

FY25 FINANCIAL RESULTS

For the full year ended 31 August 2025

BOQ delivers improved financial performance in FY25, with strong execution against strategic commitments to transform to a simpler, specialist bank

Statutory net profit after tax \$133m ▼53% on FY24	Cash earnings after tax \$383m ▲12% on FY24	Net interest margin (NIM) 1.64% ▲8bps on FY24	Home lending growth (\$4,293m) ▼7% on FY24	Commercial lending growth \$1,598m ▲14% on FY24
2H25 dividend per ordinary share¹ 20c 18c at 1H25	Cash earnings per ordinary share 58.3c ▲12% on FY24	Cash operating expenses \$1,072m Flat on FY24	Cash return on av. equity (ROE) 6.4% ▲70bps on FY24	Common equity tier 1 (CET1) ratio 10.94% ▲28bps on FY24

Bank of Queensland Limited (BOQ) today reported statutory net profit after tax of \$133 million for the full year ended 31 August 2025 (FY25), and cash earnings after tax of \$383 million.

The consistent and disciplined execution of the Group's strategy has delivered tangible financial and operational benefits, and improved shareholder returns in the period. The 12% increase in cash earnings was driven by 4% growth in revenues, flat expenses and a moderate loan impairment expense. Adjustments to statutory earnings included the previously disclosed impairment of goodwill apportioned to the retail bank and restructuring costs to simplify distribution channels and operations.

Key financial metrics improved on the prior year, including a 70 basis point improvement in return on equity, a 210 basis point reduction in the cost-to-income ratio and an 8 basis point improvement in margin.

Key strategic initiatives delivered in FY25 include:

- The shift in balance sheet mix to improve returns through recycling lower returning home lending capital into higher returning commercial lending, which grew strongly at 14% on FY24.
- The migration of customers off heritage systems to a materially improved experience, with 44% of retail customers now on the digital bank. The launch of the digital mortgage marked a further step towards delivering a fully end-to-end digital bank, enabling a lower cost to serve and scalable growth. The platform is delivering conditional approval in less than 90 seconds and same day unconditional approval².
- The successful conversion of all owner-managed branches to BOQ's higher returning proprietary channel. The conversion has increased margin by 12 basis points in the half and enabled a more targeted physical footprint, particularly in Queensland, complementing the national digital channel.
- The simplification of the business, delivering sustainable cost reduction, with underlying expenses³ reducing 4% on FY24. Productivity benefits of \$250m are expected to be delivered on an annualised basis on exit of FY26. A material component of the productivity program is the decommissioning of ME heritage platforms, following full migration of ME customers to the digital bank, which will occur in FY26.

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 For simple application types for straight through processing, median of four days across all home loan types and complexities.

³ Underlying expenses excludes the uplift from the branch conversion.

BOQ Group

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Over the course of FY25, the Group continued to support its customers and communities as the bank of choice for approximately 1.5 million Australian households and businesses, achieving 3% customer growth in FY25. Building on its foundational 150-year Queensland heritage, the Group launched its “Bank of Queenslanders” campaign and introduced more bankers into regional growth corridors.

Improved risk practices continued this year as the Group delivered on its two Remedial Action Plans. The rQ and AML First programs have now completed 44% of total activities.

The Group maintained strong financial resilience throughout the year with a closing CET1 ratio of 10.94%, a Liquidity Coverage Ratio (LCR) of 143%⁴, and strong provisioning on a sound portfolio of lending assets.

The Board has determined to pay a fully franked final dividend of 20 cents per share, representing a payout ratio of 66.2% of reported 2H25 cash earnings and yield of 5.5%⁵.

Managing Director & Chief Executive Officer Patrick Allaway said:

“We have made strong progress in FY25, delivering on our transformation and improving financial performance.

In 2023 we reset our strategy to strengthen, simplify, digitise and optimise the performance of BOQ. We are 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.

We’ve seen encouraging momentum across our core businesses with strong growth in business lending and have expanded our proprietary acquisition channels. We continue to invest in bankers and technology, improving our customer relationships and digital banking experience.

Our ability to address emerging challenges and proven track record of executing our strategy are important factors supporting our transformation and future success.”

FY25 RESULTS SUMMARY

- **Statutory NPAT** was \$133 million, a decrease of 53% on FY24. The statutory result included one-off items related to strengthening and simplifying the business, including: \$170 million goodwill impairment, \$43 million branch strategy costs, \$25 million restructuring costs as a result of operating model simplification, and an additional \$14 million for the Remedial Action Plans following an updated assessment of activities needed to complete the program.
- **Cash NPAT** of \$383 million was up 12% on FY24, driven by improvement in margin, simplification benefits and moderate loan impairment expense.
- **Total income** of \$1,657 million was up 4% on FY24, driven by 4% increases in both net interest income and non-interest income.
- **Net interest income** of \$1,515 million was up 4% on FY24, reflecting an 8 basis point improvement in NIM, partially offset by a 1% contraction in average interest earning assets (AIEA).
- **Non-interest income** of \$142 million was up 4% on FY24, as higher income from business lending fees and the branch conversion were partially offset by lower trading income and reduced gains on the sales of leasing equipment.

⁴ Quarterly average LCR as at 31 August 2025.

⁵ BOQ share price \$7.27 as at 29 August 2025.

- **Net interest margin** was 1.64% for FY25, up 8 basis points on FY24 and 13 basis points half on half. The majority of the uplift 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.
- **Operating expenses** of \$1,072 million were flat on FY24. Simplification initiatives offset inflation, the uplift from the branch conversion, and ongoing investment in the Business Bank, digital transformation, and risk and regulatory programs. Excluding the uplift from the branch conversion, expenses reduced 4% on FY24.
- **Loan impairment expense** of \$21 million increased 5% on FY24, and represents 3 basis points to gross loans and advances. The increase was driven by asset finance with an increase in the collective provision, partly offset by commercial lending which experienced lower collective and specific provisions as a number of large, impaired matters were resolved, and arrears continued to improve. Home lending remained benign with a contraction of balances and strong property valuations.
- **Cost-to-income ratio** of 64.7%, a decrease of 210 basis points on FY24, due to productivity benefits delivering flat operating expenses, and higher income.
- **2H25 final dividend¹** BOQ has determined to pay a final fully franked 2H25 dividend of 20 cents per share, representing a payout ratio of 66.2% of 2H25 cash earnings.
- **Cash earnings per share** increased 12% on FY24 to 58.3 cents per share.
- **Cash return on average equity (ROE)** increased 70 basis points to 6.4% on FY24, due to higher cash earnings.
- **Cash return on tangible equity (ROTE)** increased 80 basis points on FY24 to 7.9%, driven by higher cash earnings.
- **CET1** increased 28 basis points on FY24 to 10.94%, above the top end of the management target range of 10.25 – 10.75%.
- **Retail GLA⁶** contraction of \$3,142 million in the year reflected the continued prioritisation of economic return over volume and recycling capital to higher returning business lending assets.
- **Business GLA⁷** growth of \$523 million was driven by strong commercial lending across healthcare, agriculture, and diversified businesses and asset finance lending primarily across novated leases, partially offset by the planned reduction in home loans originated through the Business Bank.
- **Customer deposits** contraction of \$632 million, or 1% on FY24 was driven by targeted run-off in term deposits. The deposit to loan ratio of 86% increased 200bps on FY24.

OUTLOOK⁸

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. It is expected that the economy will strengthen further over the course of FY26, reflecting the benefits of lower inflation and stronger growth in household disposable incomes. Additional cash rate reductions in FY26 are expected and this should provide further support to the domestic economic outlook. While ongoing geopolitical uncertainty has the potential to negatively impact on the economic and financial market outlook, the Group remains optimistic about the longer-term view.

⁶ Retail GLA includes housing and other retail in the Retail Bank division.

⁷ Business GLA includes housing, commercial and asset finance in the Business Bank division.

⁸ BOQ house view. Subject to no material change in market conditions.

Elevated competition for housing lending and quality business lending is anticipated to continue. BOQ's mortgage book is expected to experience modest decline, as the Group continues to prioritise higher returning business lending, which is targeting growth broadly in line with system.

There are risks to the margin outlook driven by the uncertainty of the depth and timing of cash rate movements, as well as a heightened competitive environment for lending and deposits. Expense growth is expected to be sub-inflation in FY26, including an uplift from the full year impact of the converted branch network, higher investment and amortisation, partly offset by further simplification benefits.

Loan impairment expense below long run average loss rates is expected to continue in the short term. Asset quality remains sound, diversified and well collateralised.

There is no change to the CET1 capital management target range of 10.25 – 10.75% and the dividend payout ratio target range also remains unchanged at 60 – 75% of cash earnings⁹.

INVESTOR BRIEFING

BOQ's results webcast will be held today at 10:00am AEDT. The webcast address is:

<https://meetings.lumiconnect.com/300-927-181-661>

ENDS

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

⁹ The amount of any dividend 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.