

ASX RELEASE



100 Skyring Terrace
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BOQ 1H22 RESULTS WEBCAST AND FY21 PRO FORMAS

Tuesday, 5 April 2022, Brisbane: Bank of Queensland Limited (**BOQ**) is scheduled to release its 1H22 financial results on Thursday, 14 April 2022.

A market briefing is scheduled for 10am AEST on Thursday, 14 April 2022. Managing Director & CEO, George Frazis and Chief Financial Officer & Chief Operating Officer, Ewen Stafford will present the results and answer questions along with other members of the executive.

A live audio webcast of the briefing will be available on the day through the following webpage: <https://edge.media-server.com/mmc/p/873beaa9>.

Participants wishing to ask questions during the briefing can register through the following link: <https://s1.c-conf.com/diamondpass/10021111-4jamx21.html>.

Comparative Period Pro formas for ME Bank acquisition and St Andrew's divestment

On 1 July 2021 BOQ completed the acquisition of Members Equity Bank Limited (**ME Bank**). On 28 October 2021 BOQ completed the sale of St Andrew's Insurance (**St Andrew's**). To assist shareholders in their understanding of the Group's financial performance and to facilitate meaningful comparison with prior periods, pro forma financial information for the half year ended 31 August 2021 (2H21) and the half year ended 28 February 2021 (1H21) has been prepared to reflect the business as it is now structured and as though it was in effect for the full comparative periods (**Attachment A**). Further pro forma detail will be included in the 1H22 financial disclosures.

Software Intangibles Update

BOQ's accounting policy has historically been to capitalise costs related to Software as a Service (**SaaS**) arrangements as intangible assets. Based on IFRS Interpretation Committee guidance, BOQ revised its accounting policy in relation to these costs in 1H22. A full assessment of capitalised customisation and configuration costs resulted in the following changes as at 1 September 2021:

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- A decrease in intangible assets of \$47m;
- An increase in prepaid assets of \$11m;
- An increase in deferred tax assets of \$11m.

This results in a \$25m decrease to retained earnings as at 1 September 2021.

The net impact of the changes to operating expenses was not material with an increase in project related operating expenses offset by lower amortisation.

Update to Acquisition Accounting relating to ME Bank¹

In the 2021 Annual Report, ME Bank's net assets were recognised on a provisional assessment of their Fair Value, while BOQ continues to finalise various matters impacting the acquisition accounting entries. As a result of updates to the acquisition accounting for the combination of these businesses, FY21 intangible assets have been reduced by c.\$18m due to the SaaS policy change and other smaller updates. The restated software intangibles balance for FY21 is \$382m.

Further details of these changes will be included in the 1H22 financial results materials.

1. If new information obtained within one year of the date of acquisition of 1 July 2021 about facts and circumstances that existed at the date of acquisition identifies further adjustments, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be further revised.

ENDS

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

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Attachment A

1H21 and 2H21 Cash and Statutory Earnings Pro formas

Cash and statutory earnings reconciliation 1H21

| \$ million | Reported BOQ result | ME Bank result from 1 September 2020 to 28 February 2021 | Excluding result of St Andrew's | Pro forma result for 1H21 |
|--|---------------------|--|---------------------------------|---------------------------|
| Net interest income | 512 | 245 | - | 757 |
| Non-interest income | 66 | 6 | (3) | 69 |
| Total income | 578 | 251 | (3) | 826 |
| Operating expenses | (315) | (148) | 3 | (460) |
| Underlying profit | 263 | 103 | - | 366 |
| Loan impairment expense | (24) | (2) | - | (26) |
| Profit before tax | 239 | 101 | - | 340 |
| Income tax expense | (74) | (30) | - | (104) |
| Cash earnings after tax | 165 | 71 | - | 236 |
| Integration costs | - | - | - | - |
| Amortisation of acquisition fair value adjustments | (1) | - | - | (1) |
| Hedge ineffectiveness | (1) | (2) | - | (3) |
| Intangible asset review | - | - | - | - |
| Transaction costs | (3) | (1) | - | (4) |
| Employee pay and entitlements review | (6) | - | - | (6) |
| Statutory net profit after tax | 154 | 68 | - | 222 |

Cash and statutory earnings reconciliation 2H21

| \$ million | BOQ result | ME Bank result from 1 July 2021 | Reported BOQ result including ME Bank from 1 July 2021 | ME Bank result 1 March 2021 to 30 June 2021 | Excluding result of St Andrew's | Pro forma result for 2H21 |
|--|------------|---------------------------------|--|---|---------------------------------|---------------------------|
| Net interest income | 538 | 78 | 616 | 166 | - | 782 |
| Non-interest income | 59 | 5 | 64 | 5 | (4) | 65 |
| Total income | 597 | 83 | 680 | 171 | (4) | 847 |
| Operating expenses | (318) | (51) | (369) | (108) | 4 | (473) |
| Underlying profit | 279 | 32 | 311 | 63 | - | 374 |
| Loan impairment expense | 44 | 1 | 45 | 10 | - | 55 |
| Profit before tax | 323 | 33 | 356 | 73 | - | 429 |
| Income tax expense | (99) | (10) | (109) | (24) | - | (133) |
| Cash earnings after tax | 224 | 23 | 247 | 49 | - | 296 |
| Integration costs | (7) | (2) | (9) | - | - | (9) |
| Amortisation of acquisition fair value adjustments | (1) | (1) | (2) | - | - | (2) |
| Hedge ineffectiveness | (2) | - | (2) | (1) | - | (3) |
| Intangible asset review | - | (3) | (3) | - | - | (3) |
| Transaction costs | (16) | - | (16) | (22) | - | (38) |
| Employee pay and entitlements review | - | - | - | - | - | - |
| Statutory net profit after tax | 198 | 17 | 215 | 26 | - | 241 |

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FY21 Cash and Statutory Earnings Pro formas

Cash and statutory earnings reconciliation FY21

| \$ million | BOQ result | ME Bank result from 1 July 2021 | Reported BOQ result including ME Bank from 1 July 2021 | ME Bank result 1 September 2020 to 30 June 2021 | Excluding result of St Andrew's | Pro forma result for FY21 |
|--|------------|---------------------------------|--|---|---------------------------------|---------------------------|
| Net interest income | 1,050 | 78 | 1,128 | 411 | - | 1,539 |
| Non-interest income | 125 | 5 | 130 | 11 | (7) | 134 |
| Total income | 1,175 | 83 | 1,258 | 422 | (7) | 1,673 |
| Operating expenses | (633) | (51) | (684) | (256) | 7 | (933) |
| Underlying profit | 542 | 32 | 574 | 166 | - | 740 |
| Loan impairment expense | 20 | 1 | 21 | 8 | - | 29 |
| Profit before tax | 562 | 33 | 595 | 174 | - | 769 |
| Income tax expense | (173) | (10) | (183) | (54) | - | (237) |
| Cash earnings after tax | 389 | 23 | 412 | 120 | - | 532 |
| Integration costs | (7) | (2) | (9) | - | - | (9) |
| Amortisation of acquisition fair value adjustments | (2) | (1) | (3) | - | - | (3) |
| Hedge ineffectiveness | (3) | - | (3) | (3) | - | (6) |
| Intangible asset review | - | (3) | (3) | - | - | (3) |
| Transaction costs | (19) | - | (19) | (23) | - | (42) |
| Employee pay and entitlements review | (6) | - | (6) | - | - | (6) |
| Statutory net profit after tax | 352 | 17 | 369 | 94 | - | 463 |

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1H21 Average Balance Sheet Pro Forma

| | BOQ 1H21 | | | ME Bank 1H21 | | | Pro forma 1H21 | | |
|--|------------------------|-----------------|-------------------|------------------------|-----------------|-------------------|------------------------|-----------------|-------------------|
| | Average balance \$m | Interest \$m | Average rate % | Average balance \$m | Interest \$m | Average rate % | Average balance \$m | Interest \$m | Average rate % |
| Interest earning assets | | | | | | | | | |
| Loans & advances ⁽¹⁾ | 44,511 | 724 | 3.28 | 24,795 | 395 | 3.21 | 69,306 | 1,119 | 3.26 |
| Investments & other securities | 8,441 | 14 | 0.33 | 4,119 | 8 | 0.39 | 12,560 | 22 | 0.35 |
| Total interest earning assets | 52,952 | 738 | 2.81 | 28,914 | 403 | 2.81 | 81,866 | 1,141 | 2.81 |
| Non-interest earning assets | | | | | | | | | |
| Property, plant & equipment | 144 | | | 28 | | | 172 | | |
| Other assets | 1,626 | | | 214 | | | 1,840 | | |
| Provision for impairment | (360) | | | (95) | | | (455) | | |
| Total non-interest earning assets | 1,410 | | | 147 | | | 1,557 | | |
| Total assets | 54,362 | | | 29,061 | | | 83,423 | | |
| Interest bearing liabilities | | | | | | | | | |
| Retail deposits | 32,518 | 117 | 0.73 | 15,662 | 83 | 1.07 | 48,180 | 200 | 0.84 |
| Wholesale deposits & borrowings ⁽²⁾ | 16,285 | 109 | 1.35 | 11,691 | 75 | 1.29 | 27,976 | 184 | 1.33 |
| Total interest bearing liabilities | 48,803 | 226 | 0.93 | 27,353 | 158 | 1.16 | 76,156 | 384 | 1.02 |
| Non-interest bearing liabilities | 1,231 | | | 231 | | | 1,462 | | |
| Total liabilities | 50,034 | | | 27,584 | | | 77,618 | | |
| Shareholders' funds | 4,328 | | | 1,477 | | | 5,805 | | |
| Total liabilities & shareholders' funds | 54,362 | | | 29,061 | | | 83,423 | | |
| Interest margin & interest spread | | | | | | | | | |
| Interest earning assets | 52,952 | 738 | 2.81 | 28,914 | 403 | 2.81 | 81,866 | 1,141 | 2.81 |
| Interest bearing liabilities | 48,803 | 226 | 0.93 | 27,353 | 158 | 1.16 | 76,156 | 384 | 1.02 |
| Net interest spread | | | 1.88 | | | 1.65 | | | 1.79 |
| Benefit of free funds | | | 0.07 | | | 0.06 | | | 0.07 |
| NIM - on average interest earning assets | 52,952 | 512 | 1.95 | 28,914 | 245 | 1.71 | 81,866 | 757 | 1.86 |

(1) Net of average mortgage offset balances.

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

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2H21 Average Balance Sheet Pro Forma

| | BOQ 2H21 | | | ME Bank 2H21 | | | Pro forma 2H21 | | |
|--|---------------------------|-----------------|----------------------|---------------------------|-----------------|----------------------|---------------------------|-----------------|----------------------|
| | Average balance \$m | Interest \$m | Average rate % | Average balance \$m | Interest \$m | Average rate % | Average balance \$m | Interest \$m | Average rate % |
| Interest earning assets | | | | | | | | | |
| Loans & advances ⁽¹⁾ | 45,970 | 706 | 3.05 | 24,326 | 363 | 2.96 | 70,296 | 1,069 | 3.02 |
| Investments & other securities | 8,697 | 14 | 0.32 | 4,186 | 4 | 0.19 | 12,883 | 18 | 0.28 |
| Total interest earning assets | 54,667 | 720 | 2.61 | 28,512 | 367 | 2.55 | 83,179 | 1,087 | 2.59 |
| Non-interest earning assets | | | | | | | | | |
| Property, plant & equipment | 126 | | | 73 | | | 199 | | |
| Other assets | 1,732 | | | 208 | | | 1,940 | | |
| Provision for impairment | (350) | | | (85) | | | (435) | | |
| Total non-interest earning assets | 1,508 | | | 196 | | | 1,704 | | |
| Total assets | 56,175 | | | 28,708 | | | 84,883 | | |
| Interest bearing liabilities | | | | | | | | | |
| Retail deposits | 33,851 | 85 | 0.50 | 16,760 | 68 | 0.80 | 50,611 | 153 | 0.60 |
| Wholesale deposits & borrowings ⁽²⁾ | 15,643 | 97 | 1.23 | 10,047 | 55 | 1.09 | 25,690 | 152 | 1.17 |
| Total interest bearing liabilities | 49,494 | 182 | 0.73 | 26,807 | 123 | 0.91 | 76,301 | 305 | 0.79 |
| Non-interest bearing liabilities | 1,126 | | | 241 | | | 1,367 | | |
| Total liabilities | 50,620 | | | 27,048 | | | 77,668 | | |
| Shareholders' funds | 5,555 | | | 1,660 | | | 7,215 | | |
| Total liabilities & shareholders' funds | 56,175 | | | 28,708 | | | 84,883 | | |
| Interest margin & interest spread | | | | | | | | | |
| Interest earning assets | 54,667 | 720 | 2.61 | 28,512 | 367 | 2.55 | 83,179 | 1,087 | 2.59 |
| Interest bearing liabilities | 49,494 | 182 | 0.73 | 26,807 | 123 | 0.91 | 76,301 | 305 | 0.79 |
| Net interest spread | | | 1.88 | | | 1.64 | | | 1.80 |
| Benefit of free funds | | | 0.07 | | | 0.06 | | | 0.06 |
| NIM – on average interest earning assets | 54,667 | 538 | 1.95 | 28,512 | 244 | 1.70 | 83,179 | 782 | 1.86 |

(1) Net of average mortgage offset balances.

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

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