BOQ GROUP

2025 HALF YEAR RESULTS

For the period ended 28 February 2025

BOQ Group 2025 Half Year Results

Bank of Queensland Limited | ABN: 32 009 656 740

ASX Appendix 4D
for the half year period ended 28 February 2025

Results for announcement to the market [(1)]

				$ million
Revenues from ordinary activities [(2)]	Up	**1%**	to	802
Profit from ordinary activities after tax attributable to members [(2)]	Up	**13%**	to	171
Profit for the period attributable to members [(2)]	Up	**13%**	to	171

Dividends	**Record Date**	**Paid or payable on**	**Amounts per security**
Ordinary shares (BOQ)			
Full year ordinary dividend - fully franked	**28-Oct-24**	**19-Nov-24**	**17 cents**
Interim ordinary dividend - fully franked	**1-May-25**	**23-May-25**	**18 cents**

(1) Rule 4.2A.3. Refer to Appendix 7.1 for the cross reference index for ASX Appendix 4D.

(2) On prior corresponding period (six months ended 29 February 2024). Based on statutory profit results.

Contents

Financial performance

For the half year ended 28 February 2025

1. Financial highlights

1.1 Reconciliation of cash earnings to statutory profit

Note on cash earnings to statutory profit

Statutory profit is prepared in accordance with the *Corporations Act 2001* and the Australian Accounting Standards, which comply with the International Financial Reporting Standards (**IFRS**). Cash earnings is a non-accounting measure commonly used in the banking industry to assist in presenting a view of the underlying earnings of Bank of Queensland Limited and its controlled entities (**BOQ** or **the Group**).

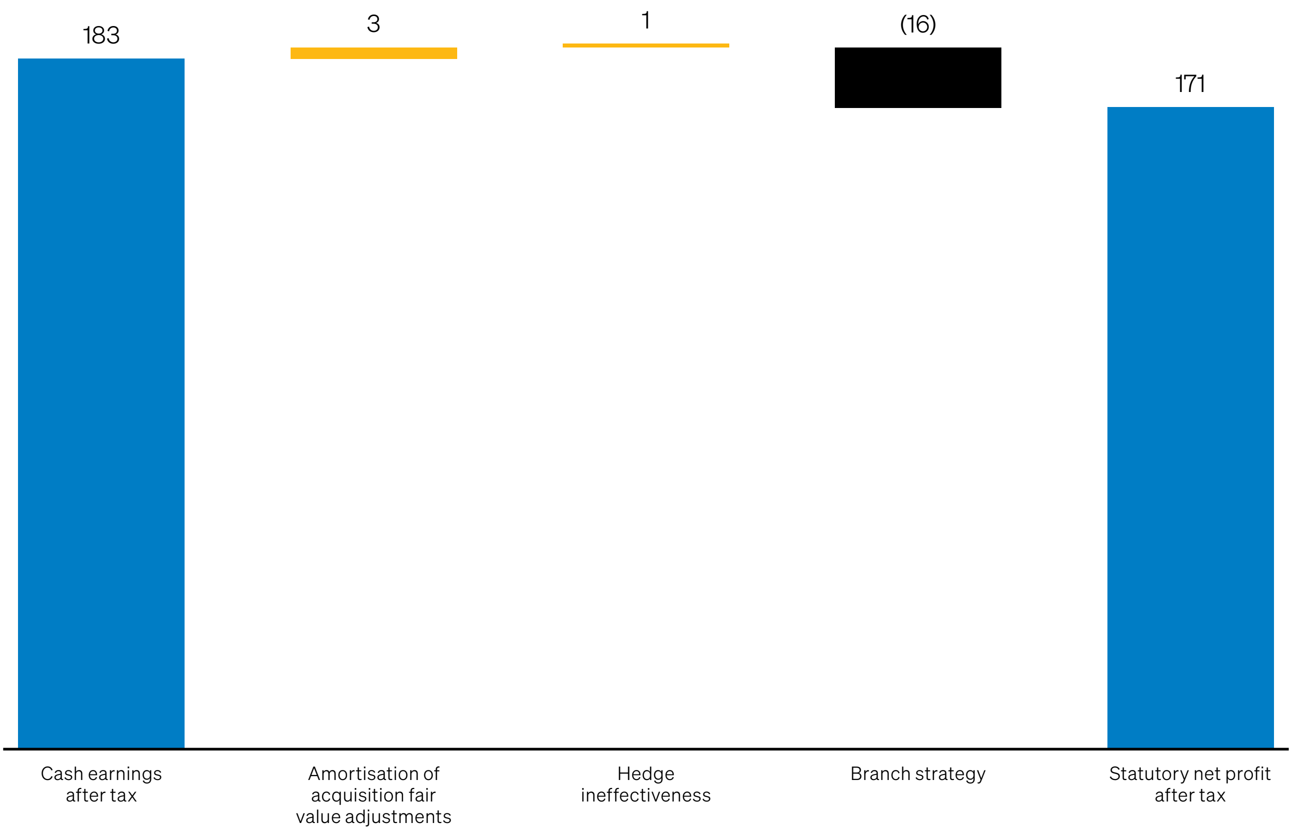
Figures disclosed in the Financial Performance report are on a cash earnings basis, unless stated as being on a statutory profit basis. The non-statutory measures have not been subject to an independent audit or review.

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

The exclusions from cash earnings in 1H25 relate to:

- Amortisation of acquisition fair value adjustments – arise from the acquisition of subsidiaries;
- Hedge ineffectiveness – represents earnings volatility from hedges that are not fully effective and create a timing difference in reported profit. These hedges remain economically effective; and
- Branch strategy – costs of converting the Owner Managed branch (**OMB**) network to corporate branches by March 2025, as announced in August 2024, and costs associated with the optimisation of the network. Further detail is contained within 1.2 Financial Summary: Branch strategy update; and 6.5.4 Events subsequent to balance date.

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



In the financial tables throughout the Financial Performance report, 'large' indicates that the absolute percentage change in the balance was greater than 200 per cent or 500 basis points. 'Large' also indicates the result was a gain or positive in one period and a loss or negative in the corresponding period.

Financial performance

For the half year ended 28 February 2025

1.1 Reconciliation of cash earnings to statutory profit (continued)

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

	Half year performance				
	Feb 25 $m	Aug 24 $m	Feb 24 $m	Feb 25 vs Aug 24	Feb 25 vs Feb 24
Cash earnings after tax	**183**	171	172	7%	6%
Amortisation of acquisition fair value adjustments	**3**	-	1	large	200%
Hedge ineffectiveness	**1**	(1)	(3)	large	large
Branch strategy	**(16)**	-	-	n/a	n/a
Sale of New Zealand asset portfolio [1]	**-**	(3)	(19)	(100%)	(100%)
Restructuring costs [2]	**-**	(33)	-	(100%)	-
Statutory net profit after tax	**171**	134	151	28%	13%

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

(2) Restructuring costs incurred in 2H24 as a result of a Group operating model review to simplify the business.

(b) 1H25 Non-cash earnings reconciling items

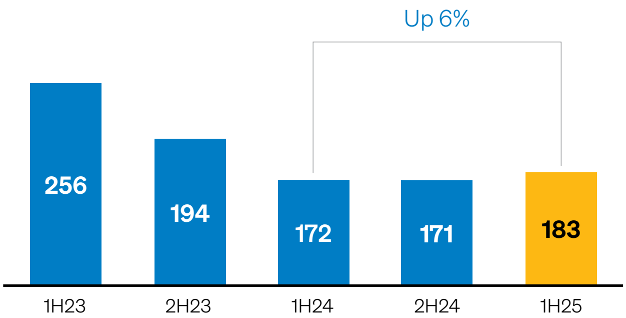
	Cash earnings Feb 25 $m	Amortisation of acquisition fair value adjustments $m	Hedge ineffectiveness $m	Branch strategy $m	**Statutory net profit Feb 25 $m**
Net interest income	**725**	8	-	-	**733**
Non-interest income	**68**	-	1	-	**69**
Total income	**793**	8	1	-	**802**
Operating expenses	**(520)**	(4)	-	(23)	**(547)**
Underlying profit	**273**	4	1	(23)	**255**
Loan impairment expense	**(3)**	-	-	-	**(3)**
Profit before tax	**270**	4	1	(23)	**252**
Income tax expense	**(87)**	(1)	-	7	**(81)**
Profit after tax	**183**	3	1	(16)	**171**

Financial performance

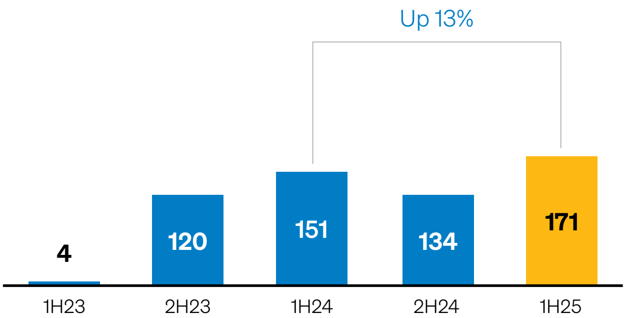
For the half year ended 28 February 2025

1.2 Financial summary

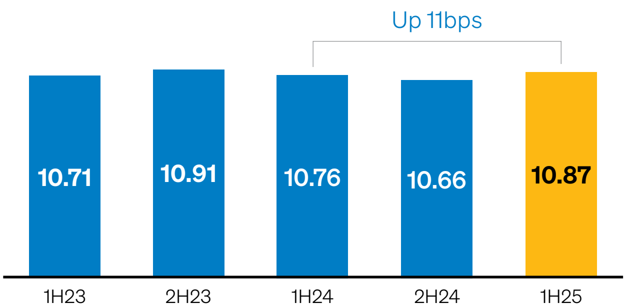
Cash earnings after tax ($m)



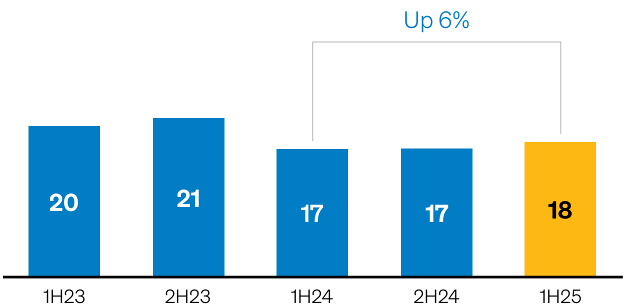
Statutory net profit after tax (**NPAT**) ($m)



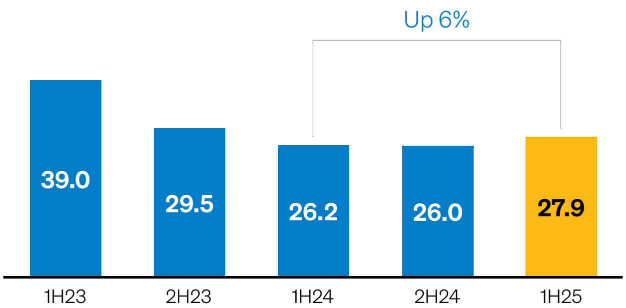
Common equity tier 1 ratio (**CET1 ratio**) (%)



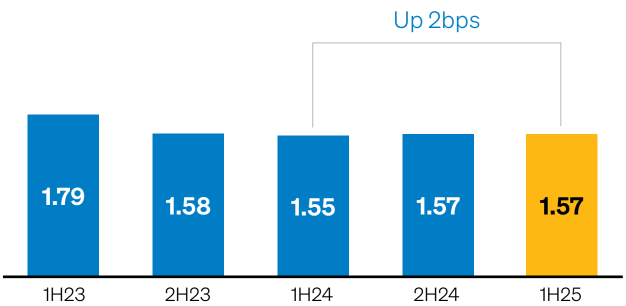
Dividends per ordinary share (cents)



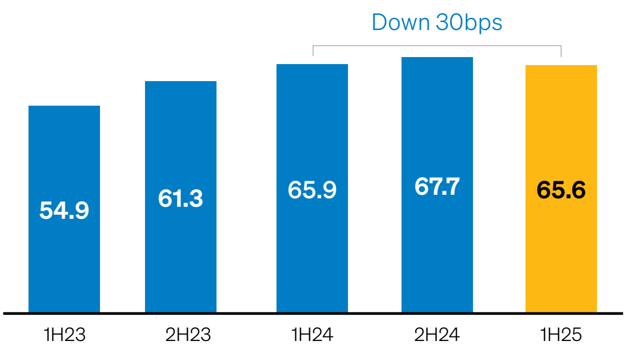
Cash basic earnings per share (**EPS**) (cents)



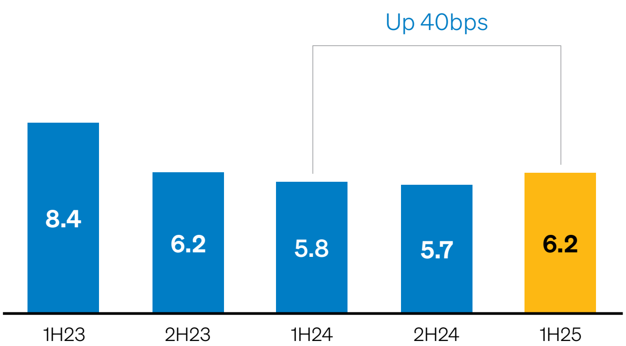
Cash net interest margin (**NIM**) (%)



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



Cash return on average equity (**ROE**) (%)



Financial performance

For the half year ended 28 February 2025

1.2 Financial summary (continued)

Net profit after tax

$183m

Cash earnings

Up six per cent on 1H24.

$171m

Statutory NPAT

Up 13 per cent on 1H24.

Cash net profit after tax (**NPAT**) increased six per cent on 1H24 driven by improved margins, lower costs and subdued credit losses.

Cash net interest margin

1.57%

Up two basis points on 1H24 driven by margin management across assets and liabilities with growth in business banking and ongoing benefits from the replicating portfolio.

Cash operating expenses

$520m

Down one per cent on 1H24, reflecting the benefits of the Group's simplification initiatives which more than offset the impact of inflation, risk and compliance costs and investment in growing the business bank.

Cash loan impairment expense (**LIE**)

$3m

Loan impairment expense of $3 million in 1H25 compares to $15 million in 1H24. The result was driven by a lower collective provision expense and low specific provision activity.

CET1 ratio

10.87%

Up 21 basis points on 2H24 driven by cash earnings net of dividends and lower risk weighted assets.

Cash ROE

6.2%

Up 40 basis points on 1H24 driven by higher cash earnings.

Cash earnings after tax for 1H25 of $183 million increased six per cent on 1H24. The increase was driven by margin management, operational efficiency through Group simplification initiatives and subdued credit losses. Statutory net profit after tax increased 13 per cent on 1H24 to $171 million and includes $16 million in expenses relating to the OMB network conversion.

Net interest income

Net interest income (**NII**) of $725 million was in line with 1H24. This was driven by a $1.2 billion decrease in average interest earning assets (**AIEA**), offset by a two basis point increase in net interest margin (**NIM**) to 1.57%. The increase in NIM reflected margin management across assets and liabilities with improved portfolio mix, as the Group focuses on growing higher margin commercial loans, a shift from fixed to variable home loans, continued benefits from the Group's replicating portfolio and optimisation of liquidity. NIM was stable on 2H24.

AIEA decreased one per cent on 1H24, predominantly driven by a three per cent contraction in housing balances, reflecting BOQ's decision to prioritise economic return over volume growth in a competitive market. This was partially offset by nine per cent growth in commercial lending balances as the portfolio mix shifts from home lending to commercial lending and asset finance.

Non-interest income

Non-interest income of $68 million was down three per cent on 1H24. Higher income from third party credit card, superannuation and insurance products was offset by lower banking fee income and trading income.

Operating expenses

Total operating expenses of $520 million decreased by $4 million or one per cent on 1H24, reflecting savings from productivity initiatives. These savings offset inflation, investment in business banking growth and continued investment in digital transformation and risk and regulatory programs.

Loan impairment expense

Loan impairment expense of $3 million decreased by $12 million or 80 per cent on 1H24.

The collective provision remained flat on 2H24 reflecting stable conditions in the commercial portfolio and continued strength in house prices. The specific provision expense was $3 million in 1H25 supported by strong net property values over recent years and prudent lending standards.

Capital management

The CET1 ratio of 10.87 per cent was 21 basis points higher than 2H24. The capital generated through cash earnings net of the dividend and lower risk weighted assets was offset by run-off in capital relief securitisation trusts, investment spend and other movements. At 10.87 per cent, the CET1 ratio is above the management target range of 10.25 – 10.75 per cent.

Shareholder returns

BOQ has determined to pay an ordinary dividend of 18 cents per share, which is 65 per cent of 1H25 cash earnings. The Board has committed to a target dividend payout ratio of 60-75 per cent . [1]

Branch strategy update

On 22 August 2024, the Group announced a strategic initiative to progress its transformation to a simpler specialist bank through the conversion of all 114 Owner Managed branches to corporate branches by March 2025.

In 1H25, the Group converted 34 Owner Managed branches and subsequently closed 18 of these branches as part of the Group's broader branch optimisation program.

An amount of $16 million was recognised in 1H25 Statutory net profit after tax for conversion and closure related costs. This included amortisation of right to operate intangible assets, legal fees, and other transaction related costs. The impact to the 1H25 CET1 ratio was six basis points.

The remaining 80 Owner Managed branches converted to corporate branches on 1 March 2025. Further details are contained within Note 6.5.4 Events subsequent to balance date.

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

Financial performance

For the half year ended 28 February 2025

2. Group performance analysis

2.1 Income statement and key metrics

	Half year performance				
	Feb 25 $m	Aug 24 $m	Feb 24 $m	Feb 25 vs Aug 24	Feb 25 vs Feb 24
Net interest income [1]	**725**	738	725	(2%)	-
Non-interest income [1]	**68**	67	70	1%	(3%)
Total income	**793**	805	795	(1%)	-
Operating expenses [1]	**(520)**	(545)	(524)	(5%)	(1%)
Underlying profit	**273**	260	271	5%	1%
Loan impairment expense [1]	**(3)**	(5)	(15)	(40%)	(80%)
Profit before tax	**270**	255	256	6%	5%
Income tax expense [1]	**(87)**	(84)	(84)	4%	4%
Cash earnings after tax	**183**	171	172	7%	6%
Statutory net profit after tax	**171**	134	151	28%	13%

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

		Half year performance				
Key metrics		**Feb 25**	Aug 24	Feb 24	Feb 25 vs Aug 24	Feb 25 vs Feb 24
SHAREHOLDER RETURNS						
Share price	$	**6.70**	6.32	5.90	6%	14%
Market capitalisation	$m	**4,432**	4,180	3,892	6%	14%
Dividends per ordinary share (fully franked)	cents	**18**	17	17	6%	6%
CASH EARNINGS BASIS						
Basic earnings per share (**EPS**)	cents	**27.9**	26.0	26.2	7%	6%
Diluted EPS	cents	**26.4**	24.0	23.9	10%	10%
Dividend payout ratio	%	**65.1**	65.7	65.2	(60bps)	(10bps)
STATUTORY BASIS						
Basic EPS	cents	**26.0**	20.4	22.9	27%	14%
Diluted EPS	cents	**24.8**	19.5	21.3	27%	16%
Dividend payout ratio	%	**69.6**	83.8	74.4	large	(480bps)
OTHER METRICS						
Full Time Equivalent (**FTE**) - Spot	#	**3,105**	3,248	3,169	(4%)	(2%)
Average Interest Earning Assets (**AIEA**)	$m	**93,052**	93,586	94,252	(1%)	(1%)
Gross Loans and Advances (**GLA**) [1]	$m	**79,550**	80,479	80,714	(2%)	(1%)
Customer Deposits [1]	$m	**66,315**	67,361	65,966	(3%)	1%
Deposit/Loan Ratio	%	**83**	84	82	(1%)	1%
Liquidity Coverage Ratio (LCR)	%	**134.5**	148.5	132.5	large	200bps
Net Stable Funding Ratio (NSFR)	%	**122.7**	124.8	122.3	(210bps)	40bps

(1) Feb-25 vs Aug 24 growth rates have been annualised.

Financial performance

For the half year ended 28 February 2025

2.1 Income statement and key metrics (continued)

Key metrics		Half year performance Feb 25	Aug 24	Feb 24	Feb 25 vs Aug 24	Feb 25 vs Feb 24
PROFITABILITY AND EFFICIENCY MEASURES						
CASH EARNINGS BASIS						
Net profit after tax	$m	**183**	171	172	7%	6%
Underlying profit [1]	$m	**273**	260	271	5%	1%
NIM [2]	%	**1.57**	1.57	1.55	-	2bps
Cost to income ratio (**CTI**)	%	**65.6**	67.7	65.9	(210bps)	(30bps)
Loan impairment expense to GLA	bps	**1**	1	4	-	(3)
Return on average equity (**ROE**)	%	**6.2**	5.7	5.8	50bps	40bps
Return on average tangible equity (**ROTE**) [3]	%	**7.7**	7.1	7.2	60bps	50bps
Effective Tax Rate	%	**32.2**	32.9	32.8	(70bps)	(60bps)
STATUTORY BASIS						
Net profit after tax	$m	**171**	134	151	28%	13%
Underlying profit [1]	$m	**255**	208	249	23%	2%
NIM [2]	%	**1.59**	1.58	1.56	1bps	3bps
Cost to income ratio (**CTI**)	%	**68.2**	74.2	68.7	large	(50bps)
Loan impairment expense to GLA	bps	**1**	1	3	-	(2)
Return on average equity (**ROE**)	%	**5.8**	4.5	5.1	130bps	70bps
Return on average tangible equity (**ROTE**) [3]	%	**7.2**	5.6	6.3	160bps	90bps
Effective Tax Rate	%	**32.1**	36.1	35.7	(400bps)	(360bps)
ASSET QUALITY						
30 days past due (**DPD**) arrears	$m	**1,469**	1,495	1,552	(2%)	(5%)
90DPD arrears	$m	**879**	899	851	(2%)	3%
Impaired assets	$m	**95**	103	116	(8%)	(18%)
Specific provisions to impaired assets	%	**48**	50	51	(200bps)	(300bps)
Total provision / GLA	bps	**39**	39	41	-	(2)
CAPITAL						
CET1 ratio	%	**10.87**	10.66	10.76	21bps	11bps
Total capital adequacy ratio	%	**15.11**	14.27	15.17	84bps	(6bps)
Risk weighted assets (**RWA**)	$m	**40,212**	40,249	40,702	-	(1%)

(1) Profit before loan impairment expense and tax.
(2) NIM is calculated net of offset accounts.
(3) Based on net profit applied to average shareholders' equity less goodwill and identifiable intangible assets.

Financial performance

For the half year ended 28 February 2025

2.2 Net interest income

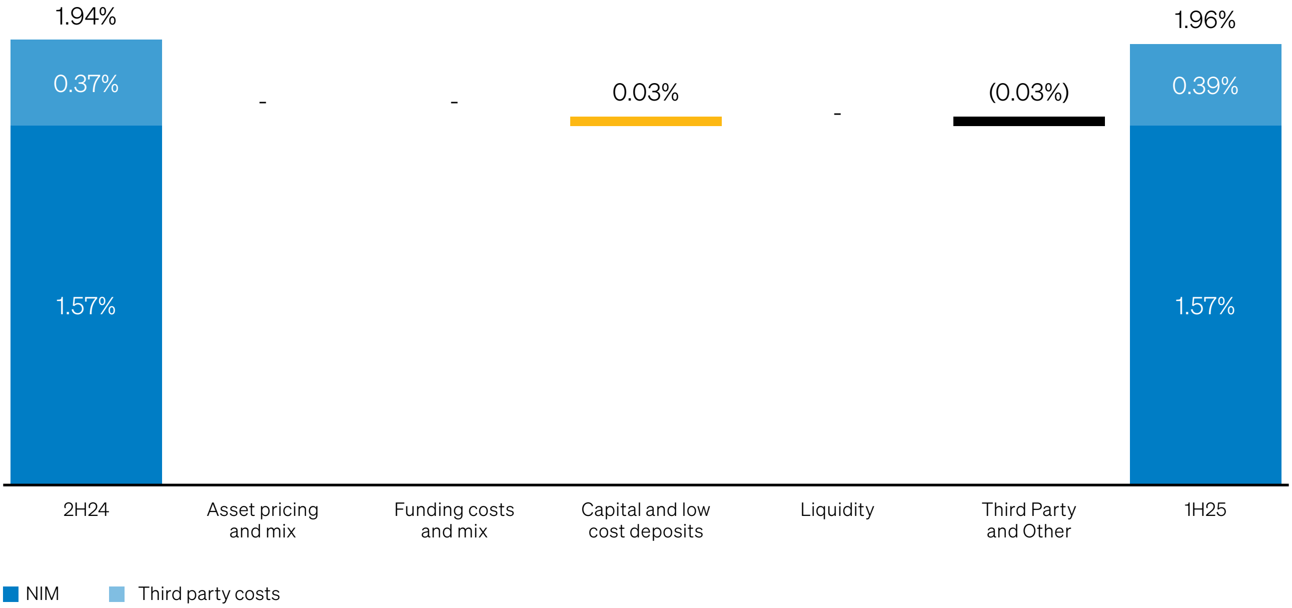
		Half year performance				
		Feb 25	Aug 24	Feb 24	Feb 25 vs Aug 24	Feb 25 vs Feb 24
Net interest income [(1)]	$m	**725**	738	725	(2%)	-
Average interest earning assets (**AIEA**)	$m	**93,052**	93,586	94,252	(1%)	(1%)
NIM	%	**1.57**	1.57	1.55	-	2bps

(1) Refer to Section 1.1 (b) 1H25 Non-cash earnings reconciling items for a reconciliation of cash net interest income to statutory net interest income.

Net interest income of $725 million was flat on 1H24, driven by a one per cent decline in AIEA, offset by a two basis point improvement in NIM. NIM was stable during 1H25, remaining flat on 2H24. AIEA decreased $1.2 billion or one per cent on 1H24 due to a contraction in home lending, reflecting the continuing prioritisation of economic return over volume growth in a competitive market, and lower liquid assets. This was partially offset by growth in the commercial lending portfolio.

The two basis point increase in NIM on 1H24 reflects margin management across assets and liabilities and improved asset mix as the Group focused on higher margin commercial loans. This was offset by ongoing competition for new housing loans, commercial loans and deposits, alongside the continuing, but slower shift towards higher yielding deposit products. In addition, margin benefitted from higher returns on invested and uninvested capital and low-cost deposits in a higher interest rate environment.

Net interest margin - 2H24 to 1H25



NIM in 1H25 of 1.57 per cent was stable on 2H24. The key drivers of the movement within NIM are set out below.

Asset pricing and mix (0bps): Continued competitive pressure in housing and commercial lending margins was offset by improved portfolio mix as the Group focused on growing higher margin commercial loans.

Funding costs and mix (0bps): Improved funding mix due to lower wholesale funding was offset by higher retail and wholesale funding costs.

Capital and low cost deposits (+3bps): The $8.3 billion invested and uninvested capital and low-cost deposit portfolios continued to benefit from a higher interest rate environment.

Liquidity (0bps): Optimisation of high quality liquid asset (**HQLA**) and trading book returns, partially offset by AIEA mix.

Third Party Costs and Other (-3bps): Higher commissions paid to Owner Managed branches, combined with higher amortised costs.

Financial performance

For the half year ended 28 February 2025

2.3 Non-interest income

	Half year performance				
	Feb 25 $m	Aug 24 $m	Feb 24 $m	Feb 25 vs Aug 24	Feb 25 vs Feb 24
Banking income	**35**	33	38	6%	(8%)
Other income	**32**	33	30	(3%)	7%
Trading income	**1**	1	2	-	(50%)
Non-interest income (1)	**68**	67	70	1%	(3%)

(1) Refer to Section 1.1 (b) 1H25 Non-cash earnings reconciling items for a reconciliation of cash non-interest income to statutory non-interest income.

Non-interest income of $68 million was down $2 million or three per cent on 1H24 and increased $1 million or one per cent on 2H24. Higher income from third party credit card, superannuation and insurance products was offset by lower banking fee income and trading income.

Banking income decreased $3 million or eight per cent on 1H24 largely driven by lower loan maintenance fees, partially offset by higher foreign exchange income.

Other income increased $2 million or seven per cent on 1H24 driven by strong momentum in third party credit card, superannuation and insurance products.

Trading income decreased $1 million on 1H24 and remained in line with 2H24 performance.

Financial performance

For the half year ended 28 February 2025

2.4 Operating expenses

	Half year performance				
	Feb 25 $m	Aug 24 $m	Feb 24 $m	Feb 25 vs Aug 24	Feb 25 vs Feb 24
Salaries and on costs	**250**	253	240	(1%)	4%
Employee share programs and other	**9**	13	14	(31%)	(36%)
Employee expenses	**259**	266	254	(3%)	2%
Information technology services	**118**	109	109	8%	8%
Amortisation - intangible assets	**35**	35	34	-	3%
Depreciation - fixed assets	**2**	2	2	-	-
Technology expenses	**155**	146	145	6%	7%
Marketing	**17**	29	18	(41%)	(6%)
Communications, print and stationery	**16**	15	16	7%	-
Processing costs	**8**	8	8	-	-
Other	**24**	26	29	(8%)	(17%)
Operational expenses	**65**	78	71	(17%)	(8%)
Occupancy expenses	**22**	22	23	-	(4%)
Administration expenses	**19**	33	31	(42%)	(39%)
Total operating expenses (1)	**520**	545	524	(5%)	(1%)
Cash CTI ratio (%)	**65.6**	67.7	65.9	(210bps)	(30bps)
Number of employees (**FTE**)	**3,105**	3,248	3,169	(4%)	(2%)

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

Summary

Total operating expenses of $520 million decreased by $4 million or one per cent on 1H24, reflecting savings from the Group's simplification initiatives. These savings offset inflation, investment in business bank growth and ongoing investment in digital transformation and risk and regulatory programs.

Employee expenses

Employee expenses of $259 million increased by $5 million or two per cent on 1H24. The increase was driven by inflation, investment in business bank growth and customer support. This was partially offset by simplification of the operating model.

1H25 FTE of 3,105 were down two per cent on 1H24 and down four per cent on 2H24 driven by simplification of the operating model, partially offset by the conversion of OMB employees to BOQ employees for branches that converted before March 2025 and growth in business bankers.

Technology expenses

Technology expenses of $155 million increased by $10 million or seven per cent on 1H24. The increase reflected inflation and investment in the Group's digital transformation, simplification, and risk and regulatory programs. This was partially offset by savings from productivity initiatives.

Operational expenses

Operational expenses of $65 million decreased by $6 million or eight per cent on 1H24 driven by savings from productivity initiatives related to supplier optimisation and lower marketing.

Occupancy expenses

Occupancy expense of $22 million decreased by $1 million or four per cent on 1H24 due to the continued optimisation of the Group's property footprint.

Administration expenses

Administration expenses of $19 million decreased by $12 million or 39 per cent on 1H24 primarily driven by lower project related consulting costs and continued productivity savings.

Financial performance

For the half year ended 28 February 2025

2.5 Investment expenditure

	Half year performance				
	Feb 25 $m	Aug 24 $m	Feb 24 $m	Feb 25 vs Aug 24	Feb 25 vs Feb 24
Expensed investment spend	**34**	47	31	(28%)	10%
Capitalised investment spend	**46**	89	90	(48%)	(49%)
Total investment spend	**80**	136	121	(41%)	(34%)
Software intangible assets	**261**	254	278	3%	(6%)
Assets under construction	**312**	308	241	1%	29%
Total carrying value of technology assets	**573**	562	519	2%	10%

Total investment spend of $80 million in 1H25 reduced $41 million or 34 per cent on 1H24 and $56 million or 41 per cent on 2H24, reflecting BOQ's planned reduction in investment spend, with key strategic assets delivered or nearing completion. Carrying value of technology assets of $573 million increased $11 million or two per cent on 2H24 due to the build of digital mortgages and migration capability.

During 1H25, the Group continued to deliver against milestones for Remedial Action Plans and remained committed to strengthening risk and regulatory capabilities. Migration of all ME deposit-only customers to the digital platform was successfully completed over the period. This is a significant milestone as the Group works towards decommissioning legacy ME systems.

BOQ's digital mortgage is on track for market launch in 2H25, following deployment of additional features to enhance offerings and ensure platform readiness. During the period, commencement of a new enterprise workforce planning and procurement platform began, with design now complete and build underway. Focus continues on uplifting the Group's relationship bank origination capability and customer experience platform to improve customer experience and onboarding.

2.6 Lending

Gross loans and advances of $79.6 billion contracted by $0.9 billion or two per cent on 2H24. Housing lending contracted by five per cent on 2H24,reflecting the continued prioritisation of economic return over housing volume growth. Commercial lending increased 10 per cent on 2H24 driven by growth in the healthcare and owner-occupied commercial property sectors. Asset finance grew one per cent on 2H24 driven by growth in the equipment finance business and structured finance portfolio. Consumer lending contracted 20 per cent on 2H24 due to the ongoing simplification of the product offering, with balances reducing due to maturity and natural attrition.

	As at				
	Feb 25 $m	Aug 24 $m	Feb 24 $m	Feb 25 vs Aug 24 (1)	Feb 25 vs Feb 24
Housing lending	**54,308**	55,251	57,218	(3%)	(5%)
Housing lending - APS 120 qualifying securitisation (2)	**5,957**	6,543	5,109	(18%)	17%
	60,265	61,794	62,327	(5%)	(3%)
Commercial lending	**12,162**	11,578	11,191	10%	9%
Asset finance (3)	**6,908**	6,868	6,936	1%	-
Consumer	**215**	239	260	(20%)	(17%)
Gross loans and advances (4)	**79,550**	80,479	80,714	(2%)	(1%)
Provisions for impairment	**(310)**	(316)	(332)	(4%)	(7%)
Net loans and advances	**79,240**	80,163	80,382	(2%)	(1%)

(1) Growth rates have been annualised.

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

(3) Asset finance GLAs in Aug-24 include the impacts of the New Zealand portfolio sale which reduced balances by $207 million.

(4) Gross loans and advances aligns to Note 6.3.4 Loans and advances to the financial statements, "gross loans and advances" after deducting "unearned finance lease income."

Financial performance

For the half year ended 28 February 2025

2.6 Lending (continued)

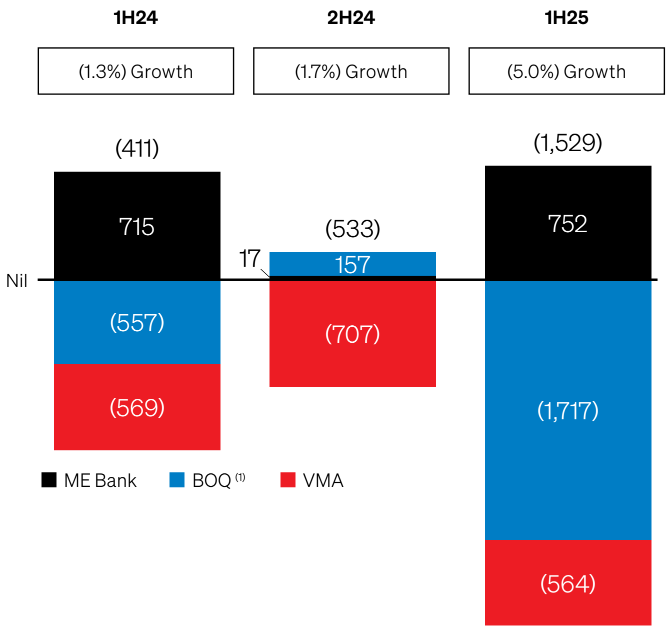
Growth in housing lending ($m)

The housing portfolio contracted by $1.5 billion or five per cent on 2H24 representing below system housing lending growth. The 1H25 housing growth profile reflects the continued prioritisation of economic return over volume growth in a competitive market which supports the strategic reallocation of capital towards business lending.

The ME portfolio grew at 1.0x system with a focus on balancing the acquisition mix to support volume growth whilst optimising margins through increased investor and fixed rate loan origination. VMA and BOQ Broker volumes continued to moderate, reflecting the decision to pause origination onto the legacy platform.

The foundational release of the digital mortgage launched to staff, friends and family in 2H24 and remains on track for market launch in 2H25. The strategic focus for housing remains on supporting customers during challenging economic times, product and process simplification, continued digitisation and improved customer experience.

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

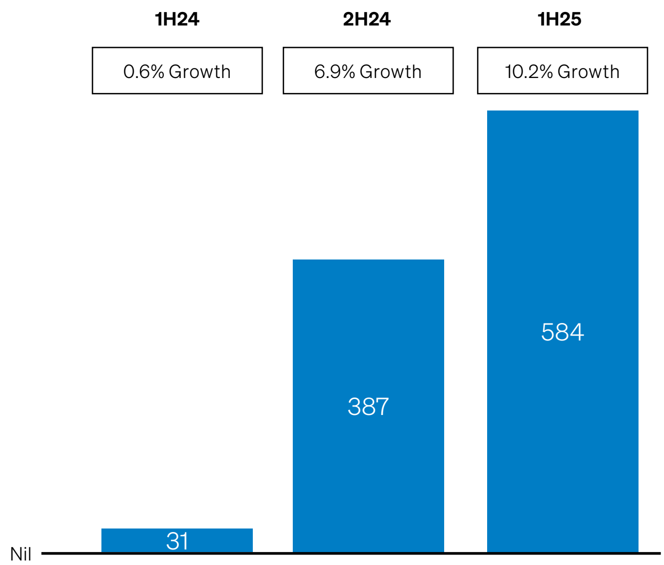


Growth in commercial lending ($m)

The commercial lending portfolio grew $584 million or 10 per cent on 2H24, driven by growth in the healthcare and owner-occupied commercial property sectors. BOQ continued to focus on portfolio optimisation and risk adjusted returns throughout the period.

Lending in the healthcare sector benefitted from growth in retirement living facilities and specialist medical services.

Lending to larger commercial real estate clients (**CRE**) contracted two per cent and remains subdued as BOQ maintains a cautious approach to participation in this segment, focusing on supporting existing customers and high-quality investment transactions.



Financial performance

For the half year ended 28 February 2025

2.6 Lending (continued)

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

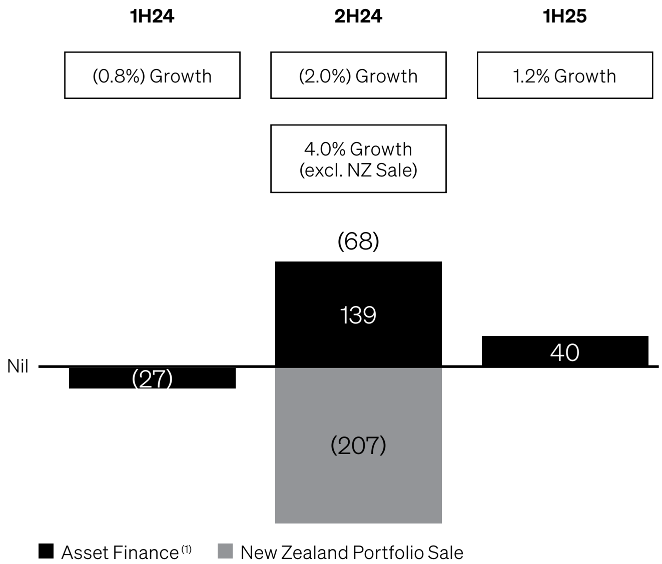
Asset finance grew $40 million or one per cent on 2H24, driven by growth in the equipment finance business and structured finance portfolio.

Structured finance portfolio growth of $92 million reflected strong relationships across the novated leasing sector and continued demand for electric vehicles.

BOQ Business experienced seasonal contraction in the cashflow finance portfolio. Lending to healthcare professionals also contracted $43 million driven by continued subdued demand across the dental and medical sectors.

2H24 includes a $207 million reduction resulting from the sale of the New Zealand portfolio.

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



2.7 Customer deposits

	As at				
	Feb 25 $m	Aug 24 $m	Feb 24 $m	Feb 25 vs Aug 24 (1)	Feb 25 vs Feb 24
Transaction accounts	**5,351**	5,252	5,251	4%	2%
Term deposits	**23,593**	24,999	25,643	(11%)	(8%)
Savings and investment accounts	**31,718**	31,462	29,440	2%	8%
Sub-total	**60,662**	61,713	60,334	(3%)	1%
Mortgage offsets (2)	**5,653**	5,648	5,632	-	-
Customer deposits	**66,315**	67,361	65,966	(3%)	1%
Deposit to loan ratio	**83%**	84%	82%	(1%)	1%

Customer deposits

Customer deposits decreased by $1.0 billion or three per cent (1) on 2H24 as the Group's funding requirements reduced with lower loans and advances. The Group has continued to maintain strong funding diversification with the deposit to loan ratio remaining stable at 83 per cent.

Transaction accounts and mortgage offsets

Transaction accounts increased by $0.1 billion or four per cent (1) on 2H24, driven by growth in digital products offsetting a contraction in the legacy portfolio. Mortgage offsets were stable as customers sought to reduce their overall interest expense in a higher interest rate environment.

Term deposits

Term deposits decreased by $1.4 billion or 11 per cent (1) on 2H24 reflecting lower funding requirements and continued growth in digital accounts within savings and investment accounts.

Savings and investment accounts

Savings and investment accounts increased by $0.3 billion or two per cent (1) on 2H24. Growth in digital accounts was partially offset by a contraction in legacy accounts.

(1) Growth rates have been annualised.
(2) Mortgage offset balances are netted against home loans for the purposes of customer interest payments.

Financial performance

For the half year ended 28 February 2025

3. Business settings

3.1 Asset quality

		As at				
PROVISION COVERAGE		**Feb 25**	Aug 24	Feb 24	Feb 25 vs Aug 24	Feb 25 vs Feb 24
Specific provision (**SP**)	$m	**46**	52	59	(12%)	(22%)
Collective provision (**CP**)	$m	**264**	264	273	-	(3%)
Total provision	$m	**310**	316	332	(2%)	(7%)
SP to impaired assets	%	**48**	50	51	(200bps)	(300bps)
Total provisions / impaired assets	%	**326**	307	286	large	large
CP / Total RWA	bps	**66**	66	67	-	(1)
Total provision / GLA	bps	**39**	39	41	-	(2)
IMPAIRED ASSETS						
Retail lending	$m	**17**	20	23	(15%)	(26%)
Commercial lending	$m	**56**	59	58	(5%)	(3%)
Asset finance	$m	**22**	24	35	(8%)	(37%)
Total impaired assets	$m	**95**	103	116	(8%)	(18%)
Total impaired assets / GLA	bps	**12**	13	14	(1)	(2)

		Half Year Performance				
LOAN IMPAIRMENT EXPENSE		**Feb 25**	Aug 24	Feb 24	Feb 25 vs Aug 24	Feb 25 vs Feb 24
Retail lending	$m	**12**	5	1	140%	large
Commercial lending	$m	**(24)**	(2)	10	large	large
Asset finance	$m	**15**	2	4	large	large
Total loan impairment expense	$m	**3**	5	15	(40%)	(80%)
Total loan impairment expense / GLA [(1)]	bps	**1**	1	4	-	(3)

(1) Movements have been annualised

Financial performance

For the half year ended 28 February 2025

3.1 Asset quality (continued)

Provision coverage

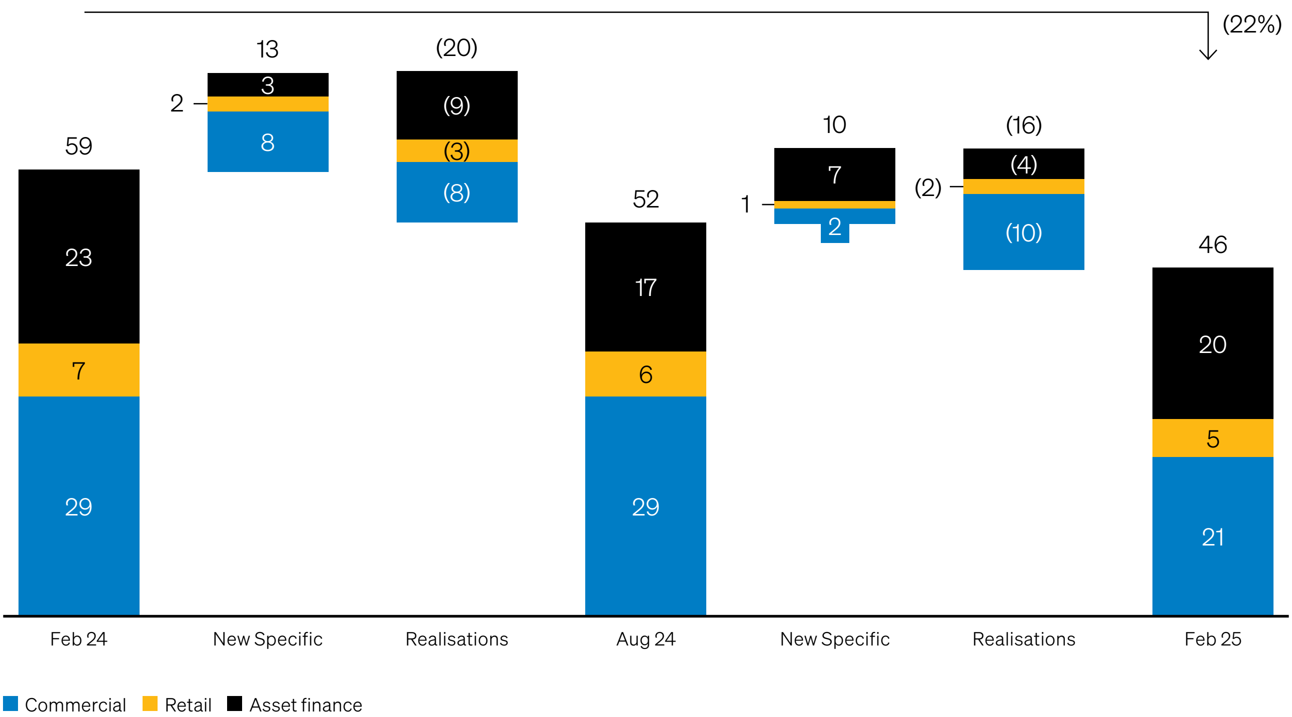
Total provisions of $310 million reduced by $6 million or two per cent on 2H24, as collective provisions remained stable and specific provisions continued to decrease over the period.

Specific provisions of $46 million decreased by $6 million or 12 per cent on 2H24. Specific provisions remained subdued in 1H25 due to strong net property values over recent years and prudent lending standards.

The collective provision of $264 million remained flat over the half. The Business Bank saw a slight reduction due to improving arrears in the Commercial portfolio, partially offset by the Asset Finance portfolio which saw an increase in arrears. The Retail Bank experienced a modest rise in coverage, driven by lower house price growth forecasts than prior periods and a slight deterioration in portfolio default rates. Since FY24, refinements to overlays have been made to ensure unique portfolio factors, or industries where inflation and higher interest rates could result in additional stress, are considered. Economic forecasts and scenario weightings cater for further uncertainties in the outlook and the possibility of a downturn.

The following chart outlines the movements in specific provisions since February 2024.

Specific provisions ($m)



Financial performance

For the half year ended 28 February 2025

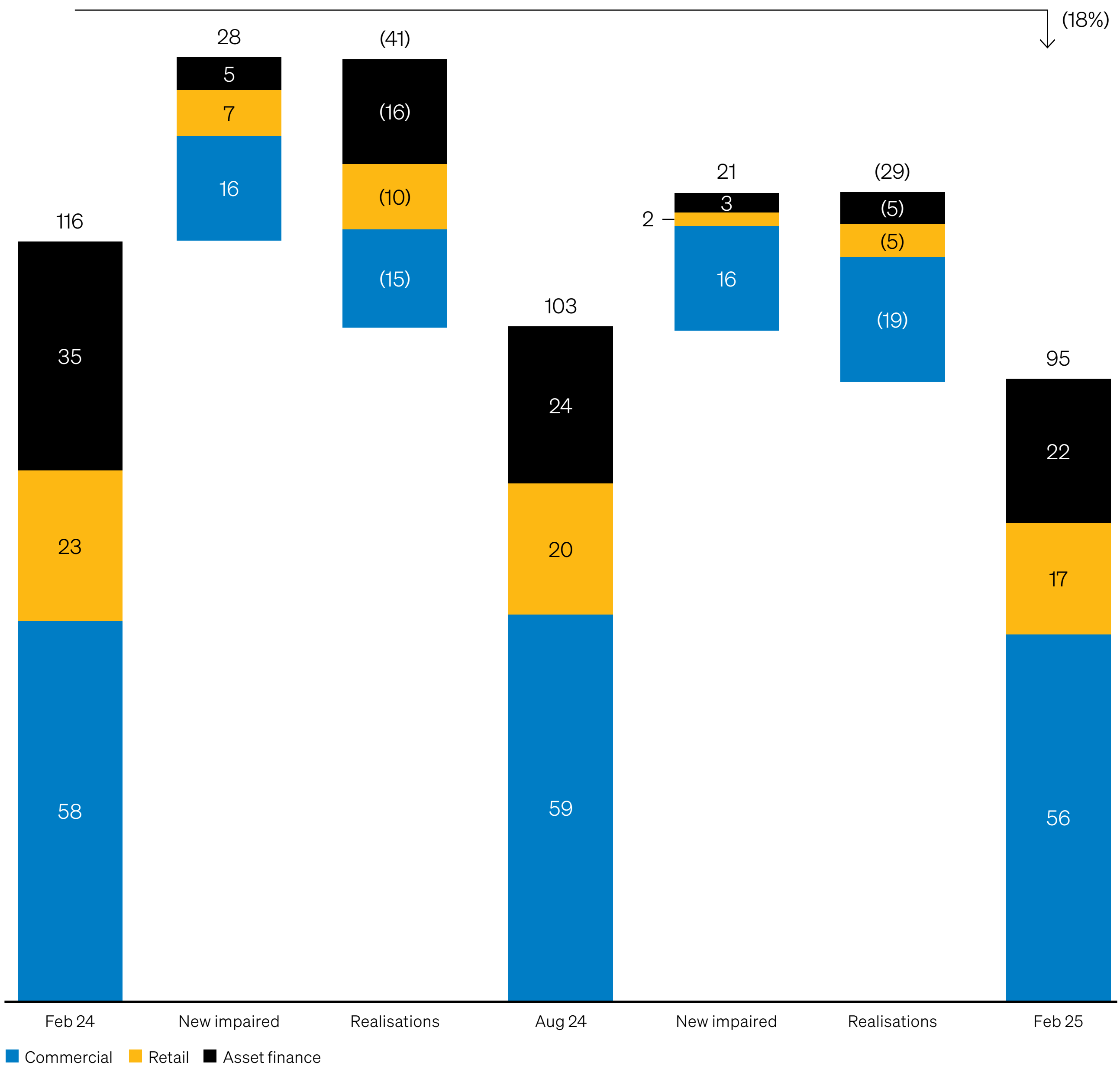
3.1 Asset quality (continued)

Impaired assets

BOQ impaired assets of $95 million decreased by $8 million or eight per cent on 2H24. Reductions were observed across Retail, Commercial and Asset Finance reflecting low levels of new specific provision activity.

The following chart outlines the movements in impaired assets since February 2024.

Impaired assets ($m)



Loan impairment expense

The loan impairment expense of $3 million for 1H25 was $12 million or 80 per cent lower than 1H24 driven by lower collective provision expense and low specific provision activity.

Financial performance

For the half year ended 28 February 2025

3.1 Asset quality (continued)

Arrears

Key metrics		The Group Feb 25 portfolio balance $m	Feb 25	Aug 24	Feb 24	Feb 25 vs Aug 24	Feb 25 vs Feb 24
Total lending - portfolio balance	$m		**79,550**	80,479	80,714	(1%)	(1%)
30 days past due	$m		**1,469**	1,495	1,552	(2%)	(5%)
90 days past due	$m		**879**	899	851	(2%)	3%
					Proportion of portfolio		
30 days past due: GLAs			**1.85%**	1.86%	1.93%	(1bps)	(8bps)
90 days past due: GLAs			**1.10%**	1.12%	1.06%	(2bps)	4bps
BY PORTFOLIO							
30 days past due: GLAs (Retail) [1]		**60,480**	**1.94%**	1.94%	1.96%	-	(2bps)
90 days past due: GLAs (Retail) [1]			**1.12%**	1.12%	1.00%	-	12bps
30 days past due: GLAs (Commercial)		**12,162**	**1.49%**	1.78%	2.05%	(29bps)	(56bps)
90 days past due: GLAs (Commercial)			**1.17%**	1.35%	1.52%	(18bps)	(35bps)
30 days past due: GLAs (Asset finance)		**6,908**	**1.70%**	1.38%	1.51%	32bps	19bps
90 days past due: GLAs (Asset finance)			**0.93%**	0.75%	0.82%	18bps	11bps

(1) Retail arrears includes housing and consumer lending.

Arrears have remained stable throughout 1H25. The 30 days past due (**DPD**) category decreased by one basis point and the 90 DPD category decreased by two basis points compared to 2H24.

Retail arrears

Retail arrears have remained stable since 2H24, with no movement in the 30 DPD category and the 90 DPD category.

Commercial arrears

Commercial arrears decreased since 2H24 with a 29 basis points decrease in the 30 DPD category and an 18 basis points decrease in the 90 DPD category. The reduction in arrears is primarily due to a number of individual exposures resolving their arrears position.

Asset finance arrears

Asset finance arrears increased since 2H24 with a 32 basis point increase in the 30 DPD category and an 18 basis point increase in the 90 DPD category. Arrears have risen as a result of usual seasonality and some headwinds in the construction and transport industries. 30 DPD has also been impacted by a payment delay for one large customer.

Financial performance

For the half year ended 28 February 2025

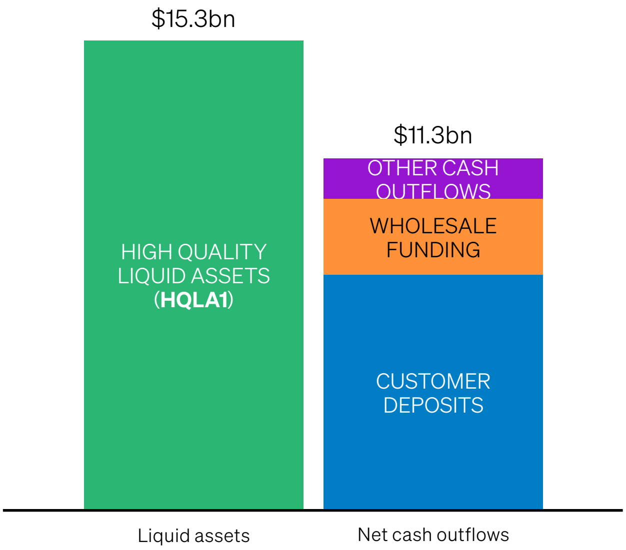
3.2 Funding and liquidity

BOQ's liquidity and funding risk appetite strategy is designed to support the Group's ability to meet its financial obligations as they fall due, under all market conditions. Management of liquidity risk at BOQ is focused on developing a stable customer deposit base, maintaining access to diversified wholesale funding markets and disciplined management of maturity profiles. BOQ regularly stress tests its liquidity risk profile to identify vulnerabilities under a diverse range of market scenarios and to maintain an appropriate level of liquidity.

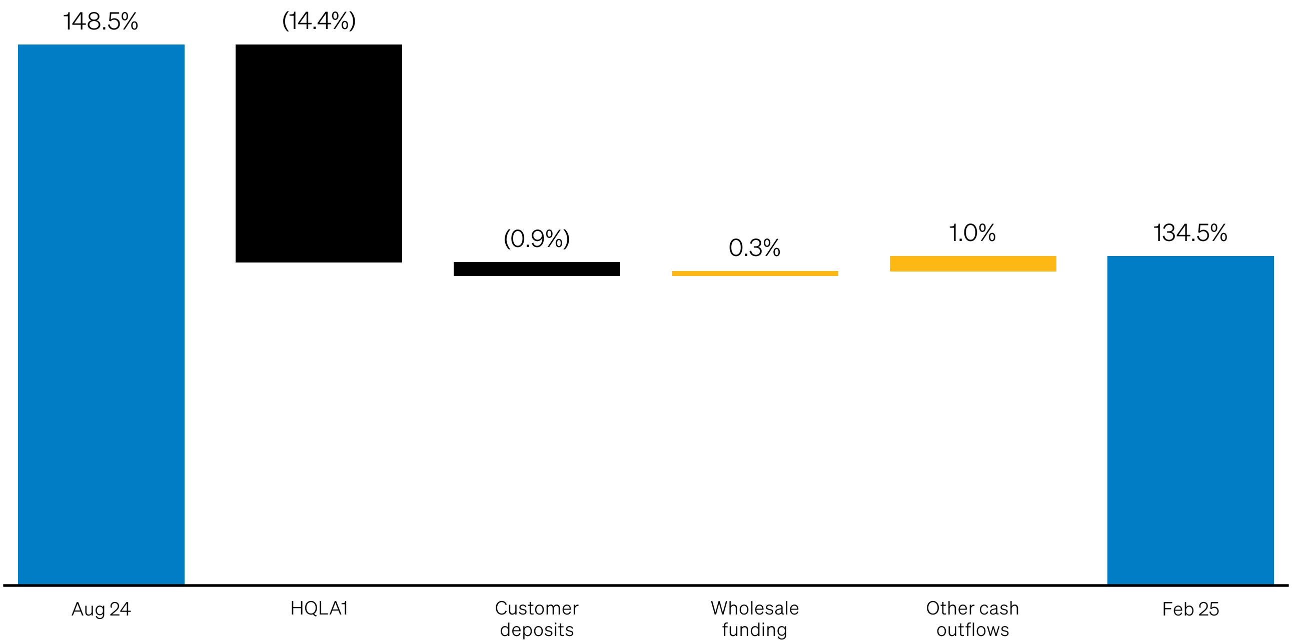
Liquidity coverage ratio (LCR)

APRA requires that authorised deposit-taking institutions (ADIs) maintain a minimum LCR of 100 per cent. BOQ manages LCR on a daily basis and actively maintains a buffer above the regulatory minimum in line with BOQ's prescribed risk appetite and policy settings. BOQ's level 2 spot LCR at 28 February 2025 was 134.5 per cent, a decrease of 14 per cent from 31 August 2024, which was elevated due to the execution of the REDS 2024-2 transaction. The main driver of the reduction in spot LCR in 1H25 was a decrease in HQLA1, which was primarily used to fund wholesale maturities and has increased BOQ capacity in wholesale markets. BOQ has strategically managed liquidity in the half, the average level 2 LCR in 1H25 was 143 per cent, down three per cent from 2H24.

LCR - February 2025 (134.5%)



LCR waterfall 31 August 2024 - 28 February 2025



Financial performance

For the half year ended 28 February 2025

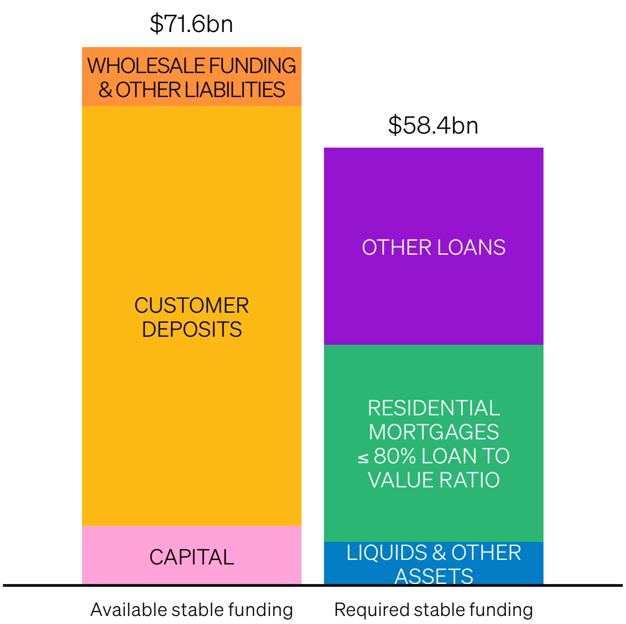
3.2 Funding and liquidity (continued)

Net stable funding ratio (NSFR)

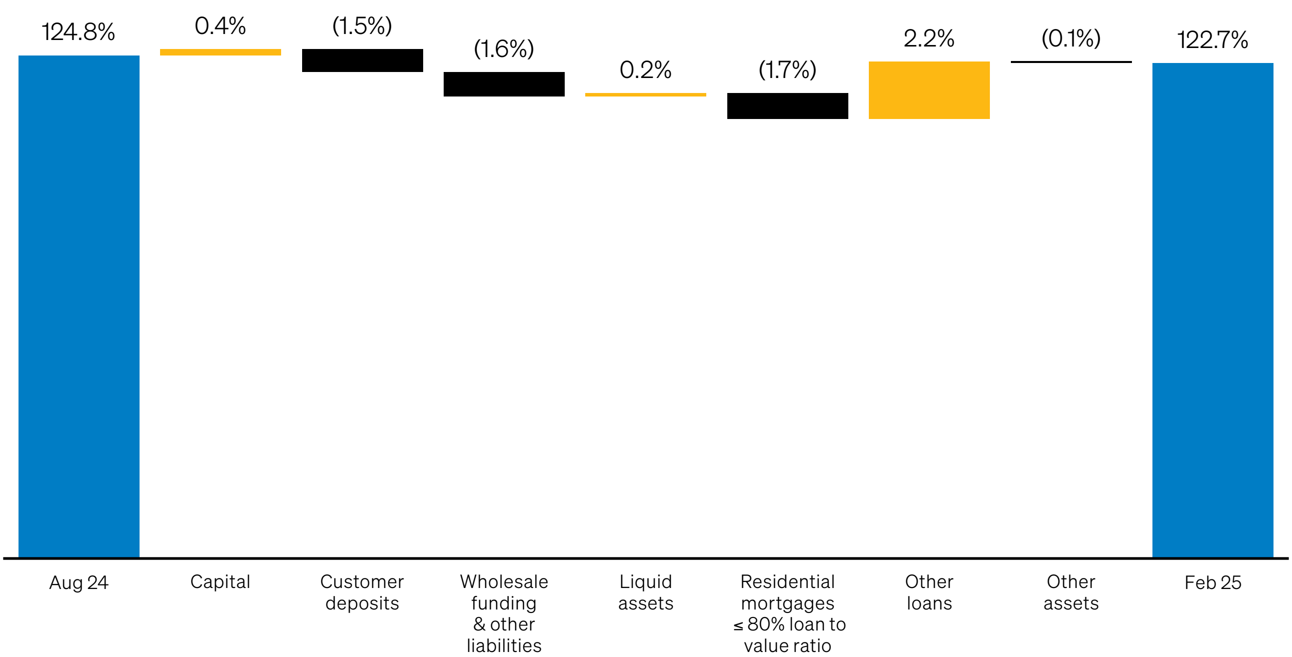
The NSFR encourages ADIs to fund their lending activities with more stable sources of funding, thereby promoting greater balance sheet resilience. BOQ manages its NSFR on a daily basis and actively maintains a buffer above the regulatory minimum of 100 per cent, in line with BOQ's prescribed risk appetite and policy settings.

BOQ's level 2 NSFR at 28 February 2025 was 122.7 per cent, which was two per cent lower than 31 August 2024. The decline was primarily due to long term wholesale maturities and customer deposits. Additionally, the NSFR denominator (required stable funding) had a small negative impact on the NSFR overall.

NSFR - February 2025 (122.7%)



NSFR waterfall 31 August 2024 - 28 February 2025



Financial performance

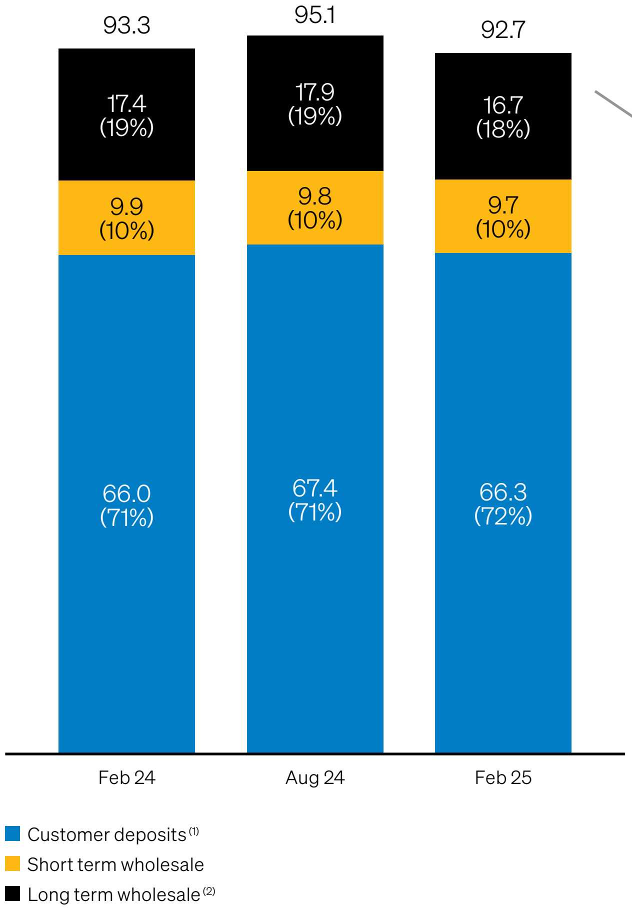
For the half year ended 28 February 2025

3.2 Funding and liquidity (continued)

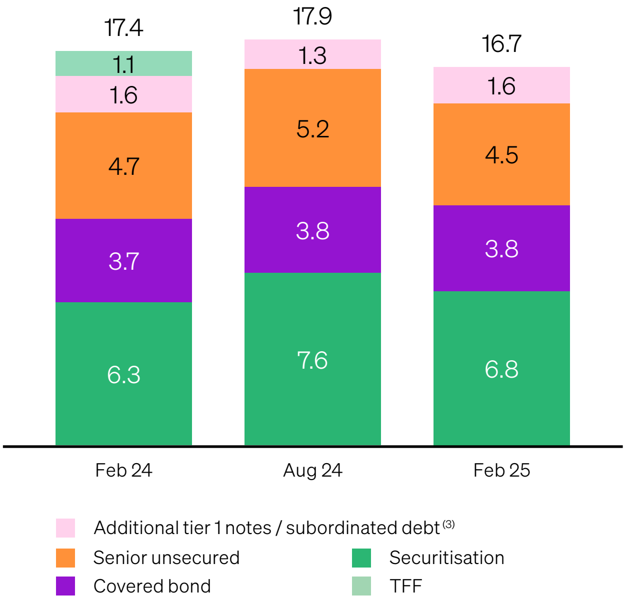
Funding

BOQ's funding strategy and risk appetite reflects the Group's business strategy and the current economic environment. Funding is optimised to allow for flexibility in managing various scenarios whilst ensuring a resilient balance sheet.

Funding mix ($bn)



Long term wholesale ($bn)



(1) The classification of customer deposits is defined as all deposits excluding those from financial institutions as defined under APS 210 Liquidity.
(2) Foreign currency balances have been translated at end of day spot rates.
(3) The increase in additional tier1/subordinated debt was the result of a $250m domestic issuance of subordinated debt (tier 2 capital) in October 2024.

Wholesale funding

BOQ focuses on three main strategic elements in delivering its wholesale funding objectives - capacity growth, resilience and diversity - while minimising the cost of funds and maintaining its ability to take advantage of opportunities in the most appropriate markets.

BOQ continues to optimise the mix of wholesale and retail funding, whilst also increasing stable sources of funding.

In 1H25, BOQ continued to focus on growing the proportion of customer deposits within its funding mix and reducing the proportion of long-term wholesale by one per cent to 18 per cent. The proportion of short-term wholesale funding as a percentage of the funding base remained consistent.

Financial performance

For the half year ended 28 February 2025

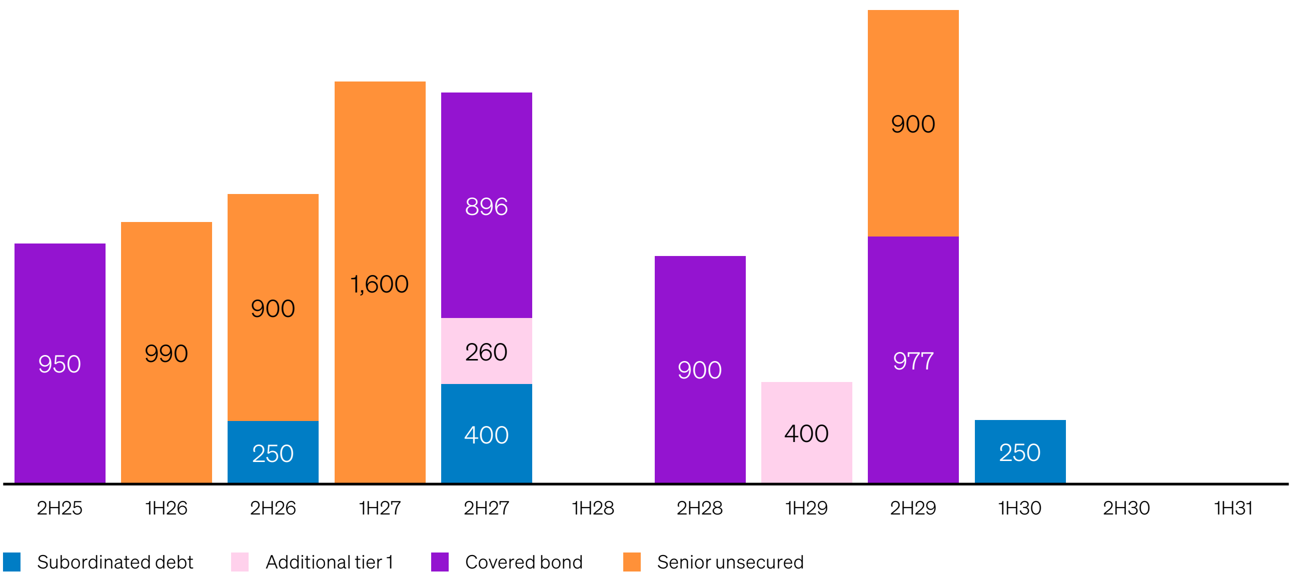
3.2 Funding and liquidity (continued)

Term funding issuance

BOQ accessed term funding markets in 1H25 using two long term wholesale products, including a $250 million domestic Tier Two (subordinated debt) transaction in October 2024 and a $300 million one-year senior unsecured transaction in December 2024.

BOQ has a diverse range of unsecured and secured debt programs. This provides funding diversification benefits which enables BOQ to fund future asset growth and manage term maturity towers over the next five years.

Major maturities ($m) [(1)(2)(3)]



(1) Any transaction issued in a currency other than AUD is shown in the applicable AUD equivalent hedged amount.

(2) Senior unsecured maturities greater than or equal to $100 million shown but excludes private placements.

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

Financial performance

For the half year ended 28 February 2025

3.3 Capital management

The Group's capital management aims to ensure adequate capital levels are maintained to protect deposit holders. The Group's capital is measured and managed in line with Prudential Standards issued by APRA. The Group's Internal Capital Adequacy Assessment Process (**ICAAP**) provides the framework to ensure that the Group is capitalised to meet internal capital targets and APRA's requirements. The ICAAP is reviewed regularly and submitted to the Board annually for approval. The Group's capital position is monitored on a continuous basis and reported monthly to the Asset and Liability Committee and Board.

BOQ operates under APRA's revised Basel III capital framework. The Board has determined the Group will target operations within the Common Equity Tier 1 (**CET1**) range of between 10.25-10.75 per cent, in normal operating conditions.

Capital adequacy

	Feb 25 $m	Aug 24 $m	Feb 24 $m	Feb 25 vs Aug 24	Feb 25 vs Feb 24
QUALIFYING CAPITAL FOR LEVEL 2 ENTITIES (1)					
COMMON EQUITY TIER 1 CAPITAL					
Ordinary share capital	**5,332**	5,342	5,331	-	-
Reserves	**386**	310	343	25%	13%
Retained profits, including current period profits	**336**	366	330	(8%)	2%
Total CET1 Capital	**6,054**	6,018	6,004	1%	1%
REGULATORY ADJUSTMENTS					
Goodwill and intangibles	**(1,169)**	(1,152)	(1,110)	1%	5%
Deferred expenditure	**(395)**	(422)	(417)	(6%)	(5%)
Other deductions	**(120)**	(155)	(96)	(23%)	25%
Total CET1 regulatory adjustments	**(1,684)**	(1,729)	(1,623)	(3%)	4%
CET1 Capital	**4,370**	4,289	4,381	2%	-
Additional Tier 1 Capital	**660**	660	1,010	-	(35%)
Total Tier 1 Capital	**5,030**	4,949	5,391	2%	(7%)
Provisions eligible for inclusion in Tier 2 capital	**162**	160	149	1%	9%
Tier 2 Capital	**886**	636	636	39%	39%
Total Tier 2 Capital	**1,048**	796	785	32%	34%
Total Capital	**6,078**	5,745	6,176	6%	(2%)
Total RWA	**40,212**	40,249	40,702	-	(1%)
CET1 ratio	**10.87%**	10.66%	10.76%	21bps	11bps
Tier 1 Capital ratio	**12.51%**	12.30%	13.25%	21bps	(74bps)
Total Capital adequacy ratio	**15.11%**	14.27%	15.17%	84bps	(6bps)

(1) APRA Prudential Standard CPS 001 'Defined terms' defines Level 2 as the Group and all of its subsidiary entities other than non-consolidated subsidiaries. The non-consolidated subsidiaries excluded from Level 2 regulatory measurements as at 28 February 2025 are:

- Bank of Queensland Limited Employee Share Plans Trust;
- Home Credit Management Pty Ltd;
- Series 2017-1 REDS Trust;
- Series 2018-1 REDS Trust;
- Series 2019-1 REDS Trust;
- Series 2022-1 REDS MHP Trust;
- Series 2023-1 REDS Trust;
- Series 2024-1 REDS Trust;
- Series 2024-2 REDS Trust;
- SMHL Series Securitisation Fund 2018-2;
- SMHL Series Securitisation Fund 2019-1;
- SMHL Series Private Placement Trust 2017-2;
- SMHL Series Private Placement Trust 2019-1;
- SMHL Series Private Placement 2019-2; and
- SMHL Securitisation Trust 2020-1.

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

Financial performance

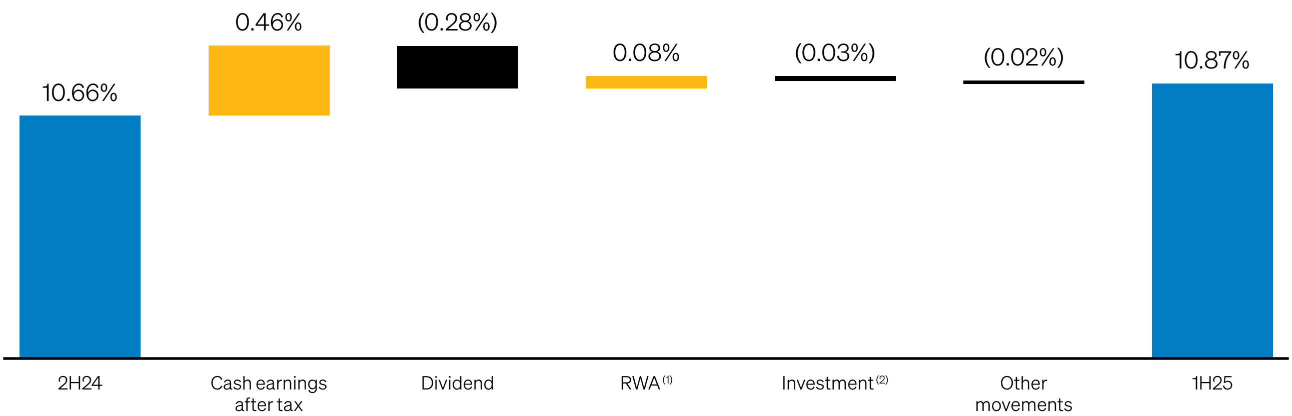
For the half year ended 28 February 2025

3.3 Capital management (continued)

The Group's CET1 ratio of 10.87 per cent increased by 21 basis points over the half, from 10.66 per cent in 2H24 due to:

- Cash earnings after tax of $183 million (46 basis points increase);
- Payment of the FY24 final dividend (28 basis points decrease);
- Reduction in underlying Risk Weight Assets (RWA) (seven basis points increase), partially offset by run-off in capital relief securitisations (six basis points decrease) and benefiting from a reduction in loan origination costs (seven basis points increase);
- Investment spend net of amortisation (three basis points decrease); and
- Other movements which decreased the ratio by two basis points from:
  - Costs associated with the Branch strategy (six basis points decrease);
  - Expiration of an indemnity provided as part of the St Andrew's sale (two basis points increase); and
  - Other movements (two basis points increase).

1H25 CET1 ratio walk



(1) RWA includes loan origination costs and movements in capital relief securitisations.

(2) Capitalised expenses net of amortisation

3.4 Tax expense

BOQ tax expense arising on cash earnings for 1H25 amounted to $87 million. This represented an effective tax rate of 32.2 per cent on a cash earnings basis, which is above the corporate tax rate of 30 per cent primarily due to the non-deductibility of interest payable on capital notes issued in FY18, FY21 and FY23.

Financial performance

For the half year ended 28 February 2025

4. Divisional performance

4.1 Retail income statement, key metrics and financial performance review

Overview

The Retail Bank meets the financial needs and services of personal customers. The division supports 1.3 million customers through a network of branches, third party intermediaries, Australian-based customer call centres, digital services, and mobile mortgage specialists. On 22 August 2024, the Group announced it would convert all Owner Managed branches to corporate branches by March 2025.

	Half year performance				
	Feb 25 $m	Aug 24 $m	Feb 24 $m	Feb 25 vs Aug 24	Feb 25 vs Feb 24
Net interest income	**388**	398	393	(3%)	(1%)
Non-interest income	**45**	42	46	7%	(2%)
Total income	**433**	440	439	(2%)	(1%)
Operating expenses	**(358)**	(380)	(366)	(6%)	(2%)
Underlying profit	**75**	60	73	25%	3%
Loan impairment expense	**(9)**	(3)	2	200%	large
Profit before tax	**66**	57	75	16%	(12%)
Income tax expense	**(21)**	(19)	(25)	11%	(16%)
Cash earnings after tax	**45**	38	50	18%	(10%)

		Half year performance				
Key metrics		**Feb 25**	Aug 24	Feb 24	Feb 25 vs Aug 24	Feb 25 vs Feb 24
PERFORMANCE INDICATORS						
CTI	%	**82.7**	86.4	83.4	(370bps)	(70bps)
Net interest income / average GLA [(1)]	%	**1.57**	1.56	1.54	1bps	3bps
ASSET QUALITY						
90 dpd arrears	$m	**634**	663	588	(4%)	8%
Impaired assets	$m	**12**	13	16	(8%)	(25%)
Loan impairment expense / GLA	bps	**3**	1	(1)	2	4
BALANCE SHEET [(2)]						
GLA		**53,465**	54,765	55,432	(5%)	(4%)
Housing	$m	**53,336**	54,618	55,264	(5%)	(3%)
Other retail	$m	**129**	147	168	(25%)	(23%)
Credit risk weighted assets [(3)]	$m	**15,792**	16,181	16,997	(5%)	(7%)
Customer deposits [(4)]	$m	**36,123**	36,879	35,949	(4%)	-
Term deposits	$m	**13,780**	14,534	14,289	(10%)	(4%)
Mortgage offsets	$m	**4,236**	4,268	4,271	(2%)	(1%)
Savings and investment	$m	**14,557**	14,607	13,900	(1%)	5%
Transaction accounts	$m	**3,550**	3,470	3,489	5%	2%
Deposit to loan ratio	%	**68**	67	65	100bps	300bps

(1) Calculated on a cash earnings basis and net of mortgage offsets.
(2) Balance sheet key metrics have been annualised for Feb 25 versus Aug 24.
(3) Credit RWAs reflect on balance sheet exposures.
(4) Treasury managed customer deposits are included in the Group's Other operating business unit.

Financial performance

For the half year ended 28 February 2025

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

1H25 v 1H24

Retail Bank cash earnings after tax of $45 million decreased by $5 million or 10 per cent on 1H24. Underlying profit increased $2 million or three per cent, driven by an $8 million or two per cent decrease in operating expenses, partially offset by a $5 million or one per cent reduction in net interest income. Loan impairment expense was $9 million in 1H25, compared to a release of $2 million in 1H24.

Net interest income

Net interest income of $388 million decreased by $5 million or one per cent on 1H24, reflecting a three per cent contraction in the housing portfolio, partially offset by three basis points improvement in net interest margin (**NIM**).

Spot balance sheet movements included:

- Housing contraction of $1.9 billion or three per cent on 1H24, representing growth below system. 1H25 continued to reflect the prioritisation of returns in a highly competitive housing market and the ongoing moderation of VMA and BOQ broker origination; and
- Customer deposits grew $0.2 billion on 1H24, driven by growth in savings and transaction account balances, partially offset by a contraction in term deposits.

Net interest margin of 1.57 per cent increased by three basis points on 1H24, reflecting the benefits from hedged deposits and capital. This was partially offset by higher funding costs and continued competitive pressure across customer deposits, including the impact of customers switching to higher yielding deposit products.

Non-interest income

Non-interest income of $45 million decreased by $1 million or two per cent on 1H24 with lower lending fee income partially offset by increased commissions from third party credit card, superannuation and insurance products.

Operating expenses

Operating expenses of $358 million decreased by $8 million or two per cent on 1H24, reflecting savings from productivity initiatives. This was partially offset by inflation, continued investment in technology transformation, and the impact of the conversion of Owner Managed branches.

Loan impairment expense

Loan impairment expense of $9 million compares to a $2 million release in 1H24, driven by collective provision increases driven by lower house price growth forecasts than prior periods and a slight deterioration in default rates.

1H25 vs 2H24

Retail Bank cash earnings after tax of $45 million increased $7 million or 18 per cent on 2H24. Underlying profit increased $15 million or 25 per cent driven by a $22 million or six per cent decrease in operating expenses, partially offset by a $10 million or three per cent reduction in net interest income. Loan impairment expense of $9 million increased $6 million on 2H24.

Net interest income

Net interest income of $388 million decreased by $10 million or three per cent on 2H24 driven by a five per cent contraction in the housing portfolio and the impact of a lower day count in 1H25, partially offset by a one basis point increase in net interest margin.

Spot balance sheet movements included:

- Housing contraction of $1.3 billion or five per cent on 2H24 representing growth below system. 1H25 housing continued to reflect the prioritisation of economic returns in a highly competitive housing market and the ongoing moderation of VMA and BOQ broker origination; and
- Customer deposits contracted $0.8 billion on 2H24, reflecting the optimisation in Group funding requirements as lending volumes moderated, with the decline largely driven by term deposits.

Net interest margin of 1.57 per cent increased one basis point on 2H24, reflecting the benefits from hedged deposits and capital. This was partially offset by higher funding costs, and the impact of customers switching to higher yielding deposit products.

Non-interest income

Non-interest income of $45 million increased by $3 million or seven per cent on 2H24 reflecting growth in commissions from distribution of third party products.

Operating expenses

Operating expenses of $358 million decreased by $22 million or six per cent on 2H24 reflecting savings from productivity initiatives. This was partially offset by inflation, continued investment in technology transformation, and the impact of the conversion of Owner Managed branches.

Loan impairment expense

Loan impairment expense of $9 million increased by $6 million on 2H24 driven by lower house price growth forecasts than prior periods and a slight deterioration in default rates.

Financial performance

For the half year ended 28 February 2025

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

Overview

The BOQ Business division provides tailored business banking solutions, including commercial lending, equipment finance and leasing, cashflow finance, foreign exchange hedging and international transfers, interest rate hedging, transaction banking, home lending and deposit solutions for business customers.

	Half year performance				
	Feb 25 $m	Aug 24 $m	Feb 24 $m	Feb 25 vs Aug 24	Feb 25 vs Feb 24
Net interest income	**339**	343	329	(1%)	3%
Non-interest income	**23**	24	21	(4%)	10%
Total income	**362**	367	350	(1%)	3%
Operating expenses	**(162)**	(165)	(158)	(2%)	3%
Underlying profit	**200**	202	192	(1%)	4%
Loan impairment expense	**6**	(2)	(17)	large	large
Profit before tax	**206**	200	175	3%	18%
Income tax expense	**(66)**	(64)	(58)	3%	14%
Cash earnings after tax	**140**	136	117	3%	20%

		Half year performance				
Key metrics		**Feb 25**	Aug 24	Feb 24	Feb 25 vs Aug 24	Feb 25 vs Feb 24
PERFORMANCE INDICATORS						
CTI	%	**44.8**	45.0	45.1	(20bps)	(30bps)
Net interest income / average GLA [1]	%	**2.79**	2.83	2.76	(4bps)	3bps
ASSET QUALITY						
90 dpd arrears	$m	**245**	237	263	3%	(7%)
Impaired assets	$m	**83**	90	100	(8%)	(17%)
Loan impairment expense / GLA	bps	**(5)**	2	14	(7)	(19)
BALANCE SHEET [2]						
GLA	$m	**26,085**	25,714	25,282	3%	3%
Housing	$m	**6,929**	7,176	7,063	(7%)	(2%)
Commercial and other	$m	**12,248**	11,670	11,283	10%	9%
Asset finance	$m	**6,908**	6,868	6,936	1%	-
Credit risk weighted assets [3]	$m	**17,763**	17,309	17,124	5%	4%
Customer deposits [4]	$m	**10,141**	10,540	10,578	(8%)	(4%)
Term deposits	$m	**1,750**	2,200	2,314	(41%)	(24%)
Mortgage offsets	$m	**1,416**	1,379	1,361	5%	4%
Savings and investment	$m	**5,174**	5,180	5,141	-	1%
Transaction accounts	$m	**1,801**	1,781	1,762	2%	2%
Deposit to loan ratio	%	**39**	41	42	(200bps)	(300bps)

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

(2) Balance sheet key metrics have been annualised for Feb 25 versus Aug 24.

(3) Credit RWAs reflect on balance sheet exposures.

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

Financial performance

For the half year ended 28 February 2025

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

1H25 vs 1H24

BOQ Business cash earnings after tax of $140 million increased $23 million or 20 per cent on 1H24. Underlying profit increased $8 million or four per cent driven by a $12 million or three per cent increase in total income, partially offset by operating expense growth of $4 million or three per cent. Loan impairment expense was a release of $6 million in 1H25, a decrease of $23 million on 1H24.

Net interest income

Net interest income of $339 million increased $10 million or three per cent on 1H24, reflecting higher lending assets and a three basis points improvement in net interest margin.

Spot balance sheet movements included:

- Commercial and other lending growth of $965 million or nine per cent driven by growth in the healthcare sector and owner-occupied commercial property lending across a diversified range of businesses;
- Excluding a $207 million reduction resulting from the sale of the New Zealand portfolio, underlying asset finance balances grew $179 million or three per cent, driven primarily by the structured finance and equipment finance businesses;
- Housing contraction of $134 million or two per cent reflected a decision to prioritise returns over volume growth in a highly competitive housing market; and
- Customer deposits contraction of $437 million or four per cent, driven by a reduction in term deposits reflecting optimisation of Group funding requirements.

Net interest margin of 2.79 per cent increased three basis points on 1H24 reflecting the benefits from hedged deposits and capital, partially offset by higher funding costs and continued competitive pressure across home and business lending.

Non-interest income

Non-interest income of $23 million increased $2 million or 10 per cent on 1H24 reflecting higher foreign exchange sales revenue.

Operating expenses

Operating expenses of $162 million increased by $4 million or three per cent on 1H24 reflecting inflation, investment in additional frontline bankers and technology transformation, partially offset by productivity initiatives.

Loan impairment expense

Loan impairment expense was a release of $6 million, a decrease of $23 million on 1H24 reflecting low levels of specific provisioning in the commercial portfolio. Collective provisions reduced in 1H25 reflecting improved arrears in the commercial portfolio.

1H25 vs 2H24

BOQ Business cash earnings after tax of $140 million increased $4 million or three per cent on 2H24. Underlying profit contracted $2 million or one per cent driven by a $5 million or one per cent reduction in total income, partially offset by a $3 million or two per cent decrease in operating expenses. Loan impairment expense decreased $8 million on 2H24.

Net interest income

Net interest income of $339 million reduced by $4 million or one per cent on 2H24 reflecting a four basis points contraction in net interest margin and the impact of a lower day count in 1H25. This was partially offset by higher lending assets.

Spot balance sheet movements included:

- Commercial and other lending growth of $578 million or 10 per cent driven by growth in the healthcare sector and owner-occupied commercial property lending across a diversified range of businesses;
- Asset finance growth of $40 million or one per cent driven by growth in the structured finance and equipment finance businesses;
- Housing contraction of $247 million or seven per cent reflecting a decision to prioritise returns over volume growth in a highly competitive housing market; and
- Customer deposits contraction of $399 million or eight per cent driven by a reduction in term deposits reflecting optimisation of Group funding requirements.

Net interest margin of 2.79 per cent decreased four basis points on 2H24 reflecting competitive pressure on home and business lending margins, higher third party costs and lower other interest income.

Non-interest income

Non-interest income of $23 million decreased by $1 million or four per cent driven by lower foreign exchange sales and lower gains from the sale of leasing equipment.

Operating expenses

Operating expenses of $162 million decreased $3 million or two per cent on 2H24 reflecting savings from productivity initiatives. This was partially offset by inflation and investment in technology transformation and additional frontline bankers.

Loan impairment expense

Loan impairment expense was a release of $6 million, a decrease of $8 million on 2H24 reflecting low levels of specific provisioning in the commercial portfolio. Collective provisions reduced in 1H25 reflecting improved arrears in the commercial portfolio.

Financial performance

For the half year ended 28 February 2025

4.3 Other income statement and financial performance review

Overview

The Other business unit includes Treasury and Group Head Office.

	Half year performance				
	Feb 25 $m	Aug 24 $m	Feb 24 $m	Feb 25 vs Aug 24	Feb 25 vs Feb 24
Net interest income / (expense)	**(2)**	(3)	3	(33%)	large
Non-interest income	**-**	1	3	(100%)	(100%)
Total income / (loss)	**(2)**	(2)	6	-	large
Operating expenses	**-**	-	-	-	-
Underlying profit / (loss)	**(2)**	(2)	6	-	large
Loan impairment expense	**-**	-	-	-	-
Profit / (loss) before tax	**(2)**	(2)	6	-	large
Income tax (expense) / benefit	**-**	(1)	(1)	(100%)	(100%)
Cash profit / (loss) after tax	**(2)**	(3)	5	(33%)	large

Financial performance review

Cash loss after tax of $2 million in 1H25 compares to cash profit after tax of $5 million in 1H24 reflecting lower interest income and Treasury related income.

Net interest income / (expense)

Net interest expense of $2 million in 1H25 is largely driven by lease related (AASB16) net interest expenses and compares to net interest income of $3 million in 1H24.

Non-interest income / (expense)

Non-interest income of $0 million was primarily driven by lower Treasury related fees and gains compared to 1H24.

4.4 Outlook

The Australian economy improved over the half year reflecting the pickup in household disposable incomes and a strong labour market. BOQ's central case is that the economy strengthens further this year as businesses and consumers gain further confidence and there are additional cash rate reductions.

The Group's performance outlook for 2H25 is outlined below:

- Increasing geopolitical uncertainty and the impact of tariffs on global trade is heightening the risk of global economic shocks and slower growth;
- Continued competition for home lending and quality business lending;
- BOQ's mortgage book will continue to experience a modest decline as the Group priorities higher returning business lending;
- Competitive funding and deposit markets as customers and investors search for higher yielding returns whilst the BA cash rate moves into an easing cvcle;
- Ongoing delivery of the Group's simplification agenda and completion of the Group's conversion of the Owner Managed branch network, resulting in higher revenue which will be partially offset by the operating costs of the network;
- Continued investment in digital transformation, simplifying and strengthening operational resilience, at slightly higher levels than in 1H25 but at reduced levels from FY24;
- Significantly higher amortisation expenditure with the launch of the digital mortgage platform;
- Loan impairment expense to increase from historically low loss-rates; and
- Continued support for customers in managing the financial burden of higher interest rates and cost of living pressures.

Financial performance

For the half year ended 28 February 2025

5. Appendix to Financial performance

5.1 Cash EPS calculations

		Half year performance				
		Feb 25	Aug 24	Feb 24	Feb 25 vs Aug 24	Feb 25 vs Feb 24
RECONCILIATION OF CASH EARNINGS FOR EPS						
Cash earnings after tax	$m	**183**	171	172	7%	6%
Returns to other equity instruments [(1)]	$m	**-**	-	(2)	-	(100%)
Fair value adjustment on ME AT1 capital notes [(2)]	$m	**-**	-	1	-	(100%)
Cash earnings available for ordinary shareholders	$m	**183**	171	171	7%	7%
Effect of capital notes 1 [(3)]	$m	**-**	9	10	(100%)	(100%)
Effect of capital notes 2	$m	**7**	8	7	(13%)	-
Effect of capital notes 3	$m	**11**	11	11	-	-
Cash diluted earnings available for ordinary shareholders	$m	**201**	199	199	1%	1%
WEIGHTED AVERAGE NUMBER OF SHARES (WANOS)						
Basic WANOS - ordinary shares	m	**658**	658	656	-	-
Effect of award rights	m	**7**	8	6	(13%)	17%
Effect of capital notes 1 [(3)]	m	**-**	52	60	(100%)	(100%)
Effect of capital notes 2	m	**38**	43	44	(12%)	(14%)
Effect of capital notes 3	m	**60**	66	69	(9%)	(13%)
Diluted WANOS for cash earnings EPS [(4)]	m	**763**	827	835	(8%)	(9%)
EARNINGS PER SHARE						
Cash basic EPS - ordinary shares	cents	**27.9**	26.0	26.2	7%	6%
Cash diluted EPS - ordinary shares	cents	**26.4**	24.0	23.9	10%	10%

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

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

(3) BOQ redeemed Retail Capital Notes 1 in full on 15 August 2024 without issuing a replacement security. Refer to Note 6.3.5(4) for further information.

(4) The Group had awarded 11,265,103 employee share options as at 28 February 2025. The options were anti-dilutive during the period and therefore have not impacted diluted WANOS.

Financial performance

For the half year ended 28 February 2025

5.2 Average balance sheet and margin analysis

The following tables outline the major categories of interest earning assets and interest bearing liabilities of the Group together with the respective interest earned or paid and the average interest rate for each of 1H25, 2H24, 1H24.

	1H25			2H24			1H24		
	Average balance $m	**Interest $m**	**Average rate %**	Average balance $m	Interest $m	Average rate %	Average balance $m	Interest $m	Average rate %
INTEREST EARNING ASSETS									
Loans and advances [1]	**74,073**	**2,167**	**5.90**	74,837	2,203	5.86	75,055	2,058	5.51
Investments and other securities	**18,979**	**419**	**4.45**	18,749	419	4.45	19,197	401	4.20
Total interest earning assets	**93,052**	**2,586**	**5.60**	93,586	2,622	5.57	94,252	2,459	5.25
Non-interest earning assets									
Property, plant and equipment	**140**			156			188		
Other assets	**2,454**			2,462			2,382		
Provision for impairment	**(307)**			(327)			(323)		
Total non-interest earning assets	**2,287**			2,291			2,247		
Total assets	**95,339**			95,877			96,499		
INTEREST BEARING LIABILITIES									
Retail deposits	**61,709**	**1,179**	**3.85**	61,007	1,164	3.80	60,725	1,115	3.69
Wholesale deposits and borrowings [2]	**26,281**	**682**	**5.23**	27,263	720	5.25	27,711	619	4.48
Total interest bearing liabilities	**87,990**	**1,861**	**4.27**	88,270	1,884	4.25	88,436	1,734	3.94
Non-interest bearing liabilities	**1,477**			1,577			1,607		
Total liabilities	**89,467**			89,847			90,043		
Shareholders' funds	**5,872**			6,030			6,456		
Total liabilities and shareholders' funds	**95,339**			95,877			96,499		
INTEREST MARGIN AND INTEREST SPREAD									
Interest earning assets	**93,052**	**2,586**	**5.60**	93,586	2,622	5.57	94,252	2,459	5.25
Interest bearing liabilities	**87,990**	**1,861**	**4.27**	88,270	1,884	4.25	88,436	1,734	3.94
Net interest spread			**1.33**			1.32			1.31
Benefit of free funds			**0.24**			0.25			0.24
NIM - on average interest earning assets	**93,052**	**725**	**1.57**	93,586	738	1.57	94,252	725	1.55

(1) Net of average mortgage offset balances.

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

6. Consolidated half year financial report

For the half year ended 28 February 2025

Directors' report

The Directors present their report together with the consolidated half year financial report of Bank of Queensland Limited (**the Bank**), being the Bank and its controlled entities (together referred to as **the Consolidated Entity** or **the Group**), for the half year ended 28 February 2025.

Directors' details

The Directors of the Bank at any time during or since the end of the half year and up to the date of this report are:

- Patrick Allaway, Director since May 2019, Managing Director and Chief Executive Officer (**CEO**) since March 2023
- Warwick Negus, Director since September 2016 and Chairman since March 2023
- Bruce Carter (ceased 3 December 2024)
- Karen Penrose, Director since November 2015
- Mickie Rosen, Director since March 2021
- Deborah Kiers, Director since August 2021
- Jennifer Fagg (ceased 29 November 2024)
- Andrew Fraser, Director since February 2024
- Mary Waldron, Director since November 2024.

Principal activities

The principal activity of the Consolidated Entity is the provision of financial services to the community. The Bank has an authority to carry on banking business under the *Banking Act 1959*. There were no significant changes during the period in the nature of the activities of the Consolidated Entity.

Operating and Financial Review

Our Operating and Financial Review is contained in pages 4 - 32 of this report.

Regulatory developments

On 30 May 2023, the Group entered into voluntary enforceable undertakings with APRA and AUSTRAC to execute multi-year programs of work to uplift our operational resilience, risk culture, governance and Anti-Money Laundering and Counter-Terrorism Financing programs.

The Remedial Action Plans were approved by APRA and AUSTRAC on 30 November 2023 and 20 October 2023 respectively. Please see Note 6.5.3 with respect to reforms to the *Anti-Money Laundering and Counter Terrorism Financing Act 2006* (Cth) and BOQ's AUSTRAC Remedial Action Plan.

Throughout first half ended 28 February 2025, the Group has had numerous engagements with its regulators and been subject to several reviews and enquiries. This included engagement with ASIC about concerns it had regarding BOQ's systems and controls relating to its design and distribution, breach reporting, dispute resolution, hardship and effective compensation arrangement obligations. ASIC has approved BOQ's Consolidated Action Plan to address the above items, including the appointment of an Independent Reviewer to ensure the work completed is effective and sustainable. BOQ also engaged with the Banking Code Compliance Committee (**BCCC**) about concerns regarding past compliance with the Banking Code of Practice and management of deceased estates resulting in a sanction in January 2025.

Key management and company officer changes

Key management and company officer changes during the half year and up to the date of this report were as follows.

Director changes during the year:

- Mary Waldron was appointed as an independent Non-Executive Director to the BOQ Board on 11 November 2024;
- Jennifer Fagg ceased as an independent Non-Executive Director on 29 November 2024;
- Bruce Carter ceased as an independent Non-Executive Director on 3 December 2024; and
- Paul Riordan was appointed as an independent Non-Executive Director to the BOQ Board effective from 16 April 2025.

Management changes during the year:

- Chris Screen, Group Executive Business Banking, ceased in his role on 10 January 2025 and will serve out his Gardening leave on 2 July 2025 or such earlier date as agreed between the parties; and
- Julian Russell was appointed Group Executive Business Bank effective 22 April 2025.

Subsequent events

The Bank has determined an interim dividend to be paid on 23 May 2025. Further details with respect to the dividend amount per share, payment date and dividend reinvestment plan can be obtained from Note 6.2.3 of the consolidated half year financial report.

In August 2024, the Bank communicated to the market the significant progress it has made in BOQ's digital transformation, and its ability to simplify its retail distribution channels by announcing the strategic initiative to convert all 114 Owner Managed branches to corporate branches. The corporatisation aims to reflect the way customers are choosing to bank, streamline operations, enhance efficiency, and drive sustainable growth by adopting a more structured corporate framework under the Group's ownership. In the half to 28 February, 34 of the 114 branches have been converted to corporate branches, with 18 of these branches subsequently closed. This resulted in a recognition of right to operate a branch intangible assets valued at $21 million with subsequent amortisation and other expenses related to the acquired Owner Managed retail branches recognised in the first half. The carrying value of the intangible assets as at 28 February was $9 million. For further detail on Owner Managed branches conversion, refer to Note 6.5.1 and 6.5.3.

On 1 March 2025, BOQ converted the remaining 80 Owner Managed branches to corporate branches. The conversion on 1 March resulted in the recognition of right to operate a branch intangible assets on the Group's balance sheet in March 2025 and additional expenditure in profit or loss. The total cost of the Owner Managed branches conversion is estimated to be $115 - $125 million, as previously disclosed, impacting the profit or loss in the financial year ending 31 August 2025 and future financial years.

The Directors are not aware of any other matters or circumstances that have arisen in the interval between the end of the half year and up to the date of this report, or any item, event or transaction which significantly affects, or may significantly affect the operations of the Group in future years.

6. Consolidated half year financial report

For the half year ended 28 February 2025

Directors' report (continued)

Management attestation

The Board has been provided with a joint written statement from the Managing Director and CEO and Chief Financial Officer confirming that, in their opinion, the accompanying financial statements and notes:

(a) have been prepared in accordance with Australian Accounting Standards; and

(b) present a true and fair view of the Group's financial position and performance as at and for the half year ended 28 February 2025.

Further, that in their opinion financial records for the Group have been properly maintained for the half year ended 28 February 2025.

The Directors' declaration can be found on page 58 of this document.

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

The Lead Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 35 and forms part of the Directors' report for the half year ended 28 February 2025.

Rounding of amounts

The Bank is a company of a kind referred to in ASIC Corporations Instrument 2016/191 dated 24 March 2016 and in accordance with that Instrument, amounts in this financial report and Directors' report have been rounded to the nearest million dollars, unless otherwise stated.

Signed in accordance with a resolution of the Directors:

Warwick Negus

Chairman

15 April 2025

Patrick Allaway

Managing Director and CEO

15 April 2025

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

pwc

Auditor's Independence Declaration

As lead auditor for the review of Bank of Queensland Limited for the half-year ended 28 February 2025, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

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

Craig Stafford
Partner
PricewaterhouseCoopers

Sydney
15 April 2025

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

Level 11, 1PSQ, 169 Macquarie Street, PARRAMATTA NSW 2150, PO Box 1155 PARRAMATTA NSW 2124
T: +61 2 9659 2476, F: +61 2 8266 9999, www.pwc.com.au

Consolidated income statement

For the half year ended 28 February 2025

	Note	**Feb 25 $m**	Feb 24 $m
INTEREST INCOME:			
Effective interest income		**2,174**	2,039
Other		**370**	358
Interest expense		**(1,811)**	(1,667)
Net interest income		**733**	730
Net other operating income	6.2.1	**69**	66
Net operating income before impairment and operating expenses		**802**	796
Operating expenses		**(547)**	(547)
Impairment loss on loans and advances		**(3)**	(14)
Profit before income tax		**252**	235
Income tax expense	6.2.2	**(81)**	(84)
Profit for the period		**171**	151
PROFIT ATTRIBUTABLE TO:			
Equity holders of Bank of Queensland Limited		**171**	151
EARNINGS PER SHARE (EPS)			
Basic earnings per share - Ordinary shares (cents)		**26.0**	22.9
Diluted earnings per share - Ordinary shares (cents)		**24.8**	21.3

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

Consolidated statement of comprehensive income

For the half year ended 28 February 2025

	Feb 25 $m	Feb 24 $m
Profit for the period	**171**	151
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX		
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS		
Cash flow hedges:		
Net movement taken to equity	**(15)**	(51)
Net movement transferred to profit or loss	**(1)**	5
Debt instruments at fair value through other comprehensive income (**FVOCI**):		
Net change in fair value	**8**	(9)
Net movement transferred to profit or loss	**(2)**	(4)
Equity instruments at FVOCI:		
Net change in fair value	**3**	-
Other comprehensive loss, net of income tax	**(7)**	(59)
Total comprehensive income for the period	**164**	92
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Equity holders of Bank of Queensland Limited	**164**	92

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

Consolidated balance sheet

As at 28 February 2025

	Note	Consolidated Feb 25 $m	Aug 24 $m
ASSETS			
Cash and cash equivalents		**3,715**	2,927
Due from other financial institutions		**254**	220
Derivative financial assets	6.3.3(a)	**680**	561
Financial assets at fair value through profit or loss (**FVTPL**)	6.3.3(a)	**653**	604
Debt instruments at FVOCI	6.3.3(a)	**14,068**	16,760
Equity instruments at FVOCI	6.3.3(a)	**6**	7
Debt instruments at amortised cost		**15**	15
Loans and advances	6.3.4	**79,240**	80,163
Other assets		**377**	401
Current tax assets		**35**	-
Property, plant and equipment		**144**	142
Assets held for sale	6.4(a)	**5**	-
Deferred tax assets		**69**	70
Intangible assets	6.5.1	**1,178**	1,162
Investments in joint arrangements	6.4(a)	**-**	8
Total assets		**100,439**	103,040
LIABILITIES			
Due to other financial institutions - at call		**1,100**	1,064
Deposits		**74,952**	76,218
Derivative financial liabilities	6.3.3(a)	**179**	218
Accounts payable and other liabilities		**1,039**	1,179
Current tax liabilities		**-**	14
Provisions		**109**	143
Borrowings	6.3.5	**17,008**	18,187
Total liabilities		**94,387**	97,023
Net assets		**6,052**	6,017
EQUITY			
Issued capital		**5,332**	5,342
Reserves		**385**	311
Retained profits		**335**	364
Total equity		**6,052**	6,017

The Consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the half year ended 28 February 2025

	Issued capital $m	Employee benefits reserve $m	Share plan revaluation reserve $m	Cashflow hedge reserve $m	FVOCI reserve $m	Profit reserve $m	Retained profits $m	Total equity $m
HALF YEAR ENDED 28 FEBRUARY 2025								
Balance as at 31 August 2024	5,342	60	-	37	(37)	251	364	6,017
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD								
Profit for the period	-	-	-	-	-	-	171	171
Transfers to profit reserve	-	-	-	-	-	203	(203)	-
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX:								
Cash flow hedges:								
Net movement taken to equity	-	-	-	(15)	-	-	-	(15)
Net movement transferred to profit or loss	-	-	-	(1)	-	-	-	(1)
Debt instruments at FVOCI:								
Net change in fair value	-	-	-	-	8	-	-	8
Net movement transferred to profit or loss	-	-	-	-	(2)	-	-	(2)
Equity instruments at FVOCI:								
Net change in fair value	-	-	-	-	3	-	-	3
Transfer from reserves (1)	-	-	-	-	(3)	-	3	-
Total other comprehensive income / (expense)	-	-	-	(16)	6	-	3	(7)
Total comprehensive income / (expense) for the period	-	-	-	(16)	6	203	(29)	164
TRANSACTIONS WITH EQUITY HOLDERS IN THEIR CAPACITY AS EQUITY HOLDERS								
Dividends to shareholders (2)	-	-	-	-	-	(112)	-	(112)
Share plan revaluation	-	-	(1)	-	-	-	-	(1)
Equity settled transactions	-	(6)	-	-	-	-	-	(6)
Treasury shares	(10)	-	-	-	-	-	-	(10)
Total contributions by and distributions to owners	(10)	(6)	(1)	-	-	(112)	-	(129)
Balance as at 28 February 2025	5,332	54	(1)	21	(31)	342	335	6,052

(1) Disposal of equity investments at FVOCI in the current period resulted in a transfer of cumulative gain in respect of these instruments from FVOCI reserve to retained profits.

(2) The dividend reinvestment plan for the dividend paid on 19 November 2024 was satisfied through the on-market purchase of 1,530,045 shares with a value of $10 million.

The Consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the half year ended 29 February 2024

	Issued capital $m	Other equity instruments $m	Employee benefits reserve $m	Share revaluation reserve $m	Equity reserve for credit losses $m	Other reserves $m	Retained profits $m	Total equity $m
HALF YEAR ENDED 29 FEBRUARY 2024								
Balance as at 31 August 2023	5,318	101	54	(6)	20	267	376	6,130
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD								
Profit for the period	-	1	-	-	-	-	150	151
Transfers to profit reserve	-	-	-	-	-	223	(223)	-
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX:								
Cash flow hedges:								
Net movement taken to equity	-	-	-	-	-	(51)	-	(51)
Net movement transferred to profit or loss	-	-	-	-	-	5	-	5
Debt instruments at FVOCI:								
Net change in fair value	-	-	-	-	-	(9)	-	(9)
Net movement transferred to profit or loss	-	-	-	-	-	(4)	-	(4)
Transfers to/(from) equity reserve for credit losses	-	-	-	-	(20)	-	20	-
Total other comprehensive income / (expense)	-	-	-	-	(20)	(59)	20	(59)
Total comprehensive income / (expense) for the period	-	1	-	-	(20)	164	(53)	92
TRANSACTIONS WITH EQUITY HOLDERS IN THEIR CAPACITY AS EQUITY HOLDERS								
Dividend reinvestment plan	13	-	-	-	-	-	-	13
Dividends to shareholders	-	-	-	-	-	(138)	-	(138)
Redemption of other equity instruments	-	(100)	-	-	-	-	-	(100)
Other equity instruments distributions	-	(1)	-	-	-	-	-	(1)
Fair value amortisation of capital notes	-	(1)	-	-	-	-	1	-
Share plan revaluation	-	-	-	4	-	-	-	4
Equity settled transactions	-	-	(1)	-	-	-	-	(1)
Total contributions by and distributions to owners	13	(102)	(1)	4	-	(138)	1	(223)
Balance as at 29 February 2024	**5,331**	**-**	**53**	**(2)**	**-**	**293**	**324**	**5,999**

The Consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the half year ended 28 February 2025

	Note	Consolidated Feb 25 $m	Feb 24 $m
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		**2,580**	2,326
Fees and other income received		**68**	77
Interest paid		**(1,961)**	(1,573)
Cash paid to suppliers and employees		**(548)**	(525)
Income tax paid		**(126)**	(118)
		13	187
DECREASE IN OPERATING ASSETS:			
Loans and advances at amortised cost		**921**	413
Other financial assets		**2,551**	1,169
DECREASE IN OPERATING LIABILITIES:			
Deposits and due to other financial institutions		**(1,242)**	(2,127)
Net cash inflows / (outflows) from operating activities		**2,243**	(358)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(8)**	(2)
Proceeds from sale of property, plant and equipment		**2**	2
Proceeds from sale of equity investments		**5**	
Payments to owner managers for right to operate intangible assets	6.5.1	**(14)**	-
Payments for other intangible assets		**(46)**	(90)
Net cash outflows from investing activities		**(61)**	(90)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	6.3.5	**713**	410
Repayments of borrowings	6.3.5	**(1,950)**	(2,054)
Redemption of other equity instruments		**-**	(100)
Payments for treasury shares		**(24)**	(8)
Other equity instruments distribution paid		**-**	(1)
Dividends paid		**(112)**	(125)
Payment of lease liabilities		**(21)**	(25)
Net cash outflows from financing activities		**(1,394)**	(1,903)
Net increase / (decrease) in cash and cash equivalents		**788**	(2,351)
Cash and cash equivalents at beginning of the period		**2,927**	5,238
Cash and cash equivalents at end of the period		**3,715**	2,887

The Consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

For the half year ended 28 February 2025

6.1 Basis of preparation

6.1.1 Reporting entity

The Bank of Queensland Limited (**the Bank**) is a for-profit company domiciled in Australia. Its registered office is Level 3, 100 Skyring Terrace, Newstead, QLD 4006.

The consolidated interim financial statements as at and for the half year ended 28 February 2025 comprise the Consolidated Entity (or **the Group**), being the Bank and its controlled entities. The principal activity of the Group is the provision of financial services to the community.

6.1.2 Basis of accounting

The consolidated half year financial report is a general purpose interim financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* (Cth). The consolidated half year financial report does not include all the information required for a full annual financial report, and therefore cannot be expected to provide as full an understanding of the financial position and financial performance of the Group as that given by the Annual Report. As a result, this consolidated half year financial report should be read in conjunction with the consolidated annual financial report of the Group as at and for the financial year ended 31 August 2024 and any public announcements made in the period by the Group in accordance with the continuous disclosure requirements of the *Corporations Act 2001* (Cth) and the ASX Listing Rules. The financial report for the year ended 31 August 2024 is available upon request from the Bank's registered office at Level 3, 100 Skyring Terrace, Newstead QLD 4006 or at http://www.boq.com.au.

Amounts contained in this report have been rounded to the nearest million dollars, unless otherwise stated, in accordance with ASIC Corporations Instrument 2016/191.

The consolidated half year financial report is presented in Australian dollars which is the functional currency of the Group.

The consolidated half year financial report was approved by the Board of Directors on 15 April 2025.

6.1.3 Significant accounting policies

The accounting policies applied by the Group in this consolidated half year financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 31 August 2024.

Where necessary, comparative information has been restated to conform to presentation in the current period. All changes have been footnoted throughout the financial statements.

6.1.4 Use of judgements and estimates

In preparing the consolidated half year financial report, management has been required to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, equity, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

The significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty are consistent with those applied to the consolidated financial statements as at and for the year ended 31 August 2024.

6.1.5 New Australian accounting standards

Introduction of Sustainability reporting standards

In September 2024, the AASB approved the final Australian Sustainability Reporting Standards, AASB S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and AASB S2 *Climate-related Disclosures*.

AASB S1 is a voluntary standard covering sustainability related financial disclosures, in particular, sustainability related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term.

AASB S2 is a mandatory standard that requires an entity to disclose information about climate related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term.

The Group is continuing to prepare for AASB S2 requirements for annual periods beginning 1 September 2025, and is not currently preparing to adopt AASB S1.

There are no other new accounting standards or amendments to existing standards that are not yet effective which are expected to have a material impact on the Group, other than those already disclosed in the 2024 Annual report.

Notes to the financial statements

For the half year ended 28 February 2025

6.2 Financial performance

6.2.1 Net other operating income

	Feb 25 $m	Feb 24 $m
INCOME FROM OPERATING ACTIVITIES		
Customer fees and charges [(1)]	**34**	38
Share of fee revenue to Owner Managed branches	**(3)**	(3)
Loyalty program expenses	**(4)**	(5)
Commissions	**23**	23
Foreign exchange income – customer based	**8**	8
Net profit on sale of property, plant and equipment	**2**	2
Net gain / (loss) from financial instruments and derivatives at fair value	**1**	(2)
Other income	**8**	5
Total net other operating income	**69**	66

(1) Customer charges on lending, banking and leasing products.

6.2.2 Income tax expense

The Group's effective tax rate for the half year ended 28 February 2025 was 32.1 per cent and for the half year ended 29 February 2024 was 35.7 per cent. This is above the corporate tax rate of 30 per cent, primarily attributable to the interest payable on Capital Notes which is non-deductible for tax purposes.

Notes to the financial statements

For the half year ended 28 February 2025

6.2.3 Dividends

	Feb 25		Feb 24	
	Cents per share	**$m**	Cents per share	$m
ORDINARY SHARES				
Final 2024 dividend paid 19 November 2024 (2023: 16 November 2023)	**17**	**112**	21	138

All dividends paid on ordinary shares have been fully franked.

Since the end of the period, the Directors have determined the following dividends:

	Cents per share	**$m**
Interim 2025 ordinary share dividend	**18**	**119**

The interim ordinary share dividend payment will be fully franked and paid on 23 May 2025 to owners of ordinary shares at the close of business on 1 May 2025 (Record Date). Shares will be quoted ex-dividend on 30 April 2025.

Dividend reinvestment plan

The dividend reinvestment plan (**DRP**) provides ordinary shareholders with the opportunity to reinvest all or part of their entitlement to a dividend into additional ordinary shares.

The price for shares issued or transferred under the DRP is the Market Price less such discount (if any) as the Directors may determine from time to time and notify to the ASX (rounded to the nearest cent).

Market price is the arithmetic average, rounded to four decimal places, of the daily volume weighted average price of:

- all shares sold in the ordinary course of trading on the ASX automated trading system; and
- where shares are sold on trading platforms of Australian licensed Financial Markets operated by persons other than ASX, all shares sold in the ordinary course of trading on such of those trading platforms determined by the Board from time to time, during the 10 trading day period commencing on the second trading day after the Record Date in respect of the relevant dividend.

The calculation of the daily volume weighted average price shall not include certain transactions, as outlined in the DRP terms and conditions. If, after this calculation, there is a residual balance, that balance will be carried forward (without interest) and added to the next dividend for the purpose of calculating the number of shares secured under the DRP at that time.

Shares issued or transferred under the DRP will be fully-paid and rank equally in all respects with existing shares.

The last date for election to participate in the DRP for the 2025 interim dividend is 2 May 2025.

Notes to the financial statements

For the half year ended 28 February 2025

6.2.4 Operating segments

Segment information

The Group determines and presents operating segments based on the information that is provided internally to its Managing Director and CEO, the Group's chief operating decision maker.

The Group's operating segments comprise the following:

Retail Bank - retail banking solutions provided to customers through a network of branches, ME Bank and Virgin Money distribution channels, digital platforms, and third party intermediaries; and

BOQ Business - provides tailored business banking solutions, including commercial lending, equipment finance and leasing, cash flow finance, foreign exchange hedging and international transfers, interest rate hedging, transaction banking, home lending and deposit solutions for business customers.

Geographic information

The business segments operate principally in Australia.

Presentation

The following table presents income, profit and certain asset and liability information regarding the Group's operating segments.

Inter-segment revenue and expenses and transfer pricing adjustments are reflected in the performance of each operating segment.

Other column includes Treasury and Group Head Office operations, as well as statutory basis adjustments not attributable to one of the segments.

	Half year ended 28 February 2025				Half year ended 29 February 2024			
	Retail Bank $m	**BOQ Business $m**	**Other [(1)] $m**	**Total $m**	Retail Bank $m	BOQ Business $m	Other [(1)] $m	Total $m
CASH BASIS								
Income								
Net interest income [(2)]	**388**	**339**	**(2)**	**725**	393	329	3	725
Non-interest income	**45**	**23**	**-**	**68**	46	21	3	70
Total income	**433**	**362**	**(2)**	**793**	439	350	6	795
Operating expenses	**(358)**	**(162)**	**-**	**(520)**	(366)	(158)	-	(524)
Underlying profit	**75**	**200**	**(2)**	**273**	73	192	6	271
Loan impairment (loss) / gain	**(9)**	**6**	**-**	**(3)**	2	(17)	-	(15)
Segment cash profit / (loss) before tax	**66**	**206**	**(2)**	**270**	75	175	6	256
Income tax expense	**(21)**	**(66)**	**-**	**(87)**	(25)	(58)	(1)	(84)
Segment cash profit / (loss) after tax [(3)]	**45**	**140**	**(2)**	**183**	50	117	5	172
STATUTORY BASIS ADJUSTMENTS								
Branch strategy [(4)]	**(12)**	**(4)**	**-**	**(16)**	-	-	-	-
Sale of New Zealand asset portfolio [(5)]	**-**	**-**	**-**	**-**	-	(19)	-	(19)
Hedge ineffectiveness	**-**	**-**	**1**	**1**	-	-	(3)	(3)
Amortisation of acquisition fair value adjustments	**-**	**-**	**3**	**3**	-	-	1	1
Statutory net profit / (loss) after tax	**33**	**136**	**2**	**171**	50	98	3	151
BALANCE SHEET								
Loans and advances	**53,363**	**25,877**	**-**	**79,240**	55,336	24,833	-	80,169
Deposits [(6)]	**36,123**	**10,141**	**28,688**	**74,952**	35,949	10,578	28,334	74,861

(1) This is not reported internally to the Group's chief operating decision maker as an operating segment.

(2) Interest income and interest expense are disclosed in this note on a net interest income basis. This is in line with the information provided internally to the Group's chief operating decision maker.

(3) This excludes a number of items that introduce volatility and / or one-off distortions of the current period performance.

(4) Branch strategy includes the cost of converting the OMB network to corporate branches by March 2025, as announced in August 2024, and costs associated with optimisation of the network. Refer to 6.5.1.

(5) The New Zealand asset portfolio sale completed on 31 March 2024. Refer to Note 5.4 e) in the 2024 Annual Report for further detail.

(6) Treasury managed deposits are included in Other.

Notes to the financial statements

For the half year ended 28 February 2025

6.3 Capital and balance sheet management

6.3.1 Capital management

The Group's capital management aims to ensure adequate capital levels are maintained to protect deposit holders. The Bank's capital is measured and managed in line with Prudential Standards issued by APRA. The Group's Internal Capital Adequacy Assessment Process (**ICAAP**) provides the framework to ensure that the Group is capitalised to meet internal capital targets and APRA's requirements. The ICAAP is reviewed regularly and submitted to the Board annually for approval. The Group's capital position is monitored on a continuous basis and reported monthly to the Asset and Liability Committee and Board.

APRA's revised Basel III capital framework has been effective since 1 January 2023. The Board has determined that BOQ will target to operate within the Common Equity Tier 1 (**CET1**) range of between 10.25-10.75 per cent, in normal operating conditions.

6.3.2 Issued capital

(a) Ordinary shares

	Feb 25 No of shares	Feb 24 No of shares
MOVEMENTS DURING THE PERIOD		
Balance at the beginning of the period – fully paid	**661,469,455**	657,217,431
Dividend reinvestment plan [1]	**-**	2,467,301
Balance at the end of the period – fully paid	**661,469,455**	659,684,732
TREASURY SHARES (INCLUDED IN ORDINARY SHARES ABOVE)		
Balance at the beginning of the period	**2,833,720**	3,218,124
Net acquisitions and disposals during the period	**1,379,814**	(108,651)
Balance at the end of the period	**4,213,534**	3,109,473

(1) 9 per cent of the interim dividend paid on 19 November 2024 and 10 per cent of the interim dividend paid on 16 November 2023 were reinvested by shareholders as part of the dividend reinvestment plan. The dividend reinvestment for 19 November 2024 was satisfied through the on-market purchase of 1,530,045 shares.

Notes to the financial statements

For the half year ended 28 February 2025

6.3.3 Financial instruments

(a) Fair value hierarchy

The Group measures fair values using the following fair value hierarchy and valuation techniques, which reflect the significance of the inputs used in making the measurements:

- **Level 1:** This category includes assets and liabilities for which the valuation is determined from inputs based on unadjusted quoted market prices in active markets for identical instruments.
- **Level 2:** This category includes assets and liabilities for which the valuation is determined from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly. This includes the use of discounted cash flow analysis, option pricing models and other market accepted valuation models.
- **Level 3:** This category includes assets and liabilities for which the valuation includes inputs that are not based on observable market data. This includes equity instruments where there are no quoted market prices.

The table below analyses financial instruments carried at fair value, by the valuation method:

	Feb 25			
Consolidated	**Level 1 $m**	**Level 2 $m**	**Level 3 $m**	**Total $m**
FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE				
Derivative financial assets	**-**	**680**	**-**	**680**
Financial assets at FVTPL	**-**	**653**	**-**	**653**
Debt instruments at FVOCI	**9,205**	**4,863**	**-**	**14,068**
Equity Instruments at FVOCI (1)	**5**	**-**	**1**	**6**
Total assets measured at fair value	**9,210**	**6,196**	**1**	**15,407**
Derivative financial liabilities	**-**	**(179)**	**-**	**(179)**
Net financial instruments at fair value	**9,210**	**6,017**	**1**	**15,228**

(1) A portion of equity investments at FVOCI were disposed of during the period. The remaining portion of the same equity instrument was listed in an active market during the period, resulting in the movement from Level 3 to Level 1. Remaining equity investments remain as Level 3 in the current period.

	Aug 24			
	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE				
Derivative financial assets	-	561	-	561
Financial assets at FVTPL	-	604	-	604
Debt instruments at FVOCI	7,491	9,269	-	16,760
Equity Instruments at FVOCI	-	-	7	7
Total assets measured at fair value	7,491	10,434	7	17,932
Derivative financial liabilities	-	(218)	-	(218)
Net financial instruments at fair value	7,491	10,216	7	17,714

There was no movements between levels during the period except for the noted movements for equity instruments at FVOCI.

(b) Valuation techniques used to derive Level 2 and Level 3 fair values

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data where it is available and rely as little as possible on the entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Notes to the financial statements

For the half year ended 28 February 2025

6.3.3 Financial instruments (continued)

(c) Comparison of fair value to carrying amounts

The table below discloses the fair value of financial instruments held at amortised cost:

	Carrying value		Fair value	
Consolidated	**Feb 25 $m**	Aug 24 $m	**Feb 25 $m**	Aug 24 $m
ASSETS CARRIED AT AMORTISED COST				
Loans and advances	**79,240**	80,163	**79,220**	80,086
	79,240	80,163	**79,220**	80,086
LIABILITIES CARRIED AT AMORTISED COST				
Deposits	**(74,952)**	(76,218)	**(74,951)**	(76,231)
Borrowings including subordinated notes	**(17,008)**	(18,187)	**(17,012)**	(18,249)
	(91,960)	(94,405)	**(91,963)**	(94,480)

The fair value hierarchy classification of instruments held at amortised cost:

- Debt instruments at amortised cost – Level 2;
- Loans and advances - Level 3; and
- Deposits and borrowings - Level 2.

6.3.4 Loans and advances

	Feb 25 $m	Aug 24 $m
Gross loans and advances	**79,766**	80,668
Less:		
Unearned finance lease income	**(216)**	(189)
Specific provision for impairment	**(46)**	(52)
Collective provision for impairment	**(264)**	(264)
Net loans and advances	**79,240**	80,163
Total loans and advances	**79,240**	80,163

Expected Credit Losses (ECL)

The following table discloses the breakdown of the Group's ECL by component for the half year ended 28 February 2025:

Consolidated	**Stage 1 – 12 month ECL $m**	**Stage 2 – Lifetime ECL $m**	**Stage 3 – Lifetime & Specific ECL $m**	**Total $m**
Balance as at 1 September 2024	**69**	**113**	**134**	**316**
Transfers during the period to:				
Stage 1	**36**	**(30)**	**(6)**	**-**
Stage 2	**(5)**	**12**	**(7)**	**-**
Stage 3	**(1)**	**(6)**	**7**	**-**
New provisions	**17**	**4**	**9**	**30**
Increased provision	**9**	**57**	**34**	**100**
Write-back of provisions no longer required	**(56)**	**(33)**	**(40)**	**(129)**
Amounts written off, previously provided for	**-**	**-**	**(7)**	**(7)**
Balance as at 28 February 2025	**69**	**117**	**124**	**310**

Notes to the financial statements

For the half year ended 28 February 2025

6.3.4 Loans and advances (continued)

	Stage 1 – 12 month ECL $m	Stage 2 – Lifetime ECL $m	Stage 3 – Lifetime & Specific ECL $m	Total $m
Balance as at 1 March 2024	91	84	157	332
Transfers during the period to:				
Stage 1	10	(4)	(6)	-
Stage 2	(18)	20	(2)	-
Stage 3	(1)	-	1	-
New provisions	11	13	5	29
Increased provisions	(3)	17	13	27
Write-back of provisions no longer required	(21)	(17)	(22)	(60)
Amounts written off, previously provided for	-	-	(12)	(12)
Balance as at 31 August 2024	69	113	134	316

The table below discloses the effect of movements in the gross carrying value of loans and advances in the different stages of the ECL model during the half year ended 28 February 2025:

Consolidated	**Stage 1 – 12 month ECL $m**	**Stage 2 – Lifetime ECL $m**	**Stage 3 – Lifetime & Specific ECL $m**	**Stage 3 - POCI Loans $m**	**Total (1) $m**
Gross carrying amount as at 1 September 2024	**62,396**	**16,682**	**1,258**	**143**	**80,479**
Transfers during the period to:					
Stage 1	**4,103**	**(4,057)**	**(46)**	**-**	**-**
Stage 2	**(6,692)**	**6,825**	**(133)**	**-**	**-**
Stage 3	**(133)**	**(269)**	**402**	**-**	**-**
New loans and advances originated or purchased	**9,547**	**62**	**19**	**-**	**9,628**
Loans and advances derecognised during the period including write-offs	**(7,717)**	**(2,534)**	**(293)**	**(13)**	**(10,557)**
Balance at the end of the period	**61,504**	**16,709**	**1,207**	**130**	**79,550**
Provision for impairment	**(69)**	**(117)**	**(124)**	**-**	**(310)**
Net carrying amount as at 28 February 2025	**61,435**	**16,592**	**1,083**	**130**	**79,240**

	Stage 1 – 12 month ECL $m	Stage 2 – Lifetime ECL $m	Stage 3 – Lifetime & Specific ECL $m	Stage 3 - POCI Loans $m	Total (1) $m
Gross carrying amount as at 1 March 2024	72,596	6,766	1,194	158	80,714
Transfers during the period to:					
Stage 1	464	(430)	(34)	-	-
Stage 2	(9,393)	9,409	(16)	-	-
Stage 3	(197)	(51)	248	-	-
New loans and advances originated or purchased	7,270	1,719	15	-	9,004
Loans and advances derecognised during the period including write-offs	(8,344)	(731)	(149)	(15)	(9,239)
Balance at the end of the period	62,396	16,682	1,258	143	80,479
Provision for impairment	(69)	(113)	(134)	-	(316)
Net carrying amount as at 31 August 2024	62,327	16,569	1,124	143	80,163

(1) The amounts presented above are inclusive of unearned finance lease income.

Purchased or originated credit-impaired (**POCI**) loans are financial assets that are purchased or originated as being credit impaired. The ECL for POCI assets is measured at an amount equal to the lifetime ECL. However, the amount recognised as a loss allowance for these assets is not the total amount of lifetime ECLs, but instead the changes in lifetime ECLs since initial recognition of the asset.

The loss allowance associated with the POCI loans amounted to a reduction of $0.1 million for the half year ended 28 February 2025 and was taken directly to the balance of the gross carrying value of loans and advances. No new POCI loans were recognised in the half year ended 28 February 2025.

Notes to the financial statements

For the half year ended 28 February 2025

6.3.4 Loans and advances (continued)

ECL model methodology, estimates and assumptions

The Group's reported ECL of $310 million was determined by taking into account the facts, circumstances and forecasts of future economic conditions and supportable information available at the reporting date. The fundamental credit model mechanics and methodology underpinning the Group's calculation of ECL have broadly remained consistent with prior periods, including economic and model overlays reflecting the uncertainty at that time.

In accordance with AASB 9 *Financial Instruments,* the ECL reflects an unbiased and probability-weighted amount, determined by the evaluation of a range of possible forward looking economic outcomes, rather than being based on a best or worst case scenario. The inclusion of a forward- looking component in the model anticipates changes in the economic outlook, and is an important component of the provisioning process.

The Group considers four forward-looking macro-economic scenarios (base, upside, downside and severe downside) over the next three years. The scenarios are then probability weighted to ensure ECL appropriately captures forward looking effects and considers the range of possible economic outcomes.

The scenarios, including their underlying indicators, are developed using a combination of publicly available data and internal forecasts to form the initial baseline. The scenarios are refined through consultation with internal specialists and benchmarking to external data from reputable sources, which includes forecasts published from a range of market economists and official data sources, including major central banks.

Economic outlook factors that are taken into consideration include, but are not limited to, unemployment, interest rates, gross domestic product, commercial and residential property price indices, and require an evaluation of both the current and forecast direction of the macro-economic cycle.

Incorporating forward looking information, including macro-economic forecasts, increases the degree of judgement required to assess how changes in these data points will affect ECLs. The methodologies and assumptions, including any forecasts of future economic conditions, are reviewed regularly.

- **Base case scenario:** This scenario reflects BOQ's forward looking economic assumptions where inflation continues to moderate and cash rates see further reductions in 2025, reaching a low point in 2026. Base case assumptions are supported by RBA forecasts where available. Unemployment remains low over the medium term and GDP growth is reasonably stable with only a slight reduction by 2027. Residential property prices see further growth in 2025, although at a lower rate than the increases observed in 2024.
- **Upside scenario:** This scenario represents a slight to moderate improvement on the economic conditions from the Base case.
- **Downside scenario:** This scenario represents stagflation effects, with higher interest rates, a falling GDP and rising unemployment. Compared to the base case scenario, inflation increases causing interest rate rises which reach a higher peak than the peak value observed late in 2023. Other economic variables experience more stressed outcomes as a result.
- **Severe downside scenario:** This scenario also represents stagflationary economic outcomes and accounts for the potential impact of lower likelihood but higher severity macroeconomic conditions.

Notes to the financial statements

For the half year ended 28 February 2025

6.3.4 Loans and advances (continued)

ECL model methodology, estimates and assumptions (continued)

The table below provides a summary of macro-economic assumptions used in the Base and Downside scenarios as at 28 February 2025:

	Base			Downside		
Macro-economic assumption [1]	**2025**	2026	2027	**2025**	2026	2027
GDP (YoY)	**2.4**	2.3	2.2	**(0.4)**	0.7	1.0
Unemployment	**4.2**	4.2	4.2	**5.4**	7.2	7.3
Residential Property Price growth/(reduction) (YoY)	**3.7**	4.6	4.8	**(8.3)**	(6.4)	(3.5)
Commercial Property Price growth/(reduction) (YoY)	**1.4**	2.1	2.5	**(12.0)**	(5.8)	(4.1)
Cash Rate	**3.6**	3.5	3.5	**4.8**	4.8	4.5

(1) The forecasts in the table reflect calendar year end numbers for 2025 and 2026 and June for 2027.

In determining the reported ECL of $310 million, the Group has taken into account the facts, circumstances and forecasts of future economic conditions and supportable information available at the reporting date. Provisioning assumption updates have been made during 1H25 which include a complete review of overlays and adjustments, which are held for external factors not captured in the core models, including specific industry or portfolio stresses and uncertainties related to model precision, as well as a review of scenarios and scenario weightings to cater for economic uncertainties. Key drivers of management overlays remain related to emerging risks associated with construction, retail trade, accommodation and food services and rental, hiring and real estate services.

The final ECL reflects an unbiased and probability-weighted amount, determined by the evaluation of a range of possible forward looking economic outcomes, rather than being based on a best or worst case scenario. The table below shows weightings applied to derive the probability weighted ECL, utilising the most up to date macro-economic information available as at the reporting date.

	Upside		Base		Downside		Severe	
	Feb 25	Aug 24	**Feb 25**	Aug 24	**Feb 25**	Aug 24	**Feb 25**	Aug 24
Weighting	**5**	5	**50**	50	**30**	30	**15**	15

Sensitivity of provisions for impairment

The ECL reflects an unbiased and probability-weighted amount across a range of macro-economic scenarios as described above. The following table compares the reported ECL to approximate levels of ECL under each scenario assuming a 100 per cent weighting was applied to each scenario with all other assumptions held constant.

	Consolidated Feb 25 $m	Consolidated Aug 24 $m
Reported probability weighted ECL	**310**	316
100% Upside scenario	**225**	228
100% Base case scenario	**236**	238
100% Downside scenario	**330**	339
100% Severe Downside scenario	**543**	562

Sensitivity of provisions for impairment to SICR assessments

If one per cent of Stage 1 credit exposures as at 28 February 2025 were included in Stage 2, provisions for impairment would increase by approximately $9 million for the Group (31 August 2024: $9 million) based on applying coverage ratios by stage to the movement in the gross exposure by stage.

Notes to the financial statements

For the half year ended 28 February 2025

6.3.5 Borrowings

The Consolidated Entity recorded the following movements on borrowings:

	Securitisation liabilities (1) $m	Covered bonds liabilities (2) (6) $m	EMTN program (6) (7) $m	Senior Unsecured Notes (7) $m	ECP program (6) $m	Subordinated notes $m	Capital Notes (4) $m	Total $m
HALF YEAR ENDED 28 FEBRUARY 2025								
Balance at the beginning of the period	**7,618**	**3,798**	**15**	**5,175**	**280**	**648**	**653**	**18,187**
Proceeds from issues / new funding	**-**	**-**	**-**	**300**	**163**	**250**	**-**	**713**
Repayments	**(821)**	**-**	**-**	**(940)**	**(189)**	**-**	**-**	**(1,950)**
Amortisation of deferred costs (5)	**-**	**1**	**-**	**1**	**-**	**-**	**1**	**3**
Foreign exchange translation (5)	**-**	**51**	**-**	**-**	**4**	**-**	**-**	**55**
Balance at the end of the period	**6,797**	**3,850**	**15**	**4,536**	**258**	**898**	**654**	**17,008**

	Securitisation liabilities (1) $m	Covered bonds liabilities (2) (6) $m	Debt issues (6) (7) $m	ECP program (6) $m	Term funding facility (3) $m	Subordinated notes $m	Capital Notes (4) $m	Total $m
HALF YEAR ENDED 29 FEBRUARY 2024								
Balance at the beginning of the period	7,029	3,694	4,810	362	1,779	648	1,000	19,322
Proceeds from issues / new funding	-	-	251	159	-	-	-	410
Repayments	(725)	-	(370)	(292)	(667)	-	-	(2,054)
Amortisation of deferred costs (5)	1	1	-	-	-	-	1	3
Foreign exchange translation (5)	-	(19)	-	-	-	-	-	(19)
Balance at the end of the period	6,305	3,676	4,691	229	1,112	648	1,001	17,662

(1) Securitisation liabilities are secured by a floating charge over securitised assets for amounts owing to note holders and any other secured creditors of the securitisation vehicles.

(2) Covered bonds liabilities are secured by a charge over a pool of loans and advances and guaranteed by the covered bond guarantor.

(3) The TFF provided funding at a fixed interest rate of 25 basis points, for a maximum of three years and is accounted for as borrowings. From 4 November 2020, the interest rate of new borrowings was lowered to 10 basis points. The funding is a below market interest loan from a Government entity and accordingly, classified as a Government Grant. The Group reflects an interest expense net of the benefit of the below market interest loan in the Income Statement. There are no terms and conditions associated with the TFF other than pledging eligible collateral that meet the RBA's eligibility criteria. The Group repaid TFF in full in the year ended 31 August 2024.

(4) **Capital Notes**
On 28 December 2017, the Bank issued 3,500,000 Capital Notes at a price of $100 per note. Capital Notes were perpetual and convertible notes issued by BOQ, with preferred, discretionary, non-cumulative distributions. They were not guaranteed or secured. The Bank has redeemed all 3,500,000 Capital Notes together with accrued interest on early redemption date of 15 August 2024. The early redemption was exercised following approval by APRA.
Capital Notes 2
On 30 November 2020, the Bank issued 2,600,000 Capital Notes 2 at a price of $100 per note. Capital Notes 2 are perpetual and convertible notes issued by BOQ, with preferred, discretionary, non-cumulative distributions. They are not guaranteed or secured. As at 28 February 2025, 2,600,000 Capital Notes 2 were outstanding. Capital Notes 2 must convert into ordinary shares on 15 May 2029 if certain mandatory conversion conditions are satisfied, unless they are converted or redeemed earlier. Where the mandatory conversion conditions are satisfied, a holder will receive a number of ordinary shares per Capital Note 2 based on the volume weighted average price of ordinary shares during a specified period. Capital Notes 2 must also convert to ordinary shares of the Bank with the occurrence of a loss absorption event or an acquisition event. BOQ may elect to convert, redeem or resell Capital Notes 2 on 14 May 2027 or following a regulatory or tax event. BOQ may also elect to convert all Capital Notes 2 following a potential acquisition event. These options are subject to APRA's prior written approval and certain conditions being satisfied. In a winding up of the Bank, Capital Notes 2 will rank for payment of capital ahead of ordinary shares, equally with Capital Notes 3 and other equal ranking instruments, but behind the claims of all senior ranking creditors, including depositors and unsubordinated and subordinated creditors. Capital Notes 2 are additional tier 1 capital and form part of the Group's capital adequacy.
Capital Notes 3
The Capital Notes 3 were issued on 14 November 2022 at a price of $100 per note. Capital Notes 3 are non-cumulative, perpetual, convertible, unguaranteed and unsecured notes with discretionary distributions, issued by BOQ. As at 28 February 2025, 4,000,000 Capital Notes 3 were outstanding. Capital Notes 3 must convert into ordinary shares on 16 June 2031 if certain mandatory conversion conditions are satisfied, unless they are converted or redeemed earlier. Where the mandatory conversion conditions are satisfied, a holder will receive a number of ordinary shares per Capital Note 3 based on the volume weighted average price of ordinary shares during a specified period. Capital Notes 3 must also convert to ordinary shares of the Bank with the occurrence of a loss absorption event or an acquisition event. BOQ may elect to convert, redeem or resell Capital Notes 3 on 15 December 2028, 15 March 2029 and 15 June 2029 or following a regulatory or tax event. BOQ may also elect to convert all Capital Notes 3 following a potential acquisition event. These options are subject to APRA's prior written approval and certain conditions being satisfied. In a winding up of the Bank, Capital Notes 3 will rank for payment of capital ahead of ordinary shares, equally with Capital Notes 2 and other equal ranking instruments, but behind the claims of all senior ranking creditors, including depositors and unsubordinated and subordinated creditors. Capital Notes 3 are additional tier 1 capital and form part of the Group's capital adequacy.

(5) Amortisation of deferred costs and foreign exchange translation are non-cash movements. Foreign exchange translation movements are 100 per cent hedged.

(6) At the end of the period, the BOQ Group held borrowings in the following currencies: Covered Bonds EUR €1.2bn (Feb 2024: EUR €1.1bn), EMTN Program EUR €9m (Feb 2024: EUR €9m), ECP Program USD $70m and EUR €30m (Feb 2024: USD $15m and EUR €16m). All other balances are denominated in Australian dollars.

(7) EMTN and Senior Unsecured Notes are grouped under 'Debt issues' at 29 February 2024 but disclosed separately as at 28 February 2025.

Notes to the financial statements

For the half year ended 28 February 2025

6.4 Controlled entities

(a) Investments in joint arrangements classified as held for sale

During the first half of 2025, the Group made a decision to sell its investment in Brighton, Dalyellup and Provence 2 joint arrangements. The remaining Provence joint arrangement is completed and will be wound up prior to the end of the financial year ending 31 August 2025. These investments were acquired as part of the Home Building Society acquisition in 2007 and comprise property development projects located in Western Australia. In accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations,* the investments have been classified as Assets held for sale and have been remeasured to $5 million, being the lower of fair value less cost to sell and carrying amount. The remeasurement resulted in a $3 million impairment included in the operating expenses in profit or loss. The sale of these investments is expected to occur in the next 12 months.

(b) Entities closed during the half year period

The following trusts have exercised their clean-up call options during the half year ended 28 February 2025:

- Impala Trust No.1 - Sub-Series 2 clean-up call option was exercised on 10 September 2024; and
- SMHL Series Securitisation Fund 2018-2 clean-up call option was exercised on 28 October 2024.

Notes to the financial statements

For the half year ended 28 February 2025

6.5 Other notes

6.5.1 Intangible assets

Goodwill

As at 28 February 2025, the Group had $567 million of goodwill (31 August 2024: $567 million). Goodwill is allocated to cash-generating units (**CGUs**) for the purpose of impairment testing. The allocation is made to those CGUs that are expected to benefit from the business combination in which the goodwill arose. The units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments - Retail Bank and BOQ Business (refer Note 6.2.4).

The Group assessed the carrying value of CGUs containing goodwill for impairment as at 28 February 2025. In assessing the CGU's value-in-use (**VIU**), assumptions used were in line with those disclosed in the 2024 Annual Report, updated for long term market interest rates. The conversion of the Owner Managed branches to corporate branches had a positive impact on the Retail Bank headroom, resulting in an increase from August 2024.

No impairment was required as a result of this assessment given both CGU's VIU exceeded their carrying amount, indicating headroom in the impairment assessment.

The following table sets out the post-tax discount rates used for the VIU calculation for periods ended 28 February 2025 and 31 August 2024:

	Feb 25 %	Aug 24 %
Retail Bank	**10.89**	10.15
BOQ Business	**10.30**	10.36

Sensitivity analysis

The table below sets out the sensitivity analysis for the Retail Bank CGU. There is no impairment of Goodwill in the Retail Bank but a reasonably possible change in assumptions would result in impairment. This sensitivity analysis assumes the specific assumption moves in isolation while all other assumptions are held constant. The below are reasonably possible changes in assumptions that would each erode headroom to nil.

	Retail Bank	
	Feb 25	Aug 24
Post-tax discount rate	**Increase to 11.19%**	Increase to 10.22%
Long-run NIM %	**Decrease by 3.1bps**	Decrease by 0.8bps
Long-run expenses	**Increase by 2.7%**	Increase by 67bps
Common Equity Tier 1 Holdback Rate	**Increase by 58bps**	Increase by 16bps
Long-term growth rate	**Decrease by 95bps**	Decrease by 23bps

There are no reasonably possible changes in assumptions that would result in an impairment of the Business Banking CGU.

Right to operate intangible assets - Owner Managed branch conversion

On 22 August 2024, the Group announced a strategic initiative to convert all 114 Owner Managed branches to corporate branches by March 2025.

In the first half ended 28 February 2025, the Group converted 34 Owner Managed branches and subsequently closed 18 of these branches as part of the Group's broader branch optimisation program.

The exit entitlement amounts paid to Owner Managers on conversion are recognised as right to operate intangible assets on the Group's Balance Sheet amortised over the shorter of the remaining franchise term or branch closure date. The intangible asset is recognised on the Consolidated balance sheet when control of the branch passes to the Group. As at 28 February 2025, the carrying amount of the Group's right to operate intangible assets was $9 million.

In the first half ended 28 February 2025, the conversion and closure related costs, including the amortisation of the right to operate intangible assets, recognised in profit or loss as part of the Branch strategy was $16 million after tax (refer to Note 6.2.4).

6.5.2 Related parties

The terms of arrangements for all related parties are consistent with those disclosed in the 2024 Annual Report.

The terms and conditions of the transactions entered into with KMP and their related parties were no more favorable than those available, or which might reasonably be expected to be available on similar transactions to non-related entities, on an arm's length basis.

Notes to the financial statements

For the half year ended 28 February 2025

6.5.3 Provisions and contingent liabilities

Provision for Remedial Action Plans (RAPs)

On 30 May 2023, the Group entered into voluntary enforceable undertakings with APRA and AUSTRAC to execute a multi-year program of work to uplift our operational resilience, risk culture, governance and Anti-Money Laundering and Counter-Terrorism Financing program. The enforceable undertakings are court enforceable.

The undertaking with APRA addresses remediation of weaknesses in the Group's risk management practices, controls, systems, governance and risk culture (**the APRA EU**). APRA has also determined to apply a capital adjustment to the Group's minimum capital requirements, adding $50 million to the Group's operational risk capital requirement (applied as of 30 May 2023).

The change reduced the Group's Level 2 CET1 ratio by approximately 17bps. The Group may apply for removal of all or part of the capital adjustment when it concludes that it can demonstrate compliance to APRA's satisfaction with commitments in respect of ongoing remediation and the APRA EU.

The enforceable undertaking with AUSTRAC addresses remediation of issues in respect of the Group's anti-money laundering and counter-terrorism financing program (**the AUSTRAC EU**).

The commitments entered into with APRA and AUSTRAC will continue the work commenced under the Integrated Risk Program (now referred to as the Remedial Action Plans) announced to the market on 14 April 2023 and for which the Group recorded a provision of $60 million in the first half ended 28 February 2023.

The provision excluded the costs of activities that are expected to be performed by existing resources of the Group, ongoing operating costs and costs related to improvements beyond the matters identified. To date, $44 million of the provision has been utilised. Given the expectation that the spend profile is higher during the design and implement phases of the Programs, BOQ is satisfied with the adequacy of the provision based on the information known as at the close of the reporting period.

As previously disclosed, a number of risks and uncertainties exist for which assumptions have been made in estimating the provision required, including:

- Scope: The provision has been based on matters currently identified that require uplift. It is possible that additional matters are identified as a result of further analysis or required by regulators that could increase the scope and cost of the program.
- Nature and extent of work required to address the matters identified: It has been necessary to estimate the work required to deliver on requirements based on plans at different levels of development. Allowance has been made for this uncertainty informing the estimate, however it is possible that as work proceeds the scope and cost of the program required is different to the estimate.
- Resources required to deliver the work:
  As outlined above, the provision has been made for the additional expenditure to the Group necessary to deliver the required uplift such as external support, contractors and independent assurance providers. This has required estimation of the extent and cost of additional resources required based on an assumption of the Group's capacity to deliver a significant proportion of the activities with its existing and planned internal resources.

The Group appointed Grant Thornton as External Auditor for the purpose of the AUSTRAC EU and as Independent Reviewer for the purpose of APRA EU.

Throughout the first half of the year, BOQ has continued to execute the actions and deliverables required by the RAPs, completing, and closing numerous deliverables across the design and embed phases.

The appointed Independent Reviewers of the Remedial Action Plans continue to oversee and validate closure of activities for both RAPs. To the date of this report, both programs have submitted four reports from these parties to APRA and AUSTRAC respectively. Reports will continue to be produced and submitted to APRA and AUSTRAC every four months in accordance with the conditions of the CEUs.

Notes to the financial statements

For the half year ended 28 February 2025

6.5.3 Provisions and contingent liabilities (continued)

The Bank's compliance with the Consumer Data Rights regime (Open Banking)

Open Banking services are functioning as expected for a large majority of our customer base. BOQ maintains a Rectification Schedule with the ACCC, which discloses any outstanding Consumer Data Right (**CDR**) requirements. The Rectification Schedule is publicly available.

BOQ continues to engage with the ACCC in relation to its approach to compliance with CDR obligations.

It is uncertain what actions (if any) will result from the items disclosed on our Rectification Schedule, or BOQ's implementation of CDR requirements in earlier years.

Legal claims, remediation, compensation claims and regulatory enforcement

The BOQ Group is committed to strengthening, simplifying, digitising and optimising its business to deliver improved outcomes for our customers, people, shareholders and valued partners.

As BOQ has progressed through the Remedial Action Plans, it has continued to engage with APRA and AUSTRAC. As BOQ progresses through its Remedial Actions Plans, if it identifies weaknesses, relevant regulators will be informed and BOQ will work to address them.

While it is uncertain whether AUSTRAC or APRA will take any enforcement action (either in relation to the matters referred to in the enforceable undertakings or other matters), neither regulator has indicated to BOQ that it intends to do so.

The Group could be engaged in a range of litigation matters at any given time. The Group (like all entities in the banking and finance sector) is exposed to the risk of litigation and there can be no assurance that significant litigation will not arise in the future. The outcome of legal proceedings, and total costs associated with exposure to litigation, remains uncertain. Where relevant, expert legal advice is obtained and, in the light of such advice, provisions or disclosures as deemed appropriate are made.

There is a risk that from time to time, the Group does not comply with its legal or regulatory obligations. In some cases where the Group does not comply, it must undertake remediation programs. The Group also undertakes ongoing compliance activities, including breach reporting, reviews of products, conduct and services provided to its customers. Some of these activities may identify weaknesses that result in remediation programs. Where relevant, the Group consults with the respective regulator on these matters.

The Group's regulators also engage with the Group. For example, our regulators or other independent bodies may carry out reviews or audits of our compliance arrangements or request certain information from us as part of an inquiry or investigation. Throughout the period the Group has had numerous engagements with its regulators and independent bodies and been subject to a number of reviews, inquiries and investigations. In January 2025 the BCCC sanctioned BOQ for past breaches of the Banking Code of Practice. This followed the BCCC's investigation into BOQ's compliance with deceased estates obligations under the Banking Code of Practice as previously disclosed (and which have now been remediated). BOQ has also engaged with ASIC about concerns it has regarding BOQ's systems and controls relating to its design and distribution, breach reporting, dispute resolution, hardship and effective compensation arrangement obligations and has provided ASIC with a consolidated action plan to address these matters. BOQ is building on existing or developing programs to address uplifts in each of these areas and BOQ's progress against action plan will be overseen by an independent third party.

There is a risk that, regulators may seek to commence proceedings, seek to impose fines or sanctions, or take other administrative or enforcement action in relation to the Group's compliance with relevant laws and regulations (the Group has not been informed of any current intention by its regulators to do so). There is also the risk that the Group incurs increased costs in people, processes and systems in order to meet regulators' requirements or expectations. The outcomes and total costs associated with these possible exposures remain uncertain.

BOQ continues to engage with 63 former Owner Managers who have disputed BOQ's right to terminate the Owner Managed Branch Agency Agreements in the manner and on the terms set out in those agreements. It is possible that Owner Managers may choose to launch legal proceedings and the outcome of this engagement remains uncertain. As at 15 April 2025, no legal proceedings had yet been served.

Notes to the financial statements

For the half year ended 28 February 2025

6.5.4 Events subsequent to balance date

The Bank has determined an interim dividend to be paid on 23 May 2025. Further details with respect to the dividend amount per share, payment date and dividend reinvestment plan can be obtained from Note 6.2.3 of the consolidated half year financial report.

In August 2024, the Bank communicated to the market the significant progress it has made in BOQ's digital transformation, and its ability to simplify its retail distribution channels by announcing the strategic initiative to convert all 114 Owner Managed branches to corporate branches. The corporatisation aims to reflect the way customers are choosing to bank, streamline operations, enhance efficiency, and drive sustainable growth by adopting a more structured corporate framework under the Group's ownership. In the half to 28 February, 34 of the 114 branches have been converted to corporate branches, with 18 of these branches subsequently closed. This resulted in a recognition of right to operate a branch intangible assets valued at $21 million with subsequent amortisation and other expenses related to the acquired Owner Managed retail branches recognised in the first half. The carrying value of the intangible assets as at 28 February was $9 million. For further detail on Owner Managed branches conversion, refer to Note 6.5.1 and 6.5.3.

On 1 March 2025, BOQ converted the remaining 80 Owner Managed branches to corporate branches. The conversion on 1 March resulted in the recognition of right to operate a branch intangible assets on the Group's balance sheet in March 2025 and additional expenditure in profit or loss. The total cost of the Owner Managed branches conversion is estimated to be $115 - $125 million, as previously disclosed, impacting the profit or loss in the financial year ending 31 August 2025 and future financial years.

The Directors are not aware of any other matters or circumstances that have arisen in the interval between the end of the half year and up to the date of this report, or any item, event or transaction which significantly affects, or may significantly affect the operations of the Group in future years.

Directors' declaration

In the opinion of the Directors of Bank of Queensland Limited:

(a) the consolidated financial statements and accompanying notes for the half year ended 28 February 2025, as set out on pages 33 to 57 are in accordance with the *Corporations Act 2001* (Cth), including that they:

(i) give a true and fair view of the financial position of the Consolidated Entity as at 28 February 2025 and of its performance, for the half year ended on that date;

(ii) comply with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* (Cth); and

(b) there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

Warwick Negus
Chairman
15 April 2025

Patrick Allaway
Managing Director and CEO
15 April 2025

Independent auditor's report

Independent auditor's review report to the members of Bank of Queensland Limited

Report on the half year financial report

Conclusion

We have reviewed the half year financial report of Bank of Queensland Limited (the Bank) and the entities it controlled during the half year (together, "the Group"), which comprises the consolidated balance sheet as at 28 February 2025, the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and consolidated income statement for the half year ended on that date, selected explanatory notes and the Directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half year financial report of Bank of Queensland Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 28 February 2025 and of its performance for the half year ended on that date

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the half year financial report

The directors of the Bank are responsible for the preparation of the half-year financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*, including giving a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of the half year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibilities for the review of the half year financial report

Our responsibility is to express a conclusion on the half year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true

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

Level 11, 1PSQ, 169 Macquarie Street, PARRAMATTA NSW 2150, PO Box 1155 PARRAMATTA NSW 2124
T: +61 2 9659 2476, F: +61 2 8266 9999, www.pwc.com.au

Independent auditor's report

and fair view of the Group's financial position as at 28 February 2025 and of its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

Craig Stafford
Partner

Sydney
15 April 2025

7. Appendices

7.1 ASX Appendix 4D

Cross reference index	Page
Details of reporting period and previous period (Rule 4.2A.3 Item No. 1)	Inside front cover
Results for announcement to the market (Rule 4.2A.3 Item No. 2)	Inside front cover
Net tangible assets per security (Rule 4.2A.3 Item No. 3)	Page 61
Details of entities over which control has been gained or lost (Rule 4.2A.3 Item No. 4)	Page 53
Dividends and dividend dates (Rule 4.2A.3 Item No. 5)	Inside front cover and page 44
Dividend reinvestment plan (Rule 4.2A.3 Item No. 6)	Page 44
Details of associates and joint venture entities (Rule 4.2A.3 Item No. 7)	Page 61
Foreign entities (Rule 4.2A.3 Item No. 8)	Not applicable
Independent audit report subject to modified opinion (Rule 4.2A.3 Item No. 9)	Not applicable

Details of associates and joint venture entities (Rule 4.2A.3 Item No. 7)	Ownership interest held (%)
JOINT ARRANGEMENTS (1)	
Ocean Springs Pty Ltd (Brighton)	9.31
Dalyellup Beach Pty Ltd (Dalyellup)	17.08
East Busselton Estate Pty Ltd (Provence)	25.00
Provence 2 Pty Ltd (Provence 2)	25.00

	As at		
Net tangible assets per security (Rule 4.2A.3 Item No. 3)	**Feb 25**	Aug 24	Feb 24
Net tangible assets per ordinary share ($) (2)	**7.37**	7.34	7.39

(1) The principal activity of the joint venture entities is land subdivision, development and sale. These investments were acquired as part of the Home Building Society acquisition in 2007. Brighton, Dalyellup and Provence 2 investments have been classified as held for sale as at 28 February 2025.

(2) Represents net assets excluding intangible assets divided by ordinary shares on issue at the end of the period.

Glossary

TERM	DESCRIPTION
Anti-money laundering (**AML**)	The prevention of money laundering, being the process of moving money or property through the economy in a way that hides its illegal origins or intended criminal purpose.
APRA prudential standard (**APS**)	Prudential standards issued by APRA which are applicable to ADIs.
Asset backed securities (**ABS**)	A financial security which is pledged by a pool of assets such as but not limited to loans, leases and credit card debt.
Australian Accounting Standards Board (**AASB**)	The AASB produces a series of technical pronouncements that set out the measurement and recognition requirements when accounting for particular types of transactions and events, along with the preparation and presentation requirements of an entity's financial statements.
Australian Competition and Consumer Commission (**ACCC**)	ACCC is an independent Commonwealth statutory authority having the role of administering and enforcing the *Competition and Consumer Act 2010* and other legislation to promote competition, fair trade and to regulate national infrastructure. The ACCC currently comes under the portfolio responsibilities of The Treasury.
Australian Prudential Regulation Authority (**APRA**)	APRA is the prudential regulator of the Australian financial services industry. APRA is an independent statutory authority that supervises institutions across banking, insurance and superannuation and promotes financial system stability in Australia.
Australian Securities & Investments Commission (**ASIC**)	ASIC is Australia's corporate, markets and financial services regulator.
Australian Securities Exchange (**ASX**)	Australian Securities Exchange or ASX Limited (ABN 98 008 624 691) and the market activities operated by ASX Limited.
Australian Transactions Reports and Analysis Centre (**AUSTRAC**)	AUSTRAC is Australia's financial intelligence unit and anti-money laundering (**AML**) and counter-terrorism financing (**CTF**) regulator.
Australian Taxation Office **(ATO)**	The Australian Taxation Office is an Australian statutory agency and the principal revenue collection body for the Australian Government. The ATO has responsibility for administering the Australian federal taxation system, superannuation legislation, and other associated matters.
Authorised deposit-taking institution (**ADI**)	A body corporate which is authorised to carry on banking business in Australia under the *Banking Act 1959* (Cth).
Available stable funding (**ASF**)	ASF is the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year.
Average interest earning assets (**AIEA**)	Average balance over the period for a bank's assets that accrue interest income.
Banking Code Compliance Committee (**BCCC**)	The Banking Code Compliance Committee is an independent body that monitors banks' compliance with the Banking Code of Practice.
Bank of Queensland Limited (**the Bank** or **BOQ**)	The Bank is a for-profit entity primarily involved in providing retail banking, business banking and leasing finance products to its customers.
Basel III	A global regulatory framework to improve the regulation, supervision and risk management within the banking system developed by the Basel Committee on Banking Supervision.
Basis points (**bps**)	One per cent of one per cent (0.01 per cent).
Capital notes 2 (**BOQPF**) & Capital notes 3 (**BOQPG**)	Capital Notes are perpetual, convertible, unguaranteed and unsecured notes issued by BOQ, with preferred, discretionary, non-cumulative distributions. Capital Notes may convert into common shares in certain circumstances as described in the offer documentation of the notes.
Cash-Generating Unit (**CGU**)	A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The CGUs represent the Consolidated Entity's operating segments – Retail Bank and BOQ Business.
Collective Provision (**CP**)	An allowance for impairment loss of financial assets that are collectively assessed for impairment in accordance with AASB 9 Financial Instruments.
Common equity tier 1 (**CET1**)	Capital that is recognised as the highest quality component of capital under APS.
Common equity tier 1 ratio (**CET1 ratio**)	CET1 capital divided by total RWA calculated in accordance with relevant APS.

Glossary

TERM	DESCRIPTION
Commercial Real Estate (**CRE**)	Businesses whose primary purpose is the investment in the construction and / or development of commercial real estate.
Consolidated entity (**the Group** or **BOQ**)	BOQ and its subsidiaries.
Consumer Data Right (**CDR**)	The Consumer Data Right allows consumers to give an accredited business access to their data so that the business can offer products and services tailored to their needs.
Corporations Act 2001	The *Corporations Act 2001* (Cth).
Corporation Regulations 2001	The Corporations Regulations 2001 made under the *Corporations Act 2001 (Cth).*
Cost to income (**CTI**) ratio	Operating expenses divided by net operating income.
Counter terrorism financing (**CTF**)	The prevention of the financing of terrorism, including the financing of terrorist acts, and of terrorists and terrorist organisations.
Court Enforceable Undertakings (**CEUs**)	These are legally binding undertakings that have been accepted by APRA and AUSTRAC and are enforceable in a court.
Covered bond guarantor	Perpetual Corporate Trust Limited ABN 99 000 341 533, incorporated with limited liability in the Commonwealth of Australia and having its registered office at Level 18, 123 Pitt Street, Sydney, NSW 2000, as trustee of the BOQ Covered Bond Trust and the BOQ Soft Bullet Covered Bond Trust (the Trustee).
Days past due (**dpd**)	A loan or lease payment that has not been made by a customer by the due date.
Dividend payout ratio	Dividends paid on ordinary shares divided by earnings.
Dividend reinvestment plan (**DRP**)	A plan which provides shareholders with the opportunity to convert all or part of their entitlement to a dividend into new shares.
Earnings per share (**EPS**)	Measure of earnings attributed to each equivalent ordinary share. This is calculated by dividing the company's earnings by the weighted average number of shares on issue in accordance with AASB 133 *Earnings per share.*
Effective tax rate	Income tax expense divided by profit before tax.
Expected credit loss (**ECL**)	Estimated credit losses using a forward looking impairment methodology accounted for in accordance with AASB 9 *Financial Instruments*.
Euro Medium Term Note (**EMTN**)	EMTN is an offshore medium term note program.
Eurocommercial paper program (**ECP**)	ECP is an offshore short term commercial paper program.
Fair value through other comprehensive income (**FVOCI**)	Measurement and classification of financial assets under AASB 9 *Financial Instruments*. A financial asset is measured at FVOCI if it is held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. The contractual cash flows must be solely payments of principal and interest.
Fair value through profit or loss (**FVTPL**)	Measurement and classification of financial assets under AASB 9 *Financial Instruments*. FVTPL include financial assets that are held for trading.
Full time equivalent (**FTE**)	A calculation based on number of hours worked by full and part time employees as part of their normal duties.
Gross domestic product (**GDP**)	Total monetary value of all goods and services produced in a country.
Gross loans and advances (**GLA**)	Gross loans and advances is the principal amount of loans and advances provided, gross of provisions and deferred fee income and including any accrued interest.
High quality liquid asset (**HQLA**)	Comprises of the Bank's notes and coins, central bank balances able to be drawn down and marketable securities representing claims on or guaranteed by the Australian Government or Semi-Government authorities.
Impaired assets	Exposures that have deteriorated to the point where full collection of principal and interest is in doubt.

Glossary

TERM	DESCRIPTION
Interest bearing liabilities	The Bank's liabilities that accrue interest expense.
International Accounting Standards Board (**IASB**)	Independent, private-sector body that develops and approves International Financial Reporting Standards.
Internal Capital Adequacy Assessment Process (**ICAAP**)	A framework introduced by APRA relating to a Bank's capital management and risk management processes.
International Financial Reporting Standards (**IFRS**)	IFRS and interpretations issued by the International Accounting Standards Board.
IPF Code Compliance Committee (**IPF CCC**)	The IPF Code Compliance Committee is responsible for managing the accreditation process as well as overseeing and administering the Insurance Premium Funding Code.
Issued capital	Value of securities allotted in a company to its shareholders.
Liquid assets	All unencumbered RBA repurchase eligible liquid assets including HQLA.
Liquidity coverage ratio (**LCR**)	The LCR represents the level of unencumbered high quality liquid assets available to meet obligations over a 30-day period, under a regulator defined liquidity stress scenario.
Loan Impairment Expense (**LIE**)	Loan Impairment Expense refers to the cost recognised by a lender when it is probable that not all of the principal and interest payments on a loan will be collected.
Loan to Value Ratio (**LVR**)	The ratio between the loan amount and the appraised value of the underlying asset.
Loss given default (**LGD**)	Loss of money by a bank when a customer defaults on a loan represented as a percentage of the total exposure at the time of default.
ME Bank	ME Bank is a division of Bank of Queensland Limited, offering primarily home loan products and everyday transaction and online savings accounts.
Net cash outflow (**NCO**)	Represents the total expected cash outflows minus total expected cash inflows under a prescribed stress scenario for the subsequent 30 calendar days.
Net Interest income (**NII**)	Net interest income is the amount of interest income earned less interest expense incurred during the period.
Net interest margin (**NIM**)	Net interest income divided by average interest-earning assets.
Net profit after tax (**NPAT**)	The total profit of a company after all expenses, including taxes, have been deducted from total revenue.
Net stable funding ratio (**NSFR**)	The NSFR is defined as the amount of ASF relative to the amount of required stable funding. APRA requires ADIs to maintain an NSFR of at least 100 per cent. ASF is defined as the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year. The amount of such stable funding required of a specific institution is a function of the liquidity characteristics and residual maturities of the various assets held by that institution as well as those of its off-balance sheet exposures.
Net tangible assets (**NTA**)	Net tangible assets are calculated as the total assets of a company minus any intangible assets such as goodwill, less all liabilities.
Net Tier 1 Capital ratio	Total Tier 1 Capital divided by total RWA calculated in accordance with relevant APS.
Non-interest earning assets	Assets that do not accrue interest income.
Office of Australian Information Commissioner (**OAIC**)	The Office of the Australian Information Commissioner's purpose is to promote and uphold privacy and information access rights, set up under the *Australian Information Commissioner Act 2010 (AIC Act)*. The OAIC is an independent statutory agency in the Attorney-General's portfolio.
Owner-managed branch (**OMB**)	A branch which is run by a franchisee.
Probability of default (**PD**)	An estimate of the likelihood of a default over a given time horizon.

Glossary

TERM	DESCRIPTION
Purchased or originated credit impaired (**POCI**) assets	Financial assets that are purchased or originated as being credit impaired.
REDS	Term to describe the BOQ REDS securitisation programs
Remedial Action Plans (**RAPs**)	Programs to strengthen BOQ's operational resilience, risk culture and AML/CTF governance and compliance.
Reserve Bank of Australia (**RBA**)	Australia's central bank that derives its functions and powers from the *Reserve Bank Act 1959.*
Residential mortgage-backed securities (**RMBS**)	BOQ's securitisation program which enables the trustee to issue debt securities backed by assets originated by the Group such as mortgages.
Return on average equity (**ROE**)	Net profit less other equity instruments' distributions divided by average shareholder equity, excluding other equity instruments.
Return on average tangible equity (**ROTE**)	Net profit applied to average shareholders' equity less goodwill and identifiable intangible assets (customer related intangibles/brands, computer software and right to operate intangible assets).
Right-of-use (**ROU**) asset	The right-of-use asset is a lessee's right to use an asset over the life of a lease.
Risk weighted assets (**RWA**)	A quantitative measure of various risks including credit, operational, market and securitisation as defined by APS.
Significant Increase in Credit Risk (**SICR**)	A significant change in the estimated risk of default over the remaining expected life of the financial asset. SICR is assessed by comparing the risk of a default occurring over the expected life of a financial asset at the reporting date compared to the corresponding risk of default at origination.
SMHL	Term to describe the ME Bank securitisation programs.
Specific Provision (**SP**)	A targeted financial allowance established to cover expected losses on particular, individually identified assets, such as loans or receivables.
Term funding facility (**TFF**)	Funding Facility for authorised deposit-taking institutions established by the RBA to support the Australian economy.
Tier 1 capital	Tier 1 capital is the aggregate of Common Equity Tier 1 (CET1) capital and instruments that meet the criteria for inclusion as Additional Tier 1 (AT1) capital set out in APS 111 Capital Adequacy: Measurement of Capital.
Tier 2 capital	Tier 2 capital comprises other components of capital that, to varying degrees, do not meet the requirements of Tier 1 capital but nonetheless contribute to the overall strength of an ADI.
Total capital adequacy ratio	Total capital divided by total RWA calculated in accordance with relevant APS.
Treasury shares	Shares that the Bank has issued but are held by a trust included within the Bank's consolidated results. Treasury shares are not considered shares outstanding and are not included in 'per share' calculations.
Virgin Money Australia (**VMA** or **Virgin Money**)	Virgin Money Australia is a business operated by BOQ, encompassing Virgin Money Australia Pty Ltd and its subsidiaries, as well as Virgin Money Australia products sold by the Bank. The VMA products offered by the Group include home loans, transaction and savings accounts and the provision of other financial services (e.g. credit cards, insurance and superannuation) on behalf of business partners.
Weighted average life (**WAL**)	The average length of time for the principal on a loan to be paid in full.
Weighted average number of shares (**WANOS**)	Calculated in accordance with AASB 133 *Earnings per share.*

BOQ GROUP