

1H26 FINANCIAL RESULTS

For the half year ended 28 February 2026

BOQ delivers another period of disciplined execution with significant progress on digital transformation and a focus on balance sheet optimisation

Statutory net profit after tax \$136m ▼20% on 1H25	Cash earnings after tax \$176m ▼4% on 1H25	Net interest margin (NIM) 1.67% ▼3bps on 2H25	Home lending growth (\$2,239m) ▼4% on 2H25	Commercial lending growth \$934m ▲7% on 2H25
1H26 dividend per ordinary share¹ 20c 18c at 1H25	Cash earnings per ordinary share 26.8c ▼4% on 1H25	Cash operating expenses \$553m ▲6% on 1H25	Cash return on av. equity (ROE) 6.1% ▼10bps on 1H25	Common equity tier 1 (CET1) ratio 11.18% ▲24bps on 2H25

Bank of Queensland Limited (**BOQ**) today reported statutory net profit after tax of \$136 million for the half year ended 28 February 2026 (**1H26**), and cash earnings after tax of \$176 million.

Key milestones achieved in the half include:

- Further migration of ME customers, with 72%² of active retail customers now on the digital bank
- Continued roll out of the digital mortgage with digital originations accounting for 75%² of home lending flow
- Strong deposit gathering on the digital bank, with 87%² of new retail deposits originated through the digital platform
- Above system commercial lending growth achieved, with a focus on target growth corridors
- Progress against the Remedial Action Plans, with 61% of total activities now completed

On 7 April 2026, the Group entered into a capital partnership with Challenger Limited for \$3.7 billion whole-of-loan sale of equipment finance assets and a forward flow arrangement³. Completion of the whole-of-loan sale is anticipated between late April and early May 2026. Capital is expected to be returned to shareholders through an on-market buyback of shares and a fully franked special dividend, with final timing and amounts expected to be confirmed at completion⁴. These initiatives enable efficient return of capital and support Earnings Per Share (EPS) and ROE accretion. Included in the 1H26 statutory net profit after tax is a \$31 million post-tax loss⁵ from the classification of the transaction as held for sale.

Disciplined expense management delivered flat total operating expenses against the prior half, with continued progress on productivity partially offsetting inflation, and a reduced but sustainable level of investment into the business. On the prior comparative period, cost growth is primarily driven by the inclusion of the branch network⁶, when excluding this impact, costs were down 2%.

¹ The dividend will be fully franked. The dividend reinvestment plan will operate with no discount and is expected to be satisfied in full by an on-market purchase of shares.

² In March 2026.

³ The final whole-of-loan sale amount at completion may be higher or lower depending on whether newly originated assets in the intervening period are sold under the whole-of-loan sale or the forward flow arrangement. The carrying value of the assets as at balance date was \$3.6 billion. The forward flow arrangement has a 12-month initial term, extendable by agreement between the parties. The forward flow agreement is not underwritten and is subject to Challenger and its financiers' discretion as to funding.

⁴ Subject to market conditions, board and regulatory approval. Timing and actual number of shares purchased under the buy-back and the timing of the special dividend will depend on market conditions, available trading windows, and other considerations. BOQ reserves the right to vary, suspend or terminate the buy-back at any time.

⁵ Included in the \$31 million statutory loss is a \$3 million sale premium, collective provision amount of \$18 million, goodwill allocation of (\$20) million, impact of interest rate swaps of (\$27) million, transaction costs of (\$5) million, and other items. The loss is determined in accordance with Accounting Standard AASB 5 Non-current Assets Held for Sale and Discontinued Operations (AASB 5) and recorded in a single financial statement line item in the statutory Consolidate income statement.

⁶ BOQ converted all Owner-Managed branches to corporate branches, effective 1 March 2025.

The Group maintained strong financial resilience throughout the year with a closing CET1 ratio of 11.18%, above the management target range, a Liquidity Coverage Ratio (LCR) of 141%⁷, and strong provisioning on a sound portfolio of lending assets. The Board has determined to pay an interim fully franked dividend of 20 cents per share, representing a payout ratio of 75% of reported 1H26 cash earnings and a yield of 5.8%⁸.

BOQ Managing Director & CEO Rod Finch said:

"This result reflects the strong execution and transformation capability within BOQ. We now have an end-to-end digital banking customer proposition in market. We continue to focus on simplifying our business and have delivered another period of disciplined cost management. We enter a period of economic uncertainty with strong financial and operational resilience, a well-diversified and prudently provisioned portfolio of assets, and expect to optimise our balance sheet and funding position post completion of the capital partnership transaction with Challenger. BOQ is well positioned to navigate the current conditions and support our customers and the broader economy."

1H26 RESULTS SUMMARY

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- **Statutory NPAT** of \$136 million, a decrease of 20% on 1H25 and included a \$31 million loss on classification of the equipment finance portfolio as held for sale in accordance with AASB 5. A whole-of-loan sale and a forward flow arrangement was entered into with Challenger Limited on 7 April 2026.
 - **Cash NPAT** of \$176 million was down 4% on 1H25, driven by higher income, partially offset by an increase in expenses, including the addition of branch network costs, and higher loan impairment expense, from a very low base.
 - **Total income** of \$832 million was up 5% on 1H25, driven by revenue uplift following branch conversion, partially offset by a contraction in average interest earning assets (AIEA) as the group's balance sheet structurally shifted towards higher returning segments.
 - **Net interest income** of \$755 million was up 4% on 1H25, primarily reflecting revenue benefits from the branch conversion, partially offset by a 2% contraction in AIEA.
 - **Non-interest income** of \$77 million was up 13% on 1H25, as revenue share arrangements ceased following branch conversion on 1 March 2025, and business banking fee income grew.
 - **Net interest margin** was 1.67% for 1H26, down 3 basis points on 2H25, reflecting a highly competitive environment, non-repeat of benefits from cash rate reductions in the prior half, partially offset by improved asset mix and funding spreads.
 - **Operating expenses** were \$553 million, up 6% on 1H25, and flat on 2H25. On the prior comparative period, cost growth is primarily driven by the inclusion of the branch network, when excluding this impact, costs were down 2%. Simplification initiatives partially offset inflation, higher risk and regulatory costs and investment in technology and business bank growth.
 - **Loan impairment expense (LIE)** of \$20 million compares to \$3 million in 1H25 and represents 5 basis points to gross loans and advances. The housing portfolio had a net provision release representing strong underlying asset values, while commercial lending LIE remained relatively stable. Asset finance was impacted by a single name exposure and a return to more normalised LIE experience.
 - **Cost-to-income ratio** of 66.5%, an increase of 90 basis points on 1H25, with higher income partially offsetting a rise in total expenses following branch conversion.
 - **1H26 interim dividend¹** BOQ has determined to pay an interim 1H26 fully franked dividend of 20 cents per share, representing a payout ratio of 75% of 1H26 cash earnings.
 - **Cash earnings per share** of 26.8 cents per share decreased 4% on 1H25.
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⁷ Quarterly average LCR as at 28 February 2026.

⁸ BOQ share price \$7.00 as at 28 February 2026.

BOQ Group

Level 3, 100 Skyring Terrace
Newstead QLD 4006

Media enquiries

Simon Huggins, Head of Media &
Government Relations
mediarelations@boq.com.au
0447 082 757

Analyst/Investor enquiries

Jessica Smith, General Manager Investor
Relations & Corporate Affairs
investorrelations@boq.com.au
0429 524 095

- **Cash return on average equity (ROE)** of 6.1% decreased 10 basis points on 1H25, due to lower cash earnings.
- **Cash return on tangible equity (ROTE)** of 7.4% decreased 30 basis points on 1H25, due to lower cash earnings.
- **CET1** increased 24 basis points on 2H25 to 11.18%, above the management target range of 10.25 – 10.75%.
- **Retail GLA⁹** contraction of \$1,489 million in the period reflects the continued prioritisation of business lending growth over home lending, while originations transition to the digital platform and portfolio run-off remained elevated.
- **Business GLA¹⁰** growth of \$72 million was driven by strong commercial lending growth of \$934 million reflecting focused execution on higher-returning specialist segments, partially offset by a targeted decline in the housing portfolio within the Business Bank.
- **Customer deposits** contraction of \$1,454 million, or 2% on 2H25, was driven by optimisation of funding given reduction in GLA and lower funding task, a targeted run-off in term deposits, and a focus on more stable deposits. The deposit-to-loan ratio remained historically high at 85%.

OUTLOOK¹¹

The Group continues to demonstrate financial resilience with strong capital, liquidity and asset quality. There is no change to the CET1 management target range of 10.25 – 10.75% and the dividend payout ratio target range also remains unchanged at 60 – 75% of cash earnings¹².

Completion of the whole-of-loan sale is anticipated between late April and early May 2026. The transaction is expected to reduce funding by ~\$3.4 billion and facilitate a return to shareholders post-sale of ~\$300 million¹³. Equipment finance originations and servicing through the forward flow is expected to generate capital light earnings for the Group and require no material credit risk weighting or funding, leveraging BOQ's recognised origination and servicing capabilities. BOQ retains flexibility to originate facilities onto its own balance sheet or through the forward flow arrangement.

Moderation in economic growth is expected in the second half of the 2026 financial year. Consumer and business confidence continues to be weighed down by elevated inflation, increasing cash rates and uncertainty arising from the Middle East conflict. It is expected that inflation concerns will lead to additional cash rate increases through the remainder of calendar year 2026.

Asset quality remains strong, and the low unemployment rate and increase in the savings rate should mean households are well placed to manage through the uncertainty. However, the historically low LIE experience of recent years may not persist given rising cash rates. BOQ recognises the impacts of the current environment and remains committed to supporting customers managing through uncertainty.

Elevated competition for both lending and deposits is expected to continue. BOQ intends to continue at or above system growth for commercial lending, with a focus on its target segments. As the Group transitions both customers and originations to its digital platform and expands the digital mortgage to additional channels and a broader range of home lending, it is positioning for home lending growth in the Retail Bank from FY27. Migration of ME heritage customers to the digital bank is well progressed for completion in FY26.

Further transition of the technology and business processing partnership with Capgemini is planned throughout 2H26, and is expected to expand productivity benefits. The Group's cost guidance remains unchanged and cost growth from FY25 to FY26 is still expected to be below the rate of inflation.

⁹ Retail GLA includes housing and consumer lending in the Retail Bank division.

¹⁰ Business GLA includes housing, commercial, consumer and asset finance in the Business Bank division.

¹¹ BOQ house view. Subject to no material change in market conditions.

¹² The amount of any dividend paid will be at the discretion of the Board and subject to capital requirements of the business.

¹³ Subject to regulatory approval.

INVESTOR BRIEFING

BOQ's results webcast will be held today at 10:00am AEST. The webcast address is:
<https://meetings.lumiconnect.com/300-881-024-957>

ENDS

Authorised for release by: The Board of Directors of Bank of Queensland Limited

IMPORTANT INFORMATION

This is an announcement of general background information about Bank of Queensland Limited and its consolidated entities' activities as at the date of this announcement. It is in summary form and should be read in conjunction with BOQ's other periodic and continuous disclosure announcements.

This document contains forward-looking statements about matters including BOQ's business and operations, strategy and strategic initiatives, market conditions, results of operations and financial conditions, capital adequacy, specific provisions and related matters. 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, potential cost savings and financial position and performance are also forward-looking statements. Forward-looking statements reflect BOQ's current views about future events. There are a number of factors (which may involve known and 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 anticipated, or implied by, any forward-looking statements. These factors include changes in BOQ's operating environment, material changes to the law or applicable regulation, risks and uncertainties associated with the Australian and global economic or 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.

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