

FY26 FINANCIAL RESULTS

For the full year ended 31 August 2026

BOQ delivers strategic milestones and significant progress towards a simple, specialist bank; balance sheet optimisation supported capital return to shareholders

Statutory net profit after tax \$250m ▲88% on FY25	Cash earnings after tax¹ \$358m ▼7% on FY25	Cash earnings per ordinary share¹ 54.4c ▼7% on FY25	Home lending growth (\$4,633m) ▼8% on FY25	Commercial lending growth \$2,062m ▲16% on FY25
2H26 dividend per ordinary share² 20c 20c at 1H26	FY26 special dividend³ 15c Paid August 2026	Net interest margin 1.70% ▲6bps on FY25	Cash return on average equity¹ 6.1% ▼30bps on FY25	Common equity tier 1 (CET1) ratio⁴ 11.64% ▲70bps on FY25

Bank of Queensland Limited (BOQ) today reported statutory net profit after tax of \$250 million for the full year ended 31 August 2026 (FY26), and cash earnings after tax, excluding notable items, of \$358 million.

The FY26 result reflects the delivery of capital initiatives and continued cost discipline during another transformational year for BOQ. Total income increased 1% over the year, reflecting a 6 basis point improvement in margin, partially offset by lower average interest earning assets, and a 12% increase in non-interest income, as new income streams commenced.

Disciplined cost management resulted in costs below inflation, in line with guidance, increasing 2%, excluding notable items. LIE increased by \$33 million, primarily due to the non-repeat of a commercial lending write back in the prior year. Cash earnings after tax¹ were down 7% on the prior year.

BOQ remains committed to becoming a simple, specialist bank. Leveraging our strong Queensland heritage, we are focused on growing in customer segments where we have proven capability, enabled by our digital platform and strategic partnerships, to deliver improved outcomes for customers and sustainable growth for shareholders.

The Retail Bank met its commitment to migrate all ME customers off legacy platforms, with the ME brand in market on the new platform across banking, at-call, term deposits and home lending. The digital bank continued to scale with 88% of August home lending applications through digital channels across all brands, and over \$2 billion of new-to-bank deposits on the digital bank in FY26.

BOQ's business banking proposition is underpinned by its strong position in Queensland and deep industry expertise in key segments. There are now eight co-located retail and business branches in growth corridors across Australia. The Business Bank delivered 16% commercial lending growth, with an ongoing focus on health, agriculture and diversified industries, primarily to small-to-medium businesses, in line with the Business Bank's strategic focus.

¹ Cash earnings after tax excluding notable items.

² 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.

³ Fully franked special dividend was announced to the ASX on 10 August 2026 and paid on 24 August 2026.

⁴ Pro-forma CET1 adjusted for the remaining on-market share buy-back is 11.14%. As at 31 August 2026 ~\$11m shares have been purchased out of the planned \$196m. Refer footnote 6.

The Group established its capital partnership with Challenger Limited this year, resulting in the whole-of-loan sale of \$3.6 billion of equipment finance assets, and commencing a forward flow arrangement⁵ for ongoing origination and servicing of assets. This partnership allows BOQ to scale its equipment finance lending in the forward flow, generating capital light earnings, without capital or funding requirements, and with no direct credit exposure. Following completion of the deal, BOQ paid a fully franked special dividend of 15 cents per share and commenced an on-market share buy-back, which is expected to be completed in FY27⁶.

Simplifying the business and driving productivity benefits remain a key focus for the Group. On exit of FY26, 82% of the productivity program launched in 2023 has been delivered. Initiatives completed this year included business processing transitioning to Capgemini and further property optimisation. Decommissioning of the ME Bank heritage environment is underway, with benefits from this and the Capgemini technology partnership expected to be delivered in FY27.

The Group continued to deliver on improving risk practices and risk culture. Both Remedial Action Plans are well progressed with 74% of activities now complete.

The Group maintained strong financial resilience throughout the year with a closing CET1 ratio of 11.64% and a quarterly average Liquidity Coverage Ratio of 136.3%. Asset quality remains sound; however, the Group is closely monitoring the pressures facing households and businesses.

The Board has determined to pay a fully franked final dividend of 20 cents per share, representing a payout ratio of 72.9% of reported 2H26 cash earnings excluding notable items. This is a yield of 6.1% on the year end share price, and brings the full year total dividend yield to 8.4%⁷.

Managing Director & Chief Executive Officer Rod Finch said:

"FY26 was a year of consistent delivery for BOQ. We completed the ME migration, transitioned mortgage origination to digital channels, and continued to grow our Business Bank. All ME customers are experiencing an end-to-end digital banking proposition. These achievements reflect our progress in simplifying the bank, strengthening our risk foundations and investing in a scalable digital platform.

"We maintained disciplined cost management and further strengthened our capital position. Reflecting the Group's resilient financial position and strong capital levels, we returned 55 cents per share to shareholders during the year, including a fully franked special dividend of 15 cents per share.

"As we enter FY27, we are well positioned for a sustainable return to growth. While economic conditions remain uncertain, the foundations we have built give us confidence in our ability to deliver for our customers and shareholders."

⁵ The forward flow arrangement has a 12-month initial term, extendable by agreement between the parties.

⁶ The final amount of the buy-back is planned for up to \$196 million, and the exact timing and amount of the buy-back of any shares made from time to time will depend on a number of factors including market conditions, available trading windows, BOQ's prevailing share price, its future capital requirements and any unforeseen developments or circumstances that may arise in the course of the buy-back. BOQ reserves the right to suspend or terminate the buy-back at any time.

⁷ Includes special dividend.

OUTLOOK⁸

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

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

A modest uplift in margin in 1H27 is expected, subject to market conditions, alongside higher non-interest income from the capital partnership⁵, offset by lower average interest earning assets. Equipment finance originations and servicing through the partnership are expected to generate capital light earnings for the Group, with no direct credit risk exposure or funding requirements. BOQ retains flexibility to originate facilities onto its own balance sheet or through the forward flow arrangement.

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

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

INVESTOR BRIEFING

BOQ's results webcast will be held today at 10:00am AEDT. The webcast address is:
<https://meetings.lumiconnect.com/300-076-822-217>

FY26 RESULTS SUMMARY

- **Statutory NPAT** was \$250 million, an increase of 88% on FY25, primarily due to an impairment of goodwill in FY25.
- **Cash earnings after tax excl. notable items** were \$358 million, down \$25 million or 7% on FY25. Income increased marginally, while full year expense growth was below inflation. LIE increased by \$33 million.
- **Notable items** of \$47 million were recognised in 2H26 relating to the impairment of aged technology assets and low value corporate and branch network assets.
- **Cash earnings after tax** were \$325 million, down \$58 million or 15% on FY25, reflecting the impairment charge and due to a higher loan impairment expense off a low base.
- **Total income** of \$1,679 million was up 1% on FY25, driven by an increase in both net interest income and non-interest income.
- **Net interest income** of \$1,520 million increased by \$5 million, driven by a 6 basis point improvement in net interest margin (NIM) to 1.70%, partially offset by a decline in average interest earning assets.

⁸ Subject to no material change in market conditions.

⁹ The amount of any dividend paid will be at the discretion of the Board and subject to capital requirements of the business.

- **Non-interest income** of \$159 million was up 12% on FY25, reflecting higher business lending fees, increased origination and servicing fees from the capital partnership, and ceasing the revenue share arrangement following the branch conversion in 2H25.
- **Net interest margin** was 1.70%, up 6 basis points on FY25. The increase reflected the full year benefits of the branch conversion completed during FY25, funding optimisation, and higher returns from the replicating portfolio and unhedged low-cost deposits and capital. This was partially offset by ongoing competition across home and business lending. NIM was up 6 basis points on 1H26 primarily due to funding optimisation and higher interest rates, partially offset by competition for lending.
- **Operating expenses excl. notable items** increased by \$26 million, or 2%, on FY25, reflecting the full year operating costs of the branch network, investment in business bank growth, group-wide transformation and higher amortisation costs. These costs, as well as inflation and ongoing investment in risk and regulatory programs, were materially offset by savings from productivity initiatives.
- **Loan impairment expense** of \$54 million increased \$33m on FY25, primarily due to the non-recurrence of a provision release in commercial lending in FY25. The asset finance expense remained in line with FY25 due to a specific provision for a single large asset finance exposure. Loss rates in retail and commercial portfolios remained low.
- **Cost to income ratio**¹⁰ of 65.4%, an increase of 70 basis points on FY25, reflects a full year of branch network costs, inflation and higher amortisation, partly offset by productivity benefits, an increase in non-interest income and a 6 basis point improvement in NIM.
- **2H26 final dividend**² BOQ has determined to pay a final fully franked 2H26 dividend of 20 cents per share, representing a payout ratio of 72.9% of reported 2H26 cash earnings excluding notable items.
- **Special dividend** of 15 cents per share fully franked was paid to shareholders on 24 August 2026 following completion of the capital partnership and associated capital return.
- **Cash earnings per share**¹⁰ decreased 7% on FY25, driven by a 7% decline in cash earnings after tax.
- **Cash return on average equity (ROE)**¹⁰ decreased 30 basis points to 6.1% on FY25, driven by the decline in cash earnings after tax.
- **Cash return on tangible equity (ROTE)**¹⁰ decreased 60 basis points on FY25 to 7.3%, driven by the decline in cash earnings after tax.
- **CET1** increased 70 basis points on FY25 to 11.64%, driven by the capital generated through cash earnings net of dividends and capital released from the equipment finance whole-of-loan sale. It is above the top end of the management target range of 10.25 – 10.75%.
- **Home lending** contracted \$4.6 billion, or 8%, on FY25, reflecting lower settlement volumes and higher portfolio run-off in a period of significant transformation activity. In 2H26, housing application volumes and portfolio run-off improved, providing momentum for the planned return to home lending growth in FY27.
- **Business lending**¹¹ growth of \$2.4 billion, normalised for the reduction in equipment finance assets as part of the whole-of-loan sale, was driven by commercial lending across healthcare, agriculture, and diversified businesses.
- **Customer deposits** contracted by \$3.8 billion, or 6%, on FY25 reflecting lower funding requirements as housing lending volumes contracted and the focus on funding optimisation following the equipment finance whole-of-loan sale. The Group has maintained strong funding diversification with the deposit to loan ratio increasing to 87%.

¹⁰ Cash earnings basis excluding notable items.

¹¹ Business lending refers to Commercial Lending and Asset Finance.

ENDS

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

IMPORTANT INFORMATION

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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