BOQ GROUP

1H21 INVESTOR MATERIALS

15 April 2021

Half Year ended 28 February 2021

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

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15 April 2021

Half Year ended 28 February 2021

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BOQ GROUP

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RESULTS OVERVIEW

GEORGE FRAZIS
MANAGING DIRECTOR AND CEO

1H21 OVERVIEW

1. **Statutory profit growth of 66%, cash net profit up 9%, and EPS growth of 3%[1]**, reflecting strong growth whilst managing margin, costs and lower impairments

2. **Good business momentum**, with strong housing loan growth of 1.6x system and improved NIM to 1.95%

3. **Delivering on the strategic transformation**, over the last three halves, with go live of the first phase of the retail digital banking platform, and acquisition of ME Bank announced

4. **Asset quality remains sound**, reflected by loan impairment expense to GLAs reducing to 10bps and arrears reducing over the half. Prudent provision levels maintained

5. **Capital strength to support business growth and transformation investment** with CET1 of 10.03%

6. **1H21 interim dividend of 17cps declared,** inclusive of new shares issued through the capital raise, representing a 66% payout ratio[2]

(1) On prior comparative period. The basic cash earnings per share for all prior periods have been adjusted for the effects of the Group's capital raise in March 2021
(2) Dividend payout ratio is based on half year cash earnings. Record date for the 1H21 interim dividend is 6 May 2021.

1H21 RESULTS

HIGHER CASH PROFIT DRIVEN BY STRONG ASSET GROWTH AND GOOD MARGIN MANAGEMENT

BOQ GROUP

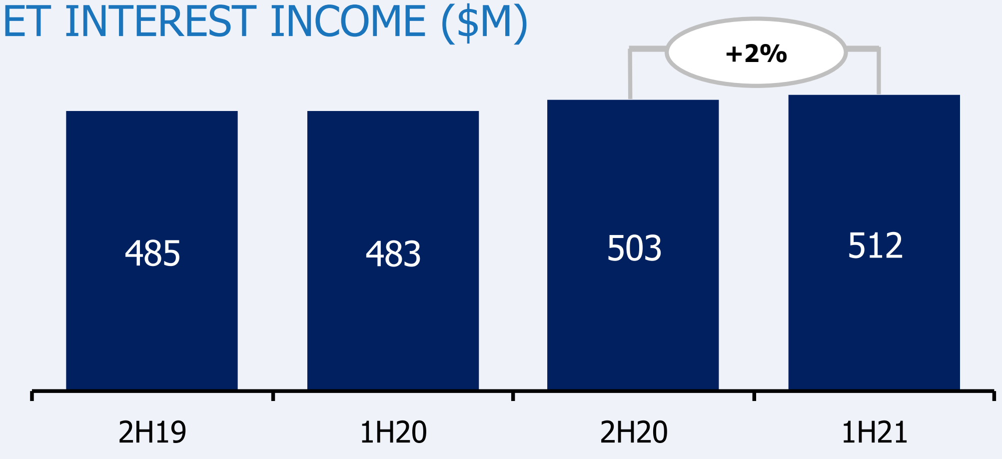
Key financial results	1H21	2H20	1H20	1H21 vs 2H20	1H21 vs 1H20
Statutory net profit after tax ($m)	154	22	93	600% ▲	66% ▲
Cash earnings after tax ($m)	165	74	151	123% ▲	9% ▲
Cash return on average equity	7.8%	3.4%	7.5%	440bps ▲	30bps ▲
Common Equity Tier 1 ratio	10.03%	9.78%	9.91%	25bps ▲	12bps ▲
Cash earnings per share[1]	34.3c	15.3c	33.3c	124% ▲	3% ▲
Dividend per share	17c	6c[2]	6c[2]	183% ▲	183% ▲

(1) The basic cash earnings per share for all prior periods have been adjusted for the effects of the Group's capital raise in March 2021
(2) BOQ paid a FY20 dividend of 12c, which represented 6c from 1H20 profits and 6c from 2H20 profits

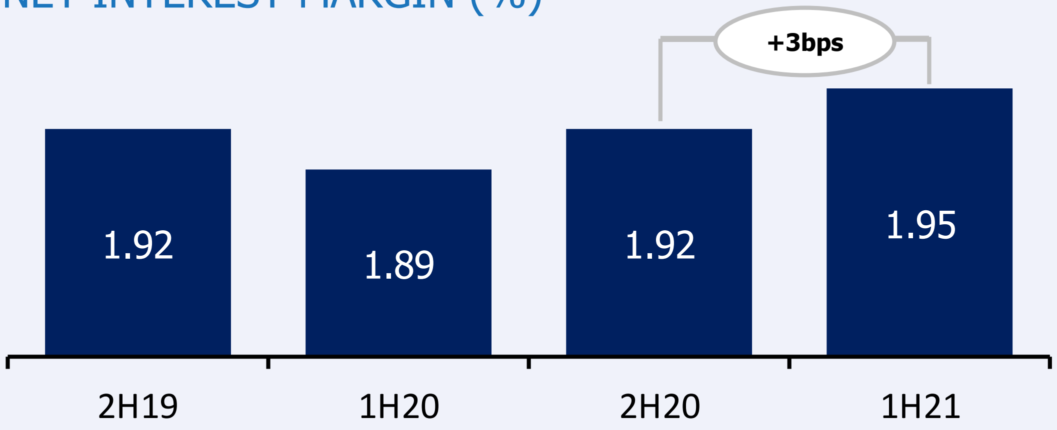
KEY ELEMENTS OF THE RESULT

INCOME GROWTH WITH IMPROVED PRODUCTIVITY AND NORMALISED IMPAIRMENTS

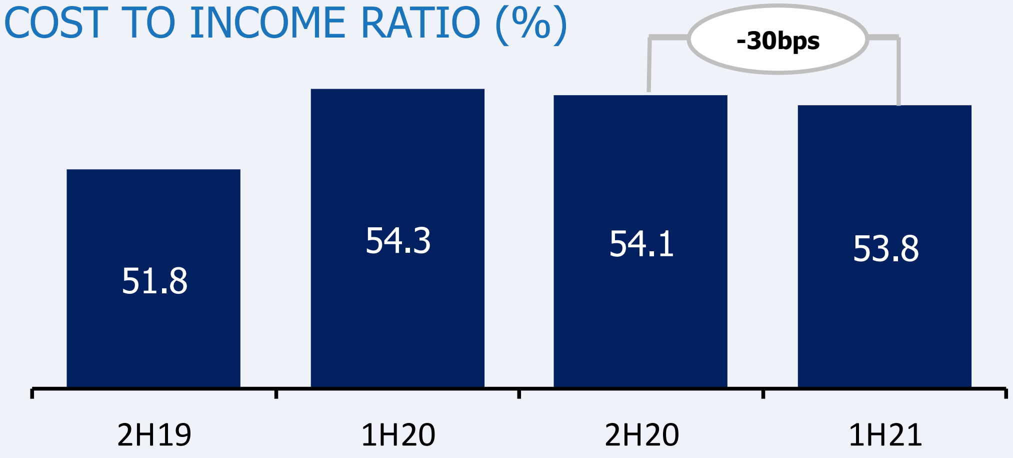
NET INTEREST INCOME ($M)



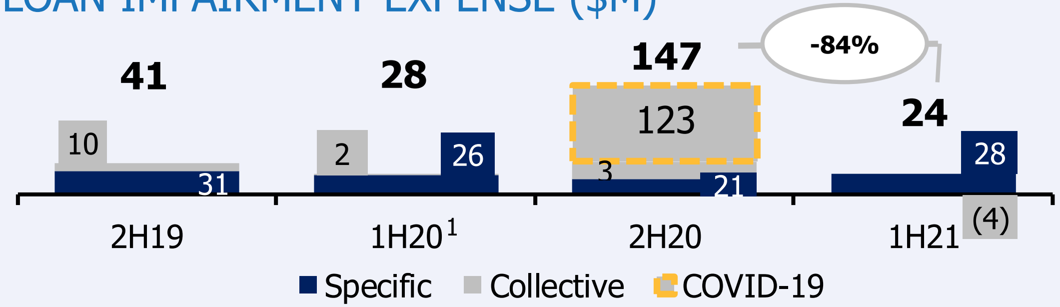
NET INTEREST MARGIN (%)



COST TO INCOME RATIO (%)



LOAN IMPAIRMENT EXPENSE ($M)



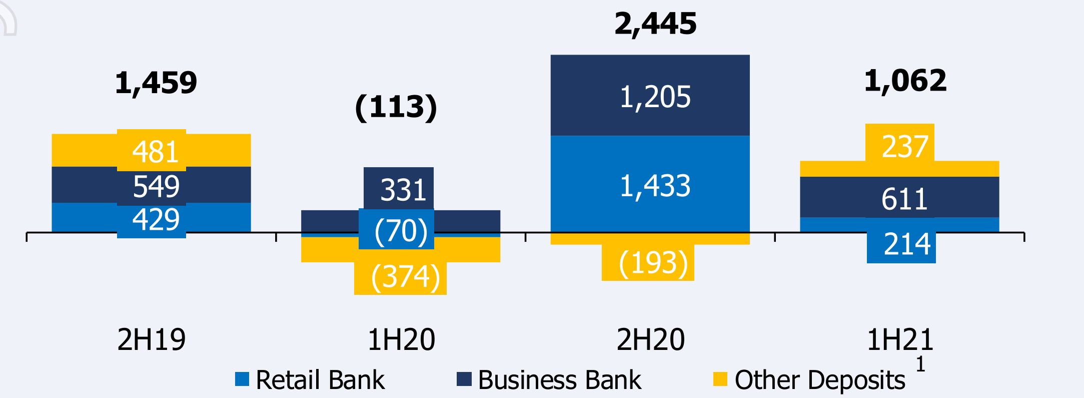
Loan Impairment to GLA	2H19	1H20	2H20	1H21
	18bps	12bps	62bps	10bps

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

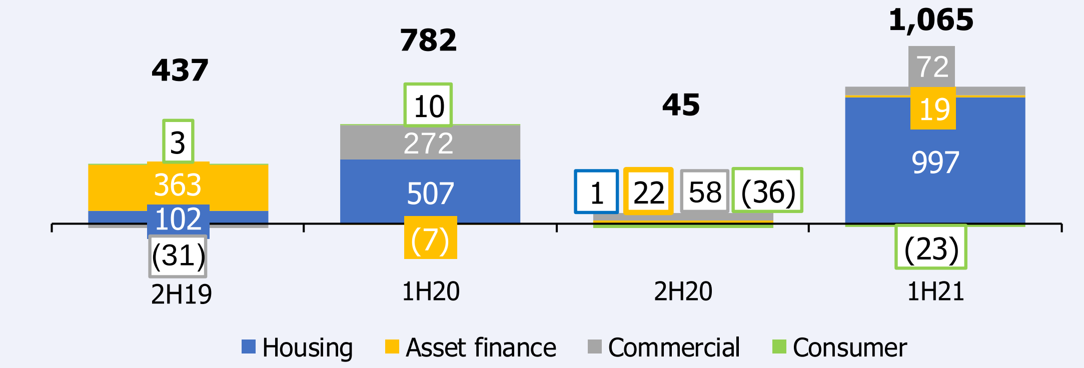
LENDING AND DEPOSIT GROWTH

STRONG TURNAROUND IN HOUSING WITH BALANCED GROWTH IN NICHE BUSINESS SEGMENTS

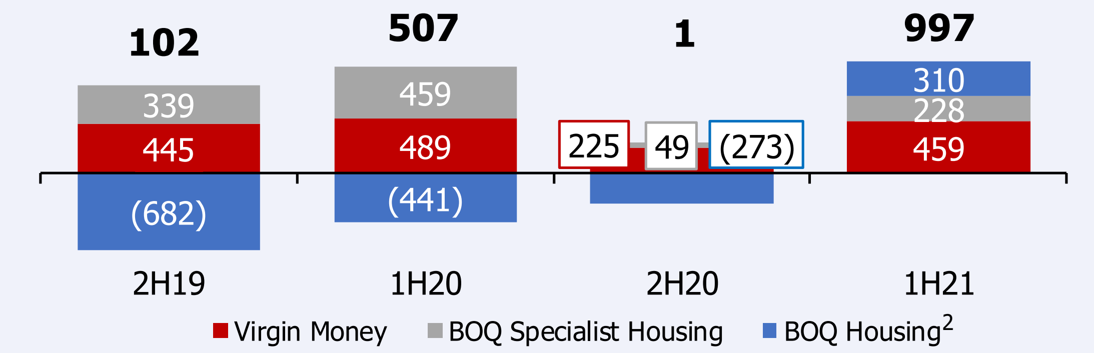
GROWTH IN CUSTOMER DEPOSITS ($M)



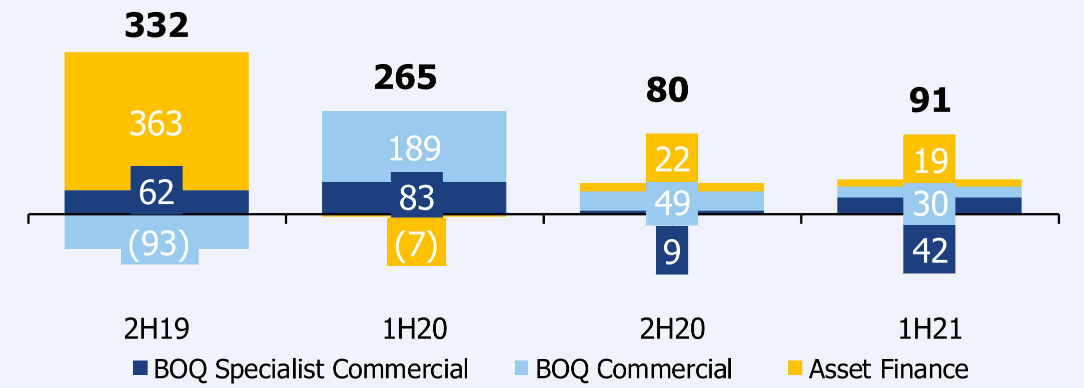
GROWTH IN LENDING GLAS ($M)



GROWTH IN HOUSING GLAS ($M)



GROWTH IN BUSINESS BANKING GLAS ($M)

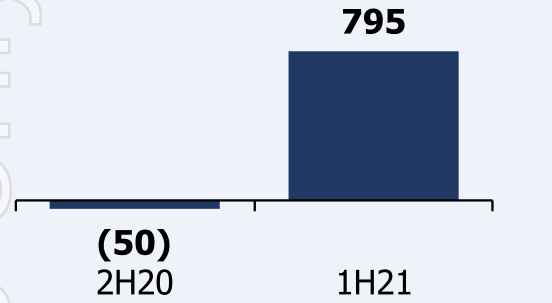


(1) Other deposits mainly includes treasury deposits
(2) BOQ Housing includes housing loan growth in both the Retail Bank and BOQ Business

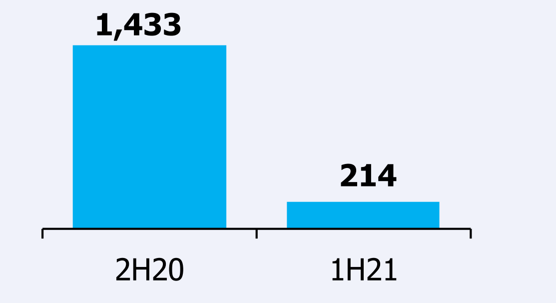
DIVISIONAL ACHIEVEMENTS

RETAIL BANK

Housing Loan Growth ($m)[1]



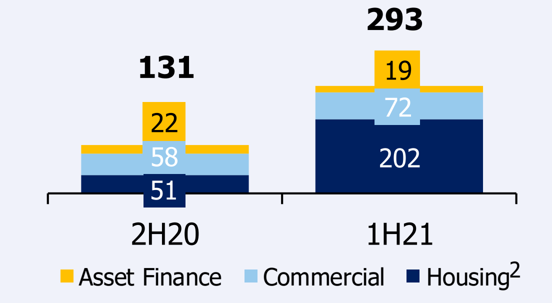
Deposit Growth ($m)



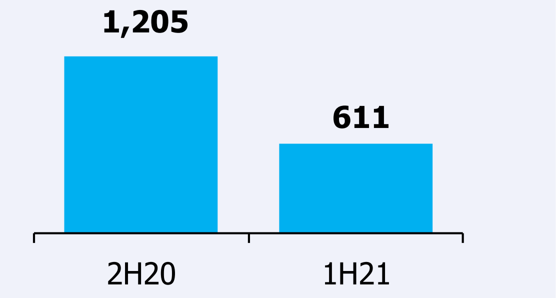
- Retail Bank has delivered improved performance turnaround since FY19
- BOQ Housing loan growth of 1.6x system and accelerating
- Deposit growth increased by $214m driven by growth in transaction and savings and investment accounts
- Application volumes have increased significantly through increased branch and broker productivity
- Consumer NPS ranked joint 4th (up from 5th in FY19), Mortgage NPS ranked 3rd (up from 11th in FY19)[3]
- 'Time to conditional yes' standards maintained despite volume increases
- Additional 6 Owner Managed branches from corporate conversions and 1 new branch opening during 1H21
- VMA phase 1 digital bank launched in March 2021 providing transaction and savings accounts, integrated credit card and loyalty offering

BOQB

BOQB Loan Growth ($m)



Deposit Growth ($m)



- Continued focus on niche segments
- BOQ Business has delivered growth for the half in a contracting market
- Deposit growth increased by $611m driven by growth in transaction and savings and investment accounts
- Enhanced customer experience, SME NPS[5] ranked 3rd (up from 4th in FY19)
- Supporting SME customers through the economic recovery with a personalised approach
- Asset quality remains strong with 97% of SME loans on Banking Relief returning to performing status[6] and improved arrears during the half

(1) BOQ Retail Bank housing loan growth includes BOQ Retail plus VMA
(2) BOQB housing loan growth includes SME home lending plus BOQS
(3) RFi XPRT Report, February 2021, August 2020 and February 2020. Note an additional competitor was added to the reporting suite in FY21. Excluding this, Consumer NPS would be 3rd in 1H21
(4) DBM Atlas BFSM Report February 2021. SME NPS refers to Any Financial Relationship (**AFR**) and businesses under $40m turnover
(5) Banking Relief loan status as at 31 March 2021

DELIVERING RESULTS AND EXECUTING THE TRANSFORMATION ROADMAP

BOQ GROUP

	Key Metrics	1H20	2H20	1H21
Growth, margin and productivity	Jaws	Negative jaws -5%	Positive jaws +1%	**Positive jaws +1%**
	Home lending system multiples[1]	1.2x system	0.2x system	**1.6x system**
	Business lending system multiples[1]	1.6x system	Positive to system	**Lending growth in contracting system**
	Margin	1.89%	1.92%	**1.95%**
	Productivity benefit	$15m	$15m	**$13m**
Customer & banker experience	Consumer NPS[2]	3rd	3rd	**4th**
	Mortgage NPS[2]	5th	5th	**3rd**
	Business NPS[3]	4th	3rd	**3rd**
	Employee engagement	56%	59%	**-[4]**
	Time to 'yes'[5]	1 day	1 day	**2 days**
Digital Bank	Delivery of core projects	✓ Upgraded BOQS mobile app ✓ Contact Centre telephony platform ✓ Treasury system upgrade	✓ Migration of data centres to cloud ✓ Customer engagement platform ✓ Risk & Regulatory program	**✓ Regulatory reporting program ✓ Lending system enhancements ✓ Build out intelligent data platform ✓ Phase 1 of retail digital bank**
Strength	CET1	9.91%, $340m capital raise	9.78%	**10.03% $1.35bn capital raise, funding the acquisition of ME Bank[6]**
	NSFR	112%	119%	**118%**
	LCR	133%	164%	**182%**
	Deposit to loan ratio	69%	74%	**74%**

(1) Reflects the APRA definition of lending and will therefore not directly correlate to the balance sheet growth
(2) RFi XPRT Report, February 2021, August 2020 and February 2020. Note an additional competitor was added to the reporting suite in FY21. Excluding this, Consumer NPS would be 3rd
(3) DBM Atlas Report February 2021. SME NPS refers to Any Financial Relationship (**AFR**) and businesses under $40m turnover
(4) Next employee engagement survey to be conducted in 2H21
(5) Time to 'yes' timeframes refer to time to conditional yes for branch originated PAYG loans
(6) Proceeds from the capital raisings were received in March 2021 and are not included in the CET1 calculation for 1H21

BUILDING THE DIGITAL BANK OF THE FUTURE

BOQ GROUP

Virgin money

First phase of the retail digital bank launched in March 2021

Launch of three new fully digital products

Compelling and personalised loyalty offering

Foundational investment in a new cloud environment for BOQ's digital transformation

Leveraging common data architecture

Creating the Temenos retail banking common platform to be used by all brands

Virgin money

Phase 2 underway including home loans, expanded deposit and loyalty offering and Open Banking capability

BOQ

BOQ development commenced for new mobile app and loyalty offering

me

Planning underway to integrate ME Bank onto the common platform

ME ACQUISITION ON TRACK AND CAPITAL RAISE COMPLETED

BOQ GROUP

INTEGRATION PLANNING PROGRESSED AND REGULATORY APPROVALS UNDERWAY

Significantly enhanced scale and portfolio mix for profitable growth

- Number of customers increases from ~900k to ~1.45m
- Broadly doubles retail banking GLAs to over $57 billion
- Increases Retail net profit contribution from ~35% to greater than 50%

Strong complementary challenger brands with a shared customer centric culture

- Strong customer-centric ME Bank brand aligned to BOQ's multi-brand strategy
- Differentiated customer segments and geographies with minimal overlap
- Re-balances BOQ's East Coast presence (Qld GLAs reduce from 42% to 31% of BOQ's loan portfolio, NSW increases to 29% and VIC to 21%)
- ME, BOQ and VMA all with high Net Promoter Scores (NPS)

Attractive financial outcomes

- Expected to be low double-digit to mid-teens cash EPS accretive including full run-rate synergies in the first year (FY22)[1]
- Expected to be cash ROE accretive, over 100bps including full run-rate synergies in the first year[1]
- Full run-rate pre-tax synergy benefits of ~$70 - $80m expected

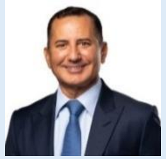
Clear pathway to a cloud based common digital Retail bank technology platform

- Acquisition provides opportunity to accelerate BOQ's digital strategy
- Common use of Temenos for retail core banking aligns to BOQ's pathway to a single, multi-brand cloud-based digital platform
- Leveraged capital investment across a broader base to deliver best-in-class customer experience
- Delivering Temenos's global innovation through continuous cloud upgrades

1. FY2022 pro forma EPS accretion on an underlying cash EPS basis assuming the Acquisition is effective from 1 September 2021. Excludes transaction and integration costs and amortisation of acquired intangibles. Calculated in accordance with AASB 133, *Earnings per Share*, with adjustments to reflect the bonus element of the Offer. Based on market consensus earnings for BOQ.

EXPERIENCED LEADERSHIP TEAM

BOQ GROUP



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

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
- More than 20 years' experience consulting to many of Australia's leading organisations
- Previously Managing Partner at PwC, leading the Human Capital function

MARTINE JAGER
Group Executive Retail

- Due to join BOQ in April 2021
- Previously held number of executive roles including CEO of RAMS, Chief Digital and Marketing Officer for Westpac Group and General Manager third party Mortgage Broking at St George

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

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

DANIELLE KEIGHERY
Chief Customer Officer

- Joined BOQ in January 2021
- Previously, Chief Experience Officer at Virgin Australia
- Extensive Corporate Affairs, Brand, and Marketing experience

NICHOLAS ALLTON
Group General Counsel and Company Secretary

- Joined BOQ in February 2021
- More than 25 years experience in Financial Services in Australia and the UK, most recently at MLC and Macquarie

BOQ GROUP

FINANCIAL DETAIL & PORTFOLIO QUALITY

EWEN STAFFORD
CHIEF FINANCIAL OFFICER AND CHIEF OPERATING OFFICER

FINANCIAL PERFORMANCE

CASH PROFIT UP IN THE HALF DRIVEN BY INCOME GROWTH AND LOWER LOAN IMPAIRMENT EXPENSE

BOQ GROUP

$ million	1H21	2H20	1H20	1H21 vs 2H20	1H21 vs 1H20
Net interest income	512	503	483	2% ▲	6% ▲
Non-interest income	57	52	58	10% ▲	(2%) ▼
Total income	**569**	**555**	**541**	**3%** ▲	**5%** ▲
Operating expenses	(306)	(300)	(294)	2% ▲	4% ▲
Underlying profit	**263**	**255**	**247**	**3%** ▲	**6%** ▲
Loan impairment expense	(24)	(147)	(28)	(84%) ▼	(14%) ▼
Cash profit before tax	**239**	**108**	**219**	**121%** ▲	**9%** ▲
Income tax expense	(74)	(34)	(68)	118%	9%
Cash earnings after tax	**165**	**74**	**151**	**123%** ▲	**9%** ▲
Statutory net profit after tax	**154**	**22**	**93**	600% ▲	66% ▲
Cash basic earnings per share	34.3c	15.3c	33.3c	19.0c ▲	1.0c ▲
Cash return on average equity	7.8%	3.4%	7.5%	440bps ▲	30bps ▲

NON CASH EARNINGS

REDUCED BELOW THE LINE ADJUSTMENTS POST COMPLETION OF STRATEGY REFRESH

BOQ GROUP

$ million	1H21	2H20	1H20
Cash earnings after tax	**165**	**74**	**151**
Strategy Refresh (after tax)			
Intangible asset review	0	(25)	(32)
Restructure charges	0	(8)	(15)
Employee pay and entitlement review	(6)	(8)	0
ME transaction/ integration costs	(3)	0	0
Other Non-Cash Items (after tax)			
Amortisation of acquisition fair value adjustments	(1)	(2)	(2)
Hedge ineffectiveness	(1)	(7)	(3)
Regulatory / compliance	0	(3)	(2)
Legacy	0	1	(4)
Total Non-Cash Items (after tax)	**(11)**	**(52)**	**(58)**
Statutory net profit after tax	**154**	**22**	**93**

NET INTEREST MARGIN

GOOD NIM MANAGEMENT BALANCING GROWTH WITH RETURNS

NET INTEREST MARGIN – 2H20 TO 1H21

SUMMARY

- Asset pricing impacts from front to back book drag
- Funding costs continued to benefit from reduced deposit rates and lower wholesale funding costs including the TFF benefit
- Hedging cost benefits as basis costs continue to reduce
- Low cash rate environment continues to reduce returns on the replicating portfolio and uninvested free funding and low cost deposits
- Impacts to NIM from elevated liquidity

KEY NIM MOVEMENTS OVER TIME

Element	1H20	2H20	1H21
Asset pricing and mix	6bps	13bps	(5bps)
Funding costs & mix	(5bps)	(9bps)	13bps
Hedging costs	4bps	4bps	2bps
Capital & LCDs	(3bps)	(5bps)	(4bps)
Liquidity	(2bps)	(1bps)	(3bps)
Other	-	-	1bps
Third party costs/AASB 16	(3bps)	1bps	(1bps)

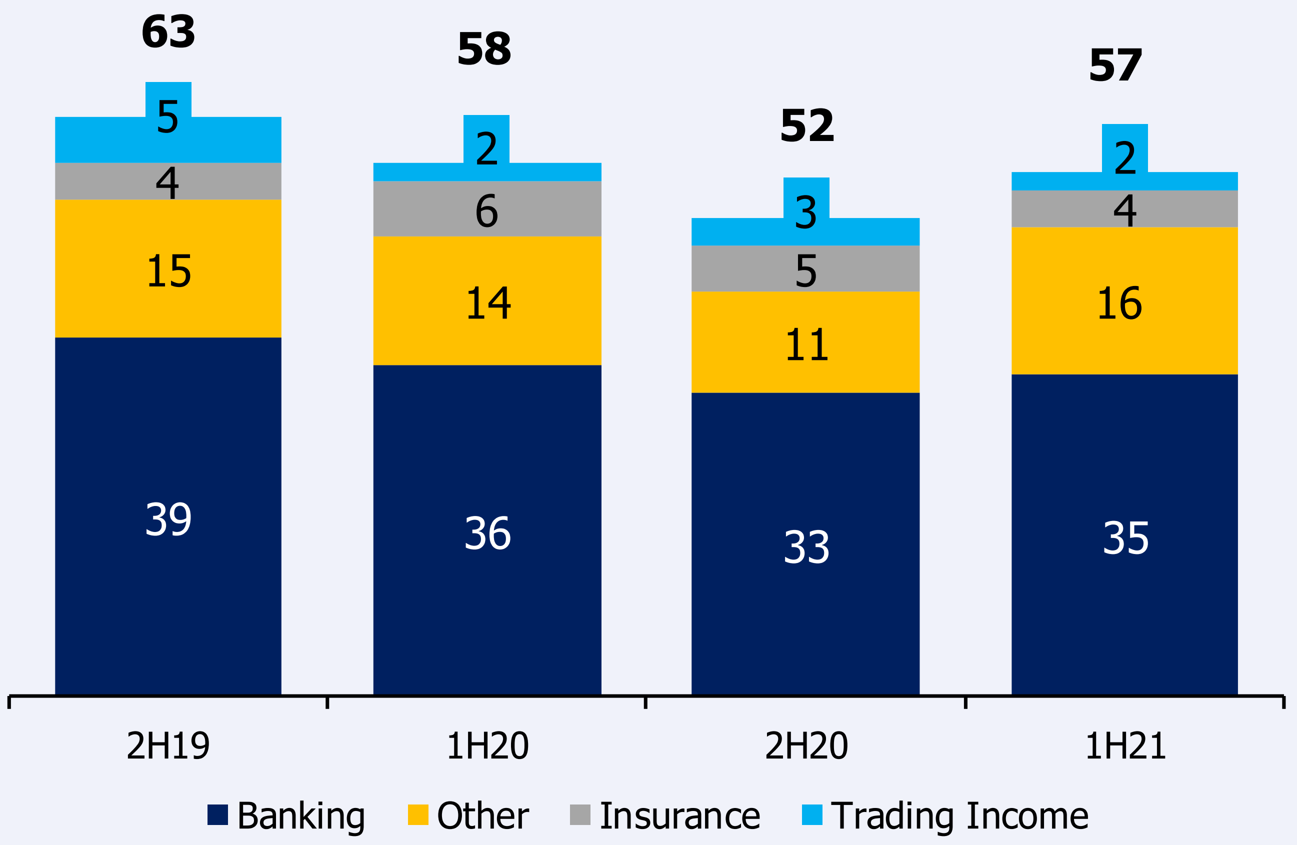
NON-INTEREST INCOME

STABLISING NON-INTEREST INCOME

SUMMARY

- 1H21 Non-interest income broadly flat on PCP
  - Banking fees normalised post the waiver of selected banking fees during COVID-19 offsetting the trend of lower banking fees
  - Other income increased due to a $3m one-off incentive payment from the cards portfolio
  - Insurance income continues to reduce due to the closure of St Andrews to new business in 1H20

NON-INTEREST INCOME BREAKDOWN ($M)



OPERATING EXPENSES

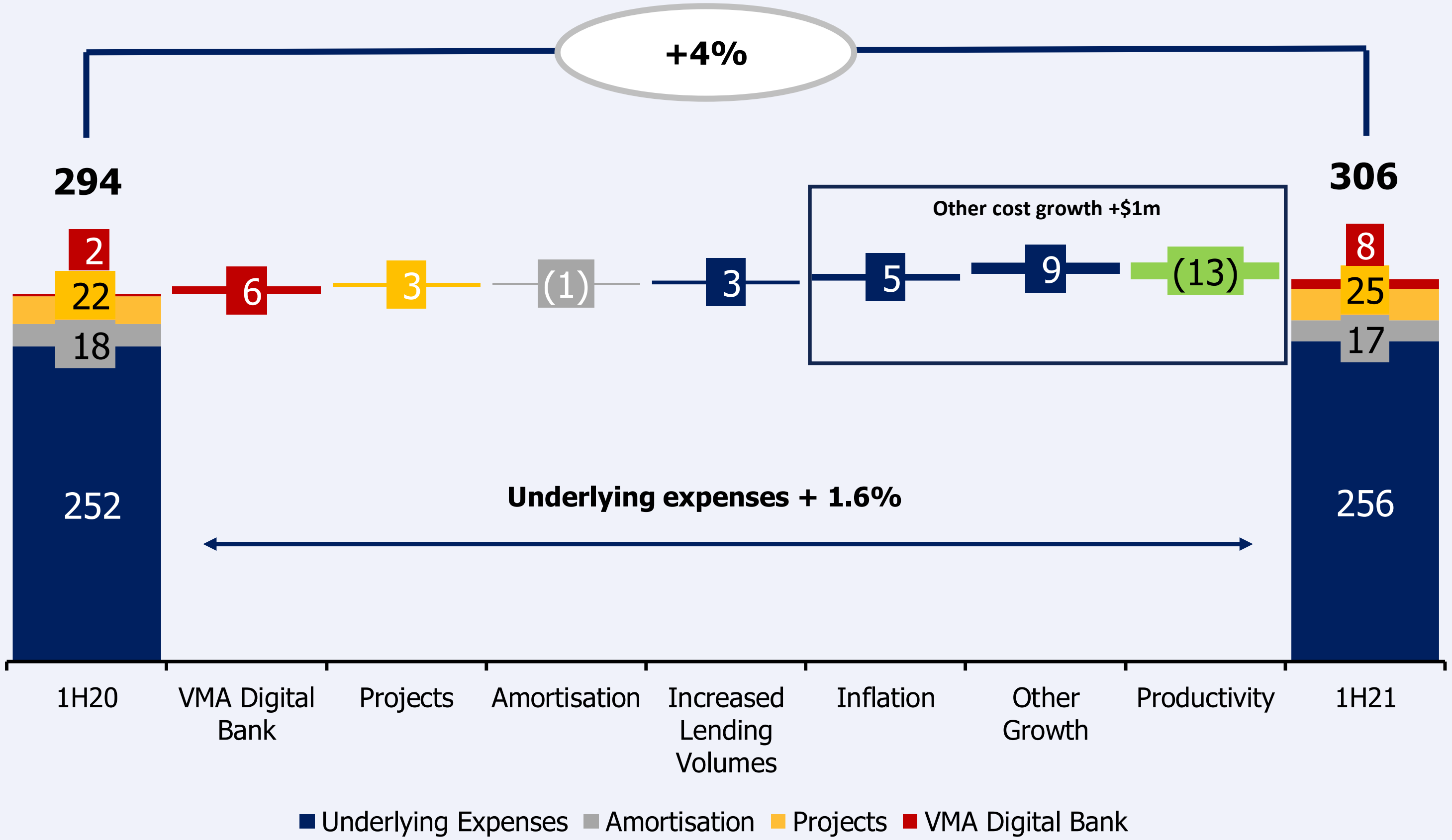
INCREASED INVESTMENT IN STRATEGIC INITIATIVES AND LOAN SERVICING COSTS TO DELIVER GROWTH

BOQ GROUP

SUMMARY

- Expenses increased $12m vs PCP and by $6m from 2H20
- Increased spend on strategic initiatives including VMA and other key digital projects
- $3m of additional costs relating to increased lending volumes
- Productivity benefits of $13m delivered in a challenging COVID-19 environment. These savings offset inflation and other cost growth in the half

OPERATING EXPENSE BREAKDOWN ($M)



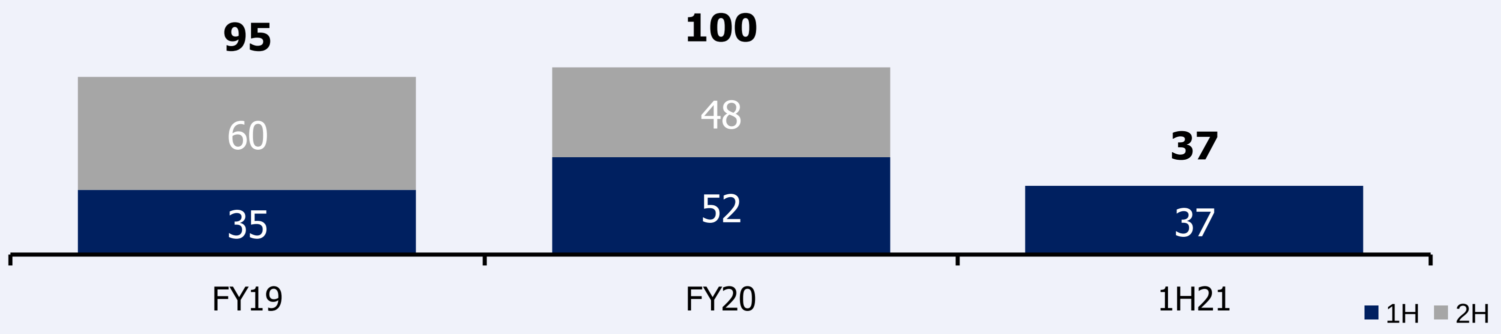
CAPITAL INVESTMENT

INVESTMENT PRIORITISED ALONG STRATEGIC ROADMAP

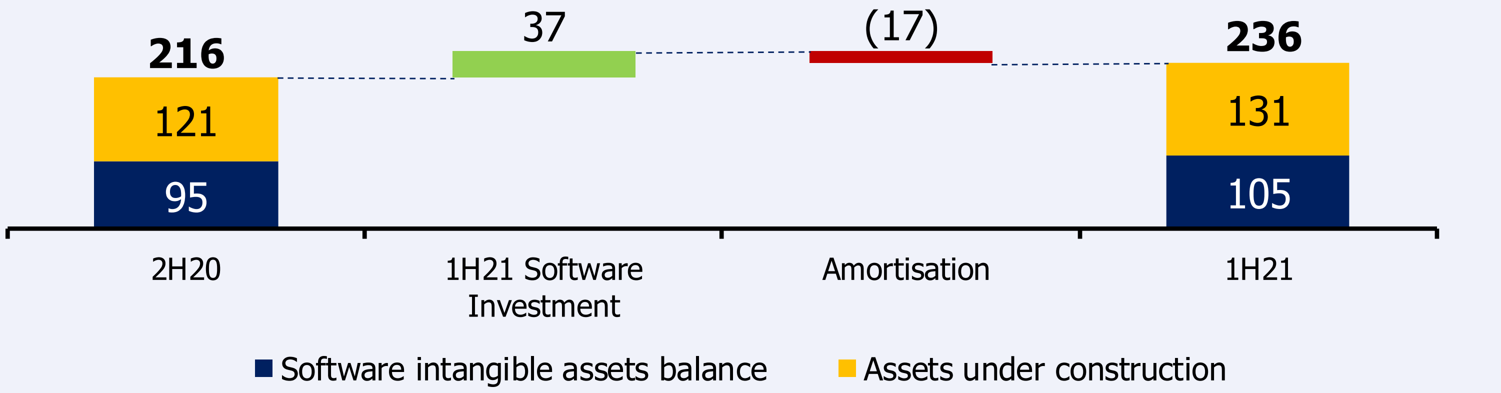
SUMMARY

- Reduced capital investment of $37m in the half with a number of projects in discovery stage (opex)
- 2H21 investment spend expected to increase to previously committed $100m p.a. as projects progress to development stage
- Increase in software intangibles balance from continued investment
- Amortisation expected to increase to c.$24m in 2H21 post the launch of VMA phase 1

CAPITAL INVESTMENT ($M)



SOFTWARE INTANGIBLE ASSET BALANCES ($M)



EXECUTING THE DIGITAL TRANSFORMATION

BOQ GROUP

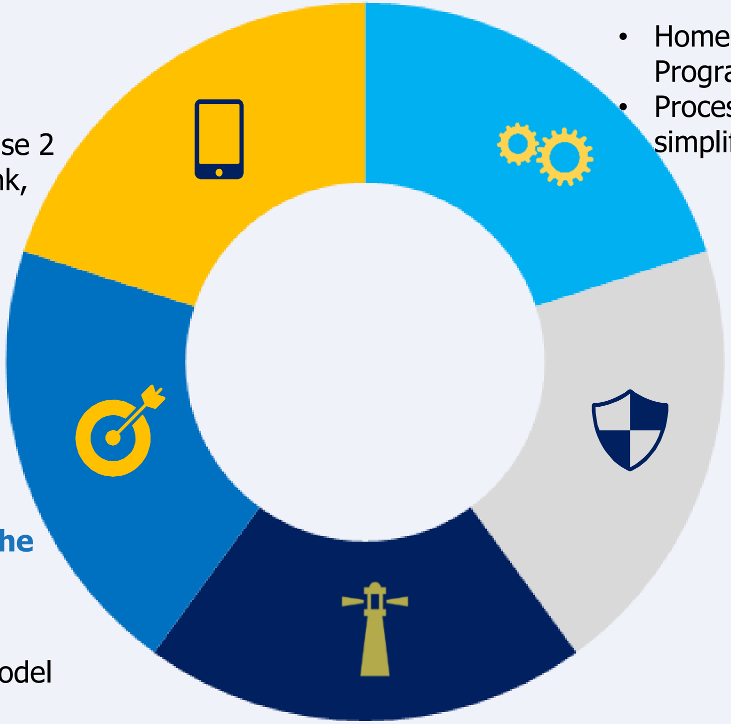
FY21 STRATEGIC INITIATIVES

Digital Bank of the Future

- Retail Digital Bank –
  - VMA Phase 1 delivery and commencement of VMA Phase 2
  - BOQ Retail brand digital bank, new mobile app and loyalty offering
- BOQS internet and mobile banking upgrade
- New debit card management system
- Microsoft Azure based data Platform foundation delivered

Distinctive brands serving niche segments

- Broker portal and digital tools
- Evolution of owner manager model



Simple and intuitive

- Home Buying Transformation Program
- Process and product simplification and grandfathering

Financial and Risk Position

- Global risk and compliance tool
- Regulatory & compliance programs (eg. AML, KYC, design & distribution obligations)
- Open Banking Program

Purpose Led Culture

- People & Culture programs (eg. payroll enhancements, automated time & attendance solution, performance tool)
- Business Banker toolkit enhancement program

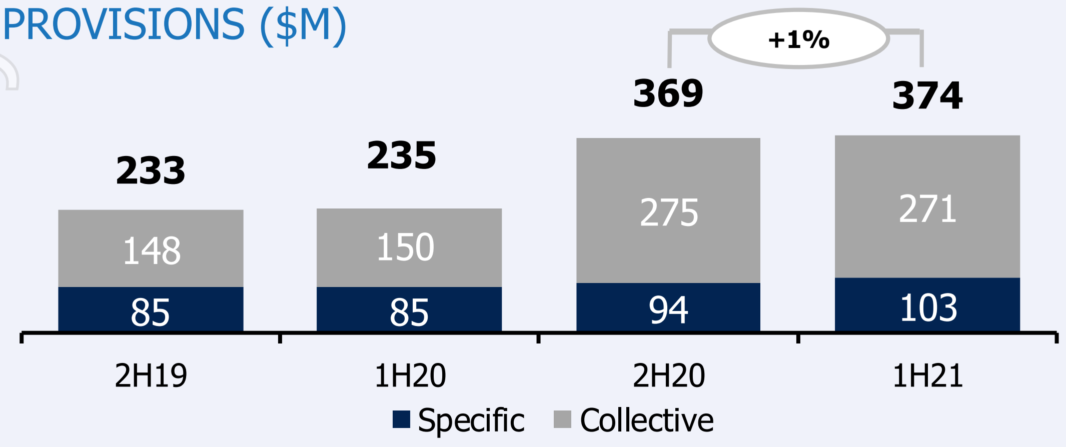
EXECUTION CAPABILITY UPLIFT

- Executive sponsorship of key projects and sponsor training completed
- Execution roadmap aligned with strategic plan
- Multi-year investment plan and prioritisation process complete
- Strengthened assurance and project mobilisation process
- Benefits realisation model implemented
- Deployed Project Portfolio Management tool
- Developed ME Bank integration roadmap

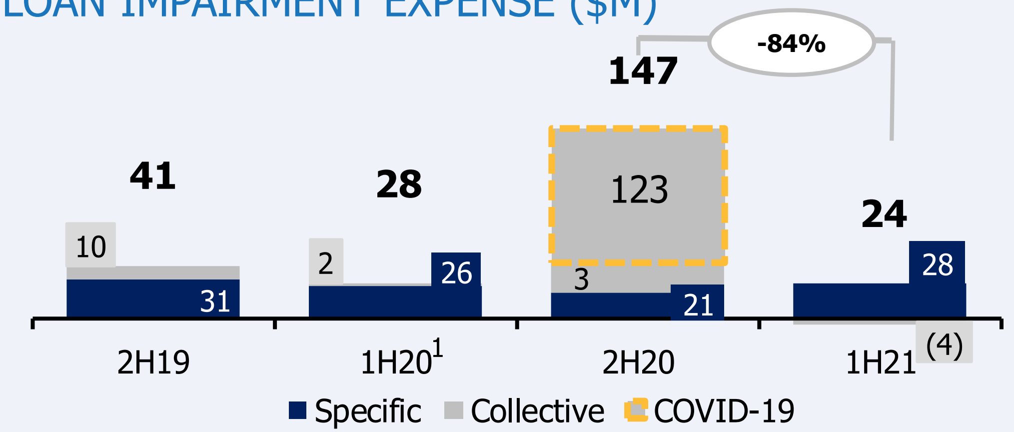
PROVISIONS AND LOAN IMPAIRMENT EXPENSE

PRUDENT PROVISIONING LEVELS MAINTAINED

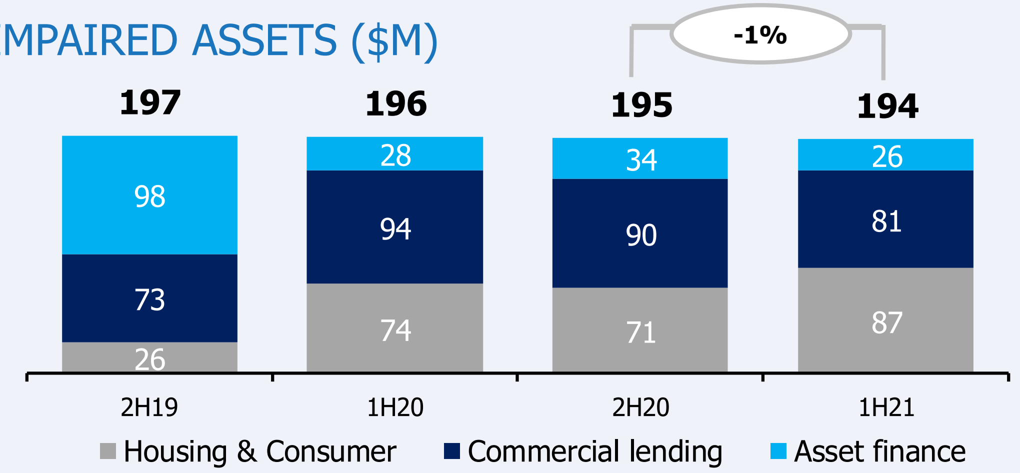
PROVISIONS ($M)



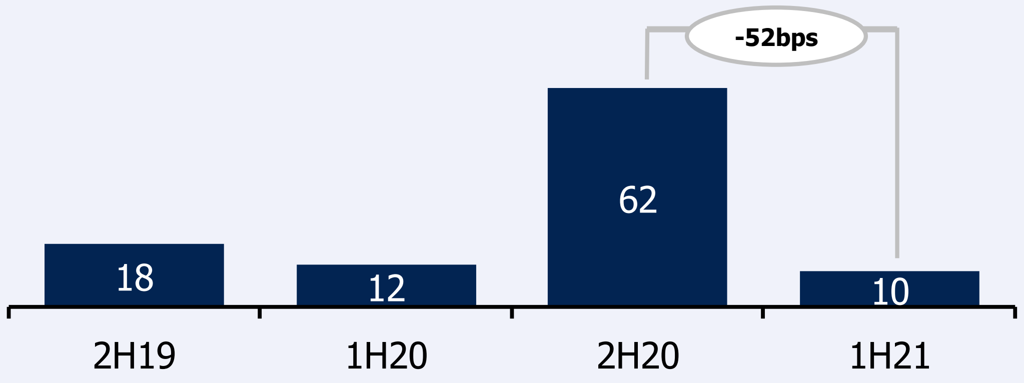
LOAN IMPAIRMENT EXPENSE ($M)



IMPAIRED ASSETS ($M)



LOAN IMPAIRMENT EXPENSE TO GLA (BPS)



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

PORTFOLIO QUALITY[1]

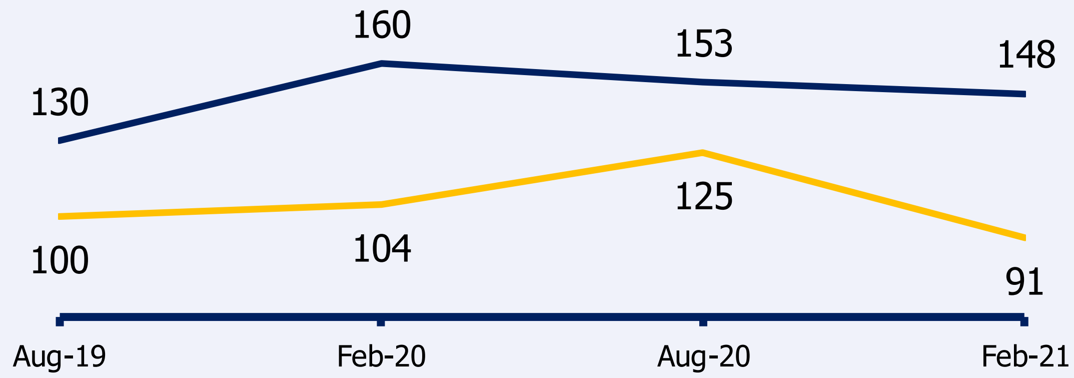
LOWER ARREARS AND BRP LOANS RETURNING TO PERFORMING DRIVEN BY IMPROVED ECONOMIC CONDITIONS

BOQ GROUP

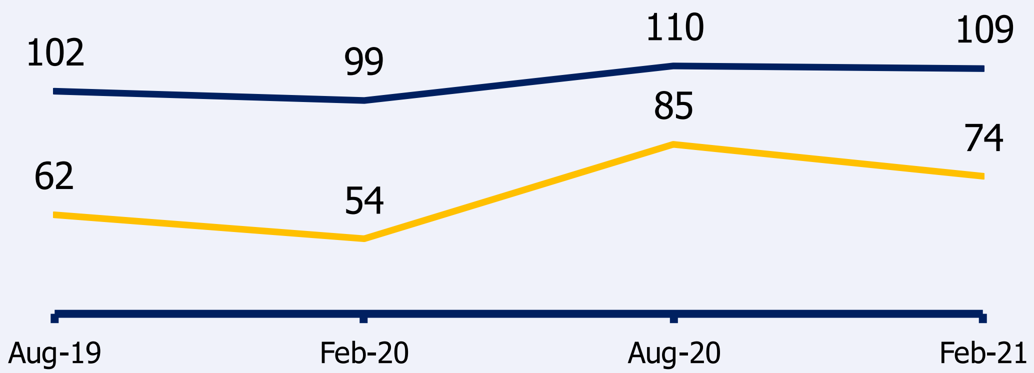
SUMMARY

- Improving economic conditions and recommencement of collection activities has reduced arrears in the half
- 95% of housing loan customers and 97% of SME customers previously on a Banking Relief Package have returned to performing[3]. Customers who have not returned to performing are included in the 1H21 arrears figures
- 90 DPD arrears for housing and asset finance increased from 1H20 as customers manage the ongoing impacts of COVID-19
- Commercial arrears benefitted from the recovery of our BOQ Specialist customers as the healthcare sector improves

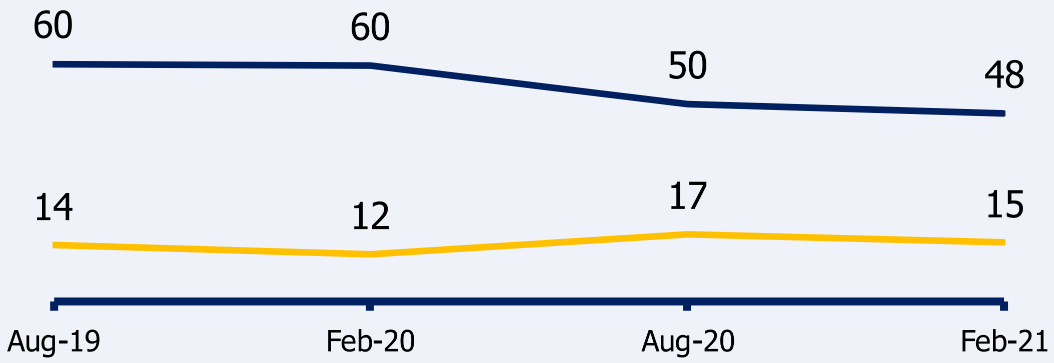
COMMERCIAL ARREARS (bps)[2]



HOUSING ARREARS (bps)



ASSET FINANCE ARREARS (bps)[2]



30DPD 90DPD

(1) Arrears figures differ from those reported to APRA due to different definitions
(2) BOQ Specialist Asset finance products have been reclassified from Commercial lending to Asset Finance for all periods presented
(3) As at 31 March 2021. Performing includes those loans that have been restructured

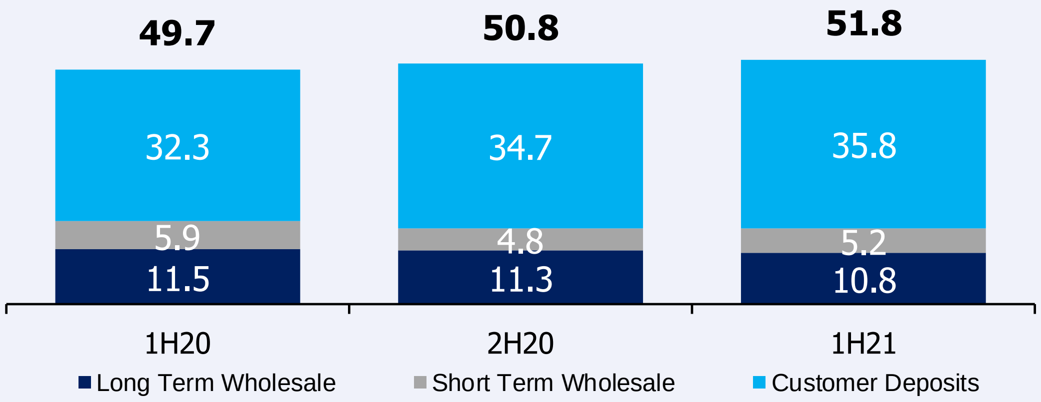
FUNDING & LIQUIDITY

RESILIENT FUNDING AND LIQUIDITY PROFILE MAINTAINED

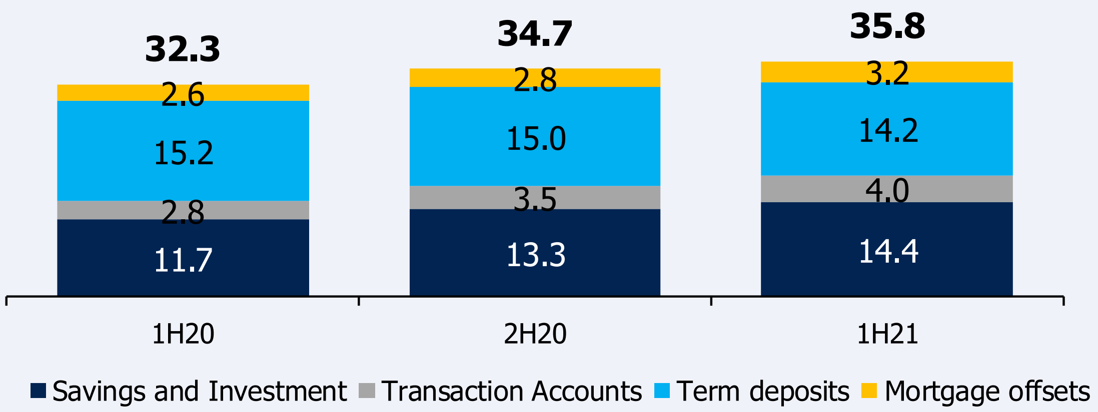
SUMMARY

- Deposit to loan ratio maintained at 74% during 1H21 whilst asset growth continued
- $1.1bn customer deposit growth during 1H21 now representing 69% of Group funding
- Term deposit reliance continues to reduce
- $0.8bn in TFF capacity available to support asset growth
- The 1H21 LCR was 182% and the NSFR was 118%[1]

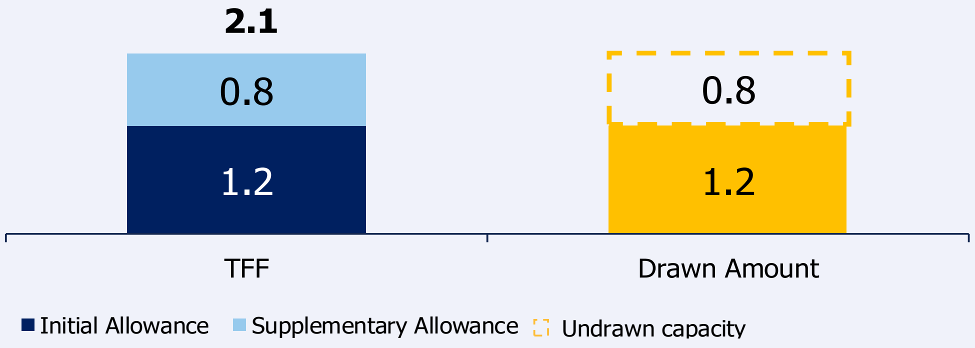
FUNDING MIX ($BN)[2]



CUSTOMER DEPOSITS ($BN)



TERM FUNDING FACILITY ($BN)[3]



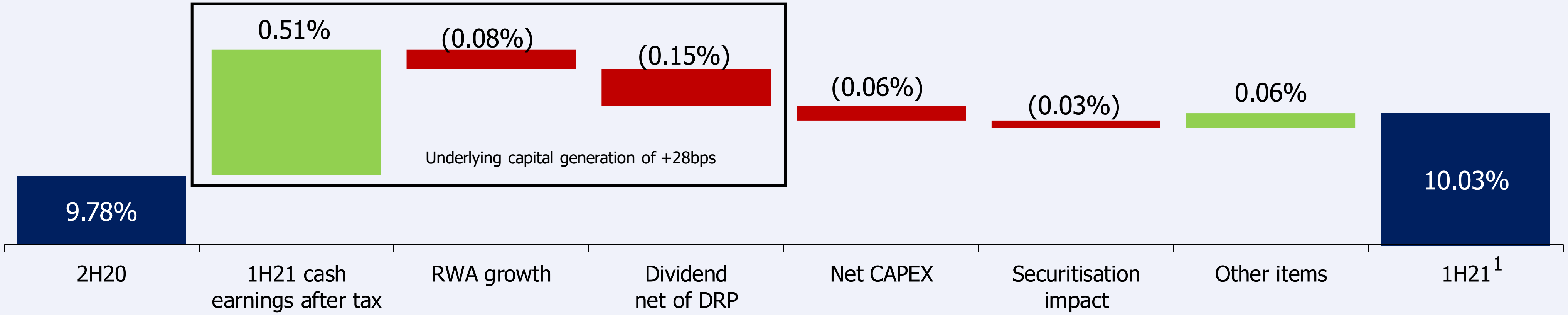
(1) Excluding the contractual capital raising inflows the 1H21 LCR is 142%
(2) The funding mix figures above exclude the proceeds from the institutional and retail capital raising in March 2021
(3) As at 28 February 2021

CAPITAL

STRONG CAPITAL POSITION WITH CAPACITY FOR GROWTH AND INVESTMENT

BOQ GROUP

CET1 1H21 VS 2H20



SUMMARY

- Underlying capital generation of 28bps in 1H21 through earnings growth, shift in mix to lower RWA housing loans and lower dividend
- Other items is the net result of a number of positive and offsetting capital impacts
- CET1 well above BOQ's target range of 9.0 - 9.5%

OUTLOOK

- CET1 of 10.03% sees the bank in a strong position
- Well capitalised to support growth, transformation and ME integration cost

(1) Proceeds from the capital raisings were received in March 2021 and are not included in the CET1 calculation for 1H21

SUMMARY & OUTLOOK

GEORGE FRAZIS
MANAGING DIRECTOR AND CEO

1H21 SUMMARY

1. Supporting our customers and people through COVID-19
2. Delivering sustainable profitable growth
3. Operational improvement driving increased momentum
4. Executing on our digital transformation
5. Strong balance sheet and capital, with sound asset quality
6. Announced acquisition of ME Bank and capital raising successfully completed providing the necessary scale to be a meaningful alternative to the big banks

FY21 OUTLOOK[1]

1. Environment more positive, with indications that Australia is relatively well placed with less likelihood of downside scenarios on unemployment and house prices given the success of the Government stimulus.
2. Completion of ME Bank acquisition and St Andrews divestment expected in 2H21[1]
3. Re-affirming outlook of around 1% positive jaws[2]
   - Above system growth in lending
   - NIM positive in FY21, broadly flat half on half
   - Cost growth of c.3% to support business momentum
4. Continued prudent approach to provisioning
5. Committed to sustainable profitable growth, supporting returns to shareholders and a dividend payout ratio target range of 60 – 75% of cash earnings[3]

1. Subject to receipt of regulatory approvals
2. Subject to no material change in market conditions. Excludes any impacts from the divestment of St Andrew's or the acquisition of ME Bank
3. 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; or (c) when the forecast timeframe for capital demands of the business allows for a prudent distribution to Shareholders.

ABOUT BOQ

BOQ GROUP

BOQ

UNIQUE BRANDS IN NICHE SEGMENTS SERVING CUSTOMERS FOR 147 YEARS

BOQ GROUP

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 1H21

c. 890k Customers	c. **570k** BOQ c. **190k** VMA	c. **35k** Specialist c. **90k** Finance
166 Branches[1]	**>2k** Employees	**$84b** Footings
74% Deposit-to-Loan Ratio	**1.62%**[2] Market share - Housing	**1.71%**[2] Market share - Business

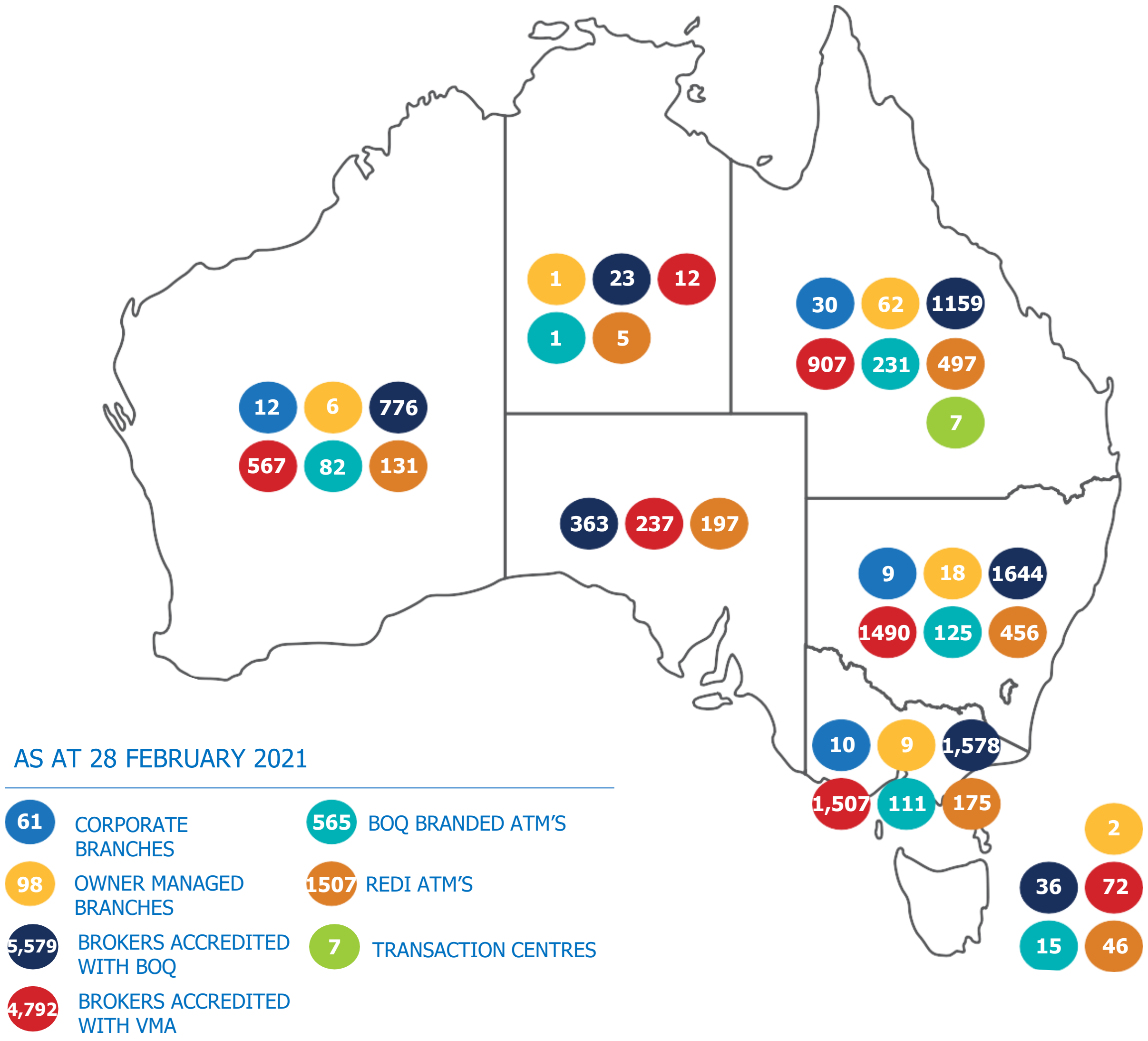
(1) Total branches includes transaction and service centres
(2) Internal BOQ Analysis and APRA monthly authorised deposit-taking institution statistics excluding International banks, February 2021
(3) Footings means gross loans and advances plus customer deposits

DISTRIBUTION FOOTPRINT

BOQ GROUP

SUMMARY

- In 1H21 branch numbers increased by 1 to 166 (incl. transaction centres)
- The franchise network remains a key differentiator for BOQ and is pivotal to the Bank's deposit raising capabilities
- Number of owner managed branches increased to 98 during the half
- We continue to build the broker presence with 35% of housing settlements originated out of VMA and BOQ accredited brokers in 1H21



DISTRIBUTION FOOTPRINT MOVEMENTS

Feb-21	QLD	NSW / ACT	VIC	WA	NT	TAS	SA	Total
Corporate branches	30	9	10	12	-	-	-	61
Owner managed branches	62	18	9	6	1	2	-	98
Transaction centres	7	-	-	-	-	-	-	7
	99	27	19	18	1	2	-	166

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

CORPORATE, OWNER MANAGED BRANCHES & TRANSACTION CENTRES

	1H21 Actual YTD	
Summary of changes	Gross	Net Branch Movement
Corporate closure	-	-
OMB closure	-	-
OMB to corporate	3	-
Corporate to OMB	5	-
OMB to OMB sale	2	-
New branch opening	1	1
Total changes	11	1

1H21 RESULTS

1H21 RESULTS OVERVIEW

Financial

	1H21	1H21 vs 2H20	1H21 vs 1H20
Statutory NPAT	$154m	+600%	+66%
Cash NPAT	$165m	+123%	+9%
ROE (cash)	7.8%	+440bps	+30bps
EPS cents (cash)	34.3c	19.0c	1.0c
DPS	17.0c	+183%	+183%
Cost-to-income	53.8%	(30bps)	(50bps)
NIM	1.95%	+3bps	+6bps
Total Income	$569m	+3%	+5%
Operating Expenses	$306m	+2%	+4%
LIE to GLA	10bps	(52bps)	(2bps)

Balance Sheet, Capital & Funding

	1H21	1H21 vs 2H20	1H21 v 1H20
CET1	10.03%	+25bps	+12bps
Total GLAs	$48,108m	+5%	+2%
Customer Deposits	$35,823m	+6%	+11%
Deposit to Loan Ratio	74%	-	+5%
LT Wholesale Funding	$10,754m	-5%	-7%
Liquidity Coverage Ratio	182%	+18%	+49%
Net Stable Funding Ratio	118%	-1%	6%
Credit Ratings	BBB+/ A-/A3 (S&P/ Fitch/ Moodys)	No Change	Fitch Ratings has revised the Outlook on BOQ's Long-Term Issuer Default Rating to Negative from Stable on 30th April 2020

AVERAGE BALANCE SHEET & MARGIN – HALF ON HALF

BOQ GROUP

AVERAGE BALANCE SHEET AND MARGIN ANALYSIS

	1H21 (Half Year)			2H20 (Half Year)		
$millions	Average balance $m	Interest $m	Average rate %	Average balance $m	Interest $m	Average rate %
INTEREST EARNING ASSETS						
Gross loans & advances at amortised cost	**44,511**	**739**	**3.35%**	**44,362**	**809**	**3.62%**
Investments & other securities	**8,441**	**54**	**1.30%**	**7,564**	**55**	**1.45%**
Total interest earning assets	**52,952**	**793**	**3.02%**	**51,926**	**864**	**3.30%**
Non-interest earnings assets						
Property, plant & equipment	**144**			**162**		
Other assets	**1,626**			**1,711**		
Provision for impairment	**-360**			**-277**		
Total non-interest earning assets	**1,410**			**1,596**		
Total assets	**54,362**			**53,522**		
INTEREST BEARING LIABILITIES						
Retail deposits	**32,518**	**111**	**0.69%**	**30,681**	**174**	**1.13%**
Wholesale deposits & borrowings	**16,285**	**170**	**2.10%**	**17,298**	**187**	**2.15%**
Total Interest bearing liabilities	**48,803**	**281**	**1.16%**	**47,979**	**362**	**1.49%**
Non - interest bearing liabilities	**1,231**			**1,298**		
Total Liabilities	**50,034**			**49,277**		
Shareholders' funds	**4,328**			**4,245**		
Total liabilities & shareholders' funds	**54,362**			**53,522**		
INTEREST MARGIN & INTEREST SPREAD						
Interest earning assets	**52,952**	**793**	**3.02%**	**51,926**	**864**	**3.30%**
Interest bearing liabilities	**48,803**	**281**	**1.16%**	**47,979**	**362**	**1.49%**
Net interest spread			**1.86%**			**1.81%**
Benefit of net interest-free assets, liabilities and equity			**0.09%**			**0.11%**
NIM - on average interest earning assets	**52,952**	**512**	**1.95%**	**51,926**	**503**	**1.92%**

CASH EPS[1]

		Half Year Performance				
		Feb-21	Aug-20	Feb-20	Feb 21 vs Aug 20	Feb 21 vs Feb 20
Basic EPS	(cents)	**34.3**	15.3	33.3	124%	3%
Diluted EPS	(cents)	**31.8**	14.5	30.5	119%	4%
Reconciliation of Cash Earnings for EPS						
Cash earnings available for ordinary shareholders	($ million)	**165**	74	151	123%	9%
Add: Convertible Preference Shares Dividend	($ million)	**-**	1	3	(100%)	(100%)
Add: CAN	($ million)	**5**	5	6	-	(17%)
Add: Capital Notes	($ million)	**2**	-	-	100%	100%
Cash diluted earnings available for ordinary shareholders	($ million)	**172**	80	160	115%	8%
Weighted Average Number of Shares (**WANOS**)						
Basic WANOS	($ million)	**483**	483	455	-	6%
Add: Effect of award rights	($ million)	**3**	2	2	50%	50%
Add: Effect of CPS	($ million)	**-**	12	20	(100%)	(100%)
Add: Effect of WCN	($ million)	**40**	59	47	(32%)	(15%)
Add: Effect of Capital Notes	($ million)	**15**	-	-	100%	100%
Diluted WANOS for cash earnings EPS	($ million)	**541**	556	524	(3%)	3%

(1) The basic and diluted earnings per share for all prior periods have been adjusted for the effects of the Group's capital raise in March 2021.

PORTFOLIO QUALITY

HOUSING PORTFOLIO

Portfolio	1H21	2H20	1H20
Total Spot Balance - ($m)	32,152	31,155	31,154
Variable Rate	75%	78%	78%
Owner Occupied	62%	61%	61%
Investor	38%	39%	39%
Line of Credit	4%	4%	5%
Proprietary	77%	79%	80%
Broker	23%	21%	20%

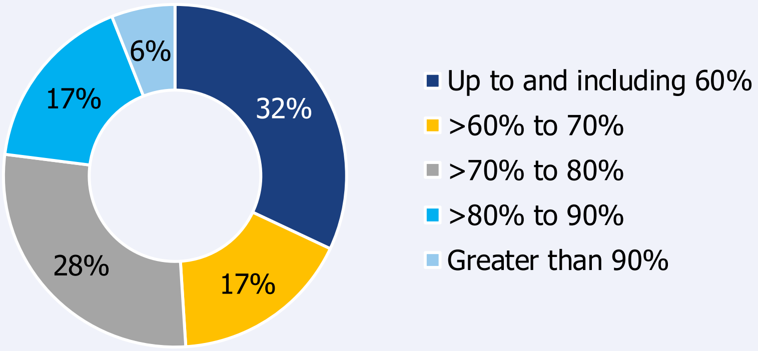
HOUSING LOAN PORTFOLIO

BOQ GROUP

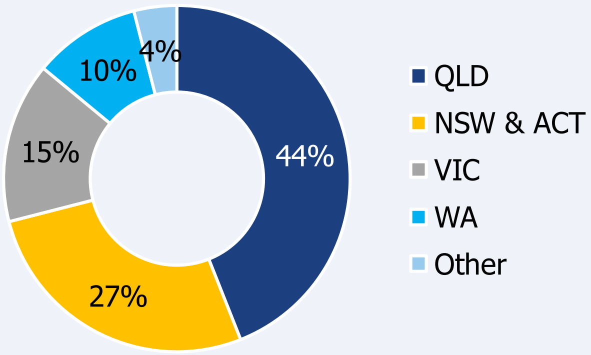
SUMMARY

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

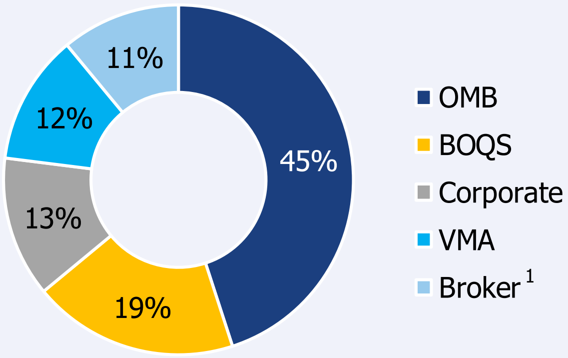
HOUSING PORTFOLIO BY LVR



HOUSING PORTFOLIO BY STATE



HOUSING PORTFOLIO BY CHANNEL



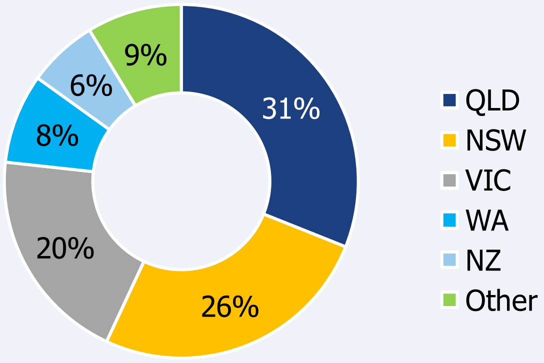
(1) Housing portfolio originated by BOQ brand broker channel

ASSET FINANCE PORTFOLIO[1]

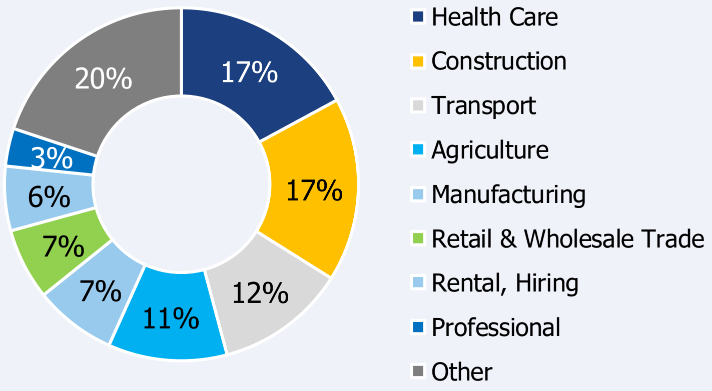
SUMMARY

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

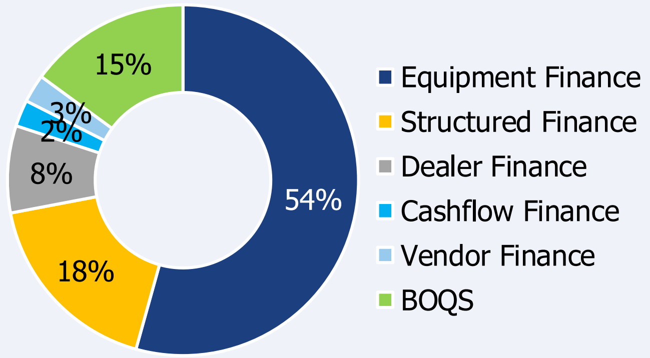
ASSET FINANCE BY STATE



ASSET FINANCE BY INDUSTRY



ASSET FINANCE BY CHANNEL



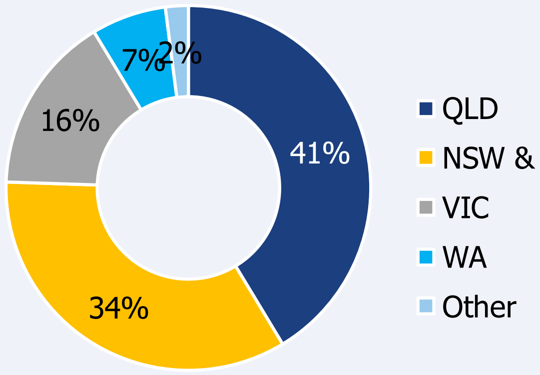
(1) BOQ Specialist Asset finance products have been reclassified from Commercial lending to Asset finance for all periods presented

COMMERCIAL PORTFOLIO[1]

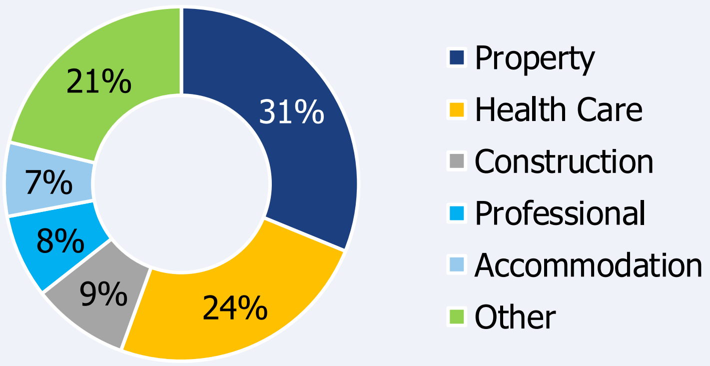
SUMMARY

- Commercial portfolio well diversified geographically
- Owner-managers and Business Banking focused on SME lending

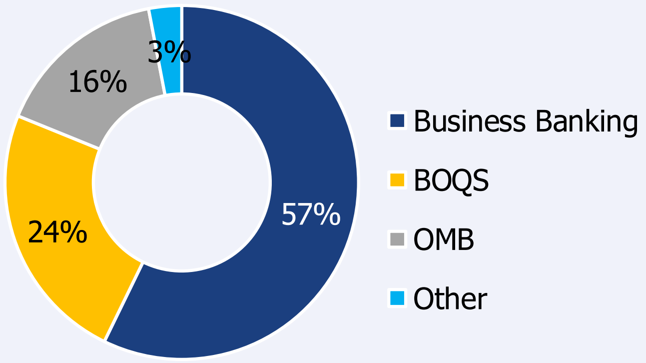
COMMERCIAL PORTFOLIO BY STATE



COMMERCIAL PORTFOLIO BY INDUSTRY



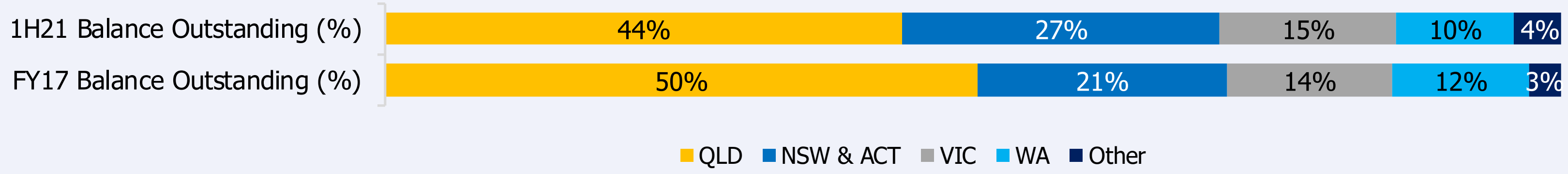
COMMERCIAL PORTFOLIO BY CHANNEL



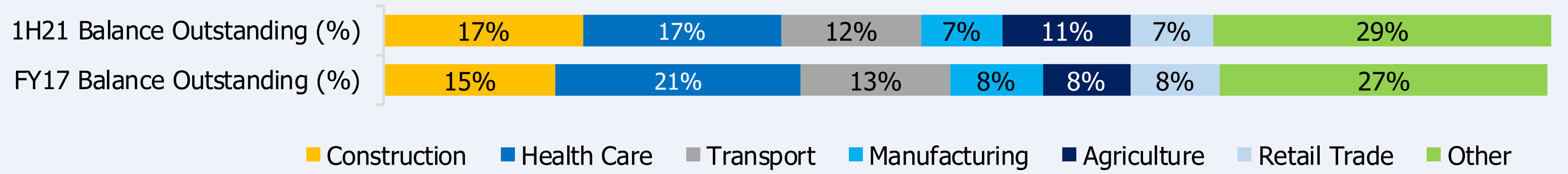
(1) BOQ Specialist Asset finance products have been reclassified from Commercial lending to Asset finance for all periods presented

INDUSTRY AND GEOGRAPHIC SPLIT OVER TIME

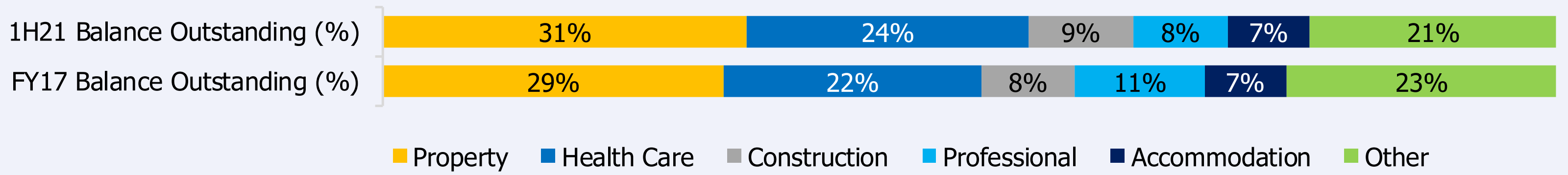
HOUSING LOANS - GEOGRAPHIC SPLIT OVER TIME



ASSET FINANCE - INDUSTRY SEGMENTS OVER TIME[1]



COMMERCIAL - INDUSTRY SEGMENTS OVER TIME[1]



SUMMARY

- Enhanced geographic diversification, Queensland housing portfolio reducing over 3 years from 50% in FY17 to 44% in 1H21
- Asset finance and commercial portfolios continue to diversify industry concentration

(1) BOQ Specialist Asset finance products have been reclassified from Commercial lending to Asset finance for all periods presented

BANKING RELIEF PACKAGE UPDATE

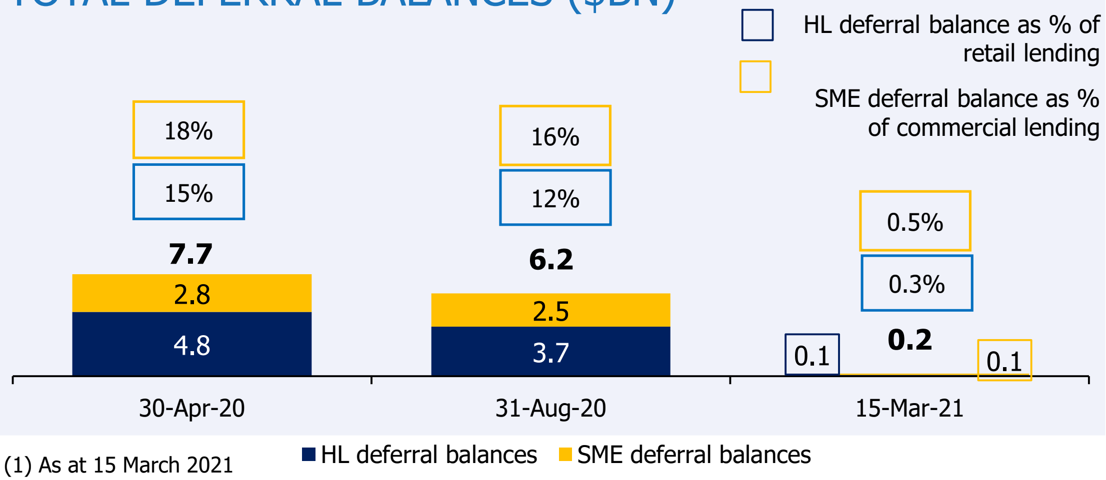
95% OF HOUSING LOANS AND 97% OF SME LOANS HAVE RETURNED TO PERFORMING

BOQ GROUP

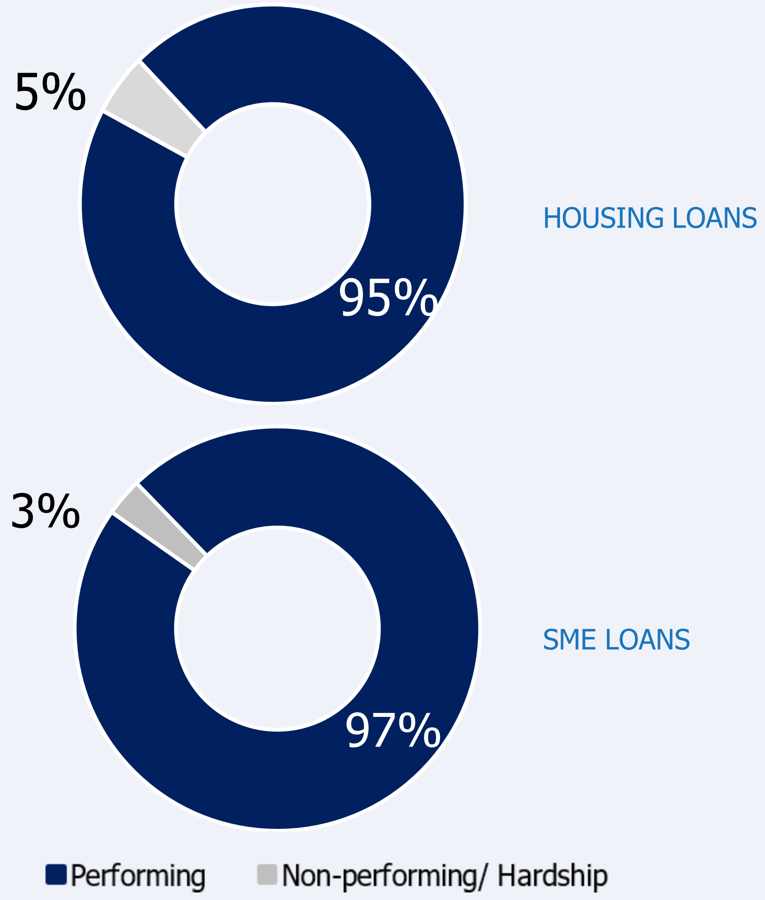
KEY MESSAGES

- Banking Relief Package balances continue to decline
- 0.5% of the SME portfolio and 0.3% of the housing loan portfolio remains on loan deferral[1]
- 95% of housing loans and 97% of SME loans previously on Banking Relief Packages have returned to performing[2]
- Supporting customers requiring additional assistance with hardship and loan restructuring arrangements

TOTAL DEFERRAL BALANCES ($BN)



OUTCOMES FROM BANKING RELIEF PACKAGES[2]



(1) As at 15 March 2021

(2) As at 31 March 2021. Total deferral balances differ from those reported to APRA due to definition differences. Performing includes those loans that have been restructured.

CAPITAL, FUNDING & LIQUIDITY

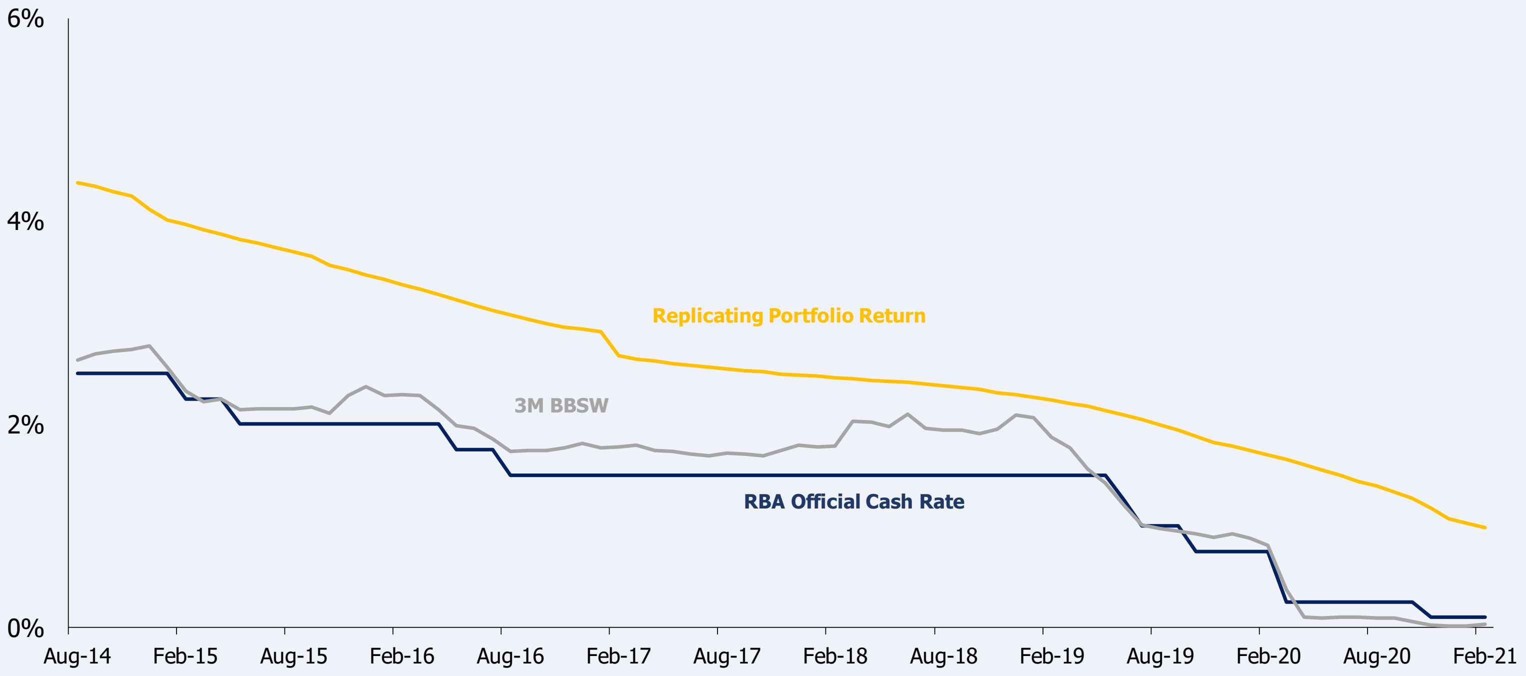
REPLICATING PORTFOLIO

BOQ GROUP

SUMMARY

- The low interest rate environment has resulted in a 4bps impact to NIM in the half

REPLICATING PORTFOLIO AND EQUITY HEDGE (%)



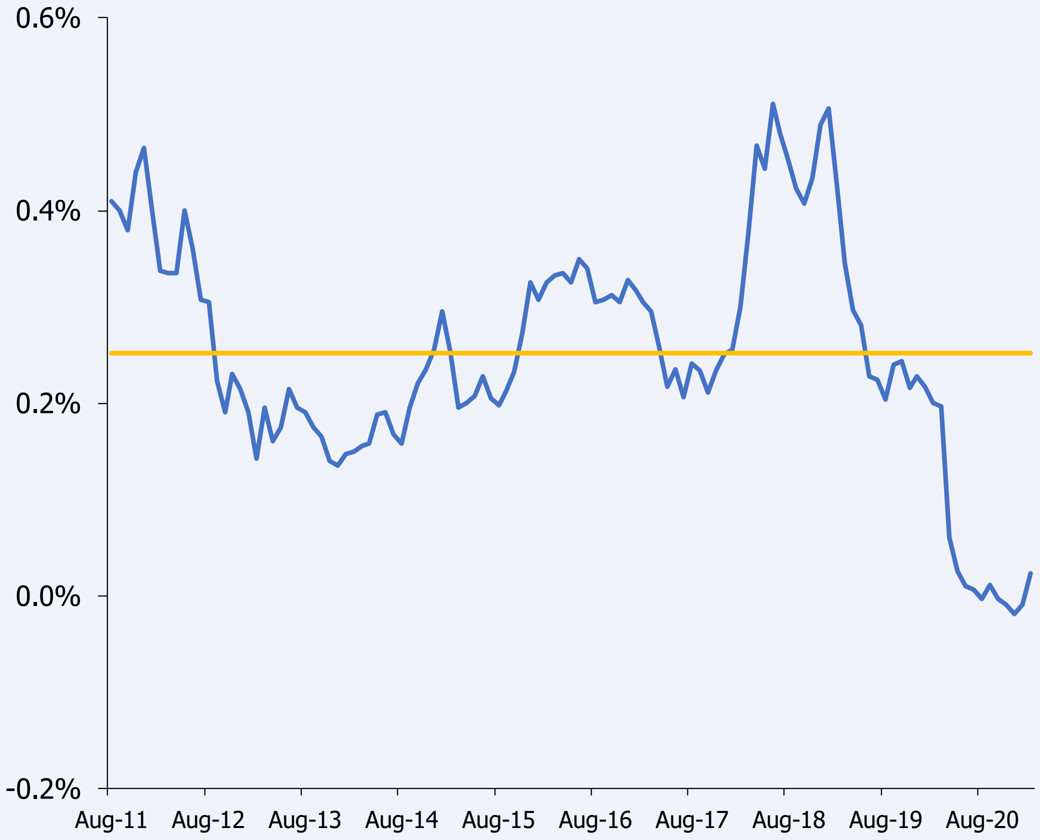
	Feb-21 Balance $bn	1H21 Avg Return	Exit Return Rate	Avg term
Equity	2.7	1.13%	0.96%	3 yrs
Deposit	2.2	1.16%	1.01%	3 yrs
Uninvested capital and low cost deposits	2.9	0.07%	0.03%	3mth

HEDGING COSTS - BASIS RISK

SUMMARY

- The impacts of hedging costs improved NIM by 2bps in 1H21
- Average portfolio spreads decreased from 17bps to 1bps during the half

LONG TERM BASIS RISK AVG - 24BPS



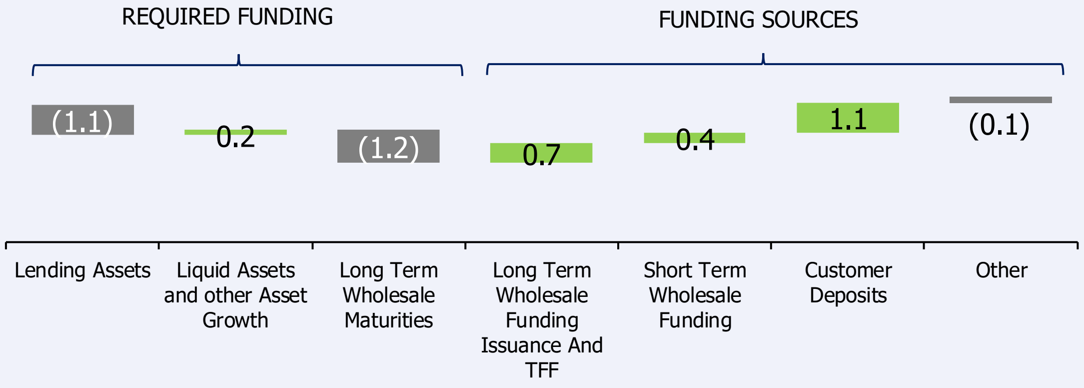
FUNDING

BOQ GROUP

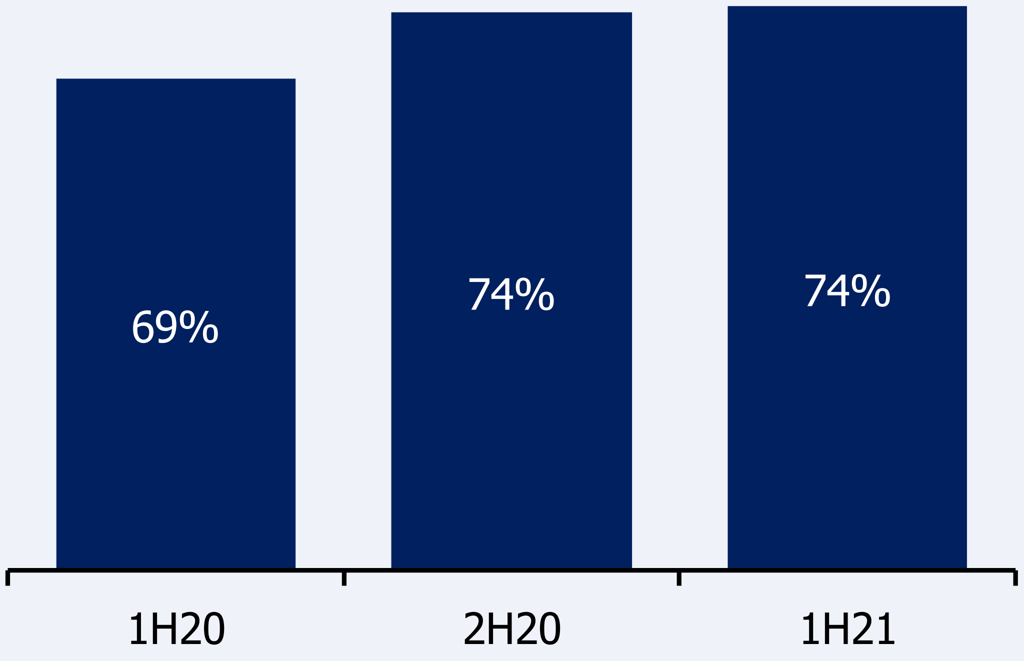
SUMMARY

- Loan growth funded through stable funding sources, including customer deposits and long term wholesale
- Ongoing growth in deposits resulted in maintenance of the 74% deposit to loan ratio despite increased loan growth in the half

USES & SOURCES OF FUNDING – 1H21 ($BN)



DEPOSIT TO LOAN RATIO



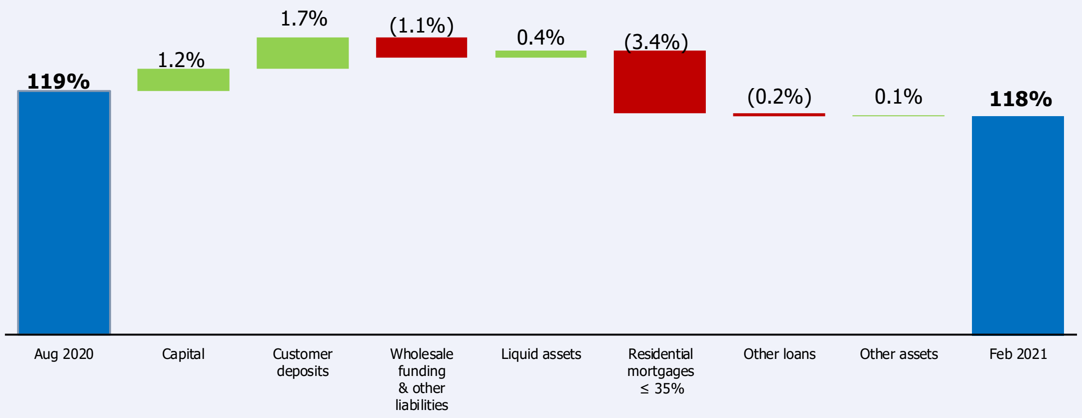
LIQUIDITY

BOQ GROUP

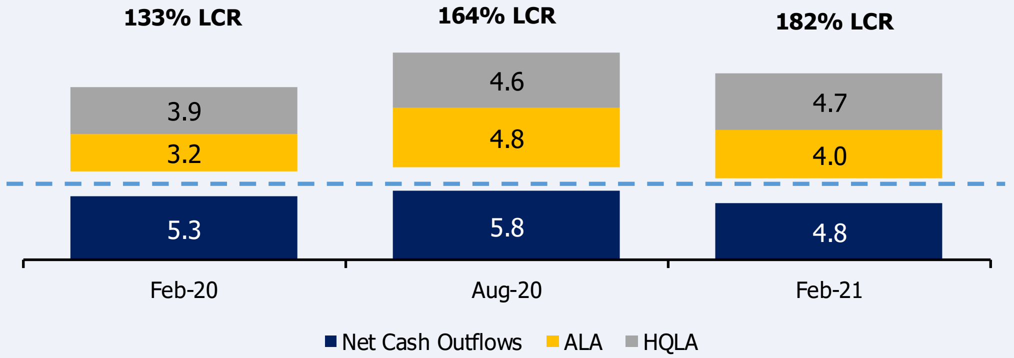
SUMMARY

- Strong liquidity with LCR at 182% and NSFR at 118%, well above regulatory targets at the end of 1H21
- 1H21 LCR boosted by the contractual capital raising inflows
- Customer deposits grew by $1.1bn, reflecting ongoing high levels of liquidity in the market and BOQ's focus on increasing stable sources of funding
- Well positioned to support future growth

NSFR MOVEMENT

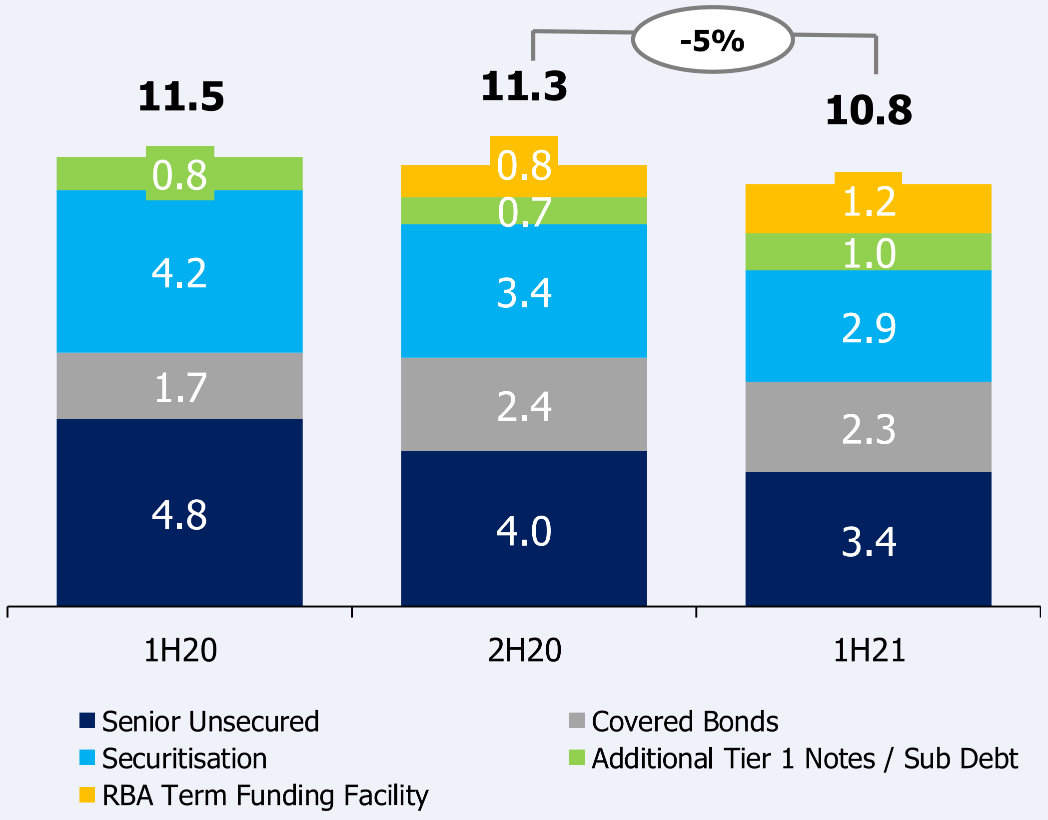


LCR MOVEMENT ($BN)

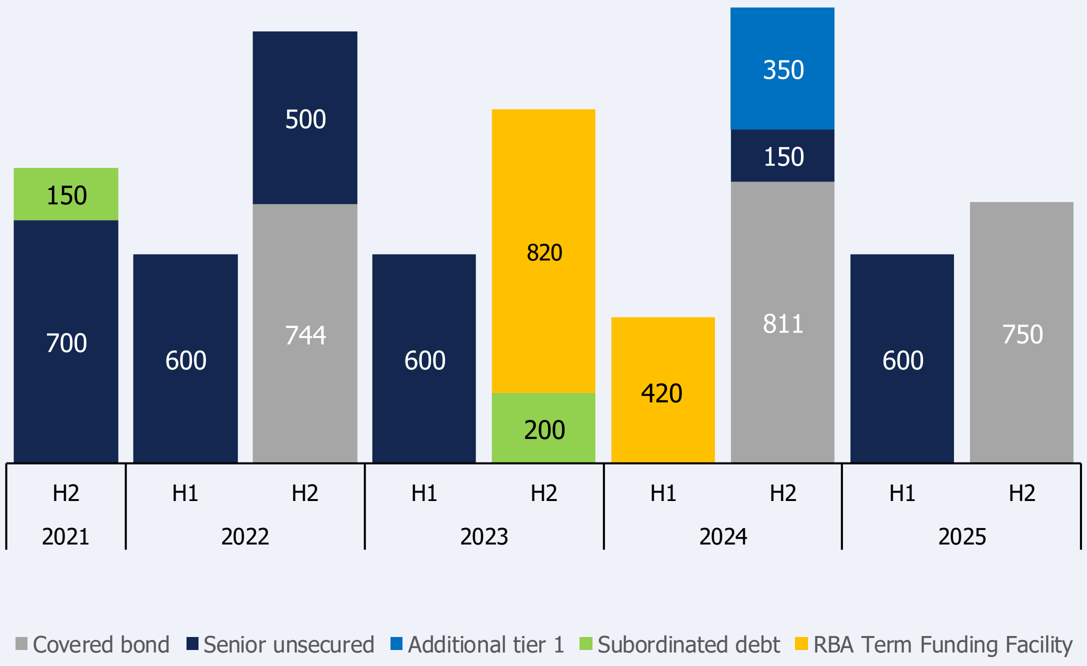


TERM FUNDING

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. The $260 million Capital Notes 2 issued in November 2020 has an optional call date (subject to APRA approval) of May 2027 which has not been included in the graph.

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.

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

DIVISIONAL RESULTS

DIVISIONAL PERFORMANCE

STRONG PERFORMANCE ACROSS RETAIL & BOQ BUSINESS

	RETAIL			BUSINESS		
$ million	1H21	1H20	1H21 v1H20	1H21	1H20	1H21 v 1H20
Net interest income	236	214	10% ▲	270	271	- ▼
Non-interest income	27	29	(7%) ▼	25	21	19% ▲
Total income	263	243	8% ▲	295	292	1% ▲
Operating expenses	(167)	(155)	8% ▲	(132)	(128)	3% ▲
Underlying profit	96	88	9% ▲	163	164	(1%) ▼
Loan impairment expense	6	(8)	(175%) ▼	(30)	(20)	50% ▲
Cash profit before tax	102	80	28% ▲	133	144	(8%) ▼
Income tax expense	(32)	(25)	28%	(41)	(45)	(9%)
Cash earnings after tax	70	55	27% ▲	92	99	(7%) ▼

RETAIL BANKING OVERVIEW

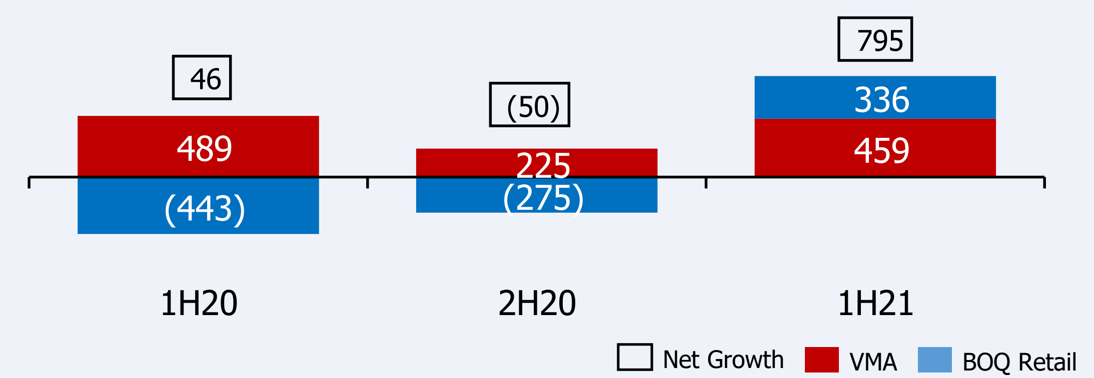
IMPROVED PERFORMANCE FOR BOQ BLUE AND CONTINUED MOMENTUM FOR VMA

BOQ GROUP

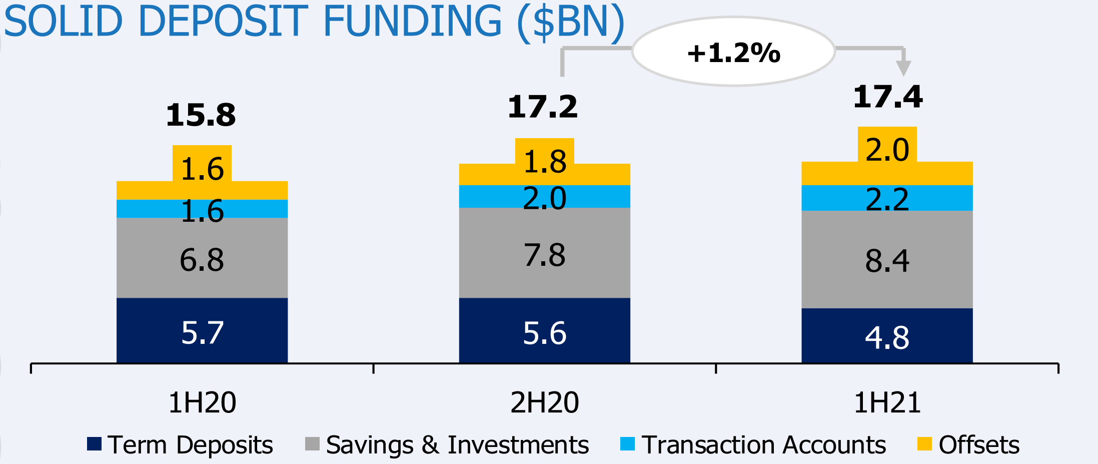
SUMMARY

- Retail Bank has delivered improved performance turnaround since FY19
- Improved application volumes through increased branch and broker productivity
- Top tier 'time to conditional yes' standards maintained despite volume increases
- VMA phase 1 digital bank launched in March 2021

IMPROVED HOME LENDING GROWTH ($M)[1]



SOLID DEPOSIT FUNDING ($BN)



CONTINUED MOMENTUM FOR VMA

$3.7BN

1H21 lending balance

$459M

1H21 home lending growth (28% annualised growth rate)

Phase 1 Retail Digital Bank

First phase of the retail digital bank launched in March 2021

(1) BOQ Retail Bank home lending growth includes VMA plus BOQ Retail. Home lending growth includes a reclassification relating to a transfer of loans from BOQ Business Banking to Retail Banking reflecting customer segmentation changes. Prior periods have been restated.

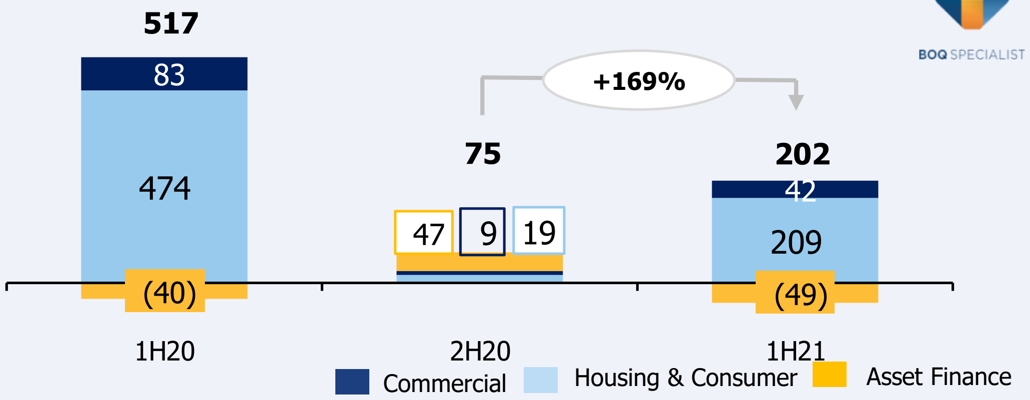
BUSINESS BANKING OVERVIEW

NICHE SEGMENT STRATEGY DELIVERING BALANCED GROWTH DESPITE CHALLENGING MARKET CONDITIONS

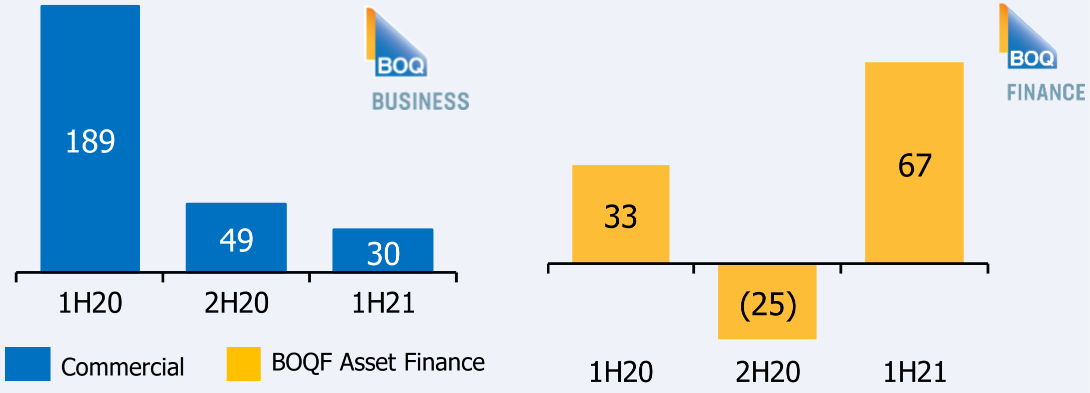
SUMMARY

- Growth delivered in the half, despite challenging market conditions
- Continued focus on niche market segments
- Supporting customers through the impacts of COVID-19 and the economic recovery
- Ongoing growth in customer deposits supporting asset growth of the group
- Asset quality remains strong with majority of loans returning to performing as loans move off Banking Relief Packages

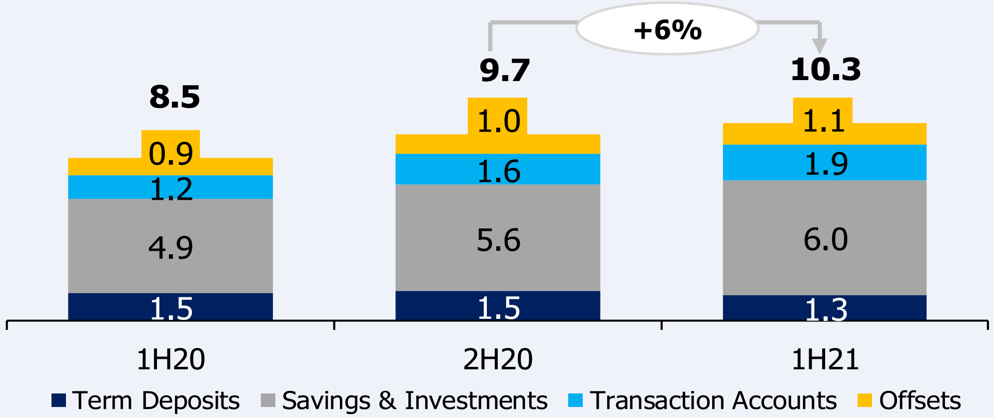
LENDING GROWTH – BOQ SPECIALIST ($M)



LENDING GROWTH – BUSINESS BANK AND BOQF ($M)



STRONG GROWTH IN DEPOSITS ($BN)



ECONOMIC ASSUMPTIONS

MACRO ECONOMIC ENVIRONMENT

ECONOMIC ENVIRONMENT IMPROVING BUT UNCERTAINTY REMAINS

MACRO ECONOMIC

- The economic rebound has been stronger than anticipated. But there remains some uncertainty about the outlook.
- The most important factor determining the immediate outlook will be the speed of the vaccine rollout and its effectiveness against any new variants
- Some restrictions (notably on international people movement) are likely to be in place for at least the next year
- Fiscal and monetary policy response continues to underpin the recovery

CONSUMER

- Consumer confidence is improving
- The unemployment rate has most likely peaked. Some rise is likely following the end of JobKeeper
- Very low interest rates and a recovering economy has resulted in stronger house price growth than expected
- The movement in household saving will play an important role in the economic outlook

BUSINESS

- Business confidence has picked up
- Conditions are still mixed across sectors and regions
- Ongoing COVID-19 restrictions and the end of Government income support will be a challenge for some SME's
- Agribusiness continues to do well

DISCLAIMER

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
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

DISCLAIMER

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