

Start of Transcript

Jessica Smith: Good morning and welcome to BOQ's Financial Results presentation for the full year ended 31st of August 2025. My name is Jessica Smith and I'm the General Manager of Investor Relations and Corporate Affairs at BOQ.

On behalf of the management team, I would like to acknowledge the traditional custodians of the land we are meeting on today, the Gadigal people of the Eora Nation. We pay our respects to elders past and present.

I'm joined in the room today by BOQ's Managing Director and Chief Executive Officer, Patrick Allaway, and our Chief Financial Officer, Racheal Kellaway, who will present the results. We are also joined by BOQ's executive team. Following the briefing, there will be an opportunity for questions. I will now hand over to Patrick.

Patrick Allaway: Thank you Jess, and good morning everyone and thank you for joining us today.

I'm pleased to take you through our FY25 results. I have three key messages to leave you with today. We have improved financial performance, grown our strong business bank franchise, and our retail bank transformation is well progressed.

In 2023, we reset our strategy to become a simpler, specialist bank, with a superior customer experience and enhanced shareholder returns. We outlined four strategic pillars to transform BOQ: strengthen, simplify, digitise, and optimise performance.

We are now well progressed through this ambitious program of work to uplift operational resilience, simplify the way we operate, scale customer growth, with improved digital experiences, and shift our balance sheet mix to deliver more sustainable returns.

Turning to our strong performance on slide eight. This year, we delivered on what we said we would do.

One, we supported more customers with a greatly improved experience for the 44% of retail customers now on the digital bank.

Two, we improved key financial metrics with a 12% uplift in cash earnings, 70 basis point improvement in return on equity, 210 basis point reduction in our cost-to-income ratio, and an 8 basis point uplift in margin.

Three, we delivered on our retail bank transformation commitments. We converted 114 franchise branches on time and on budget, creating a high returning proprietary channel. We are well progressed and made customer migration and launched our digital mortgage.

Four, we shifted balance sheet mix, recycling low returning capital to support 14% commercial lending growth.

Five, we progressed our remedial action plans with 44% of activities now closed; and finally

Six, we simplified our business, which resulted in a 4% reduction in underlying costs. We will achieve the \$250 million productivity target as we exit FY26.

With capital above target range, strong funding position, and well-secured portfolio, we are well-placed to continue the structural shift of our balance sheet and growth in high returning segments. The Board declared a final dividend of 20 cents, a full-year dividend uplift of 12%.

Turning to slide nine, outlining the financial results.

The 12% growth in cash earnings to \$383 million was driven by increasing revenue and the flat cost base. We've maintained discipline and growth and our focus on returns delivered an improvement in return on equity to 6.4%. There were adjustments to the statutory earnings this year, including the impairment of goodwill apportioned to the retail bank, reflecting uncertainty in relation to industry structural shifts and restructuring costs to simplify our distribution channels and operations.

Consistent discipline execution of our strategy is generating tangible financial and operational benefits and an uplift in returns to shareholders. Racheal will speak to the financials in more detail shortly.

Turning to slide 10, we are the bank of choice for one and a half million Australian households and businesses with 3% customer growth on last year.

The customer voice remains at the heart of everything we do as we continue to invest in bankers and technology to provide a superior customer experience. This includes improvements over the past 12 months in the experience on our new digital platform, contacts and the grade of service, hardship response times, and faster resolution of customer complaints. We're providing additional support to customers through migration of our heritage systems and have provided support and individual solutions to over 4,000 customers this year facing financial difficulty.

To help protect customers from scams, we've introduced biometric capability in the digital bank, which has had an average intervention rate of 98%. We also introduced cryptocurrency restrictions, recognising the prevalence of investment scams.

In building on our foundational strength in Queensland, we launched our Bank of Queenslanders campaign, increased the number of bankers and regional growth corridors and announced partnerships with the Royal Queensland Show, the Ekka, and the Queensland Rugby Union. We're investing in more bankers to leverage our strong heritage and competitive strength supporting Queenslanders.

An important aspect of our business is how we contribute to the communities in which we operate. For us this year, that has meant deepening our partnership with Orange Sky Australia, who provide important support for vulnerable Australians.

Our cultural transformation remains at the forefront of our broader transformation. This year against a backdrop of significant change, our people experience index increased two percentage points to 73%. Our risk culture index increased 3% and we're particularly pleased to note 83% of our people feel safe to speak up.

Turning now to slide 11, how our strategic pillars are driving progress.

Our strengthened pillar is building stronger operational foundations to ensure we deliver better customer people and risk outcomes. We're delivering a stronger bank with improved operational resilience, risk maturity, and culture. We're well progressed through delivery of our remedial action plans and continue to engage productively with our regulators.

Our simplification pillar is driving material productivity benefits. We're reducing complexity across our ways of working and products, simplifying distribution channels, decommissioning heritage technology, optimising the cost of our supply chains and improving processes.

Our digitise pillar is transforming the retail bank to a scalable low cost to serve digital model, improving the experience for customers and our people and will allow us to be more effective in competing in a highly commoditized retail market. Our digital end-to-end bank is largely built, and customer migration and scaling to the platform is now the focus. In FY26, we will complete ME customer migration and decommission ME heritage systems, the next important proof point in our transformation, delivering a step change improvement to both our cost base and operational resilience.

Our optimised pillar is focused on improving returns, which we're progressing across a number of initiatives including the organic shift in the mix of assets and liabilities on the balance sheet and progressing third-party product partnerships, leveraging our distribution capabilities to grow non-interest income initially for superannuation and insurance products, the next step in exploring off balance sheet partnerships with forward flow agreements to scale customer growth and non-interest income. This provides optionality as to which assets we hold, on our balance sheet, or through partners, enabling scalable growth with capital efficiency.

As we announced in August, we're exploring a whole loan sale agreement for up to \$3.8 billion of our equipment finance portfolio, which would include a forward flow origination and servicing arrangement. This segment of our portfolio is ideal for a partnership as it would allow us to scale customer demand without balance sheet limitations for more cyclically exposed assets. To be clear, this is not a sale of the business. Our asset finance business remains core to our strategy. There would be no impact to our customers, who would continue to receive a dedicated support through BOQ. We're in an active process, with strong indicative demand. We will provide a detailed update to the market if the transaction proceeds.

Turning to slide 12 for more detail on our \$250 million productivity program.

This is well progressed, and we expect the full run rate benefits to now be delivered, on exit of FY26. Having delivered more than 50% of the program, the remaining key components to be delivered in FY26 are the decommissioning of ME heritage and the operating model restructure announced in August.

Our considered approach to customer migration has shifted the sequencing of material annualised cost savings benefits from decommissioning 40 technology platforms and vendors, which will now flow to the expense line in FY27. We will drive further benefits through our recent strategic partnership with Capgemini, a leading technology and transformation company. This partnership will unlock greater operating efficiencies and scalability in technology and business processing and leverage AI in improving how we service our customers and operate.

Turning now to slide 13 and the growth of the digital bank.

The build of our digital bank has been a considerable success, and what sets it apart in the market is that it is fully digital, end-to-end, including the customer interface, backend processing, and documentation. The end-to-end build enables migration and full decommissioning of our heritage core banking platform, reducing complexity and duplication of costs. The benefit to customers is a reliable, secure, and intuitive banking experience with extensive self-serve capabilities.

This year, we completed migration for the majority of ME deposit customers. We now have 474,000 customers on the digital bank with over \$10 billion in deposits. ME mortgage migration has now commenced with completion targeted for the first half of 2026.

Moving to slide 14. As I said earlier, 44% of our retail deposit customers are now on the digital platform. And in August, 81% of new to group deposits were originated through the digital bank. We're seeing a greater representation of active digital customers in a younger demographic with strong average balances increasing our ability to service more of their banking needs.

The digital bank is core to our deposit strategy, growing stable funding for the group. The initial phase of the digital home loan rollout has shown early success. We're delivering conditional approval in less than 90 seconds, and unconditional approval on the same day. We've seen a 20% reduction in the cost to originate compared to heritage. And on delivery of the full functionality through FY26 and FY27, we will reduce our cost to originate and service home loans by half.

Turning to slide 15 and how we're optimising our balance sheet.

An important part of our strategy to optimise returns is the structural shift of both the asset and liabilities on the balance sheet. Intentionally running off home lending and reallocating capital to business lending, which we accelerated in FY25, has resulted in improved asset mix. We've increased business lending mix on the balance sheet now by 4% to now 17% of our portfolio.

We're also focused on optimising in the mix of home lending origination. The converted proprietary branch channel, combined with our origination on the lower cost to serve digital platform will improve home lending returns.

In a period of deliberate low growth, we've built capacity in our funding base for future growth and reduced wholesale funding in favour of deposit customers. While the shift towards a more optimal customer deposit mix takes time, we're seeing strong performance in the digital bank.

In considering asset growth, we will continue to exercise discipline. We flagged that FY25 will likely be the peak of home lending contraction. We expect slowing decline in FY26, before returning to growth in FY27. Early indications from the digital home loan launch provide confidence in this approach, and we're targeting the vast majority of new home lending on the digital bank by the end of FY27.

Turning to slide 16 for an overview of our retail bank, for which FY25 has been a considerable year of transformation.

The retail bank delivered cash earnings of \$109 million, a year-on-year improvement of 24% in an increasingly competitive environment. This performance was driven by an uplift in margin, primarily from the conversion of the branches to our proprietary channel and productivity initiatives to lower our cost to serve, partially offset by GLA decline.

The retail bank performance continues to reflect our conscious decision to focus on transformation and returns as we reposition to a scalable low cost to serve digital bank and recycle low returning capital. We again grew home lending on a low cost to originate ME channel.

Supporting the remix of our balance sheet, declines in both VMA and BOQ home lending were on plan, as broker origination on heritage platforms remained paused for these brands, and we converted and consolidated the BOQ branch network. We've seen branches return to pre-conversion levels of origination and are focused on supporting customers' evolving preferences, with a strong national digital platform complimented by targeted BOQ physical footprint, predominantly in Queensland.

Finally, on the retail bank this month, we entered into a distribution partnership with Virgin Australia to leverage their 13 million velocity frequent fly members to grow both transaction accounts and home lending.

Turning now to slide 17 for an update on the progress of our specialist business bank.

The business bank delivered cash earnings of \$279 million, an increase of 10% on FY24. This was driven by 6% increase in income and 3% increase in expenses, including our investment in new bankers. Commercial lending increased by \$1.6 billion, representing a 14% growth rate driven by core strength in healthcare, agriculture, and well-secured commercial property.

During the year, we simplified our product offering in the asset finance business, ceasing origination in cashflow finance. On an underlying basis, assets finance grew by \$237 million or 3%, predominantly through novated leasing and structured finance.

The BOQ specialist housing portfolio runoff reflected our decision to reset pricing to a more sustainable return, aligned to our broader home lending strategy.

The business bank had a 20 basis point uplift to margin in the half, primarily driven by the branch conversion and deposit mix, offsetting increased competition.

Our banker value proposition is enabling the hire of quality bankers, in a competitive market for talent. We've now onboarded 35 new business bankers, and we'll continue focusing on attracting quality bankers in targeted growth corridors, particularly in Queensland.

I will now hand to Racheal to provide more detail on the financials. Thank you.

Racheal Kellaway: Thank you, Patrick, and good morning everyone.

Performance in financial year 2025 is evidence of the discipline shown in the execution of our strategy, making decisions benefiting BOQ, over the long term.

We saw higher income and held expenses flat, absorbing a half year of operating expenses from the conversion of the branch network to a proprietary channel. Underlying profit improved 10% on the prior year.

Loan impairment expense of \$21 million was up 5% against the prior year, though at an aggregate level, remains low as compared to historical averages. And as a result, we delivered \$383 million in cash earnings, an uplift of 12% on 2024.

Trends were broadly consistent when looking at the second half with underlying profit up 14% as compared to the first half, and cash earnings up 9%.

Set out on slide 20 are the adjustments made to cash earnings.

FY25 statutory profit was \$133 million. In the second half, we reduced the carrying amount of goodwill allocated to the retail bank to zero, resulting in an adjustment of \$170 million. This goodwill arose from historical acquisitions by the group over a number of years, including the 2007 acquisition of Home Building Society. There is now no goodwill allocated to the retail bank.

We saw \$27 million relating to the previously announced branch strategy, which will see the cost of conversion amortised over approximately four years. The total cost remains unchanged.

In August, we announced restructuring costs of \$25 million and an increase to remedial action plan costs of 14 million, and we saw minimal impact from hedging and fair value adjustments.

Net interest margin increased 13 basis points, a 12 basis point uplift came from the step change from the conversion of branches. Underlying margin also improved 1 basis point in the half. There was a 6 basis point lending benefit, four from pricing and two from positive mix shifts on the balance sheet.

Funding costs impacted margin by 4 basis points. Deposit pricing and competition was the major contributor to this in the period. In term deposits, we saw swap rates reduced while pricing across the industry lagged. Competition for at-call savings continued.

And lastly, a replicating portfolio benefit of 1 basis point was offset by the uninvested portfolio as cash rates reduced, and we saw an impact of 1 basis point from liquidity.

The result was a second half net interest margin of 1.70%.

Turning now to expenses.

In line with target, we delivered flat expenses in 2025. Underlying expenses were down 4%, the result of strong commitment to expense management. With all branches converted from the 1st of March, we took on a \$42 million cost base to operate those branches. This, along with ongoing inflationary impacts, was more than offset by the delivery of the benefits from the simplification program. The program delivered \$71 million in cost reductions in the year.

As called out previously, ongoing investment in the business is coming through the expense position with higher amortisation, particularly in the second half. We also invested in additional business bankers who are supporting growth in the business.

Looking at our investment profile in more detail on slide 23, we have, over a number of years now, invested a significant proportion of our annual earnings with a long-term view of transforming to a simpler specialist bank. This has included integrating ME Bank, investing in the cloud, building a retail digital bank, supporting risk uplift programs and growing our business bank. This year, we invested \$188 million, coming off recent highs, as we neared the completion of building the digital bank and progressed migration of customers off our heritage systems and onto our new core platform.

These events see assets move from being under construction, to being in use and commence amortising. Higher amortisation in the second half was as expected, and will continue to put some pressure on earnings going forward.

We see the level of investment spend in 2025 as a healthy level to invest in the bank, on an ongoing basis. However, we will continue to recalibrate this against market dynamics and as strategic opportunities arise each period.

Turning now to portfolio quality. Asset quality remained sound, supported by increasing property values. Loan impairment expense for the year was \$21 million and remains below historical averages at 3 basis points to GLA for the year.

Looking at the trends within each of the portfolios: housing saw another year of benign loan impairment expense, whilst we experienced a very small increase in later stage arrears, we aren't seeing increased actual losses.

In the commercial book, we had resolution of some long-dated impaired assets, resulting in a net write-back and three halves now of improving arrears.

Asset finance had more normalised levels of specific provisions and write-offs, and we took an increase in the collective provision in the second half. Arrears increased in the first half of the year, however, there was some improvement in the second half.

Slide 25 shows total provisioning, where you can see \$307 million of provisions held, representing 39 basis points to GLA.

Scenario weightings remain unchanged in our forward-looking models, with a 45% weighting towards downside and severe downside scenarios. This results in us holding \$70 million above the base case scenario. Should there be a hundred percent downside scenario, our provision would increase by \$21 million. We consider our provision levels to be prudent when we look at the level of uncertainty in the economy, and as we review against peers on a standardised credit RWA comparison.

Moving to funding. With our strategy of recycling capital, the overall funding task was relatively low, allowing for flexibility in the mix of funding to drive optimization of cost and create capacity for growth.

The quarterly average LCR at the end of the year was 143%. We have maintained a focus on growing stable customer deposits with a historically high deposit-to-loan ratio of 86%, and stable deposit funding as a percentage of total funding, at 72%.

Onto capital, and the group's strong capital position is reflected in the ending CET1 of 10.94%.

Earnings generated 50 basis points of capital, and we returned 30 basis points to shareholders through dividends.

RWA benefit of 9 basis points is made up of 8 basis points from a reduction in underlying RWAs, along with 7 basis points from lower loan origination costs. This was partially offset by 6 basis points from runoff in securitisation.

We saw 15 basis points of impact from the branch strategy as a result of the conversion with payments made to former owner managers. Other impacts include the statutory adjustments, as I outlined earlier in my presentation.

We maintain our target capital ratio of 10.25 to 10.75%, and dividend payout ratio of 60 to 75% of cash earnings. We are in a strong capital position which has enabled the fully franked dividend of 20 cents per share representing 66.2% of cash earnings and a yield of 5.5% at the year-end share price. We will offer a non-discounted dividend reinvestment plan which will be satisfied through the on-market purchase of shares.

In summary, our results are evidence of considering the volume margin risk trade-off and a disciplined approach to the allocation of capital. Strong cost management through the simplification program pleasingly resulted in an underlying cost reduction. The demand we have seen from potential capital partners in equipment finance is encouraging, particularly the appetite for us to originate and service more customers with this product in a way that generates capital-light revenues and diversifies our income

streams. We will continue to be sharply focused on making decisions that improve our returns and drive long-term value for our stakeholders.

I will now hand back to Patrick for some closing comments.

Patrick Allaway: Thank you, Racheal.

Moving to slide 29 for our outlook. We're confident we can continue to execute on our strategy, and FY25 is validation of this.

Despite this, we're cautious about the outlook for FY26 due to geopolitical uncertainty and elevated industry headwinds. We continue to operate in a highly unpredictable macro environment which has increasing risks. Domestic economic growth is improving buoyed by higher household incomes, lower inflation, and cash rate reductions.

We welcome the recommendations from the Council of Financial Regulators' review of small and medium-sized banks aimed at strengthening competition in the sector. If implemented, these recommendations have the potential to materially improve BOQ's return on equity, reduce funding costs and ease regulatory impost, enhancing our ability to service our customers and communities, while delivering sustainable returns to our shareholders.

We expect elevated industry competition to continue into FY26 in home lending and for quality business lending, which is likely to put pressure on margin. While our housing runoff will slow, we're targeting at-system growth for business lending, driven by our areas of competitive strength.

Our focus remains on controlling what we can control. We expect next year's cost growth to be sub-inflation despite the material uplift in our expenses from the annualised impact from the branch conversion and increased amortisation. With robust asset quality and strong provisions, we expect LIE to remain below long-term averages, but drift higher over the longer term.

Finally, slide 30 sets out our FY26 priorities, anchoring to our competitive strengths, leveraging our Queensland heritage, specialist business bank capability, and the scalability of our end-to-end low-cost digital bank.

Our focus remains on enhancing our customer experience and improving shareholder returns with six key priorities for FY26: Optimising balance sheet mix and performance across both lending and funding, scaling deposit and lending through the retail bank digital platform and proprietary channel, accelerating the growth of our business bank in targeted specialist sectors, implementing and embedding improved risk practices through our remedial action plans, delivering the full run rate of the 250 million productivity target and driving further efficiencies into FY27, and finally continue to transform our culture.

Before I hand over to questions, I want to reiterate the strong execution and improved performance of the group this year. We're delivering on what we said we'd do and are well progressed through an ambitious transformation to a simpler specialist bank with an improved customer experience and people experience. The playing field in banking is evolving. Our agility, proven execution capability, preparedness to confront challenges head-on, and make bold decisions will remain critical to our ongoing evolution and success.

Thank you to all our people and shareholders for your continued support. I'll now hand back to Jess to open for questions. Thank you.

Jessica Smith: Thank you, Patrick. We will now move to questions. To ensure all participants have an opportunity to ask questions today, if you could please limit to two questions each. Operator, may we have the first question please.

Operator: Thank you. If you're not already in the queue and wish to ask a question, please dial star at any time. Our first question today comes from Matt Dunger from Bank of America. Matt, please go ahead after the beep.

Matt Dunger (BofA): Thank you very much Patrick and Racheal. I wanted to start off on the net interest margin, and you showed there was a full basis point benefit from asset pricing in the half. In first half 26, you're calling out competition. So could I just confirm in introductory, are you now suggesting that it'll be lower given the increase in competition and with the exit NIM below that 1.70% level?

Patrick Allaway: So Matt, we're not being bold enough to give an outlook for NIM. What we are saying is that we are seeing ongoing competition across both the asset and liability side of the balance sheet, but also in business and home lending. We do see risk to margin, but our strategy is really, really clear. We've defended margin over four halves now and increased our margin in the last half. And all of the strategic initiatives that we are pursuing are really, really focused on return.

And so we will continue to pull the levers that we can and control what we can, but we're not going to give an outlook for margin into FY26.

Matt Dunger (BofA): Thanks Patrick. And if I could just follow up with the advertised term deposit rates and some of your comments made there. Your pricing appears to be broadly in line with peers on what's being advertised, but you've seen some strong term deposit runoff. So how sustainable is this runoff and given Racheal's comments that the swap rates have reduced versus pricing lagging, do you expect that this is just a short-term reduction in your term deposit growth or can we see sustained pullback from term deposits?

Racheal Kellaway: Matt, hi. So there's a couple of parts to that. The first is as swap rates fell in the period, as I said, we didn't see pricing followed as quickly and so that's had an impact in the period across the industry. I think probably, and so that's a short-term impact, I would say.

Your question around whether it's short-term or long-term, actually what we are seeing is particularly given the spread difference between term deposits and savings has come in, customer behaviour has changed. And so if there's only a 40 basis point difference between a term deposit and a savings product, for example, customers are preferring putting their money into savings product, which is a really rational thing to do. And so we expect that that could be a trend that would continue.

In saying that, term deposits remain a very important funding tool for us. We find that when we shift price, it can dramatically change the inflows. And so as we look into the future and depending on where swap rates go, we would still consider term deposits as being a good funding source.

Operator: Thank you. Our next question is from Andrew Lyons from Jefferies. Andrew, please go ahead after the...

Patrick Allaway: Andrew, you're there?

Andrew Lyons (Jefferies): Yeah, can you hear me?

Patrick Allaway: I can hear you now. Thank you.

Andrew Lyons (Jeffries): Hello? Oh, great. Sorry about that. Just a first question just further to Matt's question just around your NIM, the second half NIM walk implies pricing was a 4-bp tailwind for lending and a 3-bp headwind for funding. So kind of implies a small tailwind in the second half net-net from competition. But looking forward, your outlook comments do imply elevated competition for both lending and deposits.

Now, I certainly don't want you to give an outlook for the margin, but is there anything towards the backend of the second half that you saw in pricing trends that deteriorated to such an extent that you are more concerned just around the state of competition at the moment?

Patrick Allaway: Yeah, look, thanks Andrew. So there's nothing that really is causing us to be cautious. I think what we are saying is competition remains elevated and so we're taking quite a cautious view, but we are really, really focused on being disciplined about where we want to grow and how we grow and how we manage our balance sheet. So we will be doing everything we can to protect margin, but I think we just want to call out that there is risk to margin and that's an industry phenomenon.

Racheal Kellaway: I think Andrew, just to add to that, there were two cash rate movements in the second half as well. With that comes some of those timing impacts that you typically see, so keep that in mind when you're thinking about the next half. The other thing we did in the period is we reset profitability on two small segments of our portfolio, which gave us a benefit in the second half. If you really pull back from those two elements, so as Patrick has outlined, we are expecting there to be continued intense competition for both business lending and home lending, and that will be an impact as we look forward.

Andrew Lyons (Jeffries): Okay, that's helpful, thank you for that detail. And then just a second one on expenses, slide 12 suggests the productivity program benefits actually accelerate in FY26 obviously, and you mentioned that the exit will be at the target of 250 mil. Despite this, your guidance still implies some expense growth in FY26, albeit sub-inflation and you've highlighted obviously amortisation and the like as headwinds. However, just given the acceleration in benefits over the course of the year, can cost actually fall or worse remain flat in FY27 given the full impact of those FY26 productivity benefits?

Patrick Allaway: So Andrew, I'll make some comment and Racheal might want to add to that. So look, I think the biggest step change which we called out in our talking points was that in FY26, we are going to be decommissioning about 40 core systems in our heritage bank from ME Bank. That will be a significant step change reduction in our cost base that really flows through into FY27, so you shouldn't expect to see any material benefit of that in FY26.

Outside of our productivity program, we also announced in August our partnership with Capgemini and we did say that we'd expect in excess of \$30 million of cost benefits into FY27 as well. So we are outside of the productivity program considering to consider what other initiatives we can take to lower our cost to serve and drive productivity benefits going forward. But I think the big one, which really comes into FY27 is decommissioning.

I think we're also at the same time investing, so whilst we've said there's inflation and increased amortisation and you've got about a 40 to \$42 million uplift again on the branch conversion, we are continuing to invest in bankers. We're investing in new regulation as well. We have said we're going to take any restructuring costs above the line in FY26 as well. So I think where we've landed is we think it's prudent to call out of a sub-inflation cost outcome for 26.

Operator: Thank you. Our next question comes from Brendan Sproules from Goldman Sachs. Brendan, please go ahead after the beep.

Brendan Sproules (Goldman Sachs): Thank you. Good morning, Brendan Sproules from Goldman Sachs. I just have a question on your business banking outlook. Obviously, you've had pretty good commercial loan growth and you've talked about the specific segments. One thing that's noticeable on slide 17 is the decline in deposit funding in that division. Could you maybe talk about the deposit strategy around these particular segments and what we can, I guess, expect into the medium term for deposits in business banking?

Patrick Allaway: Thanks for that Brendan. And so look, we have called out at the half year, we see this as a big opportunity for us. The business bank is being funded largely by our retail bank. As we sort of grow, particularly in the SME segment, we see a huge opportunity to grow lower cost funding through the business bank. So our current technology that we offer is not a great experience and so we are really, really focused on leveraging that opportunity and investing to build transaction banking capability and lower cost funding in the business bank.

But we're not there yet. We focus the transformation and the digital bank on building the retail digital capability. That's becoming a really strong deposit engine for us, but I think you should expect us to obviously focus on servicing business customers and growing that funding base as well.

Brendan Sproules (Goldman Sachs): And my second question is just on slide 23 around the transformation investment. Obviously, you've gone through a few years now of elevated investment spend as you build out that digital bank. 2025 showed you had about 190 million. Is this a normal level going forward or as you point out, there's some additional things you need to do like digital deposits in business banking, for example, as you just mentioned that we can see that start to rise again in the medium term?

Racheal Kellaway: Brendan, so the way that we think about the investment portfolio is, and you've called out the digital bank, we also had the integration cost from ME Bank in that period as well. So we were investing quite a proportion of our earnings every year back into the business. At the moment, we think about 190 to \$200 million is the right amount to invest in the bank given our earnings profile. In saying that, we will always look at opportunity to use capital if we can see value for shareholders in the long term.

And so at the moment, we're not flagging in an increase to the investment portfolio. We do have the capacity to remix that portfolio though, and some of the points that Patrick's made around investing further in the business bank could come from remixing what's actually been spent in that portfolio.

Operator: Our next question comes from Jonathan Mott from Barrenjoey. Jonathan, please go ahead after the beep.

Jonathan Mott (Barrenjoey): Thank you. My first question just relates again to the growth in the business bank. If you see the commercial loans, the growth rates really accelerated over the last few halves. First half 24 is flat. Second half, 3% sequential, then five. And this half at 8% sequential. So that's growing for SME more than twice system.

In the outlook statement, you say that you want to grow business banking at around system growth. Does that actually imply you actually think you're going a bit stronger than you'd like to when you actually need to pull that back just given how strong that growth has been?

Patrick Allaway: Not at all, Jon. I think we would like to accelerate and continue to accelerate. I think what we're doing is being prudent on pricing and recognising we're operating in a very competitive market. So

there are some deals that we just won't do because we're being really disciplined about price. But clearly the objective is, and we called this out a year ago, we haven't seen growth in our business bank. Actually if you look at the portfolio, the growth really had come from the housing portfolio and BOQS over previous years, that this is a core focus for us.

So we're investing in it. It's a core strategic priority for us as I called out in the six strategic priorities when I concluded in my presentation today. We want to accelerate this. We think growing at system is an appropriate call-out in terms of where we are, but we would love to grow faster than that. And we certainly would recycle and support that growth if we're getting the appropriate returns.

Jonathan Mott (Barrenjoey): Okay, so just clarifying that, you're actually saying that you'd like to grow at system is a bit of a conservative statement because you're currently growing twice system, but you're not applying the breaks. Is that correct?

Patrick Allaway: Yeah, look, I think Jon, as we sort of said, we're being very cautious in our outlook statements. We want to under promise and over deliver, and so it's a core strategic priority for us. We would like to continue and accelerate our growth rate. We're bringing on more bankers, which suggests that that should enable us to continue to accelerate. But we're not going to give targets that are difficult to meet and we are unsure about what margins are doing. So we will really focus on the sectors where we've got core capability, where we've got competitive strength and continue to push really hard.

Queensland will be a key part of that. You would've seen through the presentation we are re-emphasising our Queensland capability, our competitive strength in Queensland. We're the last standing major bank in Queensland and we're a Queensland bank, bank in Queenslanders.

Jonathan Mott (Barrenjoey): Thank you. And Racheal, in the very end of your comments, you mentioned that demand from capital partners for whole loan sales and forward flow ramps is very strong. You've talked about asset finance already. Are there any other areas of your book that you've had inbound inquiries on in recent times?

Racheal Kellaway: Well, we won't speculate on sort of portfolio sales, Jon, but I think what I would say is that there is strong demand in the market for origination and servicing capability. And that is the capability that we have and have been strengthening over the past couple of years with our investment profile. So where there is demand and liquidity and we've got an origination and servicing capability, you can expect that that would be a nice partnership to have. For us, it means diversified income streams. It means capital-light revenue and it means the ability to actually do more with our customers. And so it's a pretty exciting space from our perspective.

Patrick Allaway: Jon, I might just add to Racheal's comments. What we've said previously that the first step in our optimization was to shift our balance sheet mix. I think what capital partnerships give us, and this is the next phase, is real optionality about what we book on balance sheet and what we take off balance sheet. And there are some assets that might well be better suited to partners.

So I think you should assume that we're looking at a whole portfolio approach across our asset mix, and we will make appropriate decisions to manage our capital and funding where we feel that we can optimise returns but also grow non-interest income, but most importantly scale customer growth without the capital and funding requirements. So I think you should see this as a first step, but we will continue to explore other parts of our balance sheet as well.

Operator: Our next question comes from Richard Wiles from Morgan Stanley. Richard, please go ahead after the beep.

Richard Wiles (Morgan Stanley): Thank you and good morning everyone. Patrick, your answer to Motty's question sounds like the guidance on business loan growth is conservative. I'd like to ask you about your guidance on mortgages. I think from memory, you were previously expecting stability in the mortgage portfolio during the second half of 2025. That hasn't happened. So could you give us some reasons why the decline in the mortgage portfolio is continuing at a greater clip than what you might've previously expected?

Patrick Allaway: Sure, thanks Richard. So we had said that we expected peak contraction in FY25, and we would continue to have slower contraction through 26 and only returning to growth in 27. I think if you think about the impact on the second half, there were two big decisions that we made in the first half. So the first was that we had paused on our broker channel in both BOQ and VMA, but the second is that we converted our owner manager channel and we also consolidated branches. And so both of those have had an accelerated impact on runoff, though certainly within our plans.

And as I said earlier, we now have a converted proprietary channel that is delivering much higher returns. And the productivity that we're now getting from that branch channel is now equivalent to pre-conversion. So I think there's no surprise to the fact when you withdraw from the broker market and pause broker lending in two brands, but also the branch conversion and consolidation that certainly has accelerated the runoff.

We would expect that to slow into this year and certainly grow into next year. Clearly, we are up taking a very dynamic approach. This is all about return for us, so we're going to continue to make decisions which really reflect where we're going to get appropriate returns. So whilst that's some guidance, I mean clearly if markets shift and things change and we can write mortgages with much higher returns, we might accelerate that growth. But if we can't, then it might change.

So I think what we're saying to you is we feel that's probably the trend, but we'll continue to evaluate that as we go.

Richard Wiles (Morgan Stanley): Okay, thank you. And then just like you talk a little bit more about asset finance loss rates, slide 24 shows that the charge has gone from 2 to 15 to 25 in the last three halves. I think Racheal referenced an increase in the collective provision charge. So could you maybe talk about how bigger impact there was from that increase in the collective provision? Are you sort of indicating that that was a one-off increase in the CP, and what do you think is a sort of more normal underlying loss rate going forward? What should we be thinking about for 26 when it comes to the asset finance loss rates?

Racheal Kellaway: So the loan impairment expense experience in the year is definitely higher than what we would consider to be a long-run average by a significant portion. There are two parts to the story. The first is, and it's actually split about 50% either way. So about 50% of that increase came from specific provision increases. So they are write-offs that it was very much focused on dealer commercial broker portfolio. It's a small portfolio but it has had a disproportionate impact on our loan impairment expense. We have since ceased originating business through that business.

And then on the other side, the other 50% really does relate to the collective provision that you just talked to. What we saw was an increasing arrears through the first half. We took an increased collective through the second half by actually increasing our overlays on that portfolio. Specifically looking at two industries, they were construction and transport industries. We think we're being prudent but there's certainly a watch-out on this looking forward. And so I won't give necessarily next year guidance on that specific question, but it's certainly running higher than what we would consider to be an average over the long run.

Patrick Allaway: And Richard, I might just add to Racheal's comments. I mean we've said this is a more cyclical part of our book. Certainly what we're seeing is no different to what's happening in industry, so it's not related to our book. We have seen and you would've seen in the slide, arrears starting to stabilise. But it's something that obviously we're very focused on and ensuring that we are prompt on collections and managing through that. But it's a cyclical industry related part of the book that we're seeing those movements on.

Operator: Our next question comes from Brian Johnson from MST. Brian, please go ahead after the beep.

Brian Johnson (MST): Fantastic, and thank you very much for the opportunity to ask a question and also congratulations on being one of the few banks that's actually addressed goodwill. I had two questions if I may. Patrick, a lot of your narrative has been that front book mortgage pricing has been below the cost of capital. And everyone loves to say that the digital cost of origination really will make a difference, but relative to the net interest income, it's a pretty small line.

So I'd just like to understand why it is that last, how you can rationally justify the fact that about two weeks ago, you chopped the front book pricing on ME Bank which is the businesses out there that you actually chopped it down to pretty well Macquarie's rates, which clearly you were previously saying we're below the cost of capital. So can we just understand what's going on there?

Patrick Allaway: Thanks Brian, and thank you for your question and happy to clarify that. So look, I just want to reaffirm we remain absolutely focused on return and you're seeing the return growth profile delivering improved margin through FY25. We are taking a very disciplined approach to lending and so we recognise we also need to be dynamic in how we manage that and we take a portfolio approach when we set our pricing. We are not saying to you today that we're delivering a return and home lending above our cost of capital, but I think you would be very aware is if we are balancing runoff and revenue and cost. So we can't sit back and basically just take all of the assets off our balance sheet if we haven't managed the cost side of the balance sheet.

So as you see our pricing and market from time to time, it's really focused on balancing that revenue cost mix, which is really important and ensuring that the runoff is moderated such that we can continue to deliver profitable improvements from year to year. So don't take any one-off pricing on any product as a suggestion that we're back in the market looking to scale and grow. I think it's more around how we continue to think thoughtfully about dynamically managing our balance sheet and ensuring that we are getting appropriate returns across the portfolio, but also managing the revenue cost mix.

Brian Johnson (MST): So Patrick, that pricing pulse is not flowing through to basically the branches?

Patrick Allaway: I beg your pardon?

Brian Johnson (MST): That pricing pulse that we've seen on ME Bank and it's pretty chunky, that's not indicative of what we are seeing the real rate that you get when you go into a branch at the moment, a BOQ branch?

Racheal Kellaway: So if you look at BOQ branded pricing, Brian, that would be in line with market. It's a different price point than our ME brand.

Patrick Allaway: And Brian, I might just add to that as well, just so that converted branch channel now we are generating a much higher return through that proprietary channel now than we previously were. And so I think you should expect that our pricing will reflect that as well.

Brian Johnson (MST): The second question, if I may, just on the equipment finance piece, forward flow agreement, having read the ASIC independent report, it was pretty scary. And one of the things they spoke about is basically the private credit investor basically effectively getting the yield that the loan has made to an SPV and the manager is basically stripping out an even higher rate that basically the SPV is lending to basically the company, so the end investor gets a lower rate.

So I'm just interested is that if we have a look kind of in the private credit space, they don't run a lot of balance sheet liquidity. There's some pretty unusual fee retentions by the manager. Could you just give us a feeling who are the potential customers and what would you do and how would it flow through if we were to see a redemption cycle, but basically in the forward flow agreement? What would happen if we would actually see a redemption cycle? What would be the end risk that Bank of Queensland would run?

Because when you think about it, Patrick, most of the equipment finance is originated through a broker. You're then basically effectively giving the distribution, so distribution margin is largely given away. You are doing the underwriting, but it's actually the SPV investor that's actually taking the funding margin. Is this not... I know you get a bit of capital relief, but I'd just be interested on how you are thinking about that retention bit that BOQ would keep under that mechanism.

Patrick Allaway: Thank you, Brian. And there's quite a few questions in that, so I might start with the first one. We are dealing with very credible large organisations. This is not the low end of the private credit market of funds that have decided that this is a new growth area that they want to be in. These are large global insurance companies that basically have strong demand for these assets. These are large organisations that are very credible that have been in these credit markets for a long time and managing credit assets professionally and appropriately. So I would distinguish between some of the issues being called up by ASIC in the growing credit market compared to the bidders and the partners that we will be dealing with respect to this portfolio.

I think just to clarify, we are not taking the risk on our balance sheet. So the risk is fully passed to the asset holders, and so that enables the release of capital from our perspective. And in relation to forward flow agreements, I mean we have flexibility to continue to book on balance sheet if we require. But I think what we're saying to you is there's an opportunity to scale untapped demand in this sector where we would have concentration limits on our balance sheet. We've also said these assets are more cyclically exposed and so we see this as an opportunity to continue to support our customer demand and really meet their growth requirements with optionality.

And so we could bring those back on balance sheet if we wanted to or we could grow through forward flow agreements.

Operator: Thank you. Our next question comes from Ed Henning from CLSA. Ed, please go ahead after the beep.

Ed Henning (CLSA): Hi, thanks for taking my questions. Can I just start a first one on costs? And I just want to understand what changed from your guidance a little while ago when you were talking about costs in line with FY23, and FY26 slightly up for the branch conversion largely offset by productivity. Has that really been impacted just with you getting the decommissioning benefits coming through in 27?

And just further on that, you talked about Capgemini being a \$30 million benefit in 27, but the decommissioning a big one. Does that imply the benefits for the decommissioning is bigger than the Capgemini?

Patrick Allaway: I'll make a couple of comments, so thanks Ed. So first of all, what's changed? We have been managing our migration in a very considered manner and responding to our customer's needs and supporting our customers through that migration. That has resulted that there's a slight sequencing pushback of our decommissioning. And so what we're saying to you is some of those material benefits that we thought that we'd get from switching off ME legacy in FY26 are being delivered in FY27.

I think that's the material change, but we're also continuing to invest in the business. We did call out in August that we didn't want to basically make decisions for the long term that stopped us from doing investment in the short term, which impacted our performance. So certainly with the Capgemini partnership, we are going to expend some money in FY26, which is impacting the FY26 cost as well because we're going to get some material long-term benefits from that partnership.

Those are the two material changes as you think about where we go. To your second question, is the ME decommissioning a bigger cost benefit than the \$30 million that we're going to get from our partnership? Yes, it's material.

Ed Henning (CLSA): Okay, that's great. Thank you. And then just a second one, just a clarification. Today, you talked about the loan loss charge running below the long run average or we know through the cycle loss rate. Can you just clarify what you think the long run average is or through the cycle loss rate is that you'll be running below next year?

Racheal Kellaway: Yeah, I mean I'll talk about the long run average, but it may be that we don't get there next year. I mean, I think I've been calling out a return to long run averages for a couple of periods now and have been pleasingly wrong but still wrong.

And so if I think about the portfolio mix as it stands today, I would expect up to about 10 basis points in terms of a long run average. Obviously, there's quite a significant mix difference there with housing at one end of the spectrum and sort of asset finance at the other in the more cyclical times. And so we do think that it could get up to 10 basis points. I mean the other thing though is really over time as we've been calling out our balance sheet recycling and the remixing of our balance sheet may mean that that long run average does shift over time depending on mix.

Operator: Thank you. Our next question comes from John Storey from UBS. John, please go ahead after the beep.

John Storey (UBS): Hey, good morning Patrick. Congratulations to your team in a good set of results. I just got a little bit of a follow-up I guess just on the mortgage strategy and just wanted to get your views just on the economics between proprietary and broker as it obviously stands today. And then how would this ultimately evolve as you become more digitally focused? I mean, what does the economics look like there?

Patrick Allaway: Thanks John. So just in terms of our proprietary compared to broker, clearly with the conversion and with the proprietary channel we've got now, we will be delivering high returns through the proprietary channel. Our core strategy going forward is to leverage that capability and we are looking to shift the mix. Broker will remain an important part of our portfolio, but we will be certainly to look to shift the mix to a greater share coming from proprietary. So you should expect that ongoing focus.

In terms of digital mortgage, ultimately we want to originate all of our mortgages on the digital platform. We've started with broker and as I said in my script, the objective is through FY27 to have the vast majority of our mortgages originated through that platform. That is going to significantly and is significantly lowering

our cost to serve. So that will benefit both channels, so it will support a low cost to serve in our proprietary channel and in our broker channel.

But most importantly, it's giving a fabulous improved experience to customers. We're seeing really quick response times, as I said, conditional approval on the same day. And so we're quite excited about the growth both through our converted proprietary channel that we've got now, our digital mortgage, and the broker channel through ME Bank in particular will continue to be an important channel for us.

John Storey (UBS): And Patrick, just on that, that obviously gives you the confidence to kind of re-engage with the market. And obviously, you've kind of changed your views to some extent I guess today just around the runoff and the book and the pace of the runoff, and obviously re-engaging in the market in 26 and 27, right? Just the change in the economics just around digital is a driver of that, right?

Patrick Allaway: Yeah, look, I mean, we've always said our strategy, John, is to shift to a digital module and we really have to be one of the lowest costs to serve in the marketplace for us to compete in a more commoditized market. But as I said earlier to one of the questions, we will continue to assess returns and our whole strategy is focused on return overgrowth. And so we'll continue to look at what margins are doing in the marketplace and determine where we want to grow and which levers we pull to manage our balance sheet going forward.

So whilst we're giving you indications that we've got a much higher returning channel, our proprietary channel, digital mortgages will provide higher returns. We're going to continue to evaluate that and that will determine how fast our growth is and our balance sheet mix going forward.

Operator: Our next question comes from Nathan Lead from Morgans. Nathan, please go ahead after the beep.

Nathan Lead (Morgans): Thank you. Good day, Patrick and Racheal, just two questions for me. So first up, just wondering about the timing and the size of the benefit of migrating your non-ME legacy customers across onto the digital platform. That's the first question.

Patrick Allaway: Thanks Nathan. So look, that's a core part of our strategy. We started with ME, but obviously the objective is to convert all of our retail customers and the biggest cohort of that are BOQ customers. Now we are seeing a number of BOQ customers self migrate. We're also seeing new to bank customers, obviously come onto that channel. But I think you should expect us... We are planning now, so you should expect us to start BOQ migration into this financial year. I can't give you an end date, but the size of the prize is very big.

We're running two banks at the moment, so we've got duplicated cost across our digital bank and our heritage bank. What we've said to you is it's a material benefit and that's a big proof point that we'll deliver an FY26 for ME Bank. But the bigger prize is actually to shut down our BOQ heritage and have all of our retail customers on the digital bank.

That's going to take some time. I don't think you should expect that to happen in FY27. We need to carefully migrate customers and support them through that migration. But obviously, our learnings and efficiencies that we've got from running the ME Bank migration will help us do that in the faster way. So it's a core focus for us. One of the key priorities for us is to have all of our customers on the retail digital bank and to decommission all of our heritage core platforms.

I think one of the big benefits to call out is this is not just a front-end digital bank. This is an end-to-end digital bank. So unlike many of our peers, we are migrating customers and shutting down legacy. And that

will, one, create a lot of simplicity for us, two, reduce a lot of cost but also give us a lot more operational resilience as well for a far better experience for our customers. So we're quite excited by it.

Nathan Lead (Morgans): Right. Second question for you is just on that goodwill impairment. If I look into the notes of the accounts there, you've listed the discount rate from 10.15 to 12.7% for the retail bank. So it seems like a far higher discount rate than what your peers are running with. What are you seeing that justifies such a big increase in that amount or is it just a lever to ultimately help with the cash ROE?

Racheal Kellaway: Actually what's happened there, Nathan, is the base discount rate has not materially shifted, but we took a view of increasing the risk factor and that's what's driven the biggest increase up to 12.71% as you call out. Our view is we've been calling out for some time now and has been reinforced in our messages today, is that structural headwinds exist in the retail bank and so we increase the risk factor.

Operator: Our next question comes from Matthew Wilson from Jarden. Matthew, please go ahead after the beep.

Matthew Wilson (Jarden): Yeah, good morning team. Thank you for the opportunity to ask a question. Obviously, it's clear from today that the business bank is a clear part of your growth strategy. However, when we look at it, we've had six divisional heads of the business bank in five years, the last one only lasts two months. We never hear when they go, but we hear when they come from a market perspective. Could you please add some colour to sort of what's happening in the leadership there given it's such an important part of the growth strategy, how you are pitching to bankers with that constant change in leadership? And I have a second question.

Patrick Allaway: Thanks for that question, Matthew. Look, I think that the ultimate test is how is the business bank performing and we haven't missed a beat. So we have shifted the strategy. We decided to change leadership with that shift in strategy when we called out to market what we were trying to do.

The leadership team within our business bank across our general management group have done a phenomenal job in growing at 14% over the past year. So I think the key test for us is how's the business bank performing? Are we delivering on what we said we were going to do? And it's great also to make an internal appointment with Keith Strachan now who has been one of the lead GMs running the business bank over the last three years, and driving the change strategy for Keith to join exco. And I'm really confident that he will continue to progress the strategy that we've got.

Matthew Wilson (Jarden): Okay, thank you. And then secondly, over the last decade, you've pushed \$1.3 billion of charges below the line. I don't think there's a year that you've missed putting an item below the line given that you're sort of talking about nearly finishing the transformation. Can we have a commitment from you that there will be no more charges below the line? And can you give us an update on the OMB dispute?

Racheal Kellaway: So I'll take the first question there. We did actually, in the announcement that we made in August, we talked about an update to our accounting policy, which says that going forward things like restructuring charges, we will take above the line. That has been a more common practise now with peers and we will be taking them above the line and calling them out clearly so you can still see an underlying cost number.

We've always maintained that putting things below the line provides transparency and comparability across the results. And I think we've never hidden the detail, but we've been very clear about it. We will in

the event of things like material acquisitions or divestments, we will continue to take those below the line for comparability purposes.

Patrick Allaway: Thanks Racheal. Look, before I get on to the OMB, the other thing I just wanted to call out is we did in 2023 when we called out the change in strategy with the four strategic pillars that we're focused on, but also the productivity initiative. We did call out that there would be a material restructure in the organisation. We're fundamentally changing the way we operate. That's through our distribution channels, it's through how we operate our processes, it's through technology change and that has resulted in some material change for the group.

I think what we've said is that the digital banks now largely built, we've had a significant change in roles. And I think it's appropriate that that core investment that we've made which is delivering material benefit to shareholders through our productivity initiative. With that fundamental shift that we had over the last three years, it's appropriate now to take it above the line.

From the owner manager perspective, we've paid all of their entitlements. We did say at the half that there are a number of owner managers still in dispute. There have been no legal claims. We are not aware of any legal claims and we are now sort of over 12 months in from the original announcement. So it's business as usual, and we're comfortable that the conversion costs that we called out is appropriate.

Operator: Thank you. Our next question comes from Carlos Cacho from Macquarie. Carlos, please go ahead after the beep.

Carlos Cacho (Macquarie): Thank you very much. Thanks for the opportunity to ask a question. I just wanted to ask about if you give us some more detail about deposits within the retail bank. You've seen some pretty, I guess, been growing well below peers there. Deposits have shrunk half on half. It looks like mostly TDs would be interesting to understand. Now, what sort of customers are driving this? Is that the hot money investor looking for a good return or is this the fact the mortgage book is shrinking and so you're losing bank customers as a result of that?

Racheal Kellaway: Yeah, so I mean there's been a couple of things that we've seen in the market shift is the first thing I'd say in terms of customer behaviours and then in terms of pricing dynamics, some of which are outlined a little bit earlier. We actually take a group approach to funding is probably the way that I would start the answer. And that is we have had a low funding ask given that we have been in aggregate rolling off our assets. And so we will always look then to optimise where we roll off in terms of the highest cost. And that has been through term deposits in this period.

The real, the longer term approach to gathering deposits is going to be through the digital channels that Patrick's been talking about today. And an acquisition tool there really is savings, but we are seeing increasing engagement from our customers in terms of all those lower cost deposits. So they're transaction accounts that typically come with them. But we have been very transparent. We think that that will take some time to build up, but it's certainly a core part of our focus.

Carlos Cacho (Macquarie): Maybe just then following up, I guess it'd be good to understand a bit more on your strategy on deposits. You've got between the brands and particularly the legacy BOQ business. You've got a lot of different products. You've been growing well below system. Obviously, the funding off has been low but if you look forward, what sounds like it's the digital bank as the focus, but is there a risk that if you decommission the legacy BOQ band, there's a significant increase in costs if you have old legacy savings at much lower rates.

How are you thinking about balancing that decommissioning and actually growing deposits particularly so you return to growth in the mortgage book?

Patrick Allaway: Yeah, so look, we've been balancing that as we've decommissioned, as we've migrated ME customers. The myBOQ brand, which is our digital banking app for BOQ, you should expect that that will be the core deposit engine for the retail bank. We announced a really exciting partnership with Virgin Australia today as well where through that partnership, we're looking for them to market transaction accounts into their 13.5 million members. We think that's a huge opportunity for us to drive growth through that brand.

And then obviously our ME channel will continue to also focus, but I think we are using the brands very differently and you should expect myBOQ to be the core driver of deposit growth for the group, leveraging our Queensland strength.

Operator: Thank you very much. There are no further questions. I'll now hand back to Jessica.

Jessica Smith: Thank you, and thank you again for joining today's call. If you have any further questions, please reach out to the investor relations team and we look forward to connecting with many of you over the next few days. Thank you.