,600	1,742	1,658	1,258
Operating expenses	(1,072)	(1,069)	(1,010)	(937)	(684)
Underlying profit before tax ⁽²⁾	585	531	732	721	574
Loan impairment expense	(21)	(20)	(71)	(13)	21
Cash earnings before tax	564	511	661	708	595
Cash earnings after tax	383	343	450	491	412
Statutory net profit after tax	133	285	124	409	369
FINANCIAL POSITION					
Gross loans and advances ⁽³⁾	77,860	80,479	81,135	81,226	75,748
Total assets	100,526	103,040	105,352	99,913	91,439
Customer deposits	66,729	67,361	66,964	60,903	56,469
Total liabilities	94,619	97,023	99,222	93,245	85,242
Total equity	5,907	6,017	6,130	6,668	6,197
SHAREHOLDER PERFORMANCE					
Market capitalisation at balance date	4,809	4,180	3,786	4,551	6,063
Share price at balance date	\$ 7.27	6.32	5.76	7.03	9.46
Statutory basic earnings per share	cents 20.1	43.3	18.3	63.1	67.0
Statutory diluted earnings per share	cents 19.9	41.1	18.2	57.8	62.6
Cash basic earnings per share	cents 58.3	52.2	68.4	75.8	74.7
Cash diluted earnings per share	cents 55.7	48.1	60.2	68.9	69.5
Fully franked dividend per ordinary share	cents 38	34	41	46	39
Cash dividend payout ratio to ordinary shareholders	% 66	65	60	61	61
CASH EARNINGS RATIOS					
Net interest margin	% 1.64	1.56	1.69	1.71	1.92
Cost to income ratio	% 64.7	66.8	58.0	56.5	54.4
Return on average ordinary equity	% 6.4	5.7	7.3	8.2	8.2
CAPITAL ADEQUACY					
Common Equity Tier 1 ratio	% 10.94	10.66	10.91	9.57	9.80
Total Capital Adequacy ratio	% 15.18	14.27	15.64	13.78	12.60

(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 Wednesday, 17 September 2025:

	Number of ordinary shares	%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	168,103,135	25.41
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	67,927,247	10.27
CITICORP NOMINEES PTY LIMITED	60,017,755	9.07
BNP PARIBAS NOMS PTY LTD	7,414,245	1.12
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING A/C>	5,510,288	0.83
NATIONAL NOMINEES LIMITED	5,212,674	0.79
PACIFIC CUSTODIANS PTY LIMITED <EMP SHARE PLANS TST>	3,528,368	0.53
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,176,539	0.48
WARBONT NOMINEES PTY LTD <UNPAID ENTREPOT A/C>	3,066,716	0.46
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	2,968,384	0.45
GOLDEN LINEAGE PTY LTD <GOLDEN LINEAGE INV A/C>	2,597,158	0.39
PACIFIC CUSTODIANS PTY LIMITED <BOQ PLANS CTRL A/C>	1,793,890	0.27
BNP PARIBAS NOMS (NZ) LTD	1,158,629	0.18
BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERV LTD>	1,130,124	0.17
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	1,118,820	0.17
CARLTON HOTEL LIMITED	1,084,037	0.16
ACE PROPERTY HOLDINGS PTY LTD	1,060,000	0.16
THE MANLY HOTELS PTY LIMITED	1,045,301	0.16
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	828,537	0.13
IOOF INVESTMENT SERVICES LIMITED <IPS SUPERFUND A/C>	770,913	0.12
TOTAL	339,512,760	51.32

The above table includes shareholders that may hold shares for the benefit of third parties.

Voting rights

On a poll every person who is a holder of ordinary shares or a duly appointed representative of a holder of ordinary shares has one vote.

Shareholding details.

Twenty largest Capital note 2 holders.

Top 20 holders of Capital notes 2 as at Wednesday, 17 September 2025:

	Number of Capital notes	%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	100,105	3.85
CITICORP NOMINEES PTY LIMITED	80,867	3.11
BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERV LTD>	78,713	3.03
DIMBULU PTY LTD	75,000	2.88
DIOCESE DEVELOPMENT FUND - CATHOLIC DIOCESE OF PARRAMATTA	56,000	2.15
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	43,932	1.69
MUTUAL TRUST PTY LTD	40,221	1.55
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	35,451	1.36
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	28,828	1.11
IOOF INVESTMENT SERVICES LIMITED <IOOF IDPS A/C>	28,020	1.08
IOOF INVESTMENT SERVICES LIMITED <IPS SUPERFUND A/C>	23,650	0.91
BERNE NO 132 NOMINEES PTY LTD <2853115 A/C>	20,000	0.77
NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>	17,763	0.68
J & H GRADWELL PTY LTD <JOHN GRADWELL SF A/C>	15,232	0.59
BNP PARIBAS NOMINEES PTY LTD <PITCHER PARTNERS>	14,895	0.57
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	13,834	0.53
MRS NICOLE MANUELA BROWN	13,192	0.51
TRUSTEES OF THE ROMAN CATHOLIC CHURCH FOR THE DIOCESE OF BATHURST	10,000	0.38
JASMIND INVESTMENTS PTY LTD <NJD S/F A/C>	9,060	0.35
COOLAN TRADING PTY LTD	8,513	0.33
TOTAL	713,276	27.43

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 Wednesday, 17 September 2025:

	Number of Capital notes	%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	173,685	4.34
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	126,212	3.16
BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERV LTD>	122,374	3.06
CITICORP NOMINEES PTY LIMITED	69,758	1.74
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	67,306	1.68
NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>	49,222	1.23
MUTUAL TRUST PTY LTD	42,798	1.07
IOOF INVESTMENT SERVICES LIMITED <IOOF IDPS A/C>	37,077	0.93
BNP PARIBAS NOMINEES PTY LTD <PITCHER PARTNERS>	33,927	0.85
IOOF INVESTMENT SERVICES LIMITED	31,848	0.80
DIOCESE DEVELOPMENT FUND - CATHOLIC DIOCESE OF PARRAMATTA	23,404	0.59
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	14,679	0.37
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	13,297	0.33
VILAKAZI PTY LTD <FORD FAMILY A/C>	13,000	0.33
GEAT INCORPORATED <GEAT-PRESERVATION FUND A/C>	12,190	0.30
TAUBENSCHLAG HOLDINGS PTY LTD <TT A/C>	10,750	0.27
TOTAL	926,047	23.17

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 Wednesday, 17 September 2025:

Category	Number of shareholders	% of shareholders	Number of shares	% of issued capital
1 - 1,000	56,754	56.82	20,390,843	3.08
1,001 - 5,000	28,543	28.58	71,546,388	10.82
5,001 - 10,000	8,009	8.02	58,090,246	8.78
10,001 - 100,000	6,407	6.41	142,096,574	21.48
100,001 - and over	172	0.17	369,345,404	55.84
Total	99,885	100.00	661,469,455	100.00
Less than marketable parcel ⁽¹⁾	4,261	4.27	122,442	0.02

Distribution of Capital notes 2 as at Wednesday, 17 September 2025:

Category	Number of security holders	% of security holders	Number of securities	% of issued capital
1 - 1,000	4,353	87.37	1,593,718	39.84
1,001 - 5,000	572	11.48	1,229,406	30.74
5,001 - 10,000	36	0.72	240,529	6.01
10,001 - 100,000	18	0.36	514,076	12.85
100,001 - and over	3	0.06	422,271	10.56
Total	4,982	100.00	4,000,000	100.00
Less than marketable parcel ⁽²⁾	6	0.12	18	0.00

Distribution of Capital notes 3 as at Wednesday, 17 September 2025:

Category	Number of security holders	% of security holders	Number of securities	% of issued capital
1 - 1,000	1,593,718	39.84	4,353	87.37
1,001 - 5,000	1,229,406	30.74	572	11.48
5,001 - 10,000	240,529	6.01	36	0.72
10,001 - 100,000	514,076	12.85	18	0.36
100,001 - and over	422,271	10.56	3	0.06
Total	4,000,000	100.00	4,982	100.00
Less than marketable parcel ⁽³⁾	18	0.00	6	0.12

(1) Based on a closing price of \$7.08 at 17 September 2025.

(2) Based on a closing price of \$103.73 at 17 September 2025.

(3) Based on a closing price of \$104.20 at 17 September 2025.

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
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 2025, the following unquoted securities were on issue:

Unquoted securities ⁽¹⁾	Number of holders in the plan	Number of unquoted securities
CEO & Chair Awards	115	588,999
Deferred Award Rights	722	3,256,955
Premium Priced Options	16	10,818,626
Transformation Awards Rights	1	4,374
Executive Performance Rights	10	2,340,182

On market buy-back.

There is no current on market buy-back.

Securities purchased on market.

During the year ended 31 August 2025, 3,500,000 shares were purchased on market under the employee incentive scheme. The average price per security was \$6.90.

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: boq@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

x.com/boq

facebook.com.au/BOQOnline

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:

2025 (BOQ:ASX)

Financial full year end	31 August 2025
Full year results and dividend announcement	15 October 2025
Full year ex-dividend	29 October 2025
Full year dividend record date	30 October 2025
Full year dividend payment date	21 November 2025
Annual General Meeting	2 December 2025

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.

AASB S2 Climate-related Disclosures	A mandatory Australian sustainability reporting standard, requiring entities to report on their climate-related risks and opportunities. The key objective is to provide primary users of financial reports with information about climate-related risks and opportunities that could reasonably be expected to affect the entities cash flows, access to finance or cost of capital over the short, medium or long term.
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)	The use of advanced technologies including machine learning, generative models, natural language processing, and data analytics that enable systems, robots and agents to perform tasks typically requiring human-like learning, perception, planning, communication and cognition.
Asset backed securities (ABS)	A financial security which is pledged by 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.
AT1 Capital notes	Perpetual, non-cumulative, subordinated and unsecured notes assumed on the acquisition of ME Bank.
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 Competition and Consumer Commission (ACCC)	An independent Commonwealth statutory authority having the role of administering and enforcing the <i>Competition and Consumer Act 2010</i> and other legislation to promote competition, fair trade and to regulate national infrastructure.
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.

Glossary.

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).
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).
Business model	BOQ's system of transforming inputs through its activities into outputs and outcomes that aims to fulfil BOQ's strategic purposes and create value for BOQ and hence generate cash flows over the short, medium and long term.
Capital notes 2 (BOQPF) & Capital notes 3 (BOQPG)	Capital notes are 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.
Carbon credit	An emissions unit that is issued by a carbon crediting programme and represents an emission reduction or removal of greenhouse gases . Carbon credits are uniquely serialised, issued, tracked and cancelled by means of an electronic registry.
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.
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	Risks resulting from climate change that can be event-driven (acute physical risk) or from longer-term shifts in climatic patterns (chronic physical risk). Acute physical risks arise from weather-related events such as storms, floods, drought or heatwaves, which are increasing in severity and frequency. Chronic physical risks arise from longer-term shifts in climatic patterns including changes in precipitation and temperature which could lead to sea level rise, reduced water availability, biodiversity loss and changes in soil productivity.

Glossary.

Climate-related risks and opportunities (CRROs)	Climate-related risks refers to the potential negative effects of climate change on BOQ. These risks are categorised as climate-related physical risks and climate-related transition risks . Climate-related opportunities refers to the potential positive effects arising from climate change for BOQ. Efforts to mitigate and adapt to climate change can produce climate-related opportunities for BOQ.
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.
CO2 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	Regulations 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)	These are legally binding undertakings that have been accepted by APRA and AUSTRAC and are enforceable in a court.
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).

Glossary.

Days past due (DPD)	A loan or lease payment that has not been made by a customer by the due date.
Deferred Award Rights (DARs)	A type of long-term variable reward granted to employees below Senior Executive Level. DARs vest subject to service conditions and a risk assessment.
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> .
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.
Financed emissions	The portion of gross greenhouse gas emissions of an investee or counterparty attributed to the loans and investments made by BOQ to the investee or counterparty. These emissions are part of Scope 3 Category 15 (investments) as defined in the <i>Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011)</i> .
Financial Accountability Regime (FAR)	<i>Financial Accountability Regime Bill 2022</i> imposes core sets of obligations on authorised deposit-taking institutions, insurance companies, and superannuation funds.

Glossary.

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.
Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (GHG Protocol)	An international standard for measuring and reporting 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 (HQLA1)	Comprises 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.
Interest rate risk in the banking book (IRRBB)	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.
International Accounting Standards Board (IASB)	Independent, private-sector body that develops and approves International Financial Reporting Standards.
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.
Intergovernmental Panel on Climate Change	The United Nations body charged with overseeing climate change and publishing global climate models.
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.

Glossary.

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.
Location-based emissions	Scope 2 greenhouse gas emissions that reflect the average emissions intensity of the grid.
Loss given default (LGD)	Loss of money by a bank when a customer defaults on a loan represented as a percentage of the total exposure at the time of default.
Market-based emissions	Scope 2 greenhouse gas emissions that account for BOQ's decisions to invest in different electricity products and markets, including Large-Scale Generation Certificates and renewable electricity.
Members Equity Bank Limited (ME Bank or ME)	A for-profit entity that operated in the retail segment of the domestic market offering primarily home loan products and everyday transaction and online savings accounts. On 28 February 2022, ME Bank surrendered its ADI licence and ME Bank's assets and liabilities were transferred to BOQ.
Mortgage Net Promoter Score (NPS)	An index that measures the willingness of customers to recommend a company's products or services to others. It is used as a proxy for gauging the customer's overall satisfaction with a company's product or service and the customer's loyalty to the brand.
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)	The amount of ASF relative to the amount of required stable funding. APRA requires ADIs to maintain an NSFR of at least 100 per cent. The amount of such stable funding required of a specific institution is a function of the liquidity characteristics and residual maturities of the various assets held by that institution as well as those of its off-balance sheet exposures.
Non-Executive Director Fee Sacrifice Rights Plan (NED Plan)	The Plan allows NEDs to sacrifice a portion of their Board fees to acquire Rights that convert to BOQ shares.
Non-interest earning assets	Assets that do not accrue interest income.

Glossary.

Organisation for Economic Co-operation and Development (OECD)	An international organisation that provides guidelines and recommendations to promote fair and efficient tax systems among its member countries.
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.
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 programmes.
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 less other equity instruments' distributions divided by average shareholder equity, excluding other equity instruments.
Return on average tangible equity (ROTE)	After tax earnings applied to average shareholder equity less intangible assets.
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.
Science based targets initiative (SBTi)	Is a collaborative effort between the Carbon Disclosure Project, the United Nations Global Compact World Resources Institute and Worldwide Fund for Nature that helps companies and financial institutions set ambitious GHG emissions reduction targets aligned with climate science. These targets aim to limit global warming to well below 2°C, and ideally 1.5°C above pre-industrial levels.
Scope 1 greenhouse gas emissions	Direct greenhouse gas emissions that occur from sources that are owned or controlled by BOQ.
Scope 2 greenhouse gas emissions	Indirect greenhouse gas emissions from the generation of purchased or acquired electricity, steam, heating or cooling consumed by BOQ. Purchased and acquired electricity is electricity that is purchased or otherwise brought into BOQ's boundary.
Scope 3 greenhouse gas emissions	Indirect greenhouse gas emissions from the generation of purchased or acquired electricity, steam, heating or cooling consumed by BOQ.

Glossary.

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.
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 it operates. Sustainability and ESG are considered interchangeable terms within the BOQ context.
Sustainability Commitments	Legal obligations arise from BOQ's voluntary public Sustainability Commitments. These include, but are not limited to, becoming a signatory to the UN PRB and NZBA , and aligning strategy with the Paris Climate Agreement .
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.
Taxation of Financial Arrangements (TOFA)	Rules which provide for the tax treatment of gains and losses on financial arrangements.
Term funding facility (TFF)	Funding Facility for authorised deposit-taking institutions established by the RBA to support the Australian economy.
Tier 1 capital	Tier 1 capital is 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 1 Capital ratio	Total Tier 1 Capital divided by total RWA calculated in accordance with relevant APS.
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.
Total capital adequacy ratio	Total capital divided by total RWA calculated in accordance with relevant APS.
Total Shareholder Return (TSR)	A measure of the entire return a shareholder would obtain from holding an entity's securities over a period, taking into account factors such as changes in the market value of the securities and dividends paid over the period.
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.

Glossary.

UN Principles for Responsible Banking (UN PRB)	Developed by the United Nations Environment Programme Finance Initiative (UNEPFI) to align the operations of banks with sustainability outcomes. These principles aim to ensure that banks play a crucial role in promoting sustainable development and addressing global challenges such as climate change, social inequality and environmental degradation.
Value chain	The full range of interactions, resources and relationships related to BOQ's business model and the external environment in which it operates. A value chain encompasses the interactions, resources and relationships BOQ uses and depends on to create its products or services from conception to delivery, consumption and end-of-life, including interactions, resources and relationships in BOQ's operations, such as human resources; those along its supply, marketing and distribution channels, such as materials and service sourcing, and product and service sale and delivery; and the financing, geographical, geopolitical and regulatory environments in which BOQ operates.
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