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FY20 INVESTOR MATERIALS

14 OCTOBER 2020

Full Year ended 31 August 2020

BANK OF QUEENSLAND LIMITED ABN 32 009 656 740. AFSL NO 244616.

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FY20 RESULTS PRESENTATION

14 OCTOBER 2020

Full Year ended 31 August 2020

BANK OF QUEENSLAND LIMITED ABN 32 009 656 740. AFSL NO 244616.

AGENDA

INTRODUCTION
Cherie Bell, General Manager Investor Relations

RESULTS OVERVIEW
George Frazis, Managing Director and CEO

FINANCIAL DETAIL AND PORTFOLIO ANALYSIS
Ewen Stafford, Chief Financial Officer and Chief Operating Officer
Adam McAnalen, Chief Risk Officer

SUMMARY & OUTLOOK
George Frazis, Managing Director and CEO

Q&A
George Frazis, Managing Director and CEO
Ewen Stafford, Chief Financial Officer and Chief Operating Officer
Adam McAnalen, Chief Risk Officer

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RESULTS OVERVIEW

GEORGE FRAZIS
MANAGING DIRECTOR AND CEO

REFRESHED EXECUTIVE TEAM



GEORGE FRAZIS
Managing Director and Chief Executive Officer

- Joined BOQ in September 2019
- More than 26 years' of experience
- Previously CEO Westpac Group's Consumer Bank, CEO St. George, CEO Westpac New Zealand Limited
- Started in the RAAF as an engineer then a partner at BCG



EWEN STAFFORD
Chief Financial Officer and Chief Operating Officer

- Joined BOQ in November 2019
- More than 30 years' of experience across financial services, telecommunications, eCommerce and logistics, commercial property and professional services
- KPMG, MLC, NAB, Australia Post, Telstra, Deloitte



ADAM MCANALEN
Chief Risk Officer

- Appointed to CRO of BOQ in June 2019
- Has held a number of senior leadership roles across the Business and Retail Banking, Finance, Operations and Risk divisions of BOQ



CRAIG RYMAN
Chief Information Officer

- Joined BOQ in July 2020
- More than 20 years' experience in financial services, leading technology transformation programs.
- Previously CIO and COO at AMP Limited



DEB ECKERSLEY
Group Executive People and Culture

- Joined BOQ as Group Executive, P&C in September 2018
- Previously Managing Partner at PwC, leading the Human Capital function



RACHEAL KELLAWAY
Deputy Chief Financial Officer

- Joined BOQ in June 2019
- More than 20 years experience predominantly within the Banking industry
- Previously General Manager in the Finance team at CBA



LYN MCGRATH
Group Executive Retail

- Joined BOQ in August 2018
- Previously led Commonwealth Bank's Retail Bank Branch distribution and specialist distribution areas
- Due to retire in December 2020



FIAMMA MORTON
Group Executive BOQ Business

- Joined BOQ in June 2020
- Extensive experience in Banking in Australia and the USA, previously CBA, Goldman Sachs, MasterCard and Westpac



GREG BOYLE
CEO Virgin Money Australia

- CEO of Virgin Money Australia since 2015
- Previously Strategy and Commercial Director at Virgin Money Australia and part of the Investment Management team for Virgin Group in London



DANIELLE KEIGHERY
Chief Customer Officer

- Due to join BOQ in early 2021
- Previously, Chief Experience Officer at Virgin Australia
- Extensive Corporate Affairs, Brand, and Marketing experience



CHRIS SCREEN
Chief Product Officer

- Joined BOQ in November 2019
- Has over 25 years experience in financial services
- Previously held a number of senior distribution and product roles at Westpac and NAB

RECRUITING FOR CHIEF LEGAL OFFICER

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FY20 OVERVIEW

1. **Lower statutory profit of $115m,** reflecting the challenging environment and a year of transition

2. **Business momentum,** with revenue growing and good margin management

3. **Supporting our customers and people during COVID-19**, through banking relief packages and changes to ways of working, while ensuring business resilience

4. **Delivering the strategic transformation - year of transition,** simplified operating model, digital transformation on track, and balance sheet growth momentum

5. **Well provisioned for potential COVID-19 impacts**, $133m collective provision overlay taken for anticipated lifetime losses

6. **Capital strength to support business growth and broader economic recovery,** with CET1 of 9.78%

7. **Dividend of 12 cps,** in line with revised APRA guidance. Represents 6 cents from first half profits and 6 cents from second half profits

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SUPPORTING OUR CUSTOMERS & PEOPLE

THE ECONOMIC IMPACT OF COVID-19 HAS BEEN SIGNIFICANT

OUR BUSINESS RESILIENCE

- CET1 at 9.78%, materially above APRA's "unquestionably strong" benchmark
- Strong liquidity with LCR at 164% and NSFR at 119%, well above regulatory targets
- Term Funding Facility at 25bps, providing capacity for lending to businesses
- Well provisioned for potential losses - $133m COVID-19 collective provision raised in FY20

OUR CUSTOMERS

- All operations including branches have remained open for customers
- Supported customers through Banking Relief Package and other product offerings including government SME loans
- Proactive contact with customers on the Banking Relief Package at 3 months and 6 months
- Working with customers who require additional support post the 6 month repayment holiday
- We have seen an 18.8% reduction in customer balances on deferrals since April 2020

OUR PEOPLE

- Workforce quickly pivoted to remote working capabilities while continuing to support our customers
- Providing a safe environment for our people coming into work by implementing social distancing, COVID Safe Plans, temperature checking and enhancing other health and safety measures
- Supported employee wellbeing through counselling, appointment of COVID-19 advisory services, mental health information and training and flexible working arrangements

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FY20 RESULTS

LOWER STATUTORY PROFIT IN A STRATEGIC TRANSITION YEAR, FURTHER IMPACTED BY COVID-19

BOQ GROUP

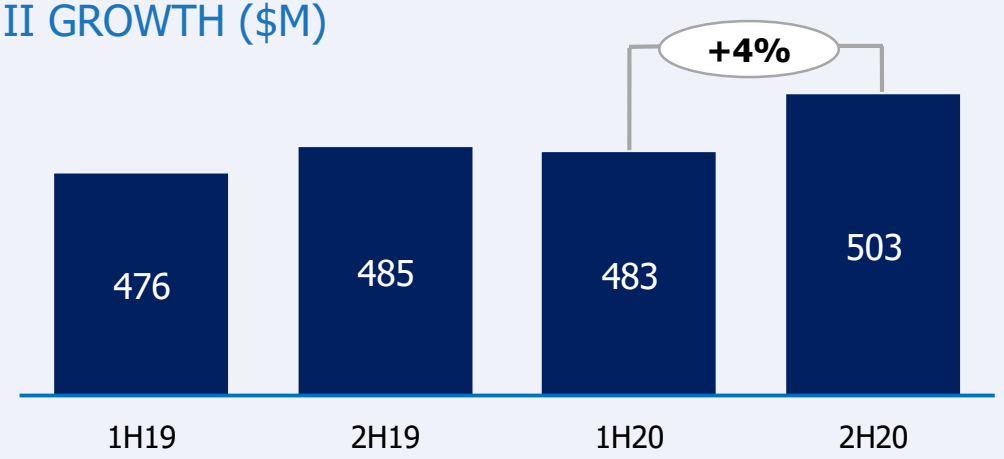
Key financial results $ million	**FY20**	**FY19**	**FY20 v FY19**
Statutory net profit after tax	115	298	(61%) ▼
Cash earnings after tax	225	320	(30%) ▼
Cash return on average equity	5.4%	8.3%	(290bps) ▼
Common Equity Tier 1 ratio	9.78%	9.04%	74bps ▲
Cash earnings per share	51.1c	79.5c	(36%) ▼
Dividend per share	12c	65c	(82%) ▼

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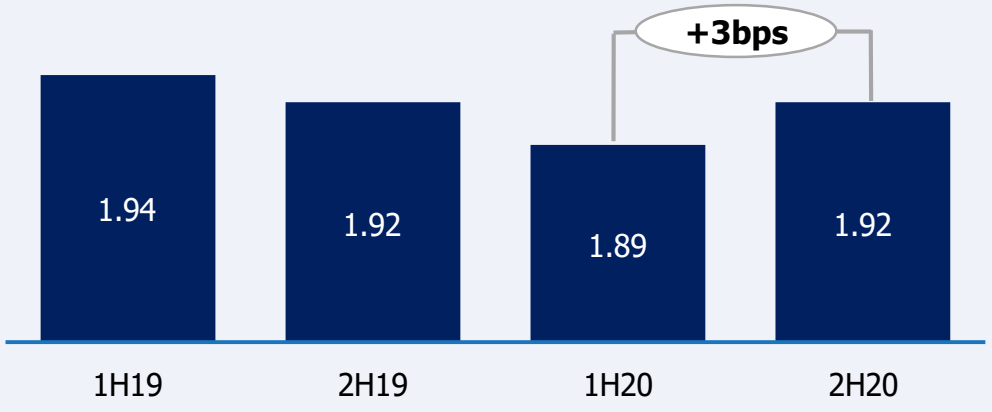
KEY ELEMENTS OF THE RESULT

LENDING MOMENTUM AND MARGIN MANAGEMENT DRIVING RESULT, IMPACTED BY COLLECTIVE PROVISION OVERLAY FOR COVID-19

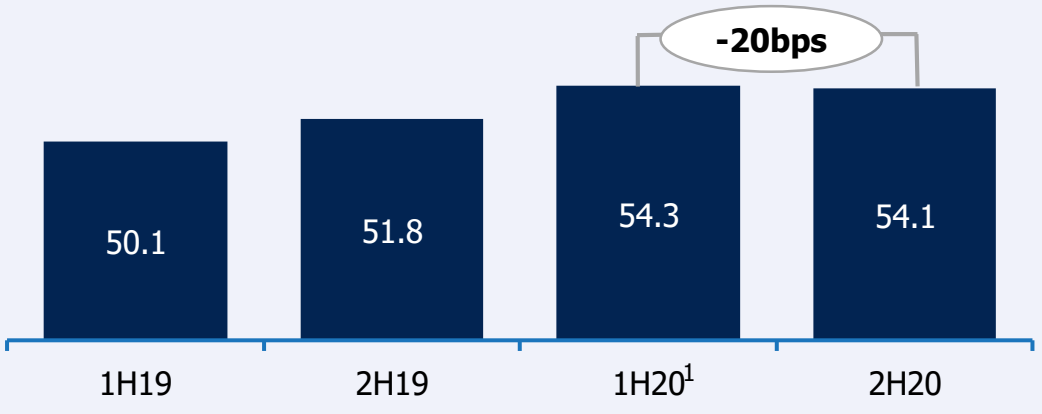
NII GROWTH ($M)



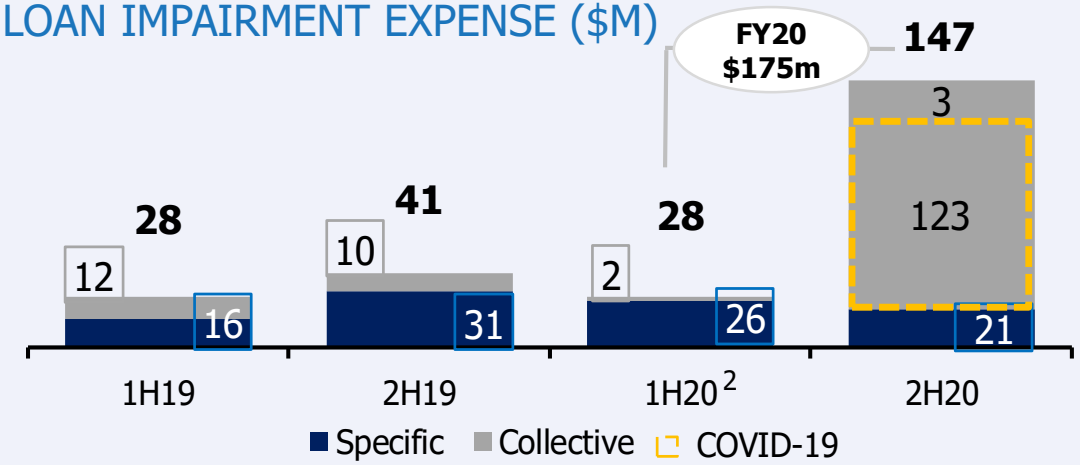
NET INTEREST MARGIN (%)



COST TO INCOME RATIO (%)



LOAN IMPAIRMENT EXPENSE ($M)



(1) Increase in costs driven by regulation and strategic investment as guided to the market

(2) 1H20 includes a $10m collective provision overlay in respect of COVID-19

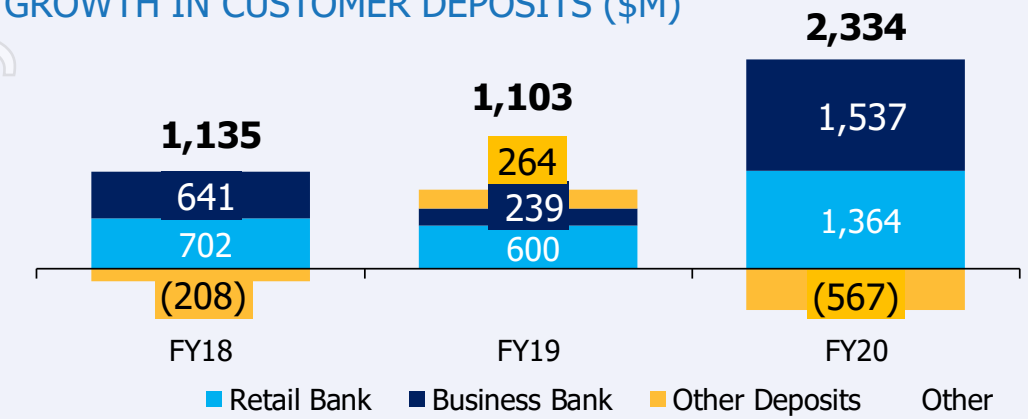
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LENDING AND DEPOSIT GROWTH

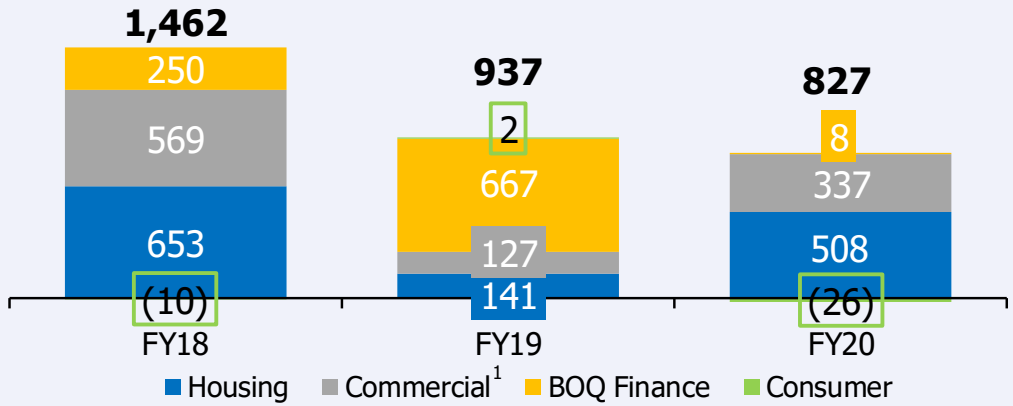
NICHE SEGMENT STRATEGY DELIVERING GROWTH

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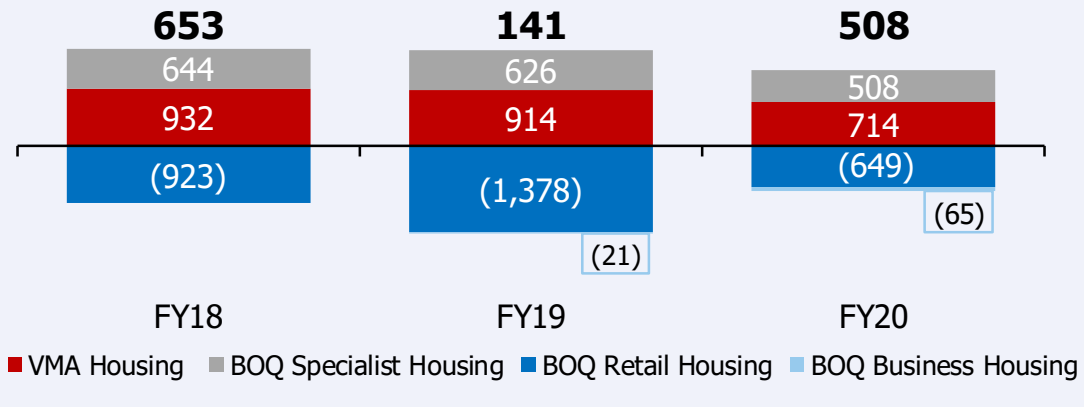
GROWTH IN CUSTOMER DEPOSITS ($M)



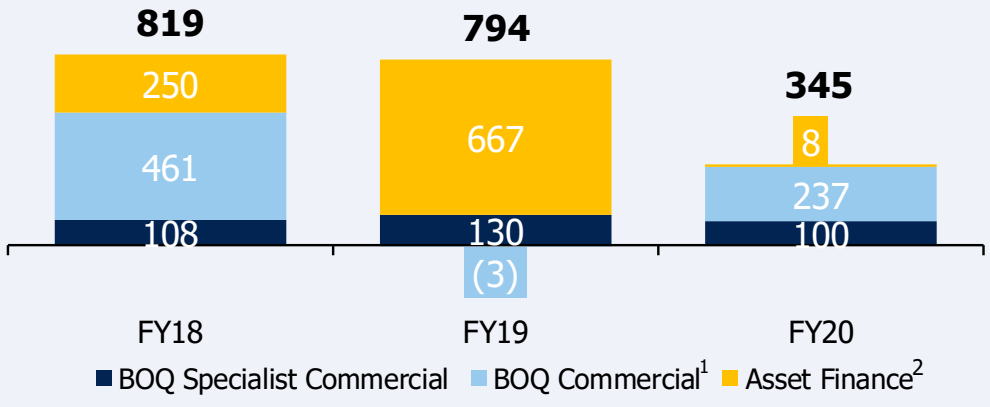
GROWTH IN LENDING ($M)



GROWTH IN HOUSING GLA ($M)



BALANCED GROWTH ACROSS BUSINESS BANKING GLA ($M)

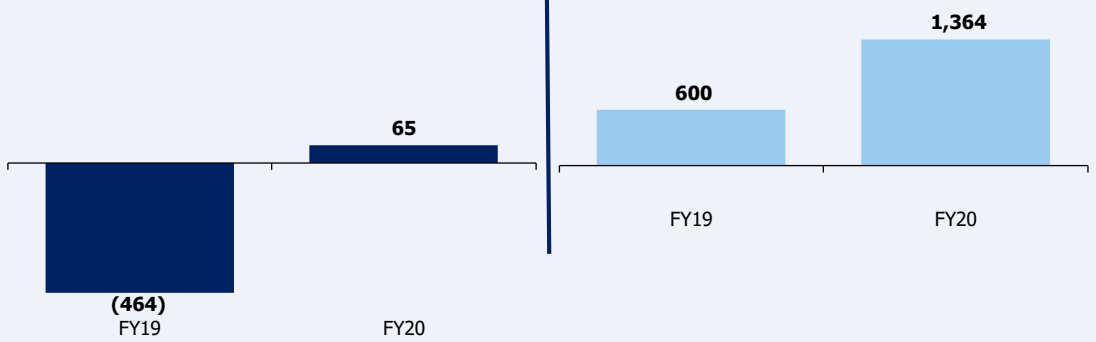


(1) Includes Commercial, Agribusiness and SME lending
(2) The reduction in Asset Finance growth reflects a strategic decision to focus on risk/ return in a declining market

DIVISIONAL ACHIEVEMENTS

RETAIL BANK

Housing Lending Growth ($m)

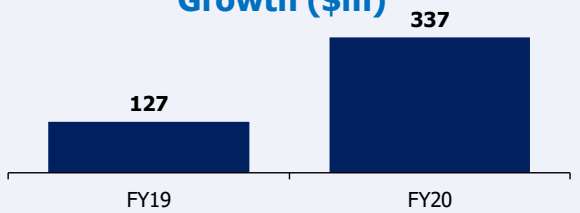


Deposit Growth ($m)

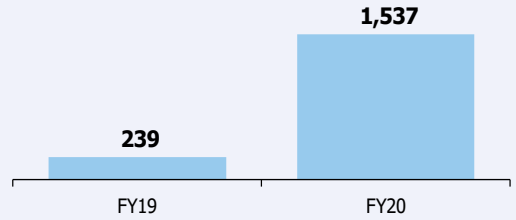
- Retail Bank Net Interest Income increased 1% through home loan growth and improved margins
- Consumer NPS[1] ranked 3rd (up from 5th in FY19), Mortgage NPS ranked 5th (up from 11th in FY19)
- Home Buying Transformation program reduced 'time to yes' from five days down to one
- 95% of OMs on new franchise agreement
- VMA phase 1 on track for soft launch in December 2020

BOQ BUSINESS

Commercial, Agri & SME Lending Growth ($m)



Deposit Growth ($m)



- BOQB Net Interest Income increased 3% due to good growth and margin management
- SME NPS[2] ranked 3rd (up from 4th in FY19)
- Continued focus on niche segments delivering good growth with all business lines outperforming system
- BOQ Finance book maintained in a declining market – balancing growth and margin considerations
- Relationship banking support to customers through COVID-19
- New mobile app for BOQS with ApplePay

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(1) RFi XPRT Report, August 2020 and August 2019
(2) DBM Atlas BFSM Report August 2020. SME NPS refers to Any Financial Relationship (**AFR**) and businesses under $40m turnover.

DRIVING BOQ FORWARD

EXECUTING ON STRATEGY TO DRIVE BUSINESS UPLIFT - GOOD PROGRESS WITH MORE WORK TO DO

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	Objective	FY19	FY20
High calibre team	High calibre Executive and Senior Management	High level of Executive turnover	Key Executive roles filled with experienced leaders and strong execution capability
	Lift employee engagement	56%	59%
Delivering against key metrics	Simplified and streamlined mortgage process to reduce time to yes	+5 days	1 day
	Enhanced customer experience – uplift in customer and mortgage NPS[2]	Consumer ranked 5th Mortgage ranked 11th Business ranked 4th	Consumer ranked 3rd Mortgage Ranked 5th Business Ranked 3rd
	Lending growth momentum – growing market share	0.2x system Housing (net growth $141m) 1.2x system Business (net growth $127m)[1]	0.9x system Housing (net growth $508m) + large Business (net growth $337m)[2]
	NIM management	5bps decline	2bps decline for FY20, 3bps up 2H20 vs. 1H20
	Productivity benefits of c.$30m p.a.	-	$30m Increased regulatory costs and investments as guided to the market
Superior project execution capabilities	Delivering against 8 core tier 1 projects	Capital investment of $92m Limited execution capability	Capital investment of $100m 6 core transformation projects completed, including data centres in cloud, and VMA on track for 2020
	Strategic reset of intangibles portfolio	135 intangible assets on balance sheet	58 intangible assets on balance sheet

(1) GLA data has been aligned for the new APRA regulatory definitions applicable from 1 July 2019
(2) Excludes BOQF; (2) RFi XPRT Report August 2019, August 2020

building the digital bank of the future

Executing on our strategy – VMA phase 1 on track for soft launch by December

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Executing on our strategy

Leveraging existing scale

Partnership as a strategic advantage

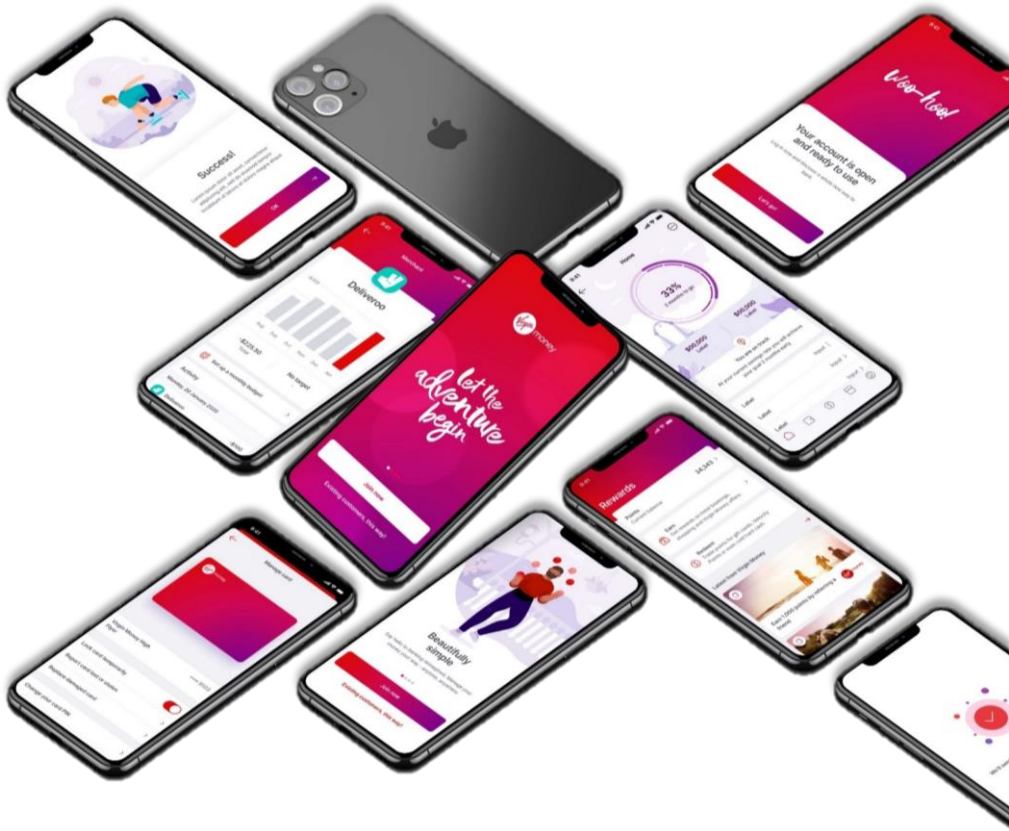
Market leading technology solution

Clear roadmap for phase 2

Setting the foundation for BOQ's digital transformation

Cloud based core banking platform for the Retail Bank

VMA as a growth engine, improving ROE



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FINANCIAL DETAIL & PORTFOLIO QUALITY

EWEN STAFFORD
CHIEF FINANCIAL OFFICER AND CHIEF OPERATING OFFICER

ADAM MCANALEN
CHIEF RISK OFFICER

FINANCIAL PERFORMANCE

STATUTORY PROFIT DOWN, UNDERLYING PROFIT UP IN THE HALF DRIVEN BY INCOME GROWTH

$ million	FY20	FY19	FY20 v FY19	2H20	1H20	2H20 v 1H20
Net interest income	986	961	3% ▲	503	483	4% ▲
Non-interest income	110	128	(14%) ▼	52	58	(10%) ▼
Total income	**1,096**	**1,089**	1% ▲	**555**	**541**	3% ▲
Operating expenses	(594)	(555)	7% ▲	(300)	(294)	2% ▲
Underlying profit	**502**	**534**	(6%) ▼	**255**	**247**	3% ▲
Loan impairment expense	(175)	(69)	154% ▲	(147)	(28)	425% ▲
Cash profit before tax	**327**	**465**	(30%) ▼	**108**	**219**	(51%) ▼
Income tax expense	(102)	(145)	(30%) ▼	(34)	(68)	(50%) ▼
Cash earnings after tax	**225**	**320**	(30%) ▼	**74**	**151**	(51%) ▼
Statutory net profit after tax	**115**	**298**	(61%) ▼	**22**	**93**	(76%) ▼
Cash basic earnings per share[1]	51.1c	79.5c	(28.4c) ▼	16.3c	35.3c	(19.0c) ▼
Cash return on average equity	5.4%	8.3%	(290bps) ▼	3.4%	7.5%	(410bps) ▼

(1) The sum of 1H20 and 2H20 EPS does not equal FY20 due to the impact of the capital raising and the uneven distribution of cash earnings after tax across the two halves of the year

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NON CASH EARNINGS

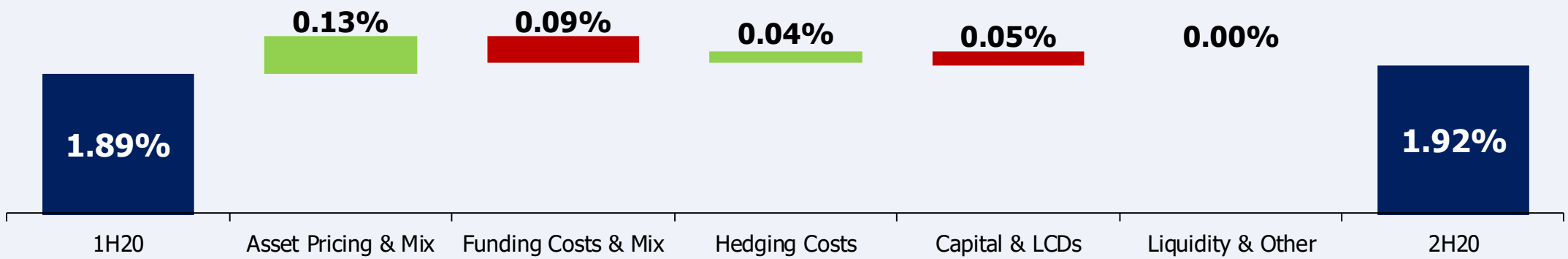
STATUTORY NPAT DOWN 61% DUE TO TRANSFORMATION INVESTMENT

$ million	**FY20**	FY19	**2H20**	1H20
Cash earnings after tax	**225**	**320**	**74**	**151**
Strategy Refresh (after tax)				
Intangible Asset Review (Policy change (19m) / Strategic Impairments (27m) / Amort. Acceleration (8m) / Other (3m))	(57)	0	(25)	(32)
Operating Model Review (Restructuring charges (13m) / Transformation Charge (7m) / Other (3m))	(23)	0	(8)	(15)
Employee pay and entitlements review	(8)	0	(8)	0
Other Non-Cash Items (after tax)				
Amortisation of acquisition fair value adjustments	(4)	(6)	(2)	(2)
Hedge ineffectiveness	(10)	(8)	(7)	(3)
Integration / transaction costs	0	(1)	0	0
Regulatory/ compliance	(5)	(6)	(3)	(2)
Other legacy items	(3)	(1)	1	(4)
Statutory net profit after tax	**115**	**298**	**22**	**93**

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NET INTEREST MARGIN
GOOD NIM MANAGEMENT BALANCING GROWTH WITH RETURNS

NET INTEREST MARGIN – 1H20 TO 2H20



SUMMARY

- Margin benefits from repricing activity, partially offset by front to back book drag
- Funding costs increased as cash rate reduced
- Hedging cost benefits as basis costs continue to reduce
- Impacts to NIM from elevated liquidity

KEY NIM MOVEMENTS OVER TIME

Element	2H19	1H20	2H20
Asset pricing and mix	+2bps	+6bps	+13bps
Funding costs & mix	(5bps)	(5bps)	(9bps)
Hedging costs	+3bps	+4bps	+4bps
Capital & LCDs	(2bps)	(3bps)	(5bps)
Third party costs/AASB 16	-	(3bps)	+1bps
Liquidity	-	(2bps)	(1bps)

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OPERATING EXPENSES

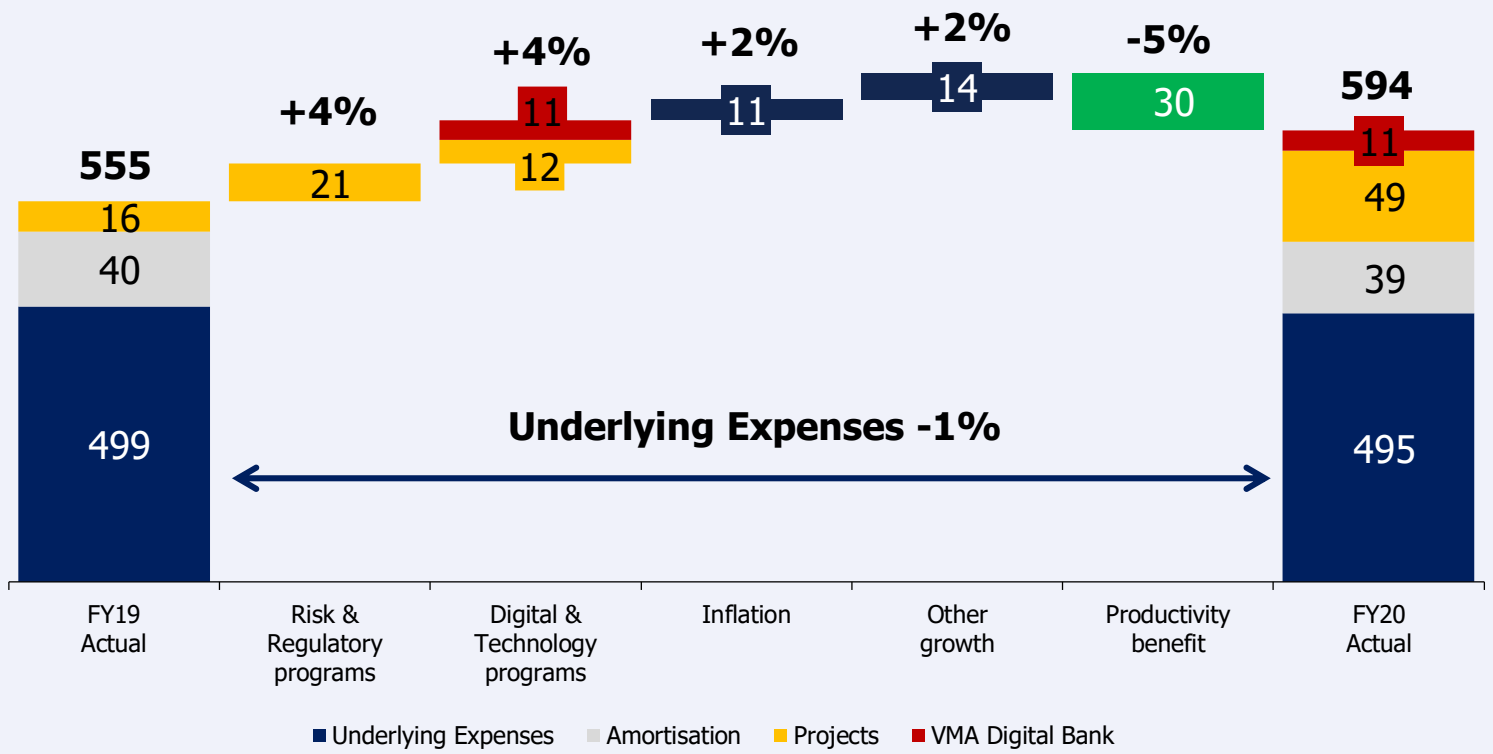
INCREASED INVESTMENT IN STRATEGIC INITIATIVES, RISK AND COMPLIANCE PROGRAMS

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SUMMARY

- Increased technology spend on strategic initiatives (VMA Phase 1 and core infrastructure modernisation)
- Increased employee and administrative expenses relating to risk and regulatory programs
- Excluding technology and risk and compliance spend, underlying expenses decreased 1%
- Reduction in occupancy costs, general expenses, and discretionary spending

OPERATING EXPENSE BREAKDOWN ($M)[1]



(1) FY19 includes a restatement of employee costs from impairment on loans and advances to expenses

ENHANCING OUR EXECUTION CAPABILITY

GOOD PROGRESS ON OUR STRATEGIC TRANSFORMATION

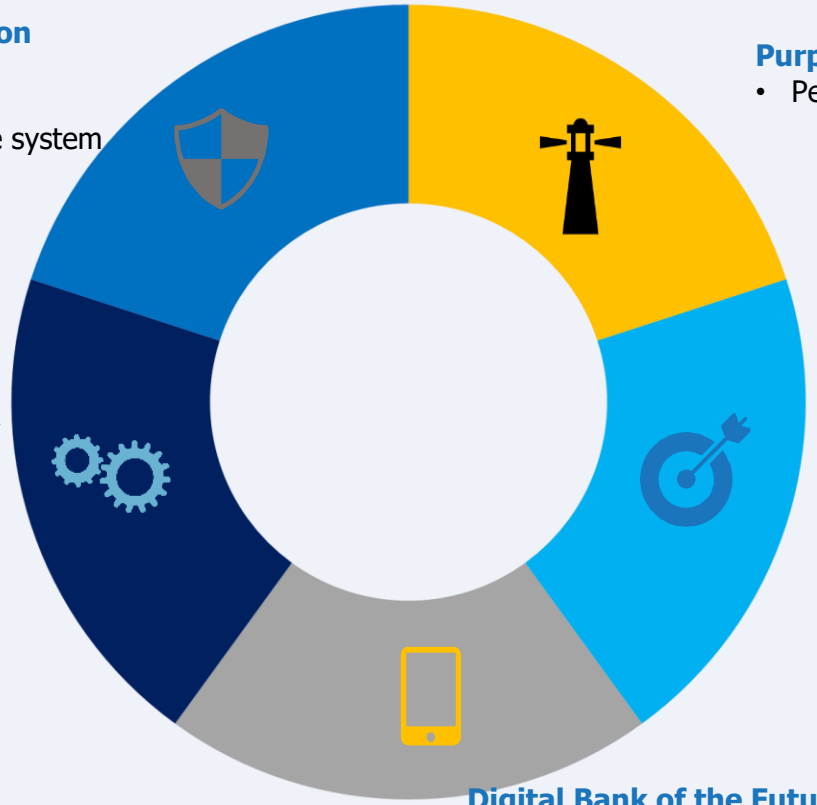
EXECUTION CAPABILITY UPLIFT

- Integrated strategy planning and investment portfolio management
- Enhanced benefits realisation framework
- Adaptive delivery methods enhancing 'time to market' and 'time to value'
- Streamline governance and new Project Portfolio Management tools

FY20 CAPITAL INVESTMENTS

Financial and Risk Position
- Regulatory & compliance programs
- Global Risk & Compliance system
- Phase 1 Open Banking

Purpose Led Culture
- People & Culture programs



Simple and intuitive
- Contact Centre telephony platform
- Home Buying Transformation Program

Distinctive brands serving niche segments
- Customer Relationship Management Tool

Digital Bank of the Future
- VMA Phase 1
- Modernisation of core infrastructure
- New BOQS mobile app and internet banking

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CAPITAL INVESTMENT

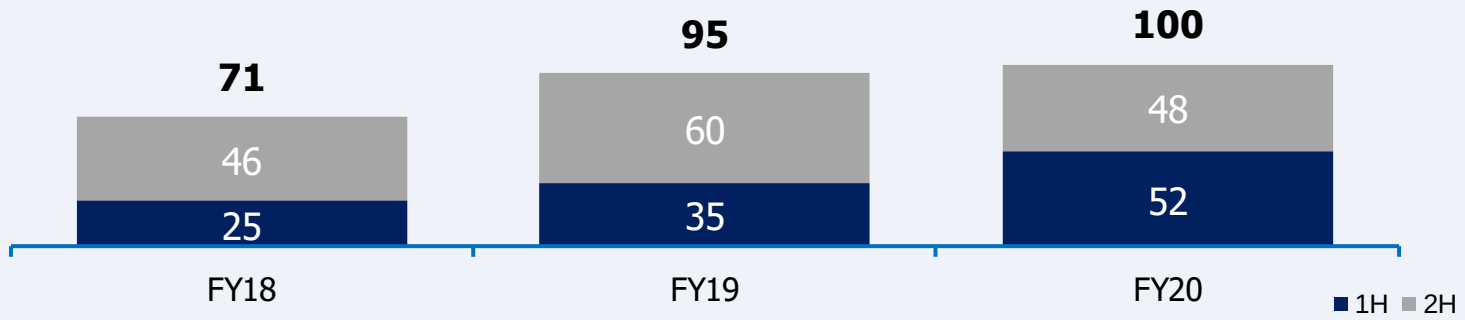
INVESTMENT PRIORITISED ALONG STRATEGIC ROADMAP

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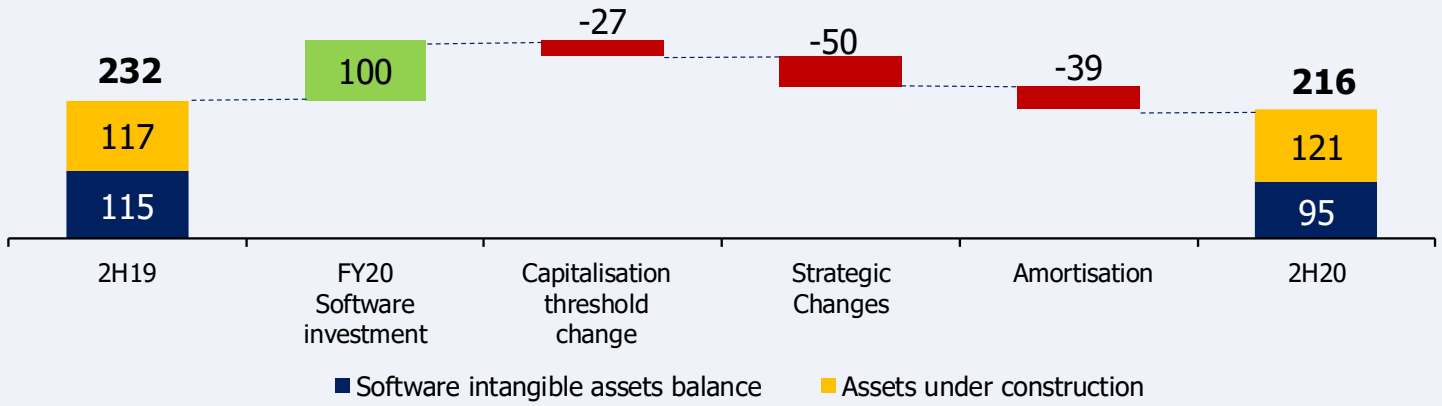
SUMMARY

- Capital investment of $100m in line with strategic roadmap
- Investment spend focused on core infrastructure modernisation and VMA digital bank
- Reduction in software intangibles balance from:
  - change to capitalisation threshold ($27m)
  - amortisation acceleration and impairments arising from strategic changes ($50m)
- 58 existing intangible assets

CAPITAL INVESTMENT ($M)



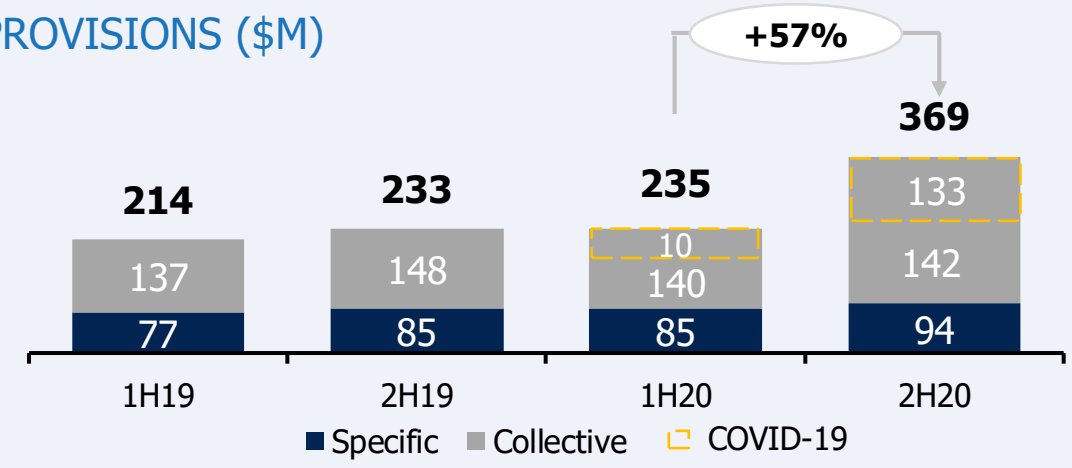
SOFTWARE INTANGIBLE ASSET BALANCES ($M)



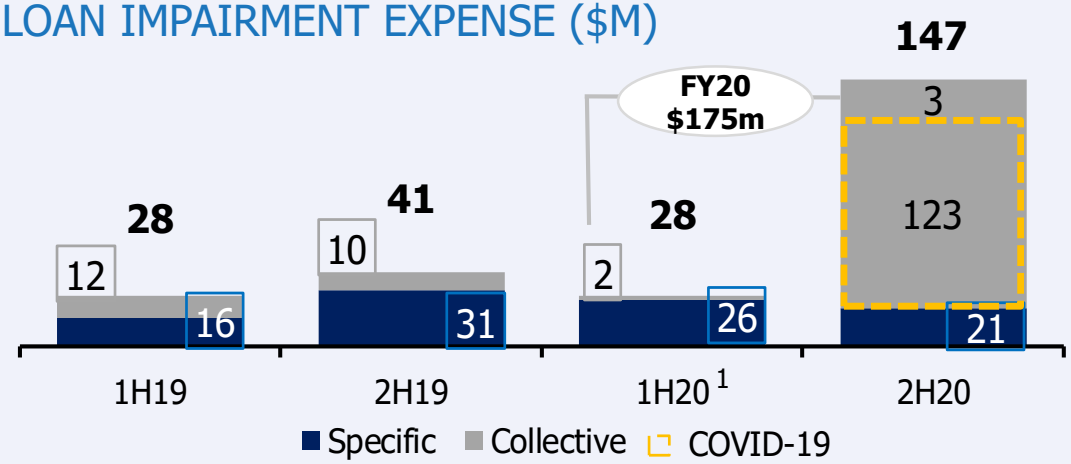
PORTFOLIO AND LOAN IMPAIRMENT EXPENSE

PRUDENT PROVISIONING LEVELS GIVEN ONGOING UNCERTAINTY

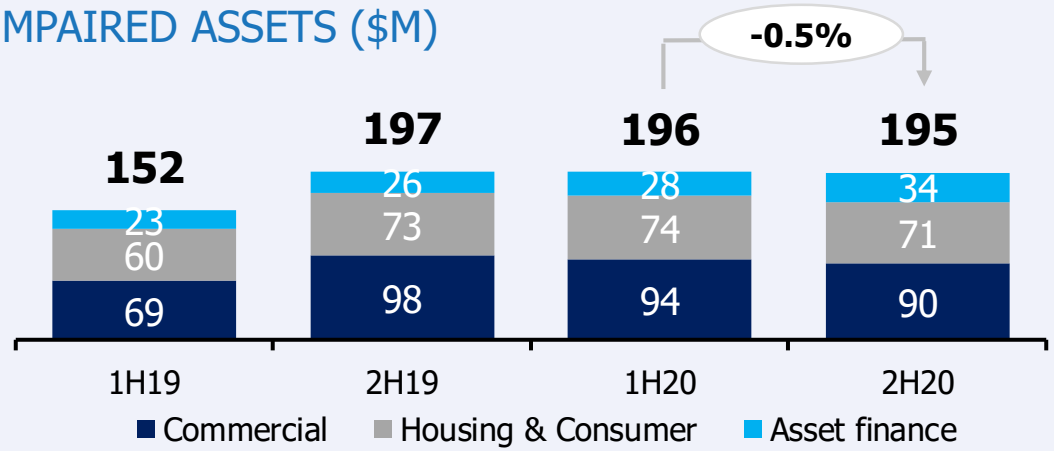
PROVISIONS ($M)



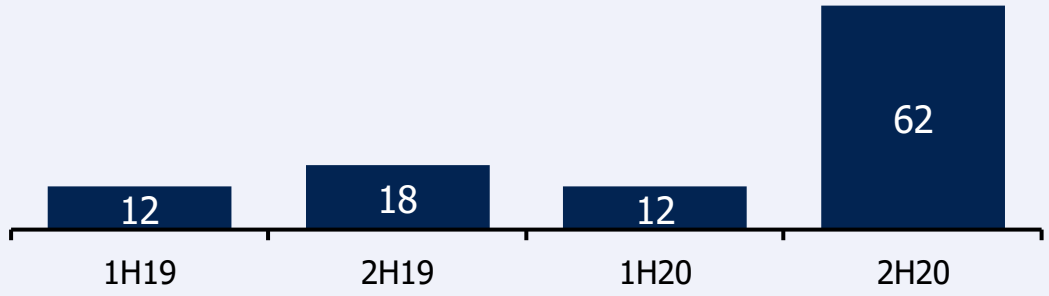
LOAN IMPAIRMENT EXPENSE ($M)



IMPAIRED ASSETS ($M)



LOAN IMPAIRMENT EXPENSE TO GLA (BPS)[2]



(1) 1H20 includes a $10m collective provision overlay in respect of COVID-19
(2) Collective provision overlay in respect of COVID-19 represents 28bps of GLA

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FUNDING & LIQUIDITY

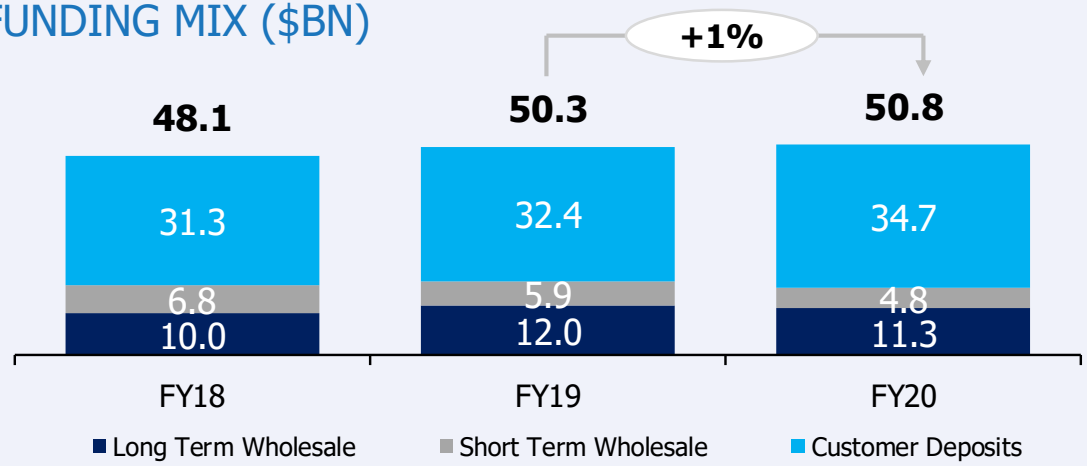
RESILIENT FUNDING & LIQUIDITY PROFILE WITH STRATEGIC OPTIONS TO GROW

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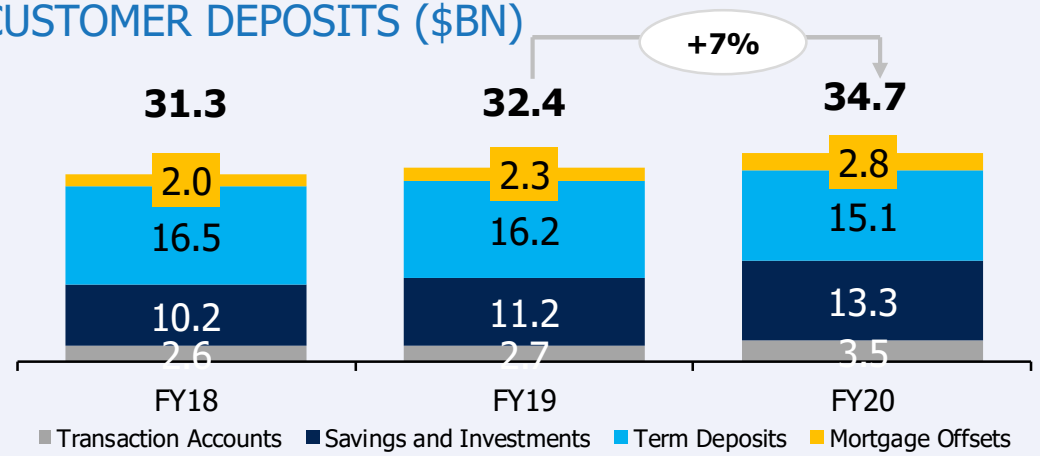
SUMMARY

- Strong customer deposit growth during FY20
- Deposit to loan ratio of 74%
- Reduced reliance on short term wholesale funding
- Term funding facility providing additional funding capacity to lend to businesses
- BOQ redeemed Wholesale Capital Notes in May 2020 following approval granted by APRA, a new issue of ASX-listed Additional Tier 1 capital notes remains under consideration subject to market conditions and relevant approvals[1]

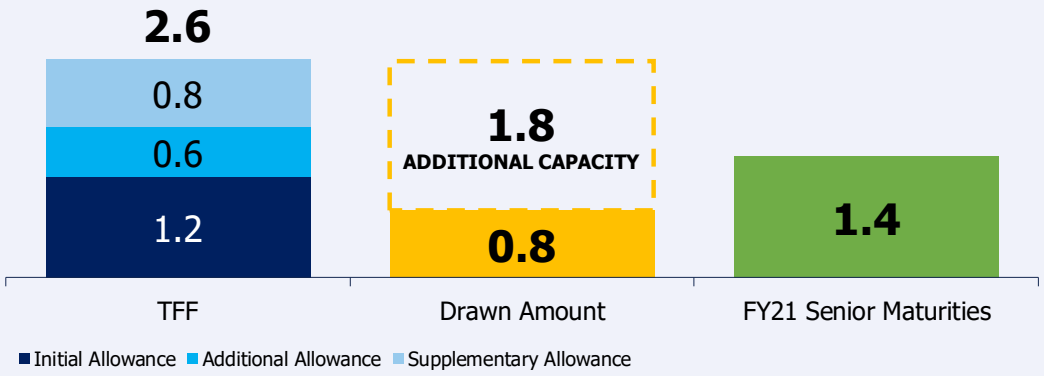
FUNDING MIX ($BN)



CUSTOMER DEPOSITS ($BN)



TERM FUNDING FACILITY ($BN)[2]



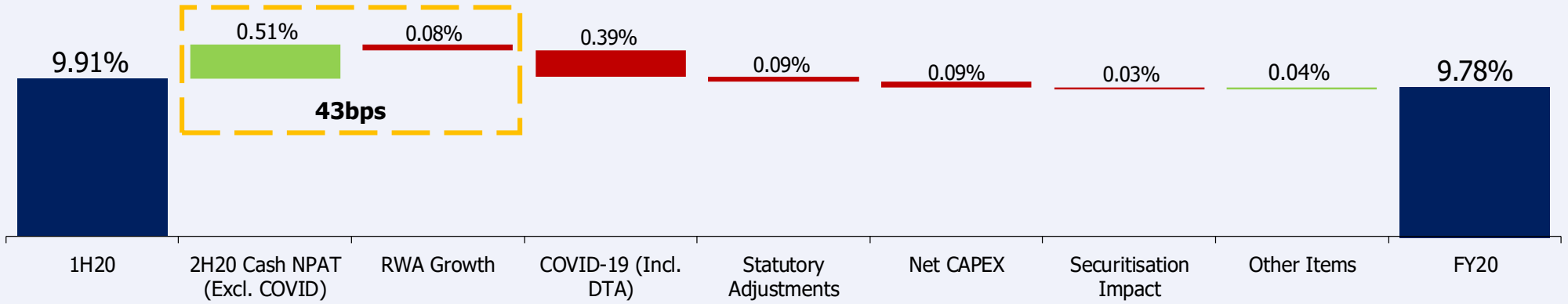
(1) Any offer of ASX-listed Additional Tier 1 capital securities by BOQ will be made under a prospectus which will be made available when the securities are offered. If an offer is made, eligible applicants wishing to apply will need to do so in accordance with the instructions set out in the prospectus

(2) As at 1 September 2020. The Additional Allowance provided by the RBA is subject to change

CAPITAL

GOOD CAPITAL POSITION WITH FLEXIBILITY TO ADAPT TO CHANGING CONDITIONS

CET1 1H20 VS 2H20



SUMMARY

- Capital raise provided significant uplift in CET1
- Good underlying capital generation of 43bps in 2H20
- Lending growth driving small uplift in RWAs
- COVID-19 provision and statutory adjustments absorbed during the half

OUTLOOK

- CET1 of 9.78% sees the bank in a strong position
- BOQ well capitalised to manage any further impacts from COVID-19
- Sufficient capital to support transformation agenda and asset growth momentum

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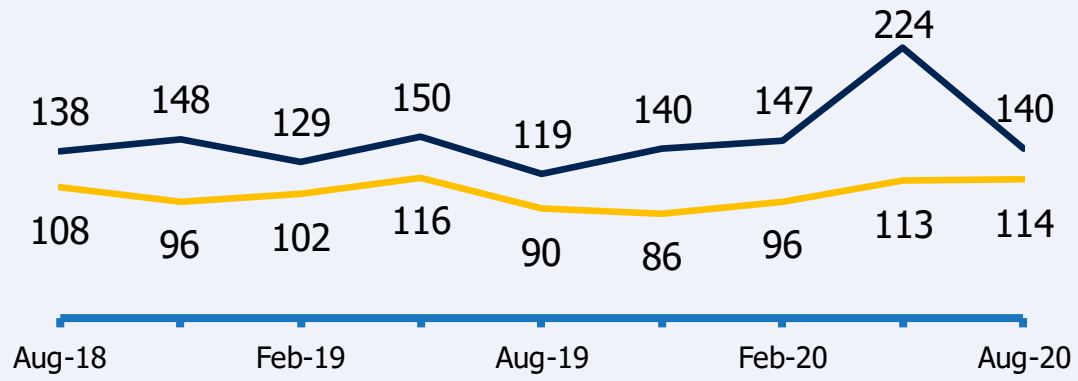
PORTFOLIO QUALITY

ELEVATED ARREARS IN RESPONSE TO COVID-19

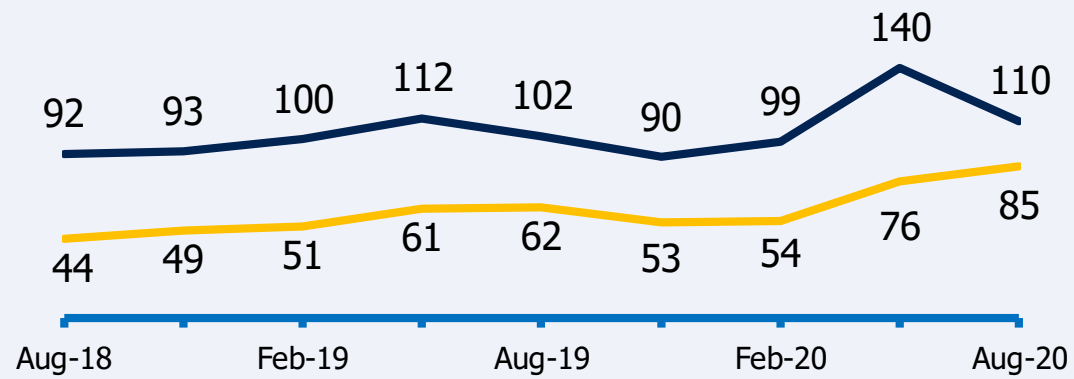
SUMMARY

- Housing and commercial arrears increased during the half as economic conditions worsened due to COVID-19
- 90 days is elevated due to changed enforcement activities and slower transitions back to performing
- Increased arrears in May 2020 resulted from a slowdown in collection activity
- Arrears uplift in line with industry

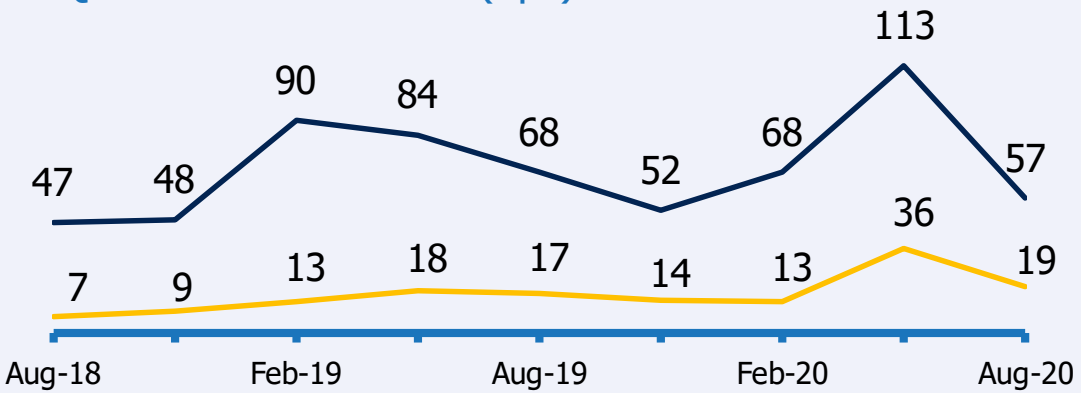
COMMERCIAL ARREARS (bps)



HOUSING ARREARS (bps)



BOQ FINANCE ARREARS (bps)



(1) Arrears figures differ from those reported to APRA due to different definitions. Arrears figures have been normalised following processing of banking relief package requests

30DPD 90DPD

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BANKING RELIEF PACKAGES AUGUST 2020

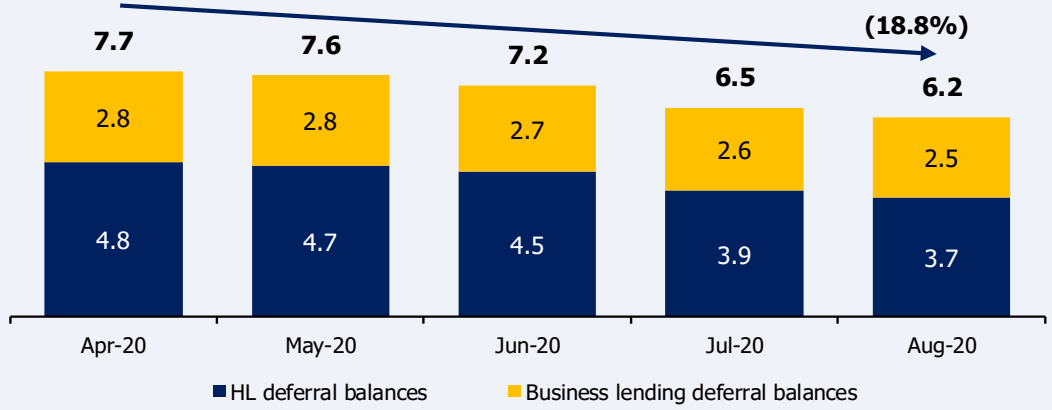
WELL DIVERSIFIED PORTFOLIO ACROSS GEOGRAPHIC AND INDUSTRY SEGMENTS

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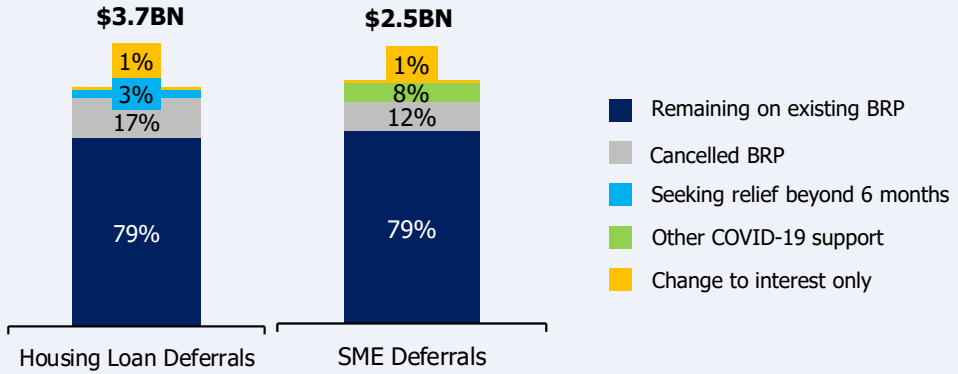
KEY MESSAGES

- Well diversified portfolio across geography, industry and asset class
- 25% of customers on relief continued to make full or partial repayments
- Total deferrals have decreased 18.8% since their peak in April
- Banking relief package take-up is broadly consistent with our underlying industry and geographic spread
- Individual reviews completed of all high risk segments with loans >$10m not eligible for deferral

TOTAL DEFERRAL BALANCES ($BN)[1]



THREE MONTH CHECK IN OUTCOMES



(1) Total deferral balances differ from those reported to APRA

HOUSING LOAN BANKING RELIEF PACKAGES AUGUST 2020

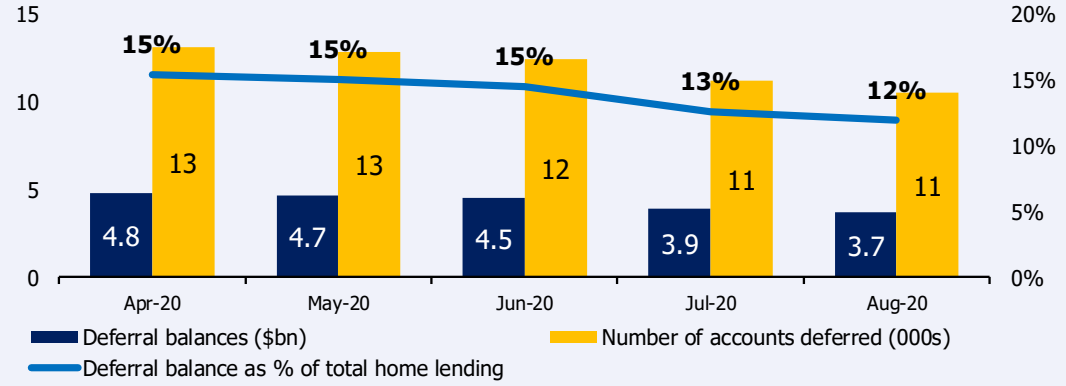
DEFERRALS REDUCING SINCE PEAK IN APRIL

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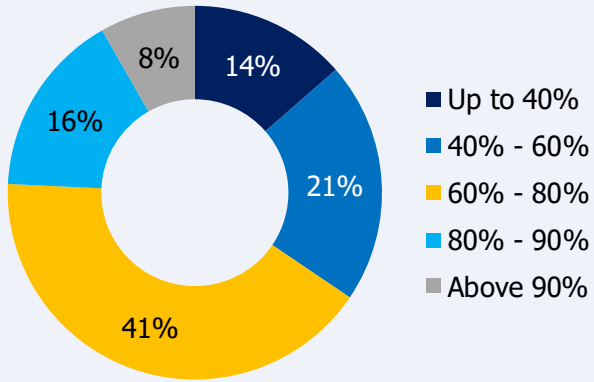
KEY MESSAGES

- 12% of home loan customers currently on deferral
- Housing deferrals have average LVR of 65%
- 92% of BRP customers have an LVR of less than 90%
- 30% of housing deferral customers are more than 3 payments in advance

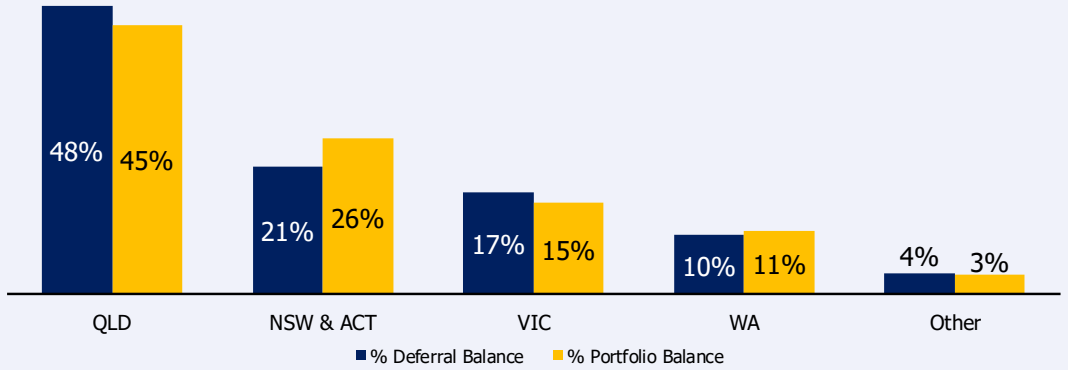
HOME LOAN DEFERRAL BALANCES ($BN)



HOME LOAN DEFERRAL BALANCES BY LVR (%)



HOME LOAN DEFERRAL BALANCES BY STATE



Note: Deferral balances are divided by the total Housing GLAs to determine the deferral percentage and vary to the APRA definition of loans

SME BANKING RELIEF PACKAGES AUGUST 2020

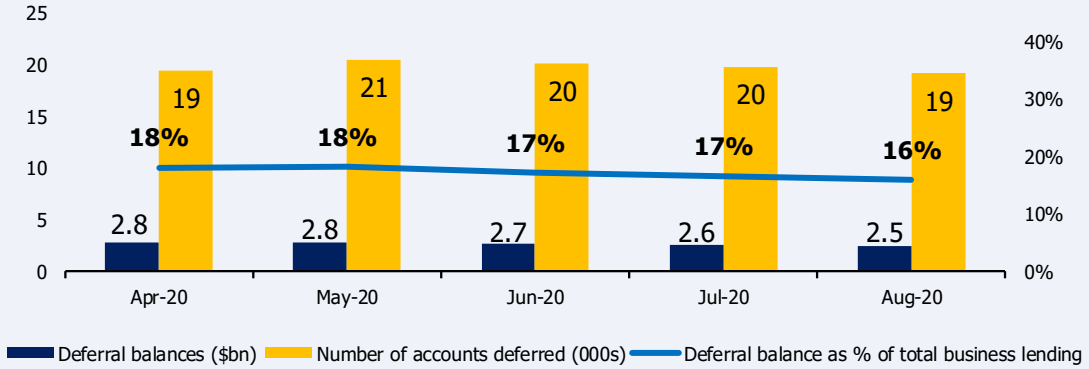
DEFERRALS REDUCING SINCE PEAK IN APRIL

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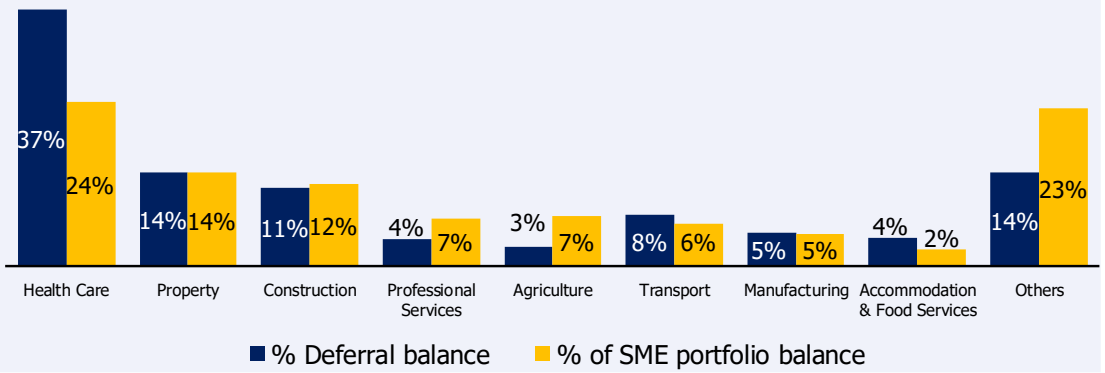
KEY MESSAGES

- 16% of SME customers currently on deferral
- 37% of SME deferrals relating to healthcare, primarily dental
- Individual reviews completed of all loans >$10m not eligible for deferral
- Minimal exposure to accommodation and food services (including tourism)

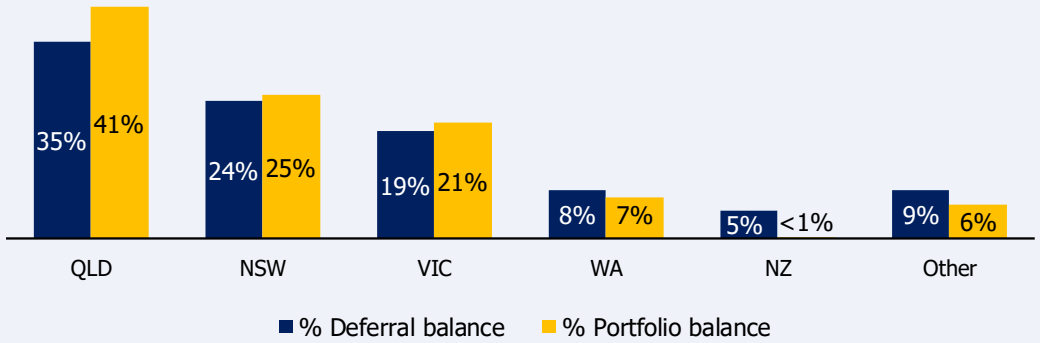
SME DEFERRAL BALANCES ($BN)



SME DEFERRAL BALANCES BY INDUSTRY



SME DEFERRAL BALANCES BY LOCATION



Note: Deferral balances are divided by the total Commercial GLAs to determine the deferral percentage and vary to the APRA definition of loans

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SUMMARY & OUTLOOK

GEORGE FRAZIS
MANAGING DIRECTOR AND CEO

FY20 SUMMARY

1. Focus has been on supporting our customers and people during COVID-19
2. Delivered solid revenue growth in a challenging year, with momentum continuing
3. Prudent COVID-19 collective overlay and strong capital, positions us well for the future
4. Executing on our strategy as planned, overcoming legacy structural disadvantages
5. Leaning into a health and economic crisis that has been well managed by the Government and regulators

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FY21 OUTLOOK[1]

1. Uncertain outlook given COVID-19, but Australia relatively well placed
   - Less likelihood of downside scenarios on unemployment and house prices given Government stimulus – uncertainty until vaccine developed
2. Remain committed to transformation strategy and capital investment of $100m
3. Expecting broadly neutral jaws
   - Above system growth in lending
   - Margin managed to within 2-4bps decline
   - Cost growth of c.2%
4. Prudent collective provision COVID-19 overlay taken in FY20 for anticipated lifetime losses
5. Continuation of strong balance sheet with CET1 ratio remaining above the top end of our target range
6. Return to sustainable profitable growth, supporting returns to shareholders and dividends

1. Subject to no material change in market conditions

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ABOUT BOQ

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BOQ
UNIQUE BRANDS IN NICHE SEGMENTS SERVING CUSTOMERS FOR 146 YEARS

BOQ GROUP

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OUR DIFFERENTIATORS

> Unique brands with proud history

> Deeply anchored in local communities

> Highly specialised bankers, within niche industry segments

> Building an innovative digital offering and loyalty

OUR DISTINCTIVE BRANDS

Retail Banking

BOQ **Human, empathetic relationship-led banking**

Virgin money **The digital bank of bigger possibilities**

Business Banking

BOQ BUSINESS | BOQ FINANCE | BOQ SPECIALIST

Specialised banking solutions that meet core business and personal needs

KEY STATISTICS FOR FY20

c.900k Customers	c.**575k** BOQ c.**200k** VMA	c.**35k** Specialist c.**85k** Finance
165 Branches[2]	**>2k** Employees	**$82b** Footings
74% Deposit-to-Loan Ratio	**1.59%**[1] Market share - Housing	**1.75%**[1] Market share - Business

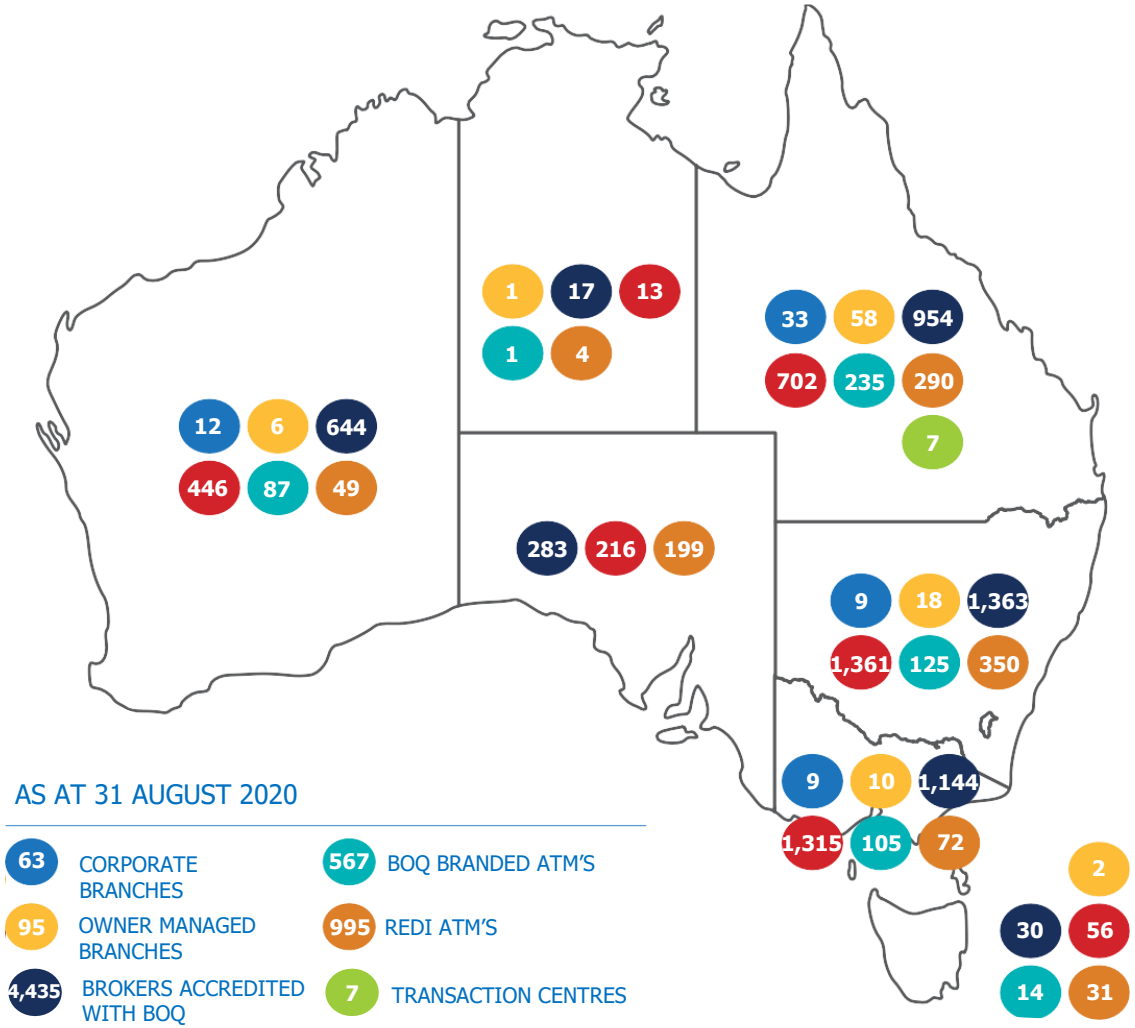
(1) Internal BOQ Analysis and APRA monthly authorised deposit-taking institution statistics excluding International Institutional banks, August 2020

(2) Total branches includes transaction and service centres

DISTRIBUTION FOOTPRINT

SUMMARY

- In FY20 branch numbers reduced by 2 to 165 (incl. transaction centres)
- The franchise network remains a key differentiator for BOQ and is pivotal to the Bank's deposit raising capabilities
- 95% franchisees transitioned to the new franchise revenue share agreement
- Continue to build broker presence during 2020 with 33% of housing settlements originated out of VMA and BOQ branded accredited brokers in 2H20



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DISTRIBUTION FOOTPRINT MOVEMENTS

Aug-20	QLD	NSW / ACT	VIC	WA	NT	TAS	SA	Total
Corporate branches	33	9	9	12	-	-	-	63
Owner managed branches	58	18	10	6	1	2	-	95
Transaction centres	7	-	-	-	-	-	-	7
	98	27	19	18	1	2	-	165

Aug-19	QLD	NSW / ACT	VIC	WA	NT	TAS	SA	Total
Corporate branches	34	10	9	12	-	-	-	65
Owner managed branches	58	18	10	6	1	2	-	95
Transaction centres	7	-	-	-	-	-	-	7
	99	28	19	18	1	2	-	167

CORPORATE, OWNER MANAGED BRANCHES & TRANSACTION CENTRES

	FY20 Actual YTD	
Summary of changes	**Gross**	**Net**
Corporate closure	1	1
OMB closure	1	1
OMB to corporate	2	0
Corporate to OMB	3	0
OMB to OMB sale	3	0
New branch opening	0	0
Total changes	10	2

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STRATEGY

PURPOSE & VALUES, AMBITION AND STRATEGIC PILLARS

CLEAR PRIORITIES FOCUSED ON CUSTOMERS, PEOPLE AND SHAREHOLDERS

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PURPOSE & VALUES

Creating prosperity for our customers, shareholders and people through empathy, integrity and by making a difference

OUR AMBITION

We will be known as the bold challenger bank; with multi-brands that are digitally enabled with a personal touch

OUR STRATEGIC PILLARS



Our empathetic culture sets us apart



Distinctive brands service attractive niche customer segments



Digital bank of the future with a personal touch



Simple and intuitive business with strong execution capability



Strong financial and risk positions, with attractive returns

STRATEGY UPDATE

EXECUTING ON OUR STRATEGY WITH EARLY RESULTS

Strategic Pillars

1	**Our purpose led empathetic culture sets us apart**	✓ Refreshed Purpose & Values, culture survey completed and action plan developed ✓ Retail NPS rank increased to 3rd (5th FY19) and Mortgage NPS rank improved to 5th (11th FY19) ✓ Action plan implemented to manage COVID-19 hardship and deferrals ✓ Employee engagement score 59% (up from 56% in FY19)
2	**Distinctive brands serving attractive niche customer segments**	✓ Home lending growth of >$508m (0.9x system) ✓ Business Lending & Asset Finance growth of >$345m (positive compared to a contracting system) ✓ 95% of OMBs on new franchise revenue share agreement ✓ Re-invigorated 3rd party distribution
3	**Digital Bank of the future with a personal touch**	✓ VMA Digital Bank phase 1 on track for soft launch by December ✓ Delivery of new mobile app for BOQS with Apple Pay ✓ Migration of data centres to the cloud ✓ Pathway to accelerate BOQ Retail Bank transition to future state platform being explored
4	**Simple and intuitive business with strong execution capability**	✓ ~$30m Productivity benefits in FY20 ✓ 15% reduction in products available for sale ✓ Time to conditional approval down to 1 day from over 5 days ✓ Project execution and governance review completed and uplift plan being implemented
5	**Strong financial and risk position, with attractive returns**	✓ $340m capital raising completed pre COVID-19 ✓ Deposit to Loan ratio 74% ✓ Improved risk-based pricing and margin management ✓ Governance risk and compliance system

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FY20 RESULTS

BOQ GROUP

FY20 RESULTS OVERVIEW

Financial			Balance Sheet, Capital & Funding		
	FY20	**FY20 v FY19**		**FY20**	**FY20 v FY19**
Statutory NPAT	$115m	(61%)	CET1	9.78%	+74bps
Cash NPAT	$225m	(30%)	Total GLAs	$47,043m	+2%
ROE (cash)	5.4%	(290bps)	Customer Deposits	$34,762m	+7%
EPS cents (cash)	51.1c	(36%)	Deposit to Loan Ratio	74%	+4%
DPS	12c	(82%)	LT Wholesale Funding	$11.3bn	(6%)
Cost-to-income	54.2%	320bps	Liquidity Coverage Ratio	164%	+19%
NIM	1.91	(2bps)	Net Stable Funding Ratio	119%	+7%
Total Income	$1,096m	+1%	Credit Ratings	BBB+/ A-/A3 (S&P/ Fitch/ Moodys)	Fitch Ratings has revised the Outlook on BOQ's Long-Term Issuer Default Rating to Negative from Stable on 30th April 2020
Operating Expenses	$594m	+7%			
LIE to GLA	37bps	+22bps			

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AVERAGE BALANCE SHEET & MARGIN – FY20 & FY19

AVERAGE BALANCE SHEET AND MARGIN ANALYSIS

$millions	August 2020 (Full Year) Average balance $m	Interest $m	Average rate %	August 2019 (Full Year) Average balance $m	Interest $m	Average rate %
INTEREST EARNING ASSETS						
Gross loans & advances at amortised cost	**44,375**	**1,676**	**3.78%**	**43,616**	**1,913**	**4.39%**
Investments & other securities	**7,388**	**120**	**1.63%**	**6,226**	**145**	**2.33%**
Total interest earning assets	**51,763**	**1,796**	**3.47%**	**49,842**	**2,058**	**4.13%**
Non-interest earnings assets						
Property, plant & equipment	**157**			**54**		
Other assets	**1,696**			**1,594**		
Provision for impairment	**-257**			**-215**		
Total non-interest earning assets	**1,596**			**1,433**		
Total assets	**53,359**			**51,275**		
INTEREST BEARING LIABILITIES						
Retail deposits	**30,378**	**388**	**1.28%**	**29,236**	**576**	**1.97%**
Wholesale deposits & borrowings	**17,603**	**422**	**2.40%**	**17,303**	**521**	**3.01%**
Total Interest bearing liabilities	**47,981**	**810**	**1.69%**	**46,539**	**1,097**	**2.36%**
Non - interest bearing liabilities	**1,240**			**876**		
Total Liabilities	**49,221**			**47,415**		
Shareholders' funds	**4,138**			**3,860**		
Total liabilities & shareholders' funds	**53,359**			**51,275**		
INTEREST MARGIN & INTEREST SPREAD						
Interest earning assets	**51,763**	**1,796**	**3.47%**	**49,842**	**2,058**	**4.13%**
Interest bearing liabilities	**47,981**	**810**	**1.69%**	**46,539**	**1,097**	**2.36%**
Net interest spread			**1.78%**			**1.77%**
Benefit of net interest-free assets, liabilities and equity			**0.13%**			**0.16%**
NIM - on average interest earning assets	**51,763**	**986**	**1.91%**	**49,842**	**961**	**1.93%**

AVERAGE BALANCE SHEET & MARGIN – HALF ON HALF

AVERAGE BALANCE SHEET AND MARGIN ANALYSIS

	August 2020 (six month period)			February 2020 (six month period)		
$millions	Average balance $m	Interest $m	Average rate %	Average balance $m	Interest $m	Average rate %
INTEREST EARNING ASSETS						
Gross loans & advances at amortised cost	**44,362**	**809**	**3.62%**	**44,285**	**867**	**3.94%**
Investments & other securities	**7,564**	**55**	**1.45%**	**7,122**	**65**	**1.84%**
Total interest earning assets	**51,926**	**864**	**3.30%**	**51,407**	**932**	**3.65%**
Non-interest earnings assets						
Property, plant & equipment	**162**			**154**		
Other assets	**1,711**			**1,685**		
Provision for impairment	**-277**			**-233**		
Total non-interest earning assets	**1,596**			**1,606**		
Total assets	**53,522**			**53,013**		
INTEREST BEARING LIABILITIES						
Retail deposits	**30,681**	**174**	**1.13%**	**29,863**	**213**	**1.43%**
Wholesale deposits & borrowings	**17,298**	**187**	**2.15%**	**17,918**	**236**	**2.65%**
Total Interest bearing liabilities	**47,979**	**361**	**1.49%**	**47,781**	**449**	**1.89%**
Non - interest bearing liabilities	**1,298**			**1,189**		
Total Liabilities	**49,277**			**48,970**		
Shareholders' funds	**4,245**			**4,043**		
Total liabilities & shareholders' funds	**53,522**			**53,013**		
INTEREST MARGIN & INTEREST SPREAD						
Interest earning assets	**51,926**	**864**	**3.30%**	**51,407**	**932**	**3.65%**
Interest bearing liabilities	**47,979**	**361**	**1.49%**	**47,781**	**449**	**1.89%**
Net interest spread			**1.81%**			**1.76%**
Benefit of net interest-free assets, liabilities and equity			**0.11%**			**0.13%**
NIM - on average interest earning assets	**51,926**	**503**	**1.92%**	**51,407**	**483**	**1.89%**

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NON-INTEREST INCOME

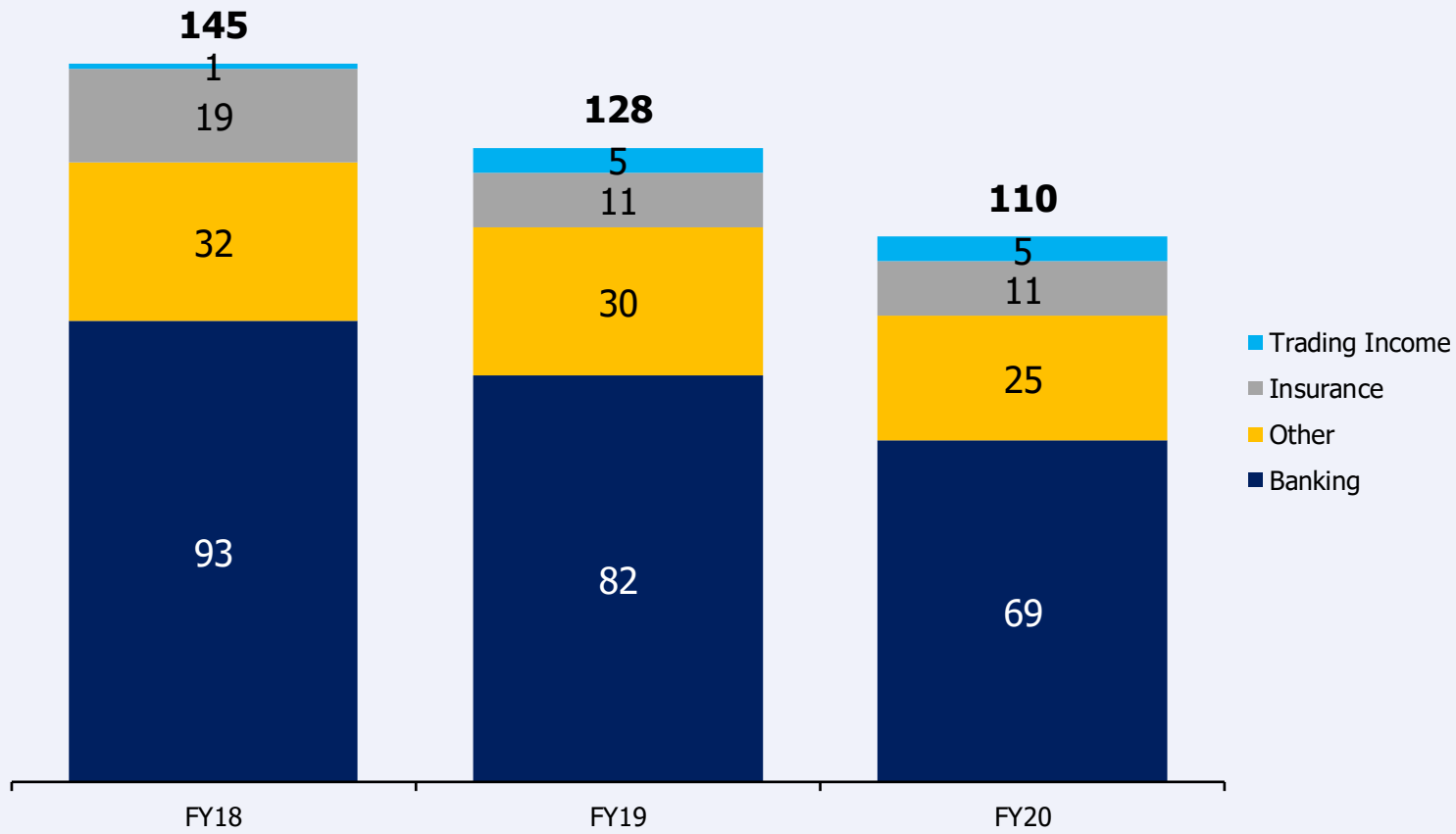
DECLINING NON-INTEREST INCOME IN LINE WITH INDUSTRY TRENDS AND COVID WAIVERS AND REDUCTIONS

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SUMMARY

- Non-interest income declined by $18m due to:
  - Ongoing industry trends towards low and no fee products
  - COVID-19 impacts including reduced transaction and dishonour fee income, removal of certain fee charges and the suspension of Velocity aligned offers
  - Reduction in debtor finance fees following the sale of the business in 2H19

NON-INTEREST INCOME BREAKDOWN ($M)



CASH EPS

		Year End Performance			Half Year Performance		
		Aug-20	Aug-19	Aug 20 vs Aug 19	**Aug-20**	Feb-20	Aug 20 vs Feb 20
Basic EPS	(cents)	**51.1**	79.5	(36%)	**16.3**	35.3	(54%)
Diluted EPS	(cents)	**46.3**	73.9	(37%)	**15.3**	32.2	(52%)
Reconciliation of Cash Earnings for EPS							
Cash earnings available for ordinary shareholders	($ million)	**225**	320	(30%)	**74**	151	(51%)
Add: Convertible Preference Shares Dividend	($ million)	**0**	0	0%	**0**	0	0%
Add: CAN	($ million)	**4**	7	(43%)	**1**	3	(67%)
Add: Capital Notes	($ million)	**11**	14	(21%)	**5**	6	(17%)
Cash diluted earnings available for ordinary shareholders	($ million)	**240**	341	(30%)	**80**	160	(50%)
Weighted Average Number of Shares (**WANOS**)							
Basic WANOS	($ million)	**441**	402	10%	**454**	428	6%
Add: Effect of award rights	($ million)	**2**	1	100%	**2**	2	0%
Add: Effect of CPS	($ million)	**0**	0	0%	**0**	0	0%
Add: Effect of WCN	($ million)	**18**	17	6%	**12**	20	(40%)
Add: Effect of Capital Notes	($ million)	**59**	39	51%	**59**	47	26%
Diluted WANOS for cash earnings EPS	($ million)	**520**	462	13%	**527**	497	6%

Note: The sum of 1H20 and 2H20 EPS does not equal FY20 due to the impact of the capital raising and the uneven distribution of cash earnings after tax across the two halves of the year

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COVID-19 BUSINESS IMPACTS

BOQ GROUP

SUPPORTING OUR CUSTOMERS

RELIEF PACKAGES DESIGNED FOR OUR RETAIL AND BUSINESS BANKING CUSTOMERS

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SMALL BUSINESS CUSTOMERS

- **Business Banking Relief Package** offering eligible small business customers with up to $10m in lending a 6 month deferred repayment period.
- Providing eligible SME customers access to unsecured overdraft of up to $250k with material reduction in rates, co-guaranteed with Government.
- Reductions to business term loan and overdraft interest rates
- Waiver of business transaction account monthly account maintenance fees for 6 months
- Waiver of merchant terminal fees
- Paused spending qualification criteria for Business Performance saver accounts

PERSONAL CUSTOMERS

- **Personal Banking Relief Package** providing eligible customers a deferred repayment period of up to 6 months
- Reduced interest rates on fixed rate home loans
- Providing cashflow options to home loan customers ahead on repayments, including interest only, offset, and redraw facilities
- Paused minimum monthly transaction qualification for Fast Track accounts
- Temporarily paused cash management account monthly fees

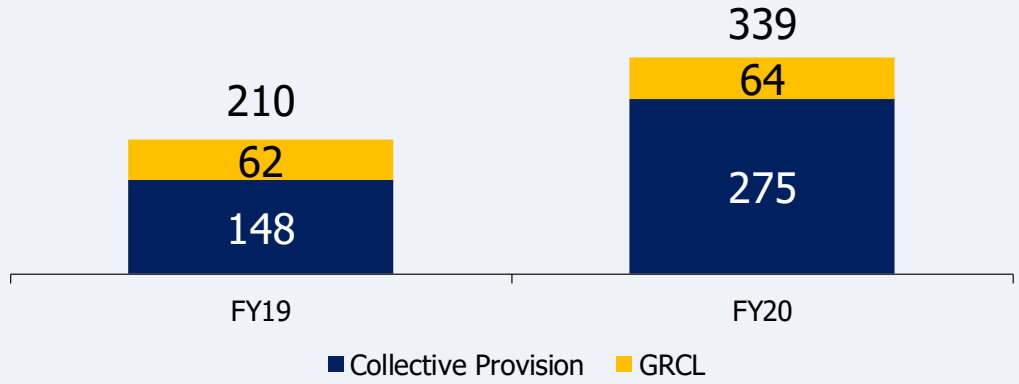
COLLECTIVE PROVISION DRIVERS
INCREASED PROVISIONS IN LIGHT OF ECONOMIC UNCERTAINTY

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SUMMARY

- FY20 COVID-19 related collective provision totals $133m
- Increase provision is the result of a change in forecast assumptions towards higher unemployment, downgrades to property prices, and increased duration of the economic downturn
- Probability weightings to the downside and severe case scenarios have increased

COLLECTIVE PROVISION ($M)



ECONOMIC ASSUMPTION – 31 AUGUST 2020

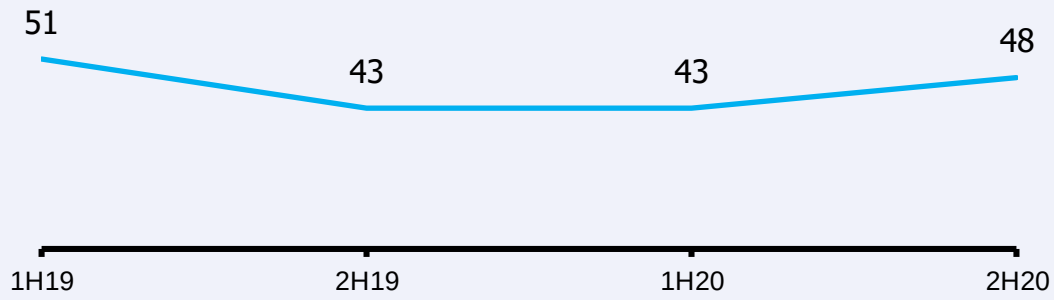
	Base			Downside			Severe		
Economic Assumptions	**2020**	**2021**	**2022**	**2020**	**2021**	**2022**	**2020**	**2021**	**2022**
GDP Movement (%)	-6.0%	5.0%	4.0%	-7.5%	4.0%	3.0%	-9.0%	5.0%	3.5%
Unemployment Rate (%)	10.0%	8.5%	7.0%	10.5%	9.0%	7.5%	12.0%	10.0%	8.0%
Residential property price movement (%)	-6.0%	-5.0%	5.0%	-10.0%	-7.5%	5.0%	-12.5%	-10.0%	0.0%
Commercial property price movement (%)	-10.0%	-5.0%	5.0%	-15.0%	-7.5%	5.0%	-20.0%	-10.0%	0.0%
COVID-19 CP ($m)		$109m			$185m			$285m	
Scenario weighting (%)		75%			20%			5%	
CP overlay					$133m				

PROVISION COVERAGE

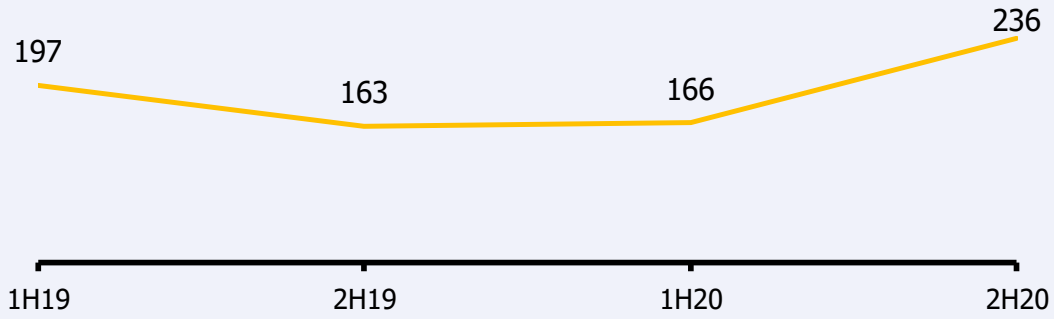
SUMMARY

- Specific provisions to impaired assets remained broadly flat
- Increased collective provision by $133m in response to potential COVID-19 economic impacts
- Coverage levels remain strong compared to peers

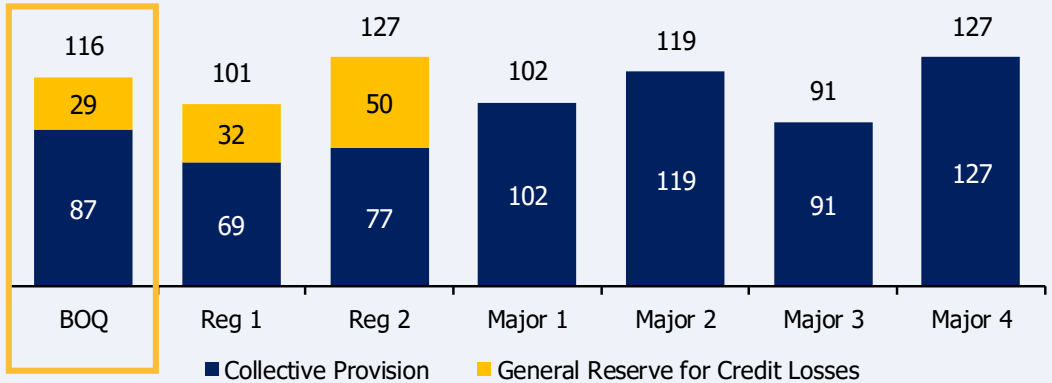
SPECIFIC PROVISIONS / IMPAIRED ASSETS (%)



TOTAL PROVISION & GRCL / IMPAIRED ASSETS (%)



PROVISION COVERAGE VS PEERS (bps)[1]



(1) Collective provisions and GRCL as a proportion of risk weighted assets. Note: BOQ figures are for the period to August 2020.

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HOUSING LOAN DEFERRALS
AUGUST 2020

BOQ GROUP

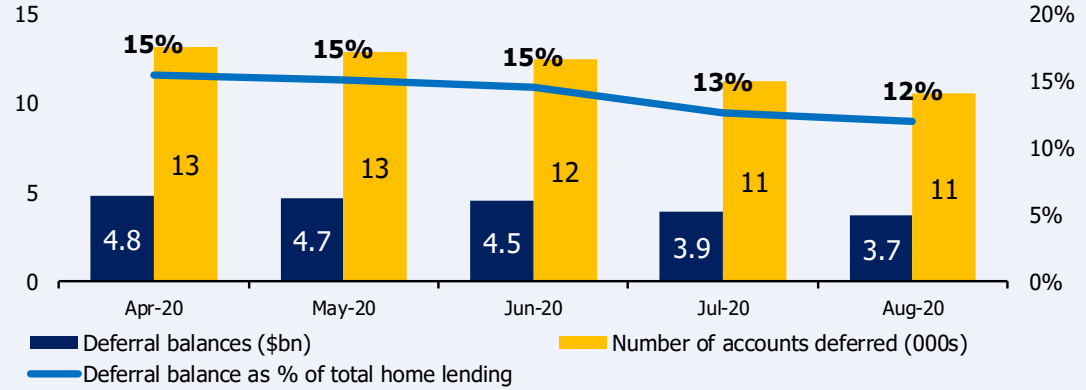
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SUMMARY

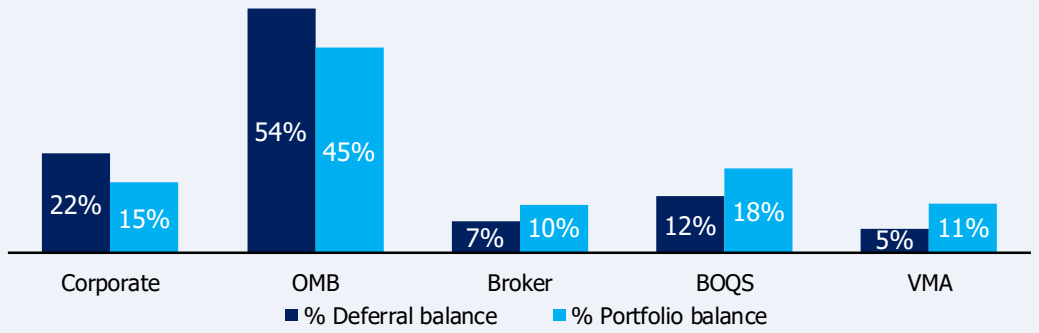
- 12% of housing customers on BRP as at August
- Deferral balances continue to reduce since the peak in April
- Average LVR of 65%
- 92% of customers on BRP have an LVR <90%
- BRP portfolio composition broadly consistent with the total housing loan portfolio

	% BRP Portfolio	Avg LVR	<70% LVR	>70% LVR	>80% LVR	>90% LVR
Total Deferral balances	100%	65%	51%	49%	24%	8%
Less than 3 months ahead of repayments	70%	66%	64%	36%	18%	7%
Not covered by LMI	82%	62%	66%	34%	11%	1%

HOUSING LOAN DEFERRALS – BALANCES & ACCOUNT NUMBERS

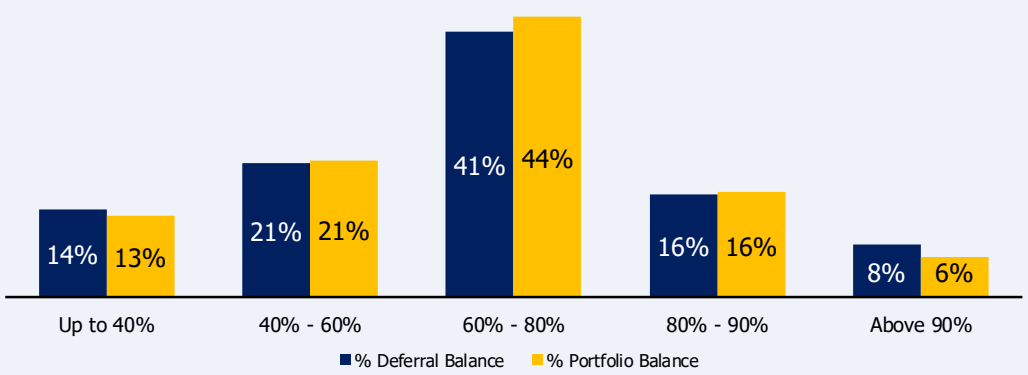


HOUSING LOAN DEFERRALS – BY CHANNEL

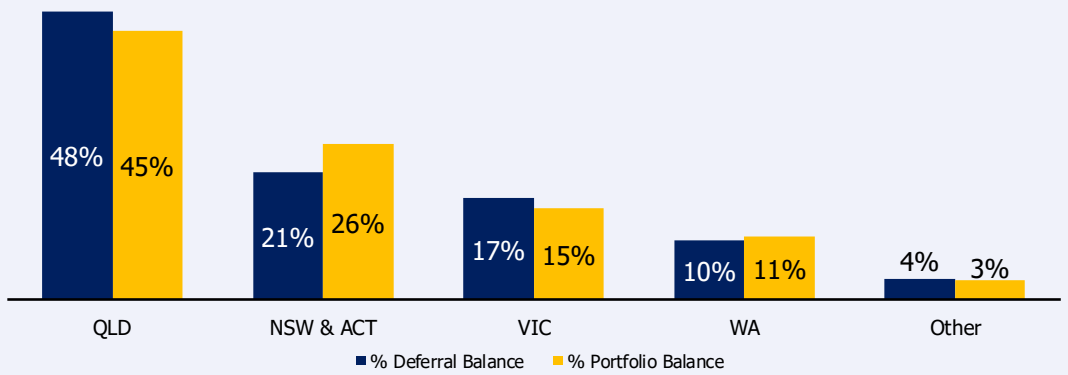


HOUSING LOAN DEFERRALS
AUGUST 2020

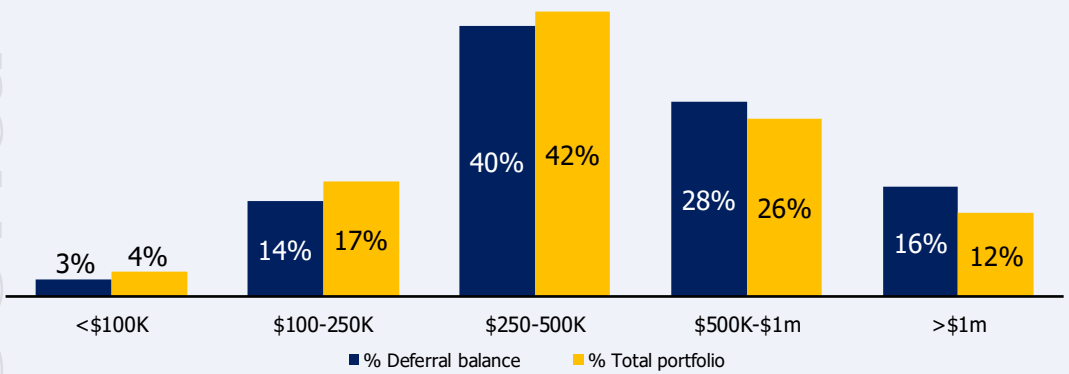
DEFERRALS BY LVR BAND



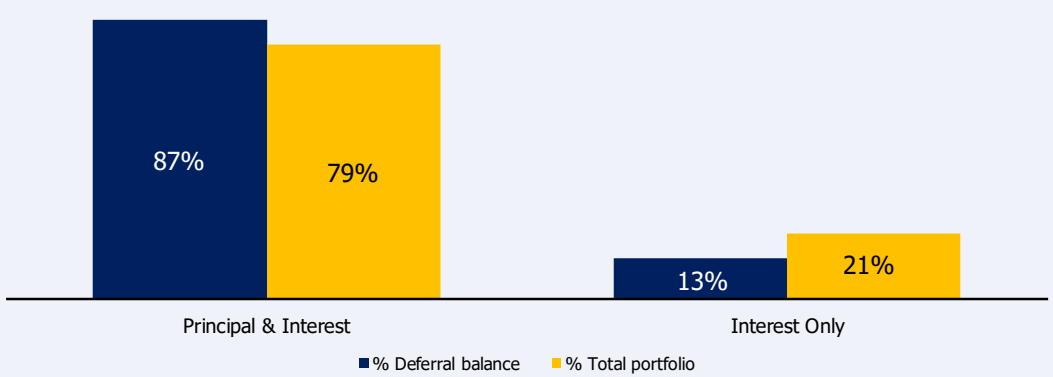
DEFERRALS BY STATE



DEFERRALS BY BALANCE



DEFERRALS BY PAYMENT TYPE



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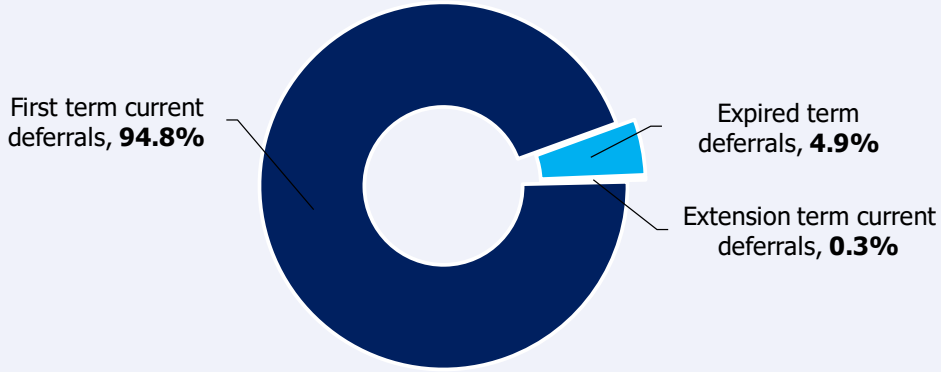
HOUSING LOAN DEFERRALS
AUGUST 2020

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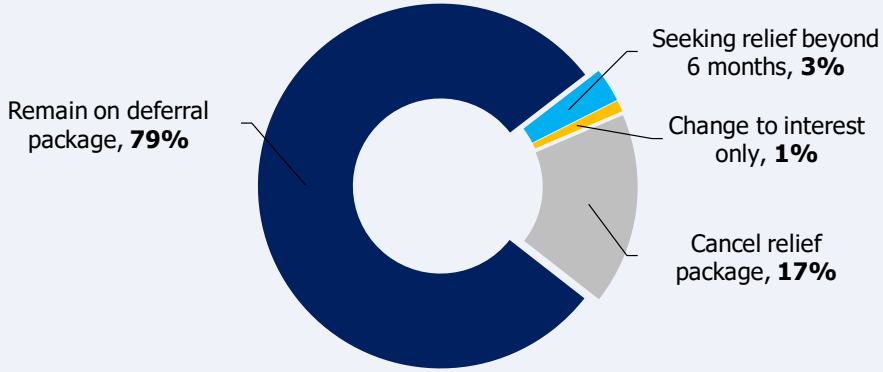
SUMMARY

- 79% of customers remained on BRP after the 3 month check-in period
- 17% of customers withdrew from the BRP at the 3 month check-in
- On expiry, 43% of customers have recommenced repayments after the payment deferral (of the 4.9% expired as at August)
- 52% of customers with expired loan deferrals (as at August), require support beyond the initial 6 month repayment deferral period

HOME LOAN DEFERRAL – EXPIRY TERM



HOME LOAN DEFERRAL – CHECK IN OUTCOMES



SME LOAN DEFERRALS
AUGUST 2020

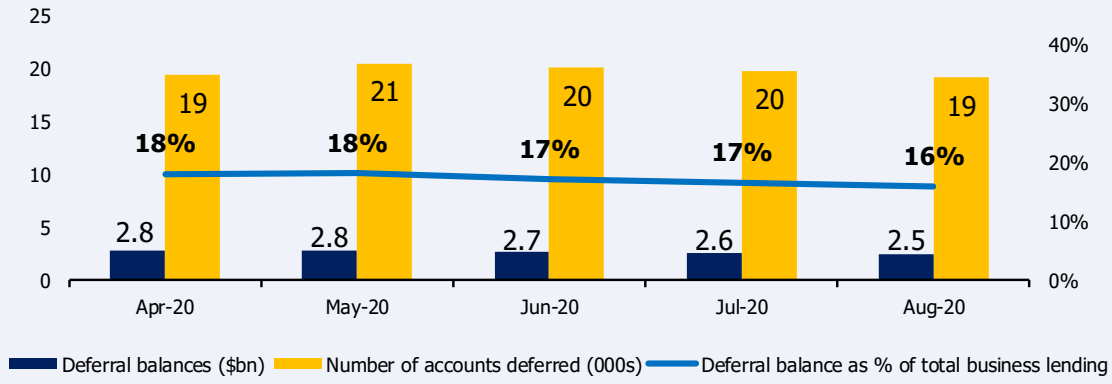
SUMMARY

- 16% of SME customers on BRP as at August
- Deferral balances continue to reduce since the peak in April
- Proactive approach to working with SME customers to understand customer needs and impact
- 37% of deferrals relating to medical professionals with dentists representing 46% of deferred loans in the BOQ Specialist deferral portfolio

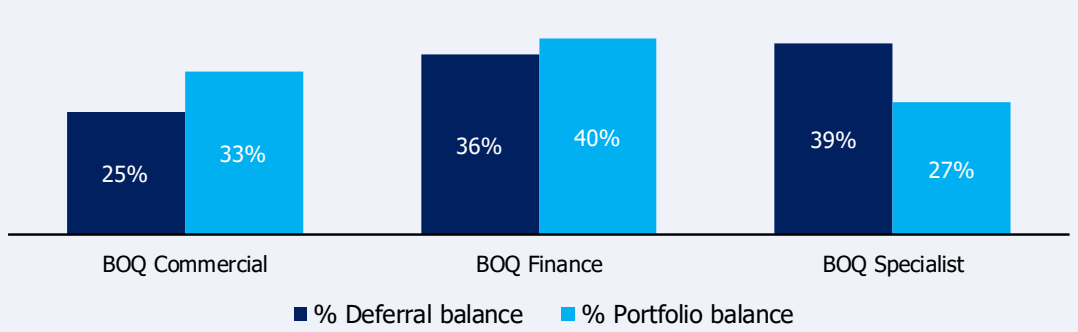
SME DEFERRAL BALANCES RELATING TO PROPERTY, CONSUMER FACING & MEDICAL SEGMENTS

	Property & Property Related[1] ($m)	Property & Property Related[1] (%)	Consumer Facing[2] ($m)	Consumer Facing[2] (%)	Medical ($m)	Medical (%)	Total ($m)[3]	Total (%)[3]
Deferral Portfolio	631	25%	170	7%	936	37%	2,500	69%
% of Total SME Portfolio		26%		5%		24%		55%

SME DEFERRALS – BALANCES & ACCOUNT NUMBERS[4]



SME DEFERRALS – BY CHANNEL



(1) Property & property related includes commercial real estate, property & business services i.e. construction, real estate agents
(2) Consumer facing includes retail trade, tourism, hospitality and entertainment
(3) Total is the aggregated deferrals from Property & Property Related, Consumer Facing and Medical
(4) SME deferral balance percentages are calculated using Commercial and BOQ Finance gross loans and advances

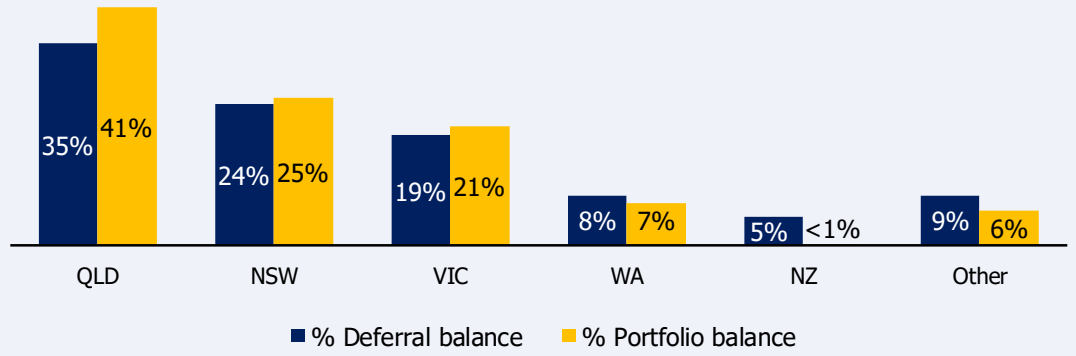
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SME LOAN DEFERRALS
AUGUST 2020

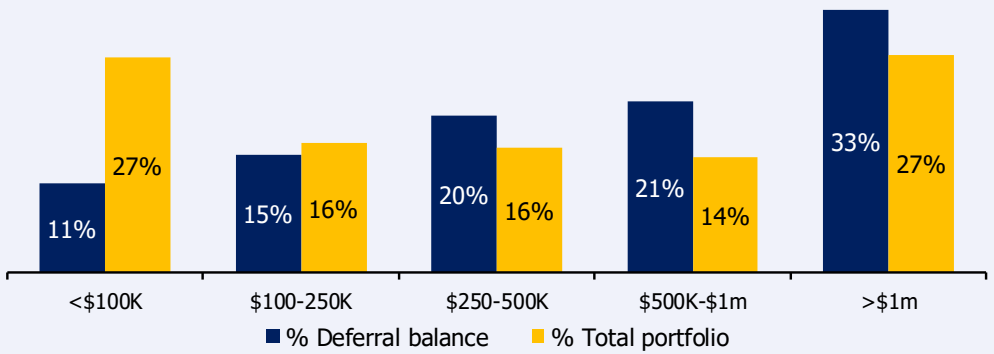
SUMMARY

- SME BRP portfolio composition broadly consistent with the total SME portfolio
- 37% of BRP deferrals relating to health care industry due to BOQ Specialist deferral portfolio
- Loan balances >$500K marginally higher in BRP portfolio in comparison with the total SME portfolio

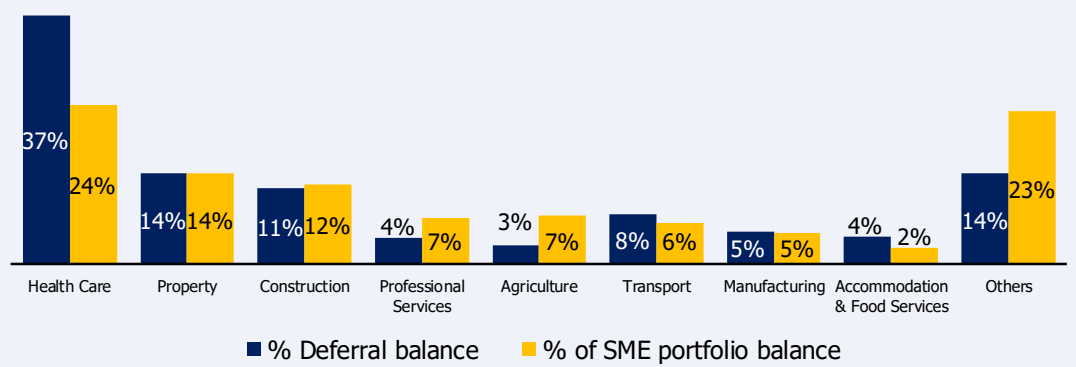
SME DEFERRALS BY LOCATION



SME DEFERRALS BY BALANCE



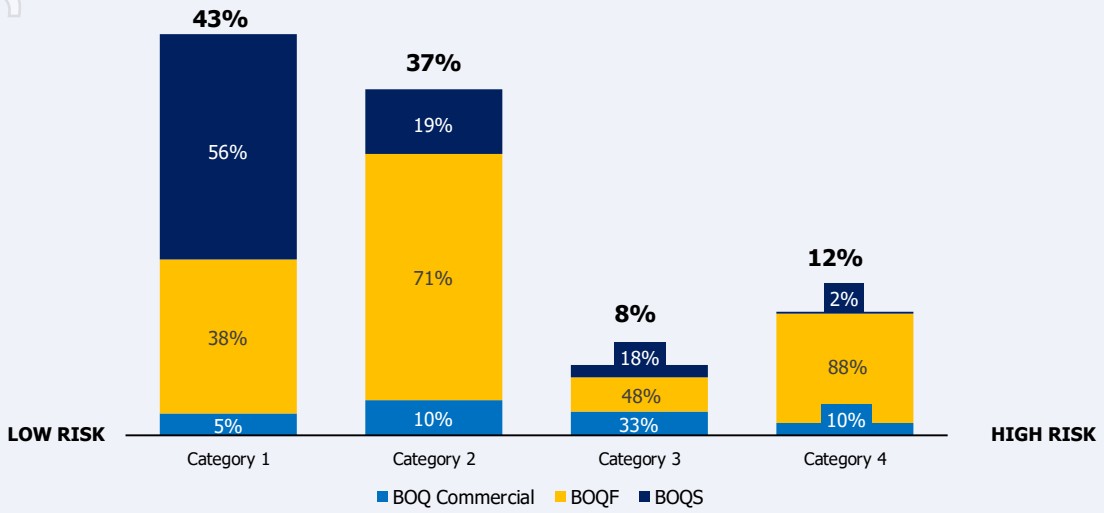
SME DEFERRALS BY INDUSTRY



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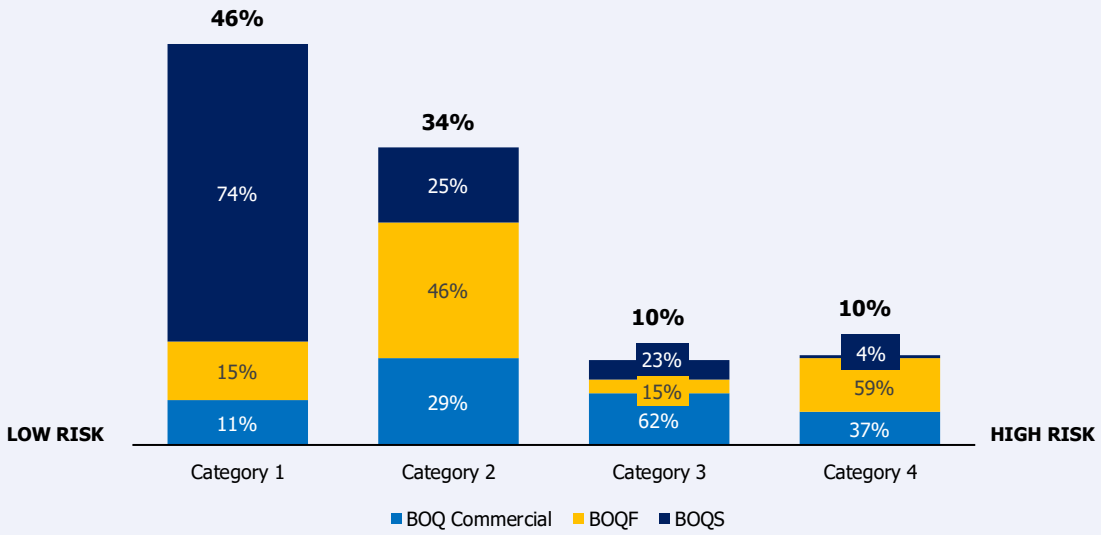
SME LOAN DEFERRALS – RISK CATEGORISATION
AUGUST 2020

RISK CATEGORISATION BY NUMBER OF ACCOUNTS



- BOQS portfolio expected to outperform due to the flexibility of medical professionals to adjust working hours and pent up demand for elective surgery

RISK CATEGORISATION BY EXPOSURE



- 20% of the SME portfolio on deferral are considered 'high-risk' and likely to require support beyond the 4 month extension

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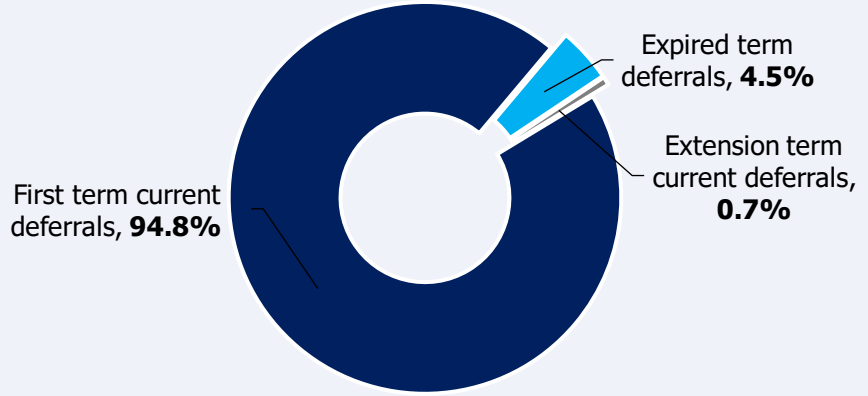
SME LOAN DEFERRALS
AUGUST 2020

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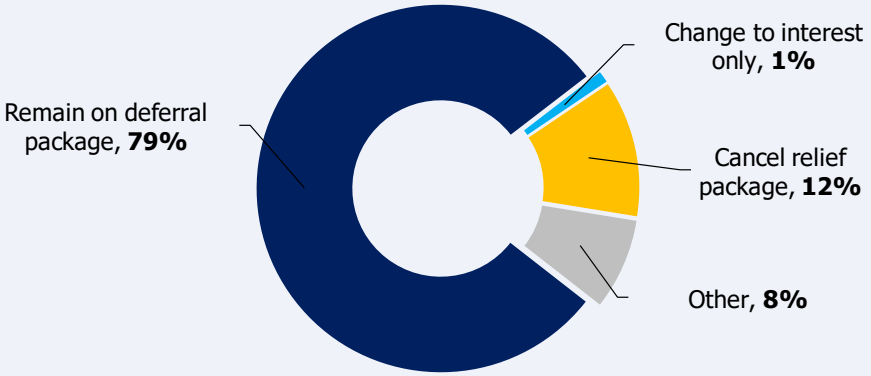
SUMMARY

- 79% of customers remained on BRP for the full 6 months
- 12% of customers withdrew from the BRP at the 3 month check-in
- At the 3 month check-in, more than two thirds of SME customers stated they expected trade to return to normal in the short-term
- On expiry, 26% of customers recommenced repayments after the payment deferral period (of the 4.5% expired as at end of Aug)
- 68% of customers with expired loan deferrals (as at August), require support beyond the initial 6 month repayment deferral period

SME LOAN DEFERRAL – EXPIRY TERM



SME LOAN DEFERRAL – CHECK IN OUTCOMES



PORTFOLIO QUALITY

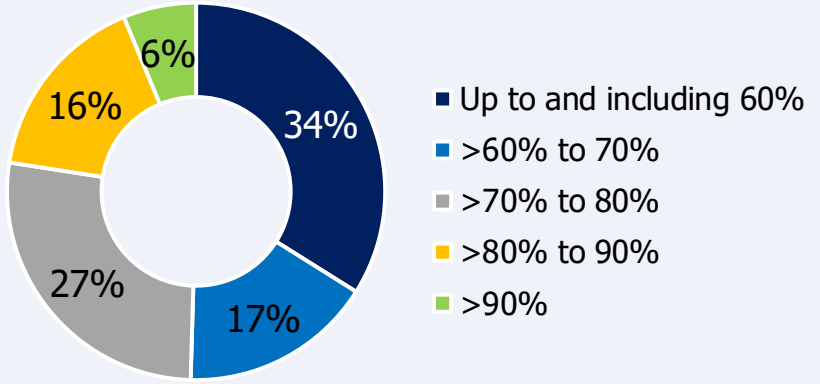
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HOUSING LOAN PORTFOLIO

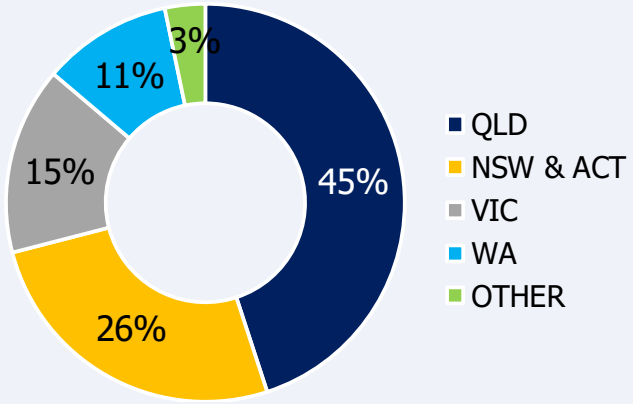
SUMMARY

- Carefully managed risk levels across housing portfolio, with average LVR of 66%
- 94% of customers with LVR<90%
- Increasing geographic diversification outside of QLD

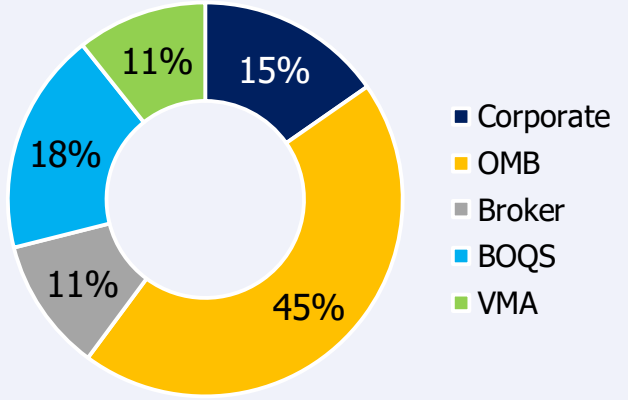
HOUSING PORTFOLIO BY LVR



HOUSING PORTFOLIO BY STATE



HOUSING PORTFOLIO BY CHANNEL



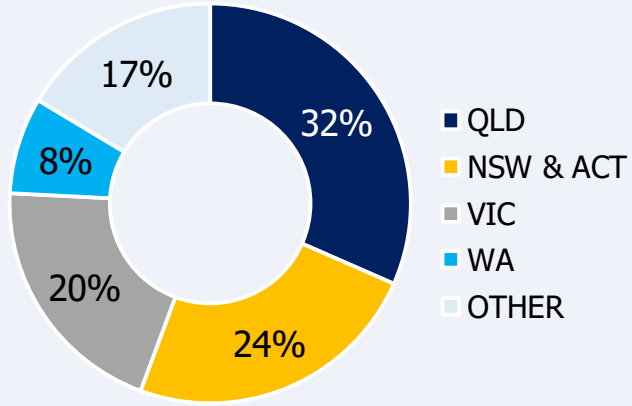
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ASSET FINANCE PORTFOLIO

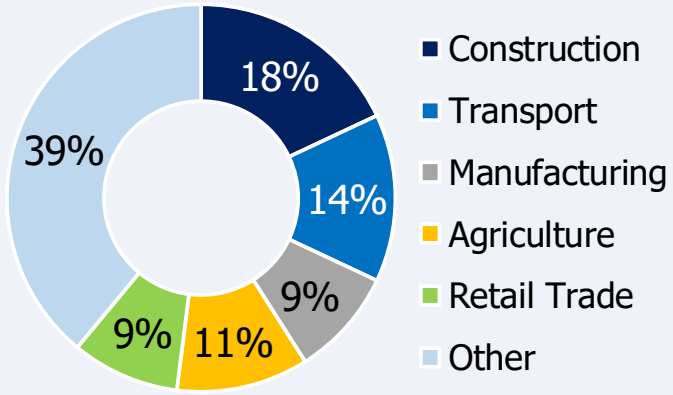
SUMMARY

- Portfolio is well diversified geographically
- Broad industry spread reducing concentration

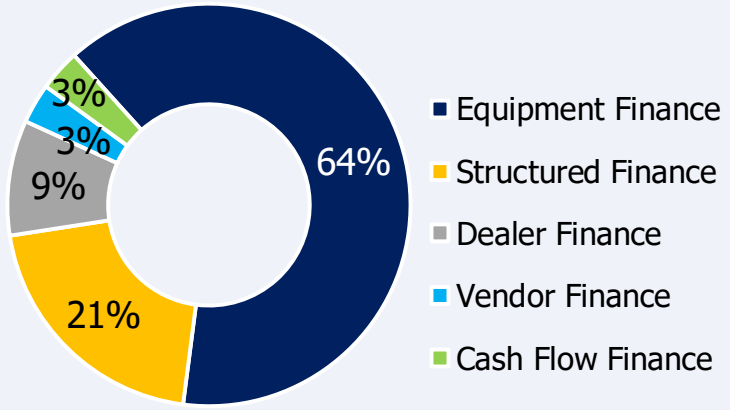
ASSET FINANCE BY STATE



ASSET FINANCE BY INDUSTRY



ASSET FINANCE BY CHANNEL



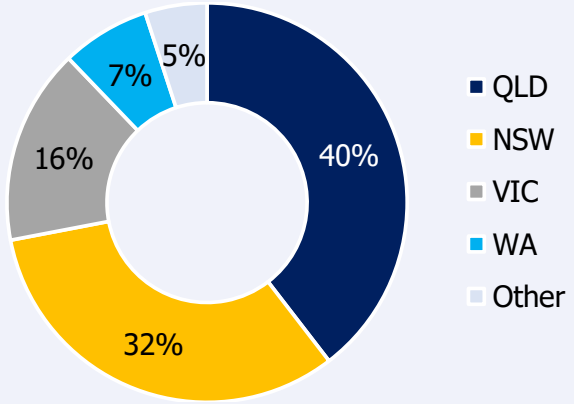
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COMMERCIAL PORTFOLIO

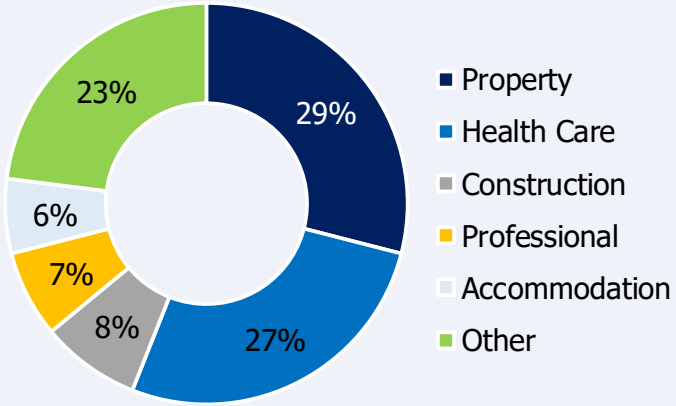
SUMMARY

- Commercial portfolio well diversified geographically
- Niche segment strategy driving industry focus in healthcare through BOQS
- Owner-managers and Business Banking focused on SME lending

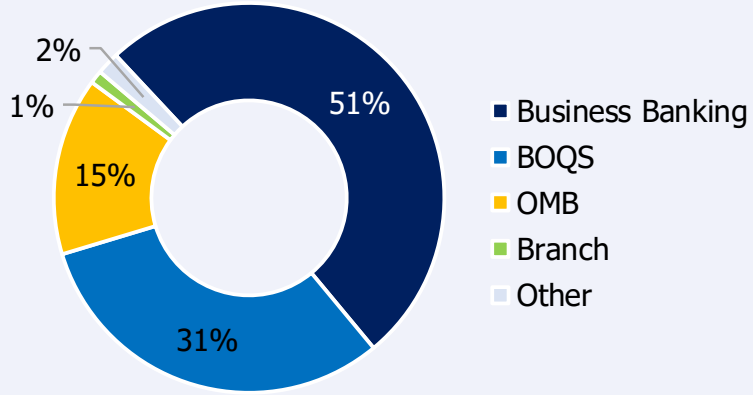
COMMERCIAL PORTFOLIO BY STATE



COMMERCIAL PORTFOLIO BY INDUSTRY



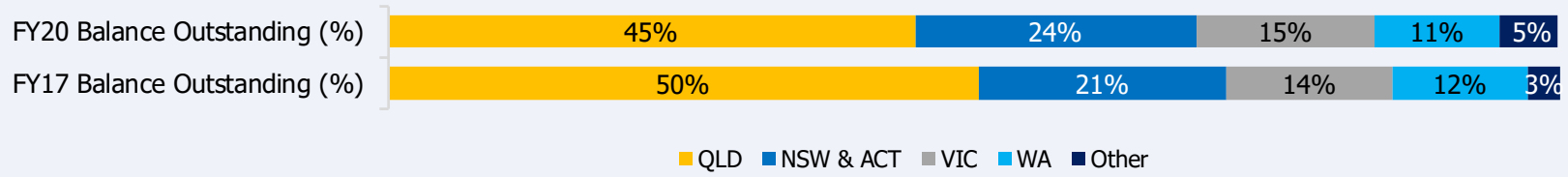
COMMERCIAL PORTFOLIO BY CHANNEL



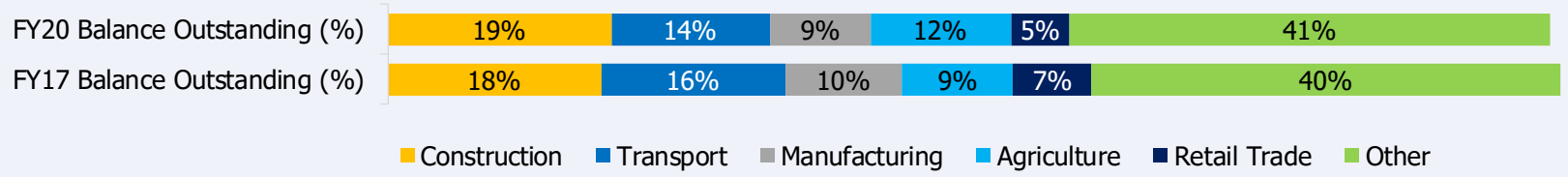
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INDUSTRY AND GEOGRAPHIC SPLIT OVERTIME

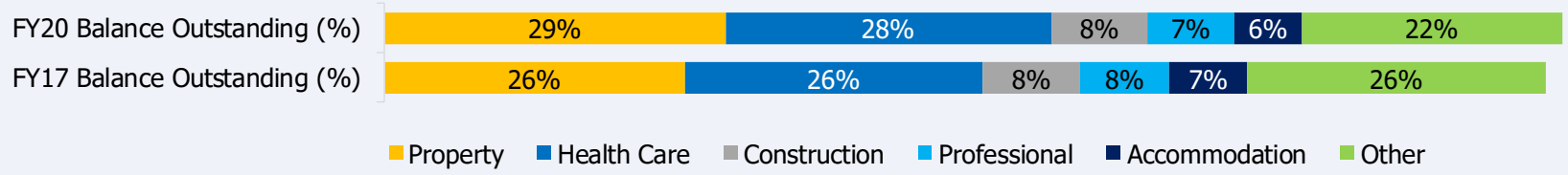
HOUSING LOANS - GEOGRAPHIC SPLIT OVER TIME



ASSET FINANCE - INDUSTRY SEGMENTS OVER TIME



COMMERCIAL - INDUSTRY SEGMENTS OVER TIME



SUMMARY

- Enhanced geographic diversification, Queensland portfolio reducing over 3 years from 50% to 45% in FY20

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CAPITAL, FUNDING & LIQUIDITY

REPLICATING PORTFOLIO

SUMMARY

- The cash rate cuts and associated lower interest rate environment has impacted NIM by 5bps in 2H20
- This is due to a 2bps reduction on the replicating portfolio, and an additional 3bps reduction on the uninvested free funding and low cost deposits

REPLICATING PORTFOLIO AND EQUITY HEDGE (%)



	Aug 20 Balance $bn	2H20 Avg Return	Exit Return Rate	Avg term
Equity	2.4	1.53%	1.40%	3 yrs
Deposit	2.1	1.51%	1.38%	3 yrs
Uninvested and free funding	2.6	0.15%	0.13%	3mth

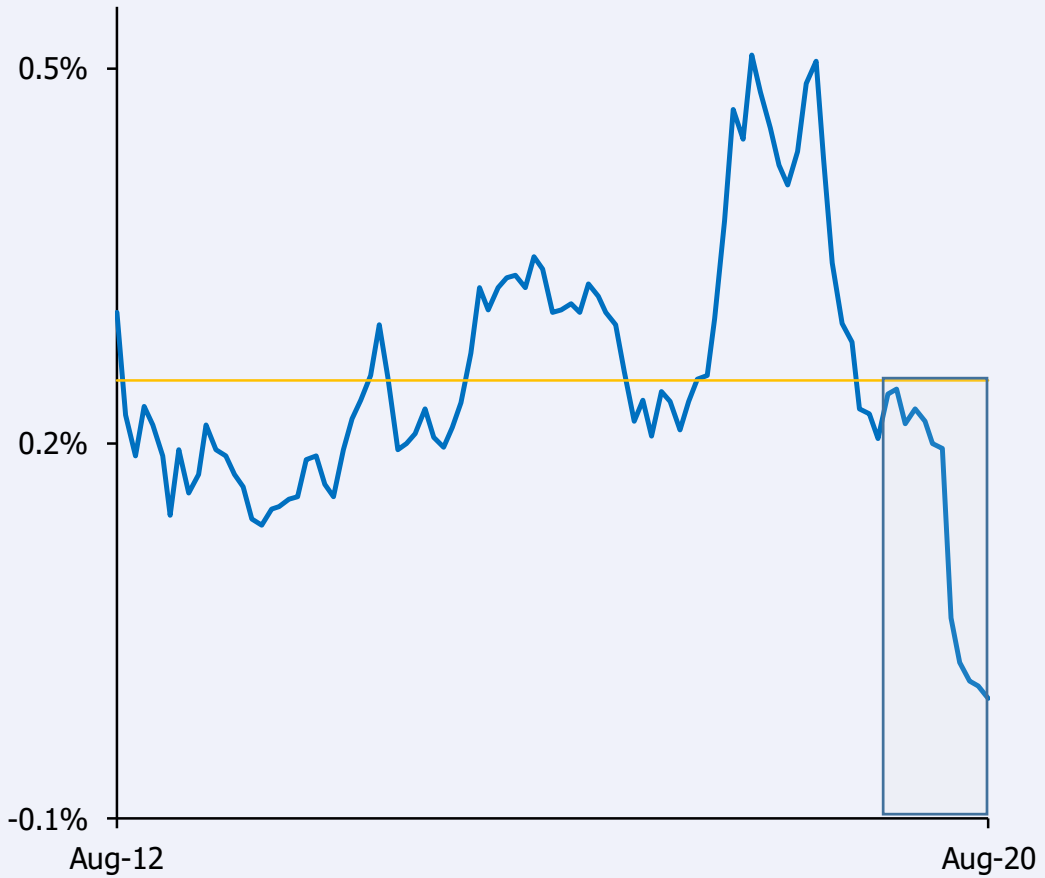
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HEDGING COSTS - BASIS RISK

SUMMARY

- The impacts of hedging costs improved NIM by 4bps in 2H20
- Average basis portfolio spreads reduced from 24bps to 17bps during the period

LONG TERM BASIS RISK AVG - 25BPS



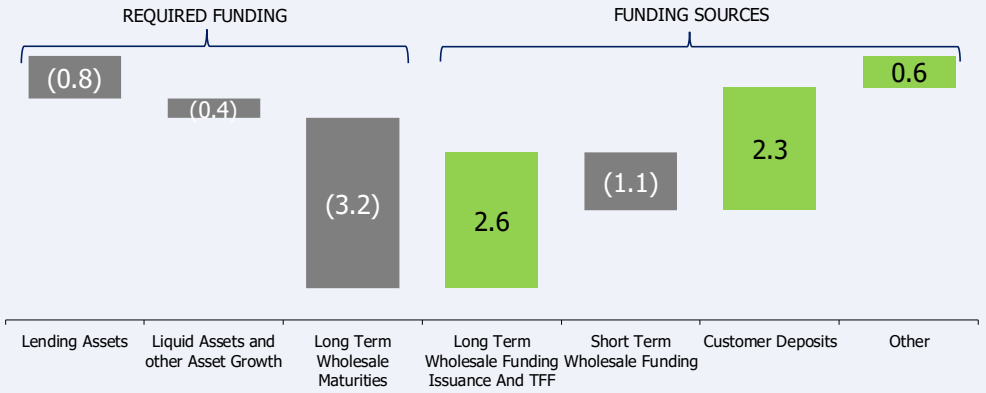
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FUNDING

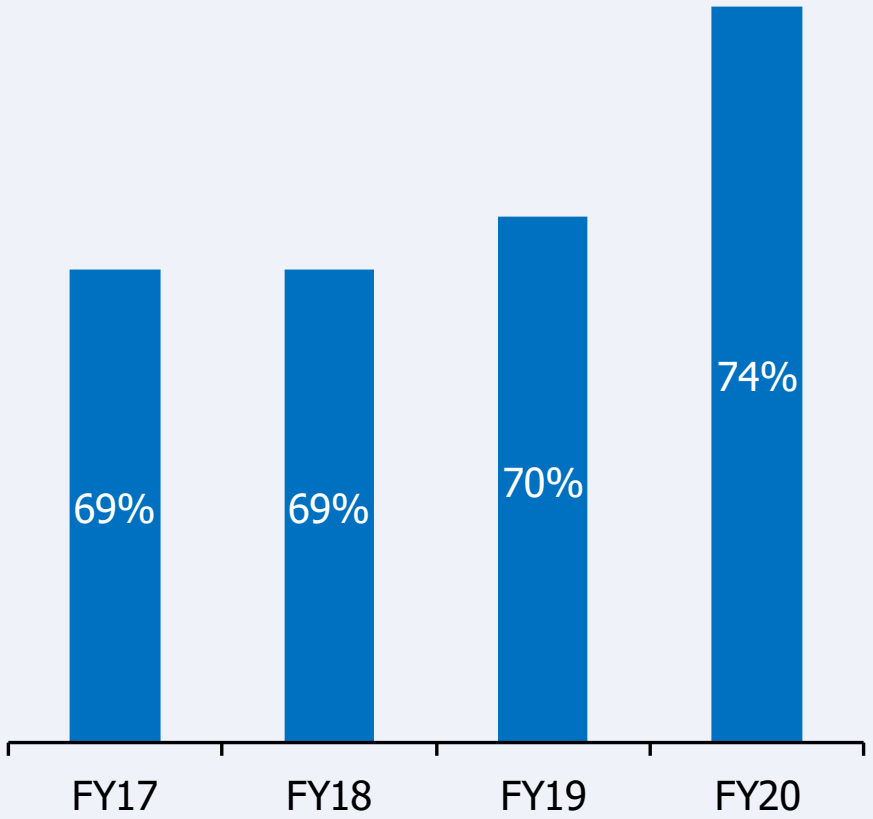
SUMMARY

- Funding loan growth with stable sources of funding, including customer deposits and long term wholesale
- Growth in deposits contributed to increased deposit to loan ratio and is a result of government initiatives and COVID-19 elevated liquidity

USES & SOURCES OF FUNDING – FY20 ($BN)



DEPOSIT TO LOAN RATIO



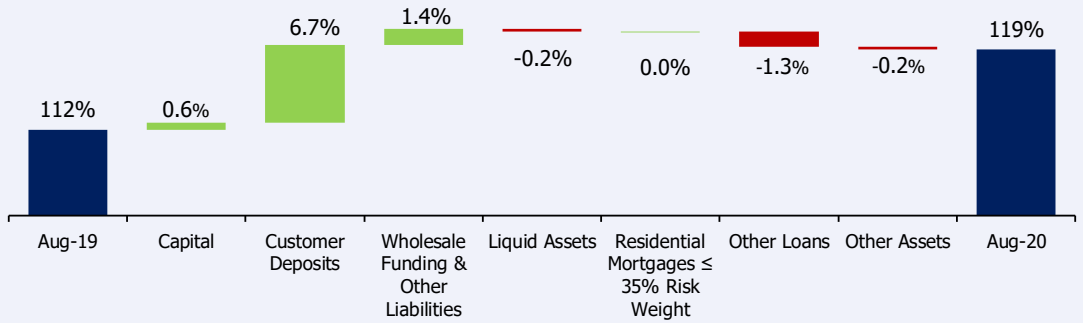
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LIQUIDITY

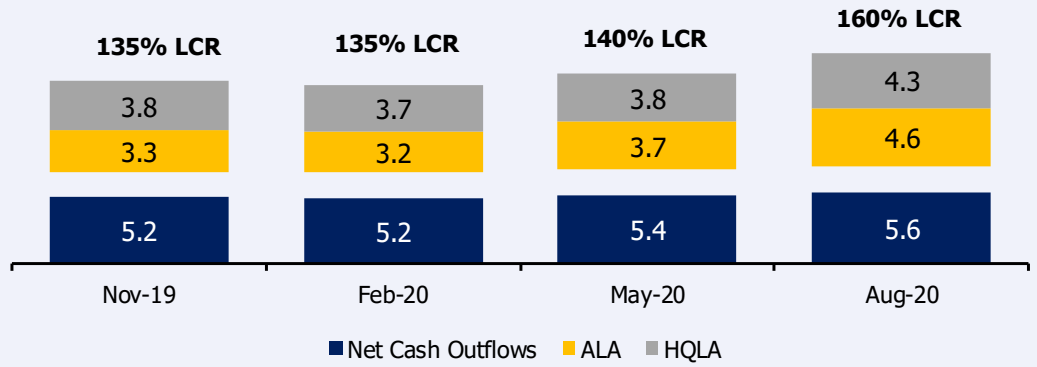
SUMMARY

- Strong liquidity with LCR at 164% and NSFR at 119%, well above regulatory targets
- Prudent approach to managing liquidity which held us in a good position during the market dislocation in COVID-19
- Well positioned to support future growth

NSFR MOVEMENT – FY20 119%



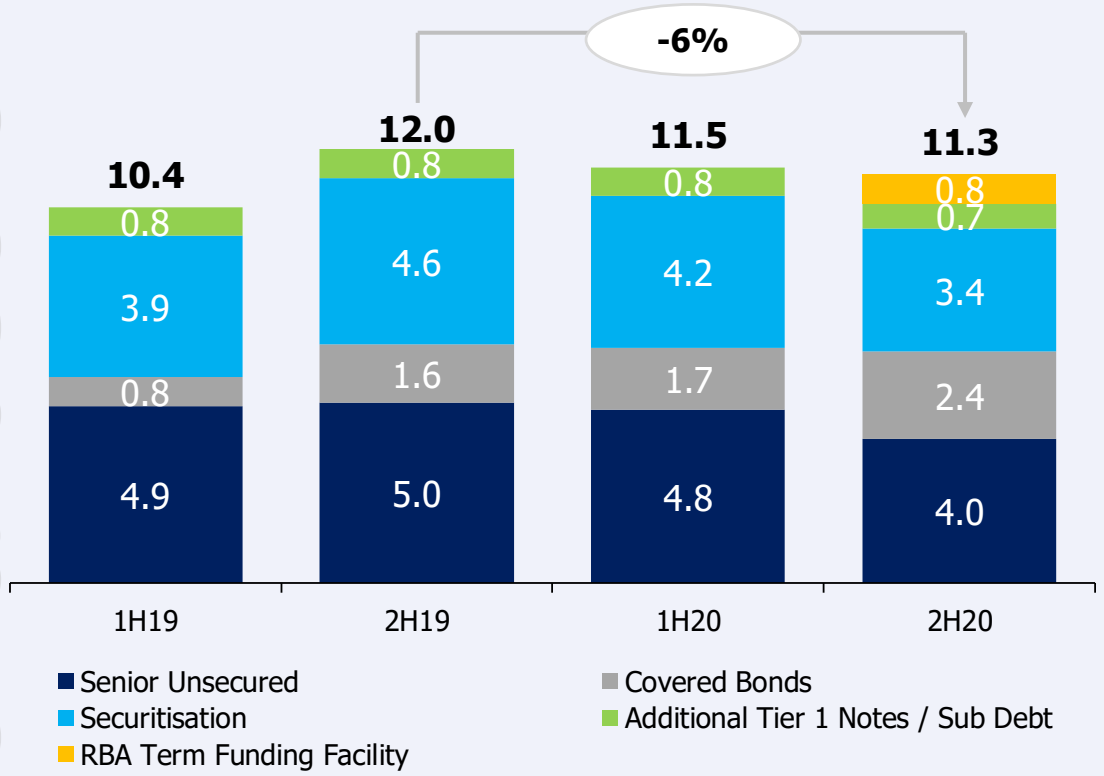
LCR QUARTERLY AVERAGE – FY20 164%



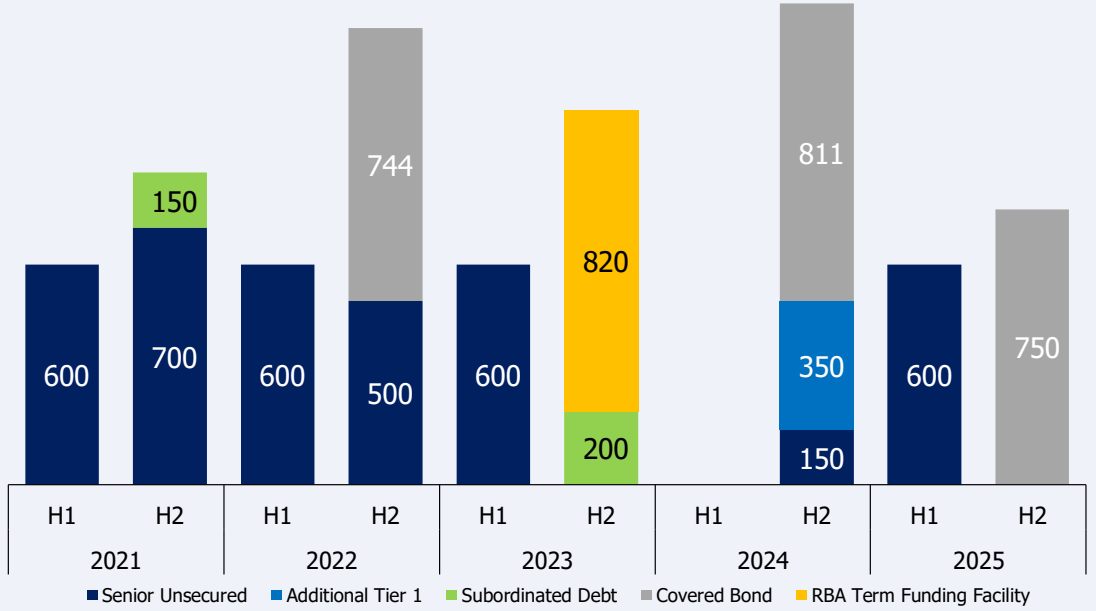
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TERM FUNDING

LONG TERM WHOLESALE FUNDING ($BN)



MAJOR MATURITIES ($M)[1]



(1) Any transaction issued in a currency other than AUD is shown in the applicable AUD equivalent hedged amount. Senior unsecured maturities greater than or equal to $50 million shown, excludes private placements. 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. An additional approximately 400m from the TFF was drawn in September 2020 and will mature in 1H 2024.

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CREDIT RATING

The Bank monitors rating agency developments closely and is rated by Standard & Poor's (S&P), Moody's Investor Service and Fitch Ratings. BOQ's current debt ratings are shown below. Fitch Ratings has revised the Outlook on BOQ's Long-Term Issuer Default Rating to Negative from Stable on 30th April 2020.

Rating Agency	Short Term	Long Term	Outlook
S&P	A2	BBB+	Stable
Fitch	F2	A-	Negative
Moody's	P2	A3	Stable

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DIVISIONAL RESULTS

DIVISIONAL PERFORMANCE

SOLID UNDERLYING PERFORMANCE ACROSS RETAIL & BOQ BUSINESS

BOQ GROUP

	RETAIL			BUSINESS		
$ million	FY20	FY19	FY20 v FY19	FY20	FY19	FY20 v FY19
Net interest income	437	432	1% ▲	543	527	3% ▲
Non-interest income	56	63	(11%) ▼	40	50	(20%) ▼
Total income	**493**	**495**	- ▼	**583**	**577**	1% ▲
Operating expenses	(317)	(289)	10% ▲	(258)	(245)	5% ▲
Underlying profit	**176**	**206**	(15%) ▼	**325**	**332**	(2%) ▼
Loan impairment expense	(56)	(12)	367% ▲	(119)	(57)	109% ▲
Cash profit before tax	**120**	**194**	(38%) ▼	**206**	**275**	(25%) ▼
Income tax expense	(37)	(61)	(39%) ▼	(64)	(86)	(26%) ▼
Cash earnings after tax	**83**	**133**	(38%) ▼	**142**	**189**	(25%) ▼

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RETAIL BANKING OVERVIEW

STRONG LENDING GROWTH FOR VMA - IMPROVED PERFORMANCE FOR BOQ BLUE

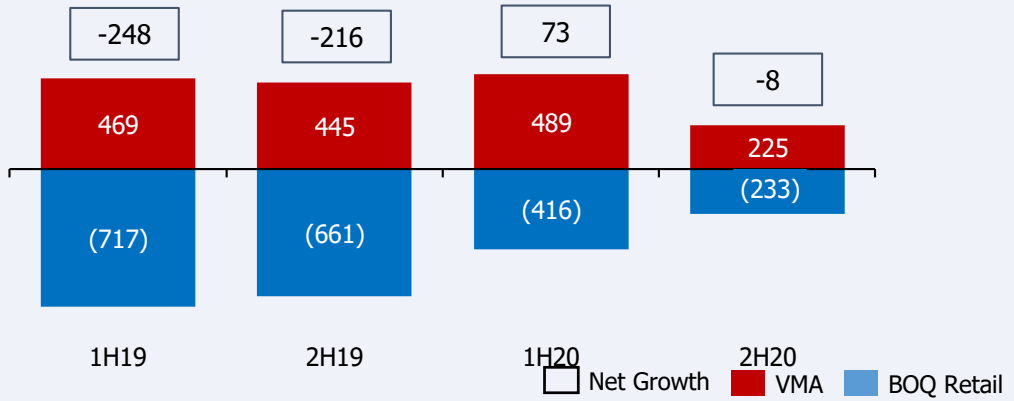
BOQ GROUP

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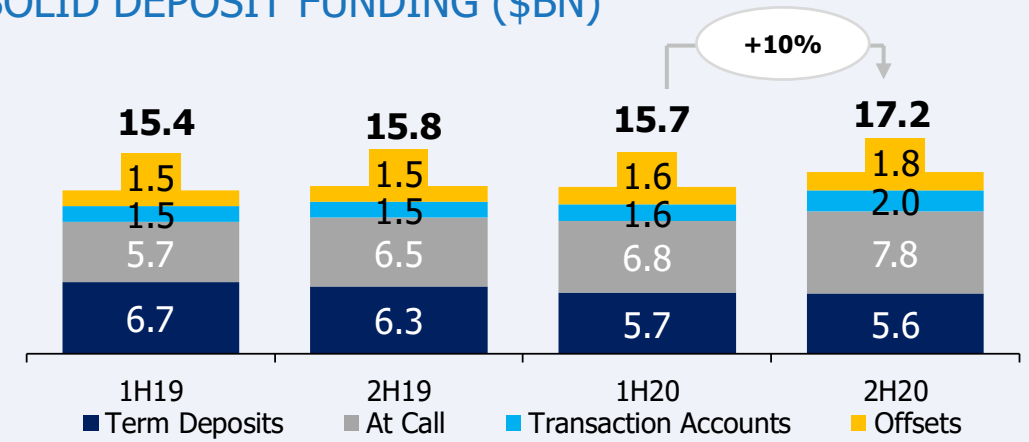
SUMMARY

- VMA continuing to deliver good growth in a maturing portfolio
- BOQ Blue contracting at a slower rate due to increased acquisition volumes and improving branch productivity
- Increased customer deposits by $1.5bn during the year

IMPROVED HOME LENDING GROWTH ($M)[1]



SOLID DEPOSIT FUNDING ($BN)



CONTINUED MOMENTUM FOR VMA

$3BN

FY20 lending balance (28% annualised growth rate)

$4M

FY20 profit before tax across partnerships (-48% PCP)

$471M

FY20 credit card receivables (-25% PCP)

(1) BOQ Retail home lending growth excludes BOQ Business home lending growth

BUSINESS BANKING OVERVIEW

NICHE SEGMENT STRATEGY DELIVERING BALANCED GROWTH ACROSS BOQB BRANDS

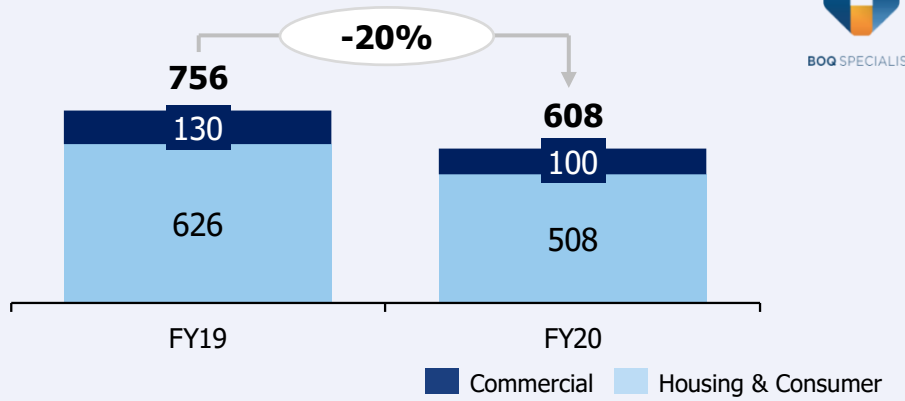
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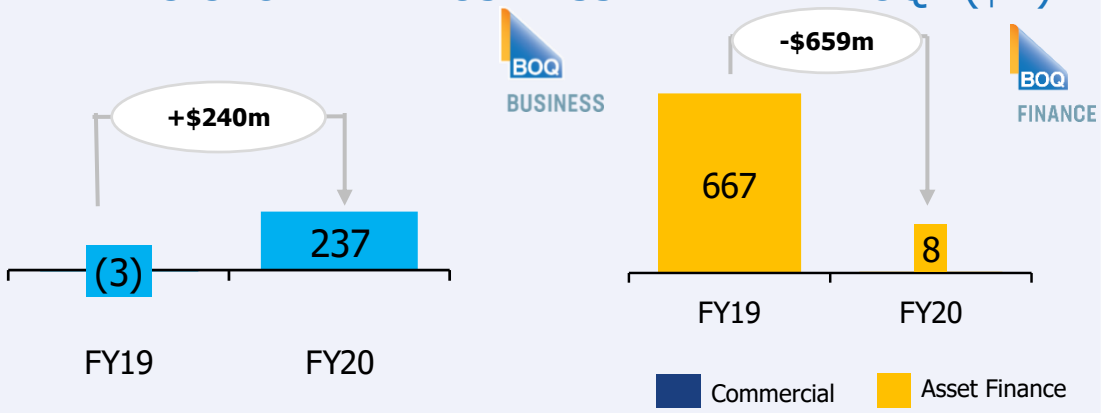
SUMMARY

- Solid growth in both the BOQ Commercial and Specialist businesses, through their focus on niche segments
- Business lending growth slowed in the second half as we supported our customers through the impacts of COVID-19
- Increased customer deposits by $1.5bn during the year

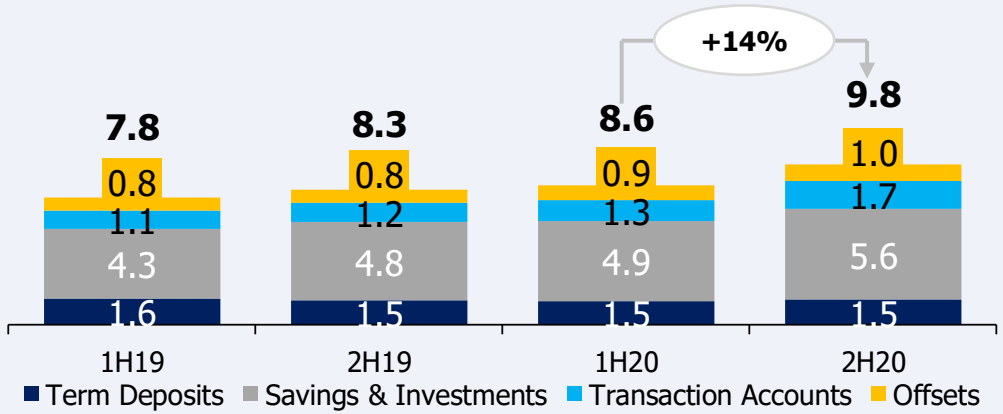
LENDING GROWTH – BOQ SPECIALIST ($M)



LENDING GROWTH – BUSINESS BANK AND BOQF ($M)



STRONG GROWTH IN DEPOSITS ($BN)



ECONOMIC ASSUMPTIONS

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MACRO ECONOMIC ENVIRONMENT

ECONOMIC ENVIRONMENT IMPROVING, BUT SIGNIFICANT UNCERTAINTY REMAINS

MACRO ECONOMIC

- Economy is improving although the recovery is likely to be bumpy with uncertain strength
- Greatest uncertainty remains the health crisis, and that is unlikely to be resolved until vaccine or effective treatment is found
- Government and regulatory response has significantly cushioned the decline
- Balance sheet strength of Government, RBA and the Banks remains a significant positive

CONSUMER

- Consumer and business confidence is improving
- Peak of the unemployment rate likely to be in 2020
- Household incomes significantly aided by forthcoming tax cuts, Government programs and interest payment holidays.
- House price decline has not been as significant as feared, although positive growth not expected until 2H21.

BUSINESS

- This recession has hit most service sectors hard
- Government programs have also aided many firms
- Some business models will not survive the downturn
- SMEs should benefit from Budget announcements
- Agribusiness is doing well

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ABBREVIATIONS

1H: First half of financial year
2H: Second half of financial year
30DPD: 30 days past due
90DPD: 90 days past due
AASB: Australian Accounting Standards Board
ADI: Authorised Deposit-taking Institution
AOFM: Australian Office of Financial Management
APRA: Australian Prudential Regulation Authority
ASIC: Australian Securities & Investments Commission
AUC: Assets Under Construction
Avg: Average
BBSW: Bank Bill Swap Rate
BDD: Bad & Doubtful Debt Expense
BOQS: Bank of Queensland Specialist
bps: basis points
CAGR: Compound annual growth rate
CCI: Consumer Credit Insurance
CET1: Common Equity Tier 1
CP: Collective Provision
CTI: Cost-to-income ratio
DPD: Days past due
EPS: Earnings per share
FTE: Full Time Equivalent
FY: Financial year
GDP: Gross Domestic Product
GLA: Gross Loans & Advances
GRCL: General Reserve for Credit Losses
LCD: Low cost deposit
LCR: Liquidity Coverage Ratio
LGD: Loss Given Default
LIE: Loan Impairment Expense
LOC: Line of Credit
LVR: Loan to valuation ratio
MFI: Main Financial Institution
NIM: Net Interest Margin
NPAT: Net Profit After Tax
NSFR: Net Stable Funding Ratio
OMB: Owner Managed Branch
PCP: Prior corresponding period
PD: Probability of Default
RBA: Reserve Bank of Australia
ROE: Return on equity
ROTE: Return on tangible equity
RWA: Risk-weighted assets
SME: Small and Medium Enterprises
TD: Term deposit
TFF: Term Funding Facility
VMA: Virgin Money Australia

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