

ASX RELEASE

BOQ
GROUP

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BOQ 1H21 LETTER TO SHAREHOLDERS

Friday, 16 April 2021, Brisbane: Today Bank of Queensland Limited (**BOQ**) released a letter to shareholders. A copy of the letter is attached to this release.

ENDS

Authorised for release by: The Chairman, Bank of Queensland Limited

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16 April 2021

Dear Shareholder

I wanted to take this opportunity to write to you after what has been a very busy first half of our 2021 financial year for the BOQ Group, with a successful first half operating and financial performance, the acquisition of ME Bank and the associated capital raising.

2021 Half Year Results

BOQ Group reported cash earnings of \$165 million and statutory profit of \$154 million, a respective 9% and 66% uplift compared to 1H20. We declared an interim dividend of 17 cents per share, inclusive of the new shares issued through the recent capital raising.

Our balance sheet and capital position is strong with a CET1 ratio of 10.03% which sees BOQ well placed to support our material transformation investment program, our growth momentum, and the payment of dividends.

Our financial results demonstrate the strong progress we are making in delivering against our strategic transformation. This result represents another half of improved underlying performance since the announcement of our plan to return BOQ Group to sustainable, profitable growth.

Our focus on improving the customer experience remains central to our transformation and customer satisfaction continues to track positively. Throughout the half, we have continued to support our customers impacted by the COVID-19 pandemic.

Digital Transformation

The Group is making strong progress against its digital transformation and, last month, the first phase of Virgin Money's digital bank went live to customers. This represents a significant step in our digital transformation and paves the way for the new BOQ Retail mobile app and digital offering.

Virgin Money now offers transaction and savings accounts, an integrated credit card offering, as well as a new loyalty program, within a native mobile app. Phase two is already underway which will include home loans, an expanded deposit and loyalty offering, and Open Banking capability.

Acquisition of ME Bank

The acquisition of ME Bank is a major step in our strategy to provide improved customer experiences and a compelling alternative to the big banks. The combined business will deliver material scale and a stronger multi-brand platform, and will broadly double the size of our Retail bank. Completion of the acquisition remains subject to regulatory approval, and we anticipate the acquisition will be finalised by the end of the Group's financial year.

Capital Raising

The Institutional and Retail components of the equity raising associated with the ME Bank acquisition

have both been completed. I would like to thank the large number of shareholders who supported our capital raising, enabling the Group to raise the \$1.35 billion required.

The equity raising was structured as an accelerated non-renounceable entitlement offer plus a placement, which gave BOQ Group the greatest chance of a successful capital raising and bid for ME Bank, in what was a competitive process. The offer structure reflected BOQ's requirement for timely certainty in our ability to raise ~40% of our market capitalisation at a price which provided the opportunity to create value for our shareholders. A fully underwritten capital raising was a pre-requisite to signing the ME Bank sale agreement. An oversubscription facility was provided to retail shareholders to offset the dilution resulting from the placement.

Retail Entitlement Offer Mail Delays

The Board and I were disappointed to learn that some of our shareholders received their Retail Entitlement Offer booklets late, resulting in those shareholders missing the cut off date for acceptance of the offer.

Additional fees were paid to Australia Post for the priority service (temporary alternative Priority delivery standards) for delivery between 2 and 4 business days. Australia Post has confirmed that our documents were lodged on 1 March 2021 which is the earliest they could have been lodged. We escalated the matter with Australia Post, who acknowledged the delays for some shareholders. We explored all options to process late applications and accepted late cheques until Monday 15th March (a further 5 days after close and the latest date possible prior to settlement) to account for return post delays. It was not feasible to conduct a new offer due to the dilution impact and no need for further funding.

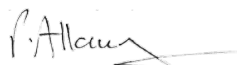
The unforeseen delays highlights the importance of switching to electronic communications if possible. Shareholders wishing to switch to electronic communications going forward can do so via www.linkmarketservices.com.au, by email at boq@linkmarketservices.com.au, or by calling the share registry on 1800 779 639 (within Australia). Switching to electronic communications will ensure you receive information in the fastest, most cost-effective way while also helping to reduce our environmental impact.

Going Forward

Over the next six months, the Group will continue to deliver on its digital transformation with a particular focus on the new BOQ Retail brand digital offering; the integration of ME Bank; and continuing to focus on our customers to ensure our ongoing growth momentum. Your Board remains committed to the transformation of BOQ Group and is dedicated to delivering sustainable, profitable growth and supporting returns to shareholders through both dividends and capital growth.

I wish you and your family good health and well-being and thank you for your ongoing support as a BOQ shareholder.

Yours faithfully



Patrick Allaway
Chairman