SUPPORTING AUSTRALIA FOR 150 YEARS

BOQ GROUP

ANNUAL REPORT

2024

Bank of Queensland Limited | ABN: 32 009 656 740

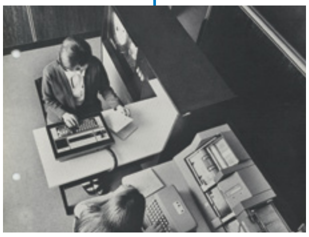
BOQ's dedication and commitment to its customers, and deep ties with its communities has been a constant throughout the Group's 150-year history. This commitment is at the heart of what BOQ stands for.

1874

Brisbane Permanent Benefit Building and Investment Society

1887

Officially became a bank (formerly building society)



1970

Renamed Bank of Queensland

1971

Listed on the ASX

1984

First ATMs are installed

Long history short.

BOQ's story starts in 1874. The foundations were in service of the community, a value that remains core to the Group today.

Against a backdrop of a young Queensland, a colony recently separated from New South Wales, a group of residents banded together to form the Brisbane Permanent Benefit Building and Investment Society (the **Society**).

South East Queensland had recently been impacted by flooding, and many of the dwellings around Brisbane had suffered. The Society's goal was to support the build of a bigger and more resilient Brisbane. The doors to its first office in Queen Street were opened on 1 September 1874.

With agriculture to the west, and the mining boom to the north, Brisbane's population grew steadily in the 1870s, and the Society flourished. In the late 1880s, the Society introduced a new, modern (for the time) branch building on Adelaide Street. In 1887, the Society was incorporated, officially becoming a bank, and was renamed Brisbane Permanent Building and Banking Company Limited – a name that lasted until 1970.

In 1893, the profit of the bank was £3,363.

Amidst the backdrop of war, flood, cyclone, and economic woes, the bank continued to prosper in the early 1900s through personalised and innovative services. In 1911, it was the first bank in Australia to introduce personal cheque books for customers.

The roaring 1920s brought opportunity, and the bank made its first of many acquisitions, merging with City and Suburban Building Society. By the end of the decade, the bank had 29 employees and a strong reputation in the community.

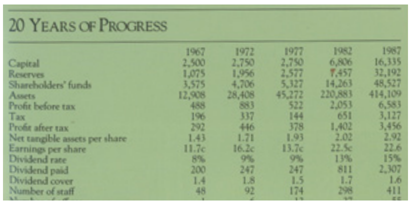
While times were tough, a strong capital position saw the bank grow and acquire new business during the Great Depression, leading to a move to a new larger office at 115 Queen Street.

By 1935, the bank had 411 properties under management and assets close to £2.5 million.

World War II slowed the bank's progress, but during this perilous time, the bank shifted and streamlined its operations and, despite heightened regulations on the industry, it became increasingly profitable during the 1950s.

Australia matured during the 1960s, adopting decimal currency in 1966. The bank also matured, with the first branches opened in Stones Corner and Toowong in 1969.

Board of Directors c. 1920



Progress from 1967 to 1987

20 YEARS OF PROGRESS

	1967	1972	1977	1982	1987
Capital	2,500	2,750	2,750	6,806	16,335
Reserves	1,075	1,956	2,577	7,457	32,192
Shareholders' funds	3,575	4,706	5,327	14,263	48,527
Assets	12,908	28,408	45,272	220,883	414,109
Profit before tax	488	883	522	2,053	6,583
Tax	196	337	144	651	3,127
Profit after tax	292	446	378	1,402	3,456
Net tangible assets per share	1.43	1.71	1.93	2.02	2.92
Earnings per share	11.7c	16.2c	13.7c	22.5c	22.6
Dividend rate	8%	9%	9%	13%	15%
Dividend paid	200	247	247	811	2,307
Dividend cover	1.4	1.8	1.5	1.7	1.6
Number of staff	48	92	174	298	411

Excerpt from BOQ's 1999 annual report

2013

Acquisition of
Virgin Money Australia

Virgin money

2014

Acquisition of Investec
(now BOQ Specialist)

BOQ SPECIALIST

2021

Acquisition of ME

me
Making Money Good.

2024

BOQ celebrates
150 years

The 1970s was a decade of firsts. The bank was renamed the Bank of Queensland in 1970 and listed on the Australian Stock Exchange in 1971. The bank offered its first savings account that same year.

The 1980s were marked by significant change in the financial sector, with financial market deregulation and reform. The bank was modernised and expanded, moving to new offices on Adelaide Street in 1982, extending its branch network into North Queensland, and installing eight new automatic teller machines across the network in 1984.

By 1996, the bank had grown its network, with 88 branches across Queensland, dedicated business banking services established, and over a thousand employees. Expansion into other states started, with new branches opened in New South Wales, followed by Victoria.

The 2000s saw substantial change with BOQ introducing its Owner Managed Branch model, and the banking sector embracing technology. BOQ introduced telephone and internet banking for its customers. The new community-banking model saw the bank grow rapidly and by 2008, BOQ had 286 branches nationwide.

In more recent history, major acquisitions set the foundations of what BOQ Group would become. VIrgin Money Australia was acquired in 2013 and Investec (now BOQ Specialist) in 2014. In 2021, Melbourne based ME joined the Group.

BOQ's dedication and commitment to its customers, and deep ties with its communities has been a constant throughout the Group's 150-year history. This commitment is at the heart of what BOQ stands for.

We are proud of our history and service to the community. From its humble beginnings in 1874, BOQ has continued to evolve and change, to adapt to the changing landscape, meet differing needs of stakeholders and community expectations for better social and environmental outcomes, while striving to always provide a better service for customers.

Today, we look ahead and forge new history, by building a simpler, specialist bank, with a clear vision ***to be the bank customers choose.***

Cover | Compilation of images spanning the Group's 150 years.

Our reporting suite.

We produce a suite of reporting to suit the evolving expectations and needs of a wide range of stakeholders. This reporting suite includes our Annual Report, Sustainability Data Pack and Investor Materials.

The full suite of reporting is available at www.boq.com.au/2024

We always look for ways to improve our reporting suite and welcome any feedback. Please send your questions or comments to InvestorRelations@boq.com.au

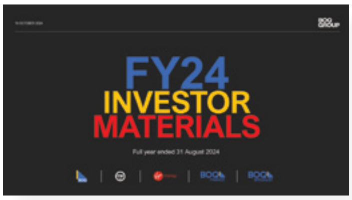
SUPPORTING AUSTRALIA FOR 150 YEARS

BOQ GROUP

ANNUAL REPORT

2024

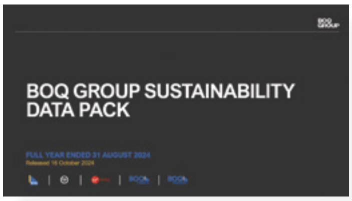
Annual Report



FY24 INVESTOR MATERIALS

Full year ended 31 August 2024

Investor Materials



BOQ GROUP SUSTAINABILITY DATA PACK

FULL YEAR ENDED 31 AUGUST 2024

Sustainability Data Pack

Annual Report

The Group's Annual Report (this report) sets out the activities of the Group during FY24, detailing our financial and non-financial performance, it articulates how we aim to deliver long term value to our stakeholders and outlines our performance against social, environmental and economic challenges and opportunities.

Pages 39 to 56 contain BOQ's Corporate Governance Statement, which discloses how the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations - 4th edition' have been complied with.

Pages 113 to 147 contain the Directors Report.

Pages 114 to 147 contain the Remuneration Report.

Pages 149 to 235 contain the Financial Report.

Sustainability Report

Pages 67 to 79 contain BOQ's Sustainability Report, which has been prepared with reference to the Global Reporting Initiative GRI Standards and the United Nations' Sustainable Development Goals (**SDGs**). The disclosures also refer to the Task Force for Climate-related Financial Disclosures (**TCFD**) recommendations. This report includes our Climate Statements.

Investor Materials

Our FY24 Investor Materials provide a high-level overview of the Group's performance against its strategy, environmental and social commitments, a detailed financial result analysis and a discussion on the outlook, which covers the macro environment, and the Group's high-level priorities.

Investor Materials are available on the Financial Results page of our website.

Sustainability Data Pack

Our Sustainability Data Pack provides further detail on the Group's Environmental, Social and Governance performance.

Assurance

The Remuneration Report on pages 114 to 147 and Financial Report on pages 149 to 235 have been audited by PwC. The assurance statement for the Financial Report and Remuneration Report is on pages 227 to 235.

PwC have performed limited assurance over several key sustainability metrics and performance disclosures.
The assurance statement is on page 75 to 78.

Acknowledgement of Country

BOQ Group acknowledges Aboriginal and Torres Strait Islander people as the First Australians. We acknowledge the Yuggera people and the Turrbal people as the Traditional Custodians of Booroodabin (Newstead), the lands on which our head office is located. We pay our respects to Elders past and present, across Australia.

Image | *Burrul gi-gi magula (Growing Together)* by Kamilaroi artist, Merinda Walters. Refer to page 37 for further information.

Contents.

Important information and disclaimer

This document may contain forward-looking statements, forecasts, estimates, projections, and opinions. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms “believe”, “estimate”, “plan”, “target”, “project”, “anticipate”, “expect”, “intend”, “likely”, “may”, “will”, “could”, “should” or other similar expressions, or by discussions of strategy, plans, objectives, targets, goals, future events or intentions. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. There can be no assurance that actual outcomes will not differ materially from these statements.

Forward-looking statements reflect BOQ's current views about future events. There are a number of factors (which may involve known or unknown risks and uncertainties, many of which are outside the control of BOQ) that could cause BOQ's financial performance and actual results to differ materially from those expressed, anticipated, or implied by, any forward-looking statements. These factors include changes in BOQ's operating environment, changes to the financial performance or position of BOQ, material changes to the law or applicable regulation, risks and uncertainties associated with the Australian and global economic/political environment and capital market conditions and the COVID-19 pandemic. Readers should not place undue reliance on any forward-looking statements.

To the maximum extent permitted by law, BOQ takes no responsibility for the accuracy or completeness of any forward-looking statements, whether as a result of new information, future events or results or otherwise. BOQ does not undertake to update any forward-looking statements contained in this document.

BOQ GROUP

Bank of Queensland Limited
ABN 32 009 656 740
AFSL No. 244616
Level 3, 100 Skyring Terrace,
Newstead QLD 4006

Unless otherwise stated, the Annual Report encompasses all BOQ activities for the financial year that commenced 1 September 2023 and ended 31 August 2024. All monetary values in this document are presented in Australian dollars, which is the Bank's functional currency.

Who we are.

BOQ Group

Founded in 1874 as the Brisbane Permanent Benefit Building and Investment Society, 150 years later, BOQ Group has evolved to what is now a leading mid-tier bank. Serving 1.4 million customers across all states and territories of Australia through our multi-brand offering, with 140 branches' and corporate offices in Brisbane, Sydney, and Melbourne.

Our distinctive brands

We have distinct offerings across our digital and relationship brands, offering customers many ways to interact with the Group on their terms.

Digital

Virgin money
Sparking joy in money moments

me
Making Money Good.

Relationship

BOQ
The human kind of bank.

BOQ
FINANCE

BOQ
SPECIALIST

We are becoming a simpler, specialist bank.

Our purpose and strategy.

Purpose.
Why we exist

BUILDING
SOCIAL CAPITAL
THROUGH BANKING.

Vision.
Where we are headed

To be the bank customers choose.

Pillars.
What we will deliver

STRENGTHEN	SIMPLIFY	DIGITISE	OPTIMISE
We are building stronger foundations to ensure we deliver better customer, people and shareholder outcomes, and meet evolving regulatory requirements. We are working to deliver a stronger bank with improved operational resilience, risk maturity and culture.	We are working across the bank to create a simpler, future fit model, driving productivity benefits, while the investment in our digital transformation continues. This will make way for a leaner and more agile bank, with reduced inherent operational risk, ready to take on the challenges of tomorrow.	We know targeted digital models are not only levelling the playing field, but they are also enabling smaller players to outperform their bigger rivals. We are building a highly-automated digital bank proposition that delivers on customers' needs, at a lower cost-to-serve.	We are continuing to invest in the future of the Group, optimising our risk adjusted returns and making banking as good as it can be. We are deploying capital in the highest returning areas of the business, leveraging our competitive advantages and being targeted with how and where we grow.

People.
Underpin all that we do.

Exceptional customer and people experience.

Capabilities.
How we will deliver

- Digital Banking
- Relationship Banking
- Digitally enabled, data informed
- Risk Intelligence
- Transformational Leadership

CREATING VALUE.

How we create value.

We are building a simpler, specialist bank. Anchoring against four pillars; **Strengthen, Simplify, Digitise** and **Optimise**, we seek to differentiate through our digital and relationship offerings, *to be the bank customers choose.*
We are focused on a holistic approach to our transformation, to ensure that change is embedded and sustained over time. In support of these changes is a broader cultural change, underpinned by our purpose and values. Executing against the strategic priorities will help ensure a sustainable business for the long term that is better able to identify and manage risks, providing better experience for our customers and people, and delivering outcomes for our shareholders.

Value drivers.

Customer

Personalised experiences delivered through multi-brand offering, new digital capability, and BOQ's relationship model.

Technology & Data Capabilities

Building new capabilities and leveraging our strategic partnerships to modernise and digitise the Group, providing great customer and people experiences more securely and effectively.

Environment & Climate Change

Responsible corporate citizen, seeking to actively influence customers' transition to a more resilient, lower carbon-intensive economy.

Finance

Access to funding through customer deposits, wholesale and capital markets to support operations and execute our strategy.

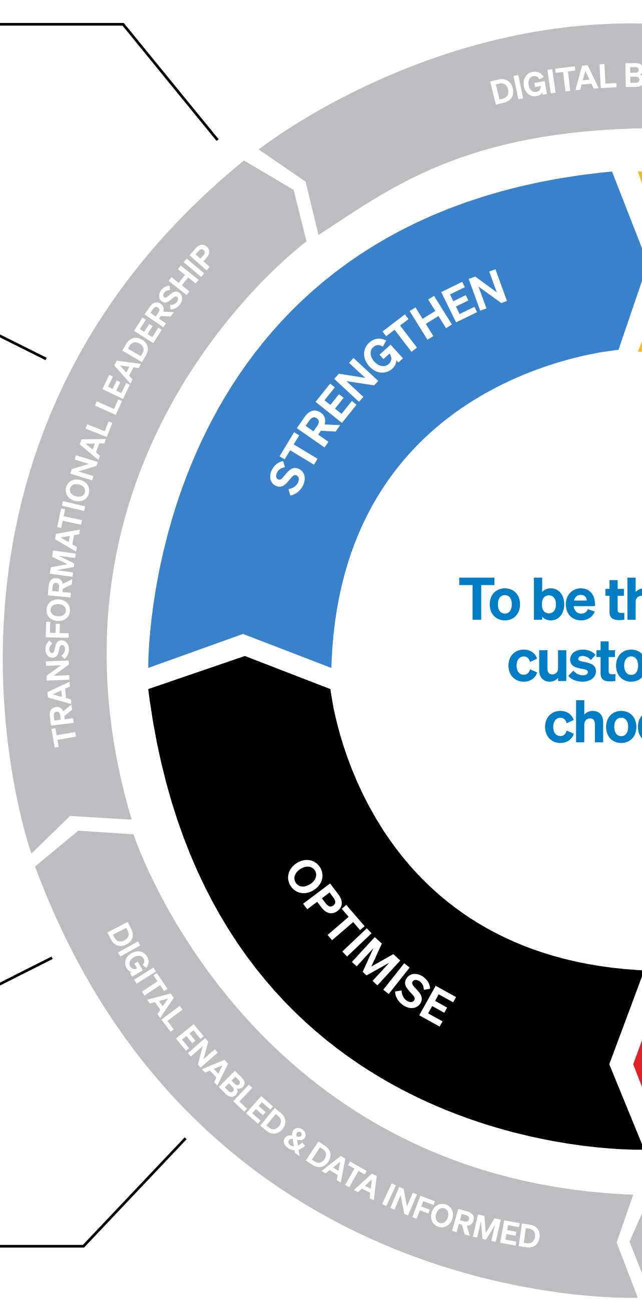
Community

Passionate bankers embedded in the community forming strong community relationships and supporting the vulnerable.

People

Diverse and engaged workforce, building future fit capabilities.

Value creatin



g strategies.

Value created.

Customer

- $61.8bn in housing loans
- $67.4bn in customer deposits
- $18.4bn in business lending
- 3,574 customers supported through financial difficulty

Environment & Climate Change

- Climate Active carbon neutral certified
- 100 per cent equivalent of electricity demands from renewables achieved
- Established program to prepare for mandatory climate-related disclosures

Shareholders

- 52.2 cents in cash earnings per share
- $250m in dividends paid

Community

- $2.5m in community investment
- $359k MEGo charity partner payments
- $308m in taxes paid (1)

People

- $459m in salaries and benefits paid

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(1) Represents statutory income tax expense, unrecovered GST, employee related taxes, and other taxes/duties

Message to shareholders.

This year marked 150 years of BOQ supporting Australia through serving our community, funding the growth aspirations of small and medium businesses, and helping households achieve their home ownership and savings goals.

Our strong history has been celebrated, and your Board and management has remained firmly focused on the future. This has been a year that has been pivotal in resetting the Group for future success, we are undertaking a cultural and capability transformation, with significant progress made against our four strategic pillars.

We have built real momentum in digitising the bank, with the retail digital bank now largely delivered, and are substantially simplifying our operating model and distribution channels. Through disciplined execution of our plans, we are laying the foundations for a simpler, specialist bank that will enhance the experience for both our customers and people, and provide sustainable returns for our shareholders.

The financial landscape remained challenging during FY24 as lending margin compression in home loans continued and the refinancing of the term funding facility increased competition for deposits.

We delivered after tax cash earnings of $343 million, and $285 million in statutory profit for the year. The Board has determined to pay a dividend of 17 cents per share, representing a yield of approximately 5.4 per cent. (1)

⊕ **See pages 81 to 111 for more details.**

The strength of our balance sheet and continued financial resilience has allowed us to support Australian families and businesses who have faced cost of living pressures on the back of increased cash rates and persistent inflationary burdens. We recognise there are lagged and sustained impacts for some households and businesses. Our dedicated team provided financial difficulty assistance to 3,574 customers through the year.

Digital progress and simplifying distribution channels

Customer preferences continue to evolve. We know that more than 99 per cent of total banking industry customer interactions are now made via online banking and apps (2), and we are adapting our business model to support the growing demand for digital banking. The vastly improved customer experience (3) on our new digital banking apps, as compared to the legacy experience, is evidence of our digital transformation.

Approximately one in every four of our retail deposit and credit card customers are already enjoying this enhanced digital experience. ME customer migration commenced this year, and we are excited that more customers will soon be able to complete their banking on this new platform as we continue the planned migration of customers.

This year, we successfully piloted our much-anticipated digital mortgage, marking a significant milestone in our digitisation journey. The digital mortgage platform positions us to expand our home loan offering in a highly commoditised market, reducing costs and enabling us to scale at pace. Most importantly, it ensures a seamless and fast process for our customers, from application through to funding.

⊕ **See page 26 for more details.**

The strong progress in digitising BOQ has allowed us to deeply consider the pathway as we continue our transformation to a simpler, specialist bank.

One aspect of this transformation is to simplify our distribution channels and pivot the mix of revenues towards business banking target segments, where we have competitive advantages and strong customer relationships.

Our unique Owner Managed model has served the Group well, historically. However, in the contemporary retail banking environment, and consistent with BOQ's digital transformation, difficult decisions were required to be made.

In August 2024, we announced that we will be converting all 114 Owner Managed Branches to corporate branches. This is a fundamental change to the way we operate. This decision will allow the Group greater control and flexibility to manage our digital and relationship banking model, and continue to meet the evolving preferences of our customers in how they manage their banking needs.

Our Owner Managers have enormously contributed to the history of the Group. We express our sincere gratitude for them and the commitment they have shown to BOQ's customers and their communities.

> **"This year has been pivotal in resetting the Group for future success."**

Risk culture and management

As we close out the first full year of our Court Enforceable Undertakings (**CEUs**) with APRA and AUSTRAC, we have progressed against our agreed remedial action plans, monitored by our independent reviewers. We have embraced these CEUs as a platform for foundational and sustainable uplifting of risk management and are pleased with the progress that has been made. Our bi-annual people pulse survey, which was most recently conducted in August 2024, showed significant improvement in key cultural focus areas which are in line with our target state. People feeling safe to speak up was measured at 82 per cent, which is an increase from 76 per cent at August 2022, prior to the commencement of our risk programs.

See pages 17 to 18 for more details.

Scams and fraud

The prevalence of scams and fraud remains a key issue across the financial services sector, with more than 601,000 scam reports made by Australians in 2023 (4). BOQ Group has partnered with the Australian Banking Association's Scam-Safe Accord and are committed to a whole-of-industry approach.

In 2024, we protected our customers from more scams than ever, stopping $9 million (5) in losses to customers from scams, through continued investment in technologies and providing increased awareness to customers.

See page 19 for more details.

Partnering in the community

We are pleased to continue supporting three key long-term community partners who make a significant contribution to vulnerable Australians.

In July each year, BOQ Group "turns" orange to raise awareness and funds for Orange Sky Australia. This year $205,000 was raised in this campaign alone, and importantly our people have been increasingly able to engage in volunteering and awareness activities.

Increasing financial resilience and community connection remains a cornerstone of our partnerships with STARS and Clontarf. This year we extended our financial literacy games to add 'Pay Me Later, Pals' along with existing 'Budget Like a Boss' games and delivered these programs to over 300 First Nations teenagers.

See pages 22 to 23 for more details.

Our commitment to the environment

The Group recognises the role we play as Australia transitions to a lower carbon economy. We have previously set emissions targets, to reduce Scope 1 and 2 by 90 per cent, and Scope 3 by 40 per cent, against a 2020 baseline.

In recognition of recent legislative changes and to ensure we are aligned with global best practice while supporting our customers in the transition to a lower carbon economy, BOQ has joined the Net Zero Banking Alliance and became a signatory to UNEP FI's Principles for Responsible Banking (6).

As we implement the framework, adopt guidance and prepare for mandatory climate-related financial disclosure requirements in 2025, we will establish new science-based targets for operational and financed greenhouse gas emissions.

See pages 67 to 79 for more details.

Board and management

In February 2024, we welcomed Andrew Fraser as an independent Non-Executive Director to the BOQ Board, bringing a wealth of experience across government, sports, superannuation, construction and education.

As announced to the ASX, BOQ is pleased to welcome Mary Waldron as a new director to BOQ on 11 November 2024 and thanks both Bruce Carter AO and Dr Jennifer Fagg for their service on the BOQ Board. The Board is very grateful for the contributions of Mr Carter noting his over ten years' of service including as the Chair of the Risk Committee and Dr Fagg's contributions since 2021.

Throughout the year, we welcomed Rachel Stock as Chief Risk Officer, a seasoned financial services risk leader with a depth of experience in governance, risk management and operations, and Alexandra Taylor as Chief People Officer, a proven commercial transformation leader, who has developed and executed high-impact human resources strategies to advance business objectives.

Exceptional customer and people experience

Underpinning all that we do, is our unwavering focus on our customer experience, and the dedication and commitment of our people.

Part of our transformation is progressing towards our target state culture. Whilst we have seen a steady People Experience Engagement Index over the past year at 71 per cent, we recognise there is more work to do.

Pleasingly, we have seen an increase in our people's experience in respect of accountability, conflict management, collaboration and career development. Importantly, we saw an increase to 82 per cent of our people knowing what they need to do to deliver our strategy.

See page 19 for more details.

Outlook

While the Australian economy has been subdued with persistent inflation, low productivity and global uncertainty, we are more optimistic about the outlook given continued low unemployment and supportive fiscal policies.

The strategic decisions we have made will position the Group to scale our Retail Bank at a lower cost to serve and grow higher-returning assets, leveraging the strength of our specialist Business Bank. We have a clear plan and are committed to delivering a simpler and specialist BOQ, providing stronger outcomes for our customers, our people and attractive returns to our shareholders.

We thank our shareholders for their ongoing support, and our people for their dedication and commitment to shaping the future of BOQ.

Sincerely,

Warwick Negus
Chair

Patrick Allaway
Managing Director & CEO

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(1) Yield calculated on 30 August 2024 share price of $6.32.

(2) ABA, Bank On It: Customer Trends 2024.

(3) App ratings as at 23 September 2024: myBOQ 4.5; VMA 4.4; ME Go 4.5; BOQ (Legacy) 1.2 stars, from five.

(4) ACCC, Targeting scams: Report of the ACCC on scams activity 2023 (April 2024).

(5) Internal metric.

(6) The signing of UNEP FI's Principles for Responsible Banking occurred post balance date.

Material sustainability topics.

Stakeholder engagement plays a crucial role in building trusted relationships and in facilitating identification and prioritisation of sustainability focus areas for BOQ Group. As in prior years, we continue to engage with a range of stakeholders including customers, investors, employees, our broker network, communities, government, media, regulators and suppliers.

Since 2022, stakeholder engagement to identify changes to BOQ Group's material sustainability topics has been a continuing process focused on review of strategic priorities, risks and emerging mega-trends within and external to the organisation.

Prior years	**Desktop review** **Key external stakeholder insights: retail customers** **Key external stakeholder insights: people**	Key insights informing the refresh of BOQ's materiality assessment in 2022 came from retail customers and our people following the acquisition of ME. Aligned with the BOQ Group value drivers, 14 topics of material importance were identified with key issues carrying forward from prior assessments (customer experience, data governance and fraud and financial crime) highlighting the increasing importance of the digital transformation of our systems for our customers and people.
2024	**Key external stakeholder insights: industry, government, regulators**	Key insights on the cost of living and housing affordability challenges, cyber and other new technology risks, and the fast-paced evolving regulatory change agenda came in an environment where global political uncertainty and unstable economic conditions have intensified over the year. Insurance affordability brought into focus the ongoing challenge Australians face as extreme weather worsens, however, progress towards the nations renewable energy and electrification transition has accelerated.
2025	**Refresh**	Looking ahead, we will seek to validate the appropriateness of material topics in light of the Group's ongoing simplification and digitisation program, reviewed branch strategy and commitment to support growth in the Business Bank.

Since 2022, the seven topics of most importance across BOQ's internal and external stakeholders remain unchanged:

Material Topic	Sustainable Development Goals	Value Driver	Description
1 **Customer experience**	1 NO POVERTY		Delivering exceptional customer experiences through consistent, fair, easy to use, and accessible-from-anywhere banking products and services that accommodates customer needs.
2 **Fraud and financial crime**	16 PEACE, JUSTICE AND STRONG INSTITUTIONS		Protecting the Group and its customers from fraud, money laundering and other financial crimes.
3 **Data governance**			Ethical and safe protection of data and safeguarding systems from cyber-security threats.
4 **Ethical business conduct**			Upholding the highest standards of ethical business conduct, including measures to promote human rights, anti-corruption, trust and ethical supply chains.
5 **Innovation and digitisation**	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE		Continuing to innovate and transform the business through digitisation to provide consistent and accessible services to customers.
6 **Financial resilience and inclusion**	8 DECENT WORK AND ECONOMIC GROWTH	$	Supporting a stronger Australia by ensuring we only lend what customers can afford to pay and focusing on potential adverse impacts on certain customers and communities.
7 **Customer and business resilience**	11 SUSTAINABLE CITIES AND COMMUNITIES		Supporting economic resilience by monitoring macro trends and events such as cost of living challenges and potential fall in housing prices.

As we progress our implementation of the UN Principles for Responsible Banking and prepare for mandatory climate reporting we will refresh our material topics in 2025 to further improve alignment between strategic and sustainability priorities.

The number icons above appear throughout this report where a disclosure relates to our seven topics of most importance.

Further information on our engagement with stakeholders over the year, the BOQ Group 2024 Global Reporting Index and data tables can be found in the BOQ Group www.boq.com.au/2024

"I am proud to contribute to the fight against financial crime and money laundering. We have a real opportunity to impact change and prevent serious crimes."

– Shereen Shaikh, AML Operations Analyst

Strengthen.

Building stronger foundations

Highlights

REMEDIAL ACTION PLANS
agreed

82%
of our people feel safe to speak up

Why is this important?

We understand the importance of financial resilience in protecting the bank and our investors, allowing us to grow with our customers and support those in need, and to continue to invest in our transformation. Our continued focus on financial and operational resilience and risk culture will build stronger foundations to ensure we deliver better customer, people and shareholder outcomes, and meet evolving regulatory requirements. We are working to deliver a stronger bank with improved operational resilience, risk maturity and culture.

Our business.

Remedial Action Plans ④

We are now in our second year of CEUs with two of our regulators, APRA and AUSTRAC, to address weaknesses in our risk management practices and risk culture. We have embraced these CEUs as a platform to build stronger foundations through financial and operational resilience and improved risk culture.

These CEUs are being addressed through two Group-wide, multi-year programs; Program rQ addressing the APRA CEU, and AML First, addressing the AUSTRAC CEU. The Remedial Action Plans (**RAPs**) for both these programs were agreed with our regulators during the first half of the financial year.

These programs are the Group's key priorities and are overseen by management and Board. Accountable executives oversee defined workstreams to ensure delivery against agreed target outcomes. Targeted workstream groups are accountable for specific action delivery. Group executives have collective accountability for the delivery of program outcomes.

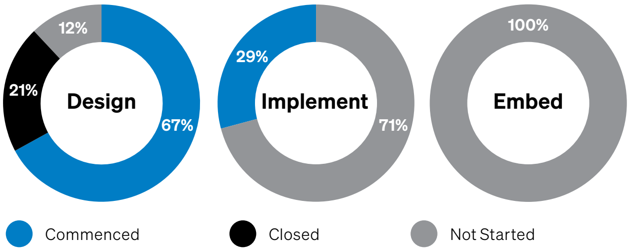
Program rQ

Program rQ is designed to strengthen risk culture, governance and financial and operational resilience to be a stronger, simpler and digitally enabled bank. There are over 150 unique activities across the following key themes:

- **Role of the Board** – setting the tone from the top, ensuring the right capabilities, skills and experience are held by the Board along with a demonstrated culture of inclusion, curiosity, constructive challenge and healthy debate in pursuit of strategic objectives.
- **Governance & reporting** – governance structures are clear and simple, enabling effective information flows, escalation pathways and risk-based decision making. Standardised risk reporting across the Group, with effective monitoring of risks and timely and effective engagement with regulators.
- **Risk management framework** – risk and compliance policies and frameworks are fit-for-purpose and roles and responsibilities are clear across the three lines of defence. The risk management framework is underpinned by a strong risk management strategy and a clearly defined risk appetite set from the top.
- **End-to-end risk and control environment** – key processes, risks, obligations and controls supporting BOQ's critical operations are consistently defined and mapped across the Group.
- **Risk culture framework** – clearly defined risk culture target state, with meaningful risk culture reporting, embedded within divisional and Board reporting. Code of Conduct clearly sets expectations for behaviours.
- **Capability & capacity** – required risk capability and capacity is understood and prioritised across the three lines of defence, to deliver against BOQ's requirements in accordance with the risk management framework.
- **Accountability, performance & consequence management** – accountabilities are clearly articulated and well understood. Performance and consequence management frameworks are consistently applied, to reinforce risk expectations and behaviours in accordance with our risk culture target state.
- **Strategic change** – effective planning and governance to ensure well informed prioritisation, risk mitigation, effective delivery and sustainability of BOQ's strategic change roadmap.

Throughout financial year 2024, BOQ has continued to execute the actions as set out in the RAP to uplift operational resilience, risk culture and governance. Program rQ is well established in the design phase of the program, having completed and closed 15 RAP activities and made significant progress with work commenced on all deliverables across all workstreams.

Program rQ progress



AML First

AML First is designed to address weaknesses and gaps across the Anti-Money Laundering and Counter Terrorism Financing (**AML/CTF**) operating model. The program aims to enhance our systems, policies, and processes to deliver sustainable change, to deliver against the requirements of the CEU and uplift the Group's approach to AML/CTF.

Key deliverables under the AML First program are:

- Strengthening the operating model and governance where roles, responsibilities and accountabilities are well defined and managed, and there is sufficient training in place to support capability uplift and awareness,
- Strengthening and realigning risk assessment methodologies and due diligence frameworks within the Group's risk appetite,
- Establishing process design and operating effectiveness for applicable customer identification,
- Uplifting customer due diligence and enhanced customer due diligence processes,
- Enhancing the controls associated with the transaction monitoring framework to identify, mitigate and manage customer transaction risks,
- Assessment and validation of regulatory reporting issues identified by AUSTRAC to mitigate risks associated with regulatory reporting requirements; and
- Alignment and uplift of data and technology to enable effective and technical compliance with our AML/CTF program. This includes uplifting both the customer onboarding experience and the financial crime customer lifecycle.

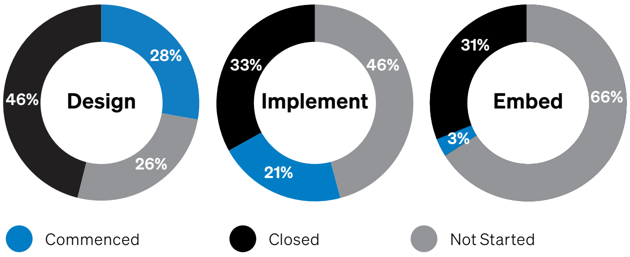
The program has made good progress, a key component of the program is the Board-approved Group's joint AML/CTF program, which has been enhanced in both part A and part B.

During the year, key deliverables have been completed, including uplifted assessments across enterprise-wide risk, jurisdictional risk, and product and channel risk. Processes have been streamlined to enhance quality control testing across operational teams, along with improved capacity and capability of financial crime compliance and operational teams.

Finally, targeted deep dive assessments on international funds transfer instructions, threshold transaction reporting, and transaction monitoring were conducted. These are a critical design phase activity to ensure a holistic understanding of the RAP issues.

Proposed AML/CTF reforms may require BOQ to make updates to its AML/CTF program.

AML First progress



Regulatory engagement approach

The Group has this year adopted a coordinated regulatory engagement approach, informed by our regulatory relationships Policy and regulatory engagement Standard, recognising the significant role regulators play in the strength of the financial services industry, and our licence to operate. The Group has maintained a strong and transparent working relationship with regulators.

The guiding principles of the approach include being open and transparent, proactive engagement at the right level, to meet our commitments and work co-operatively. Ultimately to demonstrate accountability in meeting the expectations of our regulators.

Our people.

Code of Conduct ④

BOQ's Code of Conduct (**CoC**) articulates what we stand for, building the foundation to create a stronger BOQ, and is inextricably linked with our vision, strategy, values and behaviours. It sets the expectations of Directors, executives, employees, agents, contractors and Owner Managers (and their employees and contractors). It also links key frameworks, policies, standards, and guides, particularly conflicts of interest, privacy, confidentiality considerations, and how to report incidents.

During FY24, as part of Program rQ, the Group has undertaken a review and commenced redrafting our Code of Conduct, to further ensure our target state culture (including risk culture) is embedded throughout as a living document that helps drive behavioural change through our organisation.

Supporting our people in understanding the standard of behaviour expected and how to speak up when they feel something isn't right, are our Whistleblower Policy, Whistleblower Standard and Speak Up Standard.

All BOQ employees and contractors receive periodic training on the Code of Conduct, and there is ongoing monitoring of conduct. Consequences apply for breaches of the Code, and in accordance with BOQ's Board Charter, material breaches of the code of conduct are reported to the Board.

BOQ's approach to corporate governance and details of other relevant policies is included on pages 39 to 56.

31	**14**	**5**
Breaches of CoC in FY24	Terminations due to breaches of CoC	Whistleblower reports

Of the 31 breaches of the Code of Conduct reported in FY24 that resulted in formal disciplinary action, 14 resulted in termination of employment and the remaining 17 breaches resulted in formal warnings issued.

Engagement and culture

Transforming our culture and leadership capability are essential components of BOQ's strategy. During the year, we articulated our culture aspirations and are committed to ensuring that across our organisation, we embed practices and behaviours that put the customer first, prioritise achieving sustainable performance and outcomes, and embrace agile ways of working that leverage our relative size as our strength.

BOQ's listening strategy leverages multiple internal data sources and external benchmarking, including focus groups and surveys, ensuring we are accountable for measuring and tracking our progress towards these aspirations. Our bi-annual people pulse survey is central to this – measuring both people engagement and important cultural indicators (including risk culture). Participation in our August 2024 pulse survey was 76 per cent across BOQ Group, indicating a highly representative result.

Our people experience engagement index held stable at 71 per cent favourable throughout FY24 – consistent with the index at the end of FY23. Whilst acknowledging we have more work to do to achieve our aspirations for high engagement, we recognised positive momentum in several key indicators:

- 91 per cent of our people said their leaders demonstrate genuine care for their wellbeing (increase of three percentage points from FY23); and
- 82 per cent of our people believe it is safe to speak up in their part of the business (increase of eight percentage points from FY23).

In addition to engagement indicators, the pulse survey also measures cultural attributes, in line with our target state. We saw significant improvements in questions aligned to culture focus areas and will monitor this regularly as we continue to implement our cultural transformation program:

- We encourage collaboration and working together to achieve the best outcomes for customers: 83 per cent (increase of seven percentage points from FY23),
- We value individuals who take personal responsibility for achieving outcomes: 81 per cent (increase of 10 percentage points from FY23),
- We effectively manage conflict and disagreement through discussion and good decision making: 76 per cent (increase of 13 percentage points from FY23); and
- My leader and I have regular conversations about my achievements and development: 80 per cent (increase of two percentage points from FY23).

Wellbeing and psychosocial safety

THE 9-THRIVE GROUP

BOQ's wellbeing strategy, 9-Thrive, is delivered across four initiatives: Better Body, Better Mind, Better Connection and Better Place.

9-Thrive was designed to:

- Implement actions to continue to build a mentally healthy workforce and prevent work-related injuries and illnesses,
- Have a holistic approach to health, safety and wellbeing; and
- Showcase BOQ as curious, accountable and lionhearted in supporting the wellbeing of its people.

As part of 9-Thrive, BOQ partners with Sonder, a digital safety and wellbeing platform. This provides 24/7 confidential and immediate support for medical, safety and mental health needs via chat, on the phone or in person.

The Group is committed to its obligation to eliminate or minimise psychosocial risks in the workplace. BOQ has created a psychosocial strategy, to not only meet compliance following recent legislative changes, but establish best practice models of safety and psychosocial risk mitigation to enhance our customer and people experience.

Our customers and community.

Fraud and scams ②

Unfortunately, fraud and scams remain a significant cause of financial loss to Australians. BOQ continue to invest significantly in new technology, including deployment of industry best practice behavioural and facial biometric capabilities into our digital platforms supporting our digital strategy. These investments have helped BOQ prevent and recover more losses to our customers than ever before, a 38 per cent(1) increase on last year, despite an increasing threat environment against FY23.

Taking a whole of ecosystem approach to effectively combat the prevalence of scams, BOQ is planning to uplift defences, in line with the ABA Scam-Safe Accord(2), by introducing additional targeted friction into our customer payments processes to help stop scammers in their tracks.

In the year, we have provided additional warnings to our customers, and training and support to our frontline colleagues. Joining the industry intelligence and data sharing platforms will further embed our commitment to a safer, simpler and more secure bank, that continues to support our customers.

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(1) Internal metric.

(2) https://www.ausbanking.org.au/scam-safe-accord.

Customer resilience and financial difficulty ⑦

Our customer assistance team provides support to customers affected by financial difficulty and hardship. 3,574 customer hardship applications were approved this year.

Throughout the year, the Group participated in ASIC's industry-wide review on financial hardship and have established a program that targets further uplifts to the services and offerings provided to customers facing financial difficulty.

Some of the key initiatives that the program has delivered to date include the introduction of the Hardship Voice of Customer survey (which assesses the ease of customer experience throughout the hardship process). In addition, the program has digitised Hardship assessment tools, introduced training and customer restructure support roles, as well as introduced uplifted delegations for hardship team members so they are better enabled to assist customers with a variety of restructure options.

Refer to Note 4.2 of the Financial Statements on pages 207 to 209 for further details.

Customer complaints

We aim to deliver an exceptional customer experience. When we don't get this right, we are committed to resolving customer complaints quickly and to apply the learnings to mitigate risk to customers and the Group. We know that our customers want quick solutions and in FY24, we resolved 80 per cent of customer complaints within five business days.

We continue to invest in making it easier for our people to resolve complaints, as well as increase visibility and identification of pain points that are impacting our customers. We use the insights gained from complaints to create a better banking experience for our customers, for example they were used to inform the approach and design of our new digital banking platform.

During the year, we continued the delivery of the complaints transformation program that will consolidate the management of all BOQ Group customer complaints from legacy systems into a single optimised multi-brand framework.

BOQ is building on the complaints transformation program to establish a program of work to establish a program of work with the aim of achieving ongoing, sustainable compliance. BOQ's progress against that program will be overseen by an independent third party, as agreed with ASIC.

Refer to Note 4.2 of the Financial Statements on pages 207 to 209 for more detail.

55%
Complaints resolved on the same day they were raised

7%
Increase in internal complaints (1) compared to FY23

3%
Decrease in external complaints (2) compared to FY23

Customer advocate office ①

BOQ has a dedicated Customer Advocate who operates independently from our business operations. The Customer Advocate Office (**CAO**) exists to ensure that customers are listened to, understood, and treated fairly. The CAO supports the Group and its people to make better decisions by providing input and challenge to ensure that processes, products, and practices remain fair for customers and in line with community expectations.

This year, in particular, the CAO has made significant progress in improving BOQ's identification of, and support for, customers experiencing financial abuse. This includes successful advocacy that will result in BOQ's deposit product terms and conditions being updated to explicitly state that the Group will not tolerate its products and services being used to perpetrate financial abuse.

Further information on BOQ's Customer Advocate can be found on our website.

> **"A common misconception is that a customer experiencing vulnerability belongs to a specific demographic.**
>
> **In reality, no matter how prudent or careful they may be, nearly all our customers exist on a continuum of vulnerability, with various life events making them more vulnerable at certain times of their lives. By ensuring our people are aware of the challenges our customers face and working with them to respond in helpful and empathetic ways, we foster a customer culture that delivers better outcomes for all our stakeholders."**
>
> *– Ben Griffin, BOQ Group Customer Advocate*

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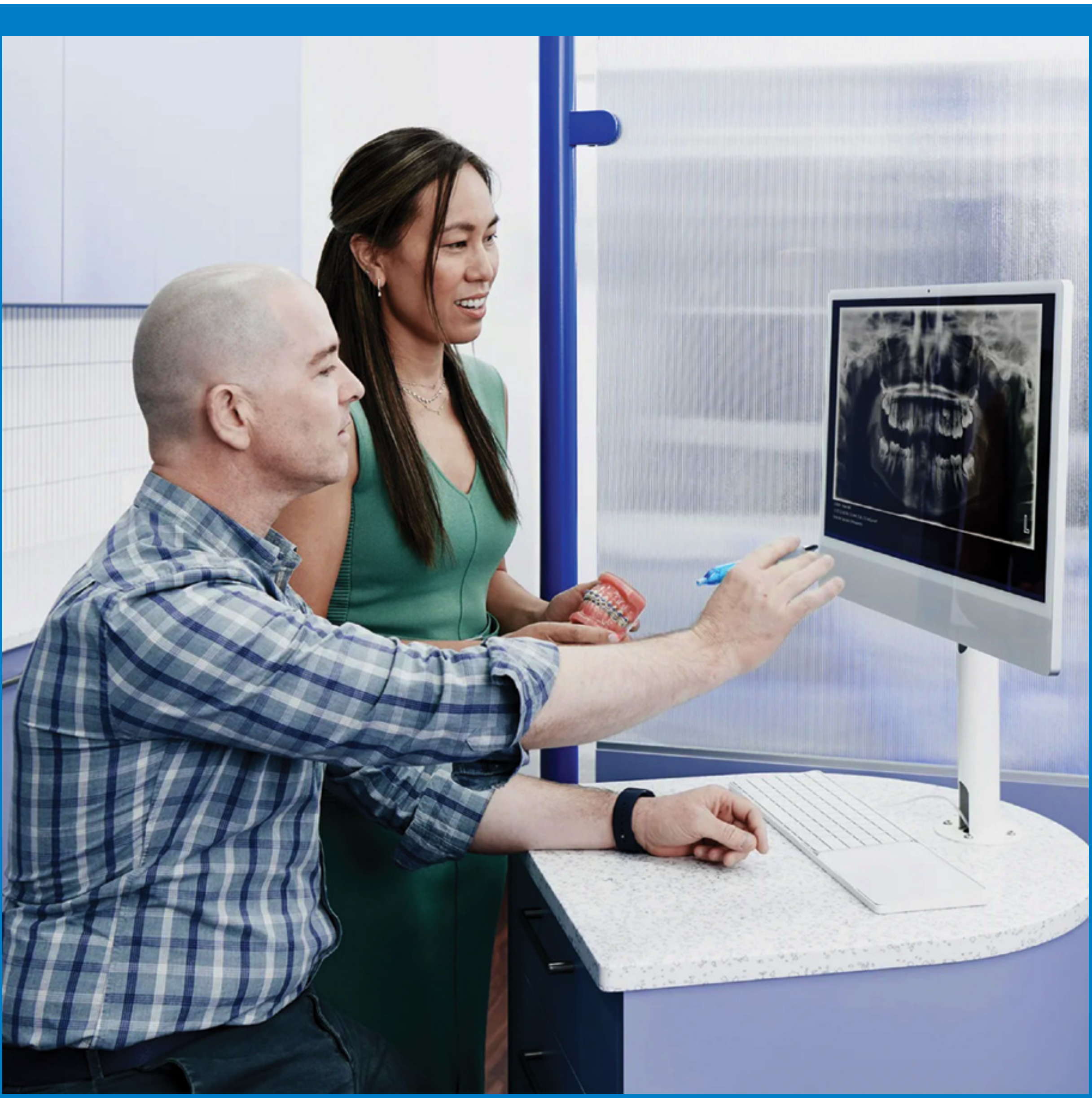
(1) Internal complaint refers to a customer complaint to a front-line or BOQ complaints team.

(2) External complaint refers to a complaint to the Australian Financial Complaints Authority.



Backing small business ①

In banking, it's often personal, and having the right expertise on hand can make all the difference. Dr Kitirat Jippy Buck and Dr Lloyd Buck initially met in their first year of primary school. It wasn't until they were both studying engineering at the University of Western Australia that they were reunited, and later both switched to orthodontics. Three children later, these former classmates turned life partners, became joint practice owners of Smile Arc Specialist Orthodontics, with the support of BOQ Specialist.

Working as associates across multiple orthodontic practices while also juggling the needs of three young boys, it was getting harder to balance family and work commitments. This spurred their ultimate dream of owning their own practice.

While the initial stages of establishing their own business and finding the right premises was daunting, their relationship with BOQ Specialist banker, Josh van Bruchem, gave them the confidence to move forward, having always been very happy with the personalised service they'd received over multiple years as BOQ Specialist customers.

There was plenty of competition for the property that they knew was 'the one', so having Josh's support in processing their application quickly and with care made all the difference. BOQ Specialist were proud to finance the property, equipment and fit-out for their "fun, fresh clinic that has state-of-the-art equipment."

Community partnerships ⑥

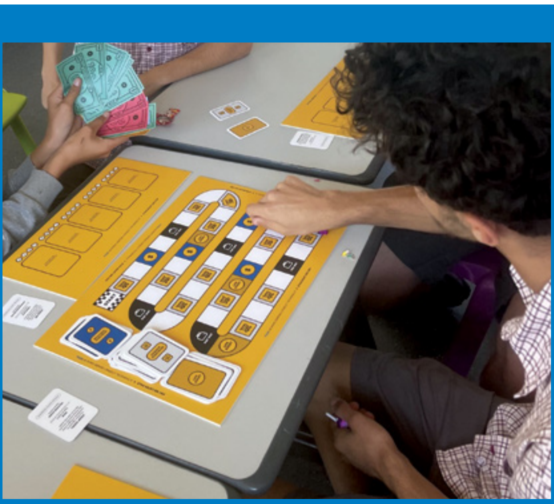
BUSINESS FOR SOCIETAL IMPACT
CORPORATE CITIZENSHIP
SUPPORTED BY SLR

16%
YoY growth in community investment

$2.5M
Total community investment

BOQ Group has been serving its community for the past 150 years. Deep community connection is core to our values. BOQ has three long-term community partnerships: Orange Sky Australia, Clontarf Foundation and Stars Foundation. These are grounded in a genuine understanding and commitment to the community's aspirations and challenges.

Through these partnerships and our key focus areas of community connection, empowerment, financial resilience and wellbeing, BOQ and our people provide more than financial support. Mutual purpose and values are leveraged to ensure positive impact through various initiatives.



Financial literacy

Gaining an understanding of finances early on in life, is key to achieving better long-term financial outcomes. Financial wellbeing is an important part of our partnerships with Clontarf Foundation and Stars Foundations and in FY24 we continued to facilitate financial literacy sessions to over 300 First Nations teenagers across Australia.

Following on from the launch of our first financial literacy game last year, this year BOQ launched our new interactive game, 'Pay Me Later, Pals'. This session aims to educate students on buy now, pay later services and the importance of understanding how quickly payments can escalate.

Stars mentoring

Leveraging our resources, skills and experiences and giving back to our community and partners, beyond financial support, is core to BOQ's values. During the year, the Group hosted a mentoring session, and were joined by participants from the Stars Foundation for an afternoon of connecting, networking and empowerment. The session was attended by students from Stars and a diverse range of BOQ women across all stages of their career.

The session inspired authentic conversations and advice shared, and increased awareness of the varied career opportunities available within the financial services industry.

Orange Sky

This year, the Group's partnership with Orange Sky Australia was strengthened. Orange Sky July is our core annual campaign each year, when BOQ "turns orange", to raise funds and awareness. This year's campaign contributed $205,000.

Integral to the partnership is how the Group extends its support beyond solely financial means. BOQ assists recruitment of new volunteers, engagement at external events such as Beef Week as well as ongoing awareness of the important work Orange Sky does.

Vehicle for kindness

At a time when cost of living challenges are increasing the demand for services provided by Orange Sky, BOQ was proud to deliver the vehicle for kindness, an initiative developed with invaluable input of our community partners.

The vehicle for kindness travelled 1,350kms across Queensland. Starting in Brisbane, it delivered essential items at an Orange Sky volunteering shift. It then continued to Bundaberg to deliver essential items and food hampers to the Angels Community Centre. It made its final stop in Townsville, where it provided driving lessons, camping equipment and wellness items to students from Clontarf Foundation and Stars Foundation.

The items and services available varied in each location but stayed true to BOQ's values of not only supporting individuals in need, but bringing the community together.

> **“In these challenging times, when many are feeling the strain of rising costs of living, we are partnering with key organisations across the state, including our national community partner Orange Sky, to address the unique needs of each region.
> Our goal is to create a stronger, more connected state, fostering a spirit of unity and support that will benefit all Queenslanders."**

– Chris Screen, Group Executive Business Bank

Image | BOQ's vehicle for kindness in Bundaberg, central Queensland

Simplify.

Removing complexity

Highlights

ME migration commenced

12k

square metres of corporate footprint reduced

Why is this important?

We operate in a highly regulated and intensely competitive market. Additionally, our business is impacted by legacy issues and complexity. As we simplify, rationalise products, systems and processes to reduce our cost-to-serve, we are reducing complexity and improving customer and people experiences. We are driving productivity benefits across the Group while the investment in our digital transformation continues. These productivity benefits are making way for a leaner and more agile bank, with reduced inherent operational risk, ready to take on the challenges of tomorrow.

Our business.

Corporate simplification

As announced to the ASX on 2 February 2024, and confirmed on 2 April 2024, the Group sold its New Zealand asset portfolio. The sale of this portfolio streamlined the Bank's operating model and simplified the compliance environment by exiting a non-core lending portfolio with an overseas jurisdiction.

In further advancing the simplification of our operating structure and compliance environment, the Group deregistered a number of dormant entities within the corporate structure.

Corporate footprint reduction

Work has continued this year on reducing the Group's corporate footprint. Against a target reduction of 16,000 square metres by the end of FY26, we have subleased, forfeited, or consolidated floorspace across our three primary corporate spaces in Brisbane, Sydney and Melbourne and our contact centre on the Gold Coast. At the conclusion of FY24, the Group's corporate footprint has been reduced by 12,000 square metres. This also reduces our direct impact on the environment. Further detail can be found on pages 67 to 78 of the Group's Climate Statements.

Our people.

Process & automation ⑤

Automating processes to drive efficiency and productivity has been a key focus of the Group. Over the course of the year, we automated 105 key processes. This automation is across customer on-boarding, credit cards and regulatory reporting as well as the development of digital home loan and mobile app automated processes.

Operating model

In August 2024, the Group announced that it had identified further opportunities to simplify its operating model. This is a continuation of ongoing progress in bringing together like activities in a shared services approach. The operating model changes impacted 400 full time equivalent roles, including vacant roles. The cost saving of this operating model simplification is approximately $50 million by FY26.

Image | Richard Griffiths, Senior Manager Sustainability

Our customers.

ME migration ①

The most challenging and beneficial period of digitising BOQ is the migration of our customers from the legacy banking system to our new digital bank. During the year, we successfully migrated an initial cohort of ME deposit customers to the digital bank, greatly enhancing their banking experience.

Through 2025 (1), the majority of ME deposit customers will be migrated to the new digital bank.

In 2026 (1), the Group plans to commence the decommission of the legacy ME banking system, which will reduce complexity and risk with end-of-life systems. This decommission will be a material contributor to transforming the Group into a simpler, low-cost bank.

Improving customer experience

We now have 26 per cent of deposit and credit card customers on the new digital bank. The customer experience on this platform is materially improved, when compared to legacy, with all three digital bank apps having an app store rating of 4.4 and higher. (2)

Fixed rate home loan expiries

BOQ Group has continued its commitment to supporting customers navigating important banking moments. In FY24, a high volume of customers converted from fixed to variable home loan rates. Guiding customers through this transition in a higher cash rate environment was critical.

A proactive and comprehensive customer engagement program continued through the year. Frequent and timely communications ensured customers could adequately prepare for their conversions and make informed decisions about their home loan. Whilst fixed rate maturities will decline moving forward, the Group will continue to support these customers and use insights from this program to enhance how the Group engages with customers through the home loan lifecycle.

Contact centre

Following the footprint consolidation and Genesys cloud investment in our contact centres last year, the Group's focus this year has been on improving the experience of customers and bankers.

This has included:

- alignment of customer identification and verification processes,
- implementation of knowledge articles bankers can easily refer to with customers in near-real time, to assist with their banking enquiries,
- utilising AI to summarise customer interactions,
- introducing chat-bot channels to enable higher levels of self-service and call deflection; and
- importantly, cross-skilling bankers across brands, to provide a more seamless customer experience and greater banker productivity.

Customer origination and servicing

While we work to deliver our digital home loan, we have also remained focused on delivering interim improvements to the customer experience and efficiency of home loan origination.

We have done this through simplification of our policies and processes, heightened engagement and alignment with brokers and partners, and continued upskilling of our bankers and operations team members. Most notably, the consistent service delivered across our ME broker channel has been recognised by several key aggregator partners as delivering in the top five fastest time to unconditional approval in market.

Targeting a simplified shared services operating model, our operations functions are evolving into key multi-brand centres of excellence, consolidating similar functions and skills to create more scalable and efficient functions to support the Group.

This model enables readiness for ongoing transformation over the coming years, while remaining focused on delivering consistent, high quality, efficient service experience outcomes to our digital and relationship customers.

SME lending

Supporting small-to-medium enterprises (**SME**) businesses remains a key strategic priority for the Group. In facilitating this, we have recalibrated credit policies, simplified lending originations pathways for lending below $3 million and increased the number of bankers with lending delegated authorities.

To further empower our bankers, the Group built technology allowing enhanced customer insights and dashboard reporting, enabling a single customer view across the multi-brands, and conducted deeper credit training. As a part of the Group's ongoing focus on digitising and simplifying, the business bank has continued to simplify processes for customers and bankers, including enabling greater self-serve functionality and the digitisation of customer forms.

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(1) Calendar year.

(2) App store ratings as at 23 September 2024: myBOQ, 4.5; VMA 4.4; ME Go 4.5; BOQ (Legacy), 1.2. Ratings are out of 5.

Digitise.

Automating and innovating

Highlights

1ST
Digital mortgage originated

57%
IT assets now in the cloud

Why is this important?

We're building an end-to-end digital bank, that can grow at scale, with a lower unit cost, and deliver exceptional experiences for our customers and our people. We know targeted digital models are not only levelling the playing field, they are also enabling smaller players to outperform their bigger rivals. We are building a highly automated digital bank proposition that makes banking faster, better and easier for our customers.

Our business.

Digital mortgage

A significant milestone in digitising BOQ Group is the delivery of our digital mortgage product. The new digital offering will improve not only the experience and speed in obtaining a mortgage for our customers, but it will also allow for a material productivity uplift in distributing mortgages, in a market that has become highly commoditised and competitive. With the initial build of the new digital home loan product now complete, the Group has delivered an exciting milestone in originating our first digital mortgage in August 2024.

This product will continue to be piloted in coming months, ahead of being rolled out to our customers during FY25.

Decommissioning legacy

Migrating customers to our new digital banking platforms not only improves customer experience, but will also enable us to decommission a significant number of our legacy systems.

Decommissioning these systems will simplify our currently complex technology landscape, reduce our cost to serve, improve our cost of change and strengthen the business, with higher levels of automation.

In FY24, we decommissioned over 5 per cent of legacy IT assets.

Cloud transformation

We have completed the first phase of our cloud transformation program, building the next generation cloud platform to support the retail and business banking businesses and substantially completing the migration of our target state assets for business banking to the cloud.

The new platform provides a flexible, efficient secure and compliant place for us to host target state systems, and levels the playing field with "born in the cloud" competitors. Over 57 per cent of our IT assets are now on the cloud.

Microsoft strategic partnership ⑤

This year, BOQ has further strengthened its strategic partnership with Microsoft, with a focus on adopting the right Microsoft products and services to enhance our customers' experience, while benefiting from their innovation and learning from their cultural transformation.

Our investment in Microsoft products and services has continued in FY24 through our transition to Microsoft Azure Cloud, as part of our cloud transformation, and through enhancements to our data platform that place the customer at the centre of our business.

As participants in Microsoft's Early Access Program (initially available to 600 companies worldwide), BOQ has piloted generative AI, supported by bespoke Microsoft training. The initial results have been positive, showing improvements in overall productivity that enabled our pilot group to focus on higher-value activities.

BOQ's senior leaders have also participated in immersion sessions with Microsoft to better align our people to future digital ways of working, which will drive the cultural transformation needed to support our digital transformation.

Shareholder communications

During the year, we enhanced our shareholder experience through digital confirmations for new shareholders joining our register, email communications as standard (though noting shareholders can elect for paper communications if this is their preference). This provides quicker communication to our shareholders of upcoming dividends and confirmation of any shareholder-requested changes to their holdings, and reduces the Group's environmental impact.

Image | L-R: Selvinna Kwasari and Saadat Khan, Customer Service Consultants

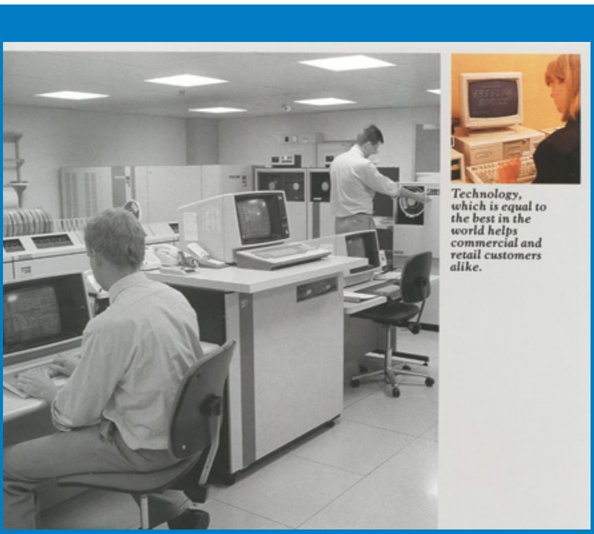
Our people.

AI capability build

As part of our broader training and culture initiatives, the Group, with Microsoft's support, engaged in two targeted learning streams this year: AI for leaders and AI technical training. These initiatives equipped our teams with foundational knowledge and technical expertise to enhance AI capabilities at BOQ. The AI for leaders training provided valuable foundational training for our teams across BOQ, while the AI technical training empowered our engineers and architects with the skills needed to develop AI solutions.

Women in Digital

The Group became a proud supporter of Women in Digital this year. Founded on the idea that you cannot be what you cannot see, the organisation aims to connect, educate and empower women in digital and harness the power of technology to create a better future for all. BOQ offers its people free individual memberships providing networking opportunities and a wealth of resources to support professional development.



Technology, which is equal to the best in the world helps commercial and retail customers alike.

Then and now

Annual report circa 1980 highlighting what was world class technology offered at BOQ, in contrast to the banking of today.

> "We have been transforming and digitising BOQ at pace, and we recognise the importance of supporting our people to build future-fit capability."
>
> *– Craig Ryman, Chief Information Officer*

Our customers and community.

Cyber security ③

NIL
Significant notifiable cyber security breaches (1)

NIL
Significant notifiable privacy breaches (1)

The global financial services sector is increasingly targeted by a high volume of sophisticated cyber security threats.

To ensure that our customers and network remains protected, BOQ Group continues to focus on strengthening its cyber security maturity and capability through security by design, defence in depth and 'active defence' mechanisms. In an environment where the threat landscape continues to evolve, we recognise the need to continually monitor and enhance our cyber security posture. We engage leading cyber security consultants to undertake regular independent reviews of our capability and maturity.

We have a dedicated team for cyber security, encompassing incident response, threat management, vulnerability management, identity and access management, strategy, governance, risk management and security architecture.

The Group works closely with its cyber security service providers and industry-leading threat intelligence partners, and security teams from other financial services organisations as part of our threat management and incident response functions. We also utilise intelligence-led exercises to test and improve security team response and performance.

Cyber security audits and attestations are conducted annually for regulators, SWIFT, AusPayNet, insurers and other working partners. Monitoring also includes fundamental cyber security monitoring such as vulnerability monitoring, penetration testing and controls testing.

Cyber security performance is ultimately measured by our ability to protect the confidentiality, integrity and availability of our information. BOQ Group has had no breaches that resulted in public disclosure of data in the reporting period.

Data ③

We are executing our data strategy with a strong focus on improving the quality of our data. We continue to embed Group-wide data accountabilities that support sustainable improvements to business processes which is where most of our data is captured and validated. To support our teams, and help them prioritise what is important, we have data quality monitoring in place for our most critical data elements.

This year we further invested in our target state data architecture, with the continued build of our cloud native data platform. This has in-built AI and machine learning capabilities that will allow us to explore optimisation and automation opportunities.

Digital experience

This year, we made significant strides in uplifting the digital experience for our customers. We conducted an accessibility audit of our digital banking mobile app to focus on inclusivity for all users. Additionally, we held multiple customer experience focus groups to gather valuable feedback and insights.

We introduced several new features to enhance security and usability. A centralised security centre was launched to collate security-related settings, encouraging customers to opt-in and understand the benefits. We also implemented new scam safe warnings to protect customers from scams. Furthermore, we enabled Open Banking data sharing for enhanced financial management and integrated Google search to help customers easily identify transactions.

These efforts reflect our commitment to providing a secure, user-friendly, and innovative digital banking experience.

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(1) Resulting in the public disclosure of data.


Image | BOQ Newstead office

Optimise.

Unlocking our potential

Highlights

$250M

in capital returned to shareholders

SME

focus

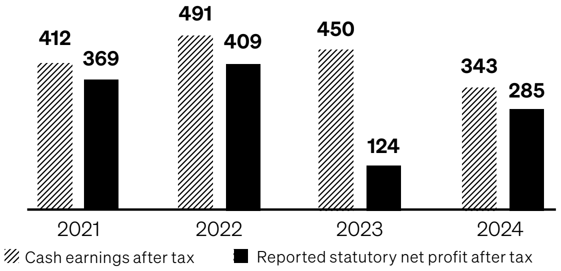
Why is this important?

When we optimise, we are making banking as good as it can be - for our customers, our people, our shareholders, and our communities. We are continuing to invest in the future of the Group, seeking to optimise the allocation of capital and our risk adjusted returns, to improve Return on Equity. We are challenging existing norms, optimising our workforce by managing talent, ongoing diversity and inclusivity and supporting the transition to a lower carbon economy. We are steadfast in our commitment to deliver on our strategy and truly unlock the potential of BOQ Group.

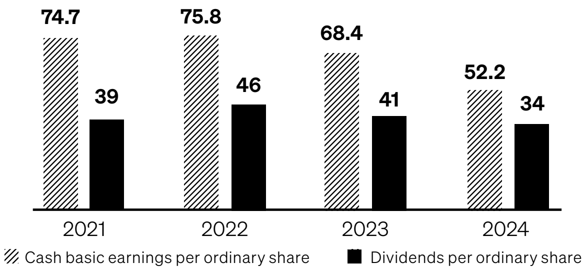
Our business.

FY24 financial performance

Profit results ($m)



Earnings and dividends (cents per ordinary share)



$343M

Cash earnings after tax

Down 24% from FY23

$285M

Reported statutory net profit after tax

Up 130% from FY23

52.2¢

Cash basic earnings per ordinary share

Down 24% from FY23

34¢

Dividend per ordinary share

2H24 dividend 17¢

1.56%

Cash net interest margin

Down 13bps from FY23

66.8%

Cash cost to income ratio

Up large from FY23

5.7%

Cash return on equity

Down 160bps from FY23

$20M

Loan impairment expense

Down 72% from FY23

Further detail on the Group's financial performance can be found on page 81.

Focus on business lending

BOQ Group has long supported the growth of small businesses, particularly with our strong Queensland heritage. This support is a continued focus of the Group's transformation.

A material investment in an increased number of bankers is being made to support growth corridors across Australia. The specialist roles, ten of which have commenced with the Group in 2024, will be focused on growing across targeted segments, including health, professional services and agriculture, supported by the Group's unique finance company capabilities in equipment finance, insurance premium funding, dealer finance and novated leasing.

BOQ has strong competitive advantage in the targeted segments we are focusing our growth on, both from an industry perspective and supported by our unique finance company offering, where we are competing with peers who have a higher cost of funds and capital. Business bankers at BOQ group enjoy smaller portfolios, one-to-one analyst support and ability to grow with customer in specialist segments.

Supporting our customer reach, improved service capabilities and increased bankers will build on the competitive advantage the Group has within these targeted sectors, and importantly support the growth aspirations of SME businesses.

Shifting the revenue mix from primarily lower margin home lending, to a greater proportion of higher margin business lending, within targeted SME sectors, where the Group has a strong presence and competitive advantage, is a key component of the Group's strategy to optimise risk adjusted returns, and deliver a higher return on equity.

Our people.

Talent management and capability

All BOQ Group employees and representatives are required to undertake mandatory training to develop the knowledge and skills required to uphold the obligations we make to our customers, people, regulators and communities. In FY24, 99.4 per cent of the BOQ Workforce completed mandatory compliance learning modules.

We continued our focus on building banking expertise with our masterclass series for bankers. Commercial lenders across business bank and retail bank participated in quarterly workshops with external providers to hone capability to better understand and support SME customers.

Bankers in our retail network have been supported to uplift their capability in customer relationship management practices through a reimagined learning experience in our customer experience platform.

We've simplified and strengthened our foundations in mandatory risk and compliance training, with the integration of the legacy ME learning platform to a Group learning platform. This included the uplift of the content and people experience of our mandatory training courses.

We've commenced work to uplift our focus on leadership, in line with our cultural aspirations. This year, we focused on the commercial, change and leadership capability of our senior leaders through quarterly 'General Manager Forums'. All people leaders across BOQ Group are now supported with a people leader toolkit, and access to an immersive program to build leaders' capability in managing performance and conduct.

Ride the subway

Deeply understanding the customers' perspective is vital in realising our vision *to be the bank customers choose*. One program which facilitates non-customer facing BOQ team members gaining these crucial insights, is our 'ride the subway' program. During FY24, 568 people spent valuable time with their customer-facing team members, driving a customer centric culture.

Recognition

FY24 was the first full year of our unified recognition program, ThanQ. The program is enabled by our achievers platform and enables our people to recognise others in real time.

Over the year, there were a total of 21,997 individual recognitions sent by our people to their colleagues to say “ThanQ” for outcomes they have delivered by leveraging our values.

Image | Krish Paulpillai, Senior Talent Partner, hosting a panel discussion of BOQ talent who have successfully enhanced their career through an internal pathway within the Group

Career Fest '24

With a heightened focus on cross-skilling our people and helping build their own unique careers, this year the Group hosted its first ‘Careers Fest’ across Brisbane, Melbourne and Sydney. This included presentations from subject matter experts and panel discussions.

Diversity and inclusion

BOQ believes in the power of an inclusive culture that embraces diversity in the workforce. Our values have sought to elevate further the importance of inclusion, curiosity, accountability, and care to building trust with all stakeholders. Tapping the collective genius of our people enables us to forge strong connections with our customers, be imaginative and make better decisions.

Diversity, in this context, includes age, caring responsibilities, cultural identity, ethnicity, gender expression and identity, sexual orientation, abilities, neurodiversity, education, family/relationships, religious beliefs and/or socioeconomic background. Diversity also encompasses the many ways people differ in terms of their background, education, life experience, location, personality, way of thinking and work experience.

Our policy on Diversity and Inclusion is on our website.

BOQ's People, Culture and Remuneration Committee plays an important role in relation to our people strategy, remuneration strategy and approach to diversity and inclusion (including gender balance). This Committee has a role to:

- review, note and monitor the effectiveness of our approach to diversity and inclusion,
- review and recommend to the Board measurable objectives for achieving diversity and inclusion; and
- review both the objectives and progress in achieving the objectives, including the relative proportion of women and men at all levels.

This Committee also reviews annual performance remuneration outcomes including a review of the outcomes, by gender, of the distribution of performance ratings, change in salary and short-term incentive awards, and has a focus on gender pay equity.

Gender balance with regard to the Board is the responsibility of the Nomination and Governance Committee.

Targets

To attract and retain a high performing and diverse workforce, BOQ is committed to providing an environment in which all employees are treated fairly and equitably, and where diversity and inclusion are embraced.

BOQ's Diversity & Inclusion Policy requires the Board to set measurable objectives for achieving gender diversity and is reviewed annually to assess the effectiveness of the Policy.

We are proud to have 50 per cent female representation on our Board (against a target of 40 per cent).

In FY24, we reached 40 per cent women in Leadership (against a target of 42 per cent), 39 per cent of women in Senior Leadership (against a target of 40 per cent) and 38 per cent of women in the executive team.

The measurable objective targets will remain in place for FY25 and continuing to strengthen internal talent pipelines and proactively sourcing high calibre external talent will be two key levers in driving an upward shift in our representation of female leaders in FY25.

The percentage of women employed by BOQ is set out below:

38% of women on the executive team

39% of women in Senior Leadership (1)

40% of women in Leadership (2)

51% Women in total BOQ Employees

Under the *Workplace Gender Equality Act 2012* (Cth), BOQ is required to annually report to the Workplace Gender Equality Agency (**WGEA**) disclosing its "Gender Equality Indicators". These reports are filed annually in respect of the 12 month period ending 31 March. BOQ consistently achieved WGEA compliance, including within the FY24 year and is also recognised by WGEA as an Employer of Choice for Gender Equality. The BOQ annual report to the WGEA is available on our website and at www.wgea.gov.au.

In developing our inclusive culture, all Directors, employees, prospective employees, agents, contractors, customers and suppliers of BOQ are treated fairly and equitably and everyone is valued for their distinctive and diverse backgrounds, skills, experiences, and perspectives.

Our continued investment in driving an inclusive culture in the way we work and do business at BOQ, ensures our employees and customers thrive and enjoy the benefits of working at BOQ.

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(1) Senior Leadership encompasses our Executive Committee, General Managers and Heads of responsible for leading an organisational department. This calculation includes employees in tiers 8 and above.

(2) Women in Leadership encompasses Senior Leaders (as defined above), as well as senior managers in tiers 7 and above.

Image | Brisbane based summer interns (L-R): Niloo Gorjinejad, Mitch Makin, Andrei Constantin

Fostering future talent

The Group welcomed 34 summer interns across Melbourne, Sydney and Brisbane offices. They participated in key networking events as well as six group presentations to senior leaders across the group, showcasing all they had learned and value they had created across:

1. Banking app of the future,
2. Future of ATMs,
3. Defining the key moments that matter,
4. Leveraging large language models, AI and blockchain; and
5. Improving the experience for interns.

Affinity groups

The passion of our people to be engaged and progress our value of inclusiveness is demonstrated in our six employee affinity groups, each highlighted below.

Banking Without Barriers

Championing accessibility and inclusivity so our people and our customers can reach their full potential. The purpose of the affinity group is to make diversity our strength.

Some of the highlights of Banking Without Barriers this year were:

- Launch of an accessibility toolkit for bankers,
- Resources developed for the Group, including an inclusive language guide, inclusive meeting guide and a 'Barrier Busters' key fact sheet,
- Reviewed metrics across customer-facing website, banking platform and marketing communications; and
- Engagement with industry body, the Australian Banking Association on improving accessibility.

ProudlyMe

ProudlyMe provides a voice to the LGBTQIA+ and ally community across the Group, striving to uplift and empower our people of diverse sexualities and genders through training and education, culture and events, and advocating for inclusive policies and procedures.

Key achievements for 2024 of ProudlyMe:

- Achieved Australian Workplace Equality Index Bronze Tier accreditation,
- Collaborated on a new 'inclusive onboarding' process for customers, improving the experience for gender diverse customers; and
- Bespoke recognition options aligned to days of significance through ThanQ (refer page 31) platform, such as Pride Month and International Day Against Homophobia, Bi-phobia and Transphobia.

FIRST NATIONS RECONCILIATION COUNCIL

The First Nations Reconciliation Council (**FNRC**) was formed in 2022 to help achieve BOQ's reconciliation vision through a collaborative, optimistic and inclusive approach.

Some highlights from 2024 of the FNRC:

- Curated Christmas hampers showcasing First Nations small business goods for our branch network,
- Hosted an event where Nornie Bero, Head Chef and owner of indigenous catering company Mabu Mabu presented to our people in Naarm (Melbourne); and
- Engaged Merinda Waters, a graduate of Career Trackers, on a commissioned artwork in celebration of BOQ's 150th anniversary.

SPARK

Spark is focused on igniting conversations to inspire and enable gender equity across the Group and driving actions to achieve change across leadership, representation and removing barriers.

Key highlights for Spark in 2024:

- Week long celebration of International Women's Day with thoughtful panels, engaging capability build and leadership networking,
- Supporting communication across the Group of WGEA published gender pay gap; and
- Partnered with Women in Digital to connect, educate and empower women in digital.

CULTURAL CAPITAL COMMITTEE

With a vision to celebrate and amplify the rich cultural diversity across the Group's people, customers and communities by being outrageously courageous and deeply curious.

Refer over page for a deep dive on the Cultural Capital Committee.

THE CAREER NETWORK

With a purpose of facilitating an inclusive community fostering personal and professional development for our evolving talent.

Some highlights from the 2024, the Career Network:

- Supported 34 summer interns across our three corporate sites, through mentoring, social activities and book club; and
- Partnered with our community engagement team in hosting Orange Sky July fundraising activities.

Image | L-R: Caitlin Shield, Manju Kalita, Shaleen Kumar, Nikita Vaidya celebrating November 2023 Diwali at BOQ Newstead

Celebrating events of cultural significance

Shaleen, how long have you been with BOQ Group and what is your current role?
I have been with the Group for 11 years. During this time, I have been fortunate to be involved in a number of functions. My current role is Team Leader of Commercial Lending Assurance, supporting our business bank; and I am proud to be the Chair of the Cultural Capital Committee at BOQ.

You organised the first Diwali celebration at BOQ back in 2016 and it has been a highly anticipated event yearly, what led you to take on this role?
Diwali is an important cultural celebration for me, personally. The first year that we held an event, it was just within my direct team, but the feedback was so overwhelmingly positive that the bank then supported and inspired me to extend the celebrations across the whole Brisbane office. The support and enthusiastic participation from all our people really encouraged me to continue the tradition each year.

What has been the impact on the organisation since that first Diwali celebration?
Celebrating Diwali in our workplace goes beyond cultural tradition, it facilitates genuine connection and appreciation of diverse experiences. A personal highlight for me is that each year, we have BOQ employees from all cultural backgrounds come together to perform a Bollywood dance. We showcase traditional Indian music, vibrant decorations and a variety of delicious cuisine. Over the years, it has become a highly anticipated event, and creates a really fun and positive atmosphere.

How has the Cultural Capital Committee evolved to what it stands for today?
It is a really collaborative group that fosters awareness of diversity, ensuring we can all bring our whole self to work. The group addresses critical issues to enhance inclusion, equity and representation. Importantly, it’s all volunteer-led, we are absolutely supported by the executive team, but ultimately, it is a group of passionate people championing diversity.

Thank you for the work you do in Building Social Capital with our people, what’s next for the Committee?
The future plans of the Committee are in continuing to encourage our people to showcase and celebrate their cultural diversity, foster greater cross-cultural understanding and appreciation, and highlight initiatives to continuously improve inclusion and equity to support the Group’s vision *to be the bank customers choose.*

Our customers and community.

Financial inclusion ①

The Group's digital bank apps have been designed to meet the needs of all customers. Through regular testing and auditing, the mobile apps strive for Level AA of the Web Content Accessibility Guidelines. The digital bank apps are compatible with both iOS and Android operating systems and support the in-built device accessibility features including adjustable text sizing, zoom support, screen reader friendly, hearing aid compatibility and dictation. 'Tap and Pay' contactless payments in the digital bank also provides a more accessible and secure payments experience.

The Group is committed to increasing our focus on accessibility across all aspects of the website development process and is measured by Google Lighthouse. To further enhance accessibility, the Group is incorporating accessibility checker tools into development guidelines and acceptance criteria for all new website releases.

Our physical cards provide accessibility features including cut outs to assist with orientation for VMA, and braille on MEGo cards.

MEGo charity cards

$359,000 was donated this year across five charity partners that customers can align to, through the ME charity partner cards:

- Beyond Blue,
- National Breast Cancer Foundation,
- Australian Wildlife Conservancy,
- Orange Sky Australia; and
- Minus18.

Donations are made to the chosen charity by the Group, of 1c per digital tap made by a customer.

Many of our customers face challenges and changes as they age, such as health issues, cognitive decline, loss of a partner, or social isolation. These factors can affect their ability to manage their finances and make informed decisions. They may also increase their risk of being targeted by fraudsters or exploited by family members or others.

BOQ Group has been working to improve service and care for older customers who may be experiencing vulnerability.

Brochures (pictured above) were issued to all branches to provide to customers who may benefit. Topics included:

- How to plan ahead and make arrangements for your future financial needs,
- How to choose someone you trust to help you with your finances,
- How to protect yourself from fraud, scams and elder financial abuse; and
- How to access support and assistance from us and other organisations.

First Nations Reconciliation ⑥

In the second year of our Innovate Reconciliation Action Plan, the diversity of action taken across BOQ Group reflect the vision of ‘an Australia in which First Nations peoples have infinite opportunity and prosperity’.

This year, BOQ Group was able to introduce Aboriginal and Torres Strait Islander cultural leave and cultural awareness training for our executive committee whilst continuing our support of the CareerTrackers intern program.

Our corporate membership with Supply Nation, Australia’s leading advocate of Indigenous businesses, is an integral component of our social procurement strategy, allowing our people to actively identify Indigenous suppliers and removing barriers that may prevent them from participating. This strategy supports the business in directing spend towards creating social change.

As detailed on page 22, and in line with commitments under the Reconciliation Action Plan, the Group has a long-standing community partnership with both Clontarf and STARS. The 15 sessions held over the course of the year of ‘Budget like a Boss’ and ‘Pay Me Later, Pals’, engaged 300 First Nations teenagers across Queensland and the Northern Territory.

In celebrating National Reconciliation Week and National Aboriginal and Islander Day Observance Committee (**NAIDOC**) this year, the Group was proud to unveil *Burrul gi-gi magula (Growing Together)*, First Nations artwork developed by the talented Merinda Walters, a proud Kamilaroi woman. The piece was commissioned as part of the Group’s 150th year activities and was developed in collaboration through a series of yarning sessions.

> **"*Burrul gi-gi magula (Growing Together)* is a celebration of the past 150 years and a promise for the future.**
>
> **The inner circular pattern alludes to the Bank of Queensland (BOQ) beginning in the Sunshine State. The hand prints in the center represent the work BOQ does in communities, focusing on putting people first and working together. The footprints and tracks leading outwards pay homage to the diversity of the business, being a place that welcomes all walks of life.**
>
> **The various meeting place symbols are located across Australia's major population centers including Darwin, Perth, Adelaide, Melbourne, Launceston, Canberra, Sydney and Brisbane. The silhouette of Australia frames these meeting places to highlight that BOQ is a bank for all Australians.**
>
> **The tree through the center of the piece has a subtle symmetry, either end could be the branches or the roots symbolising the importance of community outreach and 'grassroots' connectedness. The tree is also a play on 'branches' of a Bank. Finally, the pattern adorning the center of the tree is the outline of the Brisbane River, a subtle acknowledgement to BOQs Brisbane origin."**
>
> – *Merinda Walters, artist statement*

Image | *Burrul gi-gi magula (Growing Together)* by Merinda Walters

CORPORATE GOVERNANCE.

Overview.

The following section forms our Corporate Governance Statement, following the ASX Corporate Governance Principles and Recommendations (4th edition) (**CGPR**) published by the ASX Limited's Corporate Governance Council, available at asx.com.au.

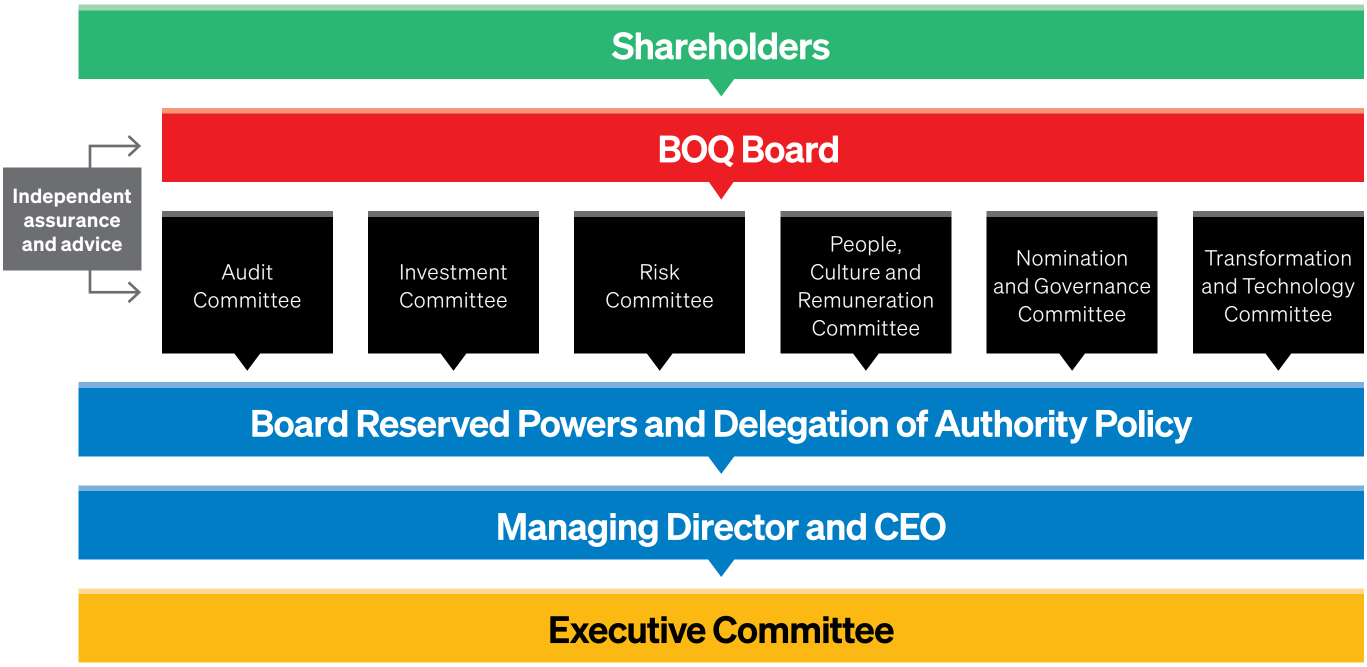
The statement has been approved by the Board and is current as at 16 October 2024.

BOQ's Appendix 4G is available on the following section of our website: boq.com.au/about-us/corporate governance

- Information on our Inclusion and Diversity Policy and measurable objectives are on page 32; and
- Risk Management overview (including Environmental, Social and Governance risk management) is on pages 59 to 65.

The framework

BOQ has designed its corporate governance framework, policies, and practices with the objective of delivering a high standard of corporate governance. BOQ's corporate governance framework is outlined below.



Board of Directors.

The Group's Board of Directors consists of (left to right in the above image) Patrick Allaway, Mickie Rosen, Warwick Negus, Dr Jenny Fagg, Karen Penrose, Deborah Kiers, Andrew Fraser and Bruce Carter, pictured at BOQ's head office in Newstead.

Board of Directors.

Warwick Negus

BOQ Chair
Non-Executive Independent Director
B Bus, M Com, SF Fin

Warwick was appointed a Director of BOQ on 22 September 2016 and its Chair on 27 March 2023.

Warwick brings more than 30 years of finance industry experience in Asia, Europe, and Australia. His most recent executive roles include Chief Executive Officer of 452 Capital, Chief Executive Officer of Colonial First State Global Asset Management, and Goldman Sachs Managing Director in Australia, London, and Singapore. He was also a Vice President of Bankers Trust Australia and a Director of the University of NSW Foundation and FINSIA.

Warwick is Chair of Dexus Funds Management Limited, and a Non-Executive Director of Virgin Australia Holdings Pty Ltd and Terrace Tower Group. He is a member of the Council of UNSW.

Warwick is Chair of the Nomination & Governance and Investment Committees and a member of People, Culture & Remuneration, Audit, Risk and Transformation & Technology Committees.

Patrick Allaway

Managing Director & Chief Executive Officer
BA/LLB

Patrick was appointed as Managing Director & Chief Executive Officer of the Bank on 27 March 2023 for a period up to December 2024, following his role as Executive Chairman. This was made a permanent role on 14 August 2023.

Patrick has extensive senior executive, non-executive, and corporate advisory experience across the financial services, property, media, and retail sectors.

Patrick's executive career was in financial services with Citibank and Swiss Bank Corporation (now UBS) working in Sydney, New York, Zurich, and London. Patrick was Managing Director SBC Capital Markets & Treasury with direct responsibility for a global business.

Patrick brings over 30 years of experience in financial services across financial markets, capital markets, institutional banking, and corporate advisory. Patrick has extensive experience in leading large global teams, transforming businesses and managing customer activities with global responsibility for serving corporate and institutional customers.

Patrick has over 15 years of Non-Executive Director experience and was formerly a Non-Executive Director of Allianz Australia, Dexus Funds Management Limited, Macquarie Goodman Industrial Trust, Metcash Limited, Fairfax Media, Woolworths South Africa, David Jones, Country Road Group, and Nine Entertainment Co. Patrick chaired the Audit & Risk Committees for Metcash, David Jones, and Country Road Group.

Patrick is currently a member of the Adobe International Advisory Board. Adobe is a leading global technology company, ranked in the top 50 of all global companies by market capitalisation.

Bruce Carter AO

Non-Executive Independent Director
B Econ, MBA, FAICD, FICA

Bruce was appointed a Director of BOQ on 27 February 2014.

Bruce was a founding Managing Partner of Ferrier Hodgson South Australia, a corporate advisory and restructuring business, and has worked across a number of industries and sectors in the public and private sectors. He has been involved with a number of state government-appointed restructures and reviews, including chairing a task force to oversee the government's involvement in major resource and mining infrastructure projects.

Bruce had a central role in a number of key government economic papers, including the Economic Statement on South Australian Prospects for Growth, the Sustainable Budget Commission, and the Prime Minister's 2012 GST Distribution Review.

Bruce has worked with all the major financial institutions in Australia. Before Ferrier Hodgson, Mr Carter was at Ernst & Young for 14 years, including four years as Partner in Adelaide. During his time at Ernst & Young, he worked across the London, Hong Kong, Toronto, and New York offices.

Bruce is currently Chair of AIG Australia Limited, Australian Submarine Corporation and Sage Group Holdings Limited, and a Non-Executive Director of Lovisa Holdings Limited. He formerly chaired the Boards of Aventus Capital Limited and One Rail Australia and was a Non-Executive Director of Crown Resorts Limited, SkyCity Entertainment Group Limited and Genesee and Wyoming Inc (**NYSE**).

Bruce is Chair of the Risk Committee and a member of the Audit, Transformation & Technology, Investment, People, Culture & Remuneration, and Nomination & Governance Committees.

Dr Jenny Fagg

Non-Executive Independent Director
PhD (Risk), B Economics (Hons Psychology)

Jenny was appointed a Director of BOQ on 13 October 2021.

Jenny brings to the Board more than 30 years of executive experience across financial services institutions in Australia and abroad. Most recently, she cofounded 2Be Finance, a lending fintech. Previously, Jenny served as Chief Risk Officer for AMP, driving the transformation agenda for risk culture and systems following the Hayne Royal Commission. She is recognised for her turnaround credentials fostered as EVP of Retail Products of CIBC (Canada), as CEO of ANZ National Bank (New Zealand) and as MD of ANZ Consumer Finance.

Jenny holds a PhD in Management (Risk) from University of Sydney and a Bachelor of Economics (Honours in Psychology) from the University of Queensland. She currently serves on the National Breast Cancer Foundation Board.

Jenny is a member of BOQ's Transformation & Technology, Risk, People, Culture & Remuneration, Audit, and Nomination & Governance Committees.

Andrew Fraser

Non-Executive Independent Director
LLB BCom (1st Class Hons)

Andrew was appointed a Director of BOQ on 8 February 2024.

Andrew is Chair of Australian Retirement Trust Pty Ltd and a Director of Brisbane Broncos Ltd as well as President of Motorsport Australia. In addition, he is Chair of Orange Sky Australia, and a Director of two other charities, Australians for Indigenous Constitutional Recognition and the Hear and Say Centre.

In 2022, he was appointed Chancellor of Griffith University.

His previous roles have included Head of Strategy & Investment at National Rugby League, Director of the Australian Sports Commission and Moorebank Intermodal Company and Director of BESIX Watpac Ltd. Andrew also served as a Minister in two governments including as Treasurer of Queensland from 2007 to 2012.

Andrew is a member of the Audit Committee, People, Culture & Remuneration, Risk, Transformation & Technology, and Nomination & Governance committees.

Deborah Kiers

Non-Executive Independent Director
B.Sc (Hons), MPA, MAICD

Deborah was appointed as a Non-Executive Director of the Bank in August 2021.

Deborah previously acted as a Director of ME Bank since July 2020. She is currently a Non-Executive Director for IFM Investors and holds the positions of Chair of the Responsible Investment and Sustainability Committee. She is also Chair of the Tiverton Agriculture Impact Fund and was previously a Non-Executive Director of Downforce Technologies Limited.

Deborah's career includes three decades of corporate advisory and consulting support to boards, CEOs and executive management teams across a range of industries including Financial Services, Energy and Resources, Property and Infrastructure. She consulted on issues including strategy, enterprise transformation, leadership transition and building synergies between strategy, culture, and remuneration, in Australia and Internationally.

Deborah is Chair of the People, Culture and Remuneration Committee and a member of the Audit, Risk, Nomination & Governance, and Transformation & Technology Committees.

Board of Directors.

Karen Penrose

Non-Executive Independent Director
BCom, CPA, FAICD

Karen was appointed a Director of BOQ on 26 November 2015.

Karen is an experienced non-executive director and banker. As a banker, Karen has 20 years of experience leading businesses within Commonwealth Bank of Australia and HSBC and over ten years in accounting and finance roles. She has particular expertise in the financial services, health, property, resources and energy sectors. Ms Penrose is a Non-Executive Director of Cochlear Limited and Ramsay Health Care Limited.

She is also a Director of Ramsay Générale de Santé. Ms Penrose was formerly a Non-Executive Director of Reece Limited, Estia Health Limited, Vicinity Centres Limited, AWE Limited, Spark Infrastructure Group and Future Generation Global Investment Company Limited. She is a member of Chief Executive Women.

Karen is Chair of the Audit Committee and is a member of the People, Culture & Remuneration, Risk, Transformation & Technology, Investment and Nomination & Governance committees.

Mickie Rosen

Non-Executive Independent Director
B.A., Economics, MBA

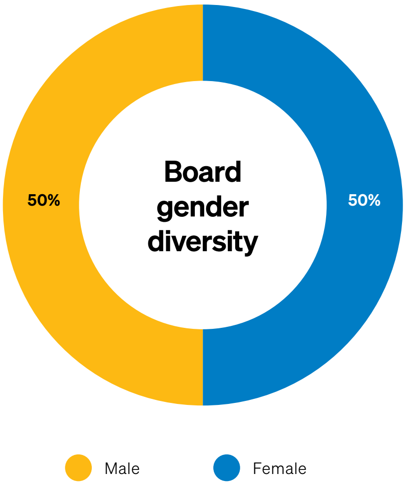
Mickie was appointed a Director of BOQ on 4 March 2021.

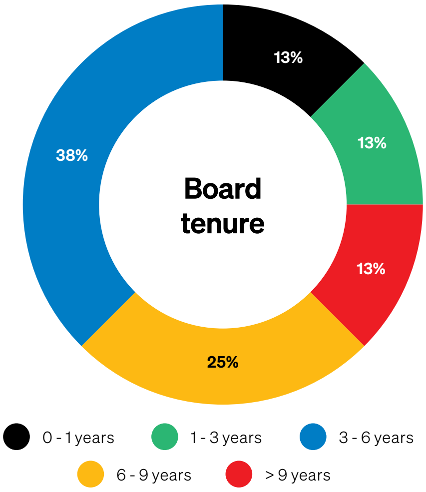
Mickie has over three decades of strategy, operating, and board experience across media, technology, and e-commerce. She has built and led global businesses for iconic brands such as Yahoo, Fox, and Disney, as well as early-stage companies including Hulu and Fandango.

Mickie is also a Non-Executive Director of Nine Entertainment Co, Domain Holdings Group and Centurion Acquisition Corp. Prior, Ms Rosen served on the boards of FaZe Clan, Pandora Media and Ascendant Digital Acquisition Corp, was the President of Tribune Interactive and concurrently the President of the Los Angeles Times.

Mickie commenced her career with McKinsey & Company, is based on the West Coast of the United States, and holds an MBA from Harvard Business School.

Mickie chairs the Transformation & Technology Committee and is a member of the Risk, People, Culture & Remuneration, Audit, and Nomination & Governance Committees.





Company Secretaries.

The Board is responsible for appointing the BOQ Group Company Secretaries. The Board had two appointed Company Secretaries as at 31 August 2024. The Company Secretaries are accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

Fiona Daly

LLB, LLM, ACG, MAICD

Fiona joined BOQ in October 2018, was appointed joint company secretary on 30 April 2019, then assumed full company secretary duties in September 2020, and General Counsel responsibilities on 31 January 2023. Fiona commenced her career as a corporate lawyer at Phillips Fox (now DLA Piper) before joining Allens. Prior to working for BOQ, Fiona held senior legal and regulatory roles including as senior legal counsel, global regulatory affairs manager and joint company secretary at Energy Developments, an international energy company.

Executive team.

Patrick Allaway

Managing Director & Chief Executive Officer
BA, LLB

Refer to Board of Directors page 42 for Patrick's biography.

Greg Boyle

Group Executive Retail Banking
LLB, BBus

Greg is the Group Executive, Retail Banking, at BOQ Group. He is accountable for leading the Group's retail distribution channels, growing the BOQ, Virgin Money and ME brands within their target customer segments, and guiding the Group's digital bank strategy.

Prior to this appointment, he was Director Retail Brands and Distribution, BOQ Group, and Chief Executive Officer, Virgin Money Australia (**VMA**).

Greg has a wealth of leadership and deep financial services expertise, he has been instrumental in the build and delivery of the new multi-brand digital bank for Virgin Money Australia, BOQ and ME brands. His experience spans across strategy and investment management at Virgin Group, in both Australia and London, executing major projects for the group. Greg started his career as a corporate lawyer in Australia and London at Mallesons and Freshfields.

Rod Finch

Chief Transformation & Operations Officer
BEc(Hons), GAICD

Rod joined BOQ Group in April 2021 and was appointed Chief Transformation & Operations Officer in September 2023.

Rod brings over 20 years' experience in banking and financial services, spanning senior roles in corporate strategy, customer, product and digital functions in Australia and the UK.

In his current role, Rod leads the strategy function and operations for the Group, along with overseeing the delivery of the Group's transformation initiatives.

Prior to joining BOQ, Rod worked at AMP, where his most recent roles were Managing Director of AMP Bank and Managing Director of Wealth Platforms & Products.

Prior to AMP, Rod held a number of senior leadership roles in corporate strategy and customer functions at Lloyds Banking Group in the UK as well as senior management roles at Westpac.

Ricky-Anne Lane-Mullins

LLB, B Bus

Ricky-Anne joined BOQ in September 2014, and was appointed company secretary on 17 January 2024. Ricky-Anne commenced her career as a corporate lawyer at Minter Ellison Lawyers before moving to London and Sydney where she held senior legal counsel roles at Credit Lyonnais, HBOS Treasury and Bank of Scotland plc/Lloyds Banking Group in the areas of financial markets, derivatives and capital markets.

During her time at BOQ, Ricky-Anne has headed the Corporate and Lending legal team and the Corporate and Commercial legal team.

Executive team.

Racheal Kellaway

Chief Financial Officer
BCom, CPA, GAICD

Racheal was appointed the Chief Financial Officer in July 2022, having been a part of the Executive team for the prior three years as Deputy CFO.

Racheal joined BOQ after over a decade at the Commonwealth Bank of Australia during which time she held leadership roles in finance across Group and both within the Business and Private Banking and the Retail Banking divisions.

Racheal is a seasoned banking executive with 25 years' in the industry and has a track record of driving strong business performance and value creation within Australia, New Zealand and UK.

Racheal is also an experienced Company Director and currently holds the positions of Non-Executive Director at Barnados, a Member of the Finance and Risk Committee at the Australian Banking Association, and is a member of Chief Executive Woman.

Craig Ryman

Chief Information Officer
BCom

Craig joined BOQ Group as Chief Information Officer in July 2020. He leads the banks technology function and is responsible for driving BOQ's technology transformation agenda. He is a seasoned executive with more than 25 years' experience in financial services, leading technology transformation programs.

Craig was previously at AMP Limited where he held Group Executive roles as Chief Information Officer and Chief Operating Officer. During this time, he had responsibility for critical business functions including Technology, Operations, Strategic Sourcing, Corporate Real Estate and Innovation.

Craig is a well-regarded technology leader and known for establishing visionary and innovative strategies that re-invent operating environments and future proof the foundations for a technology-enabled and customer focused enterprise. He has a proven track record in transformational change.

Chris Screen

Group Executive Business Banking

Since joining BOQ in November 2019, Chris has held a number of senior leadership positions within the Group. In October 2021 Chris was appointed to Group Executive Business Banking where he is currently responsible for our BOQ Specialist, BOQ Finance, and BOQ Wholesale/Financial Markets businesses.

From grassroots banking to leading high-performing strategy and transformation teams, Chris has over 30 years' experience in financial services. He brings a strong focus on innovation, customer-centric leadership, and a commitment to delivering exceptional outcomes for stakeholders.

Chris is passionate about shaping the future of business banking, and ensuring customers have access to the right products and support to grow and transform their business.

Rachel Stock

Chief Risk Officer
BCom, MAppFin, CA, GAICD

Rachel joined BOQ's executive team in February 2024 and transitioned to the role of Chief Risk Officer in April 2024. Rachel brings a wealth of experience in governance, risk management, financial management, and operations to BOQ.

A 25-year veteran of Macquarie Group, Rachel held various senior positions including Head of Operational Risk and Governance across the Group, Chief Financial Officer for Corporate and Asset Finance, and Chief Operating Officer roles for the Principal Finance business and Risk Management Group. Her career began in audit and advisory at KPMG, spanning offices in Sydney, London and Singapore.

Beyond extensive industry experience, Rachel offers valuable board-level insights. Since 2018, she has served as a Non-Executive Director at APIR Systems Limited, contributing to its governance and strategy. She has also served on the Council of Newington College since February 2024.

Alexandra Taylor

Chief People Officer
BBus, CA, GAICD

Alexandra joined BOQ Group as Chief People Officer in March 2024. With over 25 years' experience, she is recognised as a leader who executes strategies that support business outcomes.

Prior to joining BOQ, Alexandra spent three years at the National Australia Bank as Chief People Officer to the Business, Private & Personal Banking Divisions. Before that, she held a number of executive roles at Citi, including Regional Head of Human Resources for the APAC & EMEA Consumer Bank, Chief Human Resources Officer for Australia and New Zealand and Chief Operating Officer for the Corporate and Investment Banking Division. Alexandra commenced her career with KPMG in Assurance and Advisory, working in both Sydney and London.

Alexandra is a commercial, results-focused executive with deep financial sector knowledge, diverse experience and capability. Alexandra is a member of Chief Executive Women and a Non-Executive Director of KU Children's Services.

Board composition, diversity and performance.

Role of the Board

The role of the Board is to set BOQ's strategic direction, risk appetite and cultural expectations by leading from the top. The Board's responsibility is to effectively oversee the prudent and effective management of BOQ in a manner that ensures effective governance and supports the achievement of our strategy, whilst driving actions that lead to better outcomes for customers, shareholders and our people.

The Board has adopted a Board Charter which details the roles and responsibilities of the Board and of Management including those matters expressly reserved to the Board and those delegated to Management.

The Board delegates to the Managing Director and Chief Executive Officer (**MD&CEO**) (who may sub-delegate to the executive committee), responsibility for the day-to-day management of BOQ Group, developing and implementing BOQ's strategy, and operating within the risk appetite that has been approved by the Board. The delegation authority framework is reviewed regularly.

Chair

The role of the Chair is to lead the Board and oversee the processes for the Board's performance of its role in accordance with the Board Charter. The role and responsibilities of the Chair are set out in the Board Charter. The current Board Chair is an independent Non-Executive Director elected by the Board.

Warwick Negus was appointed BOQ's Chair on 27 March 2023. Warwick also chairs the Nomination & Governance Committee and the Investment Committee (and is a member of all other Board Committees).

Key Board activities in FY24

Key areas of focus for the Board in FY24 were:

- Oversight and delivery of the remedial action plans (AML First and Program rQ),
- Overseeing execution (and acceleration) against BOQ's strategy,
- Overseeing BOQ's digital transformation; and
- Reviewing the Group's remuneration structures.

Meetings

Board meetings are a key driver of corporate governance at BOQ. Board meetings allow the Directors to have oversight of the performance of the BOQ Group against its strategy and allow the Board to set the tone from the top and their expectations of the executive team.

The Board calendar is set in advance and provides for at least eight meetings per financial year with the ability to call additional meetings as required. The Board's forward planner reflects the Board Charter and is set annually in advance. The forward planner allows flexibility to raise ad hoc matters and to tailor Board training to emerging topics and regulatory change. Agendas are reviewed by the Chair, in consultation with the MD&CEO. Each of the principle Committees also have a forward planner reflecting that Committee's Charter, which are reviewed, together with agendas, by the respective Committee Chair in consultation with the relevant group executive.

Board committees

BOQ has five principal Board Committees, each of which has its own charter describing its role and responsibilities. Each of these charters can be found at our website.

The Board has also established an Investment Committee (which may be convened by the Board as required to consider significant capital projects or investments or divestments) and a Due Diligence Committee (which may also be convened as required). As the purpose and mandate of the Investment Committee and Due Diligence Committee are determined by the Board as the case requires, the Committees do not have separate charters. The Board also establishes ad hoc Committees from time to time.

	Board	Transformation & Technology Committee	Risk Committee	People, Culture & Remuneration Committee	Audit Committee	Investment Committee	Nomination & Governance Committee
Warwick Negus	●	○	○	○	○	●	●
Patrick Allaway	○						
Bruce Carter	○	○	●	○	○	○	○
Andrew Fraser	○	○	○	○	○		○
Jenny Fagg	○	○	○	○	○		○
Deborah Kiers	○	○	○	●	○		○
Karen Penrose	○	○	○	○	●	○	○
Mickie Rosen	○	●	○	○	○		○

○ Member ● Chair

Composition of Committees

The composition of the five principal Board Committees is outlined below:

Committee	Chair	Composition
Audit Committee	Karen Penrose	The Audit Committee must have: • three independent Non-Executive Directors (**NEDs**) • an independent NED as Chair who is not Chair of the Board or the Risk Committee
Risk Committee	Bruce Carter	The Risk Committee must have: • three independent NEDs • an independent NED as Chair who is not Chair of the Board or the Audit Committee
People, Culture and Remuneration Committee	Deborah Kiers	The People, Culture and Remuneration Committee must have: • three independent NEDs • an independent NED as Chair
Nomination and Governance Committee	Warwick Negus	The Nominations and Governance Committee must have: • three independent NEDs • all Committee members comprised of NEDs • the Chair of the Board as the Chair of the Committee except when dealing with the appointment of a successor to the Chair of the Board
Transformation and Technology Committee	Mickie Rosen	The Transformation and Technology Committee must have: • three independent NEDs • an independent NED as Chair

Attendance at meetings

Details of director attendance at Board and Committee meetings in FY24 are detailed below.

Currently, all directors are members of each Committee and as such receive copies of all agendas, papers and minutes of the Board and each Committee.

Directors' meetings

The number of meetings of the Group's Directors (including meetings of Committees of Directors) and the number of meetings attended by each Director during the financial year were:

	Board of Directors	Transformation & Technology Committee	Risk Committee	People, Culture & Remuneration Committee	Audit Committee	Investment Committee	Nomination & Governance Committee	Tenure as at 31 August 2024
Warwick Negus	16/16	8/8	11/11	8/8	7/7	1/1	3/3	7 years, 11 months
Patrick Allaway	16/16							5 years, 4 months
Bruce Carter	16/16	8/8	11/11	8/8	6/7	1/1	2/3	10 years, 6 months
Andrew Fraser(1)	10/10	5/5	4/5	4/4	2/3		2/2	7 months
Jennifer Fagg	16/16	8/8	11/11	8/8	7/7		3/3	2 years, 10 months
Deborah Kiers	16/16	8/8	8/11	8/8	7/7		3/3	3 years, 1 month
Karen Penrose	16/16	8/8	11/11	8/8	7/7	1/1	3/3	8 years, 9 months
Mickie Rosen	16/16	8/8	11/11	7/8	7/7		3/3	3 years, 6 months

(1) Andrew Fraser was appointed as a Director on 8 February 2024.

Board composition

Effective from the close of the 2023 Annual General Meeting (**AGM**), the Board comprised six Non-Executive Directors. An additional Non-Executive Director was appointed in February 2024.

The Board's composition takes into account a number of matters including:

- Ensuring it is of an appropriate size to facilitate efficient decisions,
- That there is a broad range of skills, experience, expertise and diversity,
- That there is a majority of independent directors; and
- The existing workload of directors and that they have sufficient capacity to undertake their duties.

Board composition, diversity and performance.

Board skills matrix

Each year BOQ assesses the skills and experience of each director and the combined capabilities of the Board. The skills matrix documents this assessment which considers:

- BOQ's business and strategic needs,
- Board renewal and the skills sought in succession planning and for new appointments; and
- Areas of focus for continuing education and use of external expertise.

To prepare the skills matrix, the following process was adopted:

- The previous year's skill matrix was assessed against BOQ's strategy and updated,
- A draft matrix was provided to the directors,
- Each director self-rated and was then peer rated; and
- A workshop session was independently facilitated to walk through the matrix and the assessment of each director's abilities against the matrix.

The skills matrix presented below reflects the output of that process and will inform Board renewal and Board education.

Skill	Description	Measure
Strategy & Transformation	Experience in defining and executing against strategic objectives. Experience in integrations and organisational transformations.	🟨
Risk Management & Compliance	Experience in recognising and evaluating financial and non-financial risks that could impact the organisation. Experience in overseeing risk management frameworks. Experience in overseeing the management of compliance risks.	🟨
People, culture and remuneration	Experience in building capability and influencing organisational culture shaped by the 'tone from the top'. Setting a remuneration framework that attracts and retains talent.	🟨
Environmental & Social	Understanding potential risks and opportunities from an environmental and social perspective, including with respect to human rights and modern slavery within supply chains.	🟨
Leadership & Governance	Holding a senior leadership role in an organisation of significant size or complexity and in managing business through a period of significant change. Experience in an ASX Listed environment and with the frameworks applicable to highly regulated industries.	🟦
Customer	Experience in overseeing the development of a strong customer focused culture and to overseeing a commitment to enhanced customer outcomes.	🟨
Stakeholder & Regulatory	Experience in building and maintaining transparent and collaborative relationships with regulators, industry groups and community partners.	🟦
Banking and Financial Services Experience	Experience in the financial services sector and regulation including retail and business banking services.	🟨
Financial Acumen	Good understanding of financial statements, reporting and capital management for businesses of this type. An ability to evaluate the effectiveness of internal controls.	🟦
Digital & Technology	Understanding cyber resilience and technology risks. Experience in implementing business transformation through the use of digital platforms and technology.	🟨

⚫ Moderate 🟡 Strong 🔵 Very Strong

The Board undertook continuing education in FY24 in the following areas:

- **Technology topics** – cyber simulation; scams, frauds and digital payments; data strategy; approach to AI,
- **Risk Management** – compliance obligations; AML/CTF; CPS 230; directors' duties; reputation and media; cyber risk management,
- **People and Culture** – FAR; consequence management; psychosocial risks; navigating transformational change; and
- **Stakeholder** – regulator engagement; investor engagement; economic updates and customer updates.

Board performance evaluation

The Board recognises the importance of reviewing its own performance and that of its Board Committees to enable ongoing development and to seek to maintain a high level of performance. Under the Board Performance Review and Renewal Policy, the Board evaluates its performance annually.

The Chair meets with each individual Director to discuss Board and Committee performance and the individual Director's performance.

An independent external performance evaluation of the Board and its Committees was undertaken in FY24. Individual feedback was sought on the performance of the Board and its Committees. The process involved the observation of meetings, the completion of a survey and interviews with Directors, Group Executives, the Chief Audit Executive and the General Counsel and Company Secretary. The effectiveness of the Board and its Committees were assessed. Individual feedback was provided to each Non-Executive Director.

The result of that assessment was that the Board was functioning well and is similar in effectiveness to comparable boards. The Board agreed the following actions to further improve its effectiveness:

- Continue the uplift of governance and risk at BOQ,
- Move more Board focus to strategy, transformation, culture and execution,
- Adopt a long-term approach to building the board of the future,
- Lean into CEO succession and transition planning; and
- Reconsider board delegations and committee structures, roles and rhythm.

Image | Director, Mickie Rosen addressing BOQ colleagues attending a Program rQ forum with staff

Remuneration policies and practices

The Board has approved a Remuneration Policy which forms part of BOQ's human resources and risk management system in accordance with the APRA requirements set out in APRA CPS511 Remuneration.

In accordance with BOQ's performance framework, all employees and leaders are encouraged to have regular conversations focused on achievement and development, as well as a formal end of year review. The annual cycle commences with objective setting at the start of the year. Objectives should be aligned to BOQ's strategic pillars and articulate how each employee's contribution to delivering on the strategy will be measured.

A formal evaluation of each employee's performance against their agreed objectives is undertaken following the completion of the financial year (or, more frequently in some front-line roles).

The review also considers behaviours in line with BOQ's values and the completion of core requirements. The outcomes of this process inform an individual's variable reward outcome.

A performance evaluation of the executives was completed in respect of FY24 in accordance with this framework. Details of remuneration paid to Directors (Executive and Non-executive) are set out in the 2024 Remuneration Report contained on pages 114 to 147. The Remuneration Report also contains information on BOQ's policy for determining the nature and amount of remuneration for Directors and senior executives.

The People, Culture and Remuneration Committee Chair, the Board Chair and the General Manager Investor Relations & Corporate Affairs meet with institutional shareholders and corporate governance agencies throughout the year to discuss BOQ's remuneration framework and seek feedback on the Remuneration Report.

Details of remuneration paid to Directors (Executive and Non-executive) are set out in the 2024 Remuneration Report contained on pages 114 to 147. The Remuneration Report commencing on page 114 also contains further information on BOQ's policy for determining the nature and amount of remuneration for Directors and senior executives. BOQ has a written agreement with the MD&CEO and each of its executives which sets out the contractual terms of their employment.

Director engagement with BOQ's people

In FY24, the Board participated in a number of engagements including:

- Branch and call centre visits to better understand our customer's perspectives and the needs of our front-line staff,
- Regular lunches with staff to understand business priorities and their day-to-day work,
- Meetings with senior leaders allowing them insight into culture, engagement on topics coming before the Board and Committees and providing a forum for informal feedback; and
- Engagement in risk forums speaking to progress against BOQ's CEUs.

Director appointment, election, education and independence.

Appointment and election

All new and existing Directors are subject to an assessment of their fitness and propriety to hold office, both at the time of initial appointment, under the Independence Policy and BOQ's Fit and Proper Policy, and on an ongoing basis. BOQ undertakes extensive background and screening checks prior to nominating a Director for election by shareholders, including checks as to character, experience, education, criminal record and bankruptcy history.

Information relevant to the election or re-election of Directors at an AGM, including their professional experience and all other material information relevant to a decision on whether or not to elect or re-elect a Director, is included in the Notice of Meeting distributed each year in advance of the AGM.

BOQ has formal letters of appointment in place with all Non-Executive Directors setting out the terms of their appointment.

Directors' induction training and continuing education

BOQ delivers a formal induction program to assist and introduce all new Directors to the working environment of BOQ. As part of the induction, new Directors are provided with a detailed overview of BOQ's business operations, copies of all material policies and procedures, and information on the functions and responsibilities of the Board, Board Committees and Management. Meetings with members of the Executive Committee, and other senior managers are also held as part of the induction program.

On an ongoing basis, education sessions are provided to the Board on topical matters.

Specific sessions are scheduled around Board meeting dates and BOQ provides other appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as a Director effectively.

Independence

The Board assesses the independence of a Non-Executive Director candidate prior to initial appointment, on an annual basis, and as required (depending on disclosures made).

It is the responsibility of the Board to determine the independence of Directors in accordance with the Policy on Independence of Directors. The Board has assessed the independence of all Non-Executive Directors and determined that all Non-Executive Directors remain independent. As such, BOQ considers that no Non-Executive Directors have any relationship, interest or position that might influence, or reasonably be perceived to influence, in a material respect, their capacity to bring independent judgement to bear on issues before the Board and to act in the best interest of the entity as a whole rather than in the interests of any individual security holder or other party. Accordingly, BOQ considers that the majority of the Board are independent Directors.

BOQ does not consider that the length of service on the Board of any of the independent Directors is currently a factor affecting the Director's ability to act independently and in the best interests of BOQ and its security holders. Nonetheless, the Board has set a maximum three term period, after which, the Director will remain subject to the Board's annual assessment of Director independence. In addition, a regular assessment of Director independence will be undertaken by BOQ.

Conflicts of interest

All Directors are required to disclose to the Board any actual, potential or apparent conflicts of interest upon appointment and are required to keep those disclosures up to date.

Any Director with a material personal interest in a matter being considered by the Board must declare their interest and may not be present during any relevant Board discussion nor may they vote on such matter unless the Board resolves otherwise.

Access to advice

The Board, and all Directors individually, can seek independent professional advice, at BOQ's expense, to help them carry out their responsibilities, subject to obtaining prior written approval from the Chair (such approval not to be unreasonably withheld).

Share qualification

Within five years of appointment each Non-Executive Director must accumulate and then maintain a holding in BOQ shares that is equivalent to 100 per cent of a Non-Executive Director's base fee. All Non-Executive Directors who have served five years have met the holding requirement. Non-Executive Directors appointed within the last five years are building towards their shareholding requirement.

Details of director shareholdings are set out in the Remuneration report.

Culture

At BOQ Group, we believe that a constructive culture where our people live our values (spirited, optimistic, curious, inclusive, accountable, and lionhearted) is essential to creating long-term value for our customers, shareholders and our people. BOQ's Board and Management both play an important role in setting the cultural tone.

The Board sets the tone from the top, works with Management, and guides BOQ's culture through the Executive Committee and our Code of Conduct. The Board monitors our culture through surveys, audits, compliance and whistleblower reports and various other sources on an ongoing basis.

Key policies.

The Board regularly reviews BOQ's policy framework to assess whether it is appropriate and contemporary and meets the needs and expectations of key stakeholders.

Code of Conduct

Further information can be found on pages 18 to 19 of this report, and in BOQ's Code of Conduct.

Fit and Proper policy

Due to BOQ's status as an Authorised Deposit-Taking Institution (**ADI**), it is required under APRA Prudential Standard CPS 520 Fit and Proper to maintain a Fit and Proper Policy which reflects the requirements of CPS 520. BOQ's Fit and Proper Policy sets out the requirements that the BOQ Group must follow to assess the competencies and fitness for office of persons appointed as Directors, Executives, Company Secretary, responsible persons and auditors. The person must have the appropriate skills, experience and knowledge for the role and act with the requisite character, diligence, honesty, integrity and judgement.

FAR

The Financial Accountability Regime (**FAR**), effective 15 March 2024, expands on the accountability framework introduced under the BEAR. The FAR mandates clear accountability and governance frameworks, along with promoting high standards of conduct and requiring integration of risk management. All BOQ's Accountable Person statements have been reviewed and enhanced to comply with the FAR. It is a requirement of the FAR for each Accountable Person to have an individual statement that sets out their individual areas of responsibilities, including Regulator prescribed responsibilities that the Accountable Person must agree to and sign. BOQ must also have an Accountability Map, which is a visual representation of the Accountable Persons reporting lines and areas of responsibility. Both the signed Accountability Statements and Accountability Map must be lodged with APRA, and BOQ must notify APRA of any relevant changes to these documents.

In practice, BOQ Accountable Persons are the Directors and senior executives of the Group, and they must conduct the responsibilities of their position as an Accountable Person with honesty, integrity and with due skill, care and diligence. In line with the requirements of the FAR, BOQ has uplifted the accountability frameworks to enhance clarity on roles and responsibilities across multiple levels of the organisation and strengthen the overall risk culture.

Whistleblowing

The Board and Management are seeking to shape a culture that encourages openness, integrity and accountability through our purpose and values. The Whistleblower Policy has been developed so that current and former employees, officers, associates, contractors, sub-contractors and relatives of these people can freely, and without detriment, raise concerns regarding actual or suspected misconduct by BOQ or anyone connected to the BOQ Group. The Board receives reporting on whistleblowing matters, including reports of any material incidents reported under the Whistleblower Policy, at each scheduled Board meeting. Further information is available in the Whistleblower Policy.

Anti-Bribery and Corruption

Consistent with our values, BOQ has zero tolerance for any form of bribery and corruption. Our Anti-Bribery and Corruption Policy outlines our expectations and approach to identifying and preventing the risks of bribery and corruption by BOQ entities, personnel and business partners. In accordance with the Policy, material breaches of BOQ's Anti-Bribery and Corruption Policy are reported through the Risk Committee to the Board. The Anti-bribery and Corruption Policy is available on our website.

Market Disclosure

BOQ's practice is to release market sensitive information to the ASX promptly and without delay in accordance with the ASX Listing Rules and then to the market and community generally through our media releases and website. BOQ requires Directors, officers and employees to advise the Disclosure Officer of any information that may require disclosure. Continuous disclosure confirmation is a standing agenda item at all Board and Board Committee meetings. BOQ's Board receives copies of all market announcements promptly after they have been made. Any new and substantive investor or analyst presentation is released to the ASX ahead of presentation.

The Group General Counsel and Company Secretary is the Disclosure Officer and is jointly responsible for communications with the ASX (together with the Company Secretary).

All announcements made by BOQ to the ASX are accessible via its website. A copy of the Disclosure and Communications Policy is available on our website.

Securities Trading

BOQ's Securities Trading Policy provides Directors, Executives, employees, owner managers, agents and contractors of BOQ with information regarding their legal obligations with respect to trading in BOQ securities.

The Securities Trading Policy strictly prohibits trading in securities by all employees, Directors and contractors who possess information that is not generally available and that could be reasonably expected to have a material or significant effect on the price or value of a BOQ security.

The Policy specifically prohibits BOQ Directors and certain "restricted persons" and their associates from trading in BOQ securities during "blackout periods" as defined by the Policy. The Policy prohibits BOQ Directors entering hedging arrangements (the use of financial products to protect against or limit the risk associated with equity instruments such as shares, securities or options) in relation to any employee shares, securities or options received as part of their performance-based remuneration, whether directly or indirectly.

The Securities Trading Policy meets the requirements of the ASX Listing Rules and is available on our website.

Key policies (continued)

Modern Slavery

At BOQ, we recognise that we have an obligation to minimise incidents of slavery, slavery-like practices, human trafficking and other forms of modern slavery through our operations and supply chain. BOQ Group acknowledges that the decisions we make when conducting our operations and when sourcing products and services from suppliers can increase the risk that a person becomes a victim of modern slavery.

In 2023, the Group launched a multi-year program designed to continually improve our approach to modern slavery, with a specific focus on developing capabilities, refining our practices to identify risks, and addressing any identified instances of modern slavery. During 2024, progress was made against this plan, delivering enhanced training supported by uplifted procurement frameworks, including specific requirements relating to our Supplier Code of Conduct.

BOQ Group considers that the risk of modern slavery within our direct business to be low, given our employees have access to trade union membership and employee policies include our commitment to diversity and inclusion. We respect the rights of our people and have a workplace that is open, fair and inclusive.

The identification and reporting of modern slavery is a component of mandatory training to selected employees and representatives of the Group are required to undertake.

These steps demonstrate our commitment to promoting awareness across the Group of modern slavery risks, and of mitigating controls being implemented. The Group will continue to leverage our values to ensure we take a sustainable approach to modern slavery that is supported by our leaders.

Our Modern Slavery Statement is on our website.

Audit and financial governance

External auditor

In FY24, BOQ's external auditor was PricewaterhouseCoopers (**PwC**).

The Audit Committee is responsible for the appointment, evaluation, management and removal of the external auditor, and approval of the external auditor's annual fee. To encourage open communication and to seek to ensure that appropriate matters come to the attention of the Audit Committee, the MD&CEO, Chief Financial Officer (**CFO**), Chief Risk Officer, Chief Audit Executive and the external auditor have direct and unfettered access to the Audit Committee.

The role of the external auditor is to provide an independent opinion that BOQ's financial reports are true and fair and comply with accounting standards and applicable regulations. The external auditor performs an independent audit in accordance with Australian Auditing Standards.

The Audit Committee pre-approves audit, audit-related and non-audit services whether on an engagement basis or under a specific service pre-approved by the Audit Committee, regularly reviews the independence of the external auditor, and evaluates their effectiveness.

BOQ's Auditor Independence Policy aims to support the independence of the external auditor by regulating the services it can provide to the Group and ensuring compliance with:

- Corporations Act,
- APRA Prudential Standard CPS 510 Governance; and
- Accounting Ethical Professional Standards Board APES 110 - Code of Ethics for Professional accountants Section 290 Independence.

As required by the Corporations Act, information about the non-audit services provided by the external auditor, PwC, is set out in the Directors' report.

Legislation requires the rotation of the external audit senior personnel who are significantly involved in BOQ's audit after five successive years, including the Lead Partner.

The External Auditor attends the AGM and is available to answer questions from security holders relevant to the audit report.

Internal audit

BOQ's Internal Audit (**IA**) team is independent from Management and is responsible for providing the Board and Management with an independent appraisal of the internal controls established by BOQ's first (business) and second (Group Risk) lines of defence.

IA operates under a Board approved Charter.

The outcomes of IA's work is reported through the Audit Committee and the Chief Audit Executive has a direct line of communication to the Chair of the Audit Committee, MD&CEO and the External Auditor.

The IA plan is developed and reviewed in line with BOQ's overall risk appetite and Risk Management Framework.

The Chief Audit Executive presents a report at each Audit Committee meeting covering major activities and findings, statistics on issued audit reports, and ratings and information about the function before proceeding to the Board for noting.

Financial reporting and management declarations

The Board receives regular reporting from Management on BOQ's performance, including details of all key financial and business results.

Prior to approving BOQ's corporate reporting suite for the half year ended 28 February 2024 and full year ended 31 August 2024, the Audit Committee and Board received written declarations from the MD&CEO and the CFO that, in their opinion:

- the financial records of the entity have been properly maintained; and
- the financial statements comply with appropriate accounting standards and give a true and fair view of BOQ's financial position and performance.

The MD&CEO and CFO also declare that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Periodic corporate reports

BOQ conducts an internal verification process on all periodic corporate reporting. The process that is followed to verify BOQ's periodic reporting is based on the nature of the relevant report, its subject matter and where it will be published, adhering to the following general principles:

- periodic reporting is prepared by or under the oversight of the relevant subject matter expert for the area being reported on,
- the report should comply with applicable legislation or regulations; and
- the report should be reviewed with regard to ensuring it is not inaccurate, false, misleading or deceptive.

Non-audited sections of the Annual Report (including the Corporate Governance Statement) are prepared by the relevant subject matter experts and reviewed by members of the executive committee and senior managers prior to Board approval. ASX announcements (other than administrative announcements) are reviewed in accordance with BOQ's Disclosure and Communications Policy.

BOQ's external auditors provide recommendations for consideration to enhance reporting of non-financial performance measures.

BOQ's APRA Basel III Pillar 3 reports have been prepared to meet its disclosure requirements set out in APRA's prudential standard APS 330 'Public Disclosure' (**APS 330**) and have been prepared in accordance with Board-approved policy on disclosure controls and procedures.

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(1) The Audit Committee approves non-audit services in excess of $100,000 and is notified of non-audit services of less than $100,000 (as approved by the CFO).

Our stakeholders.

Our customers

BOQ believes that our customers deserve a loud voice, especially those whose voice can be the hardest for us to hear. BOQ's Office of the Customer Advocate was established by authority of the Executive Committee in 2017 and exists to be the voice of our customers, ensuring they are listened to, understood and treated fairly.

The Customer Advocate operates independently within BOQ with a particular focus on:

- facilitating fair outcomes with a focus on making things easier,
- identifying opportunities to improve the Bank's products, services, systems and processes,
- advocacy and insights to deliver fairness for customers that align with community expectations; and
- working closely with consumer advocates and community organisations.

Refer to page 20 for more information.

Our shareholders

BOQ is focused on growing shareholder value and strives for transparency in all our business practices. We understand the impact of quality disclosure on the trust and confidence of shareholders, the wider market and the community. To enable security holders to access corporate reporting documents (including ASX announcements, charters and corporate governance policies) these are all made available via the Governance Page and BOQ's Shareholder Centre on our website.

The Shareholder Centre includes the following:

- links for security holders to view details of their holding through its share registry provider's secure website, as well as access to contact details for the share registry,
- links for security holders to view details on historical dividend payments and information on BOQ's Dividend Reinvestment Plan,
- a financial calendar for the key events in the upcoming year, including results announcements, the AGM and dividend payments,
- BOQ's ASX announcements,
- details of AGMs, which are webcast on BOQ's website. At AGMs, security holders have the opportunity to ask questions or make comments regarding BOQ's performance, including ahead of the meeting if they cannot attend the meeting and all voting on substantive resolutions are decided by poll rather than a show of hands,
- details of BOQ's preference shares and previous capital raisings; and
- BOQ's approach to Environmental, Social and Governance.

The Corporate Governance Statement can be accessed from the BOQ website.

Investor relations program

BOQ operates an ongoing investor relations program to facilitate effective two-way communication with investors on BOQ's market activities which involves:

- half-year and annual results briefings (made available via webcast on BOQ's website) which allow for questions from market participants,
- annual or semi-annual meetings with key proxy adviser groups,
- meetings with domestic and international institutional investors,
- presentations to institutional and retail brokers and their clients (with any new information being released to the ASX in advance of communication with investors at such meetings); and
- responding to ad-hoc queries from analysts and investors (institutional and retail), as well as financial media, on market releases made by BOQ.

These initiatives represent an opportunity for BOQ to provide investors, market participants and the general public with a greater understanding of BOQ's business, financial performance, governance and prospects, whilst also providing investors and other market participants the opportunity to express their views to BOQ on matters of concern or interest to them. These views are gathered and communicated to the Board, wherever appropriate.

Security holders may elect to receive communications from BOQ and its share registry electronically via the share registry's secure website which is accessible from the Shareholder Centre on BOQ's website at My Shareholding or by contacting the share registry by phone on 1800 779 639 (within Australia) or +61 1800 779 639 (outside Australia). Security holders may contact the BOQ Investor Relations team by e-mail at InvestorRelations@boq.com.au and BOQ's share registry can be contacted by email at boq@linkmarketservices.com.au. Security holders may elect to receive a document electronically or in physical form at least once in each financial year.

AGM

The 2024 AGM will be held on 3 December 2024.

Shareholders are encouraged to submit questions ahead of the AGM. The Chair and the MD&CEO will seek to address the more frequently asked questions received ahead of the AGM in their address at the Meeting.

Shareholders will also be provided with a reasonable opportunity to ask questions about, or make comments on, the business of the Meeting, the management of the Company or about the Company generally during the Meeting.

The AGM will be webcast live, and a recording of the AGM will be made available after the meeting on BOQ's website at Annual General Meeting for security holders who are unable to attend.

Image | Jane Cameron, Group Communications Manager

RISK MANAGEMENT.

Risk management.

Risk management underpins the strength and resilience of the BOQ Group and is the foundation of everything that we do for our stakeholders. Risks exist across the BOQ Group and are inherent in our operations. Our ability to manage risk effectively allows us to deliver on our objectives and protect the interests of our customers, our shareholders and our people. This is achieved through the BOQ Group's risk management framework (**RMF**), documented in the risk management strategy (**RMS**).

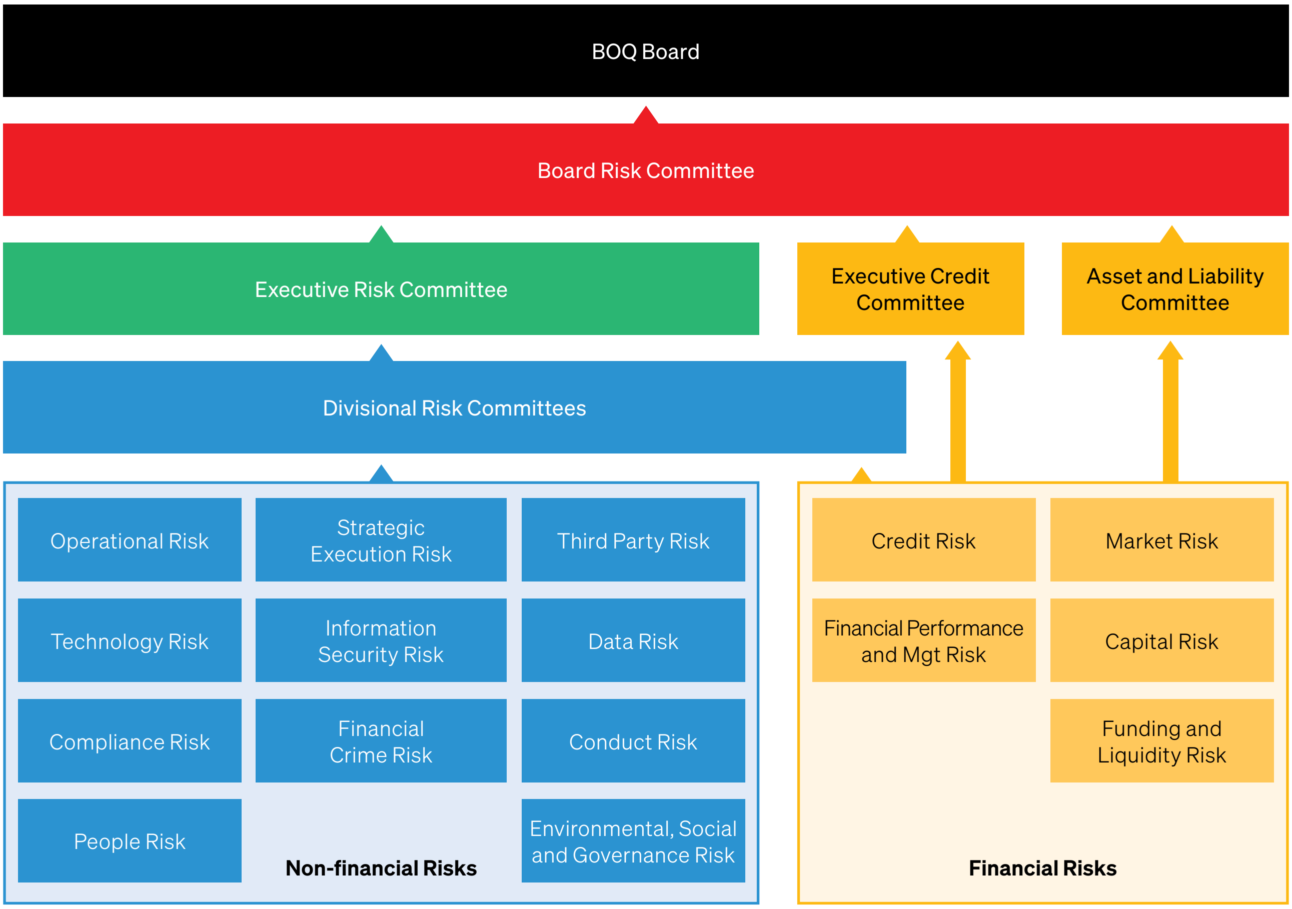
Risk management framework

The RMF comprises the systems, structures, policies, processes and people that identify, measure, evaluate, control, monitor and report on both internal and external sources of material risk.

BOQ's day to day operations involve managing a range of risks (**material risks**). The following categories of risk have been identified as the material risks of BOQ: credit risk; market risk; funding and liquidity risk; capital risk; financial performance and management risk; operational risk; compliance risk; financial crime risk; conduct risk; technology risk; information security risk; data risk; third party risk; people risk; strategic execution risk and environmental, social and governance risk.

The RMF is reviewed annually and was reviewed in FY24 by the Risk Committee and the Audit Committee.

Our RMS describes our approach for managing the material risks we face and has eight components which BOQ seeks to embed by promoting a strong risk culture and a three lines of defence model.



Risk culture

A strong risk culture is essential for the Group's RMF to operate effectively. At BOQ Group, we are focused on building the foundations of a strong culture fostering the right mindset, behaviours and outcomes.

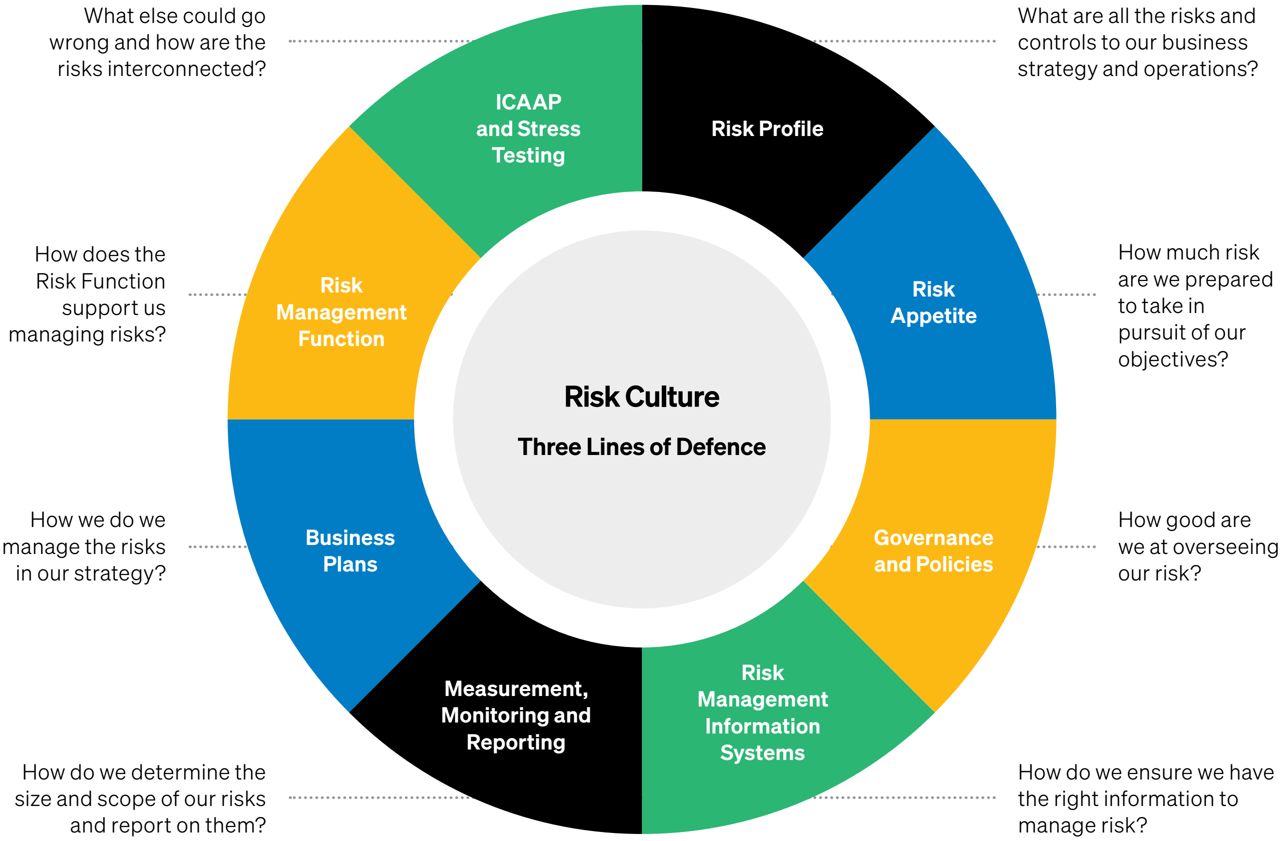
Further details on how we are uplifting our risk culture can be found on page 17 of this report.

Three lines of defence

Three lines of defence is our operating model that helps our people understand the roles they are expected to play in risk management.

Our first line of defence is our business units who are responsible for identifying and owning the risks in all aspects of their activity. Our second line of defence is our Group Risk function who design risk frameworks and guardrails and review and challenge the effectiveness of risk management. Our third line of defence is our internal audit function who provide independent assurance that the RMF is being complied with and operating effectively.

Providing our people with the tools and resources to effectively manage risk in alignment with our strategy empowers them to be forthcoming and proactive, ultimately protecting the interests of those who put their trust in us, including our customers, people, shareholders and the community.



Material risks.

Credit risk

Value drivers

The risk of loss in principal when a borrower or counterparty fails to repay a loan or meet contractual obligations in accordance with agreed terms.

Management

Our credit risk management strategy reflects our credit risk appetite and credit risk profile. The objective of our credit risk management is to maximise the risk-adjusted rate of return by maintaining credit risk exposure within acceptable parameters. Accordingly, we manage the credit risk inherent in the entire portfolio as well as the risk in individual credits or transactions.

Market risk

Value drivers

The risk of loss in earnings arising from market factors such as changes in interest rates, currency exchange rates and credit spreads, fluctuations in bond or equity prices, or changes in the volatility of these risk factors.

Management

Our treasury and financial markets risk policies detail the risk appetite, governance and control frameworks for traded and non-traded market risk, including principles which act as the litmus test for effective management of this risk. In addition, we maintain a comprehensive limit framework that controls all material market risks, including value at risk, stress and scenario testing, position limits, loss limits and monitoring.

Funding and liquidity risk

Value drivers

The risk of not meeting payment obligations when they fall due, loss on converting a position or selling an asset for cash to meet such obligations; and the inability to fund the balance sheet growth of the business in a timely and cost-effective way.

Management

We maintain a diverse and stable pool of high quality liquid assets, adequate liquidity buffers, short-term funding capacity to withstand periods of disruption and diversified potential long term funding sources. This is governed by our treasury and financial markets risk policies, liquidity & funding risk appetite statement, liquidity stress testing policy, contingency funding plan and Group recovery plan.

Capital risk

Value drivers

The risk of ineffective capital management which could result in a negative impact on the Group's capital levels and potential regulatory action or enforcement should the Group not meet minimum prudential requirements.

Management

To maintain financial resilience, the Board approves and oversees capital limits, triggers and target ranges set in the risk appetite statement and the internal capital adequacy assessment process (**ICAAP**). ICAAP and the Group recovery plan are designed to identify and manage potential threats and ongoing business viability.

Financial performance and management risk

Value drivers

The risk of loss arising from a failure to effectively manage the financial performance of the business, impacting shareholders and key stakeholders.

Management

Financial performance is governed through the Board and supplementary committees, including a product & pricing committee with policies, processes and reporting in support of pricing, fee structures, and financial performance of our products.

Compliance risk

Value drivers

The risk of failure to comply with laws, regulations/regulatory standards, rules, industry standards and codes that apply to the business.

Management

We maintain a compliance management framework that integrates compliance considerations into our business practices to manage our compliance with laws and regulations. The Group's regulatory change framework helps to ensure that we identify, assess, communicate and implement regulatory change to ensure ongoing compliance. Our governance, risk and compliance tool provides an organised way of managing relevant compliance matters, including in relation to obligations and compliance incidents. BOQ has implemented a range of significant actions over the past 12 months to improve its approach to manage compliance, with further actions planned as part of the Group's RAPs.

Financial crime risk

Value drivers

The risk of legal or regulatory sanctions, material financial loss or loss of reputation the Group may suffer as a result of its failure to comply with the requirements of relevant laws, regulations, or rules, with respect to AML/CTF, trade and economic sanctions, and laws addressing modern slavery and anti-bribery and corruption.

Management

Broadly, our AML/CTF obligations are managed through the customer lifecycle and subsequent monitoring, internal policies and procedures for which are governed by part A and part B of our AML/CTF program. We have an AML/CTF officer responsible for the maintenance and oversight of this program as well as Board oversight and approval. Through AML First, we will implement a range of enhancements to our approach to comply with our AML/CTF obligations.

Conduct risk

Value drivers

The risk of inappropriate, unethical or unlawful behaviour by our management or employees, which could have significant ramifications for our customers, shareholders, clients, counterparties and the markets in which we operate.

Management

Conduct risk is considered in the context of our customers' interests and is managed by people and culture with assistance from group compliance and legal. We aim to maintain a strong ethical organisational culture via embedded principles, policies, training, and data-informed monitoring to mitigate misconduct.

Operational risk

Value drivers

The risk of loss resulting from inadequate or failed internal processes or systems, or the actions of people.

Management

We have an operational risk management framework (**ORMF**) which defines our approach to operational risk management and is supported by underlying policies and standards. The ORMF also informs the running of divisional risk committees to ensure risk monitoring and profiling is effective throughout the business.

Technology risk

Value drivers

The risk of failed or degraded performance of IT systems due to changes, unexpected outages and ineffective lifecycle management of systems resulting in adverse financial and/or non-financial impacts for our Group, customers, shareholders and the community in which we serve.

Management

Our technology architecture ensures there is review, governance and approval channels that ensure sound management and sustainability of our technology investments. This is supported by our development, testing, change and release management, and our IT incident management team. Technology risk is also managed in accordance with the ORMF.

Information security risk

Value drivers

The risk of information security incidents, including the loss, theft or misuse of data/information and the risk of failure to comply with rules and regulation concerning information security.

Management

Information security risks are managed through dynamic risk assessments by monitoring the threat landscape and the effectiveness of information security controls. Supported by the Board sub-committee, Transformation & Technology Committee, we govern our practices through key documents such as the information security policy and cyber security strategy. Information security risk is also managed in accordance with the ORMF.

Data risk

Value drivers

The risk of inadequate data governance and/or inability to adhere and monitor the data risk management framework and its supporting policies, standards and processes. Further, it is the risk of poor data quality and failure to manage data appropriately through the data lifecycle, resulting in impact to customers, financial loss, reputational damage and non-compliance with legal and regulatory requirements.

Management

As reviewed and approved by the enterprise information management committee, our data risk management framework sets guiding principles and formalises the approach for the consistent management of data risk across BOQ Group in alignment with the ORMF and guidance contained in Prudential Practice Guide CPG 235 Managing Data Risk. Data risk is also managed in accordance with the ORMF.

Material risks.

Third party risk

Value drivers

Third party risk is the risk of failing to identify and manage operational risks resulting from the outsourcing of services or functions to a third party.

Management

All outsourcing agreements are subject to initial and ongoing due diligence and monitoring under our suite of outsourcing and supplier policies and standards, including where an outsourced arrangement is material. Compliance with CPS 231 and CPS 234 is considered as part of this due diligence and monitoring. Third party risk is also managed in accordance with the ORMF.

People risk

Value drivers

The risk of losses or reputational damage arising due to inadequacies in human capital or poor management of human resources.

Management

Led by people and culture, leaders across the organisation play a key role in managing people risk, together with our purpose and values. Our people policies and frameworks inform learning programs, pulse and culture surveys, staff development, wellness and remuneration. These are governed by the Board Risk Committee and People, Culture & Remuneration Committee.

Strategic execution risk

Value drivers

The risk that the Group fails to execute on the strategy and delivery of expected outcomes against strategic goals which may lead to financial or reputational losses for the Group and its shareholders.

Management

The risks introduced via strategic planning and projects are governed by the ORMF, and consider risk introduced, delivered risks and benefit risks associated with the change. These are measurable through set clear objectives, benefits, roadmaps and project methodology. The executive committee monitor strategic execution and report to the Board as appropriate.

Environmental, social and governance risk

Value drivers

The risk of potential reputational and financial impacts that could arise from failing to effectively manage environmental, social, and governance events or conditions of the Group or its people, customers and suppliers.

Management

The Board delegates the day-to-day management of environmental and social risks and opportunities including climate change to the executive committee. The executive committee is accountable for actions and commitments to embed climate change into business strategy and risk management. The Sustainability Working Group (**SWG**) supports the executive committee with the development and implementation of sustainability initiatives and reporting requirements.

Our processes for identifying and assessing climate-related and social risks are integrated into Group-wide risk management activities with a focus on material credit and operational risks. Refer to pages 67 to 79 for further details on how we manage climate risk.

Emerging risk

Emerging risks arise from changes in areas such as the competitive landscape, emerging technologies, macro-economic conditions, the regulatory and political environment and changes in social expectations and perspectives.

Management

The Group maintains a prudent approach to managing emerging risks. Risk committees at the Group and divisional level meet several times throughout the year to assess, monitor and report on these accordingly.

Value drivers.

Customer

Personalised experiences delivered through multi-brand offering, new digital capability, and BOQ’s relationship model.

Technology & Data Capabilities

Building new capabilities and leveraging our strategic partnerships to modernise and digitise the Group, providing great customer and people experiences more securely and effectively.

Environment & Climate Change

Responsible corporate citizen, seeking to actively influence customers' transition to a more resilient, lower carbon-intensive economy.

Finance

Access to funding through customer deposits, wholesale and capital markets to support operations and execute our strategy.

Community

Passionate bankers embedded in the community forming strong community relationships and supporting the vulnerable.

People

Diverse and engaged workforce, building future fit capabilities.

SUSTAINABILITY REPORT.

Sustainability Report.

Climate Statements

The Climate Statements should be read in conjunction with the accompanying notes.

Governance

Board oversight of climate-related risks and opportunities

The Board approves key climate commitments as part of its oversight of our sustainability strategy.

The following is an outline of key climate-related matters that were considered by the Board and its Committees in FY24.

- Oversight of sustainability priorities, including updates on sustainability-related strategic initiatives to prepare for mandatory climate-related financial disclosures,
- Following a review of existing climate targets and commitments, the decision was made to become signatory to the UN Principles for Responsible Banking and Net-Zero Banking Alliance to improve credibility of climate targets and commitments and align to industry and best practice guidance,
- Approach to carbon market participation and integration of this with our emissions reduction strategy; and
- Oversight of sustainability reporting and disclosure with a focus on uplifting the control environment in preparation for mandatory climate-related financial disclosures and managing greenwashing risks.

Management of climate

Day-to-day management of BOQ's approach to climate change is the responsibility of the MD&CEO and CFO and is delegated to senior management, where appropriate. A range of committees help identify, assess and manage climate-related risks and opportunities and support executive management in their decision making.

Reporting to the Board Audit Committee and the executive team, the Sustainability Working Group (**SWG**) is chaired by the CFO and meets at least four times a year. It includes general managers across all divisions and senior management with environmental, social and governance (**ESG**) accountabilities, and oversees implementation of our sustainability priorities, including those related to our climate strategy.

Introduced during 2024, the Integrated Reporting Steering Committee seeks to ensure BOQ Group is prepared for mandatory climate-related financial disclosures. Chaired by the CFO, this steering committee oversees six executive working groups addressing climate reporting, governance, strategy, risk management, and upstream and downstream metrics and targets.

Divisional risk committees consider the materiality of sustainability risks, through risk profile assessments and risk appetite measures.

Operational management of climate-related matters is delegated to teams across BOQ Group.

The Group Sustainability team:

- Identifies and coordinates the Group's sustainability priorities,
- Leads the Group's approach to collaborating with external bodies on sustainability related matters,
- Advises the SWG, Integrated Reporting Steering Committee and the business on climate and sustainability priorities and policies, and emerging risks and opportunities,
- Coordinates external sustainability reporting,
- Improves the Group's alignment with ESG related standards; and
- Operates within Group Finance and seeks to apply the same rigour to ESG reporting as financial reporting.

The Group Property and Procurement team:

- Manages the environmental performance of the Group's operations,
- Works to reduce the Group's direct environmental footprint; and
- Supports key suppliers with their emissions reduction strategies and considers supplier climate strategies in key sourcing decisions.

Image | (L-R) Simon Huggins, Head of Media & Government Relations; Richard Griffiths, Senior Manager Sustainability; Amanda Lee, Head of Sustainability; Jessica Smith, General Manager Investor Relations & Corporate Affairs and Charlie Pitt, ESG Consultant

Approach to collaboration

It was through engagement with the Australian Banking Association (**ABA**) industry working groups that BOQ Group was able to focus on understanding the connection between climate risks for customers and the subsequent impact on business. BOQ's exposure to physical climate risk has historically been assessed as low and managed through consideration of valuations at origination and reliance on customers maintaining appropriate insurance protection in accordance with their lending contracts.

Insurance affordability brings into focus the ongoing challenge Australians face as extreme weather events worsen. We acknowledge the important role the Group has in supporting and participating in national and industry-based initiatives to progress collective action on climate change. This year we joined the Resilient Building Council at the ABA Annual Conference to discuss opportunities to improve insurance affordability for Australians.

Risk Management

BOQ Group considers climate as a long-term risk and notes that its exposure to the physical and transition risks and impacts of climate change have not significantly changed compared to recent financial years.

During 2024, exploration of BOQ's material sustainability topics confirmed climate change is an emerging area of focus for regulators and the industry.

During the year, BOQ Group participated in APRA's voluntary climate risk self-assessment. This provided an opportunity to re-assess the organisations approach to managing climate-related risks against the evolving expectations of regulators and investors and identify opportunities to accelerate climate-related risk maturity through uplift to governance, documentation and practices.

Approach to Risk Management

	Climate risk position
Prior years	BOQ Group have acknowledged the impact climate change is having on our customers, our people, our suppliers and in the communities in which we operate. We have accepted climate change is the product of human influence and support the transition to a net-zero carbon economy in alignment with the Paris Climate Agreement as a key step in managing climate risk. We committed to supporting our customers and improving their resilience through the transformational change needed in every sector to live with the impacts of climate change.
2024	Through ongoing industry engagement, we've recognised that standardised and consistent approaches to identifying, measuring, and managing climate risk in financial institutions are still evolving. Reducing emissions alone won't be enough to manage climate risks the Group is exposed to. In 2024, we validated that whilst we have integrated both physical and transition climate risks into our risk management and resilience strategies, further work is required to mature this integration and fully embed it across the Group.
2025	BOQ intends to publish a Climate Risk Management Roadmap that aligns with Australia's new mandatory climate-related financial disclosure regime to enhance our ability to integrate metrics and targets into climate risk assessments. Our goal is to be able to actively influence and support customers, as they transition to a more resilient, lower carbon-intensive economy, in line with the emerging guidance and standards.

Strategy

At BOQ, our climate aspirations seek to align with the Paris Climate Agreement and the Intergovernmental Panel on Climate Change's (**IPCC**) subsequent statements underscoring the urgency of limiting global warming to 1.5°C above pre-industrial levels by 2100. We recognise the significant challenges that lie ahead for both global and local economies in transitioning to and achieving net-zero emissions by 2050.

How we define our sustainability priorities and commitments

In pursuit of net-zero emissions, we have previously set 2030 targets to reduce our Scope 1 and 2 emissions and Scope 3 upstream emissions. We are committed to operationalising action plans aligned with reducing emissions. However, as we prepare for mandatory climate-related financial disclosure, we will revise our methodology for measuring performance and setting targets and publish new climate targets and commitments in 2025.

As a financial institution our largest potential climate impact is related to financing activities. We have previously made commitments with regard to fossil fuel funding and are pleased to have worked with our customers in relation to this.

As we look to the future, we will work with customers to identify pathways for a just and inclusive transition, we remain mindful of potential adverse impacts on people and communities. In establishing new climate targets and commitments for publication in 2025, our priorities include gaining a deeper understanding of the needs of all stakeholders including customers, communities, industry groups and governments, and balancing these diverse needs with the challenges and complexities faced by the industry.

To ensure we are aligned with global best practice while supporting our customers in the transition to a lower carbon economy, BOQ has joined the Net-Zero Banking Alliance and become a signatory to UNEP FI's Principles for Responsible Banking (**UN PRB**). As we implement the UN PRB framework, and adopt guidance in preparation for Australia's mandatory climate-related financial disclosure requirements in 2025, we will establish new science-based targets across operational and upstream emissions. We will also identify those sectors within our lending and investment portfolios we have, or can have, the most significant impact upon, when seeking to align with pathways to net-zero by 2050.

In line with the UN PRB, we aim to enhance our engagement with customers to better understand their evolving climate commitments and strategies. Additionally, we will seek to monitor sector developments, emerging science and government policies to collaborate with customers on addressing these challenges.

Sustainability Report.

Climate Statements (continued)

Metrics and Targets

See Notes to the Climate Statements for full details of metrics and targets including definitions and footnotes.

	Climate targets and commitments	Progress	Key performance indicators
Prior years	100 per cent equivalent renewable electricity by 2025. Reduce Scope 1 and 2 emissions by 90 per cent and Scope 3 upstream emissions by 40 per cent by 2030 compared to a 2020 baseline. Reduce lending portfolio exposure to fossil fuels.	In 2023 BOQ Group disclosed 81 per cent reduction in Scope 1 and 2 operational emissions and 41 per cent reduction in Scope 3 upstream emissions achieved.	Maintain carbon neutrality in line with Climate Active certification.
2024		Maintained Climate Active certification, Achieved our objective to source 100 per cent equivalent of renewable electricity; and Became proud signatories to the Net Zero Banking Alliance.	At the end of FY24, BOQ's lending portfolio had no exposure to the direct extraction of fossil fuels or power generation and prior exposure to equipment directly used for the sole purpose of the extraction of fossil fuels reduced to nil.
2025	All existing climate targets and commitments will be reviewed, replaced where appropriate and new climate targets and commitments will be published in 2025 to align with Net-Zero Banking Alliance guidance. We will work with customers to identify pathways to support the climate transition in a way that is mindful of potential adverse impacts on people and communities.		

Understanding our carbon footprint and progress towards net-zero emissions

Estimating our carbon footprint is an important step in quantifying climate risk and also in identifying where and how we can take meaningful action to reduce negative climate impacts.

Whilst detailed, complex and inherently uncertain, the availability of data, and evolving methodologies and scientific knowledge underpinning these estimates are constantly being refined. Combined with the impacts of mandatory reporting on third parties, we expect data quality and reporting will continue to improve over time.

In preparation for mandatory climate-related financial disclosures, during 2024 we commenced enhancing processes and uplifting controls in relation to the quantification of Scope 1 and 2 emissions. We acknowledge that quantifying emissions associated with financing activities is an important part of managing climate-related risks and opportunities and seek to further enhance our estimates of Scope 3 upstream and financed emissions in order to refine and restate our interim targets in 2025.

BOQ Group Operational emissions before Carbon Credits (tCO2-e)

For the financial year ended 31 August	2023	2024
Scope 1 emissions	359	328
Scope 2 emissions – location-based	3,658	3,293
Scope 2 emissions – market-based	-	-

Reducing our direct impact

This year we achieved our objective to source the equivalent of 100 per cent of our electricity demand from renewables. In addition to the progress on our renewables program, we have continued to reduce direct emissions via optimisation initiatives, such as corporate footprint reductions, since 2022.

Following our Climate Active Organisational certification for FY23, we reviewed our approach to estimating Scope 3 upstream emissions, as well as the Group's carbon offset strategies, to better align with emerging best practice and global standards. As a result, we are enhancing our engagement with suppliers to better understand and influence their evolving climate commitments and strategies.

Our approach to renewables

In 2021, BOQ committed to source the equivalent of 100 per cent of our electricity demands from renewables by FY25.

Since then, BOQ has continued to expand the number of its controlled sites being covered by GreenPower 100 per cent certified renewable energy contracts.

Electricity demand from sites where BOQ is unable to choose its energy supplier, has been offset by the acquisition of Large-scale Generation Certificates on the East Coast of Australia, where the majority of BOQ facilities are located and to support the transition to a lower carbon economy in the local communities we serve.

BOQ continues to work with its partners on expanding the direct sourcing of renewable electricity for its sites where possible.

Carbon credits

Our priority is to operationalise direct emissions reductions, however we recognise the role that carbon credits and sequestration supported by a global carbon credit market can play. BOQ currently relies on carbon markets to offset residual operational and upstream emissions.

Our Australian operations remain certified under the Australian Government's Climate Active Carbon Neutral Standard for Organisations. Prior to 2023, BOQ Group purchased carbon credits both domestically and internationally and the Group retains a bank of these purchases. The current bank of carbon credits is expected to be exhausted by 2025.

The credits retired to offset our operational and upstream carbon emissions are listed in our Climate Active Public Disclosure Statement. The credits acquired, retired and used to offset our operational and upstream emissions align with eligible offset units under the Climate Active Carbon Neutral Standard for Organisations.

BOQ Group Carbon Bank

Climate Active Reporting Period	2022	2023
Total Scope 1, 2 and 3 (upstream) emissions reported (tC02-e)	38,046 (1)	30,199 (2)
Carbon bank opening balance	7,735	1,389
Carbon credits acquired and retired	31,700	62,500
Carbon credits used to offset emissions	(38,046)	(30,199)
Carbon bank closing balance	1,389	33,690

(1) Restated to align with information reported within BOQ's Climate Active Public Disclosure Summary for FY22. BOQ Group reported this as 38,045 in the FY22 Annual Report and FY23 Annual Report - restatement due to rounding.

(2) Restated to align with information reported within BOQ's Climate Active Public Disclosure Summary for FY23. BOQ Group reported this as 30,201 in the FY23 Annual Report due to rounding.

See Notes to the Climate Statements for full details of metrics and targets including definitions and footnotes.

Sustainable vet practices

Located just 30 minutes from Brisbane's CBD, the vibe at Greater Springfield Veterinary – Springfield Hospital feels more like a cozy village café or nursery than a typical vet clinic. Surrounded by native plants, a native beehive, colourful artwork, and ornate decorations, the warm and welcoming clinic exudes a positive energy.

Fittingly, it is energy, or rather the use of it, and other resources, that makes the surgery so unique. Greater Springfield Veterinary, which has three campuses, is one of only two carbon neutral vet practices in Australia.

The changing environment and its impact on animals has long been a concern for owner Jeannet Kessels, who has banked with BOQ Specialist for nine years.

In 2019 Dr Kessels founded, and remains the Chair of, Vets for Climate Action (**VFCA**), a not for profit that aims to advocate for climate action and educate the community about the effects of climate change on animal health. Recognising that climate change is an animal welfare issue, VFCA developed the world first Climate Care Program, which guides vet clinics on a journey towards net zero carbon emissions as well as overall improved environmental sustainability.

Sustainability Report.

Notes to the Climate Statements

Over time, climate-related reported data will change as new accessibility and quality of data sources improves, methodologies emerge, and technologies are introduced.

Our climate metrics and targets are measured and reported using a combination of directly measured information and, where such information cannot be measured directly, estimates. Estimates used in this reporting, which are judgements reflecting information available to the Group at the time of reporting, introduce measurement uncertainty into the reporting and may result in variation or restatement of performance as additional information on greenhouse gas emissions within our value chain becomes available.

The Climate Statements contain climate-related and other forward-looking statements, including targets, commitments, plans, estimates, assumptions and metrics where uncertainty is further exacerbated given the measurement difficulties highlighted above.

Key terms are defined in the Glossary section in our Annual Report on page 243.

Risk Management

Physical scenario analysis was undertaken in 2021 assessing residential and business property and construction portfolio exposure to extreme heat and rain, very high fire days, cyclones and east coast lows, extreme sea level events and chronic temperate and sea level rise. IPCCs RCP 4.5 and RCP 8.5 reference scenarios were considered at 2030 and 2050 timeframes. The assessment considered 85 per cent of BOQ credit risk and was largely equivalent to the 2023 portfolio mix.

Transition risk analysis was also undertaken in 2021 assessing commercial lending and asset finance and leasing across BOQ, BOQF and BOQS. The assessment considered additional costs upon a sector as a result of its direct and indirect operational and upstream emissions from a carbon price under the relevant scenario. NGFS Orderly (1.5 and 2 degree aligned) and Disorderly (1.5 and 2 degree aligned) reference scenarios were considered at 2030, 2040 and 2050 timeframes. For the analysis, sectoral exposure remained constant, aligning with the strategy at the time. Scenario analysis processes adopted carbon price as a representation of a suite of policies and regulations which may or may not be purely financial.

BOQ Group has relied upon historically reported outcomes from Scenario Analysis in preparing the FY24 Climate Statements.

Additional detail on prior analysis is available in BOQ's FY21 Annual Report, FY22 Annual Report and FY23 Annual Report.

Strategy

How we define our sustainability priorities and commitments

BOQ Group committed to no further funding of equipment used directly in the extraction of fossil fuel in 2018. Since this time, best endeavours have been made to identify finance applications where the sole or primary purpose of lending was for equipment to support fossil fuel extraction projects prior to loan origination. This is supported by BOQ's Prohibited and Restricted Industries/Activities List and processes. Equipment directly involved in the extraction of fossil fuels include and are not limited to: Large mining trucks and drill rigs. Equipment not directly involved in the extraction of fossil fuels include and are not limited to: Photocopiers and personal computing equipment, Road registered light vehicles (cars, SUV's and utilities) and registered trucks.

For the purposes of reporting, retrospective screening for potential exposure to fossil fuel extraction relies upon Australian and New Zealand Standard Industry Classification (**ANZSIC**) codes being used to map to specific industries, and sectors. Screening considers customers in the following ANZSIC classifications: Coal mining (600), Oil and gas extraction (700), Petroleum exploration (1011), Fossil fuel electricity generation (2611). Some manual screening on assets is also undertaken.

BOQ does not have access to a public ANZSIC classification database for customers and relies upon its own data, classification and mapping systems across various technology platforms. This introduces a level of uncertainty which should be considered when relying upon BOQ's fossil fuel commitments.

BOQ Group has historically reported lending exposure to sustainable assets. No further analysis undertaken has been reported upon or considered in preparing of the FY24 Climate Statements. Additional detail on prior analysis is available in BOQ's FY23 Sustainability Supplement.

Metrics and Targets

Greenhouse gas (**GHG**) emissions and electricity consumption are reported for 12 month periods ended 31 August and all dollar amounts are in Australian dollars, unless otherwise indicated. Due to rounding, numbers presented may not add up to the totals provided.

Operational Emissions

BOQ has no reporting obligations under the *National Greenhouse and Energy Reporting Act 2007* (**NGER Act**) for the year ended 30 June 2024 as it does not meet the threshold for reporting on a Group basis nor do any of the facilities under its operational control meet the relevant facility thresholds. During FY24, BOQ considered draft standards released for consultation by the Australian Accountings Standards Board (**AASB**) in preparation for mandatory climate-related financial disclosure indicating methodologies for calculating operational emissions with reference to the NGER Act should be considered. The AASB ultimately decided not to prioritise NGER reporting in the final Australian Sustainability Reporting Standard AASB S2 *Climate-related Disclosures*, which was released after 31 August 2024.

Our approach to measuring scope 1 direct operational emissions

Scope 1 emissions

are the release of GHGs into the atmosphere from facilities under BOQ's operational control. BOQ's Scope 1 emissions are primarily of emissions from the combustion of fuels. Total fuel consumption is based on third party records, including invoices and fuel card records, supplemented by management estimates. Data is prepared with reference to the NGER Act, using emissions measurement methodologies and energy content and emission factors from the National Greenhouse and Energy Reporting (Measurement) Determination 2008 (**NGER Measurement Determination**) or as detailed against the indicator definition or calculated under the Climate Active Carbon Neutral Standard for Organisations.

Our approach to measuring scope 2 indirect operational emissions

Scope 2 emissions

are indirect emissions from the generation of purchased electricity, steam, heating, or cooling. BOQ's Scope 2 emissions consist primarily of emissions associated with the consumption of electricity, with the amount of electricity consumed based on data from on-site electricity metering and third party records, including invoices, supplemented by management estimates utilising the net lettable area of BOQ facilities and/or the number of FTEs working in these facilities. Data is prepared with reference to the NGER Act, using emission factors from the NGER Measurement Determination and/or calculated under the Climate Active Carbon Neutral Standard for Organisations.

Scope 2 emissions (location based)

reported using a location based method reflect the emissions generated to generate the actual electricity delivered for consumption. Scope 2 location based emissions are calculated based on the average emissions intensity of the electricity grid which facilities under the operational control of BOQ are connected to.

Grid-based emission factors emission factors applied are sourced from Part 6 of Schedule 1 of the NGER Measurement Determination.

Scope 2 emissions (market based)

reported using a market based approach reflect BOQ's contractual electricity sourcing decisions and its contractual rights to purchase electricity and claim specific attributes about it, including:

- voluntary purchases of renewable electricity, such as Greenpower or Climate Active Carbon Neutral electricity,
- energy attribute certificates such as Largescale Generation Certificates which convey a right to claim electricity consumed as zero emissions electricity,
- power purchase agreements that may include Largescale Generation Certificates associated with generation or bundled as part of the agreement,
- behind the meter local renewable electricity generation from sources such as solar panels; and
- renewable energy target schemes as jurisdictional renewable energy targets.

BOQ calculate Scope 2 market based emissions in accordance with the methodologies set out within the NGER Measurement Determination (Section 7.4) and the *Climate Active Electricity Accounting* August 2023 guidance paper.

Upstream Emissions

Our approach to measuring scope 3 upstream indirect emissions

Scope 3 upstream emissions

are indirect GHGs emitted as a consequence of BOQ operations but occur at sources (other than electricity) owned or controlled by another organisation. Scope 3 upstream indirect emissions represent emissions from the BOQ Group supply chain including embodied emissions from data centres, IT software and hardware, capital works and repairs to buildings, communications, office equipment, furniture, legal and insurance, consultations supporting BOQ Group strategy and head off operations, business travel, waste disposal, employee commuting, and work from home emissions. These estimates represent categories 1-9 of the GHG protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Scope 3 emissions estimates including supplier-based data where available excluding contributions of offsets purchased by vendors. Emission estimates are prepared in accordance with the Climate Active Carbon Neutral Standard for Organisations following the principals of the GHG Protocol. Data is prepared in accordance with the Climate Active Carbon Neutral Standard for Organisations.

Reducing our direct impact

BOQ Group has historically reported progress towards operational and upstream emissions reduction targets compared to a 2020 baseline. No further analysis undertaken has been reported upon or considered in preparing BOQ's FY24 Climate Statements. Additional detail on prior analysis is available in BOQ’s FY22 Annual Report and FY23 Annual Report.

Sustainability Report.

Our approach to renewables

Equivalent of renewable electricity
Electricity with zero attributable Scope 2 emissions when measured using a market based approach.

BOQ Group has historically reported progress towards the 2025 renewable electricity target against the Climate Active Carbon Neutral Standard for Organisations market based accounting. Additional detail on prior analysis is available in BOQ's FY22 Annual Report and FY23 Annual Report.

BOQ's FY24 progress in achieving the renewable electricity equivalence target has also been measured against the Climate Active Carbon Neutral Standard for Organisations market based accounting (Scope 2 emissions (market based) above), however, the Carbon footprint for FY24 has not been disclosed in the Climate Statements as it remains subject to formal re-certification by Climate Active. This data will be made available on the Climate Active website once formal certification is received.

Largescale Generation Certificates to support BOQ's renewable electricity equivalence for FY24 being achieved were procured and surrendered after 31 August 2024 and prior to publishing BOQ's FY24 Annual Report. Where these certificates are in excess of the final Scope 2 emissions (market based) calculation for FY24 they may be carried forward to support BOQ's future renewable electricity equivalence calculations.

Electricity supporting BOQ's New Zealand operations during FY24 was negligible, however, has been included in the Scope 2 emissions (market based) calculation and offset with Australian Largescale Generation Certificates.

Carbon credits

Total scope 1, 2 and 3 (upstream) emissions reported for BOQ's Carbon Bank were calculated in accordance with the Climate Active Carbon Neutral Standard for Organisations following the principles of the GHG Protocol. These emissions are subject to formal certification by Climate Active and further information is available on the Climate Active website.

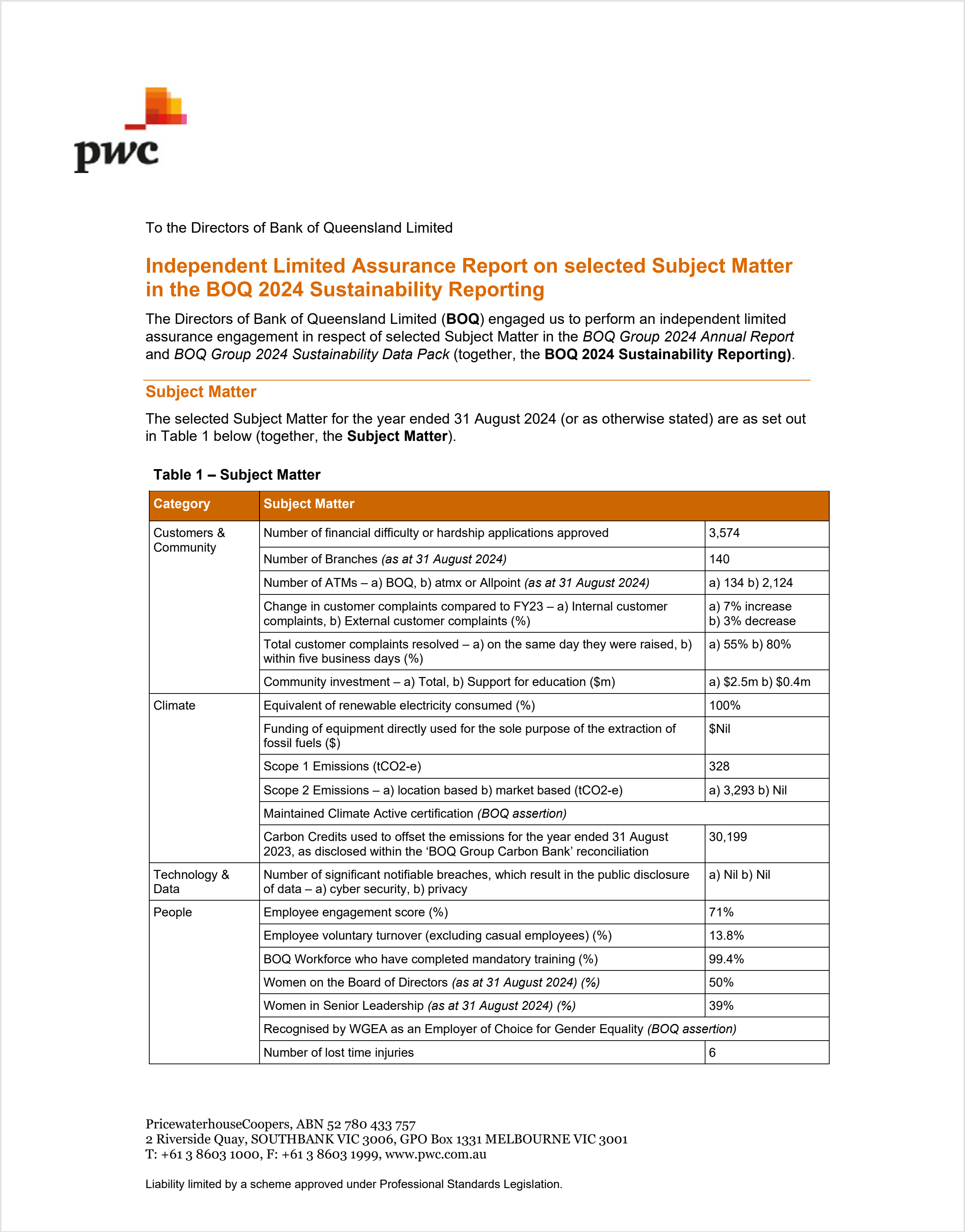
No further Carbon credits have been purchased or retired by BOQ Group as at 31 August 2024.

Partnering to build Climate Capability – The University of Queensland

In preparation for becoming signatories to the UN Principles for Responsible Banking, during FY24, BOQ introduced climate training for its people via the Responsible Banking Academy, a collaboration between the Chartered Banker Institute and the UN Environment Programme Finance Initiative. To scale this program and ensure technical content is contextualised for the Australian market we have collaborated with The University of Queensland (**UQ**) Business School to establish two hybrid programs on Climate Change for Board members, executives and key management, to be delivered in FY25. The UQ Business School has been a proud supporter and Advanced Signatory of the UN Principles for Responsible Management Education since 2015.

Assurance statement on Sustainability Reporting.

For the year ended 31 August 2024



To the Directors of Bank of Queensland Limited

Independent Limited Assurance Report on selected Subject Matter in the BOQ 2024 Sustainability Reporting

The Directors of Bank of Queensland Limited (**BOQ**) engaged us to perform an independent limited assurance engagement in respect of selected Subject Matter in the *BOQ Group 2024 Annual Report* and *BOQ Group 2024 Sustainability Data Pack* (together, the **BOQ 2024 Sustainability Reporting)**.

Subject Matter

The selected Subject Matter for the year ended 31 August 2024 (or as otherwise stated) are as set out in Table 1 below (together, the **Subject Matter**).

Table 1 – Subject Matter

Category	Subject Matter	
Customers & Community	Number of financial difficulty or hardship applications approved	3,574
	Number of Branches *(as at 31 August 2024)*	140
	Number of ATMs – a) BOQ, b) atmx or Allpoint *(as at 31 August 2024)*	a) 134 b) 2,124
	Change in customer complaints compared to FY23 – a) Internal customer complaints, b) External customer complaints (%)	a) 7% increase b) 3% decrease
	Total customer complaints resolved – a) on the same day they were raised, b) within five business days (%)	a) 55% b) 80%
	Community investment – a) Total, b) Support for education ($m)	a) $2.5m b) $0.4m
Climate	Equivalent of renewable electricity consumed (%)	100%
	Funding of equipment directly used for the sole purpose of the extraction of fossil fuels ($)	$Nil
	Scope 1 Emissions (tCO2-e)	328
	Scope 2 Emissions – a) location based b) market based (tCO2-e)	a) 3,293 b) Nil
	Maintained Climate Active certification *(BOQ assertion)*	
	Carbon Credits used to offset the emissions for the year ended 31 August 2023, as disclosed within the 'BOQ Group Carbon Bank' reconciliation	30,199
Technology & Data	Number of significant notifiable breaches, which result in the public disclosure of data – a) cyber security, b) privacy	a) Nil b) Nil
People	Employee engagement score (%)	71%
	Employee voluntary turnover (excluding casual employees) (%)	13.8%
	BOQ Workforce who have completed mandatory training (%)	99.4%
	Women on the Board of Directors *(as at 31 August 2024) (%)*	50%
	Women in Senior Leadership *(as at 31 August 2024) (%)*	39%
	Recognised by WGEA as an Employer of Choice for Gender Equality *(BOQ assertion)*	
	Number of lost time injuries	6

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T: +61 3 8603 1000, F: +61 3 8603 1999, www.pwc.com.au

Assurance statement on Sustainability Reporting.

For the year ended 31 August 2024

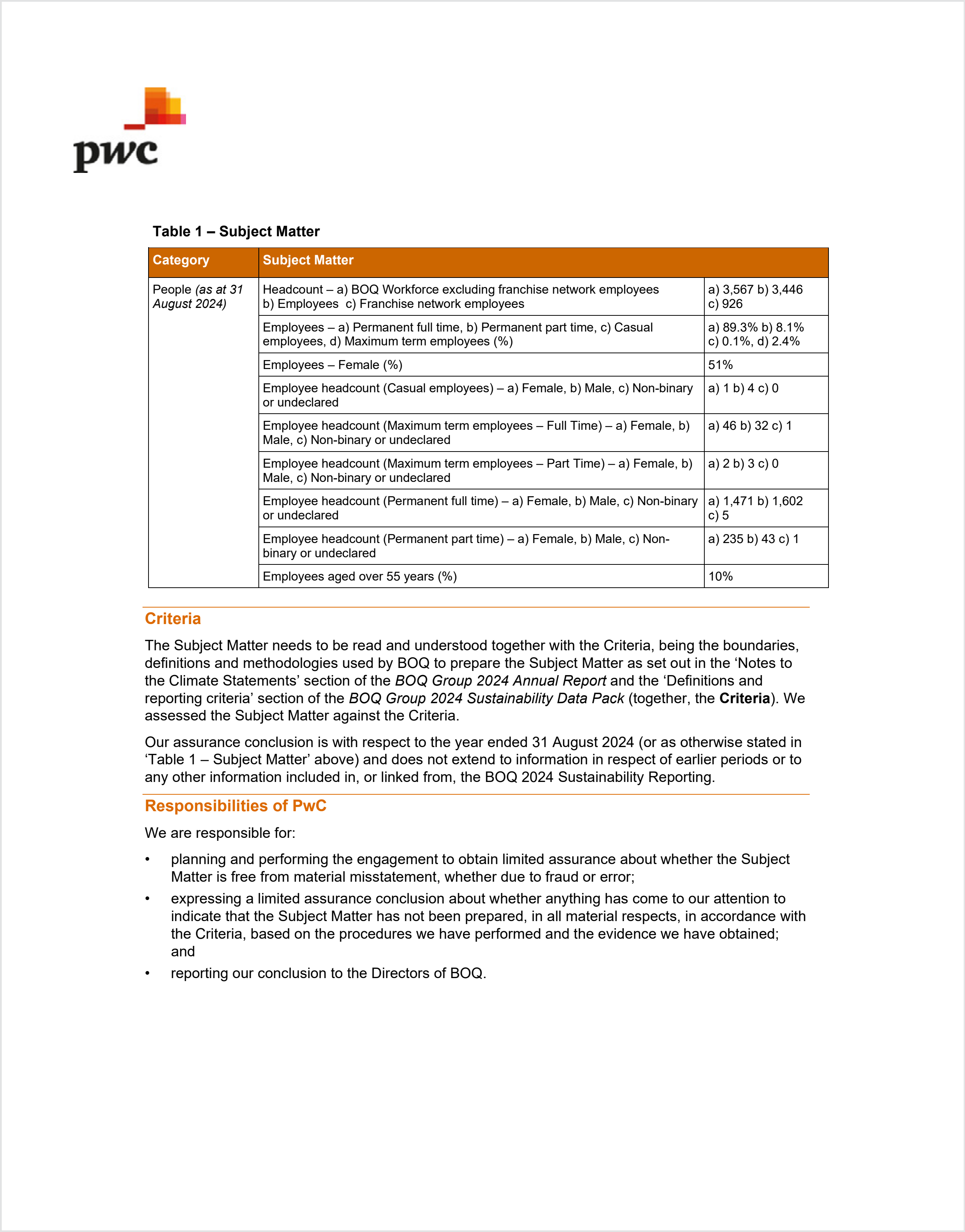


Table 1 – Subject Matter

Category	Subject Matter	
People *(as at 31 August 2024)*	Headcount – a) BOQ Workforce excluding franchise network employees b) Employees c) Franchise network employees	a) 3,567 b) 3,446 c) 926
	Employees – a) Permanent full time, b) Permanent part time, c) Casual employees, d) Maximum term employees (%)	a) 89.3% b) 8.1% c) 0.1%, d) 2.4%
	Employees – Female (%)	51%
	Employee headcount (Casual employees) – a) Female, b) Male, c) Non-binary or undeclared	a) 1 b) 4 c) 0
	Employee headcount (Maximum term employees – Full Time) – a) Female, b) Male, c) Non-binary or undeclared	a) 46 b) 32 c) 1
	Employee headcount (Maximum term employees – Part Time) – a) Female, b) Male, c) Non-binary or undeclared	a) 2 b) 3 c) 0
	Employee headcount (Permanent full time) – a) Female, b) Male, c) Non-binary or undeclared	a) 1,471 b) 1,602 c) 5
	Employee headcount (Permanent part time) – a) Female, b) Male, c) Non-binary or undeclared	a) 235 b) 43 c) 1
	Employees aged over 55 years (%)	10%

Criteria

The Subject Matter needs to be read and understood together with the Criteria, being the boundaries, definitions and methodologies used by BOQ to prepare the Subject Matter as set out in the 'Notes to the Climate Statements' section of the *BOQ Group 2024 Annual Report* and the 'Definitions and reporting criteria' section of the *BOQ Group 2024 Sustainability Data Pack* (together, the **Criteria**). We assessed the Subject Matter against the Criteria.

Our assurance conclusion is with respect to the year ended 31 August 2024 (or as otherwise stated in 'Table 1 – Subject Matter' above) and does not extend to information in respect of earlier periods or to any other information included in, or linked from, the BOQ 2024 Sustainability Reporting.

Responsibilities of PwC

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Subject Matter is free from material misstatement, whether due to fraud or error;
- expressing a limited assurance conclusion about whether anything has come to our attention to indicate that the Subject Matter has not been prepared, in all material respects, in accordance with the Criteria, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Directors of BOQ.

Assurance statement on Sustainability Reporting.

For the year ended 31 August 2024

Responsibilities of Management

BOQ’s management (**Management**) is responsible for the preparation of the Subject Matter in accordance with the Criteria. This responsibility includes:

- determining appropriate reporting topics and selecting or establishing suitable criteria for measuring, evaluating and preparing the underlying Subject Matter;
- ensuring that those criteria are relevant and appropriate to BOQ and the intended users; and
- designing, implementing and maintaining systems, processes and internal controls relevant to the preparation of the Subject Matter, which is free from material misstatement, whether due to fraud or error.

The maintenance and integrity of BOQ’s website is also a responsibility of management; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Subject Matter or Criteria when presented on BOQ’s website.

Inherent limitations

Inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. It is therefore possible that fraud, error or non-compliance may occur and not be detected. A limited assurance engagement is not designed to detect all instances of non-compliance of the Subject Matter with the Criteria, as it is limited primarily to making enquiries to Management and applying analytical procedures.

Additionally, non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating and estimating such data. The precision of different measurement techniques may also vary. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, evaluation and measurement techniques that can affect comparability between entities and over time. In addition, GHG quantification is subject to inherent uncertainty because of evolving knowledge and information to determine emissions factors and the values needed to combine emissions of different gases.

The limited assurance conclusion expressed in this report has been formed on the above basis.

Our independence and quality control

We have complied with the ethical requirements of the Accounting Professional and Ethical Standard Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* relevant to assurance engagements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Australian Standard on Quality Management ASQM 1*, Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Assurance statement on Sustainability Reporting.

For the year ended 31 August 2024

What our work involved

Our engagement has been conducted in accordance with the Australian Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*. Those standards require that we plan and perform this engagement to obtain limited assurance about whether anything has come to our attention to indicate that the Subject Matter has not been prepared, in all material respects, in accordance with the Criteria for the year ended 31 August 2024 (or as otherwise stated in 'Table 1 – Subject Matter' above).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion.

Main procedures performed

In carrying out our limited assurance engagement our procedures included:

- making enquiries regarding the processes and controls for capturing, collating and reporting the data within the Subject Matter;
- making enquiries to understand and assess the appropriateness of the assumptions and estimates used within the calculation of the Subject Matter;
- testing the arithmetic accuracy of a sample of calculations of the Subject Matter;
- reviewing a sample of relevant management information and documentation supporting the Subject Matter;
- inspecting the Climate Active website to check the status of BOQ's Climate Active certification;
- testing of activity data utilised to calculate the Subject Matter. This involved a combination of analytical procedures and substantive tests of details of a sample of BOQ and third-party records and other relevant underlying information;
- reconciling the Subject Matter to underlying data sources and calculations;
- inspecting other supporting evidence to assess the completeness of BOQ activities and facilities, and the Subject Matter overall, on a sample basis;
- testing the sector and fossil fuel classification of lending facilities to underlying financing agreements and other relevant information, on a sample basis;
- reviewing the Subject Matter to assess whether it has been prepared and disclosed as described in the Criteria; and
- reviewing the BOQ 2024 Sustainability Reporting as a whole to assess any inconsistencies with our understanding obtained from the assurance procedures performed.

The 'BOQ Group Carbon Bank' reconciliation is included within the 'Climate Statements' section of the 'Sustainability Report' contained in the *BOQ Group 2024 Annual Report.* The BOQ Group Carbon Bank reconciliation states that 30,199 carbon credits (the **2023 Carbon credits**) were used to offset emissions for the 2023 Climate Active Reporting Period (year ended 31 August 2023).

Assurance statement on Sustainability Reporting.

For the year ended 31 August 2024

We have performed procedures as to whether the 2023 Carbon credits were acquired, surrendered and used by BOQ for this purpose prior to 31 August 2024 and are considered eligible offset units under the *Climate Active Carbon Neutral Standard for Organisations*.

We have not, however, performed any procedures regarding the Total scope 1, 2 and 3 (upstream) emissions for the 2023 Climate Active Reporting Period disclosed within the BOQ Group Carbon Bank reconciliation nor the external providers of the 2023 Carbon credits, and express no conclusion on about whether the 2023 Carbon credits have resulted, or will result, in a reduction of 30,199 tonnes of CO2-e.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Our limited assurance conclusion

Based on the procedures we have performed, including those described under 'Main procedures performed' section above and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter has not been prepared, in all material respects, in accordance with the Criteria for the year ended 31 August 2024 (or as otherwise stated in 'Table 1 – Subject Matter' above).

Use and distribution of our report

We were engaged by the Board of Directors of BOQ to prepare this independent assurance report having regard to the Criteria specified by Management, and set out in this report. This report was prepared solely for the Directors of BOQ for the purpose of providing limited assurance on the Subject Matter and may not be suitable for any other purpose.

We accept no duty, responsibility or liability to anyone other than BOQ in connection with this report or to BOQ for the consequences of using or relying on it for a purpose other than that referred to above. We make no representation concerning the appropriateness of this report for anyone other than BOQ and if anyone other than BOQ chooses to use or rely on it they do so at their own risk.

This disclaimer applies to the maximum extent permitted by law and, without limitation, to liability arising in negligence or under statute and even if we consent to anyone other than BOQ receiving or using this report.

PricewaterhouseCoopers

PricewaterhouseCoopers

Adam Cunningham

Adam Cunningham
Partner

Melbourne
16 October 2024

FINANCIAL PERFORMANCE.

Financial performance.

For the year ended 31 August 2024

1. Financial highlights.

1.1 Reconciliation of cash earnings to statutory profit

Note on cash earnings to statutory profit

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

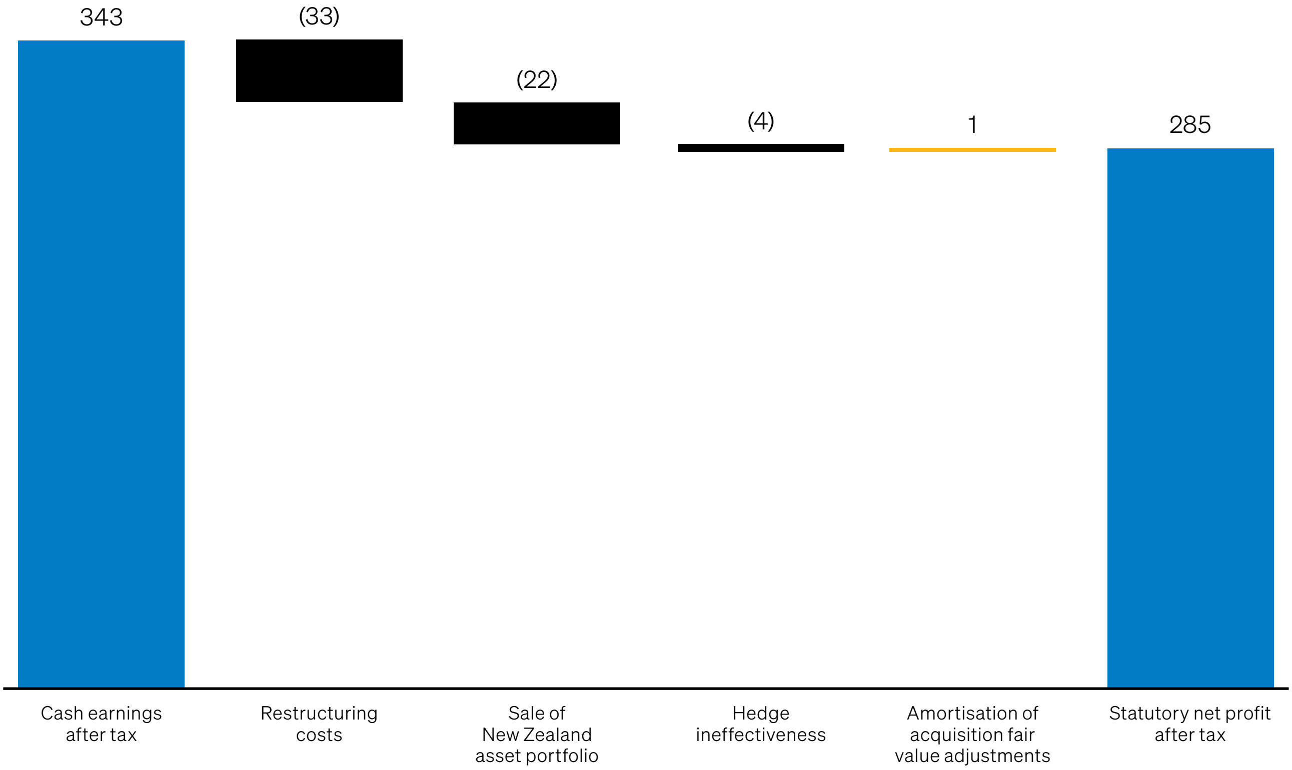
Figures disclosed in the Financial Performance report are on a cash earnings basis, unless stated as being on a statutory profit basis. The non-statutory measures have not been subject to an independent audit or review.

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

The exclusions relate to:

- Restructuring costs – incurred as a result of a Group operating model review announced in August 2024 to simplify the business;
- The sale of the New Zealand asset portfolio – represents the loss on sale of a portfolio of assets held by BOQ Finance (NZ) Limited and the New Zealand branch of BOQ Equipment Finance Limited;
- Hedge ineffectiveness – represents earnings volatility from hedges that are not fully effective and create a timing difference in reported profit. These hedges remain economically effective; and
- Amortisation of acquisition fair value adjustments – arise from the acquisition of subsidiaries.

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



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

Financial performance.

For the year ended 31 August 2024

1.1 Reconciliation of cash earnings to statutory profit (continued)

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

	Full year performance			Half year performance		
	Aug 24 $m	Aug 23 $m	Aug 24 vs Aug 23	Aug 24 $m	Feb 24 $m	Aug 24 vs Feb 24
Cash earnings after tax	**343**	450	(24%)	**171**	172	(1%)
Restructuring costs (1)	**(33)**	(35)	(6%)	**(33)**	-	large
Sale of New Zealand asset portfolio (2)	**(22)**	-	large	**(3)**	(19)	(84%)
Hedge ineffectiveness	**(4)**	1	large	**(1)**	(3)	(67%)
Amortisation of acquisition fair value adjustments	**1**	7	(86%)	**-**	1	(100%)
Goodwill impairment (3)	**-**	(200)	(100%)	**-**	-	-
ME Bank integration costs (4)	**-**	(57)	(100%)	**-**	-	-
Remedial Action Plans (5)	**-**	(42)	(100%)	**-**	-	-
Statutory net profit after tax	**285**	124	130%	**134**	151	(11%)

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

(2) The New Zealand asset portfolio sale completed on 31 March 2024. Further detail has been provided in Note 5.4 e) Controlled entities to the financial statements.

(3) In 1H23, the Group recognised a goodwill impairment of $200 million. Refer to Note 4.1 in the 2023 Annual Report for further detail.

(4) ME Bank integration costs associated with the restructure and integration of Members Equity Bank Limited (**ME Bank** or **ME**). The program closed in FY23.

(5) In 1H23, an after-tax provision of $42 million was raised for the estimated cost of multi-year Remedial Action Plans. Further detail has been provided in Note 4.2 Provisions and contingent liabilities to the financial statements.

b) FY24 Non-cash earnings reconciling items

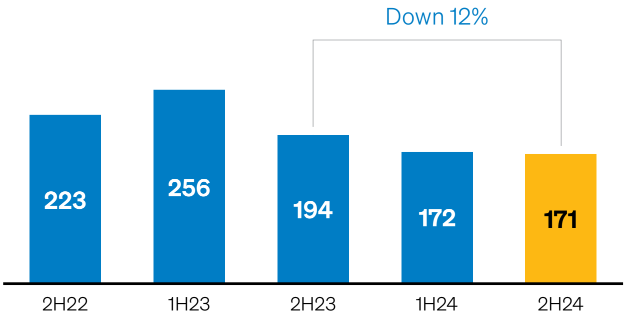
	Cash earnings Aug 24 $m	Restructuring Charge $m	Sale of New Zealand asset portfolio $m	Hedge ineffectiveness $m	Amortisation of acquisition fair value adjustments $m	**Statutory net profit Aug 24 $m**
Net interest income	**1,463**	-	-	-	9	**1,472**
Non-interest income	**137**	-	-	(6)	-	**131**
Total income	**1,600**	-	-	(6)	9	**1,603**
Operating expenses	**(1,069)**	(48)	(20)	-	(9)	**(1,146)**
Underlying profit	**531**	(48)	(20)	(6)	-	**457**
Loan impairment expense	**(20)**	-	-	-	2	**(18)**
Profit before tax	**511**	(48)	(20)	(6)	2	**439**
Income tax expense	**(168)**	15	(2)	2	(1)	**(154)**
Profit after tax	**343**	(33)	(22)	(4)	1	**285**

Financial performance.

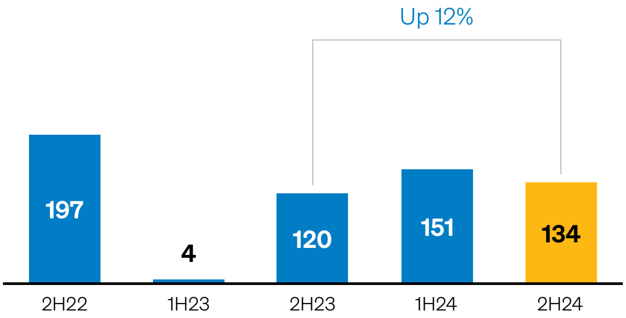
For the year ended 31 August 2024

1.2 Financial summary

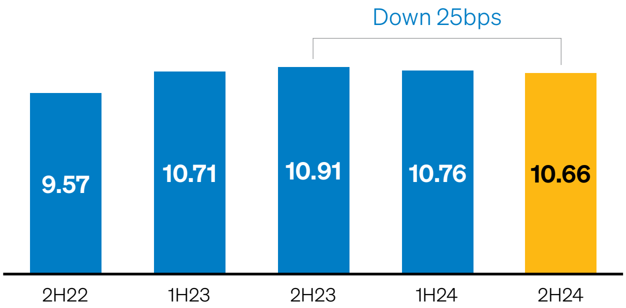
Cash earnings after tax ($m)



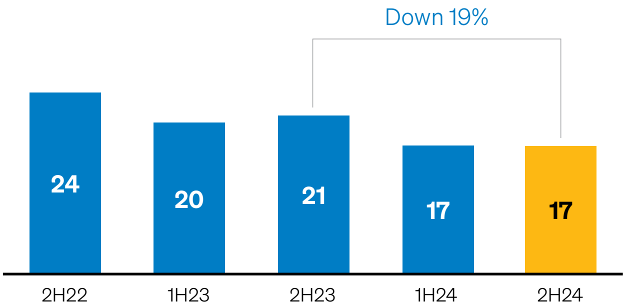
Statutory net profit after tax (**NPAT**) ($m)



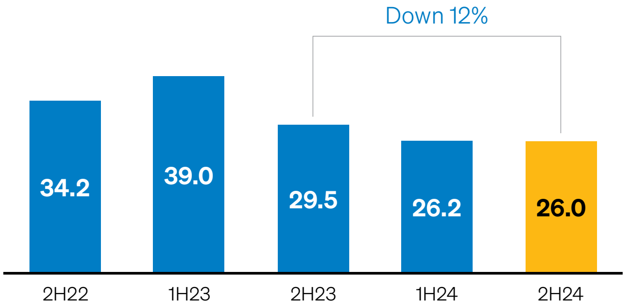
Common equity tier 1 ratio (**CET1 ratio**) (%) (1)



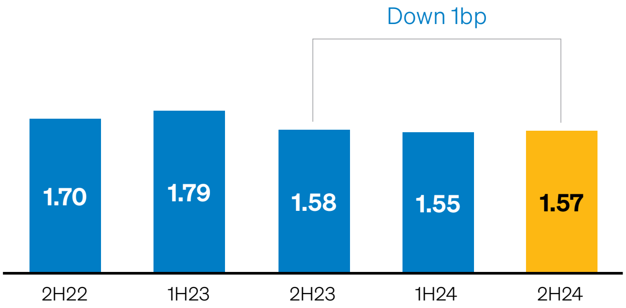
Dividends per ordinary share (cents)



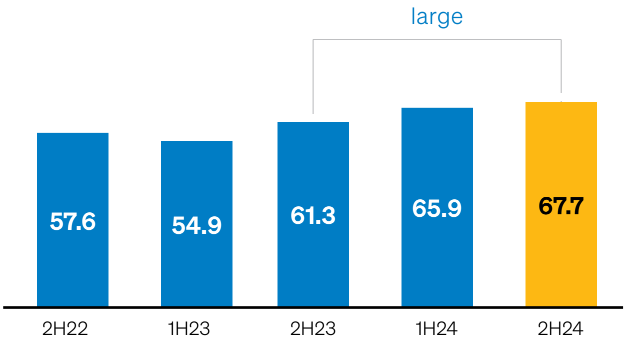
Cash basic earnings per share (**EPS**) (cents)



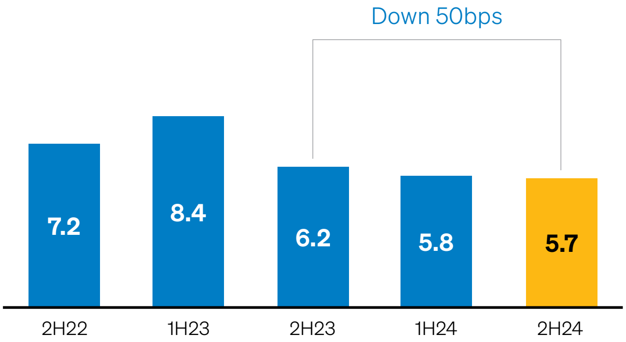
Cash net interest margin (**NIM**) (%)



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



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



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(1) During 1H23, Australian Prudential Regulation Authority's (**APRA**) new Basel III capital framework came into effect. The impact of the changes to the measurement of credit risk and operational risk contributed a 120 basis point increase to the CET1 ratio. Periods prior to 1H23 are as previously reported.

Financial performance.

For the year ended 31 August 2024

1.2 Financial summary (continued)

Net profit after tax

$343m

Cash earnings

Down 24 per cent on FY23.

$285m

Statutory NPAT

Up 130 per cent on FY23

Cash net profit after tax (**NPAT**) decreased by 24 per cent on FY23, driven by competition for lending, higher funding costs, inflation and investment in risk, compliance and technology.

Cash net interest margin

1.56%

Down 13 basis points on FY23 driven by competition for lending and higher funding costs.

Cash operating expenses

$1,069m

Up six per cent on FY23, reflecting inflation and investment in risk, compliance and technology.

Cash loan impairment expense (**LIE**)

$20m

Loan impairment expense of $20 million in FY24 compares to $71 million in FY23, driven by a lower collective provision expense and low specific provision activity.

CET1 ratio

10.66%

Down 25 basis points on FY23 driven by higher investment spend, capital deductions and restructuring costs.

Cash ROE

5.7%

Down 160 basis points on FY23, driven by lower cash earnings.

Cash earnings after tax for FY24 of $343 million was 24 per cent lower than FY23. The decrease was driven by a nine per cent reduction in net interest income and six per cent growth in expenses, partially offset by a decrease in loan impairment expense. Cash earnings also includes an $11 million provision increase related to the cost of delivering the Group's Remedial Action Plans. Cash earnings in 2H24 of $171 million was one per cent lower than 1H24. Statutory net profit after tax in FY24 of $285 million compares to $124 million in FY23. FY24 includes $33 million in restructuring costs and a $22 million loss due to the sale of the New Zealand asset portfolio, as the business continues to simplify.

Net interest income

Net interest income (**NII**) of $1,463 million decreased $137 million or nine per cent on FY23. This was driven by a 13 basis point decrease in net interest margin (**NIM**) to 1.56 per cent and a one per cent decline in average interest earning assets (**AIEA**). The majority of the reduction in NIM occurred in 2H23 and reflected competition across both lending and deposits and higher wholesale funding costs as the Term Funding Facility (**TFF**) was replaced. NIM improved two basis points in 2H24 compared with 1H24.

AIEA decreased one per cent on FY23, reflecting lower liquid assets, asset finance and a contraction in home lending. This reflects BOQ's decision to prioritise economic return over housing volume growth in a competitive market and was partially offset by growth in commercial lending. AIEA declined one per cent in 2H24 compared to 1H24.

Non-interest income

Non-interest income of $137 million was $5 million or four per cent lower than FY23. Higher income from third party credit card, insurance products and trading income was offset by lower banking fee income. Non-interest income decreased four per cent in 2H24 compared to 1H24.

Operating expenses

Total operating expenses of $1,069 million increased six per cent on FY23 reflecting the impact of high inflation along with investment in risk, compliance and technology. This was partially offset by lower amortisation, occupancy expenses and savings from productivity initiatives. Operating expenses increased four per cent in 2H24 compared to 1H24.

Loan impairment expense

Loan impairment expense of $20 million decreased by $51 million or 72 per cent on FY23 and $10 million or 67 per cent on 1H24.

The reduction in the collective provision provided a benefit of $5 million. Collective provisions were stable throughout FY24 due to stability in outlook. The expense was lower than FY23 as collective provisions increased in FY23 to cater for the changing economic outlook.

The specific provision expense was $25 million in FY24. Specific provision activity remained subdued in FY24 due to strong net property value increases and prudent lending standards.

Capital management

Capital generated through cash earnings net of dividend was offset by higher investment spend, lower available for sale reserve, higher capital deductions and restructuring costs. At 10.66 per cent, the CET1 ratio is within the management target range of 10.25 - 10.75 per cent and is 25 basis points lower than FY23 and 10 basis points lower than 1H24.

Shareholder returns

BOQ has determined to pay a final dividend of 17 cents per share, which is 66 per cent of 2H24 cash earnings. The Board has committed to a target dividend payout ratio of 60-75 per cent. (1)

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

Financial performance.

For the year ended 31 August 2024

2. Group performance analysis.

2.1 Income statement and key metrics

	Full year performance			Half year performance		
	Aug 24 $m	Aug 23 $m	Aug 24 vs Aug 23	**Aug 24 $m**	Feb 24 $m	Aug 24 vs Feb 24
Net interest income (1)	**1,463**	1,600	(9%)	**738**	725	2%
Non-interest income (1)	**137**	142	(4%)	**67**	70	(4%)
Total income	**1,600**	1,742	(8%)	**805**	795	1%
Operating expenses (1)	**(1,069)**	(1,010)	6%	**(545)**	(524)	4%
Underlying profit	**531**	732	(27%)	**260**	271	(4%)
Loan impairment expense (1)	**(20)**	(71)	(72%)	**(5)**	(15)	(67%)
Profit before tax	**511**	661	(23%)	**255**	256	-
Income tax expense (1)	**(168)**	(211)	(20%)	**(84)**	(84)	-
Cash earnings after tax	**343**	450	(24%)	**171**	172	(1%)
Statutory net profit after tax	**285**	124	130%	**134**	151	(11%)

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

		Full year performance			Half year performance		
Key metrics		**Aug 24**	Aug 23	Aug 24 vs Aug 23	**Aug 24**	Feb 24	Aug 24 vs Feb 24
SHAREHOLDER RETURNS							
Share price	$	**6.32**	5.76	10%	**6.32**	5.90	7%
Market capitalisation	$m	**4,180**	3,786	10%	**4,180**	3,892	7%
Dividends per ordinary share (fully franked)	cents	**34**	41	(17%)	**17**	17	-
CASH EARNINGS BASIS							
Basic earnings per share (**EPS**)	cents	**52.2**	68.4	(24%)	**26.0**	26.2	(1%)
Diluted EPS	cents	**48.1**	60.2	(20%)	**24.0**	23.9	-
Dividend payout ratio	%	**65.4**	59.7	large	**65.7**	65.2	50bps
STATUTORY BASIS							
Basic EPS	cents	**43.3**	18.3	137%	**20.4**	22.9	(11%)
Diluted EPS (1)	cents	**41.1**	18.2	126%	**19.5**	21.3	(8%)
Dividend payout ratio	%	**78.8**	large	large	**83.8**	74.4	large

(1) August 2023 diluted EPS has been restated to exclude the impact of the Capital Notes, Capital Notes 2 and Capital Notes 3. These notes were anti-dilutive during the period and as a result, their impact has been excluded from diluted EPS.

Financial performance.

For the year ended 31 August 2024

2.1 Income statement and key metrics (continued)

		Full year performance			Half year performance		
Key metrics		**Aug 24**	Aug 23	Aug 24 vs Aug 23	**Aug 24**	Feb 24	Aug 24 vs Feb 24
PROFITABILITY AND EFFICIENCY MEASURES							
CASH EARNINGS BASIS							
Net profit after tax	$m	**343**	450	(24%)	**171**	172	(1%)
Underlying profit (1)	$m	**531**	732	(27%)	**260**	271	(4%)
NIM (2)	%	**1.56**	1.69	(13bps)	**1.57**	1.55	2bps
Cost to income ratio (**CTI**)	%	**66.8**	58.0	large	**67.7**	65.9	180bps
Loan impairment expense to gross loans and advances (**GLA**)	bps	**2**	9	(7)	**1**	4	(3)
Return on average equity (**ROE**)	%	**5.7**	7.3	(160bps)	**5.7**	5.8	(10bps)
Return on average tangible equity (**ROTE**) (3)	%	**7.1**	9.0	(190bps)	**7.1**	7.2	(10bps)
STATUTORY BASIS							
Net profit after tax	$m	**285**	124	130%	**134**	151	(11%)
Underlying profit (1)	$m	**457**	348	31%	**208**	249	(16%)
NIM(2)	%	**1.57**	1.70	(13bps)	**1.58**	1.56	2bps
CTI	%	**71.5**	80.2	large	**74.2**	68.7	large
Loan impairment expense to GLA	bps	**2**	8	(6)	**1**	3	(2)
ROE	%	**4.8**	1.9	290bps	**4.5**	5.1	(60bps)
ROTE (3)	%	**5.9**	2.4	350bps	**5.6**	6.3	(70bps)
ASSET QUALITY							
30 days past due (**dpd**) arrears	$m	**1,495**	1,262	18%	**1,495**	1,552	(4%)
90 dpd arrears	$m	**899**	736	22%	**899**	851	6%
Impaired assets	$m	**103**	114	(10%)	**103**	116	(11%)
Specific provisions to impaired assets	%	**50**	54	(400bps)	**50**	51	(100bps)
Total provision and equity reserve for credit losses (**ERCL**) / GLA (4)	bps	**39**	44	(5)	**39**	41	(2)
CAPITAL							
CET1 ratio	%	**10.66**	10.91	(25bps)	**10.66**	10.76	(10bps)
Total capital adequacy ratio	%	**14.27**	15.64	(137bps)	**14.27**	15.17	(90bps)
Risk weighted assets (**RWA**)	$m	**40,249**	40,680	(1%)	**40,249**	40,702	(1%)

(1) Profit before loan impairment expense and tax.

(2) NIM is calculated net of offset accounts.

(3) Based on after tax earnings applied to average shareholders' equity (excluding preference shares and treasury shares) less goodwill and identifiable intangible assets (customer related intangibles/brands and computer software).

(4) Refer to section 3.1 Asset Quality: Provision Coverage for updates to the ERCL.

Financial performance.

For the year ended 31 August 2024

2.2 Net interest income

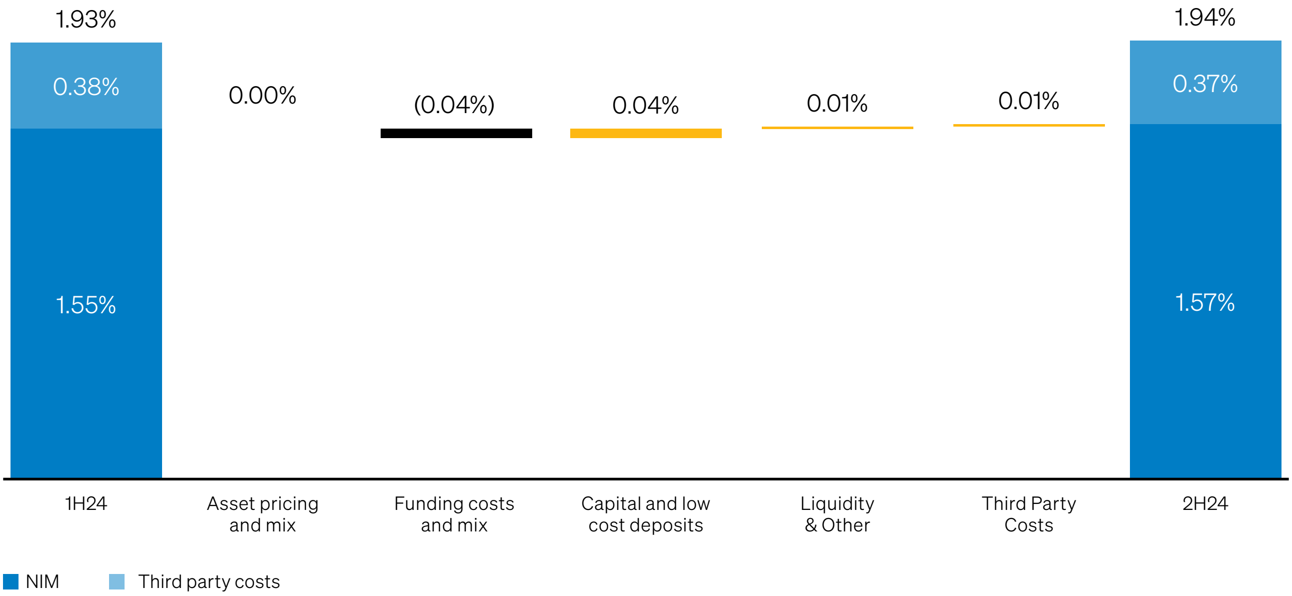
		Full year performance			Half year performance		
		Aug 24	Aug 23	Aug 24 vs Aug 23	**Aug 24**	Feb 24	Aug 24 vs Feb 24
Net interest income [1]	$m	**1,463**	1,600	(9%)	**738**	725	2%
Average interest earning assets (**AIEA**)	$m	**93,913**	94,903	(1%)	**93,586**	94,252	(1%)
NIM	%	**1.56**	1.69	(13bps)	**1.57**	1.55	2bps

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

Net interest income of $1,463 million decreased by $137 million or nine per cent on FY23, driven by a 13 basis point decrease in NIM and a one per cent decline in AIEA. The reduction in NIM was driven by the decline experienced in 2H23, before relative stability was achieved in FY24. AIEA decreased $1.0 billion or one per cent on FY23, predominately reflecting lower liquid assets and contraction in home lending. This reflects BOQ's decision to prioritise economic return over housing volume growth in a competitive market, partially offset by growth in commercial lending.

Net interest income of $738 million in 2H24 increased by $13 million or two per cent on 1H24, driven by a two basis point increase in NIM, partially offset by a one per cent decline in AIEA.

Net interest margin - 1H24 to 2H24



NIM in 2H24 was 1.57 per cent, up two basis points on 1H24. The key drivers of the movement are set out below.

Asset pricing and mix (0bps): Continued competitive pressure on commercial and housing lending margins, including retention discounting. This was offset by improved portfolio mix, as customers moved to variable rate loans as fixed rate loans rolled-off.

Funding costs and mix (-4bps): Increased competition for deposits and higher wholesale funding costs as the TFF was replaced. Whilst slowing, customers continued to move deposits from lower yielding at call products to higher yielding savings and term deposits.

Capital and low cost deposits (+4bps): The $8.3 billion invested and uninvested capital and low cost deposit portfolios continued to benefit from a higher interest rate environment and contribution by the replicating portfolio.

Liquidity (+1bp): An average decline in lower yielding, high-quality liquid assets (**HQLA**) balances as the liquidity position was optimised in 1H24, before the final TFF repayments.

Third Party Costs (+1bp): Lower commissions paid to Owner Managed Branches.

Financial performance.

For the year ended 31 August 2024

2.3 Non-interest income

	Full year performance			Half year performance		
	Aug 24 $m	Aug 23 $m	Aug 24 vs Aug 23	**Aug 24 $m**	Feb 24 $m	Aug 24 vs Feb 24
Banking income	**71**	85	(16%)	**33**	38	(13%)
Other income	**63**	56	13%	**33**	30	10%
Trading income	**3**	1	200%	**1**	2	(50%)
Non-interest income (1)	**137**	142	(4%)	**67**	70	(4%)

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

Non-interest income of $137 million reduced four per cent on FY23. Higher income from third party credit card and insurance products and trading income was offset by lower banking fee income. The result for 2H24 of $67 million reduced four per cent on 1H24 driven by lower fee income as housing volumes decreased and lower trading income within the half, partially offset by higher foreign exchange sales and gains from the sale of leasing equipment.

Banking income decreased $14 million or 16 per cent on FY23 driven by lower foreign exchange sales, lower business lending fees and reduced bank fees.

Other income increased $7 million or 13 per cent on FY23, driven by increased commissions in third party credit card and insurance products and higher gains from the sale of leasing equipment.

Trading income increased $2 million due to limited trading activity in FY23.

Financial performance.

For the year ended 31 August 2024

2.4 Operating expenses

	Full year performance			Half year performance		
	Aug 24 $m	Aug 23 $m	Aug 24 vs Aug 23	**Aug 24 $m**	Feb 24 $m	Aug 24 vs Feb 24
Salaries and on costs	**493**	435	13%	**253**	240	5%
Employee share programs and other	**27**	25	8%	**13**	14	(7%)
Employee expenses	**520**	460	13%	**266**	254	5%
Information technology services	**218**	222	(2%)	**109**	109	-
Amortisation - intangible assets	**69**	76	(9%)	**35**	34	3%
Depreciation - fixed assets	**4**	5	(20%)	**2**	2	-
Technology expenses	**291**	303	(4%)	**146**	145	1%
Marketing	**47**	45	4%	**29**	18	61%
Communications, print and stationery	**31**	33	(6%)	**15**	16	(6%)
Processing costs	**16**	16	-	**8**	8	-
Other	**55**	58	(5%)	**26**	29	(10%)
Operational expenses	**149**	152	(2%)	**78**	71	10%
Occupancy expenses	**45**	54	(17%)	**22**	23	(4%)
Administration expenses	**64**	41	56%	**33**	31	6%
Total operating expenses(1)	**1,069**	1,010	6%	**545**	524	4%
Cash CTI ratio (%)	**66.8**	58.0	large	**67.7**	65.9	180bps
Number of employees (**FTE**)	**3,248**	3,163	3%	**3,248**	3,169	2%

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

Summary

Total operating expenses of $1,069 million increased six per cent on FY23. This reflected continued inflationary pressure, alongside investment in risk, compliance and technology. This was partially offset by lower amortisation, occupancy and savings from productivity initiatives.

Employee expenses

Employee expenses of $520 million increased by $60 million or 13 per cent on FY23. The increase was driven by inflation and investment in resourcing across risk, compliance and technology, including project contractors. This was partially offset by savings from the consolidation of customer contact centres and simplification of the operating model.

2H24 employee expenses increased by $12 million or five per cent on 1H24 as a result of higher annual leave, project spend and increased customer support. The increase in customer support FTE largely drove the uplift in FTE on 1H24 and FY23.

Technology expenses

Technology expenses of $291 million decreased by $12 million or four per cent on FY23. The decrease was driven by lower amortisation and changes to investment spend, which impacted the composition of project costs between technology and employee expenses. This was partially offset by inflation and higher license and cloud computing costs.

Operational expenses

Operational expenses of $149 million decreased by $3 million or two per cent on FY23, mainly due to lower communications, print and stationery costs and savings from productivity initiatives. This was partially offset by marketing cost.

2H24 marketing expenses increased by $11 million or 61 per cent on 1H24 reflecting seasonality of campaign activity.

Occupancy expenses

Occupancy expense of $45 million decreased by $9 million or 17 per cent on FY23 as a result of reducing the Group's property footprint.

Administration expenses

Administration expenses of $64 million increased by $23 million or 56 per cent on FY23, primarily driven by higher compliance and legal costs, including project costs related to strengthening of the Group's risk and regulatory compliance capabilities.

Financial performance.

For the year ended 31 August 2024

2.5 Capitalised investment expenditure

During FY24, significant milestones were achieved in building digital offerings for our customers. The Group also remained focused on strengthening risk and regulatory compliance capabilities.

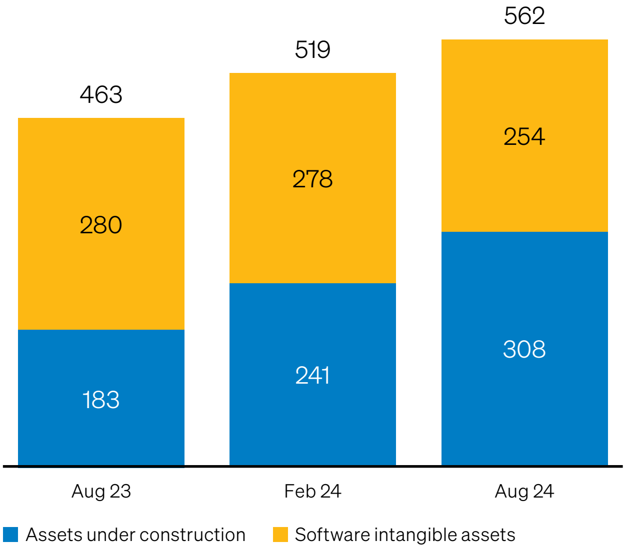
The foundation release for digital mortgages was launched to staff, family and friends, with the focus now on readiness for the market launch. This was the largest and most complex deployment since the initial go-live of the Digital Banking platform.

Migration of all ME deposit customers from legacy to the digital platform commenced during the period, along with the build of a new Internet Banking application to support migrated customers.

Transitioning to Microsoft Azure Public Cloud continued for BOQS applications, along with migrating ME Data Library, rectifying stability and performance issues while addressing control risks.

During the period, the Group also migrated all mandatory employee training to a single platform, continued execution of programs to uplift Hardships and Deceased Estates capability and completed all major ACCC Open Banking rectification items.

Carrying value of technology intangible assets ($m)



2.6 Lending

Gross loans and advances of $80.5 billion contracted by $0.7 billion on FY23, primarily reflecting BOQ's continued prioritisation of economic return over housing volume growth. Commercial lending increased four per cent on FY23 driven by growth in healthcare and owner-occupied commercial property sectors. Asset finance contracted one per cent due to the sale of the New Zealand Portfolio; however, underlying performance saw growth of two per cent driven by the structured finance and dealer finance portfolios, partially offset by contraction in non-core portfolios.

	As at				
	Aug 24 $m	Feb 24 $m	Aug 23 $m	Aug 24 vs Feb 24 (1)	Aug 24 vs Aug 23
Housing lending	**55,251**	57,218	56,962	(7%)	(3%)
Housing lending - APS 120 qualifying securitisation (2)	**6,543**	5,109	5,776	56%	13%
	61,794	62,327	62,738	(2%)	(2%)
Commercial lending	**11,578**	11,191	11,160	7%	4%
Asset finance (3)	**6,868**	6,936	6,963	(2%)	(1%)
Consumer	**239**	260	274	(16%)	(13%)
Gross loans and advances (4)	**80,479**	80,714	81,135	(1%)	(1%)
Provisions for impairment	**(316)**	(332)	(332)	(10%)	(5%)
Net loans and advances	**80,163**	80,382	80,803	(1%)	(1%)

(1) Growth rates have been annualised.

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

(3) Asset finance GLAs include the impacts of the New Zealand portfolio sale which reduced balances by $207 million in 2H24. Excluding the New Zealand impact Asset finance balances grew two per cent on FY23 and four per cent on 1H24.

(4) Gross loans and advances aligns to Note 3.3 Loans and advances to the financial statements, "gross loans and advances" after deducting "unearned finance lease income".

Financial performance.

For the year ended 31 August 2024

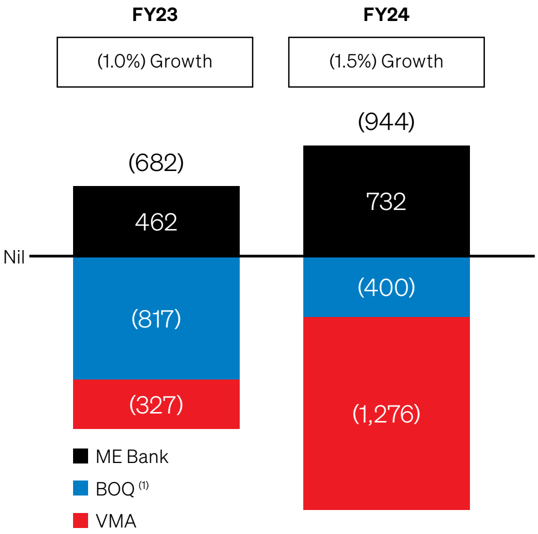
2.6 Lending (continued)

Growth in housing lending ($m)

The housing portfolio contracted by $0.9 billion or two per cent on FY23, representing below system housing lending growth. The FY24 housing growth profile reflects the prioritisation of economic return over volume growth in a competitive market.

The ME portfolio has grown with a focus on variable rate loans to owner-occupied customers with low loan-to-value ratios. The BOQ portfolio stabilised as momentum improved through BOQS and BOQ broker. The VMA portfolio continued to contract due to pausing new customer acquisition in September 2023 in preparation for the upcoming transition to the digital housing platform. For the same reason, new customer origination has been paused through the BOQ broker channel from 31 August 2024.

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



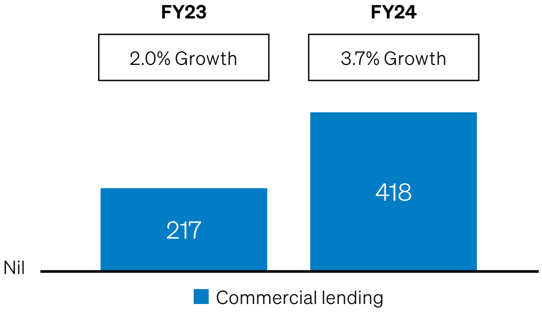
(1) BOQ includes both BOQ Retail and BOQ Business brands, including BOQ Specialist.

Growth in commercial lending (1) ($m)

The commercial lending portfolio grew $418 million or four per cent on FY23, driven by healthcare and owner-occupied commercial property sectors. BOQ continued to focus on portfolio optimisation and risk adjusted returns throughout the period.

The healthcare sector benefited from growth in lending to retirement living facilities and healthcare specialists, while growth in owner-occupied commercial property lending came from a diversified range of businesses.

Lending to larger commercial real estate clients (**CRE**) contracted as BOQ continued to take a prudent approach to this sector, with a focus on supporting existing customers and high-quality investment transactions.



(1) BOQ will no longer provide a breakdown of SME and Corporate balance growth.

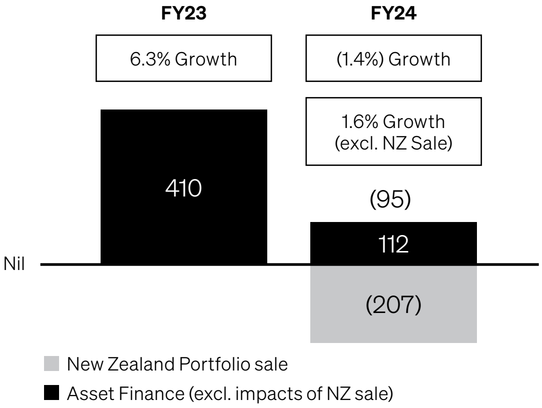
Growth in asset finance lending ($m)

Excluding a $207 million reduction resulting from the sale of the New Zealand portfolio, underlying asset finance balances grew $112 million driven by the structured finance and dealer finance portfolios, partially offset by contraction in non-core portfolios(1).

Structured finance portfolio growth of $217 million reflected strengthening relationships across the novated leasing sector and increasing demand for electric vehicles.

After delivering strong growth in FY23, as supply chain issues eased and demand for equipment remained high, the core equipment finance business saw growth moderate in FY24 as competitive pressure increased. Financing of assets for healthcare professionals also contracted driven by continued subdued demand across the dental and medical sectors.

The business saw $80 million of run-off in its non-core portfolios in FY24. Excluding the New Zealand portfolio sale and non-core business run-off, the business saw growth of $192 million or three per cent.



(1) Vendor finance business and movement in the New Zealand asset portfolio prior to its sale on 31 March 2024 are both deemed non-core elements of the BOQ Business portfolio during the year.

Financial performance.

For the year ended 31 August 2024

2.7 Customer deposits

	As at				
	Aug 24 $m	Feb 24 $m	Aug 23 $m	Aug 24 vs Feb 24 (1)	Aug 24 vs Aug 23
Transaction accounts	**5,252**	5,251	5,441	-	(3%)
Term deposits	**24,999**	25,643	25,869	(5%)	(3%)
Savings and investment accounts	**31,462**	29,440	30,162	14%	4%
Sub-total	**61,713**	60,334	61,472	5%	-
Mortgage offsets (2)	**5,648**	5,632	5,492	1%	3%
Customer deposits	**67,361**	65,966	66,964	4%	1%
Deposit to loan ratio	**84%**	82%	83%	2%	1%

(1) Growth rates have been annualised.

(2) Mortgage offset balances are netted against home loans for the purposes of customer interest payments.

Customer deposits

Customer deposits increased by $0.4 billion or one percent on FY23. This reflected the Group's strategy to increase stable sources of funding. Overall funding requirements reduced as lending volumes contracted. The Group has continued to maintain strong funding diversification with the deposit to loan ratio at 84 per cent.

Transaction accounts and mortgage offsets

Transaction accounts decreased by $0.2 billion or three per cent on FY23, driven by a shift to higher yielding products and contraction in legacy portfolios, partially offset by growth in digital brands. Mortgage offsets increased by three per cent on FY23 as customers moved from fixed to variable rate loans and sought to reduce overall interest expense in a higher interest rate environment.

Term deposits

Term deposits decreased by $0.9 billion or three per cent on FY23 reflecting continued competition for deposits.

Savings and investment accounts

Savings and investment accounts increased by $1.3 billion or four per cent on FY23. Growth in digital products and third party deposit arrangements were partially offset by contraction in legacy portfolios.

Financial performance.

For the year ended 31 August 2024

3. Business settings.

3.1 Asset quality

		As at				
PROVISION COVERAGE		**Aug 24**	Feb 24	Aug 23	Aug 24 vs Feb 24	Aug 24 vs Aug 23
Specific provision	$m	**52**	59	61	(12%)	(15%)
Collective provision (**CP**)	$m	**264**	273	271	(3%)	(3%)
Total provision	$m	**316**	332	332	(5%)	(5%)
Equity reserve for credit losses (**ERCL**)	$m	**-**	-	20	-	(100%)
Specific provisions to impaired assets	%	**50**	51	54	(100bps)	(400bps)
Total provisions and ERCL / impaired assets (1)	%	**307**	286	317	large	large
CP and ERCL / Total RWA (1)	bps	**66**	67	74	(1)	(8)
Total provision and ERCL / GLA (1)	bps	**39**	41	44	(2)	(5)
IMPAIRED ASSETS						
Retail lending	$m	**20**	23	22	(13%)	(9%)
Commercial lending	$m	**59**	58	63	2%	(6%)
Asset finance	$m	**24**	35	29	(31%)	(17%)
Total impaired assets	$m	**103**	116	114	(11%)	(10%)
Total impaired assets / GLA	bps	**13**	14	14	(1)	(1)

		Full Year Performance			Half Year Performance		
LOAN IMPAIRMENT EXPENSE		**Aug 24**	Aug 23	Aug 24 vs Aug 23	**Aug 24**	Feb 24	Aug 24 vs Feb 24
Retail Lending (2)	$m	**6**	10	(40%)	**5**	1	large
Commercial lending	$m	**8**	34	(76%)	**(2)**	10	large
Asset finance	$m	**6**	27	(78%)	**2**	4	(50%)
Total loan impairment expense (3)	$m	**20**	71	(72%)	**5**	15	(67%)
Total loan impairment expense / GLA (4)	bps	**2**	9	(7)	**1**	4	(3)

(1) ERCL gross of tax effect.

(2) Retail lending includes both housing and consumer lending.

(3) Refer to Section 1.1 b) Non-cash earnings reconciling items for a reconciliation of cash loan impairment expense to statutory loan impairment expense.

(4) Movements have been annualised.

Financial performance.

For the year ended 31 August 2024

3.1 Asset quality (continued)

Provision coverage

Total provisions of $316 million decreased by $16 million or five per cent on FY23, with reductions in both collective and specific provisions.

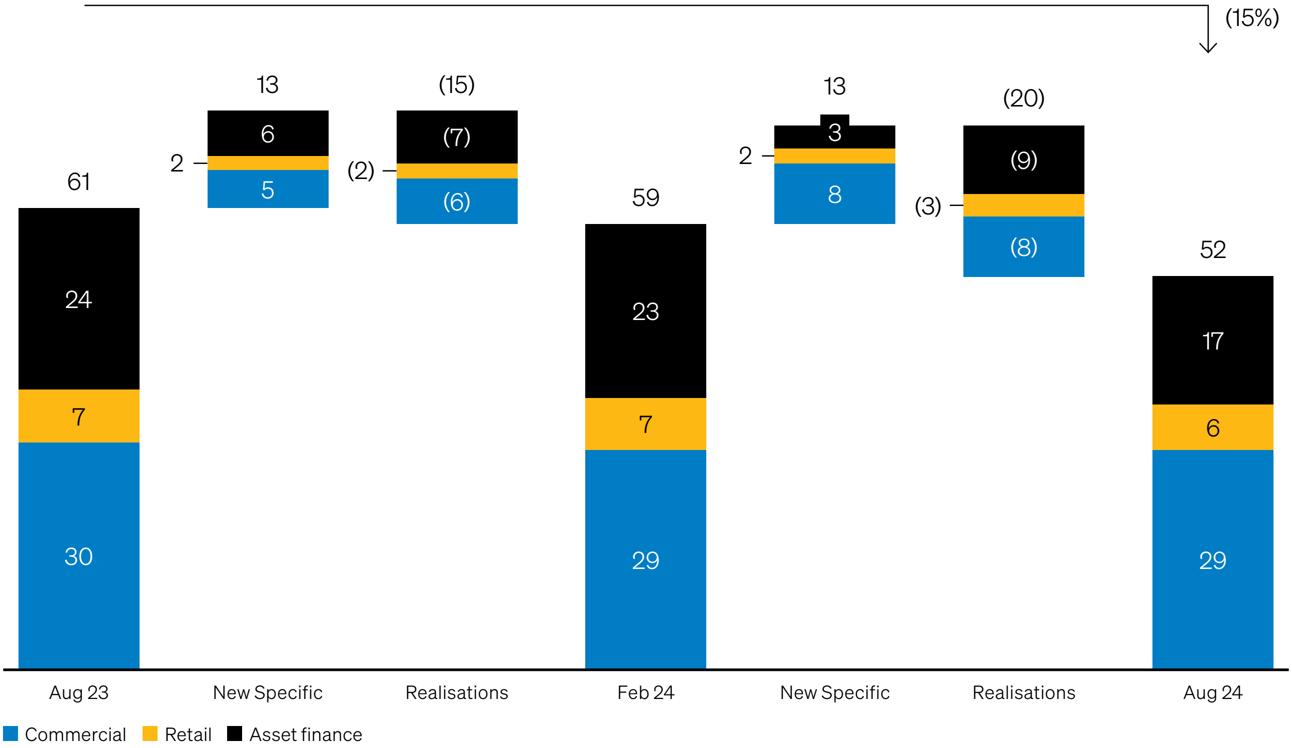
Specific provisions of $52 million decreased by $9 million or 15 per cent on FY23. Specific provisions remained subdued in FY24 due to strong net property value increases over recent years and prudent lending standards.

The collective provision of $264 million decreased by $7 million or three per cent on FY23, driven by reductions in both the Retail and Business Bank. The Retail Bank portfolio reduced due to increases in house prices offset by increases in arrears. The Business bank portfolio reduced partially due to the sale of the New Zealand asset portfolio. Since FY23, further refinements to overlays have been made to ensure unique portfolio factors, or industries where inflation and higher interest rates could result in additional stress, are considered. Economic forecasts and prudent scenario weightings cater for further uncertainties in the outlook and the possibility of a downturn.

Total provision coverage to GLAs, including the ERCL, have reduced due to the decreases in specific and collective provisions as well as the removal of the ERCL during the year. Following an update to APRA Prudential Standard APS 220 Credit Risk Management on 1 January 2022, the ERCL is no longer a regulatory requirement. While BOQ has prudently maintained the reserve post the update, during FY24 it reached an immaterial level and BOQ released the reserve on the basis that accounting provisions are adequate to cover future expected credit losses.

The following chart outlines the movements in specific provisions since August 2023.

Specific provisions ($m)



Financial performance.

For the year ended 31 August 2024

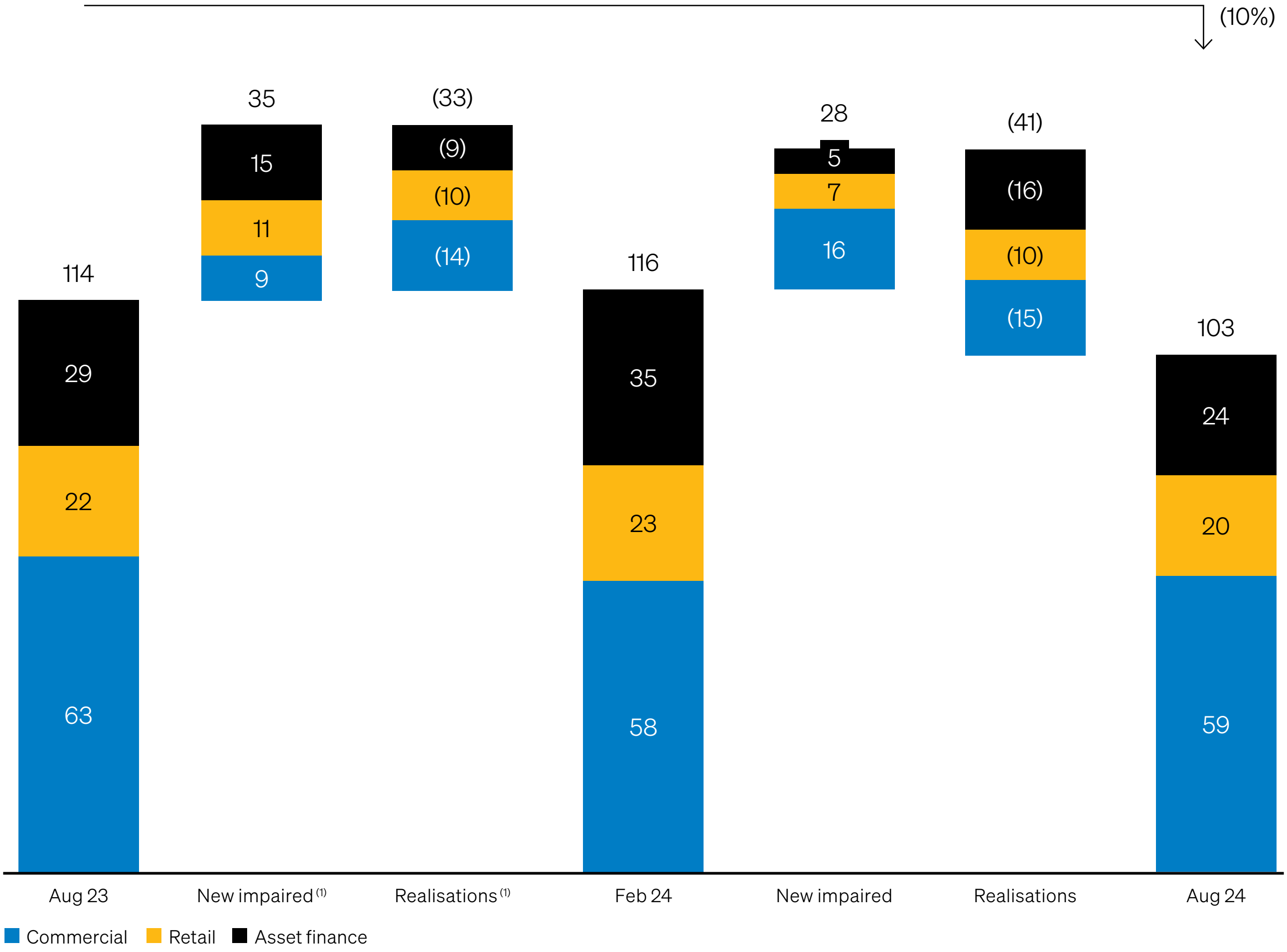
3.1 Asset quality (continued)

Impaired assets

BOQ impaired assets of $103 million decreased by $11 million or 10 per cent on FY23. The decrease was driven by a $4 million or six per cent decrease in the commercial portfolio, $5 million or 17 per cent decrease in the asset finance portfolio and $2 million or nine per cent decrease on FY23 in the retail portfolio.

The following chart outlines the movements in impaired assets since August 2023.

Impaired assets ($m)



(1) Movements in New Impaired and Realisations in 1H24 for Asset Finance were both overstated by $13 million and have been restated in the above chart. Opening and closing balances were correctly reported.

Loan impairment expense

The loan impairment expense of $20 million for FY24 was $51 million lower than FY23 driven by lower collective provision expense and low specific provision activity. Reductions were observed across Retail, Commercial and Asset Finance. Collective provisions increased in FY23 to cater for the changing economic outlook, whereas the outlook in FY24 has remained relatively stable resulting in a lower collective provision expense.

Financial performance.

For the year ended 31 August 2024

3.1 Asset quality (continued)

Arrears

		The Group					
Key metrics		**Aug 24 portfolio balance $m**	**Aug 24**	Feb 24	Aug 23	Aug 24 vs Feb 24	Aug 24 vs Aug 23
Total lending - portfolio balance	$m		**80,479**	80,714	81,135	-	(1%)
30 days past due	$m		**1,495**	1,552	1,262	(4%)	18%
90 days past due	$m		**899**	851	736	6%	22%
			Proportion of portfolio				
30 days past due: GLAs			**1.86%**	1.93%	1.55%	(7bps)	31bps
90 days past due: GLAs			**1.12%**	1.06%	0.91%	6bps	21bps
BY PORTFOLIO							
30 days past due: GLAs (Retail) (1)		**62,033**	**1.94%**	1.96%	1.55%	(2bps)	39bps
90 days past due: GLAs (Retail) (1)			**1.12%**	1.00%	0.87%	12bps	25bps
30 days past due: GLAs (Commercial)		**11,578**	**1.78%**	2.05%	1.78%	(27bps)	-
90 days past due: GLAs (Commercial)			**1.35%**	1.52%	1.25%	(17bps)	10bps
30 days past due: GLAs (Asset finance)		**6,868**	**1.38%**	1.51%	1.33%	(13bps)	5bps
90 days past due: GLAs (Asset finance)			**0.75%**	0.82%	0.74%	(7bps)	1bp

(1) Retail arrears includes housing and consumer lending.

Arrears in both the 30 days past due (**DPD**) and 90 DPD categories increased compared to FY23 driven by interest rate and cost of living pressures, primarily impacting retail portfolios.

Retail arrears

Retail arrears increased by 39 basis points for the 30 DPD category and 25 basis points for the 90 DPD category since FY23. The increase in arrears reflect the continued cost of living pressures and sustained higher interest rate environment.

Commercial arrears

Commercial arrears remained stable in the 30 DPD category and increased by 10 basis points in the 90 DPD category since FY23. Improvements have been seen in both categories through the 2H24 as conditions have remained relatively stable over the half.

Asset finance arrears

The asset finance portfolio arrears increased five basis points in the 30 DPD category and one basis point in the 90 DPD category since FY23. Improvements have been seen in arrears since 1H24 as conditions have remained relatively stable over the half.

Financial performance.

For the year ended 31 August 2024

3.2 Funding and liquidity

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

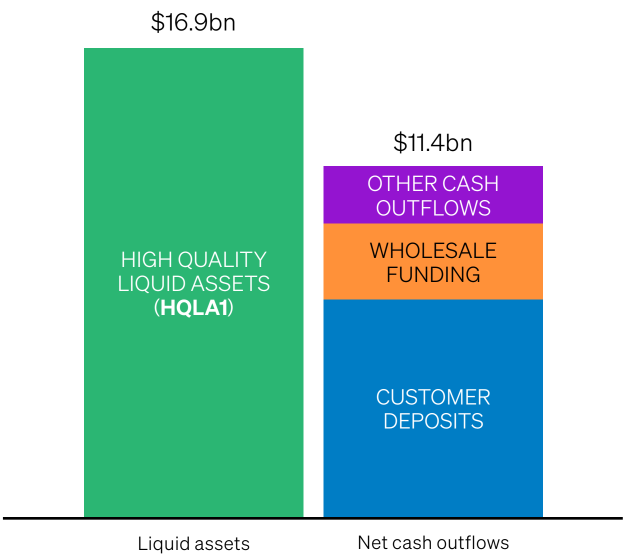
Liquidity coverage ratio (LCR)

APRA requires that authorised deposit-taking institutions (**ADIs**) maintain a minimum LCR of 100 per cent. BOQ manages its LCR on a daily basis and actively maintains a buffer above the regulatory minimum in line with BOQ's prescribed risk appetite and policy settings. BOQ's level 2 spot LCR as at 31 August 2024 was 148 per cent, an increase of 16 per cent from 29 February 2024. This increase was driven by:

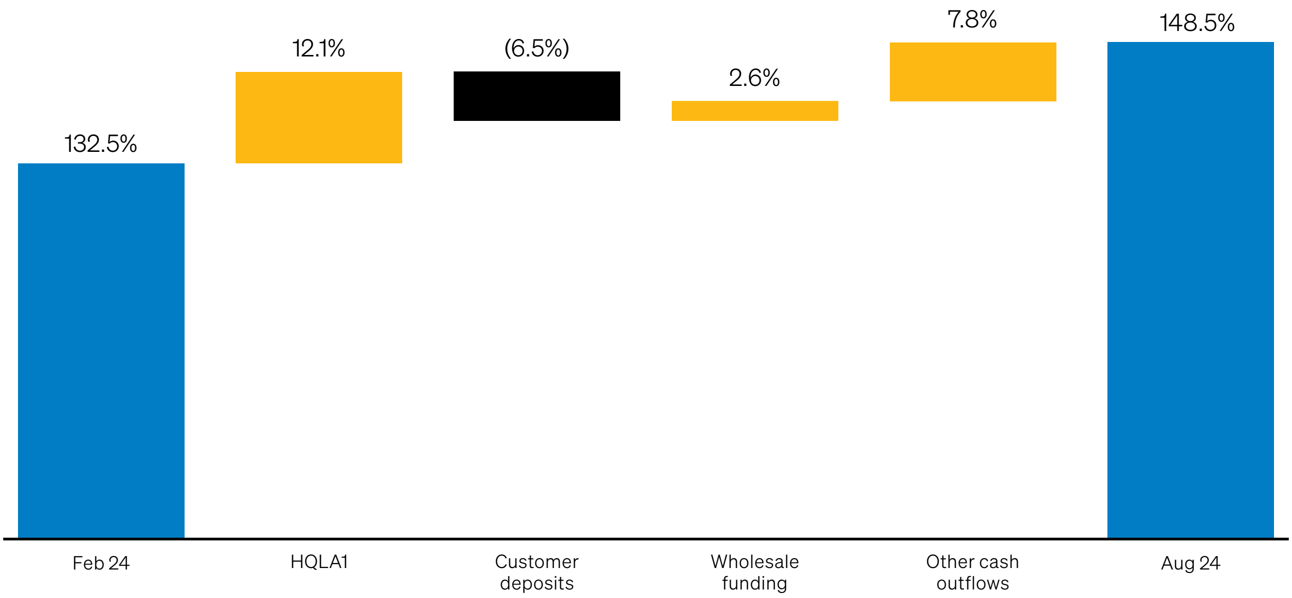
- Execution of the REDS 2024-2 RMBS transaction, which raised $1 billion in funding in August 2024 and increased HQLA1 balances; and
- Decreases in Loans Approved Not Advanced; offset by
- Growth in Customer Deposits and a higher average LCR run-off rate.

The average level 2 LCR in 2H24 was 146 per cent, down one per cent from 1H24. The average in the period was elevated due to higher liquidity positions that were held in preparation for the TFF maturity.

LCR - August 2024 (148%)



LCR waterfall 29 February 2024 – 31 August 2024



Financial performance.

For the year ended 31 August 2024

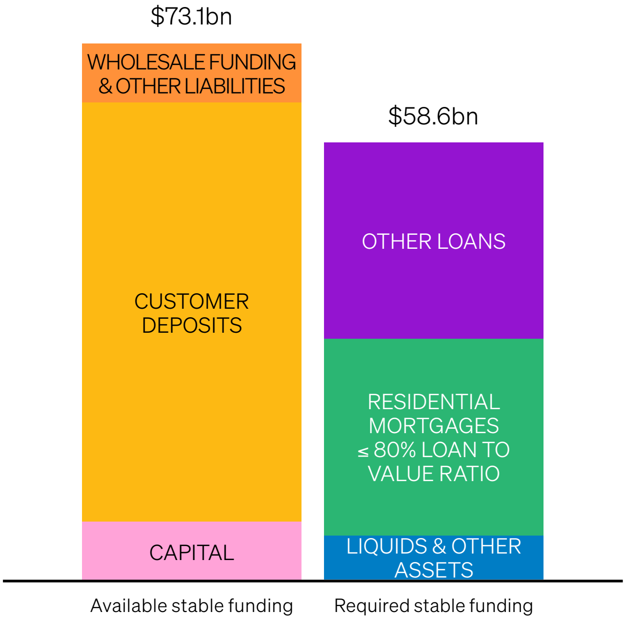
3.2 Funding and liquidity (continued)

Net stable funding ratio (NSFR)

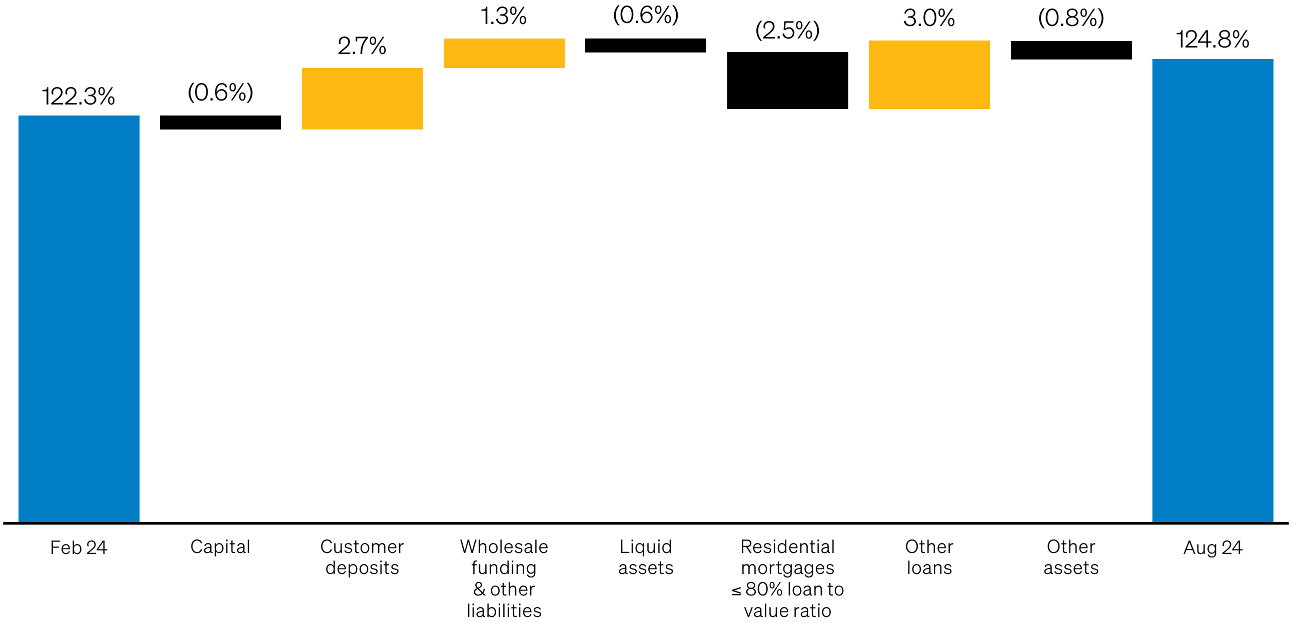
The NSFR encourages ADIs to fund their lending activities with more stable sources of funding, thereby promoting greater balance sheet resilience. BOQ manages its NSFR on a daily basis and actively maintains a buffer above the regulatory minimum of 100 per cent, in line with BOQ's prescribed risk appetite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

BOQ's level 2 NSFR as at 31 August 2024 was 125 per cent, which was three per cent higher than 29 February 2024. The increase was primarily due to increases in retail and small to medium enterprise deposits and wholesale funding.

NSFR - August 2024 (125%)



NSFR waterfall 29 February 2024 - 31 August 2024



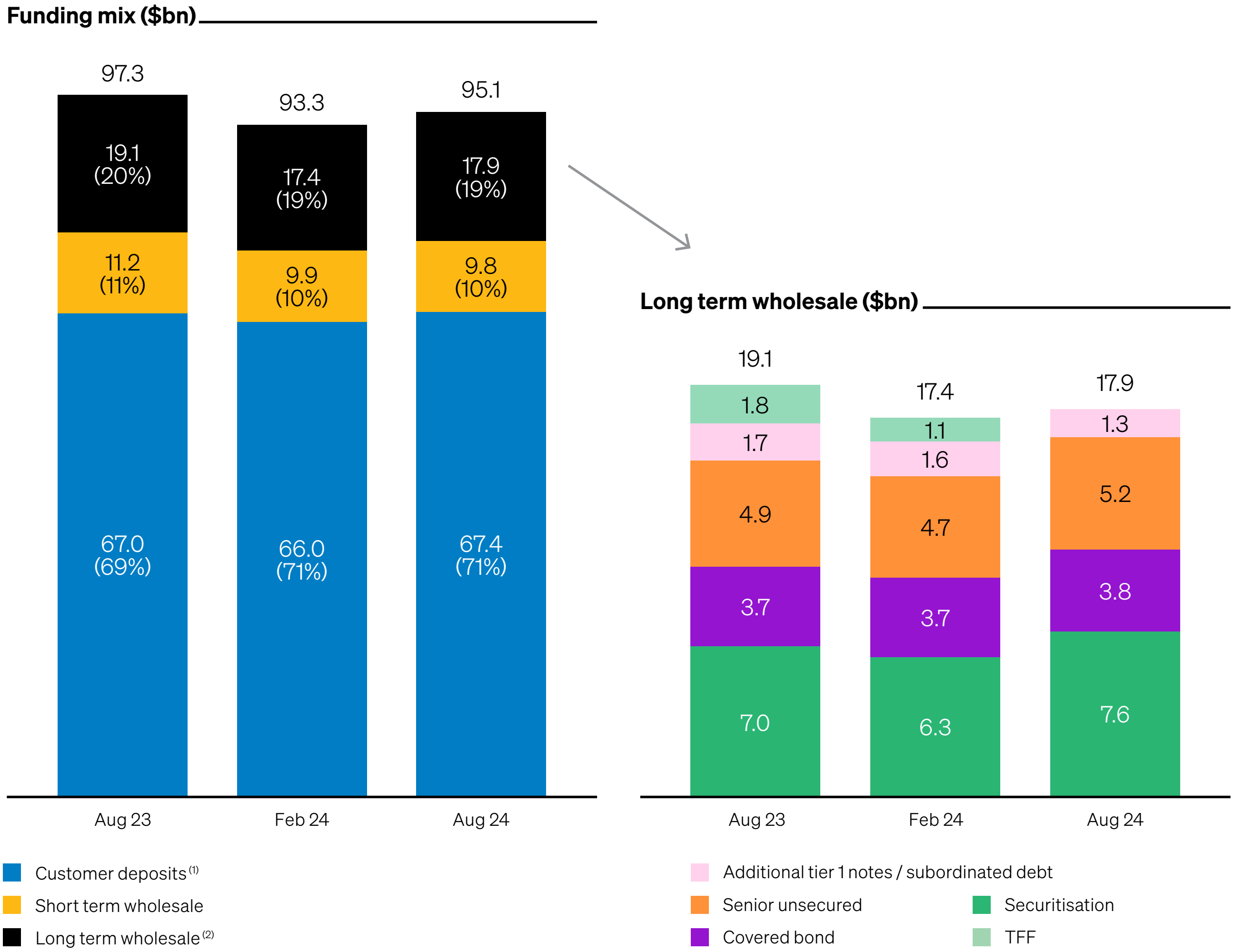
Financial performance.

For the year ended 31 August 2024

3.2 Funding and liquidity (continued)

Funding

BOQ's funding strategy and risk appetite reflects the Group's business strategy and the current economic environment. Funding is managed to allow for various scenarios that may impact BOQ's funding position.



(1) The classification of customer deposits is defined as all deposits excluding those from financial institutions as defined under APS 210 Liquidity.

(2) Foreign currency balances have been translated at end of day spot rates.

Wholesale funding

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

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

In 2H24, BOQ's continued focus on customer deposit gathering saw the deposit to loan ratio increase by two per cent to 84 per cent on 1H24. The increase in customer deposits, as well as issuing a number of transactions in wholesale markets, allowed BOQ to repay the remaining $1.1 billion of the TFF in June 2024.

Financial performance.

For the year ended 31 August 2024

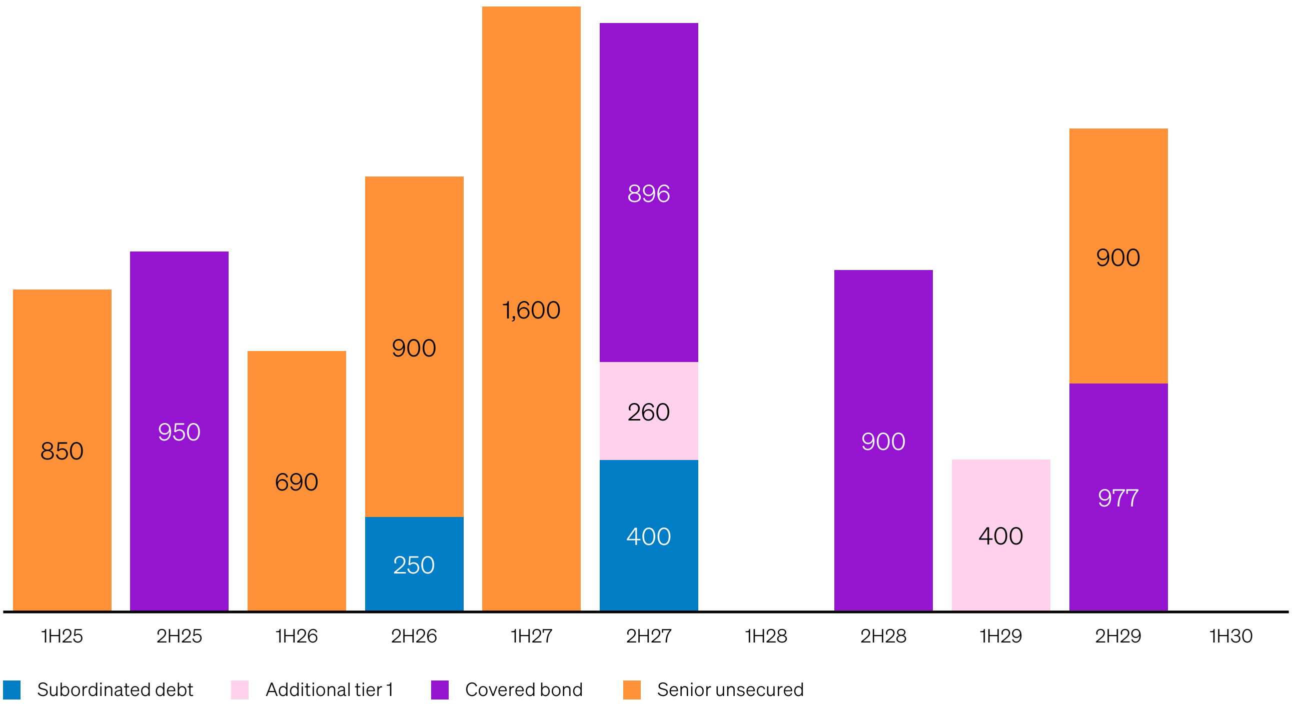
3.2 Funding and liquidity (continued)

Term funding issuance

BOQ accessed term funding markets in 2H24 using three long term wholesale products and customer deposits to repay the TFF. This included a $900 million five year domestic senior unsecured transaction in April 2024, a EUR600 million five year covered bond transaction in May 2024 and a $1 billion capital relief securitisation transaction under the REDS Residential Mortgage-Backed Securities (**RMBS**) program, which settled in August 2024. Following APRA approval, BOQ also redeemed $350 million of AT1 Capital (Capital Notes 1, trading on the ASX as BOQPE) without issuing a replacement security.

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

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



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

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

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

Financial performance.

For the year ended 31 August 2024

3.3 Capital management

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

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

Capital adequacy

	Aug 24 $m	Feb 24 $m	Aug 23 $m	Aug 24 vs Feb 24	Aug 24 vs Aug 23
QUALIFYING CAPITAL FOR LEVEL 2 ENTITIES (1)					
COMMON EQUITY TIER 1 CAPITAL					
Ordinary share capital	**5,342**	5,331	5,318	-	-
Reserves	**310**	343	414	(10%)	(25%)
Retained profits, including current period profits	**366**	330	290	11%	26%
Total CET1 Capital	**6,018**	6,004	6,022	-	-
REGULATORY ADJUSTMENTS					
Goodwill and intangibles	**(1,152)**	(1,110)	(1,069)	4%	8%
Deferred expenditure	**(422)**	(417)	(409)	1%	3%
Other deductions	**(155)**	(96)	(106)	61%	46%
Total CET1 regulatory adjustments	**(1,729)**	(1,623)	(1,584)	7%	9%
CET1 Capital	**4,289**	4,381	4,438	(2%)	(3%)
Additional Tier 1 Capital	**660**	1,010	1,110	(35%)	(41%)
Total Tier 1 Capital	**4,949**	5,391	5,548	(8%)	(11%)
Provisions eligible for inclusion in Tier 2 capital	**160**	149	179	7%	(11%)
Tier 2 Capital	**636**	636	636	-	-
Total Tier 2 Capital	**796**	785	815	1%	(2%)
Total Capital	**5,745**	6,176	6,363	(7%)	(10%)
Total RWA	**40,249**	40,702	40,680	(1%)	(1%)
CET1 ratio	**10.66%**	10.76%	10.91%	(10bps)	(25bps)
Net Tier 1 Capital ratio	**12.30%**	13.25%	13.64%	(95bps)	(134bps)
Total Capital adequacy ratio	**14.27%**	15.17%	15.64%	(90bps)	(137bps)

(1) APRA Prudential Standard APS 001 'Definitions' defines Level 2 as the Group and all of its subsidiary entities other than non-consolidated subsidiaries. The non-consolidated subsidiaries excluded from Level 2 regulatory measurements at 31 August 2024 are:

- Bank of Queensland Limited Employee Share Plans Trust;
- Home Credit Management Pty Ltd;
- Series 2015-1 REDS Trust;
- Series 2017-1 REDS Trust;
- Series 2018-1 REDS Trust;
- Series 2019-1 REDS Trust;
- Series 2022-1 REDS MHP Trust;
- Series 2023-1 REDS Trust;
- Series 2024-1 REDS Trust;
- Series 2024-2 REDS Trust;
- SMHL Series Securitisation Fund 2018-2;
- SMHL Series Securitisation Fund 2019-1;
- SMHL Series Private Placement Trust 2017-2;
- SMHL Series Private Placement Trust 2019-1;
- SMHL Series Private Placement Trust 2019-2; and
- SMHL Securitisation Trust 2020-1.

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

Financial performance.

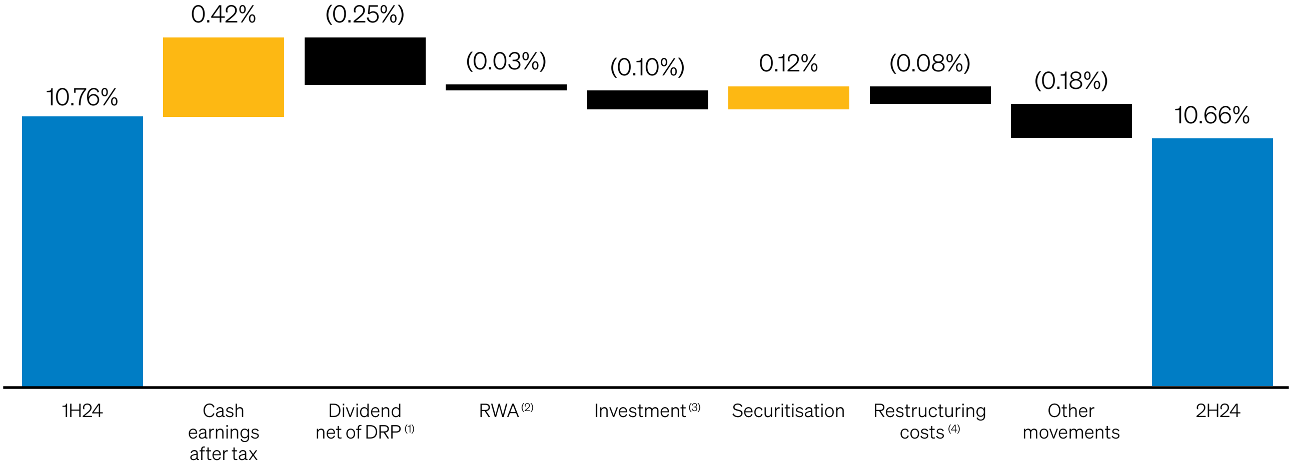
For the year ended 31 August 2024

3.3 Capital management (continued)

The Group's CET ratio of 10.66 per cent decreased by 10 basis points over the half, from 10.76 per cent in 1H24 due to:

- Cash earnings after tax of $171 million (42 basis point increase);
- Payment of the FY24 interim dividend net of dividend reinvestment plan (**DRP**) share issuance (25 basis point decrease);
- Increase in underlying Risk Weighted Assets (**RWA**) (three basis point decrease) which excludes the impact of capital efficient securitisations;
- Investment spend net of amortisation (10 basis point decrease);
- Capital relief securitisations issued over the half which was partially offset by run-off (12 basis point increase);
- Restructuring costs impacting statutory profit (eight basis point decrease); and
- Other movements which decreased the ratio by 18 basis points included:
  - A higher capital deduction for Deferred Tax Assets in excess of Deferred Tax Liabilities (10 basis point decrease);
  - A lower available for sale reserve (11 basis point decrease);
  - New Zealand asset portfolio sale completion impacts to statutory profit and RWA (one basis point increase); and
  - A small number of other items (two basis point increase).

2H24 CET1 ratio walk



(1) The DRP operated with no discount. Participation was 9.4 per cent.

(2) Includes loan origination costs and operational RWA.

(3) Capitalised expenses net of amortisation.

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

3.4 Tax expense

BOQ tax expense arising on cash earnings for FY24 amounted to $168 million. This represented an effective tax rate of 32.9 per cent on a cash earnings basis, which is above the corporate tax rate of 30 per cent, primarily due to the non-deductibility of interest payable on capital notes issued in FY18, FY21 and FY23.

Financial performance.

For the year ended 31 August 2024

4. Divisional performance.

4.1 Retail income statement, key metrics and financial performance review

Overview

The Retail Bank meets the financial needs and services of personal customers. The division supports 1.3 million customers through a network of 123(1) Owner Managed and 17 corporate branches, third-party intermediaries, Australian-based customer call centres, digital services, and mobile mortgage specialists. On 22 August, the Group announced it would convert all Owner Managed branches to corporate branches, which is expected to be completed by March 2025.

	Full year performance			Half year performance		
	Aug 24 $m	Aug 23 $m	Aug 24 vs Aug 23	**Aug 24 $m**	Feb 24 $m	Aug 24 vs Feb 24
Net interest income	**791**	929	(15%)	**398**	393	1%
Non-interest income	**88**	88	-	**42**	46	(9%)
Total income	**879**	1,017	(14%)	**440**	439	-
Operating expenses	**(746)**	(706)	6%	**(380)**	(366)	4%
Underlying profit	**133**	311	(57%)	**60**	73	(18%)
Loan impairment expense	**(1)**	(13)	(92%)	**(3)**	2	large
Profit before tax	**132**	298	(56%)	**57**	75	(24%)
Income tax expense	**(44)**	(95)	(54%)	**(19)**	(25)	(24%)
Cash earnings after tax	**88**	203	(57%)	**38**	50	(24%)

		Full year performance			Half year performance		
Key metrics		**Aug 24**	Aug 23	Aug 24 vs Aug 23	**Aug 24**	Feb 24	Aug 24 vs Feb 24
PERFORMANCE INDICATORS							
CTI	%	**84.9**	69.4	large	**86.4**	83.4	300bps
Net interest income / average GLA (2)	%	**1.55**	1.79	(24bps)	**1.56**	1.54	2bps
ASSET QUALITY							
90 dpd arrears	$m	**663**	519	28%	**663**	588	13%
Impaired assets	$m	**13**	19	(32%)	**13**	16	(19%)
Loan impairment expense / GLA	bps	**-**	2	(2)	**1**	(1)	2
BALANCE SHEET (3)							
GLA		**54,765**	55,854	(2%)	**54,765**	55,432	(2%)
Housing	$m	**54,618**	55,671	(2%)	**54,618**	55,264	(2%)
Other retail	$m	**147**	183	(20%)	**147**	168	(25%)
Credit risk weighted assets (4)	$m	**16,181**	17,299	(6%)	**16,181**	16,997	(10%)
Customer deposits (5)	$m	**36,879**	36,440	1%	**36,879**	35,949	5%
Term deposits	$m	**14,534**	13,943	4%	**14,534**	14,289	3%
Mortgage offsets	$m	**4,268**	4,216	1%	**4,268**	4,271	-
Savings and investment	$m	**14,607**	14,673	-	**14,607**	13,900	10%
Transaction accounts	$m	**3,470**	3,608	(4%)	**3,470**	3,489	(1%)
Deposit to loan ratio	%	**67**	65	200bps	**67**	65	200bps

(1) 123 Owner Managed branches include nine transaction and service centres.

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

(3) Balance sheet key metrics have been annualised for Aug 24 vs Feb 24.

(4) Credit RWAs reflect on balance sheet exposures.

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

Financial performance.

For the year ended 31 August 2024

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

FY24 vs FY23

Retail Bank cash earnings after tax of $88 million decreased by $115 million or 57 per cent on FY23. Underlying profit decreased $178 million or 57 per cent on FY23 driven by a $138 million or 15 per cent reduction in net interest income and a $40 million or six per cent increase in operating expenses. Loan impairment expense was $1 million in FY24, a decrease of $12 million on FY23.

Net interest income

Net interest income of $791 million decreased by $138 million or 15 per cent on FY23, reflecting a two per cent contraction in the housing portfolio and a 24 basis point decline in net interest margin (**NIM**).

Spot balance sheet movements included:

- Housing contraction of $1.1 billion or two per cent on FY23, representing growth below system. FY24 continued to reflect the prioritisation of returns in a competitive housing market as well as the ongoing moderation of VMA origination; and
- Customer deposits growth of $439 million or one per cent on FY23, driven by growth in term deposits partially offset by a contraction in savings and transaction account balances, reflecting a greater consumer demand for higher yielding products.

Net interest margin of 1.55 per cent decreased by 24 basis points, reflecting higher funding costs and continued competitive pressure across customer deposits, including the impact of customers switching to higher yielding deposit products. Home lending margins contracted, principally reflecting increased competition.

Non-interest income

Non-interest income of $88 million was flat on FY23 as increased commissions from third party credit card and insurance providers were offset by lower banking fee income.

Operating expenses

Operating expenses of $746 million increased by $40 million or six per cent on FY23 driven by inflation, investment in technology transformation, and an uplift in resourcing across risk and compliance, partially offset by productivity initiatives.

Loan impairment expense

Loan impairment expense of $1 million decreased $12 million or 92 per cent on FY23. The reduction was due to the collective provision, reflecting improved house prices, partially offset by the impact of uncertainty arising from cost of living pressures and high interest rates.

2H24 vs 1H24

Retail Bank cash earnings after tax of $38 million decreased $12 million or 24 per cent on 1H24. Underlying profit decreased by $13 million or 18 per cent, reflecting a $14 million or four per cent increase in operating expenses. Loan impairment expense was $3 million in 2H24, an increase of $5 million on 1H24.

Net interest income

Net interest income of $398 million increased by $5 million or one per cent on 1H24 driven primarily by the impact of a higher day count in 2H24. Net interest margin increased by two basis points while the housing portfolio contracted two per cent.

Spot balance sheet movements included:

- Housing contraction of $646 million or two per cent on 1H24, representing growth below system, reflecting a disciplined approach to managing returns and the ongoing moderation of VMA originated loans; and
- Customer deposits growth of $930 million or five per cent on 1H24, driven by term deposits and digital savings account balances partially offset by a reduction in legacy savings account balances.

Net interest margin of 1.56 per cent increased two basis points on 1H24 as improved housing portfolio mix and increased earnings on equity and low cost deposits were partially offset by the impact of higher funding costs and customers switching to higher yielding deposits products.

Non-interest income

Non-interest income of $42 million decreased by $4 million or nine per cent on 1H24 driven by lower fee income as housing volumes decreased and customer preferences continue to shift towards lower or no fee products.

Operating expenses

Operating expenses of $380 million increased by $14 million or four per cent on 1H24. This was driven by inflation, investment in technology transformation, timing of marketing spend, and an uplift in customer support resourcing.

Loan impairment expense

Loan impairment expense of $3 million increased by $5 million on 1H24 driven by a small number of write offs and an increase in specific provisions, partially offset by a reduction in collective provisions due to the impact of improved house prices.

Financial performance.

For the year ended 31 August 2024

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

Overview

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

	Full year performance			Half year performance		
	Aug 24 $m	Aug 23 $m	Aug 24 vs Aug 23	**Aug 24 $m**	Feb 24 $m	Aug 24 vs Feb 24
Net interest income	**672**	686	(2%)	343	329	4%
Non-interest income	**45**	48	(6%)	24	21	14%
Total income	**717**	734	(2%)	367	350	5%
Operating expenses	**(323)**	(304)	6%	(165)	(158)	4%
Underlying profit	**394**	430	(8%)	202	192	5%
Loan impairment expense	**(19)**	(58)	(67%)	(2)	(17)	(88%)
Profit before tax	**375**	372	1%	200	175	14%
Income tax expense	**(122)**	(119)	3%	(64)	(58)	10%
Cash earnings after tax	**253**	253	-	136	117	16%

		Full year performance			Half year performance		
Key metrics		**Aug 24**	Aug 23	Aug 24 vs Aug 23	**Aug 24**	Feb 24	Aug 24 vs Feb 24
PERFORMANCE INDICATORS							
CTI	%	**45.0**	41.4	360bps	**45.0**	45.1	(10bps)
Net interest income / average GLA (1)	%	**2.78**	2.89	(11bps)	**2.83**	2.76	7bps
ASSET QUALITY							
90 dpd arrears	$m	**237**	216	10%	**237**	263	(10%)
Impaired assets	$m	**90**	95	(5%)	**90**	100	(10%)
Loan impairment expense / GLA	bps	**7**	23	(16)	**2**	14	(12)
BALANCE SHEET (2)							
GLA	$m	**25,714**	25,281	2%	**25,714**	25,282	3%
Housing	$m	**7,176**	7,067	2%	**7,176**	7,063	3%
Commercial and other	$m	**11,670**	11,251	4%	**11,670**	11,283	7%
Asset finance (3)	$m	**6,868**	6,963	(1%)	**6,868**	6,936	(2%)
Credit risk weighted assets (4)	$m	**17,309**	16,672	4%	**17,309**	17,124	2%
Customer deposits (5)	$m	**10,540**	10,684	(1%)	**10,540**	10,578	(1%)
Term deposits	$m	**2,200**	2,303	(4%)	**2,200**	2,314	(10%)
Mortgage offsets	$m	**1,379**	1,275	8%	**1,379**	1,361	3%
Savings and investment	$m	**5,180**	5,273	(2%)	**5,180**	5,141	2%
Transaction accounts	$m	**1,781**	1,833	(3%)	**1,781**	1,762	2%
Deposit to loan ratio	%	**41**	42	(100bps)	**41**	42	(100bps)

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

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

(3) Asset finance GLAs include the impacts of the New Zealand portfolio sale which reduced balances by $207 million in 2H24. Excluding the New Zealand impact Asset finance balances grew two per cent on FY23 and four per cent on 1H24. The impacts of the asset sale on cash earnings are immaterial in the period.

(4) Credit RWAs reflect on balance sheet exposures.

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

Financial performance.

For the year ended 31 August 2024

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

FY24 vs FY23

BOQ Business cash earnings after tax of $253 million was flat on FY23. Underlying profit contracted $36 million or eight per cent driven by a $17 million or two per cent reduction in total income and operating expense growth of $19 million or six per cent. Loan impairment expense was $19 million in FY24, a decrease of $39 million on FY23.

Net interest income

Net interest income of $672 million decreased by $14 million or two per cent on FY23, reflecting an 11 basis point contraction in net interest margin, lower average deposit balances and a $5 million reduction resulting from the sale of the New Zealand asset portfolio.

Spot balance sheet movements included:

- Commercial and other lending growth of $419 million or four per cent driven by growth in the healthcare sector and owner-occupied commercial property lending across a diversified range of businesses;
- Excluding a $207 million reduction resulting from the sale of the New Zealand portfolio, underlying asset finance balances grew $112 million or two per cent driven by the structured finance and dealer finance portfolios, partially offset by contraction in non-core portfolios;
- Housing growth of $109 million or two per cent representing growth below system, reflecting a decision to prioritise returns over volume growth in a highly competitive housing market; and
- Customer deposits declined $144 million or one per cent, reflecting balance contraction across term, savings and investment deposits and transaction accounts.

Net interest margin of 2.78 per cent decreased by 11 basis points reflecting competitive pressure on home and business lending margins, higher funding costs and contraction in low cost deposit balances, partially offset by higher deposit margins in a high interest rate environment and increased earnings on equity.

Non-interest income

Non-interest income of $45 million decreased $3 million on FY23 reflecting lower business banking fees and foreign exchange sales, partially offset by higher gains from the sale of leasing equipment.

Operating expenses

Operating expenses of $323 million increased by $19 million or six per cent on FY23 reflecting inflationary pressure, an uplift in risk and compliance resourcing, and investment in technology transformation and additional frontline bankers, partially offset by productivity initiatives.

Loan impairment expense

Loan impairment expense of $19 million decreased $39 million on FY23 reflecting low levels of specific provisioning and a lower collective provision expense. Collective provisions increased in FY23 to cater for the changing economic outlook, whereas the outlook in FY24 has remained relatively stable resulting in a lower collective provision expense.

2H24 vs 1H24

BOQ Business cash earnings after tax of $136 million increased $19 million or 16 per cent on 1H24. Underlying profit increased $10 million or five per cent driven by a $17 million or five per cent increase in total income, offset by a $7 million or four per cent increase in operating expenses. Loan impairment expense was $2 million in 2H24, a decrease of $15 million on 1H24.

Net interest income

Net interest income of $343 million increased by $14 million or four per cent on 1H24 reflecting growth in lending assets, a seven basis point improvement in net interest margin and the impact of a higher day count in 2H24. This was partially offset by a $4 million reduction resulting from the sale of the New Zealand asset portfolio.

Spot balance sheet movements included:

- Commercial and other lending growth of $387 million or seven per cent driven by growth in the healthcare sector and owner-occupied commercial property lending across a diversified range of businesses;
- Excluding a $207 million reduction resulting from the sale of the New Zealand portfolio, underlying asset finance balances grew $139 million or four per cent driven by growth in the structured finance, dealer finance and equipment finance businesses, partially offset by run-off in non-core portfolios;
- Housing growth of $113 million or three per cent representing growth below system, reflecting a decision to prioritise returns over volume growth in a highly competitive housing market; and
- Customer deposits declined $38 million or one per cent reflecting a contraction in term deposits, partially offset by an increase in savings and investment deposits and transaction accounts.

Net interest margin of 2.83 per cent increased by seven basis points reflecting higher deposit margins in a high interest rate environment and increased earnings on equity, partially offset by competitive pressure on home and business lending margins.

Non-interest income

Non-interest income of $24 million increased $3 million on 1H24 driven by higher foreign exchange sales and gains from the sale of leasing equipment.

Operating expenses

Operating expenses of $165 million increased $7 million or four per cent on 1H24 driven by investment in technology transformation and additional frontline bankers.

Loan impairment expense

Loan impairment expense of $2 million decreased $15 million on 1H24 reflecting continued low levels of specific provisioning and a small reduction in collective provisions.

Financial performance.

For the year ended 31 August 2024

4.3 Other income statement and financial performance review

Overview

The Other business unit includes Treasury and Group Head Office.

	Full year performance			Half year performance		
	Aug 24 $m	Aug 23 $m	Aug 24 vs Aug 23	**Aug 24 $m**	Feb 24 $m	Aug 24 vs Feb 24
Net interest income / (expense)	**-**	(15)	(100%)	**(3)**	3	large
Non-interest income	**4**	6	(33%)	**1**	3	(67%)
Total income / (loss)	**4**	(9)	large	**(2)**	6	large
Operating expenses	**-**	-	-	**-**	-	-
Underlying profit / (loss)	**4**	(9)	large	**(2)**	6	large
Loan impairment expense	**-**	-	-	**-**	-	-
Profit / (loss) before tax	**4**	(9)	large	**(2)**	6	large
Income tax (expense) / benefit	**(2)**	3	large	**(1)**	(1)	-
Cash profit / (loss) after tax	**2**	(6)	large	**(3)**	5	large

Financial performance review

Cash profit of $2 million in FY24 compares to cash loss after tax of $6 million in FY23.

Net interest income / (expense)

Net interest income of $0 million in FY24 compares to net interest expense of $15 million in FY23. This was driven by the timing impact of break costs and benefits and ongoing interest rate management activities, offset by lower interest rate hedging costs due to a less volatile rate environment and finance costs related to the remedial action plan provision.

Non-interest income / (expense)

Non-interest income of $4 million decreased $2 million from FY23, primarily driven by Treasury related fees and gains.

4.4 Outlook

The Australian economy ended the period growing below its long-run average. There has been a modest rise in the unemployment rate, declining business confidence and low consumer confidence. BOQ expects the economy will improve over the course of the next year, reflecting moderating inflation, income tax cuts and the likelihood of falling global cash rates, although there is heightened uncertainty about the outlook. BOQ's view is that Australia has reached the top of the cash rate cycle, albeit a modest move higher is possible. Monetary policy easing is unlikely to occur before calendar year 2025.

The Group's performance outlook for FY25 is outlined below:

- Continued competition for home lending and quality business lending;
- BOQ's mortgage book may continue to experience a modest decline as the Group prioritises higher returning business lending;
- Higher funding costs including the continued impact of customers opting for higher yielding deposit products;
- Ongoing delivery of the Group's simplification agenda and completion of the Group's conversion of the Owner Managed branch network;
- Continued investment in digital transformation, simplifying and strengthening operational resilience, albeit at reduced levels from FY24;
- Lower total investment spend and higher amortisation expenditure with the launch of the digital platform;
- Loan impairment expense to increase from historically low loss-rates; and
- Continued support for customers in managing the financial burden of higher interest rates and cost of living pressures.

Financial performance.

For the year ended 31 August 2024

5. Appendix to Financial performance.

5.1 Cash EPS calculations

		Full year performance			Half year performance		
		Aug 24 $m	Aug 23 $m	Aug 24 vs Aug 23	**Aug 24 $m**	Feb 24 $m	Aug 24 vs Feb 24
RECONCILIATION OF CASH EARNINGS FOR EPS							
Cash earnings after tax	$m	**343**	450	(24%)	**171**	172	(1%)
Returns to other equity instruments (1)	$m	**(2)**	(9)	(78%)	**-**	(2)	(100%)
Fair value adjustment on ME AT1 capital notes (2)	$m	**1**	4	(75%)	**-**	1	(100%)
Cash earnings available for ordinary shareholders	$m	**342**	445	(23%)	**171**	171	-
Effect of capital notes 1	$m	**19**	17	12%	**9**	10	(10%)
Effect of capital notes 2	$m	**15**	13	15%	**8**	7	14%
Effect of capital notes 3	$m	**22**	16	38%	**11**	11	-
Cash diluted earnings available for ordinary shareholders	$m	**398**	491	(19%)	**199**	199	-
WEIGHTED AVERAGE NUMBER OF SHARES (WANOS)							
Basic WANOS - ordinary shares	m	**657**	650	1%	**658**	656	-
Effect of award rights	m	**7**	5	40%	**8**	6	33%
Effect of capital notes 1 (3)	m	**55**	60	(8%)	**52**	60	(13%)
Effect of capital notes 2	m	**43**	45	(4%)	**43**	44	(2%)
Effect of capital notes 3	m	**66**	55	20%	**66**	69	(4%)
Diluted WANOS for cash earnings EPS (4)	m	**828**	815	2%	**827**	835	(1%)
EARNINGS PER SHARE							
Cash basic EPS - ordinary shares	cents	**52.2**	68.4	(24%)	**26.0**	26.2	(1%)
Cash diluted EPS - ordinary shares	cents	**48.1**	60.2	(20%)	**24.0**	23.9	-

(1) BOQ redeemed ME Bank AT1 Capital Notes (Series 2) in full on 5 December 2023 without issuing a replacement security. For further details refer to Note 3.10 b) Other equity instrument to the financial statements.

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

(3) BOQ redeemed Retail Capital Notes 1 in full on 15 August 2024 without issuing a replacement security.

(4) The Group had awarded 12,033,734 employee share options as at 31 August 2024. The options were anti-dilutive during the period and therefore have not impacted diluted WANOS.

Financial performance.

For the year ended 31 August 2024

5.2 Average balance sheet and margin analysis

The following tables outline the major categories of interest earning assets and interest bearing liabilities of the Group together with the respective interest earned or paid and the average interest rate for each of 1H24, 2H24, FY23 and FY24.

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

(1) Net of average mortgage offset balances.

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

Financial performance.

For the year ended 31 August 2024

5.2 Average balance sheet and margin analysis (continued)

	FY24			FY23		
	Average balance $m	**Interest $m**	**Average rate %**	Average balance $m	Interest $m	Average rate %
INTEREST EARNING ASSETS						
Loans and advances [1]	**74,946**	**4,261**	**5.69**	75,792	3,519	4.64
Investments and other securities	**18,967**	**820**	**4.32**	19,111	629	3.29
Total interest earning assets	**93,913**	**5,081**	**5.41**	94,903	4,148	4.37
Non-interest earning assets						
Property, plant and equipment	**172**			244		
Other assets	**2,422**			2,415		
Provision for impairment	**(325)**			(305)		
Total non-interest earning assets	**2,269**			2,354		
Total assets	**96,182**			97,257		
INTEREST BEARING LIABILITIES						
Retail deposits	**61,001**	**2,279**	**3.74**	59,600	1,597	2.68
Wholesale deposits and borrowings [2]	**27,354**	**1,339**	**4.89**	29,617	951	3.21
Total interest bearing liabilities	**88,355**	**3,618**	**4.09**	89,217	2,548	2.86
Non-interest bearing liabilities	**1,592**			1,490		
Total liabilities	**89,947**			90,707		
Shareholders' funds	**6,235**			6,550		
Total liabilities and shareholders' funds	**96,182**			97,257		
INTEREST MARGIN AND INTEREST SPREAD						
Interest earning assets	**93,913**	**5,081**	**5.41**	94,903	4,148	4.37
Interest bearing liabilities	**88,355**	**3,618**	**4.09**	89,217	2,548	2.86
Net interest spread			**1.32**			1.51
Benefit of free funds			**0.24**			0.18
NIM - on average interest earning assets	**93,913**	**1,463**	**1.56**	94,903	1,600	1.69

(1) Net of average mortgage offset balances.

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

DIRECTORS' REPORT.

Remuneration Report.

For the year ended 31 August 2024

Dear Shareholder

On behalf of the Board, I am pleased to present the Remuneration Report for the year ended 31 August 2024.

Against the backdrop of a continued challenging macroeconomic environment with significant headwinds, including margin compression and inflationary pressures, our Executive Team has remained committed to executing the Group’s strategy to deliver a simpler, specialist bank that will enhance the experience for our customers and people and improve shareholder returns.

In August 2024 we announced the next phase in the execution of our strategy, with detailed plans to:

- reduce complexity and costs, including further simplifying our operating model;
- streamline our retail distribution channels;
- progress our transition to digital banking; and
- invest in the growth of our specialist business bank.

The Group continued to achieve solid outcomes against some key measures. We delivered after-tax cash earnings of $343 million, and $285 million in statutory profit for the year. The Board has determined to pay a dividend of 17 per share, representing an approximate yield of 5.4 per cent.

While the disciplined execution of our plans are laying the foundations for a simpler, specialist bank, we acknowledge that aspects of our FY24 financial results may have disappointed shareholders. We recognise these shareholder concerns and have ensured that both financial and non-financial results served as inputs to the Board’s decision-making and applying discretion when assessing remuneration outcomes for FY24.

Our remuneration decisions reflect a balance between rewarding the management team for delivering against what they can control, and establishing foundations that will build long term value for shareholders. Transformations of this scale take time, investment and disciplined execution to deliver long term, sustainable returns for shareholders. We recognise that interim performance is impacted, especially during this period of market headwinds.

2023 AGM ‘first strike’

In FY23, significant downward adjustments were made to KMP remuneration as a result of outcomes achieved, along with leadership and management changes in some cases.
The consequences applied included:

- downward in-period adjustments of up to 100 per cent to FY23 Performance shares with an average cancellation of 25 per cent;
- malus adjustments of up to 100 per cent to FY22 Performance Shares with an average cancellation of 50 per cent;
- the current Managing Director & Chief Executive Officer (**MD&CEO**) was not awarded FY23 Performance Shares; and
- a 20 per cent reduction in Non-Executive Director fees for FY24, determined as a percentage of base fees paid in FY23. NED fees have not increased since FY22.

Since then, we have engaged with investors and proxy advisors about the FY23 remuneration outcomes. We have focused on learning from the ‘first strike’, listening to our shareholders and other stakeholders and taking appropriate steps to respond. Most importantly, we continue to focus our actions to put BOQ on a more sustainable path that will deliver for our shareholders.

You will see in this Report that the Board has taken further actions during the year to ensure greater clarity and transparency on the basis of our remuneration decisions.
We have addressed the primary areas of concern, including:

- requests for increased transparency of performance measures;
- limiting overlap of performance measures for Remedial Action Plans in the STVR and long-term variable reward (**LTVR**) plans beyond the first year of the Remuneration framework under APRA Prudential Standard CPS 511 (**CPS 511**);
- clarification of the weightings for financial and non-financial performance measures; and
- stronger alignment between remuneration outcomes and business performance.

Detailed information is provided in Section 1.

Remuneration Report.

For the year ended 31 August 2024

FY24 remuneration outcomes and consequences

We amended the balance between the Group Scorecard and individual objectives from 75 per cent Group / 25 per cent individual to 50 per cent Group / 50 per cent individual for all Executive KMP other than the MD&CEO and Chief Risk Officer (**CRO**).

FY24 remuneration outcomes for Executive KMP have been assessed against a range of relevant factors outlined below:

- collective performance against the financial and non-financial measures in the Board-approved Group Scorecard;
- individual performance against the financial and non-financial individual objectives agreed between Group Executives and the MD&CEO and approved by the Board;
- consideration of risk and compliance matters, with input from the CRO and Board Risk Committee;
- the effect of external factors such as margin compression; and
- the experience of our shareholders during the year, both in terms of share price and dividends.

Despite the Board assessing the Group Scorecard as "delivered", we have reduced the Group Scorecard outcome by 20 per cent. This accounts for the decline in NPAT of 23.7 per cent versus FY23 and the relative underperformance for our shareholders. For Executive KMP, including their individual performance outcomes, this resulted in STVR awards ranging from 75 per cent to 85 per cent of target, and 56 per cent to 64 per cent of maximum opportunity.

Further detail is provided in Section 4.

Changes to the remuneration framework for FY25

To support the next phase of the execution of our strategy, the remuneration framework for FY25 will ensure even stronger alignment between remuneration outcomes and business performance.

For STVR the Group Scorecard has been simplified. For FY25 it reflects 50 per cent focussed on financial measures and 50 per cent focussed on non-financial measures. All Group Scorecard measures and individual performance objectives are aligned to the Board-approved strategic initiatives.

The Board has also simplified the performance measures in the LTVR plan for FY25. Executives will be rewarded 70 per cent based on absolute TSR (financial). The remaining 30 per cent is based on the migration of customers and decommissioning of the heritage bank (non-financial), which represents significant value creation for BOQ by enhancing the customer experience, decreasing costs, simplifying the business and decreasing operational risk. This will allow us to better deploy capital to higher returning opportunities.

LTVR for Executive KMP will continue to be delivered using Executive Performance Rights (**EPRs**) measured over a four-year performance period. We have increased the maximum opportunity to ensure there is a direct alignment between executive remuneration, shareholder outcomes and strategic outcomes. This change underpins our focus on generating superior returns over the long term. It also results in a clearer alignment with investor interests and addresses a number of concerns raised by investors about our prior remuneration structure.

Further detail is provided in Section 5.

Leadership team

We welcomed two new members to our Executive Team this year, Alexandra Taylor who commenced in the role of Chief People Officer (**CPO**) on 11 March 2024, and Rachel Stock who commenced as CRO Designate on 1 February 2024 and assumed the role of CRO on 5 April 2024. Both Alexandra and Rachel have already made substantial contributions to BOQ through the breadth and depth of their experience.

On behalf of the Board, I would like to acknowledge the strength of leadership of Patrick Allaway and the Executive Team. This team has the experience and energy to transform BOQ into a simpler, specialist bank. With recently announced operating model changes, all members of the Executive Team are committed and equipped to continue to successfully deliver our strategy and improved shareholder outcomes.

Conclusion

The Board reaffirms its ongoing commitment to ensuring that the Executive Remuneration Framework is fit-for-purpose and strongly aligned with BOQ's long-term strategy and the interests of our shareholders.

I encourage shareholders to read the Remuneration Report ahead of the 2024 Annual General Meeting and welcome feedback on our remuneration framework.

Regards,

D. Kiers

Deborah Kiers
Chair, People, Culture & Remuneration Committee

Remuneration Report.

For the year ended 31 August 2024

1. Remuneration report 'first strike'

At our 2023 AGM we received a first strike against the 2023 remuneration report. The Chair of the People, Culture & Remuneration Committee and Chair of the Board met with a number of stakeholders following the 2023 AGM and at other times throughout FY24.

The Board considered feedback from shareholders, shareholder representatives and proxy advisors. Our comments are in Table 1.

Table 1 - Feedback and comments

Theme	Feedback	Comments
Application of consequences	Some stakeholders considered the Board-determined downward adjustments to variable remuneration outcomes as inadequate consequence for the risk and governance failings that led to the court enforceable undertakings with APRA and AUSTRAC.	As disclosed in 2023, a range of consequences were applied to current and former Executive KMP, from changes to the leadership team to cancellation of current year and prior year unvested or restricted equity. 100 per cent of all on-foot awards held by certain former Executive KMP were cancelled. The current MD&CEO was not awarded any Performance Shares in FY23. A former Executive KMP forfeited 100 per cent of their FY22 and FY23 Performance Shares. In 2023, downward adjustments were applied to all continuing Executive KMP in respect of their FY22 and FY23 Performance Shares. For this cohort: The average cancellation of FY23 Performance Shares was 25 per cent, resulting in average retention of 75 per cent. The average cancellation of FY22 Performance Shares was 50 per cent, resulting in average retention of 50 percent. A reduction equal to 20 per cent of actual base fees paid to NEDs in 2023 was applied during FY24. NED fees have not increased since FY22.
Transparency of performance measures	Some stakeholders commented that the FY23 Group Scorecard disclosure lacked transparency.	In this report, we have disclosed threshold (partially delivered), target (delivered) and stretch (exceeded) metrics in the FY24 Group Scorecard. Additionally, we have noted whether the measures against each strategic pillar are financial or non-financial (refer to sections 3 and 4). The weightings against each strategic pillar in Executive KMP individual objectives are also disclosed (refer to section 4). The 2023 Notice of Meeting contained the detailed performance measures for the FY24 LTVR plan.
Weighting of financial and non-financial measures	A number of stakeholders expressed concern that the Group Scorecard was too heavily weighted to non-financial measures.	Recognising that the weighting of financial and non-financial performances in the Group Scorecard and LTVR plan are areas of focus for shareholders, the Board has explicitly stated whether performance measures in the Group Scorecard are financial or non-financial (refer to sections 3 and 4). For FY25, the split in the Group Scorecard will be 50 per cent financial and 50 per cent non-financial. This recognises our strategic priorities and APRA's requirement that non-financial measures have material weighting in each component of variable remuneration. For the FY25 LTVR plan, the weighting of financial measures has increased to 70 percent (from 50 per cent).
Performance measures that include Remedial Action Plans	A number of stakeholders expressed concern over the Group's Remedial Action Plans (programs that respond to the court enforceable undertakings with APRA and AUSTRAC) being included in both STVR and LTVR performance measures, on the basis that the remediation of prior failings should not incentivised.	In some cases, the operational risk failings that led to the Remedial Action Plans were systemic and occurred over an extended period of time and pre-dated some members of the current executive team. The effort required to successfully deliver the expected outcomes under the Remedial Action Plans in parallel with simplifying, digitising and optimising the bank is significant, therefore, the Board has taken the view that it was appropriate, and aligned to our strategic pillar of Strengthen, to include these in FY24. It is also a condition of the Group's court enforceable undertaking with APRA that the Remedial Action Plan forms part of executives' remuneration scorecards. In FY25, these will be included for STVR only.
Misalignment between remuneration outcomes and business performance	Some stakeholders viewed the 2023 financial targets as having been set below prior year results and questioned the alignment of Executive KMP remuneration outcomes with business performance and the shareholder experience.	It is correct that some financial targets, for example Cash NPAT, were lower in FY23 than prior year results. This remains the case in FY24. We acknowledge that FY23 and FY24 targets are below prior year results. This reflects the operating environment and the investment in transformation, risk and regulatory uplift required to underpin longer term shareholder value. For FY25, we have further simplified the Group Scorecard, with a reduced number of outcome-focused measures that are aligned to our strategic initiatives.
Minimum shareholding requirement for Executives	Some stakeholders have queried why BOQ does not have a minimum shareholding requirement for executives.	The nature of our executive remuneration framework has long supported the accumulation of significant equity (beyond one times' annual fixed reward). 50 per cent of Executive KMP FY24 STVR will be delivered using Restricted Shares. The Board will consider a MSR for executives.

Remuneration Report.

For the year ended 31 August 2024

2. Key management personnel

This section identifies Directors and Group Executives who are KMP and sets out the changes that have occurred within this cohort during FY24 and up until the date of this Report.

Table 2 - Executive and Non-Executive Directors

Name	Position	Term
Patrick Allaway	Managing Director & Chief Executive Officer	Full year
Bruce Carter	Non-executive Director	Full year
Jenny Fagg	Non-executive Director	Full year
Andrew Fraser	Non-executive Director	Commenced 8 February 2024
Deborah Kiers	Non-executive Director	Full year
Warwick Negus	Non-executive Director & Chair	Full year
Karen Penrose	Non-executive Director	Full year
Mickie Rosen	Non-executive Director	Full year

Table 3 - Group Executives

Name	Position	Term
CURRENT		
Greg Boyle	Group Executive Retail Banking	Full year
Rod Finch	Chief Transformation & Operations Officer	Full year
Racheal Kellaway (1)	Chief Financial Officer	Full year
Craig Ryman	Chief Information Officer	Full year
Chris Screen	Group Executive Business Banking	Full year
Rachel Stock	Chief Risk Officer	Commenced 5 April 2024
Alexandra Taylor	Chief People Officer	Commenced 11 March 2024
FORMER		
Martine Jager	Chief People & Customer Officer	Ceased 10 November 2023
David Watts	Group Chief Risk Officer	Ceased 4 April 2024

(1) In addition to her responsibilities as Chief Financial Officer, Racheal Kellaway was Acting Group Executive People & Culture from 13 November 2023 to 8 March 2024.

2.1 Executive KMP exit arrangements

Ms Martine Jager ceased to be the Chief People & Customer Officer on 10 November 2023 and following a period of Gardening Leave, ceased employment with the Group on 9 May 2024. Ms Jager's unvested and restricted equity was treated in accordance with the cessation of employment (mutual agreement) provisions set out in the Award Terms and Plan Rules.

Mr David Watts retired from his position of Group Chief Risk Officer and transitioned the responsibilities of the role to Ms Rachel Stock on 5 April 2024. Mr Watts remained with the Group until his retirement date of 31 August 2024. Mr Watts' unvested and restricted equity was treated in accordance with the cessation of employment (retirement) provisions set out in the Award Terms and Plan Rules.

Remuneration Report.

For the year ended 31 August 2024

3. FY24 remuneration outcomes

This section details remuneration outcomes for Executive KMP during FY24.

3.1 Fixed reward

Fixed reward for Executive KMP is determined based on the size and scope of their role, individual capability, experience, and market positioning against other financial services organisations as well as other similarly sized listed organisations.

During FY24, fixed reward for continuing Executive KMP increased by an average of 5.1 per cent , excluding the CRO, reflecting changes to the size and scope of roles. Fixed reward for newly appointed Executive KMP was set in accordance with the principles noted above. The new CRO's fixed reward increased on 1 August 2024 to achieve greater comparability with peers on a total reward basis.

3.2 Short-term variable reward outcomes

Whilst the Bank is in a stronger position at 31 August 2024 compared to the end of FY23, we acknowledge that the last 12 months have been difficult for shareholders. In light of this, the Board determined that STVR awards between 75 per cent and 85 per cent of target, or 56 per cent and 64 per cent of maximum, were appropriate.

Table 4 shows FY24 STVR outcomes for Executive KMP relative to target and maximum opportunity.

Table 4 - FY24 STVR outcomes

Name	Position title	Performance outcome	STVR awarded $	STVR as % of FR for the period %	STVR as % of target %	STVR award as % of maximum %	% of maximum forfeited %	% of award deferred %
CURRENT EXECUTIVE KMP								
Patrick Allaway	Managing Director & Chief Executive Officer	Delivered	1,080,000	72	80	60	40	50
Greg Boyle	Group Executive Retail Banking	Delivered	420,000	60	80	60	40	50
Rod Finch	Chief Transformation & Operations Officer	Delivered	408,000	56	75	56	44	50
Racheal Kellaway	Chief Financial Officer	Delivered	450,000	60	80	60	40	50
Craig Ryman	Chief Information Officer	Exceeded	526,000	64	85	64	36	50
Chris Screen	Group Executive Business Banking	Delivered	422,000	56	75	56	44	50
Rachel Stock (1)	Chief Risk Officer	Delivered	137,000	40	75	57	43	50
Alexandra Taylor (2)	Chief People Officer	Exceeded	212,500	64	85	64	36	50
FORMER EXECUTIVE KMP								
David Watts (3)	Group Chief Risk Officer	Delivered	236,000	40	75	57	43	50

(1) Pro-rated for the period 5 April 2024 to 31 August 2024.

(2) Pro-rated for the period 11 March 2024 to 31 August 2024.

(3) Pro-rated for the period 1 September 2023 to 4 April 2024.

Remuneration Report.

For the year ended 31 August 2024

3.3 Dealing restrictions released during FY24

In December 2023, Dealing Restrictions were lifted from the:

- third and final tranche (40 per cent) of the Restricted Shares awarded to Craig Ryman in respect of his FY20 STVR;
- second and final tranche (50 per cent) of the Restricted Shares awarded to Racheal Kellaway and Chris Screen in respect of their FY21 STVR;
- first tranche (50 per cent) of the Restricted Shares awarded to Racheal Kellaway in respect of her FY22 STVR;
- second tranche (33 per cent) of Restricted Shares issued on conversion of FY21 Performance Shares for Greg Boyle, Rod Finch and Craig Ryman; and
- first tranche (33 per cent) of on-foot Restricted Shares issued on conversion of FY22 Performance Shares for Greg Boyle, Rod Finch, Racheal Kellaway, Craig Ryman, Chris Screen and David Watts.

3.4 Equity lapsed during FY24

Performance Award Rights (**PARs**) granted in FY20 were scheduled to vest in October 2023. The grant was subject to two performance hurdles, being relative total shareholder return (**rTSR**) with an 80 per cent weighting and relative earnings per share (**rEPS**) with a 20 per cent weighting.

None of the FY20 PARS vested in FY24, making it the fourth consecutive PARs grant to lapse in full. The results of the FY20 PARs testing are presented in Table 5 below.

Table 5 - FY20 PARs vesting outcomes

Grant date	Performance period	Tranche	Vesting hurdle	Performance outcome
19/12/2019	17 October 2019 to 11 October 2023	rTSR (80%)	rTSR ranking of at least 50th percentile	BOQ's TSR outcome achieved a ranking of 23rd percentile, resulting in 0% of the TSR tranche vesting.
		rEPS (20%)	rEPS ranking of at least 60th percentile	BOQ EPS was ranked in last place, resulting in 0% of the EPS tranche vesting.

3.5 Other awards

During FY24 the Board approved a make-good award for Alexandra Taylor, CPO, in respect of deferred awards forgone upon resignation from her previous employer. The face value of the make-good award was $376,505, and it was granted on 24 May 2024 using Restricted Shares that will have Dealing Restrictions released 29 per cent in December 2024, 44 per cent in December 2025 and 27 per cent in December 2026.

The equity issued to Ms Taylor is subject to terms and conditions including employment service, satisfactory risk and compliance behaviours and outcomes, and Board discretion.

Remuneration Report.

For the year ended 31 August 2024

3.6 Executive KMP actual reward outcomes for FY24 (non-statutory disclosure)

This section provides a summary of the total reward realised by Executive KMP during FY24. Table 6 includes a breakdown of:

- fixed reward (including base salary and employer superannuation contributions);
- the value of non-monetary and other short-term benefits;
- Cash STVR;
- termination benefits; and
- the value of any variable remuneration that was realised, lapsed or forfeited during FY24.

For remuneration disclosures in accordance with the Australian Accounting Standards, please refer to Section 8 (Statutory Disclosures).

Table 6 - Non-statutory disclosure - Executive KMP

Name	Position title	Year	Fixed reward [1] $	Value of benefits [2] $	STVR Cash [3] $	Value of deferred equity realised in period [4] $	Termination benefits [5] $	Total reward value [6] $	Prior years' equity forfeited / lapsed [7] $
CURRENT EXECUTIVE KMP									
Patrick Allaway	Managing Director & Chief Executive Officer	**2024**	**1,500,000**	**14,409**	**540,000**	**-**	**-**	**2,054,409**	**-**
		2023	1,241,244	10,210	-	-	-	1,251,454	-
Greg Boyle [8]	Group Executive Retail Banking	**2024**	**700,000**	**14,409**	**210,000**	**147,803**	**-**	**1,072,212**	**290,570**
Rod Finch [9]	Chief Transformation & Operations Officer	**2024**	**725,000**	**14,409**	**204,000**	**84,771**	**-**	**1,028,180**	**250,067**
		2023	254,152	5,312	-	-	-	259,464	10,633
Racheal Kellaway [10]	Chief Financial Officer	**2024**	**750,000**	**142,252**	**225,000**	**98,363**	**-**	**1,215,615**	**250,450**
		2023	702,453	42,653	-	85,245	-	830,351	175,843
Craig Ryman	Chief Information Officer	**2024**	**825,000**	**15,078**	**263,000**	**206,617**	**-**	**1,309,695**	**333,794**
		2023	782,703	13,453	-	171,301	-	967,457	348,294
Chris Screen	Group Executive Business Banking	**2024**	**750,000**	**14,409**	**211,000**	**107,923**	**-**	**1,083,332**	**318,960**
		2023	702,453	13,453	-	79,556	-	795,462	256,971
Rachel Stock [11]	Chief Risk Officer	**2024**	**313,798**	**5,866**	**68,500**	**-**	**-**	**388,164**	**-**
Alexandra Taylor [12]	Chief People Officer	**2024**	**332,787**	**572**	**106,250**	**-**	**-**	**439,609**	**-**
FORMER EXECUTIVE KMP									
Martine Jager [13]	Chief People & Customer Officer	**2024**	**145,492**	**1,049**	**-**	**99,318**	**416,041**	**661,900**	**282,138**
		2023	750,203	80,163	-	46,390	-	876,756	294,396
David Watts [14]	Group Chief Risk Officer	**2024**	**592,896**	**9,417**	**118,000**	**271,981**	**-**	**992,294**	**648,812**
		2023	815,203	15,840	-	262,874	-	1,093,917	232,322

(1) Comprises salary and superannuation, including annual leave paid during the year.

(2) Includes short-term benefits such as allowances and non-monetary benefits (including associated FBT) such as car parking, accommodation, relocation and travel.

(3) Cash STVR earned in respect of FY24 which will be paid in November 2024.

(4) The value of deferred equity awards realised during the period, using the closing share price on the vesting date / date that restrictions were lifted. It excludes equity awards granted in prior years that were not realised during the period.

(5) Includes termination payments in lieu of notice and, where relevant, any periods of Gardening Leave. For departing KMP, it includes any leave that is paid out on termination of employment.

(6) The total value of fixed reward, benefits, cash STVR, vested equity, deferred awards released from Dealing Restrictions and termination benefits.

(7) The value of equity that was forfeited or lapsed during the period as a result of performance hurdles not being met, the application of malus, and/or cessation of employment. Rights and Restricted Shares are valued using the closing share price on the forfeiture or lapsing date. Premium Priced Options are valued at zero as the share price did not exceed the relevant exercise price at the lapsing date.

(8) Greg Boyle commenced as KMP on 1 September 2023.

(9) Rod Finch commenced as KMP on 10 April 2023.

(10) Racheal Kellaway was paid an allowance in respect of additional accountabilities for the period of 13 November 2023 to 8 March 2024 as Acting Group Executive People & Culture.

(11) Rachel Stock commenced as KMP on 5 April 2024.

(12) Alexandra Taylor commences as KMP on 11 March 2024.

(13) Martine Jager ceased as KMP on 10 November 2023. She was on Gardening Leave for the duration of her six-month notice period and ceased employment on 9 May 2024.

(14) David Watts ceased as KMP on 4 April 2024 and ceased employment on 31 August 2024.

Remuneration Report.

For the year ended 31 August 2024

3.7 Linking performance & reward outcomes

Variable reward at BOQ is linked to the performance of both the Group as well as the individual contribution towards BOQ's strategic objectives.

Table 7 - Group performance

5 YEAR COMPANY PERFORMANCE		FY24	FY23 (1)	FY22	FY21 (2)	FY20
Statutory net profit/(loss) after tax	$m	285	124	426	369	115
Cash net profit after tax (3)	$m	343	450	508	412	225
Cash basic earnings per share (3)	cents	52.2	68.4	78.4	74.7	49.6
Cash cost to income ratio (3)	%	66.8	58	55.7	54.4	54.9
Share price at balance sheet date	$	6.32	5.76	7.03	9.46	6.13
Total shareholder return (3)	%	16.32	(11.81)	(21.04)	63.75	(29.80)
Value of dividends paid	$m	250	285	282	164	126
KMP STVR awarded / Performance Shares converted (4)	$m	3.89	2.75	3.52	3.79	1.78

(1) Metrics were restated to reflect prior period adjustments detailed in Note 1.5 of the 2023 Financial Statements.

(2) All results are inclusive of ME Bank.

(3) Non-statutory measures are not subject to audit.

(4) STVR (FY24 and FY20) is the face value of awards. Value of Performance Shares converted (FY23, FY22 and FY21) uses the share price on the balance sheet date. Year on year movement from FY23 to FY24 reflects the consequences applied to KMP in FY23 as detailed in Section 1.

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3.8 Group scorecard

The Group Scorecard articulates the areas of focus that support the achievement of the Group's strategy and sets the tone for how achievement is measured throughout the performance period. It connects the Group's vision with tangible outcomes that contain an appropriate degree of stretch.

In FY24, the Group Scorecard informs the MD&CEO's STVR outcome and 50 per cent of STVR awards for Group Executives other than the CRO. It also informs the size of the Group STVR pool.

The overall outcome against the FY24 Group Scorecard is Delivered, as summarised in Figure 1. Despite the Board assessing the Group Scorecard as "delivered", we have reduced the Group Scorecard outcome by 20 per cent. This accounts for the decline in NPAT of 23.7 per cent versus FY23 and the relative underperformance for our shareholders.

Figure 1 - Summary of FY24 Group Scorecard outcomes

Strategic pillar	Weighting	Outcome
Customer & People Experience (Non-financial)	**(15%)**	Not delivered · **Partially delivered** · Delivered · Exceeded · Exceptional
Strengthen (Non-financial and financial)	**(25%)**	Not delivered · Partially delivered · **Delivered** · Exceeded · Exceptional
Simplify (Non-financial and financial)	**(15%)**	Not delivered · Partially delivered · **Delivered** · Exceeded · Exceptional
Digitise (Non-financial)	**(15%)**	Not delivered · Partially delivered · **Delivered** · Exceeded · Exceptional
Optimise (Financial)	**(30%)**	Not delivered · Partially delivered · Delivered · **Exceeded** · Exceptional
Overall assessment		Not delivered · Partially delivered · **Delivered** · Exceeded · Exceptional

Further detail on the metrics in the FY24 Group Scorecard is provided in Section 4.

Remuneration Report.

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4. FY24 remuneration framework

4.1 Structure

FY24 was BOQ Group's first full financial year under CPS 511.

The Executive KMP remuneration framework, adopted on 1 September 2023, incorporates a traditional structure comprising fixed reward, STVR delivered partly in cash and partly in equity and LTVR delivered in equity subject to financial and non-financial performance measures. The objectives of the Framework are to:

- increase alignment with shareholder interests by delivering a sizeable proportion of total remuneration in equity;
- encourage long-term performance, with an appropriate focus on financial and non-financial metrics;
- focus Executive KMP on improving absolute shareholder returns;
- provide a simple and transparent executive remuneration framework; and
- attract and retain best in market executive talent.

The features of the Framework are outlined in Table 8.

Table 8 - FY24 Executive KMP remuneration framework

	Fixed reward	STVR	LTVR
Purpose	To attract and retain talent and reflect the individual's skills, capabilities and experience and market positioning against other financial services organisations as well as other similarly sized listed organisations.	To focus Executive KMP on delivering against the Group's strategy, individually and collectively.	To align Executive KMP interests with the interests of shareholders to achieve financial and non-financial outcomes.
Delivery	Cash	50% Cash 50% Restricted Shares	Performance Rights with a four-year performance period (1 September 2023 to 31 August 2027)
Opportunity	N/A	**MD&CEO:** target 90% of FR; maximum 120% of FR. **CRO:** target 53% of FR; maximum 70% of FR. **Other Executive KMP:** target 75% of FR; maximum 100% of FR.	**MD&CEO:** 100% of FR. **CRO:** 52% of FR. **Other Executive KMP:** 100% of FR.
Remuneration mix at target	**MD&CEO:** 34.5%. **CRO:** 48.8%. **Other Executive KMP:** 36.4%.	**MD&CEO:** 31% (15.5% cash; 15.5% deferred). **CRO:** 25.8% (12.9% cash; 12.9% deferred). **Other Executive KMP:** 27.2% (13.6% cash; 13.6% deferred).	**MD&CEO:** 34.5%. **CRO:** 25.4% **Other Executive KMP:** 36.4%.
Eligibility	N/A	At least three months' active employment during the performance period.	At least three months' active employment during the grant year.
Performance criteria	Compliance with the terms and conditions of employment including the Code of Conduct and fulfilment of accountabilities under the Financial Accountability Regime.	**MD&CEO:** Group Scorecard. **CRO:** Individual objectives. **Other Executive KMP:** 50% Group Scorecard, 50% individual objectives.	**Customer tranche:** 20%. **Strengthen tranche:** 30%. **Optimise tranche:** 50%. In addition to the performance hurdles set for each tranche of the award, the Board will undertake a pre-vesting and pre-release assessment.
Risk	Effective management of financial and non-financial risk, contribution to strengthening the Group's risk maturity and improving risk culture.	The Board will undertake a pre-release assessment prior to lifting the Dealing Restrictions from each tranche. Restricted awards are subject to malus. A clawback period of two years applies to each tranche, from the date restrictions are lifted from Restricted Shares, and from the date of payment for the cash component.	Risk assessment prior to vesting and release of Dealing Restrictions. Unvested awards are subject to malus. Post-vesting, Dealing Restrictions in satisfaction of CPS 511 deferral requirements. A clawback period of two years from the date restrictions are lifted applies to each tranche.

Remuneration Report.

For the year ended 31 August 2024

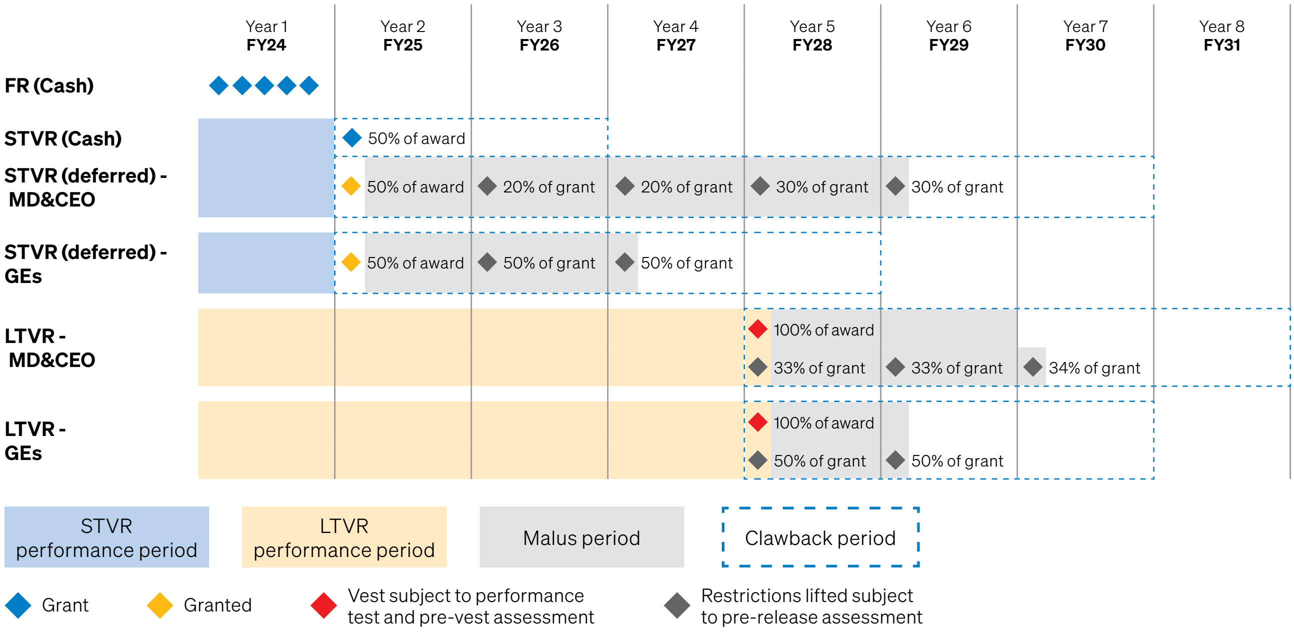
4.1 Structure (continued)

	Fixed reward	STVR	LTVR
Vesting and restriction profile	N/A	**Cash:** paid on completion of the one-year performance period. Restrictions are lifted from Restricted Shares as follows: **MD&CEO:** 20% in December 2025; 20% in December 2026; 30% in December 2027; 30% in December 2028 (i.e., on completion of years two, three, four and five). **Other Executive KMP:** 50% in December 2025; 50% in December 2026 (i.e., on completion of years two and three).	Performance criteria testing on completion of the four-year performance period determines vesting. Dealing Restrictions apply and are released as follows: **MD&CEO:** 33% in December 2027; 33% in December 2028; 34% in December 2029 (i.e., on completion of years four, five and six). **Other Executive KMP:** 50% in December 2027; 50% in December 2028 (i.e., on completion of years four and five).

4.2 Delivery and realisation timeframes

Figure 2 illustrates the delivery profile of the different components of Executive KMP remuneration for FY24, representative of what would occur in the ordinary course of business.

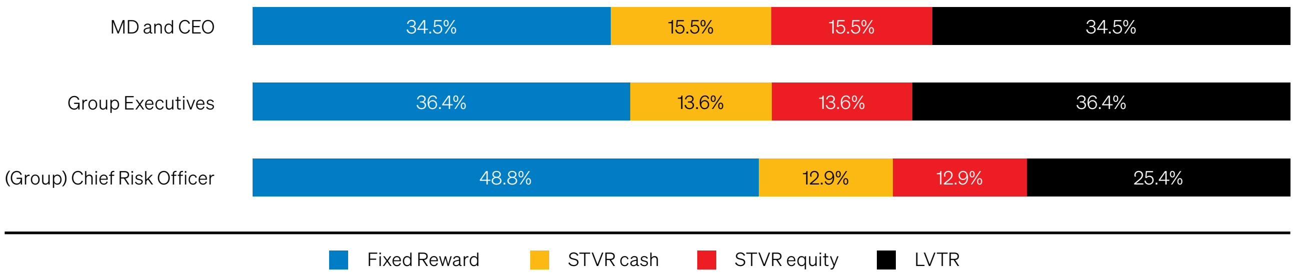
Figure 2 - Delivery and realisation timeframes - FY24



4.3 FY24 remuneration mix at-target

Figure 3 illustrates the FY24 remuneration mix, at-target, for Executive KMP.

Figure 3 - FY24 remuneration mix at-target



Remuneration Report.

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4.4 Short-term variable reward

STVR is determined based on a combination of Group Scorecard outcomes and Executive KMP's performance against their individual objectives. The performance framework that underpins STVR places equal important on what is achieve, and how it is achieved.

Performance and STVR outcomes may be modified by the Board using its informed judgement in respect of key results, core requirements, management of accountabilities, effective risk management, underlying market and operating conditions and other considerations as determined by the Board.

4.4.1 Group Scorecard

Figure 4 details the FY24 Group Scorecard, including weightings, measures and metrics as set by the Board, together with FY24 outcomes.

Figure 4 - Assessment of FY24 Group Scorecard

	Partially delivered	Delivered	Exceeded	Outcome	
Customer & People Experience (15%)					
BOQ Retail MFI NPS (1)	Top 5 (+/- 3 pts)	Top 4 (+/- 3 pts)	Top 3 (+/- 3 pts)	**Delivered.** Ranked 4th (+18) at February 2024.	◇
ME Bank MFI NPS (1)	Top 6 (+/- 3 pts)	Top 5 (+/- 3 pts)	Top 4 (+/- 3 pts)	**Partially delivered.** Ranked 6th (+12) at February 2024.	🔶
Business AFR NPS	Top 6 (+/- 3 pts)	Top 5 (+/- 3 pts)	Top 4 (+/- 3 pts)	**Partially delivered.** Ranked 6th at May 2024.	🔶
Avoidable high priority outages	40	30	25	**Delivered.** 27.	◇
Digital self-serve enhancements	>20%	>22%	>24%	**Delivered.** 23.2%.	◇
Employee engagement	>70	>72	>75	**Partially delivered.** 71%.	🔶
Senior Women in Leadership	36%	>37%	>40%	**Delivered.** 39%.	◇
Strengthen (25%)					
Program rQ health (2)	Amber RAG status	Green RAG status	Green RAG status + all activities delivered	**Delivered.** Green RAG status.	◇
AML First health (2)	Amber RAG status	Green RAG status	Green RAG status + all activities delivered	**Delivered.** Green RAG status.	◇
CET1 (spot)	>10.00%	>10.25%	N/A	**Delivered.** 10.66%.	◇
LCR (12-month average)	>135%	>140%	N/A	**Delivered.** 148.49%.	◇
Simplify (15%)					
Key processes automated (3)	49%	54%	59%	**Not delivered.** 44.4%.	♦
Technology assets decommissioned	>30	>35	>40	**Exceeded.** 44.	◆
Digitise (15%)					
Customers on digital platform	<200k	200k - 250k	>250k	**Delivered.** 207k	◇
Digital mortgage (HLX)	Not delivered on time, to quality or within budget or scope	Delivered on time, to quality, within budget and to scope	Delivered on time, to quality, within budget and to scope with outperformance on at least one measure	**Partially delivered.** Amber RAG status	🔶
ME migration (customer and deposits) commenced				**Delivered.** Green RAG status	◇
Optimise (30%)					
Group expense target	<$1,100	$1,078m	<$1,073m	**Exceeded.** $1,069 million.	◆
Cash NPAT	>-5%	$300m	>+5%	**Exceeded.** $343 million.	◆
Maintain carbon neutral status		Carbon neutral		**Delivered.** Carbon neutral.	◇
Meet operational emissions reduction targets - Scope 1 & Scope 2	81% reduction	>85% reduction	>90% reduction	**Exceeded.** 94%.	◆

◆ Exceeded ◇ Delivered 🔶 Partially delivered ♦ Not delivered

(1) Survey discontinued by provider.

(2) Based on delivery of activities during the period in accordance with committed timelines.

(3) Not delivered as at 31 August 2024; on track for delivery in 1H25.

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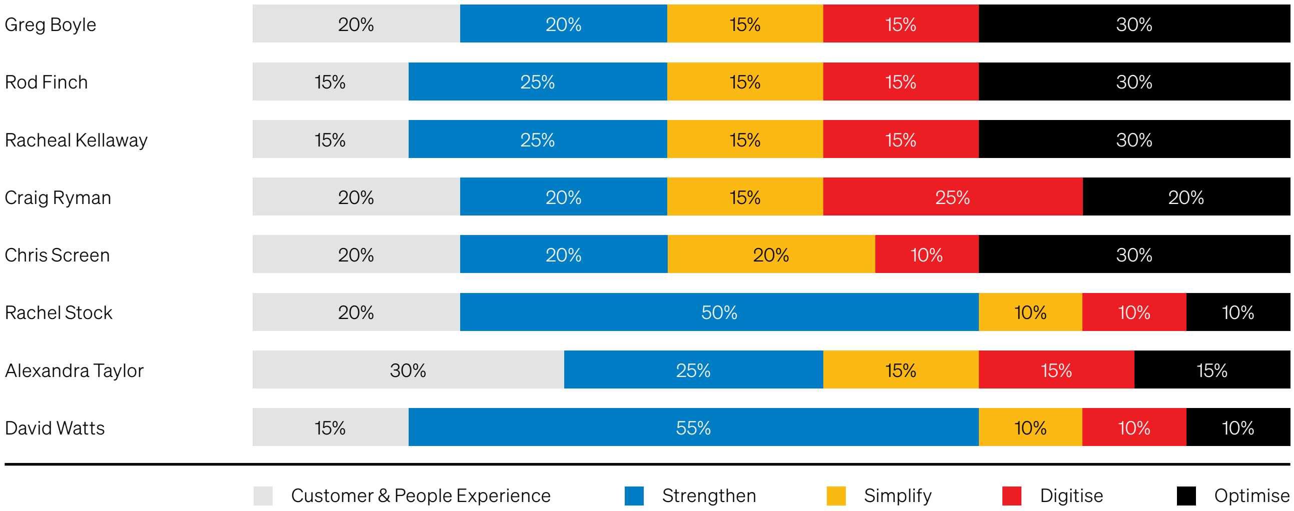
4.4.2 Individual objectives

For Executive KMP other than the MD&CEO and the CRO, individual objectives have a 50 per cent weighting to STVR outcome. For the CRO, individual objectives have a 100 per cent weighting. The Group Scorecard is the basis for the MD&CEO's performance assessment.

Each Executive KMP's individual objectives, aligned to the Group's strategic pillars, were agreed with the MD&CEO and approved by the Board. The weighting to each strategic priority varies according to role, as set out in Figure 5.

Figure 5 - Weighting of individual objectives by strategic pillar



4.4.3 Cessation of employment provisions - Restricted Shares issued in respect of deferred STVR

Unless the Board determines otherwise:

Reason for ceasing employment	Restricted Shares (during the Dealing Restriction Period)
Summarily dismissed	Forfeited
Resign (including giving notice of resignation)	Forfeited
Qualifying Reasons (retrenchment, retirement, mutually agreed separation, death, total and permanent disablement).	Remain on foot

4.5 Long-term variable reward

In FY24, BOQ introduced EPRs as the instrument for delivering LTVR to Executive KMP. EPRs have a four-year performance period, from 1 September 2023 to 31 August 2027.

4.5.1 Performance measures

Having regard for shareholder interests and the requirements of CPS 511, the FY24 EPRs performance measures are equally weighted to financial and non-financial measures. Performance measures will be tested on completion of the four-year performance period.

- **Customer Experience** (20 per cent weighting) being Net Promoter Score (**NPS**) across BOQ Retail Main Financial Institution (**MFI**), ME Bank MFI and Business Bank Any Financial Relationship (**AFR**).
  - If all three NPS targets are achieved, 100 per cent of the Customer Experience tranche will vest.
  - If two of three NPS targets are met, 66 per cent of the Customer Experience tranche will vest.
  - If one of three NPS targets is met, 33 per cent of the Customer Experience tranche will vest.
  - If none of three NPS targets are met, there will be nil vesting of the Customer Experience tranche.

  During FY24, two of the three NPS surveys used for the Customer Experience tranche were discontinued by the provider. The Board will apply discretion to this tranche when performance is tested on completion of the four-year performance period.

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4.5 Long-term variable reward (continued)

4.5.1 Performance measures (continued)

- **Strengthen** (30 per cent weighting) being Program rQ and AML First, BOQ's Remedial Action Plans, are on track for completion in accordance with the approved plan, within the agreed timeframes, to the satisfaction of the Board and the regulators, measured via project status.
  - If both Remedial Action Plans have a Green project status at the end of the four-year performance period, 100 per cent of the Strengthen tranche will vest.
  - If one Remedial Action Plan has a Green project status at the end of the four-year performance period, 50 per cent of the Strengthen tranche will vest.
  - If neither of the Remedial Action Plans has a Green project status at the end of the four-year performance period, there will be nil vesting of the Strengthen tranche.
- **Optimise** (50 percent weighting), comprising (i) return on equity (**ROE**) and (ii) absolute total shareholder return (**aTSR**).
  (i) In the final year of the four-year performance period, if ROE is:
    - Greater than 9.25 per cent, 50 per cent of the Optimise tranche will vest.
    - Between eight and 9.25 per cent, between 0 per cent and 50 per cent of the Optimise tranche will vest on a straight-line basis.
    - Less than eight per cent, there will be nil vesting of the ROE portion of the Optimise tranche.

  (ii) By the end of the four-year performance period, if aTSR is:
    - 46.4 per cent (10 per cent Compound Annual Growth Rate (**CAGR**)) or above, 50 per cent of the Optimise tranche will vest.
    - Between 30.4 per cent and 46.4 per cent (7.5 per cent to 10 per cent CAGR), between 0 per cent and 50 per cent of the Optimise tranche will vest on a straight-line basis.
    - Less than 30.4 per cent (7.5 per cent CAGR), there will be nil vesting of the aTSR portion of the Optimise tranche.

4.5.2 Pre-vesting assessment

In addition to testing the performance measures, if the performance testing results in the vesting of EPRs at the end of FY27, the Board will conduct a pre-vesting assessment to inform whether there should be any downward adjustments to the outcomes of the testing. The pre-vesting assessment will consider over the course of the four-year performance period whether:

- The Group's RAS measures were within target range.
- There was any adverse movement to the Group's APRA supervision rating.
- The Group's culture (including risk culture) has improved to the satisfaction of the Board.
- There were any accountability, risk management, compliance, conduct, leadership of behavioural matters were identified.
- The executive demonstrated effective enterprise-wide thinking.
- Any other factors (internal or external) that the Board considers relevant to the vesting of the EPRs or any information has come to light that, if known or foreseen at the time of grant, would have resulted in a reduction to the value of the executive's LTVR award.

4.5.3 Vesting and Dealing Restriction schedule

Shares will be issued in respect of any vested EPRs. Once issued, 33 per cent of those shares will be available to the MD&CEO and 50 per cent of those shares will be available to other Executive KMP in December 2027. Dealing Restrictions will be placed on the remainder of the shares, to be released as follows:

- For the MD&CEO, 33 per cent in December 2028 (i.e., after five years) and 34 per cent in December 2029 (i.e., after six years).
- For other Executive KMP, the remaining 50 per cent in December 2028 (i.e., after five years).

The Board may adjust the above schedule at its discretion, for example to address a significant unexpected or unintended consequence or outcome. Any EPRs that do not vest will lapse.

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4.5.4 Cessation of employment

Unless the Board determines otherwise:

Reason for ceasing employment	Unvested EPRs	Vested but unexercised EPRs	Shares held during Dealing Restriction Period
Summarily dismissed	Lapse	Lapse	Forfeited
Resign	Lapse	Remain on foot, must be exercised within 60 days of cessation date, after which time they will lapse.	Remain on foot
Qualifying Reasons (retrenchment, retirement, mutually agreed separation, death, total and permanent disablement).	Pro-rata retention based on the portion of the relevant Performance Period that has elapsed	Remain on foot, must be exercised within 60 days of cessation date, after which time they will lapse.	Remain on foot
Leave to work with a competitor or employed by a competitor of BOQ within 6 months of ceasing, irrespective of the reason for ceasing employment.	Lapse	Remain on foot, must be exercised within 60 days of cessation date, after which time they will lapse.	Remain on foot

EPRs and Shares that remain on foot continue to be subject to their original terms (including Vesting Conditions, Dealing Restrictions, malus and clawback) and may vest, become exercisable and have Dealing Restrictions released in the ordinary course, as if employment had not ceased. The Board retains an overarching discretion to vary the treatment of unvested and vested EPRs on cessation of employment, including the discretion to extend the period in which vested EPRs must be exercised (provided that such period does not exceed the Expiry Date).

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5. FY25 Remuneration framework

This section outlines the FY25 Remuneration Framework for Executive KMP.

5.1 FY25 remuneration structure changes

The Board approved the following changes to the Executive KMP remuneration framework for FY25 (excluding the MD&CEO).

- Reducing the maximum STVR opportunity, from 133 per cent of at-target opportunity to 125 per cent of at-target opportunity.
- Increasing the maximum LTVR opportunity, from 100 per cent of fixed reward to 140 per cent of fixed reward, for Executive KMP other than the CRO.
- Changing the CRO's pay mix to ensure that the total target reward offering is comparable with other Group Executives.
- Simplifying the Group Scorecard to contain no more than eight outcome-focused metrics that are aligned to the Group's strategic initiatives and ensuring limited overlap with the LTVR measures.
- Changing LTVR performance measures from 50 per cent non-financial (20 percent customer and 30 percent strengthen), and 50 percent financial to 30 per cent non-financial and 70 percent financial, comprising:
  - Delivery of the digital and relationship banks, successful migration of customers from, and decommissioning of, the heritage bank, which demonstrates alignment to all four strategic pillars.
  - aTSR by the end of the four-year performance period:
    - full vesting if aTSR is 36.05 per cent or above (eight per cent CAGR);
    - straight line vesting if aTSR is between 31.08 per cent and 36.05 per cent (seven per cent to eight percent CAGR); and
    - nil vesting if aTSR is below 31.08 per cent (seven per cent CAGR).
- Changing the cessation of employment provisions for Qualifying Reasons so that EPRs granted in respect of LTVR remain on foot rather than being pro-rated to date of separation.
- There are no changes to the delivery and realisation timeframes.

Table 9 - FY25 Executive KMP remuneration framework

	Fixed reward	STVR	LTVR
Purpose	To attract and retain talent and reflect the individual's skills, capabilities, and experience and market positioning against other financial services organisations as well as other similarly sized listed organisations.	To focus Executive KMP on delivering against the Group's strategy, individually and collectively.	To align Executive KMP interests with the interests of shareholders to achieve strategic financial and non-financial outcomes
Delivery	Cash	50% Cash 50% Restricted Shares	Performance Rights with a four-year performance period
Opportunity	N/A	**MD&CEO:** target 90% of FR; maximum 120% of FR. **CRO:** target 60% of FR; maximum 80% of FR. **Other Executive KMP:** target 75% of FR; maximum 94% of FR.	**MD&CEO:** 100% of FR. **CRO:** 112% of FR. **Other Executive KMP:** 140% of FR.
Remuneration mix at target	**MD&CEO:** 34.5%. **CRO:** 36.8%. **Other Executive KMP:** 31.8%.	**MD&CEO:** 31% (15.5% cash; 15.5% deferred). **CRO:** 22% (11% cash; 11% deferred). **Other Executive KMP:** 23.8% (11.9% cash; 11.9% deferred).	**MD&CEO:** 34.5%. **CRO:** 41.2% **Other Executive KMP:** 44.4%.
Eligibility	N/A	At least three months' active employment during the performance period.	At least three months' active employment during the grant year.
Performance criteria	Compliance with the terms and conditions of employment including the Code of Conduct and fulfilment of accountabilities under the Financial Accountability Regime.	**MD&CEO:** Group Scorecard. **CRO:** Individual objectives. **Other Executive KMP:** 50% Group Scorecard, 50% individual objectives.	**Non-financial:** 30% **Financial:** 70% In addition to the performance hurdles set for each tranche of the award, the Board will undertake a pre-vesting and pre-release assessment as relevant.

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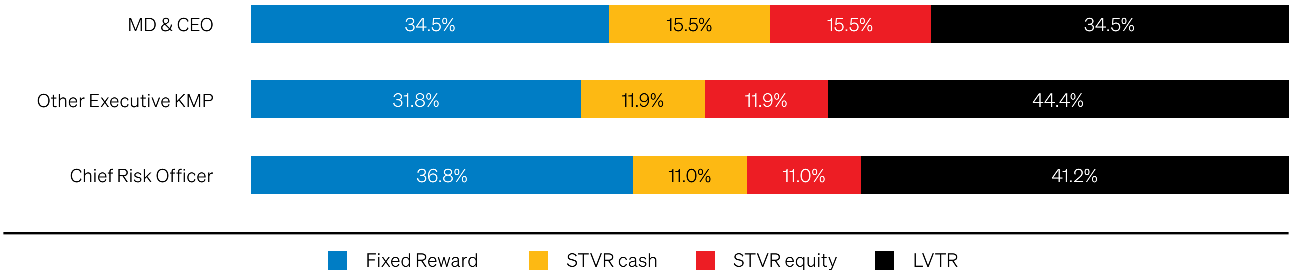
5.1 FY25 remuneration structure changes (continued)

	Fixed reward	STVR	LTVR
Risk	Effective management of financial and non-financial risk, contribution to strengthening the Group's risk maturity and improving risk culture.	The Board will undertake a pre-release assessment prior to lifting the Dealing Restrictions from each tranche. Restricted awards are subject to malus. A clawback period of two years applies to each tranche, from the date restrictions are lifted from Restricted Shares, and from the date of payment for the cash component.	Risk assessment prior to vesting and release of Dealing Restrictions. Unvested awards are subject to malus. Post-vesting Dealing Restrictions in satisfaction of CPS 511 deferral requirements. A clawback period of two years from the date restrictions are lifted applies to each tranche.
Vesting and restriction profile	N/A	**Cash:** paid on completion of the one-year performance period. Restrictions are lifted from Restricted Shares as follows: **MD&CEO:** 20% in December 2026; 20% in December 2027; 30% in December 2028; 30% in December 2029 (i.e., on completion of years two, three, four and five). **Other Executive KMP:** 50% in December 2026; 50% in December 2027 (i.e., on completion of years two and three).	Performance criteria test on completion of the four-year performance period. Restrictions released as follows: **MD&CEO:** 33% in December 2028; 33% in December 2029; 34% in December 2030 (i.e., on completion of years four, five and six). **Other Executive KMP:** 50% in December 2028; 50% in December 2029 (i.e., on completion of years four and five).
Cessation of employment	N/A	No change	Unvested EPRs will remain on foot (rather than being pro-rated) in the event of a Qualifying Reason. No changes to treatment in the event of dismissal, resignation or working with a competitor within 6 months of cessation.

The remuneration mix for Group Executives and the CRO will change, as set out in Figure 6.

Figure 6 – FY25 remuneration mix at-target



Remuneration Report.

For the year ended 31 August 2024

6. Remuneration governance

6.1 Group remuneration policy

The Group Remuneration Policy (the **Policy**) sets out the governance structure for oversight of BOQ's remuneration frameworks and practices and the minimum expectations for their implementation.

The Policy is reviewed and approved by the Board on an annual basis to ensure that it remains compliant with all relevant regulatory requirements. It was last updated and approved by the Board in December 2023 to reflect regulatory and legislative developments including the Financial Accountability Regime (**FAR**) which took effect on 15 March 2024. Additionally, this annual review also informs the effectiveness review requirement under CPS 511.

In line with the requirements under CPS 511 the Policy ensures that the Group's performance and remuneration frameworks:

- are aligned with BOQ's business plan, strategic objectives, and risk management framework (**RMF**);
- promote effective management of both financial and non-financial risks, sustainable performance and BOQ's long-term soundness; and
- support the achievement of strategic, customer and financial objectives as well as prevention and mitigation of conduct risk.

6.2 Roles and responsibilities

6.2.1 The Board

The Board is responsible for determining BOQ's Remuneration Policy and, through the People, Culture and Remuneration Committee (**PCRC**), focuses on strategic human resources matters, culture, and remuneration.

The Board is responsible for reviewing and approving:

- the annual review, assessment, and uplift of the Group Remuneration Policy;
- the overall remuneration framework (inclusive of appropriate performance assessment and consequence management practices that have due regard to the risk appetite set by the Board);
- individual remuneration arrangements, including but not limited to fixed remuneration levels, variable reward targets and outcomes, make-good awards, retention awards and other benefits of significant value for those employees designated as Accountable Persons and Senior Managers (as defined in the Prudential Standards);
- collectively, remuneration structures for other cohorts specified by APRA; and
- variable reward plans, including the terms and conditions under which equity grants are offered.

6.2.2 The PCRC

In accordance with its Charter, the PCRC:

- reviews and makes recommendations to the Board on the performance objectives and individual remuneration arrangements for the MD&CEO at least annually;
- makes recommendations to the Board on individual remuneration arrangements for Accountable Persons and the Specified Role of Senior Manager as defined in the Prudential Standards, at least annually as part of the remuneration review, and as otherwise required (e.g., on appointment, for out-of-cycle awards, and on separation if outside of policy);
- makes recommendations to the Board on collective remuneration arrangements for others in Specified Roles (Highly Paid Material Risk Takers, Material Risk Takers and Risk and Financial Control Personnel); and
- at least annually, reviews the Policy and, where necessary, recommends amendments to the Board. The review includes an assessment of:
    - effectiveness and compliance with prudential standards and any other relevant legal, regulatory and/or governance requirements, including an assessment of underlying procedures, controls, and oversight;
    - effectiveness in supporting BOQ's purpose, strategy, and objectives, including to identify material deviations from the Policy and any unintended consequences;
    - effectiveness in protecting the interests of customers and quality outcomes for customers;
    - alignment with shareholder interests; and
    - alignment with BOQ's RMF and the protection of BOQ's long-term financial and non-financial soundness.

Remuneration Report.

For the year ended 31 August 2024

6.3 Board discretion

Executive KMP remuneration is determined by the remuneration strategy, Policy and the framework. Remuneration outcomes are determined in accordance with relevant performance measures, plan design and the Equity Incentive Plan Rules.

The PCRC and Board recognise that there are a range of factors that may be considered when determining remuneration outcomes. To account for those factors, the PCRC and Board may make discretionary adjustments to remuneration outcomes for Executive KMP, those employees in Specified Roles and all other employees. These discretionary adjustments may impact an individual's remuneration positively or negatively. In accordance with this principle, remuneration outcomes have been adjusted both positively and negatively in prior years.

The criteria used by the PCRC and the Board to recommend and approve discretionary adjustments include:

- factors either not known or not relevant at the beginning of a performance period or financial year, which can impact performance positively or negatively during the course of that performance period or financial year;
- the degree of stretch implicit in the performance measures and targets, and the environment and market context in which the targets were set;
- whether the operating environment during the performance period or financial year was materially different than forecast;
- comparison of the Group's performance relative to its competitors;
- the emergence of any major positive or negative risk or reputational issues;
- the quality of financial results as shown by their composition and consistency;
- whether leadership behaviours consistent with the Group's Code of Conduct and values have been regularly demonstrated throughout the performance period or financial year; and
- any other matters that the PCRC and Board deem to be relevant.

6.4 Risk adjustment

The CRO presents a report to the PCRC and Board Risk Committee on a biannual basis. The report covers significant and thematic risk events and is used to inform variable remuneration decisions and the Board's assessment of risk and compliance prior to vesting of, or releasing restrictions from, equity awards.

6.4.1 Risk adjusted reward framework

The Group's risk adjusted reward framework sets out the criteria for applying risk-based adjustments where, in the opinion of Management and/or the PCRC and/or the Board, the conduct, behaviour and action (or lack thereof) of an individual or group of individuals has contributed to or resulted in:

- significant adverse outcomes;
- a significant failure of financial or non-financial risk management;
- a significant failure or breach of accountability, fitness and propriety, or compliance obligations;
- a significant error or a significant misstatement of criteria on which the variable remuneration determination was based; and
- significant adverse outcomes for customers, beneficiaries, or counterparties.

Matters and instances which may be referred for consideration under the risk adjusted reward framework include where an individual or group of individuals:

- engaged in serious misconduct or a breach of their employment obligations (including fraud, dishonesty, gross negligence, recklessness, or wilful indifference);
- failed to meet BOQ's conduct and behavioural standards, including a determination that a former employee engaged in conduct that would be considered failure of the conduct and behavioural standards if still employed;
- contributed to a material misstatement in, or omission from, BOQ's financial statements, or a misstatement of a performance condition applicable to a variable remuneration plan;
- acted, or failed to act, in a way that contributed to material reputational damage to BOQ; and/or
- received a variable reward where all or part of the initial award was not justified having regard to the circumstances or information which has come to light after an award was made under a variable remuneration plan.

The risk adjusted reward framework works in conjunction with other consequence management mechanisms and provides guiding principles for leaders, the PCRC and the Board to make decisions regarding appropriate and proportionate actions in response to risk events across the organisation.

Remuneration Report.

For the year ended 31 August 2024

6.4 Risk adjustment (continued)

6.4.2 Risk adjustment tools

Management, the PCRC and Board have at their disposal three avenues for making risk adjustments to remuneration. These are:

- in-period adjustment, where all, or a portion, of potential variable reward may be reduced, including to zero;
- malus, where the Board may determine that all, or a portion of any unvested award will be lapsed or forfeited; and
- clawback, where the Board may determine to recover paid or vested variable reward that, as the result of a risk, compliance or conduct incident would not have otherwise been paid vested, subject to any legal limitations. Clawback may be applied whether or not the employment or engagement of the person has ceased.

6.5 Securities trading policy

The Group's Securities Trading Policy regulates dealings by Directors, employees, and contractors in BOQ securities. Under the policy, Prescribed Persons (those employees with the authority, responsibility, participatory role in, or knowledge of the planning, directing, or controlling of the activities of the Group) are prohibited from dealing in BOQ securities during certain closed and prohibited periods, including:

- from 1 March to the start of trading on the first trading day after BOQ's half yearly results are announced to the ASX;
- from 1 September to the start of trading on the first trading day after BOQ's annual results are announced to the ASX; and
- any extension to a closed period, and any additional period (conditionally or unconditionally), as specified by the Chair, MD&CEO or Chief Financial Officer (**CFO**) of BOQ Group.

If a Director, employee or contractor has inside information about BOQ Group, they must not deal in BOQ securities at any time, including outside of a closed or prohibited period.

6.6 Executive KMP contract terms

The employment terms for Executive KMP are formalised in their Executive Services Agreement (**ESA**). Each ESA provides for the payment of fixed and performance-based variable remuneration, superannuation, and other benefits such as statutory leave entitlements. One current Executive KMP has access to additional paid leave as part of their employment terms.

The employment terms of each Executive KMP are summarised in Table 10 below.

Table 10 - Executive KMP contract terms

Contract type	Permanent ongoing ESA
Notice period by Executive	6 months
Notice period by BOQ Group	6 months
Termination payments (includes notice period)	6 months' fixed reward in lieu of notice

6.7 Cessation of employment and change of control

The treatment of future awards and unvested or restricted deferred awards depends on the circumstances under which employment ceases. Generally:

- In the event of summary dismissal or resignation, Executive KMP are not eligible to be awarded any further variable remuneration, and any unvested or restricted equity will be lapsed or forfeited (as relevant to the particular award and/or instrument);
- In particular circumstances, referred to as Qualifying Reasons, it may be possible and permitted for some or all of an Executive KMP's unvested or restricted equity to remain on foot. Qualifying Reasons include redundancy; retirement; death; mutual agreement; and total and permanent disablement; and
- Where an Executive KMP ceases employment for a Qualifying Reason but is subsequently employed by a competitor of BOQ within six months of ceasing, any unvested or restricted equity will be lapsed or forfeited (as relevant to the particular award and/or instrument) as though they had resigned, unless the Bank consents otherwise.

The Policy and various plan documentation also sets out the relevant treatment on change of control.

All equity that remains on foot to vest or have Dealing Restrictions released in the normal course continues to be subject to the original terms and conditions, including malus and clawback, unless the Board determines otherwise.

6.8 Use of remuneration consultants

Where necessary, the Board seeks advice from independent experts and advisors, including remuneration consultants. Remuneration consultants are engaged by the Chair of the PCRC to ensure an appropriate level of independence. Reports provided by independent consults are submitted directly to the Chair of the PCRC. Where the consultant's engagement requires a recommendation, the recommendation is provided to and discussed directly with the PCRC Chair, in accordance with the requirements of the Corporations Act.

During FY24, the Board engaged EY to provide an assessment of proposed changes to the Executive Remuneration Framework for FY25. The advice provided did not constitute a remuneration recommendation.

Remuneration Report.

For the year ended 31 August 2024

7. Non-Executive Director Remuneration

7.1 Fee pool

NED fees are determined within an aggregate fee pool limit. The pool currently standards at $2,800,000 inclusive of superannuation and was approved by shareholders on 30 November 2016. The fee pool allows the Board flexibility with changes to its size and composition. The Board will not be seeking an increase to the fee pool at the 2024 AGM.

7.2 Remuneration framework

NED fees are set to attract and retain individuals of appropriate calibre to the Board and Committees. Fees are reviewed annually by the PCRC having regard for the external market of similarly sized and comparably complex organisations.

The Chair's fee is determined independently from the fees of other Directors and is also based on the external market. The Chair is not present at any discussions relating to the determination of their own remuneration.

To maintain independence and impartiality, NEDs do not receive any performance-based remuneration including share options or rights subject to a performance condition in addition to their prescribed fees. NEDs are not provided with retirement benefits apart from statutory superannuation.

The BOQ Constitution allows the Company to pay Directors additional remuneration for extra or special services performed.

7.3 Board committees

All NEDs serve on the Board Audit; Nomination & Governance; People, Culture & Remuneration; Risk; and Transformation & Technology Committees.

7.4 NED fee structure

To reflect the committee composition and to provide fairness and simplicity, NEDs are remunerated using a flat fee structure, inclusive of superannuation which is payable up to the maximum contributions base. The only instances where additional committee fees are payable are in relation to the Due Diligence Committee and the Investment Committee, which are paid on a per-meeting basis.

To reflect collective accountability for BOQ's non-financial risk challenges, individual fees for NEDs who were on the Board prior to 1 September 2023 were reduced by an amount equal to 20 per cent of their FY23 base fees throughout FY24. From 1 September 2024, the 20 per cent reduction has ceased. NED fees will not increase for FY25.

The FY24 and FY25 fee structures are set out in Table 11.

Table 11 - FY24 and FY25 NED fees

	FY24 (01/09/2023 - 31/08/2024)		**FY25 (01/09/2024 - 31/08/2025)**	
	Chair / Committee Chair (1) $	**Directors / Committee Members $**	Chair / Committee Chair (1) $	Directors / Committee Members $
ANNUAL FEES				
Base fees	**500,000 (2)**	**185,000 (3)**	500,000 (2)	185,000 (3)
Committee fees	**50,000**	**80,000 (4)**	50,000	80,000 (4)
AML First (5)	**N/A**	**30,000**	N/A	30,000
PER MEETING FEES				
Investment Committee	**2,500**	**1,750**	2,500	1,750
Due Diligence Committee	**2,500**	**1,750**	2,500	1,750

(1) The Chair receives no additional remuneration for involvement with Committees.

(2) For the duration of FY24 Warwick Negus' fee was reduced by 20 per cent of his FY23 actual base fees. The quantum of reduction was determined using a pro-rata calculation of his director's base fee for the period 1 September 2022 to 26 March 2023 and Chair's fee for the period 27 March to 31 August 2023.

(3) For the duration of FY24, other NEDs' fees, with the exception of Andrew Fraser who commenced on 8 February 2024, were reduced by 20 per cent of their FY23 actual base fees.

(4) A flat fee applies for the following Committees: Audit; Nomination & Governance; People, Culture & Remuneration; Risk; and Transformation & Technology.

(5) During FY24, one Director received an additional fee of $30,000 per annum for her role in overseeing the Group's AML First program. This will cease on 31 October 2024.

Remuneration Report.

For the year ended 31 August 2024

7.5 Minimum shareholding requirements

NEDs are required to hold equity interests equivalent to 100 per cent of their base fee within five years of their appointment to the Board. They may acquire these interests by purchasing on market in accordance with the Group Securities Trading Policy or by participating in the NED Fee Sacrifice Rights Plan as detailed in section 7.6.

7.6 NED fee sacrifice rights plan

At the beginning of FY24, as in prior years, offers were made under the NED Fee Sacrifice Rights Plan. Three NEDs elected to participate in the Plan, a summary of which is provided in Table 12.

Table 12 - Terms of the NED fee sacrifice rights plan

Purpose	The Plan's purpose is to provide an opportunity for NEDs to increase their shareholding in a tax effective manner. The Plan meets regulatory and tax requirements.
Value	Before the commencement of the participation period, NEDs can nominate a percentage of their pre-tax annual fees (up to 100 per cent) to receive in Rights to shares in BOQ.
Vesting period	Rights vest and convert to shares following the completion of the participation period. For FY24 the participation period was the twelve months from 1 September 2023 to 31 August 2024. The rights do not have any performance conditions in order to preserve the NEDs' independence.
Disposal Restrictions	Shares received on exercise will be subject to a disposal restriction of at least three years, or longer as nominated by the Director (up to 15 years from the grant date).
Cessation of Directorship	If a participant ceases to be a NED prior to the Rights vesting, they will retain a pro-rata number of Rights based on the period they were a NED. If directorship ceases during the restriction period, any disposal restrictions on the shares will be lifted subject to a minimum trading restriction of 12 months.

Remuneration Report.

For the year ended 31 August 2024

8. Statutory disclosures

The following tables include details of the nature and amount, as required by the *Corporations Act 2001* (Cth), of each major element of the remuneration of each Non-executive and Executive KMP of the Group, calculated in accordance with Australian Accounting Standards.

Details of the nature and amount of each major element of the remuneration of each Director of the Group are as outlined in Table 13 below.

Table 13 - Directors' Remuneration

Name	Year	Salary and fees (1) $	STVR Cash (2) $	Non-monetary benefits (3) $	Other short-term benefits (4) $	Total short-term benefits $	Post-employment (5) $	Other long-term (6) $	Rights (7) $	Shares and units (8)(9) $	Total $	Proportion of remuneration performance based %
EXECUTIVE DIRECTOR												
Patrick Allaway	2024	1,579,820	540,000	14,409	-	2,134,229	28,032	28,666	313,076	149,603	2,653,606	17
	2023	1,162,964	-	10,210	-	1,173,174	27,927	11,981	23,178	-	1,236,260	2
NON-EXECUTIVE DIRECTORS												
Bruce Carter	2024	1,577	-	-	-	1,577	173	-	-	270,534	272,284	N/A
	2023	47,415	-	-	-	47,415	4,582	-	-	288,753	340,750	N/A
Jenny Fagg	2024	182,452	-	-	-	182,452	22,748	-	-	22,192	227,392	N/A
	2023	221,666	-	-	-	221,666	26,041	-	-	24,294	272,001	N/A
Andrew Fraser (10)	2024	134,349	-	-	-	134,349	14,976	-	-	-	149,325	N/A
Deborah Kiers	2024	250,263	-	-	-	250,263	27,737	-	-	-	278,000	N/A
	2023	241,305	-	-	-	241,305	28,140	-	-	24,294	293,739	N/A
Warwick Negus	2024	59,325	-	-	-	59,325	27,821	-	-	339,221	426,367	N/A
	2023	116,893	-	-	-	116,893	3,789	-	-	288,753	409,435	N/A
Karen Penrose	2024	281,718	-	-	-	281,718	27,326	-	-	-	309,044	N/A
	2023	338,474	-	-	-	338,474	29,014	-	-	-	367,488	N/A
Mickie Rosen	2024	271,066	-	-	-	271,066	6,934	-	-	-	278,000	N/A
	2023	307,463	-	-	-	307,463	7,537	-	-	-	315,000	N/A

(1) Salary and fees include base salary, including annual leave accrued during the year, less any amounts sacrificed under the NED Fee Sacrifice Rights Plan.

(2) STVR Cash reflects 50 per cent of the amounts accrued in respect of FY24.

(3) Company-funded benefits (and associated FBT) such as car parking, accommodation, relocation, and travel.

(4) Benefits such as allowances.

(5) Superannuation.

(6) Comprises long service leave accrued and/or utilised during the financial year.

(7) The fair value of rights is calculated at the date of grant using an industry-accepted option pricing model.

(8) Represents the fair value of shares acquired under the Non-executive Director Fee Sacrifice Rights Plan on the grant date and the value of restricted shares awarded through short term variable award.

(9) **Restatement for accounting purposes – FY23:** The 2023 Remuneration Report included remuneration of former Managing Director & Chief Executive Officer George Frazis, who is excluded from the table above due to not being a KMP during FY24.
During FY24, the 2023 share-based payments expense recognised for accounting purposes for Mr Frazis was restated. This related to vested awards which were cancelled by the Board. This restatement resulted in his FY23 remuneration expense for accounting purposes increasing by $2,203,668 to a total expense in FY23 of $616,887.
The number and value of shares/awards received, lapsed and forfeited by Mr Frazis in FY23 was not affected by this restatement and remains as previously reported (refer FY23 Annual Report, page 119, Table 16).

(10) Andrew Fraser commenced on 8 February 2024.

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8. Statutory disclosures (continued)

Details of the nature and amount of each major element of the remuneration of each Executive KMP of the Group are as outlined in Table 14 below.

Table 14 - Executive KMP remuneration

Name	Position	Year	Salary and fees (1) $	STVR Cash (2) $	Non-monetary benefits (3) $	Other short-term benefits (4) $	Total short-term benefits $	Post-employment (5) $	Other long-term (6) $	Termination benefits (7) $	Rights (8) $	Shares and units (9)(10) $	Total $	Proportion of remuneration performance based %
CURRENT EXECUTIVE KMP														
Greg Boyle (11)	Group Executive Retail Banking	**2024**	**678,857**	**210,000**	**14,409**	**-**	**903,266**	**28,032**	**47,032**	**-**	**385,176**	**78,487**	**1,441,993**	**32**
Rod Finch (12)	Chief Transformation & Operations Officer	**2024**	**702,721**	**204,000**	**14,409**	**-**	**921,130**	**28,032**	**15,641**	**-**	**324,192**	**264,860**	**1,553,855**	**38**
		2023	238,077	-	5,312	-	243,389	10,591	8,428	-	142,048	21,980	426,436	38
Racheal Kellaway (13)	Chief Financial Officer	**2024**	**699,002**	**225,000**	**37,788**	**104,464**	**1,066,254**	**28,032**	**16,094**	**-**	**392,719**	**216,841**	**1,719,940**	**35**
		2023	701,832	-	42,653	-	744,485	25,819	17,652	-	613,905	70,078	1,471,939	46
Craig Ryman	Chief Information Officer	**2024**	**782,493**	**263,000**	**14,409**	**669**	**1,060,571**	**28,032**	**17,048**	**-**	**456,040**	**194,165**	**1,755,856**	**37**
		2023	737,404	-	13,453	-	750,857	25,819	17,114	-	623,269	353,154	1,770,213	55
Chris Screen	Group Executive Business Banking	**2024**	**738,786**	**211,000**	**14,409**	**-**	**964,195**	**28,032**	**15,914**	**-**	**411,357**	**204,479**	**1,623,978**	**38**
		2023	702,794	-	13,453	-	716,247	25,819	17,178	-	632,398	87,067	1,478,709	49
Rachel Stock (14)	Chief Risk Officer	**2024**	**275,912**	**68,500**	**5,866**	**-**	**350,278**	**11,276**	**6,993**	**-**	**18,343**	**13,548**	**400,438**	**8**
Alexandra Taylor (15)	Chief People Officer	**2024**	**344,968**	**106,250**	**-**	**572**	**451,790**	**16,894**	**6,201**	**-**	**28,949**	**152,135**	**655,969**	**28**
FORMER EXECUTIVE KMP														
Martine Jager (16)	Chief People & Customer Officer	**2024**	**152,361**	**-**	**1,049**	**-**	**153,410**	**6,850**	**(32,826)**	**399,294**	**(54,463)**	**333,745**	**806,010**	**35**
		2023	729,046	-	5,163	75,000	809,209	25,819	14,038	-	447,490	72,984	1,369,540	38
David Watts (17)	Group Chief Risk Officer	**2024**	**607,687**	**118,000**	**9,417**	**-**	**735,104**	**17,814**	**15,313**	**-**	**277,345**	**231,454**	**1,277,031**	**40**
		2023	800,810	-	15,840	-	816,650	25,819	16,887	-	822,854	74,777	1,756,987	51

(1) Salary and fees includes base salary, including annual leave accrued during the year.

(2) STVR Cash reflects 50 per cent of the amounts accrued in respect of FY24.

(3) Company-funded benefits (and associated FBT) such as car parking, accommodation, relocation and travel.

(4) Benefits such as allowances.

(5) Superannuation.

(6) Comprises long service leave accrued and/or utilised during the financial year.

(7) Includes termination payments in lieu of notice, payment of leave entitlements on separation and, where relevant, any period of gardening leave.

(8) The fair value of rights is calculated at the date of grant using an industry-accepted option pricing model.

(9) Represents the value of Restricted Shares awarded through short-term variable reward and make-good awards as well as converted Performance Shares. The fair value of shares has been calculated at the grant date using an industry-accepted pricing model.

(10) **Restatement for accounting purposes – FY23:** The 2023 Remuneration Report included remuneration of former KMP Debra Eckersley and Paul Newham who are excluded from the table above due to not being KMP during FY24.

During FY24, the 2023 share-based payments expense recognised for accounting purposes for Ms Eckersley was restated to correct the reversal of expense in FY23 relating to vested awards which were cancelled by the Board. This restatement increased her FY23 remuneration expense for accounting purposes by $181,220.

During FY24, the 2023 share-based payments expense recognised for accounting purposes for Mr Newham was restated to reflect the accelerated expense of FY21 Performance Shares on termination as well as the forfeiture of FY22 Performance Shares on termination, reducing his remuneration expense for accounting purposes by $174,513. In addition, his FY23 share-based expense for Restricted Shares was restated, increasing his remuneration expense for accounting purposes by $64,096, to reflect the appropriate vesting start date.

The FY23 share-based payments expense for a number of current and former KMP, who are included in the table above, has also been restated to correctly reflect the service vesting conditions of the FY21 and FY22 Performance Shares. This has decreased the FY23 remuneration expense for accounting purposes by $14,655 for Rod Finch, $48,737 for Martine Jager and $107,956 for David Watts. In addition, the reversal of FY23 share-based payments expense for accounting purposes relating to vested awards which were cancelled by the Board has been corrected. This has increased the FY23 remuneration expense for accounting purposes by $44,445 for Racheal Kellaway, $212,816 for Craig Ryman and $188,428 for Chris Screen.

The number and value of shares/awards received, lapsed and/or forfeited by KMP in FY23 were not affected by this restatement and remain as previously reported (refer FY23 Annual Report, pages 118-119, Table 16).

(11) Greg Boyle commenced as KMP on 1 September 2023.

(12) Rod Finch commenced as KMP on 10 April 2023.

(13) Racheal Kellaway was paid an allowance in respect of additional accountabilities for the period of 13 November 2023 to 8 March 2024 as Acting Group Executive People & Culture.

(14) Rachel Stock commenced as KMP on 5 April 2024.

(15) Alexandra Taylor commenced as KMP on 11 March 2024.

(16) Martine Jager ceased as KMP on 10 November 2023. She was on Gardening Leave for the duration of her six month notice period.

(17) David Watts ceased as KMP on 4 April 2024.

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8.1 Equity held by Executive KMP

8.1.1 Underlying factors used to value equity awards held by Executive KMP

The underlying factors used to value equity awards held by Executive KMP are set out in Tables 15a and 15b and inform the disclosures in Table 16.

- The acronyms for award names as shown in Tables 15a, 15b and 16 are as follows:
- Deferred Award Rights (**DARs**).
- Executive Performance Rights (**EPRs**).
- Performance Shares (**PS**).
- Premium Priced Options (**PPO**).
- Performance Award Rights (**PARs**).
- Restricted Shares (**RS**).

Table 15a - Valuation inputs for awards issued in 2024

Award name	Tranche number	Performance Condition	Vesting date / date restrictions are lifted (1)	Grant date assumed for valuation	Share price (2) $	Fair value (3) $	Expiry date
FY24 EPRs	1	Non-Market	6/12/2027	30/01/2024	5.96	4.84	30/01/2031
FY24 EPRs	1	Market Based	6/12/2027	30/01/2024	5.96	2.32	30/01/2031
FY24 EPRs	2	Non-Market	6/12/2028	30/01/2024	5.96	4.84	30/01/2031
FY24 EPRs	2	Market Based	6/12/2028	30/01/2024	5.96	2.32	30/01/2031
FY24 EPRs	3	Non-Market	6/12/2029	30/01/2024	5.96	4.84	30/01/2031
FY24 EPRs	3	Market Based	6/12/2029	30/01/2024	5.96	2.32	30/01/2031
FY24 EPRs	1	Non-Market	6/12/2027	13/03/2024	6.22	5.08	13/03/2031
FY24 EPRs	1	Market Based	6/12/2027	13/03/2024	6.22	2.51	13/03/2031
FY24 EPRs	2	Non-Market	6/12/2028	13/03/2024	6.22	5.08	13/03/2031
FY24 EPRs	2	Market Based	6/12/2028	13/03/2024	6.22	2.51	13/03/2031
FY24 EPRs	1	Non-Market	6/12/2027	22/05/2024	5.92	4.83	22/05/2031
FY24 EPRs	1	Market Based	6/12/2027	22/05/2024	5.92	2.28	22/05/2031
FY24 EPRs	2	Non-Market	6/12/2028	22/05/2024	5.92	4.83	22/05/2031
FY24 EPRs	2	Market Based	6/12/2028	22/05/2024	5.92	2.28	22/05/2031
FY24 RS	1	Non-Market	6/12/2024	22/05/2024	5.92	5.92	6/12/2024
FY24 RS	2	Non-Market	8/12/2025	22/05/2024	5.92	5.92	8/12/2025
FY24 RS	3	Non-Market	7/12/2026	22/05/2024	5.92	5.92	7/12/2026
FY23 PPO	1	Non-Market	26/05/2030	30/01/2024	5.96	0.24	26/05/2030
FY23 PPO	2	Non-Market	26/05/2030	30/01/2024	5.96	0.31	26/05/2030

(1) Represents the vesting date for EPRs and the date dealing restrictions are lifted for RS.

(2) Closing share price on the grant date.

(3) The fair value of rights granted measured using industry accepted pricing methodologies, taking into account the terms and conditions upon which the rights are granted.

Remuneration Report.

For the year ended 31 August 2024

8.1 Equity held by Executive KMP (continued)

8.1.1 Underlying factors used to value equity awards held by Executive KMP (continued)

Table 15b - Valuation inputs for awards issued in prior years

Award name	Grant date assumed for valuation	Tranche	Share price (1) $	Fair value (2) $	Expiry date / Restrictions lifted (3)
FY23 PS	13/02/2023	1	$7.16	$6.87	6/12/2024
FY23 PS	13/02/2023	2	$7.16	$6.87	8/12/2025
FY23 PS	13/02/2023	3	$7.16	$6.87	6/12/2026
FY23 PS	17/02/2023	1	$7.03	$6.75	6/12/2024
FY23 PS	17/02/2023	2	$7.03	$6.75	8/12/2025
FY23 PS	17/02/2023	3	$7.03	$6.75	6/12/2026
FY23 PS	24/05/2023	1	$5.68	$5.52	6/12/2024
FY23 PS	24/05/2023	2	$5.68	$5.52	8/12/2025
FY23 PS	24/05/2023	3	$5.68	$5.52	6/12/2026
FY23 PPO	13/02/2023	1	$7.16	$0.69	15/02/2030
FY23 PPO	13/02/2023	2	$7.16	$0.73	15/02/2030
FY23 PPO	24/05/2023	1	$5.68	$0.24	26/05/2030
FY23 PPO	24/05/2023	2	$5.68	$0.28	26/05/2030
FY23 RS	4/01/2023	1	$6.93	$6.93	6/12/2023
FY23 RS	4/01/2023	2	$6.93	$6.93	6/12/2024
FY22 PS	25/01/2022	1	$7.61	$7.25	6/12/2023
FY22 PS	25/01/2022	2	$7.61	$7.25	6/12/2024
FY22 PS	25/01/2022	3	$7.61	$7.25	8/12/2025
FY22 PS	18/03/2022	1	$8.41	$8.01	6/12/2023
FY22 PS	18/03/2022	2	$8.41	$8.01	6/12/2024
FY22 PS	18/03/2022	3	$8.41	$8.01	8/12/2025
FY22 PS	22/07/2022	1	$7.44	$7.26	6/12/2023
FY22 PS	22/07/2022	2	$7.44	$7.26	6/12/2024
FY22 PS	22/07/2022	2	$7.44	$7.26	8/12/2025
FY22 PPO	25/01/2022	1	$7.61	$0.56	31/01/2029
FY22 PPO	25/01/2022	2	$7.61	$0.62	31/01/2029
FY22 PPO	18/03/2022	1	$8.41	$0.85	21/03/2029
FY22 PPO	18/03/2022	2	$8.41	$0.91	21/03/2029
FY22 DARs	18/03/2022	1	$8.41	$8.01	21/03/2037
FY22 DARs	18/03/2022	2	$8.41	$7.63	21/03/2037
FY22 DARs	18/03/2022	3	$8.41	$7.26	21/03/2037
FY21 PS	6/01/2021	1	$7.48	$7.49	6/12/2022
FY21 PS	6/01/2021	2	$7.48	$7.49	6/12/2023
FY21 PS	6/01/2021	2	$7.48	$7.49	6/12/2024
FY21 PS	30/06/2021	1	$9.11	$8.86	6/12/2022
FY21 PS	30/06/2021	2	$9.11	$8.86	6/12/2023
FY21 PS	30/06/2021	2	$9.11	$8.86	6/12/2024
FY21 PPO	6/01/2021	1	$7.48	$0.53	6/01/2028
FY21 PPO	6/01/2021	2	$7.48	$0.58	6/01/2028
FY21 PPO	9/04/2021	1	$8.73	$0.83	6/01/2028
FY21 PPO	9/04/2021	2	$8.73	$0.88	6/01/2028
FY21 PPO	30/06/2021	1	$9.11	$0.97	6/01/2028
FY21 PPO	30/06/2021	2	$9.11	$1.02	6/01/2028
FY21 RS	6/01/2021	1	$7.48	$7.74	6/12/2021
FY21 RS	6/01/2021	2	$7.48	$7.74	6/12/2022
FY21 RS	6/01/2021	3	$7.48	$7.74	6/12/2023
FY20 PARS	19/12/2019		$7.36	$3.61	19/12/2026

(1) Closing share price on the grant date assumed for valuation.

(2) The fair value of rights granted is measured using industry accepted pricing methodologies, taking into account the terms and conditions upon which the rights are granted.

(3) Performance Shares lapsed if they were not converted to Restricted Shares on completion of the one-year performance period. Once converted, Restricted Shares do not have an expiry date. The date shown for converted Performance Shares and Restricted Shares is the date that Dealing Restrictions are lifted.

Remuneration Report.

For the year ended 31 August 2024

8.2 Equity instruments - holdings and movements

The number of equity instruments held directly, indirectly, or beneficially by each Director, Executive KMP or related party is set out in Table 16. All shares were acquired by Directors under normal terms and conditions or through the NED Fee Sacrifice Rights Plan.

Table 16 - Movement and value of equity awards held by Executive KMP during financial year 2024

		Balance 1 Sep 23[1]		Granted[2]		Vested / Converted[3]		Forfeited / Lapsed		Exercised / Restrictions lifted[4]		Balance 31 Aug 24[5]		Value at 31 Aug 24[6]	Vested During the Year
	Grant	Units	Other[1]	Units	$	Units	Date	Units	Date	Units	Date	$	Units	$	%
CURRENT EXECUTIVE KMP															
Patrick Allaway[7]	EPRs	-	-	259,350	1,091,860	-	-	-	-	-	-	-	259,350	1,091,860	-
	PPO	-	-	796,562	219,055	-	-	-	-	-	-	-	796,562	219,055	-
Greg Boyle[8]	EPRs	-	-	121,030	509,535	-	-	-	-	-	-	-	121,030	509,535	-
	PARs	16,399	-	-	-	-	-	16,399	6/12/2023	-	-	-	-	-	-
	PPO	1,525,314	-	-	-	-	-	-	-	-	-	-	1,525,314	1,129,393	-
	PS	157,075	-	-	-	58,193	7/12/2023	36,181	24/10/2023	26,488	1/11/2023	213,643	94,406	684,589	37
Rod Finch	EPRs	-	-	125,353	527,734	-	-	-	-	-	-	-	125,353	527,734	-
	PPO	1,143,469	-	-	-	-	-	-	-	-	-	-	1,143,469	794,593	-
	PS	140,290	-	-	-	55,221	7/12/2023	45,302	24/10/2023	15,192	1/11/2023	120,235	79,796	562,127	39
Racheal Kellaway	DARs	3,554	-	-	-	-	-	-	-	3,554	15/12/2023	21,644	-	-	-
	EPRs	-	-	129,675	545,929	-	-	-	-	-	-	-	129,675	545,929	-
	PARs	16,399	-	-	-	-	-	16,399	6/12/2023	-	-	-	-	-	-
	PPO	1,478,653	-	-	-	-	-	-	-	-	-	-	1,478,653	1,086,671	-
	PS	106,252	-	-	-	70,630	7/12/2023	28,913	24/10/2023	2,214	1/11/2023	16,074	75,125	517,862	66
	RS	22,278	-	-	-	-	-	-	-	15,525	6/12/2023	116,799	6,753	46,798	-
	TARs	10,933	-	-	-	-	-	-	-	10,933	15/12/2023	66,910	-	-	-
Craig Ryman	EPRs	-	-	142,643	600,524	-	-	-	-	-	-	-	142,643	600,524	-
	PPO	2,089,741	-	-	-	-	-	-	-	-	-	-	2,089,741	1,309,564	-
	PS	216,860	-	-	-	72,742	7/12/2023	60,470	24/10/2023	35,247	1/11/2023	261,100	121,143	856,373	34
	RS	1,794	-	-	-	-	-	-	-	1,794	6/12/2023	13,886	-	-	-

Remuneration Report.

For the year ended 31 August 2024

		Balance 1 Sep 23[1]		Granted[2]		Vested / Converted[3]		Forfeited / Lapsed		Exercised / Restrictions lifted[4]		Balance 31 Aug 24[5]		Value at 31 Aug 24[6]	Vested During the Year
	Grant	Units	Other[1]	Units	$	Units	Date	Units	Date	Units	Date	$	Units	$	%
Chris Screen	DARs	5,467	-	-	-	-	-	-	-	5,467	13/12/2023	33,294	-	-	-
	EPRs	-	-	129,675	545,929	-	-	-	-	-	-	-	129,675	545,929	-
	PARs	13,119	-	-	-	-	-	13,119	6/12/2023	-	-	-	-	-	-
	PPO	1,628,533	-	-	-	-	-	-	-	-	-	-	1,628,533	1,175,101	-
	PS	152,175	-	-	-	75,339	7/12/2023	44,616	24/10/2023	10,632	1/11/2023	77,082	96,927	674,092	50
	RS	8,772	-	-	-	-	-	-	-	8,772	6/12/2023	70,001	-	-	-
Rachel Stock[9]	EPRs	-	-	39,243	174,138	-	-	-	-	-	-	-	39,243	174,138	-
Alexandra Taylor[10]	EPRs	-	-	54,393	228,041	-	-	-	-	-	-	-	54,393	228,041	-
	RS	-	-	61,538	364,305	-	-	-	-	-	-	-	61,538	364,305	-
FORMER EXECUTIVE KMP															
Martine Jager[11]	PPO	1,368,999	-	-	-	-	-	968,624	9/5/2024	-	-	-	400,375	291,449	-
	PS	171,350	-	-	-	73,066	7/12/2023	51,112	24/10/2023	17,799	1/11/2023	139,931	102,439	726,135	43
David Watts[12]	EPRs	-	-	89,908	378,510	-	-	67,430	31/8/2024	-	-	-	22,478	94,630	-
	DARs	81,203	-	-	-	34,093	1/7/2024	-	-	81,203	4/7/2024	606,964	-	-	42
	PPO	1,363,918	-	-	-	-	-	768,631	31/8/2024	-	-	-	595,287	465,388	-
	PS	176,321	-	-	-	99,370	7/12/2023	40,336	5/12/2022	12,083	1/11/2023	96,785	123,902	879,173	56

(1) Opening balance is the balance at the date the individual became KMP.

(2) This represents the maximum number of securities that may vest to each Executive. The value is the number of securities multiplied by the fair value. The minimum total value which may vest is zero.

(3) The award type and dates vested are as follows; Performance Shares on 07/12/2023, Deferred Award Rights on 01/07/2024, and Restricted Shares released from dealing restrictions on 06/12/23.

(4) Fair value on exercise date multiplied by the number of units/rights exercised during the year.

(5) Balance amounts as at 31 August 2024 are unvested and vested awards that are not yet exercisable.

(6) Balance amounts as at 31 August 2024 multiplied by the fair value.

(7) This represents the FY23 Premium Priced Options granted in January 2024 following shareholder approval at the 2023 AGM on 5 December 2023.

(8) Greg Boyle commenced as KMP on 1 September 2023

(9) Rachel Stock commenced as KMP on 5 April 2024.

(10) Alexandra Taylor commenced as KMP on 11 March 2024.

(11) Martine Jager ceased as KMP on 10 November 2023. In accordance with the relevant Plan Rules, her FY21, FY22 and FY23 Premium Priced Options were pro-rated to her separation date and will remain on foot subject to the original terms and conditions.

(12) David Watts ceased as KMP on 4 April 2024 and as an employee on 31 August 2024. In accordance with the relevant Plan Rules, his FY22 and FY23 PPO and FY24 EPRs were pro-rated to his separation date of 31 August 2024. Exercised DARS includes 47,109 exercised on 27/11/23 and 34,093 exercised on 04/07/24.

Remuneration Report.

For the year ended 31 August 2024

8.2 Equity instruments - holdings and movements (continued)

The number of equity instruments held directly, indirectly, or beneficially by each Director, Executive KMP or related party is set out in Table 17. All shares were acquired by Directors under normal terms and conditions or through the NED Fee Sacrifice Rights Plan.

Table 17 - Number of other equity instruments held directly, indirectly or beneficially

Ordinary Shares (1)	Held at 1 September 2023	Purchases / (Sales)	Rights granted under NED Fee Sacrifice Rights Plan	Received on exercise of Rights or when restrictions were lifted from Restricted Shares	**Held at 31 August 2024**
CURRENT DIRECTORS					
Patrick Allaway	242,742	-	-	-	**242,742**
Bruce Carter	211,430	-	52,420	-	**263,850**
Jenny Fagg	3,281	-	4,300	-	**7,581**
Deborah Kiers	21,034	-	-	-	**21,034**
Warwick Negus	180,571	-	65,729	-	**246,300**
Karen Penrose	33,912	-	-	-	**33,912**
Mickie Rosen	30,000	-	-	-	**30,000**
CURRENT EXECUTIVE KMP					
Greg Boyle(2)	64,066	-	-	26,488	**90,554**
Rod Finch	6,269	-	-	15,192	**21,461**
Racheal Kellaway	56,224	-	-	32,226	**88,450**
Craig Ryman	27,352	-	-	37,041	**64,393**
Chris Screen	8,771	-	-	24,871	**33,642**
FORMER EXECUTIVE KMP					
Martine Jager (3)	6,763	-	-	-	**N/A**
David Watts (4)	47,109	-	-	59,193	**N/A**

(1) KMP with nil shareholding balances as at 31 August 2024 are excluded from the table.

(2) Greg Boyle commenced as KMP on 1 September 2023; opening balance represents holdings on that date.

(3) Martine Jager ceased as KMP on 10 November 2023.

(4) David Watts ceased as KMP on 4 April 2024. Movement represents shares received from exercise of award rights prior to 4 April 2024. This exclude 34,093 DARs exercised on 04/07/2024.

Remuneration Report.

For the year ended 31 August 2024

8.3 KMP - other transactions

8.3.1 Loan transactions

Loans to KMP and their related parties (including close family members and entities over which the KMP and/or their close family members have control, joint control, or considerable influence) are provided in the ordinary course of business. Normal commercial terms and conditions are applied to all loans. Any discounts provided to KMP are the same as those available to all employees of the Group. There have been no write-downs or amounts recorded as specific provisions during FY24.

Details of loans held by KMP and their related parties during FY24, where the individual's aggregate loan balance exceeded $100,000 at any time in this period, are set out in Table 18.

Table 18 - Aggregated loan transactions with KMP

	Balance at 1 September 2023 $	Interest charged during the year $	Balance at 31 August 2024 $	Highest balance during the year $
CURRENT EXECUTIVE KMP				
Greg Boyle	**1,219,956**	**40,112**	**1,158,879**	**1,222,126**
OTHER RELATED PARTIES - CURRENT				
Karen Penrose related parties	**1,662,665**	**101,918**	**1,639,786**	**1,669,237**
OTHER RELATED PARTIES - FORMER				
Martine Jager related parties (1)	**44,892,817**	**707,002**	**N/A**	**45,599,819**

(1) Amounts are included for the period that the individual is considered KMP. No closing balance is shown for Martine Jager who ceased as KMP on 10 November 2023.

Remuneration Report.

For the year ended 31 August 2024

8.3 KMP - other transactions (continued)

8.3.1 Loan transactions (continued)

Details regarding the aggregate value of loans made, guaranteed, or secured by any entity in the economic entity to all KMP and their related parties and the number of individuals in each group are set out in Table 19.

Table 19 - Aggregated loan and lease transactions with KMP

	Balance at 1 September 2023 $	Interest charged during the year $	Balance at 31 August 2024 $	Number in Group at 31 August 2024
Current Executive KMP	1,372,910	50,659	1,318,737	3
Other Related Parties - Current	1,662,665	101,918	1,639,786	1
Other Related Parties - Former (1)	44,892,817	707,002	N/A	1

(1) Amounts are included for the period that the individual is considered KMP. No closing balance is shown for Martine Jager who ceased as KMP on 10 November 2023.

8.3.2 Capital notes

On 14 November 2022 the Bank issued Capital Notes at a price of $100 per note. Details of those notes issued to KMP are set out in Table 20.

Table 20 - Capital notes

		Balance at 31 August 2024 $	Interest earned for the year $
CURRENT DIRECTORS			
Karen Penrose	Capital Notes 3	**50,000**	**2,700**
Total		**50,000**	**2,700**

Directors' Report.

For the year ended 31 August 2024

Indemnification of officers

The Bank's Constitution, supported by a Deed of Indemnity, Insurance and Access, provides an indemnity in favour of all directors and officers of the Bank against liabilities incurred by them in the capacity as officer to the maximum extent permitted by law.

Insurance of officers

Since the end of the previous financial year, the Bank has paid insurance premiums in respect of a Directors' and Officers' liability insurance contract. The contract insures each person who is or has been a director or officer (as defined in the relevant policy) of the Bank against certain liabilities arising in the course of their duties to the Bank and its subsidiaries, as defined in the relevant policy. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the insurance contract as such disclosure is prohibited under the terms of the contract.

Directors' interests

Directors' interests as at the date of this report were as follows:

	Ordinary shares	Capital Notes 3
Warwick Negus	246,300	-
Patrick Allaway	242,742	-
Bruce Carter	263,850	-
Jennifer Fagg	7,581	-
Andrew Fraser	-	-
Deborah Kiers	21,034	-
Karen Penrose	33,912	500
Mickie Rosen	30,000	-

Audit and non-audit services

During the year, PwC, the Bank's auditor, has performed certain other services in addition to their statutory duties. The Board has considered the non-audit services provided during the year by the auditor are compatible with, and did not compromise, the auditor's independence requirements of the *Corporations Act 2001* (Cth) for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Bank and have been reviewed by the Audit Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor's independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Bank or acting as an advocate for the Bank or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Bank, PwC and its related practices, for audit and non-audit services provided during the year are set out below and in Note 5.6 Auditor's remuneration:

	Consolidated		**Bank**	
	2024 $000	2023 $000	**2024 $000**	2023 $000
AUDIT SERVICES				
Audits and reviews of the financial reports	**3,405**	3,370	**2,967**	2,927
Regulatory audits and reviews as required by regulatory authorities	**985**	856	**961**	831
Total audit services	**4,390**	4,226	**3,928**	3,758
AUDIT RELATED SERVICES				
Other assurance services	**311**	102	**311**	102
Total audit related services	**311**	102	**311**	102
NON-AUDIT SERVICES				
Other	**831**	994	**685**	952
Total non-audit services	**831**	994	**685**	952

Directors' Report.

For the year ended 31 August 2024

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 147 and forms part of the Directors' report for the year ended 31 August 2024.

Director and management changes

Director changes during the year:

- Andrew Fraser was appointed as an independent Non-Executive Director to the BOQ Board on 8 February 2024.

Company Secretary changes during the year:

- Ricky-Anne Lane-Mullins was appointed as an additional Company Secretary on 17 January 2024. Fiona Daly remains a Company Secretary of BOQ.

Management changes during the year:

- Martine Jager ceased in the role of Chief People & Customer Officer on 10 November 2023. Alexandra Taylor was appointed as Chief People Officer on 11 March 2024. Racheal Kellaway, Chief Financial Officer, served as acting Group Executive, People and Culture, from 13 November until Ms Taylor's appointment.
- Rod Finch assumed the role of Chief Transformation & Operations Officer on 1 September 2023.
- Greg Boyle was appointed as Group Executive Retail Banking on 1 September 2023.
- Rachel Stock was appointed as Chief Risk Officer Designate on 1 February 2024, working alongside David Watts, Group Chief Risk Officer, as part of a planned transition of responsibilities. Ms Stock assumed the role of Chief Risk Officer on 5 April 2024.

Management attestation

The Board has been provided with a joint written statement from the Group's Managing Director & CEO and Chief Financial Officer confirming that, in their opinion, the financial records of the Bank and the Group have been properly maintained and the accompanying financial statements and notes in accordance with the *Corporations Act 2001* (Cth) comply with accounting standards and present a true and fair view in all material respects of the Bank's and Group's financial position and performance as at and for the year ended 31 August 2024.

The statement also confirms to the Board that the consolidated entity disclosure statement (**CEDS**) contained on pages 224-225 of the Annual Report is true and correct.

The Directors' Declaration can be found on page 226 of the financial statements.

Environmental regulation

The Group is not required to report under the *National Greenhouse and Energy Reporting Act 2007* (Cth) because our business operations are below the threshold at which those requirements apply.

The Group does not believe its operations are subject to other significant environmental regulation under a law of the Commonwealth or a State or Territory. The Group may become subject to environmental regulation as a result of its lending activities in the ordinary course of business and has processes in place designed to ensure any potential risk is addressed. We are not aware of the Group incurring any material liability under any environmental legislation.

For more information on our approach to climate and environmental reporting, please refer to our Sustainability Report.

Dividends

Details of dividends paid during the financial year ended 31 August 2024 are outlined in Note 2.4 Dividends of the consolidated financial statements.

Subsequent events

The Directors have determined a fully franked dividend of 17 cents per share amounting to $112 million after 31 August 2024. The financial effect of these dividends has not been brought to account in the financial statements for the year ended 31 August 2024. Further details with respect to the payment date and dividend reinvestment plan can be obtained from Note 2.4 Dividends of the consolidated financial statements.

No matters or circumstances have arisen since the end of the financial year and up until the date of this report which significantly affect the operations of the Bank, the results of those operations, or the state of affairs of the Bank in subsequent years.

Rounding

The amounts in this report have been rounded to the nearest one million dollars in accordance with ASIC Corporations Instrument 2016/191 dated 24 March 2016, unless otherwise stated. Any discrepancies between total and sums of components in tables contained in this report are due to rounding.

Operating and Financial Review

The Group's Operating and Financial Review is contained in pages 81-111 of this report.

Signed in accordance with a resolution of the Directors:

Warwick Negus
Chair
16 October 2024

Patrick Allaway
Managing Director & CEO
16 October 2024

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

For the year ended 31 August 2024

pwc

Auditor's Independence Declaration

As lead auditor for the audit of Bank of Queensland Limited for the year ended 31 August 2024, I declare that, to the best of my knowledge and belief, there have been:

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

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

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

Stafford

Craig Stafford
Partner
PricewaterhouseCoopers

Sydney
16 October 2024

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2024
FINANCIAL
REPORT.

Income statements.

For the year ended 31 August 2024

		Consolidated		Bank	
	Note	**2024 $m**	2023 $m	**2024 $m**	2023 $m
Interest income:					
Effective interest income	2.1	**4,224**	3,475	**5,000**	4,062
Other	2.1	**730**	588	**694**	563
Interest expense	2.1	**(3,482)**	(2,448)	**(4,636)**	(3,438)
Net interest income	2.1	**1,472**	1,615	**1,058**	1,187
Net other operating income	2.1	**131**	144	**483**	515
Net operating income before impairment and operating expenses	2.1	**1,603**	1,759	**1,541**	1,702
Operating expenses	2.2	**(1,146)**	(1,411)	**(1,096)**	(1,390)
Impairment loss on loans and advances		**(18)**	(67)	**(9)**	(34)
Profit before income tax		**439**	281	**436**	278
Income tax expense	2.3	**(154)**	(157)	**(117)**	(121)
Profit for the year		**285**	124	**319**	157
PROFIT ATTRIBUTABLE TO:					
Equity holders of Bank of Queensland Limited		**285**	124	**319**	157
EARNINGS PER SHARE (EPS)					
Basic EPS - Ordinary shares (cents)	2.6	**43.3**	18.3		
Diluted EPS - Ordinary shares (cents) (1)	2.6	**41.1**	18.2		

(1) Comparative diluted earnings per share has been restated to exclude the impact of the Capital Notes, Capital Notes 2 and Capital Notes 3. These notes were anti-dilutive during the comparative period and as a result, their impact has been excluded from the diluted earnings per share.

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

Statements of comprehensive income.

For the year ended 31 August 2024

	Consolidated		Bank	
	2024 $m	2023 $m	**2024 $m**	2023 $m
Profit for the year	**285**	124	**319**	157
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX				
Items that may be reclassified subsequently to profit or loss				
Cash flow hedges:				
Net movement taken to equity	**(44)**	(233)	**(67)**	(195)
Net movement transferred to profit or loss	**7**	16	**7**	16
Debt instruments at fair value through other comprehensive income (**FVOCI**):				
Net change in fair value	**(39)**	(7)	**(39)**	(7)
Net movement transferred to profit or loss	**(8)**	(9)	**(8)**	(9)
Other comprehensive loss, net of income tax	**(84)**	(233)	**(107)**	(195)
Total comprehensive income/(loss) for the year	**201**	(109)	**212**	(38)
TOTAL COMPREHENSIVE INCOME / (LOSS) ATTRIBUTABLE TO:				
Equity holders of Bank of Queensland Limited	**201**	(109)	**212**	(38)

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

Balance sheets.

As at 31 August 2024

		Consolidated		Bank	
	Note	**2024 $m**	2023 $m	**2024 $m**	2023 $m
ASSETS					
Cash and cash equivalents	3.1	**2,927**	5,238	**1,381**	4,212
Due from other financial institutions		**220**	293	**132**	217
Derivative financial assets	3.8	**561**	880	**508**	825
Financial assets at fair value through profit or loss (**FVTPL**)	3.2	**604**	38	**604**	38
Debt instruments at FVOCI	3.2	**16,760**	16,421	**16,760**	16,421
Equity instruments at FVOCI	3.2	**7**	6	**7**	6
Debt instruments at amortised cost	3.2	**15**	15	**12,937**	13,044
Loans and advances	3.3	**80,163**	80,556	**74,155**	74,780
Other assets		**401**	381	**584**	560
Property, plant and equipment		**142**	197	**137**	191
Assets held for sale	5.4 e)	**-**	247	**-**	-
Shares in controlled entities	5.4 a)	**-**	-	**396**	428
Deferred tax assets	2.3	**70**	-	**155**	68
Intangible assets	4.1	**1,162**	1,072	**1,089**	1,006
Investments in joint arrangements	5.5	**8**	8	**-**	-
Amounts due from controlled entities	5.3 a)	**-**	-	**6,549**	5,817
Total assets		**103,040**	105,352	**115,394**	117,613
LIABILITIES					
Due to other financial institutions - at call		**1,064**	1,707	**1,064**	1,707
Deposits	3.4	**76,218**	76,500	**76,521**	76,730
Derivative financial liabilities	3.8	**218**	365	**231**	412
Accounts payable and other liabilities		**1,179**	1,145	**1,109**	1,042
Current tax liabilities		**14**	23	**15**	23
Deferred tax liabilities	2.3	**-**	30	**-**	-
Provisions	4.2	**143**	130	**141**	128
Amounts due to controlled entities	5.3 a)	**-**	-	**20,026**	19,444
Borrowings	3.5	**18,187**	19,322	**10,569**	12,297
Total liabilities		**97,023**	99,222	**109,676**	111,783
Net assets		**6,017**	6,130	**5,718**	5,830
EQUITY					
Issued capital		**5,342**	5,318	**5,361**	5,337
Other equity instruments	3.10	**-**	101	**-**	101
Reserves (1)		**311**	335	**315**	369
Retained profits (1)		**364**	376	**42**	23
Total equity		**6,017**	6,130	**5,718**	5,830

(1) Comparatives have been restated to reclassify $94 million from Profit Reserve to Retained Profits for the historical adjustment described in Note 1.5 of the 2023 Annual Report. There is no impact to total equity.

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

Statements of changes in equity.

For the year ended 31 August 2024

Consolidated	Issued capital $m	Other equity instruments $m	Employee benefits reserve $m	Share plan revaluation reserve $m	Equity reserve for credit losses $m	Cash flow hedge reserve $m	FVOCI reserve $m	Profit reserve (1) $m	Retained profits (1) $m	Total equity $m
YEAR ENDED 31 AUGUST 2024										
Balance as at 31 August 2023	5,318	101	54	(6)	20	74	10	183	376	6,130
TOTAL COMPREHENSIVE INCOME FOR THE YEAR										
Profit for the year	-	1	-	-	-	-	-	-	284	285
Transfers to profit reserve	-	-	-	-	-	-	-	318	(318)	-
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX:										
Cash flow hedges:										
Net movement to equity	-	-	-	-	-	(44)	-	-	-	(44)
Net movement transferred to profit or loss	-	-	-	-	-	7	-	-	-	7
Debt instruments at FVOCI:										
Net change in fair value	-	-	-	-	-	-	(39)	-	-	(39)
Net movement transferred to profit or loss	-	-	-	-	-	-	(8)	-	-	(8)
Transfer from equity reserve for credit losses	-	-	-	-	(20)	-	-	-	20	-
Total other comprehensive income / (loss)	-	-	-	-	(20)	(37)	(47)	-	20	(84)
Total comprehensive income / (loss) for the year	-	1	-	-	(20)	(37)	(47)	318	(14)	201
TRANSACTIONS WITH EQUITY HOLDERS IN THEIR CAPACITY AS EQUITY HOLDERS										
Dividend reinvestment plan	24	-	-	-	-	-	-	-	-	24
Dividends to shareholders	-	-	-	-	-	-	-	(250)	-	(250)
Equity settled transactions	-	-	6	-	-	-	-	-	-	6
Treasury shares (2)	-	-	-	-	-	-	-	-	-	-
Share plan revaluation (2)	-	-	-	6	-	-	-	-	-	6
Other equity instruments distributions	-	(1)	-	-	-	-	-	-	-	(1)
Amortisation of premium	-	(1)	-	-	-	-	-	-	1	-
Redemption of other equity instruments	-	(100)	-	-	-	-	-	-	-	(100)
Total contributions by and distributions to owners	24	(102)	6	6	-	-	-	(250)	1	(315)
Balance at the end of the year	5,342	-	60	-	-	37	(37)	251	364	6,017

(1) Comparatives have been restated to reclassify $94 million from Profit Reserve to Retained Profits for the historical adjustment described in Note 1.5 of the 2023 Annual Report. There is no impact to total equity.

(2) Treasury shares represent the value of shares held by a subsidiary that the Bank is required to include in the Consolidated Entity's financial statements. The revaluation of treasury shares is included in equity.

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

Statements of changes in equity.

For the year ended 31 August 2023

Consolidated	Issued capital $m	Other equity instruments $m	Employee benefits reserve $m	Share plan revaluation reserve $m	Equity reserve for credit losses $m	Cash flow hedge reserve $m	FVOCI reserve $m	Profit reserve (1) $m	Retained profits (1) $m	Total equity $m
YEAR ENDED 31 AUGUST 2023										
Balance as at 31 August 2022	5,258	305	46	(3)	58	291	26	287	400	6,668
TOTAL COMPREHENSIVE INCOME FOR THE YEAR										
Profit for the year	-	9	-	-	-	-	-	-	115	124
Transfers to profit reserve	-	-	-	-	-	-	-	181	(181)	-
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX:										
Cash flow hedges:										
Net movement to equity	-	-	-	-	-	(233)	-	-	-	(233)
Net movement transferred to profit or loss	-	-	-	-	-	16	-	-	-	16
Debt instruments at FVOCI:										
Net change in fair value	-	-	-	-	-	-	(7)	-	-	(7)
Net movement transferred to profit or loss	-	-	-	-	-	-	(9)	-	-	(9)
Transfer from equity reserve for credit losses	-	-	-	-	(38)	-	-	-	38	-
Total other comprehensive income / (loss)	-	-	-	-	(38)	(217)	(16)	-	38	(233)
Total comprehensive income / (loss) for the year	-	9	-	-	(38)	(217)	(16)	181	(28)	(109)
TRANSACTIONS WITH EQUITY HOLDERS IN THEIR CAPACITY AS EQUITY HOLDERS										
Dividend reinvestment plan	63	-	-	-	-	-	-	-	-	63
Dividends to shareholders	-	-	-	-	-	-	-	(285)	-	(285)
Equity settled transactions	-	-	8	-	-	-	-	-	-	8
Treasury shares (2)	(3)	-	-	-	-	-	-	-	-	(3)
Share plan revaluation (2)	-	-	-	(3)	-	-	-	-	-	(3)
Other equity instruments distributions	-	(9)	-	-	-	-	-	-	-	(9)
Amortisation of premium	-	(4)	-	-	-	-	-	-	4	-
Redemption of other equity instruments	-	(200)	-	-	-	-	-	-	-	(200)
Total contributions by and distributions to owners	60	(213)	8	(3)	-	-	-	(285)	4	(429)
Balance as at 31 August 2023	5,318	101	54	(6)	20	74	10	183	376	6,130

(1) Comparatives have been restated to reflect the prior period adjustment as detailed in Note 1.5 in the 2023 Annual Report.

(2) Treasury shares represent the value of shares held by a subsidiary that the Bank is required to include in the Consolidated Entity's financial statements. The revaluation of treasury shares is included in equity.

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

Statements of changes in equity.

For the year ended 31 August 2024

Bank	Issued capital $m	Other equity instruments $m	Employee benefits reserve $m	Equity reserve for credit losses $m	Cash flow hedge reserve $m	FVOCI reserve $m	Profit reserve $m	Retained profits $m	Total equity $m
YEAR ENDED 31 AUGUST 2024									
Balance as at 31 August 2023	5,337	101	54	21	101	10	183	23	5,830
TOTAL COMPREHENSIVE INCOME FOR THE YEAR									
Profit for the year	**-**	**1**	**-**	**-**	**-**	**-**	**-**	**318**	**319**
Transfers to profit reserve	**-**	**-**	**-**	**-**	**-**	**-**	**318**	**(318)**	**-**
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX:									
Cash flow hedges:									
Net movement to equity	**-**	**-**	**-**	**-**	**(67)**	**-**	**-**	**-**	**(67)**
Net movement transferred to profit or loss	**-**	**-**	**-**	**-**	**7**	**-**	**-**	**-**	**7**
Debt instruments at FVOCI:									
Net change in fair value	**-**	**-**	**-**	**-**	**-**	**(39)**	**-**	**-**	**(39)**
Net movement transferred to profit or loss	**-**	**-**	**-**	**-**	**-**	**(8)**	**-**	**-**	**(8)**
Transfer from equity reserve for credit losses	**-**	**-**	**-**	**(21)**	**-**	**-**	**-**	**21**	**-**
Total other comprehensive income / (loss)	**-**	**-**	**-**	**(21)**	**(60)**	**(47)**	**-**	**21**	**(107)**
Total comprehensive income / (loss) for the year	**-**	**1**	**-**	**(21)**	**(60)**	**(47)**	**318**	**21**	**212**
TRANSACTIONS WITH EQUITY HOLDERS IN THEIR CAPACITY AS EQUITY HOLDERS									
Dividend reinvestment plan	**24**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**24**
Dividends to shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**(250)**	**-**	**(250)**
Equity settled transactions	**-**	**-**	**6**	**-**	**-**	**-**	**-**	**-**	**6**
Other equity instruments distributions	**-**	**(1)**	**-**	**-**	**-**	**-**	**-**	**-**	**(1)**
Amortisation of premium	**-**	**(1)**	**-**	**-**	**-**	**-**	**-**	**1**	**-**
Redemption of other equity instruments	**-**	**(100)**	**-**	**-**	**-**	**-**	**-**	**-**	**(100)**
Total contributions by and distributions to owners	**24**	**(102)**	**6**	**-**	**-**	**-**	**(250)**	**1**	**(321)**
Balance at the end of the year	**5,361**	**-**	**60**	**-**	**41**	**(37)**	**251**	**42**	**5,718**

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

Statements of changes in equity.

For the year ended 31 August 2023

Bank	Issued capital $m	Other equity instruments $m	Employee benefits reserve $m	Equity reserve for credit losses $m	Cash flow hedge reserve $m	FVOCI reserve $m	Profit reserve[1] $m	Retained profits[1] $m	Total equity $m
YEAR ENDED 31 AUGUST 2023									
Balance as at 31 August 2022	5,274	305	46	59	280	26	287	14	6,291
TOTAL COMPREHENSIVE INCOME FOR THE YEAR									
Profit for the year	-	9	-	-	-	-	-	148	157
Transfers to profit reserve	-	-	-	-	-	-	181	(181)	-
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX:									
Cash flow hedges:									
Net movement to equity	-	-	-	-	(195)	-	-	-	(195)
Net movement transferred to profit or loss	-	-	-	-	16	-	-	-	16
Debt instruments at FVOCI:									
Net change in fair value	-	-	-	-	-	(7)	-	-	(7)
Net movement transferred to profit or loss	-	-	-	-	-	(9)	-	-	(9)
Transfer from equity reserve for credit losses	-	-	-	(38)	-	-	-	38	-
Total other comprehensive income / (loss)	-	-	-	(38)	(179)	(16)	-	38	(195)
Total comprehensive income / (loss) for the year	-	9	-	(38)	(179)	(16)	181	5	(38)
TRANSACTIONS WITH EQUITY HOLDERS IN THEIR CAPACITY AS EQUITY HOLDERS									
Dividend reinvestment plan	63	-	-	-	-	-	-	-	63
Dividends to shareholders	-	-	-	-	-	-	(285)	-	(285)
Equity settled transactions	-	-	8	-	-	-	-	-	8
Other equity instruments distributions	-	(9)	-	-	-	-	-	-	(9)
Amortisation of premium	-	(4)	-	-	-	-	-	4	-
Redemption of other equity instruments	-	(200)	-	-	-	-	-	-	(200)
Total contributions by and distributions to owners	63	(213)	8	-	-	-	(285)	4	(423)
Balance as at 31 August 2023	5,337	101	54	21	101	10	183	23	5,830

(1) Comparatives have been restated to reflect the prior period adjustment as detailed in Note 1.5 in the 2023 Annual Report.

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

Statements of cash flows.

For the year ended 31 August 2024

		Consolidated		Bank	
	Note	**2024 $m**	2023 $m	**2024 $m**	2023 $m
CASH FLOWS FROM OPERATING ACTIVITIES					
Interest received		**4,815**	3,956	**5,556**	4,510
Fees and other income received		**159**	145	**411**	405
Interest paid		**(3,276)**	(2,172)	**(4,449)**	(3,188)
Cash paid to suppliers and employees		**(965)**	(821)	**(1,067)**	(865)
Income tax paid		**(229)**	(123)	**(228)**	(121)
		504	985	**223**	741
DECREASE/ (INCREASE) IN OPERATING ASSETS:					
Loans and advances at amortised cost		**417**	70	**620**	507
Other financial assets		**(857)**	(3,128)	**(834)**	(3,131)
(DECREASE) / INCREASE IN OPERATING LIABILITIES:					
Deposits and due to other financial institutions		**(929)**	5,639	**(880)**	5723
Net cash (outflows) / inflows from operating activities	3.1	**(865)**	3,566	**(871)**	3840
CASH FLOWS FROM INVESTING ACTIVITIES					
Sale of New Zealand asset portfolio	5.4 e)	**191**	-	**-**	-
Payments for property, plant and equipment		**(4)**	(3)	**(4)**	-
Proceeds from sale of property, plant and equipment		**4**	4	**-**	4
Payments for Intangible assets	4.1	**(177)**	(143)	**(177)**	(143)
Dividends received from controlled entities		**-**	-	**106**	110
Net cash inflows / (outflows) from investing activities		**14**	(142)	**(75)**	(29)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings	3.5	**4,647**	5,607	**2,467**	3,144
Repayments of borrowings	3.5	**(5,728)**	(5,753)	**(4,135)**	(2,769)
Proceeds from foreign exchange instruments		**4**	9	**4**	9
Net movement in other financing activities		**-**	-	**162**	(708)
Redemption of other equity instruments		**(100)**	(200)	**(100)**	(200)
Payments for treasury shares		**(8)**	(17)	**(8)**	(17)
Other equity instruments distribution paid		**(1)**	(8)	**(1)**	(8)
Dividends paid		**(226)**	(223)	**(226)**	(223)
Payment of lease liabilities		**(48)**	(49)	**(48)**	(49)
Net cash (outflows) from financing activities		**(1,460)**	(634)	**(1,885)**	(821)
Net (decrease) / increase in cash and cash equivalents		**(2,311)**	2,790	**(2,831)**	2,990
Cash and cash equivalents at beginning of year		**5,238**	2,448	**4,212**	1,222
Cash and cash equivalents at end of year	3.1	**2,927**	5,238	**1,381**	4,212

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

Notes to the financial statements.

For the year ended 31 August 2024

Notes to the financial statements.

For the year ended 31 August 2024

Note 1. Basis of preparation.

1.1 Reporting entity

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

The Financial Report includes the consolidated and standalone financial statements of the Group and the Bank. The consolidated financial statements as at and for the financial year ended 31 August 2024 comprise the Consolidated Entity (or **the Group**), being the Bank and its controlled entities, and the Consolidated Entity's interest in equity accounted investments. The principal activity of the Group is the provision of financial services to the community.

1.2 Basis of preparation

a) Statement of compliance

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board (**AASB**) and the *Corporations Act 2001* (Cth). The financial statements and notes thereto also comply with International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**). The financial statements were authorised for issue by the Directors on 16 October 2024. The Directors have the power to amend and reissue the financial statements.

b) Basis of measurement

The financial statements are prepared on a going concern basis using a historical cost basis, with the exception of the following assets and liabilities which are stated at their fair value:

- Derivative financial instruments;
- Financial instruments at FVTPL; and
- Financial instruments at FVOCI.

c) Functional and presentation currency

The financial statements are presented in Australian dollars, which is the Bank's functional currency.

d) Rounding

The Group and the Bank are of a kind referred to in ASIC Corporations Instrument 2016/191 dated 24 March 2016 and in accordance with that instrument, amounts in the financial statements have been rounded to the nearest million dollars, unless otherwise stated.

e) Significant accounting policies

Significant accounting policies are included within each of the relevant notes throughout the financial statements with the exception of policies listed in Note 5.8.

1.3 Use of estimates and judgements

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied throughout the Group.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described below:

- Loans and advances - weighted average life (**WAL**) - Note 3.3;
- Loans and advances - expected credit losses (**ECL**) - Note 3.3;
- Carrying value of goodwill – Note 4.1; and
- Provisions - Note 4.2.

1.4 New Australian accounting standards and legislative changes

Standards, amendments to standards and interpretations issued by the AASB and the IASB, including those that are not yet effective, are not expected to result in significant changes to the Group or the Bank.

Consolidated entity disclosure statement (CEDS)

On the 27th of March 2024, the Federal Government passed the Treasury Laws Amendment (Making Multinationals Pay Their Fair Share –Integrity and Transparency) Bill 2023. The legislation amends the *Corporations Act 2001* (Cth) to require Australian public companies to disclose information about their subsidiaries in their annual financial reports by way of a 'consolidated entity disclosure statement'. Information disclosed should include place of incorporation and tax residency.

The CEDS for the Group for the financial year ended 31 August 2024 is included on pages 224 to 225.

The CEDS requirements do not have significant impact to the Group as the Group principally operates in Australia.

Pillar Two

The Bank is within the scope of the OECD Pillar Two model rules, but tax laws implementing the Pillar Two Model Rules have not yet been substantially enacted in Australia.

The Bank has applied the temporary exception to recognising and disclosing information relating to Pillar Two income taxes under AASB 112 *Income Taxes*, paragraphs 88A-88D.

Pillar Two rules are expected to apply to the Bank in Australia from the financial year commencing 1 September 2024, however Pillar Two taxes will not be payable by the Bank, as its active operations are only based in Australia, where the corporate tax rate is 30 per cent.

AASB 18 *Presentation and Disclosure in Financial Statements*

AASB 18 *Presentation and Disclosure in Financial Statements* was issued in June 2024 and will be effective for the Group from 1 September 2027. The standard is required to be applied retrospectively and replaces AASB 101 *Presentation of Financial Statements*. AASB 18 focuses on improving information disclosed about financial performance in the income statement, with new requirements relating to the disclosure of management-defined performance measures as well as the introduction of newly defined subtotals and grouping information. The changes are aimed to improve transparency and comparability of financial information for investors.

Disclosure of revenues and expenses for reportable segments

In July 2024, the IASB issued the IFRS Interpretations Committee's final agenda decision on disclosures of revenues and expenses for reportable segments. BoQ are in the process of assessing the impacts of the agenda decision on its segment information.

Notes to the financial statements.

For the year ended 31 August 2024

Note 2. Financial performance.

2.1 Operating income

	Consolidated		Bank	
	2024 $m	2023 $m	**2024 $m**	2023 $m
INTEREST INCOME				
Effective interest income	**4,224**	3,475	**5,000**	4,062
Other: Securities at fair value	**730**	588	**694**	563
Total interest income	**4,954**	4,063	**5,694**	4,625
INTEREST EXPENSE				
Retail deposits	**(2,335)**	(1,643)	**(2,330)**	(1,638)
Wholesale deposits and borrowings	**(1,142)**	(800)	**(2,301)**	(1,795)
Lease liabilities	**(5)**	(5)	**(5)**	(5)
Total interest expense	**(3,482)**	(2,448)	**(4,636)**	(3,438)
Net interest income	**1,472**	1,615	**1,058**	1,187
INCOME FROM OPERATING ACTIVITIES				
Customer fees and charges (1)	**71**	83	**70**	82
Share of fee revenue paid to owner-managed branches	**(6)**	(6)	**(6)**	(6)
Loyalty program expenses	**(10)**	(10)	**(10)**	(10)
Commissions	**46**	37	**12**	10
Foreign exchange income – customer based	**17**	19	**17**	18
Net profit on sale of property, plant and equipment	**4**	3	**-**	-
Net gain / (loss) from financial instruments and derivatives at fair value	**(3)**	3	**(3)**	4
Securitisation income	**-**	-	**207**	222
Dividend income	**-**	-	**106**	116
Management fees – controlled entities	**-**	-	**82**	69
Other income	**12**	15	**8**	10
Net other operating income	**131**	144	**483**	515
Total	**1,603**	1,759	**1,541**	1,702

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

Interest income and expense

Interest income and expense for all interest bearing financial instruments is recognised in the income statement using the effective interest rates of the financial assets or financial liabilities to which they relate. The effective interest rate is the rate that discounts estimated future cash flows through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial instrument. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but not future credit losses. Other operating income and expenses that are considered an integral part of the effective interest rate on a financial instrument are included in the measurement of the effective interest rate.

Interest income on finance lease receivables is recognised progressively over the life of the lease, reflecting a constant periodic rate of return in the lease.

Interest income on financial instruments that are classified at fair value through the income statement or fair value through other comprehensive income (**FVOCI**) is accounted for on a contractual rate basis, and includes amortisation of premium or discounts.

Other operating income

Other lending, banking and leasing fees revenue is recognised over the contract period in line with the performance obligation delivered to the customers. Customer service fees that represent the recoupment of the costs of providing the service are recognised when the service is provided. Commissions are recognised as income when performance obligations in respect of those commissions have been satisfied. Dividends are recognised when control of a right to receive consideration is established.

Notes to the financial statements.

For the year ended 31 August 2024

2.2 Operating expenses

		Consolidated		Bank	
	Note	**2024 $m**	2023[1] $m	**2024 $m**	2023[1] $m
EMPLOYEE EXPENSES					
Salaries, wages and superannuation contributions		**459**	426	**450**	415
Payroll tax		**29**	26	**29**	25
Equity settled transactions		**21**	20	**20**	18
Other employee expenses		**15**	17	**16**	17
		524	489	**515**	475
IT EXPENSES					
Technology services		**218**	235	**214**	231
Amortisation - computer software	4.1	**69**	76	**65**	74
Impairment - intangible assets	4.1	**9**	43	**9**	43
Depreciation - IT equipment		**4**	5	**4**	5
		300	359	**292**	353
OCCUPANCY EXPENSES					
Depreciation of right-of-use (**ROU**) assets and lease expenses		**31**	42	**30**	42
Depreciation - property, plant and equipment		**9**	14	**9**	14
Impairment - leases		**2**	19	**2**	19
Other occupancy expenses		**4**	4	**4**	3
		46	79	**45**	78
ADMINISTRATIVE EXPENSES					
Professional fees		**48**	36	**52**	34
Directors' fees		**1**	1	**1**	1
Other administrative expenses		**11**	13	**20**	23
		60	50	**73**	58
OTHER OPERATING EXPENSES					
Advertising		**47**	45	**32**	34
Communications and postage		**27**	28	**27**	28
Processing costs		**16**	16	**16**	17
Integrated Remedial Action Plans	4.2	**6**	60	**6**	60
Printing and stationery		**4**	5	**4**	5
Commissions to owner-managed branches		**2**	2	**2**	2
Other		**50**	54	**40**	56
		152	210	**127**	202
OTHER					
Restructuring Provision	4.2	**35**	13	**35**	13
Loss on sale of New Zealand asset portfolio	5.4 e)	**20**	-	**-**	-
Goodwill impairment		**-**	200	**-**	200
Amortisation - acquired intangibles	4.1	**9**	9	**9**	9
Impairment - other		**-**	2	**-**	2
		64	224	**44**	224
Total operating expenses		**1,146**	1,411	**1,096**	1,390

(1) Comparative restructuring provision has been reclassified from salaries, wages and superannuation contributions.

Notes to the financial statements.

For the year ended 31 August 2024

2.3 Income tax expense and deferred tax

Income tax expense

The major components of income tax expense along with a reconciliation between pre-tax profit and tax expense are detailed below:

	Consolidated		Bank	
	2024 $m	2023 $m	**2024 $m**	2023 $m
CURRENT TAX EXPENSE				
Current year	**204**	187	**147**	173
Adjustments for prior years	**15**	(19)	**14**	(2)
	219	168	**161**	171
DEFERRED TAX EXPENSE				
Origination and reversal of temporary differences	**(65)**	(11)	**(44)**	(50)
	(65)	(11)	**(44)**	(50)
Total income tax expense in income statement	**154**	157	**117**	121
DEFERRED TAX RECOGNISED IN EQUITY				
Cash flow hedge reserve	**(15)**	(93)	**(23)**	(65)
Other	**(20)**	(7)	**(20)**	(19)
Income tax charged in equity	**(35)**	(100)	**(43)**	(84)
NUMERICAL RECONCILIATIONS BETWEEN TAX EXPENSE AND PRE-TAX PROFIT				
Profit before tax	**439**	281	**436**	278
Income tax using the Australian corporate tax rate of 30% (2023: 30%)	**132**	84	**131**	83
INCREASE IN INCOME TAX EXPENSE DUE TO:				
Loss on sale of New Zealand asset portfolio	**6**	-	**-**	-
Goodwill impairment	**-**	60	**-**	60
Non-deductible expenses	**16**	14	**18**	14
DECREASE IN INCOME TAX EXPENSE DUE TO:				
Other (1)	**-**	(1)	**(32)**	(36)
Income tax expense on pre-tax net profit (2)	**154**	157	**117**	121

(1) In the Bank, this includes the impact of dividends received from subsidiary members in the tax consolidated group which are eliminated at the Group level.

(2) The Group's effective tax rate for the year ended 31 August 2024 was 35.1 per cent (2023: 55.9 per cent). This is above the corporate tax rate of 30 per cent, primarily attributable to the loss on sale of the New Zealand asset portfolio and interest payable on Capital Notes, which are non-deductible for tax purposes. Prior year effective tax rate was above the corporate tax rate of 30 per cent primarily due to the impairment of Goodwill and interest payable on Capital Notes, both non-deductible for tax purposes.

Notes to the financial statements.

For the year ended 31 August 2024

2.3 Income tax expense and deferred tax (continued)

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
Consolidated	**2024 $m**	2023 $m	**2024 $m**	2023 $m	**2024 $m**	2023 $m
Accruals	**21**	23	**-**	-	**21**	23
Capitalised expenditure	**-**	-	**(11)**	(20)	**(11)**	(20)
Provisions for impairment	**91**	96	**-**	-	**91**	96
Other provisions	**44**	44	**-**	-	**44**	44
Equity reserves	**1**	-	**-**	(33)	**1**	(33)
ROU Asset and Lease Liability	**51**	66	**(39)**	(52)	**12**	14
Lease financing relating to lessor activities	**-**	-	**(117)**	(145)	**(117)**	(145)
Intangible assets	**-**	-	**(10)**	(12)	**(10)**	(12)
Consolidation - Taxation of Financial Arrangements (**TOFA**) (1)	**-**	-	**-**	(5)	**-**	(5)
Other	**40**	10	**(1)**	(2)	**39**	8
Total tax assets / (liabilities)	**248**	239	**(178)**	(269)	**70**	(30)

Bank						
Accruals	**19**	23	**-**	-	**19**	23
Capitalised expenditure	**-**	-	**(3)**	(14)	**(3)**	(14)
Provisions for impairment	**68**	72	**-**	-	**68**	72
Other provisions	**43**	43	**-**	-	**43**	43
Equity reserves	**-**	-	**(1)**	(46)	**(1)**	(46)
ROU Asset and Lease Liability	**51**	66	**(39)**	(52)	**12**	14
Lease financing relating to lessor activities	**-**	-	**(10)**	(13)	**(10)**	(13)
Intangible assets	**-**	-	**(10)**	(12)	**(10)**	(12)
Consolidation - Taxation of Financial Arrangements (**TOFA**) (1)	**-**	-	**-**	(5)	**-**	(5)
Other	**38**	8	**(1)**	(2)	**37**	6
Total tax assets / (liabilities)	**219**	212	**(64)**	(144)	**155**	68

Unrecognised deferred tax assets

Deferred tax assets have not been brought to account for the following items as realisation of the benefit is not regarded as probable:

	2024 $m	2023 $m
Gross income tax losses (2)	**20**	21
Gross capital gains tax losses	**73**	73

(1) The business combination balances relating to the acquisition of ME Bank include a transitional deferred tax liability that fully unwound in 2024.

(2) Income tax losses are subject to utilisation over an expected 15-20 year period.

Notes to the financial statements.

For the year ended 31 August 2024

2.3 Income tax expense and deferred tax (continued)

Accounting for income tax

Income tax expense comprises current and deferred tax. Income tax is recognised in profit or loss in the income statement except to the extent that it relates to items recognised directly in equity, or other comprehensive income.

Current tax is the expected tax payable/receivable on the taxable income/loss for the year and any adjustment to the tax payable/receivable in respect of previous years. It is measured using tax rates enacted or substantially enacted at the reporting date.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Tax consolidation

The Bank is the head entity in the tax-consolidated group comprising all the Australian wholly-owned subsidiaries. The implementation date for the tax-consolidated group was 1 September 2003.

Current tax expense (income), deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using a 'group allocation' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax-consolidated group and are recognised as amounts payable (receivable) to (from) other entities in the tax-consolidated group in conjunction with any Tax Funding Agreement (**TFA**) amounts. Any difference between these amounts is recognised by the Bank as an equity contribution, or distribution from the subsidiary.

Any subsequent period amendments to deferred tax assets arising from unused tax losses as a result of a revised assessment of the probability of recoverability is recognised by the head entity only.

Nature of tax funding and tax sharing arrangements

The Bank, in conjunction with other members of the tax-consolidated group, has entered into a TFA which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The TFA requires payments to/from the head entity equal to the current tax liability/asset assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the Bank recognising an inter-entity payable/receivable equal in amount to the tax liability/asset assumed.

Contributions to fund the current tax liabilities are payable as per the TFA and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The Bank, in conjunction with other members of the tax-consolidated group, has also entered into a Tax Sharing Agreement (**TSA**). The TSA provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the TSA is considered remote.

Notes to the financial statements.

For the year ended 31 August 2024

2.4 Dividends

	Bank			
	2024		2023	
	Cents per share	**$m**	Cents per share	$m
ORDINARY SHARES				
Final 2023 dividend paid 16 November 2023 (2022: 17 November 2022)	**21**	**138**	24	155
Interim 2024 dividend paid 27 May 2024 (2023: 1 June 2023)	**17**	**112**	20	130
		250		285

All dividends paid on ordinary shares have been fully franked. Since the end of the financial year, the Directors have determined the following dividends:

	Cents per share	**$m**
Final ordinary share dividend	**17**	**112**

The final ordinary share dividend will be paid on 19 November 2024 to owners of ordinary shares at the close of business on 28 October 2024 (record date). Shares will be quoted ex-dividend on 25 October 2024.

	Bank	
	2024 $m	2023 $m
30% franking credits available to shareholders of the Bank for subsequent financial years	**630**	546

The ability to utilise the franking credits is dependent upon there being sufficient available profits to pay dividends. The profits accumulated in the profit reserve are available for dividend payments in future years. All dividends paid by the Bank since the end of the previous financial year were franked at the tax rate of 30 per cent.

The balance of the Bank's dividend franking account at the date of this report, after adjusting for franking credits and debits that will arise on payment of income tax and proposed dividends relating to the year ended 31 August 2024, is $580 million calculated at the 30 per cent tax rate (2023: $484 million). It is anticipated, based on these franking account balances that the Bank will continue to pay fully franked dividends in the foreseeable future.

Dividend reinvestment plan

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

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

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

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

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

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

The last date for election to participate in the DRP for the 2024 full year dividend is 29 October 2024.

Notes to the financial statements.

For the year ended 31 August 2024

2.5 Operating segments

Segment information

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

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to each segment and assess performance for which discrete financial information is available.

Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Group's operating segments comprise the following:

Retail Bank - retail banking solutions provided to customers through Owner-managed and Corporate branch networks, ME Bank and Virgin Money distribution channels, digital platforms, and third-party intermediaries; and

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects is measured differently from operating profit or loss in the consolidated financial statements. Income taxes are managed within the individual operating segments and thus disclosed this way.

Transfer prices between operating segments are on an arm's length basis, reflecting the Bank's external cost of funds, in a manner similar to transactions with third parties.

Major customers

No revenue from transactions with a single external customer or counterparty amounted to 10 per cent or more of the Group's total revenue in 2024 or 2023.

Geographic information

The business segments operate principally in Australia.

A portfolio of New Zealand assets has been sold during the year and the Group is in the process of winding up its New Zealand operations. Refer to Note 5.4 e) for further detail.

Goodwill

For goodwill allocation between segments, refer to Note 4.1.

Presentation

The following table presents income, profit and certain asset and liability information regarding the Group's operating segments. Consistent with the information provided to the chief operating decision maker, the information is on a cash basis, with the statutory adjustments shown below the line.

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

Other column includes Treasury and Group Head Office operations. This is not reported internally to the Group's and the Bank's chief operating decision maker as an operating segment.

Notes to the financial statements.

For the year ended 31 August 2024

2.5 Operating segments (continued)

	Retail Bank		BOQ Business		Other(1)		Total	
	2024 $m	2023 $m	**2024 $m**	2023 $m	**2024 $m**	2023 $m	**2024 $m**	2023 $m
CASH BASIS:								
INCOME								
Net interest income(2)	**791**	929	**672**	686	**-**	(15)	**1,463**	1,600
Non-interest income	**88**	88	**45**	48	**4**	6	**137**	142
Total income	**879**	1,017	**717**	734	**4**	(9)	**1,600**	1,742
Operating expenses	**(746)**	(706)	**(323)**	(304)	**-**	-	**(1,069)**	(1,010)
Underlying profit / (loss)	**133**	311	**394**	430	**4**	(9)	**531**	732
Loan impairment (loss)	**(1)**	(13)	**(19)**	(58)	**-**	-	**(20)**	(71)
Cash profit / (loss) before tax	**132**	298	**375**	372	**4**	(9)	**511**	661
Income tax (expense) / benefit	**(44)**	(95)	**(122)**	(119)	**(2)**	3	**(168)**	(211)
Segment cash profit / (loss) after tax(3)	**88**	203	**253**	253	**2**	(6)	**343**	450
STATUTORY BASIS ADJUSTMENTS:								
Sale of New Zealand asset portfolio(4)	**-**	-	**(22)**	-	**-**	-	**(22)**	-
Hedge ineffectiveness	**-**	-	**-**	-	**(4)**	1	**(4)**	1
Amortisation of acquisition fair value adjustments	**-**	-	**-**	-	**1**	7	**1**	7
Goodwill impairment(5)	**-**	(200)	**-**	-	**-**	-	**-**	(200)
RAP(6)	**-**	-	**-**	-	**-**	(42)	**-**	(42)
ME Bank integration costs(7)	**-**	-	**-**	-	**-**	(57)	**-**	(57)
Restructuring costs(8)	**-**	-	**-**	-	**(33)**	(35)	**(33)**	(35)
Statutory net profit / (loss) after tax	**88**	3	**231**	253	**(34)**	(132)	**285**	124
INCLUDED IN THE RESULTS:								
Depreciation and amortisation	**(81)**	(103)	**(28)**	(27)	**(9)**	(9)	**(118)**	(139)
Segment assets	**56,082**	57,200	**26,684**	26,674	**20,274**	21,478	**103,040**	105,352
Segment liabilities	**36,879**	36,441	**10,540**	9,409	**49,604**	53,372	**97,023**	99,222

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

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

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

(4) The New Zealand asset portfolio sale completed on 31 March 2024. Further detail has been provided in Note 5.4 e) Controlled entities.

(5) In the half year ended 28 February 2023, the Group recognised goodwill impairment of $200 million. Refer to Note 4.1 in the 2023 Annual Report for further detail.

(6) In the year ended 31 August 2023, the Group provided for the estimated costs of its Remedial Action Plans (**RAP**). In the year ended 31 August 2024, the Group has increased the RAP provision. The FY24 costs were taken to cash earnings and therefore do not appear as Statutory Basis Adjustments. Refer to Note 4.2 in the 2024 Annual Report for further detail.

(7) ME Bank integration costs associated with the restructure and integration of Members Equity Bank Limited (**ME Bank** or **ME**). The program closed in FY23.

(8) Costs incurred as a result of a Group operating model review to simplify the business.

Notes to the financial statements.

For the year ended 31 August 2024

2.6 Earnings per share

Basic earnings per share (**EPS**) is calculated by dividing the relevant earnings attributable to ordinary shareholders by the average weighted number of shares on issue. Diluted EPS takes into account the dilutive effect of all outstanding share rights vesting as ordinary shares.

	Consolidated	
	2024 $m	2023[(5)] $m
EARNINGS RECONCILIATION		
Profit for the year	**285**	124
Returns to holders of other equity instruments(1)	**(2)**	(9)
Amortisation of premium on other equity instruments(2)	**1**	4
Profit available for ordinary shareholders	**284**	119
BASIC EARNINGS		
Effect of capital notes	**19**	-
Effect of capital notes 2	**15**	-
Effect of capital notes 3	**22**	-
Diluted earnings	**340**	119

Weighted average number of shares used as the denominator		**2024 Number**	2023(5) Number
NUMBER FOR BASIC EARNINGS PER SHARE			
Ordinary shares		**657,135,072**	650,373,305
NUMBER FOR DILUTED EARNINGS PER SHARE			
Ordinary shares		**657,135,072**	650,373,305
Effect of award rights		**7,146,622**	5,614,258
Effect of capital notes (3) (6)		**54,870,417**	-
Effect of capital notes 2 (6)		**42,737,772**	-
Effect of capital notes 3 (6)		**66,318,482**	-
Diluted weighted average number of shares for EPS (4)		**828,208,365**	655,987,563
EARNINGS PER SHARE			
Basic earnings per share - ordinary shares	cents	**43.3**	18.3
Diluted earnings per share - ordinary shares	cents	**41.1**	18.2

(1) BOQ redeemed ME Bank AT1 Capital Notes (Series 2) in full on 5 December 2023 without issuing a replacement security. Refer to Note 3.10 b) for further information.

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

(3) BOQ redeemed Retail Capital Notes 1 in full on 15 August 2024 without issuing a replacement security.

(4) The Group had awarded 12,033,734 employee share options as at 31 August 2024. The options were anti-dilutive during the period and therefore have not impacted diluted weighted average numbers of shares (**WANOS**).

(5) Comparative diluted EPS have been restated to exclude the impact of the Capital Note, Capital Note 2 and Capital Note 3. These notes were anti-dilutive during the period as a result, their impact has been excluded from diluted EPS.

(6) BOQ had issued capital notes in previous years. Refer to Note 3.5 for further information.

Notes to the financial statements.

For the year ended 31 August 2024

Note 3. Capital and balance sheet management.

3.1 Cash and cash equivalents

Components of cash and cash equivalents

Cash and cash equivalents comprise cash at branches, cash on deposit, cash in transit and balances with the RBA. Cash flows from the following activities are presented on a net basis in the statements of cash flows:

- Sales and purchases of trading securities;
- Customer deposits and withdrawals from deposit accounts; and
- Loan drawdowns and repayments.

		Consolidated		**Bank**	
	Note	**2024 $m**	2023 $m	**2024 $m**	2023 $m
Notes, coins and cash at bank		**2,535**	2,148	**1,048**	1,173
Remittances in transit		**353**	434	**333**	383
Reverse repurchase agreements maturing in less than three months		**-**	2,656	**-**	2,656
Retention amount (1)	5.4 e)	**39**	-	**-**	-
Total		**2,927**	5,238	**1,381**	4,212

Notes to the statements of cash flows

Reconciliation of profit for the year to net cash provided by operating activities:

	Consolidated 2024 $m	Consolidated 2023 $m	**Bank 2024 $m**	Bank 2023 $m
Profit from ordinary activities after income tax	**285**	124	**319**	157
ADD / (LESS) ITEMS CLASSIFIED AS INVESTING / FINANCING ACTIVITIES OR NON-CASH ITEMS				
Depreciation	**40**	49	**39**	43
Amortisation - acquired intangibles	**9**	9	**9**	9
Software amortisation	**69**	76	**65**	74
Loss on sale of New Zealand asset portfolio	**20**	-	**-**	-
Impairment - intangible assets	**9**	42	**9**	45
Leases Impairment	**2**	19	**2**	19
Goodwill Impairment	**-**	200	**-**	200
Equity settled transactions	**21**	20	**20**	18
Salary sacrifice arrangements	**1**	-	**1**	-
Dividends received from controlled entities	**-**	-	**(106)**	(116)
Increase in provision for impairment	**18**	32	**9**	7
Decrease / (Increase) in derivatives	**33**	(37)	**(34)**	(77)
Decrease in amounts due to controlled entities	**-**	-	**(272)**	(69)
Decrease / (Increase) in other assets	**4**	(72)	**116**	(66)
Increase in accounts payable and other liabilities	**90**	473	**128**	466
(Decrease) / Increase in current tax liabilities	**(9)**	45	**(8)**	44
Decrease in deferred tax asset and liabilities	**(100)**	(111)	**(87)**	(134)
Increase in provisions	**12**	64	**13**	64
Decrease in loans and advances at amortised cost	**417**	95	**620**	523
Increase in other financial assets	**(857)**	(3,112)	**(834)**	(3,102)
(Decrease) / increase in deposits and due to other financial institutions	**(929)**	5,650	**(880)**	5,735
Net cash inflow / (outflow) from operating activities	**(865)**	3,566	**(871)**	3,840

(1) Retention amount held as part of the New Zealand asset portfolio sale completed on 31 March 2024. Further detail is provided in Note 5.4 e).

Notes to the financial statements.

For the year ended 31 August 2024

3.2 Financial assets and liabilities

Financial instruments measured at amortised cost

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the asset.

Financial assets that are held to collect the contractual cash flows and that contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest, are measured at amortised cost. In addition, most financial liabilities are measured at amortised cost. Financial assets or financial liabilities are initially recognised at fair value, inclusive of any directly attributable costs. They are subsequently measured at each reporting date at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

The Bank invests in debt securities at amortised cost that are issued by 100 per cent owned securitisation vehicles within the Consolidated Group. The programs' underlying pool of financial instruments are recorded within the Bank's loans and advances.

Also included in this category are loans and advances at amortised cost (refer to Note 3.3 Loans and advances) and receivables due from other financial institutions recognised and measured at amortised cost.

For financial liabilities at amortised cost, refer to Note 3.4 for further information on Deposits and Note 3.5 for further information on Borrowings.

Financial assets measured at fair value through other comprehensive income (FVOCI)

Financial assets held in a business model with the objective of collecting contractual cash flows or realising the asset through sale and having contractual cash flows considered to be solely payments of principal and interest are measured at FVOCI. Gains or losses arising from changes in the fair value of these financial instruments are recognised in other comprehensive income. Interest income and foreign exchange gains and losses are recognised in profit or loss in the income statement, as are cumulative gains or losses previously recognised in other comprehensive income upon derecognition of the financial instruments.

Equity instruments that are not held for trading are measured at FVOCI, where an irrevocable election has been made by management. Amounts presented in other comprehensive income are not subsequently transferred to profit or loss, but can be reclassified to retained profits. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Financial instruments and derivatives at fair value through profit or loss (FVTPL)

Financial assets that do not meet the criteria to be measured at amortised cost or FVOCI are measured at FVTPL, with all changes in fair value recognised in the income statement. Financial assets in this category are those that are held for trading and have been designated by management upon initial recognition or are mandatorily required to be measured at fair value under AASB 9 *Financial Instruments* (**AASB 9**).

Where a financial liability is designated at FVTPL, the movement in fair value is recognised in the income statement. Changes in fair value relating to the Group's own credit risk in relation to liabilities designated at fair value through the income statements on origination are recognised in other comprehensive income. Interest incurred is recognised within net interest income on a contractual rate basis, including amortisation of any premium or discount.

Modification of financial instruments

A financial instrument is modified when its original contractual cash flows are modified. A financial instrument that is modified is derecognised if the existing agreement is cancelled and a new agreement is made on substantially different terms or if the existing terms of the financial instrument are substantially modified. Where the modification results in derecognition of the original financial instrument, a new financial instrument is recorded initially at fair value and the difference is recorded in profit or loss in the income statement.

When the modification does not result in derecognition, the difference between the financial instrument's original contractual cash flows and the modified cash flows, discounted at the original effective interest rate, is recognised as a gain or loss in the income statement.

Reclassification of financial instruments

The Group reclassifies financial assets when, and only when, it changes its business model for managing those assets. Reclassified financial assets are subsequently measured based on the new measurement category.

The Group does not reclassify financial liabilities.

Derecognition of financial instruments

Financial assets are derecognised when the contractual rights to receive cash flows from the assets have expired, or where the Group has transferred its contractual rights to receive the cash flows of the financial assets or substantially all the risks and rewards of ownership, or upon substantial modification. Financial liabilities are derecognised when they are extinguished, i.e. when the obligation is discharged, cancelled or expired.

Notes to the financial statements.

For the year ended 31 August 2024

3.2 Financial assets and liabilities (continued)

Financial assets recognised and measured at fair value and debt instruments at amortised cost are listed below. For other financial assets and liabilities refer to Note 3.1 for Cash and cash equivalents, Note 3.3 for Loans and advances, Note 3.4 for Deposits, Note 3.5 for Borrowings and Note 3.8 for Derivative financial instruments and hedge accounting.

	Consolidated		Bank	
	2024 $m	2023 $m	**2024 $m**	2023 $m
DERIVATIVE FINANCIAL ASSETS				
Less than 12 months	**178**	253	**177**	241
Greater than 12 months	**383**	627	**331**	584
Total derivative financial assets	**561**	880	**508**	825
FINANCIAL ASSETS AT FVTPL				
Floating rate notes and bonds	**604**	38	**604**	38
Total financial assets at FVTPL	**604**	38	**604**	38
Less than 12 months	**604**	38	**604**	38
FINANCIAL ASSETS AT FVOCI				
Debt instruments	**16,760**	16,421	**16,760**	16,421
Equity instruments	**7**	6	**7**	6
Total financial assets at FVOCI	**16,767**	16,427	**16,767**	16,427
Less than 12 months	**7,673**	9,883	**7,673**	9,883
Greater than 12 months	**9,094**	6,544	**9,094**	6,544
DEBT INSTRUMENTS AT AMORTISED COST				
Less than 12 months	**-**	-	**51**	17
Greater than 12 months	**15**	15	**12,886**	13,027
Total debt instruments at amortised cost	**15**	15	**12,937**	13,044

Notes to the financial statements.

For the year ended 31 August 2024

3.3 Loans and advances

Loans and advances at amortised cost

Loans and advances are originated by the Group and are recognised upon cash being advanced to the borrower. Loans and advances are initially recognised at fair value, plus incremental directly attributable transaction costs. They are subsequently measured at each reporting date at amortised cost using the effective interest method. The method used to determine the appropriate period to amortise any upfront payments or receipts on origination of loan contracts is the WAL of the loan category. The WAL for the loan categories is assessed at each reporting period. A revision to the WAL is made where there are material consecutive changes to the WAL in the same direction over a minimum of three half yearly reporting periods.

Finance lease receivables

Loans and advances include finance lease receivables. Finance leases are those products where substantially all the risks and rewards of the leased asset have been transferred to the lessee. Finance lease receivables are initially recognised at amounts equal to the lower of fair value of the leased asset or the present value of the minimum lease repayments plus the present value of a guaranteed residual value expected to accrue at the end of the lease term. Subsequently, lease repayments are apportioned between interest income and the reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

	Consolidated		**Bank**	
	2024 $m	2023 $m	**2024 $m**	2023 $m
Residential property loans	**61,794**	62,738	**61,793**	62,738
Personal loans	**74**	97	**74**	97
Overdrafts	**298**	227	**298**	227
Commercial loans	**11,413**	11,126	**11,281**	10,931
Credit cards	**165**	177	**165**	177
Asset finance and leasing	**6,924**	6,901	**782**	851
Gross loans and advances	**80,668**	81,266	**74,393**	75,021
LESS:				
Unearned finance lease income	**(189)**	(131)	**(11)**	(10)
Specific provision for impairment	**(52)**	(61)	**(43)**	(46)
Collective provision for impairment	**(264)**	(271)	**(184)**	(185)
Net loans and advances	**80,163**	80,803	**74,155**	74,780
Less: Net loans and advances reclassified as held for sale (1)	**-**	(247)	**-**	-
Total loans and advances	**80,163**	80,556	**74,155**	74,780

(1) Represents loans and leases held for sale as at 31 August 2023. The sale completed on 31 March 2024 and the held for sale assets have been derecognised from the Group's Balance Sheets on completion. Refer to Note 5.4 e) for further detail.

Notes to the financial statements.

For the year ended 31 August 2024

3.3 Loans and advances (continued)

a) Loans and advances - Expected Credit Losses (ECL)

In accordance with AASB 9, the Group and Bank utilise a forward-looking ECL approach. The ECL allowance is based on the credit losses expected to arise over the next 12 months of the financial asset, unless there has been a significant increase in credit risk (**SICR**) since origination. In this case, the allowance is based on the ECL for the life of the financial asset. The 12 month ECL is the portion of lifetime ECLs resulting from default events on a financial asset that are possible within the 12 months after the reporting date.

At the end of each reporting period, the Group performs an assessment of whether a financial asset's credit risk has increased significantly since initial recognition. This is done by considering the change in the risk of default occurring over the remaining life of the financial asset.

The Group applies a three stage approach to measuring the ECL, as described below:

- Stage 1 – For financial assets where there has not been a SICR since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default (**PD**) occurring within the next 12 months is recognised as the 12 month ECL, adjusted for forward-looking information. Stage 1 includes facilities where the credit risk has improved and the loan has been reclassified from Stage 2 or Stage 3.
- Stage 2 – When there has been a SICR, the lifetime ECL is determined with reference to the financial asset's lifetime PD and the lifetime losses associated with that PD, adjusted for forward-looking information. The Group assesses whether there has been a SICR since initial recognition based on qualitative, quantitative, and reasonable and supportable forward-looking information that includes significant management judgement. Use of alternative criteria could result in significant changes to the timing and amount of ECL to be recognised. Lifetime ECL considers the expected behaviour of the asset as well as forward looking macro-economic forecasts. Stage 2 also includes facilities where the credit risk has improved and the loan has been reclassified from stage 3.
- Stage 3 – This includes financial assets that are deemed to be credit impaired, which generally correspond to the APRA definition of default, and include exposures that are at least 90 days past due. The provision is also equivalent to the lifetime ECL. Financial assets in Stage 3 will have a collective provision determined by the ECL model, although some loans are individually covered by a specific provision. A specific provision is calculated based on estimated future cash flows discounted to their present value, net of any collateral held against that financial asset.
- Purchased or originated credit-impaired (**POCI**) - POCI assets are financial assets that are purchased or originated as being credit impaired. The ECL for POCI assets is measured at an amount equal to the lifetime ECL. However, the amount recognised as a loss allowance for these assets is not the total amount of lifetime ECLs, but instead the changes in lifetime ECLs since initial recognition of the asset.

Write-offs

Financial assets are written off, either partially or in full, against the related provision when the Group concludes that there is no reasonable expectation of recovery and all possible collateral has been realised. Recoveries of financial assets previously written off are recognised in profit or loss based on the cash received.

Definition of default

A default is considered to have occurred when the borrower is unlikely to pay its credit obligations in full without recourse by the Group to the realisation of available security and/or the borrower is at least 90 days past due on their credit obligations. This definition is in line with the regulatory definition of default and also aligned to the definition used for internal credit risk management purposes across all portfolios.

Significant increase in credit risk

SICR for financial assets is assessed by comparing the risk of a default occurring over the expected life of a financial asset at the reporting date compared to the corresponding risk of default at origination. In determining what constitutes a significant increase in credit risk, the Group considers qualitative and quantitative information. For the majority of BOQ's portfolios, SICR is assessed using PD based triggers, by comparing the PD at the reporting date to the PD at origination. PD's are primarily assigned through either a Customer Risk Rating or statistical models, utilising account behaviours. For all loan portfolios, the primary indicator is in addition to the secondary SICR indicator, which is based on 30 days past due arrears information and other qualitative criteria.

Calculation of ECL

ECLs for financial assets in Stage 1 and 2 are assessed for impairment on a collective basis whilst those in Stage 3 are subjected to either collective or individual assessment. Where ECL is modelled collectively for portfolios of exposures, it is modelled primarily as the product of the PD, the loss given default (**LGD**) and the exposure at default (**EAD**).

These parameters are generally derived from internally developed statistical models combined with historical, current and forward- looking information, including macro-economic data:

- The 12-month and lifetime PD, for accounting purposes, represent the estimation of the point-in-time probability of a default over the next 12 months and remaining lifetime of the financial instrument, respectively, based on conditions existing at the balance sheet date and future economic conditions that affect credit risk;
- The EAD represents the expected exposure at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdown of a facility; and
- The LGD represents the expected loss conditional on default, taking into account the mitigating effect of collateral, its expected value when realised, and the time value of money.

Notes to the financial statements.

For the year ended 31 August 2024

3.3 Loans and advances (continued)

a) Loans and advances - Expected Credit Losses (ECL) (continued)

Incorporation of forward-looking information

The credit risk factors described above are point in time estimates based on the probability weighted forward-looking economic scenarios. The inclusion of a forward-looking component in the model anticipates changes in the economic outlook, and is an important component of the provisioning process. The Group considers four forward-looking macro-economic scenarios (base, upside, downside and severe downside) over the next three years. The scenarios are then probability weighted based on the likelihood of the scenario occurring to ensure ECL appropriately captures forward looking effects and considers the range of possible economic outcomes.

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

Economic outlook factors that are taken into consideration include unemployment, interest rates, gross domestic product, commercial and residential property price indexes, and require an evaluation of both the current and forecast direction of the macro-economic cycle.

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

- **Base case scenario:** This scenario reflects BOQ's forward looking economic assumptions where the impact of higher cash rates start moderating inflation, and as such cash rates start reducing after 2024. Base case assumptions are supported by RBA forecasts where available. Unemployment remains low for the short term, with modest increases occurring in later years as a result of overall higher cash rates having a slowing effect on the broader economy. Lower GDP growth is expected in 2024 due to the higher interest rate effects before moderately increasing in later years. Residential property prices see further growth in 2025, although lower than the increases observed in 2024.
- **Upside scenario:** This scenario represents a slight to moderate improvement on the economic conditions from the Base case.
- **Downside scenario:** This scenario represents stagflation effects, with higher interest rates, a falling GDP and rising unemployment for the first two years. Compared to the base case scenario, interest rate rises are not able to constrain inflation as early and therefore reach a higher peak. Other economic variables experience more stressed outcomes as a result.
- **Severe downside scenario:** This scenario also represents stagflationary economic outcomes and accounts for the potential impact of lower likelihood but higher severity macroeconomic conditions.

The table below provides a summary of macro-economic assumptions used in the Base and Downside scenarios as at 31 August 2024.

	Base			**Downside**		
Macro-economic assumption (1)	**2024 %**	2025 %	2026 %	**2024 %**	2025 %	2026 %
GDP Growth (YoY)	**1.70**	2.50	2.40	**0.30**	0.0	1.10
Unemployment Rate	**4.30**	4.40	4.40	**4.30**	6.40	7.40
Residential Property Price Growth/(reduction) (YoY)	**8.00**	5.50	5.00	**0.40**	(6.90)	(3.40)
Commercial Property Price Growth/(reduction) (YoY)	**0.13**	3.82	2.20	**(9.30)**	(5.60)	(4.20)
Cash Rate	**4.30**	3.60	3.30	**4.75**	5.00	4.50

(1) The forecasts in the table reflect calendar year end numbers.

In determining the reported ECL of $316 million, the Group has taken into account the facts, circumstances and forecasts of future economic conditions and supportable information available at the reporting date. Provisioning assumption updates have been made during FY24 which include a complete review of overlays and adjustments, which are held for external factors not captured in the core models, including specific industry or portfolio stresses and uncertainties related to model precision, as well as a review of scenarios and scenario weightings to cater for economic uncertainties. Key drivers of management overlays remain related to emerging risks associated with construction, commercial property, inflationary pressures and potential stress in retail trade and hospitality caused by higher interest rates impacting consumer spending.

Notes to the financial statements.

For the year ended 31 August 2024

3.3 Loans and advances (continued)

a) Loans and advances - Expected Credit Losses (ECL) (continued)

Incorporation of forward-looking information (continued)

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

		Upside		Base		Downside		Severe	
		2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
Weighting	%	**5**	5	**50**	50	**30**	30	**15**	15

Sensitivity of provisions for impairment

The ECL reflects an unbiased and probability-weighted amount across a range of macro-economic scenarios as described above.

The following table compares the reported ECL to approximate levels of ECL under each scenario assuming a 100 per cent weighting was applied to each scenario with all other assumptions held constant.

	Consolidated		Bank	
	2024 $m	2023 $m	**2024 $m**	2023 $m
Reported probability weighted ECL	**316**	332	**227**	231
100% Upside scenario	**228**	238	**147**	146
100% Base case scenario	**238**	245	**157**	152
100% Downside scenario	**339**	386	**241**	278
100% Severe Downside scenario	**562**	546	**461**	436

Sensitivity of provisions for impairment to SICR assessments

If one per cent of Stage 1 credit exposures as at 31 August 2024 was included in Stage 2, provisions for impairment would increase by approximately $9 million for the Group and $8 million for the Bank (2023: $12 million for the Group and $11 million for the Bank) based on using coverage ratios by stage to the movement in the gross exposure by stage.

Notes to the financial statements.

For the year ended 31 August 2024

3.3 Loans and advances (continued)

a) Loans and advances - Expected Credit Losses (ECL) (continued)

Governance

The Executive Credit Committee has the delegation for reviewing and approving the determination of ECL, including any judgements and assumptions. Where applicable, management adjustments or overlays may be made to account for situations where known or expected risks and information have not been considered in the modelling process. The Group's provision for impairment on loans and advances, and key areas of judgement are reported to the Board Audit Committee at each reporting period.

The following table discloses the breakdown of the Group's ECL by component for the year ended 31 August 2024.

Consolidated	Stage 1 – 12 month ECL $m	Stage 2 – Lifetime ECL $m	Stage 3 – Lifetime & Specific ECL $m	Total $m
Balance as at 1 September 2023	101	81	150	332
TRANSFERS DURING THE YEAR TO / (FROM):				
Stage 1	**37**	**(20)**	**(17)**	**-**
Stage 2 (1)	**(23)**	**31**	**(8)**	**-**
Stage 3	**(2)**	**(9)**	**11**	**-**
New provisions	**30**	**15**	**8**	**53**
Increased provisions	**13**	**64**	**63**	**140**
Write-back of provisions no longer required	**(87)**	**(49)**	**(47)**	**(183)**
Amounts written off, previously provided for	**-**	**-**	**(26)**	**(26)**
Balance as at 31 August 2024	**69**	**113**	**134**	**316**

(1) During FY24, the methodology for incorporating forward-looking adjustments into the ECL models was revised. This has resulted in an increase in the GLA and ECL reported as Stage 2, but did not have an impact on the overall expected credit loss.

The table below discloses the effect of movements in the gross carrying value of loans and advances in the different stages of the ECL model of the Group during the year ended 31 August 2024.

Consolidated	Stage 1 – 12 month ECL $m	Stage 2 – Lifetime ECL $m	Stage 3 – Lifetime & Specific ECL $m	Stage 3 - POCI loans $m	Total (2) $m
Gross carrying amount as at 1 September 2023	74,065	5,930	966	174	81,135
TRANSFERS DURING THE YEAR TO / (FROM):					
Stage 1	**1,697**	**(1,631)**	**(66)**	**-**	**-**
Stage 2 (1)	**(12,588)**	**12,718**	**(130)**	**-**	**-**
Stage 3	**(334)**	**(443)**	**777**	**-**	**-**
New loans and advances originated or purchased	**16,799**	**1,769**	**38**	**-**	**18,606**
Loans and advances derecognised or repaid during the year including write-offs	**(17,243)**	**(1,661)**	**(327)**	**(31)**	**(19,262)**
Gross carrying amount as at 31 August 2024	**62,396**	**16,682**	**1,258**	**143**	**80,479**
Provision for impairment	**(69)**	**(113)**	**(134)**	**-**	**(316)**
Net carrying amount as at 31 August 2024	**62,327**	**16,569**	**1,124**	**143**	**80,163**

(1) During FY24, the methodology for incorporating forward-looking adjustments into the ECL models was revised. This has resulted in an increase in the GLA and ECL reported as Stage 2, but did not have an impact on the overall expected credit loss.

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

The loss allowance associated with the POCI loans for the Group reduced by $1.2 million for the year ended 31 August 2024 (FY23 reduction: $5 million), from an opening balance of $3 million (FY23 opening balance: $8 million), and was taken directly to the balance of the gross carrying value of loans and advances. No new POCI loans were recognised in the year ended 31 August 2024.

Notes to the financial statements.

For the year ended 31 August 2024

3.3 Loans and advances (continued)

a) Loans and advances - Expected Credit Losses (ECL) (continued)

The following table discloses the breakdown of the Group's ECL by component for the year ended 31 August 2023.

Consolidated	Stage 1 – 12 month ECL $m	Stage 2 – Lifetime ECL $m	Stage 3 – Lifetime & Specific ECL $m	Total $m
Balance as at 1 September 2022	65	76	154	295
TRANSFERS DURING THE YEAR TO / (FROM):				
Stage 1	40	(26)	(14)	-
Stage 2	(4)	12	(8)	-
Stage 3	(1)	(6)	7	-
New provisions	42	13	10	65
Increased provisions	28	48	73	149
Write-back of provisions no longer required	(69)	(36)	(50)	(155)
Amounts written off, previously provided for	-	-	(22)	(22)
Balance as at 31 August 2023	101	81	150	332

The table below discloses the effect of movements in the gross carrying value of loans and advances in the different stages of the ECL model of the Group during the year ended 31 August 2023.

Consolidated	Stage 1 – 12 month ECL $m	Stage 2 – Lifetime ECL $m	Stage 3 – Lifetime & Specific ECL $m	Stage 3 - POCI loans $m	Total (1) $m
Gross carrying amount as at 1 September 2022	76,047	4,194	760	225	81,226
TRANSFERS DURING THE YEAR TO / (FROM):					
Stage 1	1,218	(1,146)	(72)	-	-
Stage 2	(3,736)	3,855	(119)	-	-
Stage 3	(401)	(214)	615	-	-
New loans and advances originated or purchased	17,591	536	49	-	18,176
Loans and advances derecognised or repaid during the year including write-offs	(16,654)	(1,295)	(267)	(51)	(18,267)
Gross carrying amount as at 31 August 2023	74,065	5,930	966	174	81,135
Provision for impairment	(101)	(81)	(150)	-	(332)
Net carrying amount as at 31 August 2023 (2)	73,964	5,849	816	174	80,803

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

(2) Net carrying amount at 31 August 2023 included assets held for sale. Refer to Note 5.4 e) for further detail.

The loss allowance associated with the POCI loans for the Group reduced by $5 million for the year ended 31 August 2023 (FY22 reduction: $14 million), from an opening balance of $8 million (FY22 opening balance: $22 million), and was taken directly to the balance of the gross carrying value of loans and advances. No new POCI loans were recognised in the year ended 31 August 2023.

Notes to the financial statements.

For the year ended 31 August 2024

3.3 Loans and advances (continued)

a) Loans and advances - Expected Credit Losses (ECL) (continued)

The following table discloses the breakdown of the Bank's ECL by component for the year ended 31 August 2024.

Bank	Stage 1 – 12 month ECL $m	Stage 2 – Lifetime ECL $m	Stage 3 – Lifetime & Specific ECL $m	Total $m
Balance as at 1 September 2023	46	73	112	231
TRANSFERS DURING THE YEAR TO / (FROM):				
Stage 1	**26**	**(17)**	**(9)**	**-**
Stage 2 (1)	**(18)**	**25**	**(7)**	**-**
Stage 3	**(1)**	**(8)**	**9**	**-**
New provisions	**11**	**10**	**4**	**25**
Increased provisions	**12**	**57**	**46**	**115**
Write-back of provisions no longer required	**(49)**	**(45)**	**(39)**	**(133)**
Amounts written off, previously provided for	**-**	**-**	**(11)**	**(11)**
Balance as at 31 August 2024	**27**	**95**	**105**	**227**

(1) During FY24, the methodology for incorporating forward-looking adjustments into the ECL models was revised. This has resulted in an increase in the GLA and ECL reported as Stage 2, but did not have an impact on the overall expected credit loss.

The table below discloses the effect of movements in the gross carrying value of loans and advances in the different stages of the ECL model of the Bank during the year ended 31 August 2024.

Bank	Stage 1 – 12 month ECL $m	Stage 2 – Lifetime ECL $m	Stage 3 – Lifetime & Specific ECL $m	Stage 3 - POCI loans $m	Total (2) $m
Gross carrying amount as at 1 September 2023	68,305	5,633	899	174	75,011
TRANSFERS DURING THE PERIOD TO / (FROM):					
Stage 1	**1,606**	**(1,547)**	**(59)**	**-**	**-**
Stage 2 (1)	**(12,127)**	**12,254**	**(127)**	**-**	**-**
Stage 3	**(307)**	**(430)**	**737**	**-**	**-**
New loans and advances originated or purchased	**14,325**	**1,612**	**25**	**-**	**15,962**
Loans and advances derecognised during the period including write-offs	**(14,745)**	**(1,529)**	**(286)**	**(31)**	**(16,591)**
Gross carrying amount as at 31 August 2024	**57,057**	**15,993**	**1,189**	**143**	**74,382**
Provision for impairment	**(27)**	**(95)**	**(105)**	**-**	**(227)**
Net carrying amount as at 31 August 2024	**57,030**	**15,898**	**1,084**	**143**	**74,155**

(1) During FY24, the methodology for incorporating forward-looking adjustments into the ECL models was revised. This has resulted in an increase in the GLA and ECL reported as Stage 2, but did not have an impact on the overall expected credit loss.

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

The loss allowance associated with the POCI loans for the Bank reduced by $1 million for the year ended 31 August 2024 (FY23 reduction: $5 million), from an opening balance of $3 million (FY23 opening balance: $8 million), and was taken directly to the balance of the gross carrying value of loans and advances. No new POCI loans were recognised in the year ended 31 August 2024.

Notes to the financial statements.

For the year ended 31 August 2024

3.3 Loans and advances (continued)

a) Loans and advances - Expected Credit Losses (ECL) (continued)

The following table discloses the breakdown of the Bank's ECL by component for the year ended 31 August 2023.

Bank	Stage 1 – 12 month ECL $m	Stage 2 – Lifetime ECL $m	Stage 3 – Lifetime & Specific ECL $m	Total $m
Balance as at 1 September 2022	31	65	118	214
TRANSFERS DURING THE YEAR TO / (FROM):				
Stage 1	28	(21)	(7)	-
Stage 2	(3)	9	(6)	-
Stage 3	(1)	(5)	6	-
New provisions	13	9	5	27
Increased provisions	23	48	55	126
Write-back of provisions no longer required	(45)	(32)	(46)	(123)
Amounts written off, previously provided for	-	-	(13)	(13)
Balance as at 31 August 2023	46	73	112	231

The table below discloses the effect of movements in the gross carrying value of loans and advances in the different stages of the ECL model of the Bank during the year ended 31 August 2023.

Bank	Stage 1 – 12 month ECL $m	Stage 2 – Lifetime ECL $m	Stage 3 – Lifetime & Specific ECL $m	Stage 3 - POCI loans $m	Total (1) $m
Gross carrying amount as at 1 September 2022	70,885	3,733	682	225	75,525
TRANSFERS DURING THE PERIOD TO / (FROM):					
Stage 1	1,013	(960)	(53)	-	-
Stage 2	(3,564)	3,680	(116)	-	-
Stage 3	(377)	(198)	575	-	-
New loans and advances originated or purchased	14,844	471	39	-	15,354
Loans and advances derecognised during the period including write-offs	(14,496)	(1,093)	(228)	(51)	(15,868)
Gross carrying amount as at 31 August 2023	68,305	5,633	899	174	75,011
Provision for impairment	(46)	(73)	(112)	-	(231)
Net carrying amount as at 31 August 2023	68,259	5,560	787	174	74,780

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

The loss allowance associated with the POCI loans for the Bank reduced by $5 million for the year ended 31 August 2023 (FY22 reduction: $9 million), from an opening balance of $8 million (FY22 opening balance: $17 million), and was taken directly to the balance of the gross carrying value of loans and advances. No new POCI loans were recognised in the year ended 31 August 2023.

Notes to the financial statements.

For the year ended 31 August 2024

3.3 Loans and advances (continued)

b) Lease receivables

Asset finance and leasing include the following finance lease receivables for leases where the Group is the lessor.

	Consolidated		Bank	
	2024 $m	2023 $m	**2024 $m**	2023 $m
GROSS INVESTMENT IN FINANCE LEASE RECEIVABLES:				
Less than one year	**457**	360	**11**	12
Between one and five years	**897**	703	**79**	86
More than five years	**13**	11	**10**	8
	1,367	1,074	**100**	106
Unearned finance lease income	**(189)**	(124)	**(11)**	(10)
Net investment in finance leases	**1,178**	950	**89**	96
NET INVESTMENT IN FINANCE LEASES:				
Less than one year	**383**	313	**10**	11
Between one and five years	**784**	628	**71**	78
More than five years	**11**	9	**8**	7
Net investment in finance leases	**1,178**	950	**89**	96

c) Transfer of financial assets

Securitisation program

Through its REDS Securitisation (**RMBS Trusts**), REDS EHP Securitisation (**REDS EHP Trusts**), Impala, MHP Trust and SMHL Securitisation (**SMHL Trusts**) programs, the Group packages loans and advances through a series of securitisation vehicles from which debt securities are issued to investors. The Group is entitled to any residual income from the vehicles after all payments to investors and costs of the programs have been met. The securitised loans and advances are included in Loans and advances and the securitisation liabilities are included in Borrowings on the Group's balance sheet. The note holders have recourse only to the loan pool of assets. Refer to Note 5.8 a) (ii) for further information.

Under internal securitisation arrangements, the Bank also holds debt securities issued by securitisation vehicles that are backed by the Bank's loans and advances. These are recognised as Debt Instruments at Amortised Cost in the Bank with a corresponding liability in Amounts Due to Controlled Entities representing the related obligations to the securitisation vehicles.

Covered bond programmes

The Bank issues covered bonds for funding and liquidity purposes. The bonds are issued to external investors and are secured against a pool of the Bank's housing loans. Housing loans are assigned to a bankruptcy remote structured entity to provide security for all obligations payable on the covered bonds issued by the Bank. The covered bond holders have dual recourse to the Bank and the cover pool of assets. The Bank is required to maintain the cover pool at a level sufficient to cover the obligations of the bonds. The Bank is entitled to any residual income of the covered bond structured entity after all payments due to the covered bond holders and any costs related to the program have been met. The housing loans are included in Loans and advances and the covered bonds issued are included in Borrowings on the Group's and the Bank's balance sheet. Refer to Note 5.8 a) (iii) for further information.

The Bank earns fees for provision of services and facilities to the securitisation vehicles and the covered bond program, including the management and servicing of the loans and leases securitised. The receivable for these fees is included in Other Assets on the Bank's balance sheet.

The following table sets out the transferred financial assets and associated liabilities of the securitisation and covered bond programmes that did not qualify for derecognition under AASB 9 and typically result in the transferred assets continuing to be recognised in full.

Notes to the financial statements.

For the year ended 31 August 2024

3.3 Loans and advances (continued)

c) Transfer of financial assets (continued)

	Consolidated		Bank	
	2024 $m	2023 $m	**2024 $m**	2023 $m
TRANSFERRED FINANCIAL ASSETS				
Securitisation - Loans and advances	**6,363**	6,310	**18,660**	18,442
Covered bonds - Loans and advances	**5,176**	4,653	**5,176**	4,653
	11,539	10,963	**23,836**	23,095
ASSOCIATED FINANCIAL LIABILITIES				
Securitisation liabilities - external investors	**7,623**	7,032	**-**	-
Covered bonds - external investors	**3,804**	3,699	**3,804**	3,699
Amounts due to controlled entities	**-**	-	**19,628**	18,826
	11,427	10,731	**23,432**	22,525
FOR THOSE LIABILITIES THAT HAVE RECOURSE (1)				
Fair value of transferred assets	**11,528**	10,879	**23,822**	22,987
Fair value of associated liabilities	**(11,427)**	(10,731)	**(23,432)**	(22,525)
Net position	**101**	148	**390**	462

(1) The fair values of transferred assets and liabilities that reprice within six months are assumed to equate to the amortised cost. All other fair values are calculated using a discounted cash flow model.

3.4 Deposits

Deposits are initially recognised at fair value, net of any directly attributable transaction costs. Subsequent to initial measurement, they are measured at amortised cost using the effective interest method.

	Consolidated		Bank	
	2024 $m	2023 $m	**2024 $m**	2023 $m
Deposits at call	**40,435**	38,351	**40,738**	38,581
Term deposits	**31,334**	33,036	**31,334**	33,036
Certificates of deposit	**4,449**	5,113	**4,449**	5,113
Total deposits	**76,218**	76,500	**76,521**	76,730
CONCENTRATION OF DEPOSITS				
Customer deposits	**67,361**	66,964	**67,664**	67,194
Wholesale deposits	**8,857**	9,536	**8,857**	9,536
	76,218	76,500	**76,521**	76,730

Notes to the financial statements.

For the year ended 31 August 2024

3.5 Borrowings

Borrowings are initially recognised at fair value, net of any directly attributable transaction costs. Subsequent to initial measurement, they are measured at amortised cost using the effective interest method.

The Group recorded the following movements on borrowings:

Consolidated	Securitisation liabilities (1) $m	Covered bonds liabilities (2)(6) $m	EMTN program (6) $m	ECP program (6) $m	Term funding facility (3) $m	Subordinated notes $m	Senior unsecured notes $m	Capital notes (4) $m	Total $m
YEAR ENDED 31 AUGUST 2024									
Balance at beginning of year	**7,029**	**3,694**	**35**	**362**	**1,779**	**648**	**4,775**	**1,000**	**19,322**
Proceeds from issues / new funding	**2,180**	**981**	**-**	**336**	**-**	**-**	**1,150**	**-**	**4,647**
Repayments	**(1,589)**	**(817)**	**(20)**	**(416)**	**(1,779)**	**-**	**(750)**	**(350)**	**(5,721)**
Deferred establishment costs	**(4)**	**(3)**	**-**		**-**	**-**	**-**	**-**	**(7)**
Amortisation of deferred costs (5)	**2**	**2**	**-**		**-**	**-**	**-**	**3**	**7**
Foreign exchange translation (5)	**-**	**(59)**	**-**	**(2)**	**-**	**-**	**-**	**-**	**(61)**
Balance at end of year	**7,618**	**3,798**	**15**	**280**	**-**	**648**	**5,175**	**653**	**18,187**

Consolidated	Securitisation liabilities (1) $m	Covered bonds liabilities (2)(6) $m	EMTN program (6) $m	ECP program (6) $m	Term funding facility (3) $m	Subordinated notes $m	Senior unsecured notes $m	Capital notes (4) $m	Total $m
YEAR ENDED 31 AUGUST 2023									
Balance at beginning of year	7,540	2,544	71	80	3,026	848	4,474	604	19,187
Proceeds from issues / new funding	2,463	900	14	555	-	-	1,275	400	5,607
Repayments	(2,977)	-	(52)	(288)	(1,247)	(200)	(975)	-	(5,739)
Deferred establishment costs	(4)	(2)	-		-	-	(1)	(7)	(14)
Amortisation of deferred costs (5)	7	2	-		-	-	2	3	14
Foreign exchange translation (5)	-	250	2	15	-	-	-	-	267
Balance at end of year	7,029	3,694	35	362	1,779	648	4,775	1,000	19,322

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

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

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

(4) **Capital Notes**
On 28 December 2017, the Bank issued 3,500,000 Capital Notes at a price of $100 per note. Capital Notes were perpetual and convertible notes issued by BOQ, with preferred, discretionary, non-cumulative distributions. They were not guaranteed or secured. The Bank has redeemed all 3,500,000 Capital Notes together with accrued interest on early redemption date of 15 August 2024. The early redemption was exercised following approval by APRA.
Capital Notes 2
On 30 November 2020, the Bank issued 2,600,000 Capital Notes 2 at a price of $100 per note. Capital Notes 2 are perpetual and convertible notes issued by BOQ, with preferred, discretionary, non-cumulative distributions. They are not guaranteed or secured. As at 31 August 2024, 2,600,000 Capital Notes 2 were outstanding. Capital Notes 2 must convert into ordinary shares on 15 May 2029 if certain mandatory conversion conditions are satisfied, unless they are converted or redeemed earlier. Where the mandatory conversion conditions are satisfied, a holder will receive a number of ordinary shares per Capital Note 2 based on the volume weighted average price of ordinary shares during a specified period. Capital Notes 2 must also convert to ordinary shares of the Bank with the occurrence of a loss absorption event or an acquisition event. BOQ may elect to convert, redeem or resell Capital Notes 2 on 14 May 2027 or following a regulatory or tax event. BOQ may also elect to convert all Capital Notes 2 following a potential acquisition event. These options are subject to APRA's prior written approval and certain conditions being satisfied. In a winding up of the Bank, Capital Notes 2 will rank for payment of capital ahead of ordinary shares, equally with Capital Notes 3 and other equal ranking instruments, but behind the claims of all senior ranking creditors, including depositors and unsubordinated and subordinated creditors. Capital Notes 2 are additional tier 1 capital and form part of the Group's capital adequacy.
Capital Notes 3
The Capital Notes 3 were issued on 14 November 2022 at a price of $100 per note. Capital Notes 3 are non-cumulative, perpetual, convertible, unguaranteed and unsecured notes with discretionary distributions, issued by BOQ. As at 31 August 2024, 4,000,000 Capital Notes 3 were outstanding. Capital Notes 3 must convert into ordinary shares on 16 June 2031 if certain mandatory conversion conditions are satisfied, unless they are converted or redeemed earlier. Where the mandatory conversion conditions are satisfied, a holder will receive a number of ordinary shares per Capital Note 3 based on the volume weighted average price of ordinary shares during a specified period. Capital Notes 3 must also convert to ordinary shares of the Bank with the occurrence of a loss absorption event or an acquisition event. BOQ may elect to convert, redeem or resell Capital Notes 3 on 15 December 2028, 15 March 2029 and 15 June 2029 or following a regulatory or tax event. BOQ may also elect to convert all Capital Notes 3 following a potential acquisition event. These options are subject to APRA's prior written approval and certain conditions being satisfied. In a winding up of the Bank, Capital Notes 3 will rank for payment of capital ahead of ordinary shares, equally with Capital Notes 2 and other equal ranking instruments, but behind the claims of all senior ranking creditors, including depositors and unsubordinated and subordinated creditors. Capital Notes 3 are additional tier 1 capital and form part of the Group's capital adequacy.

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

(6) At the end of the year the BOQ Group held borrowings in the following currencies, Covered Bonds EUR €1.2bn (2023: EUR €1.1bn), EMTN Program EUR €9m (2023: EUR €9m), ECP Program USD $40m and EUR €10m (2023: USD $130m and EUR €16m). All other balances are denominated in Australian dollars.

Notes to the financial statements.

For the year ended 31 August 2024

3.5 Borrowings (continued)

The Bank recorded the following movements on borrowings:

Bank	Covered bonds liabilities (1)(5) $m	EMTN program (5) $m	ECP program (5) $m	Term funding facility (2) $m	Subordinated notes $m	Senior unsecured notes $m	Capital notes (3) $m	Total $m
YEAR ENDED 31 AUGUST 2024								
Balance at beginning of year	**3,699**	**35**	**362**	**1,779**	**648**	**4,774**	**1,000**	**12,297**
Deferred establishment costs transferred	**(5)**	**-**	**-**	**-**	**-**	**-**	**-**	**(5)**
Proceeds from issues / new funding	**981**	**-**	**336**	**-**	**-**	**1,150**	**-**	**2,467**
Repayments	**(817)**	**(20)**	**(416)**	**(1,779)**	**-**	**(750)**	**(350)**	**(4,132)**
Deferred establishment costs	**(3)**	**-**	**-**	**-**	**-**	**-**	**-**	**(3)**
Amortisation of deferred costs (4)	**2**	**-**	**-**	**-**	**-**	**1**	**3**	**6**
Foreign exchange translation (4)	**(59)**	**-**	**(2)**	**-**	**-**	**-**	**-**	**(61)**
Balance at end of year	**3,798**	**15**	**280**	**-**	**648**	**5,175**	**653**	**10,569**

Bank	Covered bonds liabilities (1)(5) $m	EMTN program (5) $m	ECP program (5) $m	Term funding facility (2) $m	Subordinated notes $m	Senior unsecured notes $m	Capital notes (3) $m	Total $m
YEAR ENDED 31 AUGUST 2023								
Balance at beginning of year	2,549	71	80	3,026	848	4,469	604	11,647
Proceeds from issues / new funding	900	14	555	-	-	1,275	400	3,144
Repayments	-	(52)	(288)	(1,247)	(200)	(975)	-	(2,762)
Deferred establishment costs	-	-	-	-	-	-	(7)	(7)
Amortisation of deferred costs (4)	-	-	-	-	-	5	3	8
Foreign exchange translation (4)	250	2	15	-	-	-	-	267
Balance at end of year	3,699	35	362	1,779	648	4,774	1,000	12,297

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

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

(3) **Capital Notes**

On 28 December 2017, the Bank issued 3,500,000 Capital Notes at a price of $100 per note. Capital Notes were perpetual and convertible notes issued by BOQ, with preferred, discretionary, non-cumulative distributions. They were not guaranteed or secured. The Bank has redeemed all 3,500,000 Capital Notes together with accrued interest on early redemption date of 15 August 2024. The early redemption was exercised following approval by APRA.

Capital Notes 2

On 30 November 2020, the Bank issued 2,600,000 Capital Notes 2 at a price of $100 per note. Capital Notes 2 are perpetual and convertible notes issued by BOQ, with preferred, discretionary, non-cumulative distributions. They are not guaranteed or secured. As at 31 August 2024, 2,600,000 Capital Notes 2 were outstanding. Capital Notes 2 must convert into ordinary shares on 15 May 2029 if certain mandatory conversion conditions are satisfied, unless they are converted or redeemed earlier. Where the mandatory conversion conditions are satisfied, a holder will receive a number of ordinary shares per Capital Note 2 based on the volume weighted average price of ordinary shares during a specified period. Capital Notes 2 must also convert to ordinary shares of the Bank with the occurrence of a loss absorption event or an acquisition event. BOQ may elect to convert, redeem or resell Capital Notes 2 on 14 May 2027 or following a regulatory or tax event. BOQ may also elect to convert all Capital Notes 2 following a potential acquisition event. These options are subject to APRA's prior written approval and certain conditions being satisfied. In a winding up of the Bank, Capital Notes 2 will rank for payment of capital ahead of ordinary shares, equally with Capital Notes 3 and other equal ranking instruments, but behind the claims of all senior ranking creditors, including depositors and unsubordinated and subordinated creditors. Capital Notes 2 are additional tier 1 capital and form part of the Group's capital adequacy.

Capital Notes 3

The Capital Notes 3 were issued on 14 November 2022 at a price of $100 per note. Capital Notes 3 are non-cumulative, perpetual, convertible, unguaranteed and unsecured notes with discretionary distributions, issued by BOQ. As at 31 August 2024, 4,000,000 Capital Notes 3 were outstanding. Capital Notes 3 must convert into ordinary shares on 16 June 2031 if certain mandatory conversion conditions are satisfied, unless they are converted or redeemed earlier. Where the mandatory conversion conditions are satisfied, a holder will receive a number of ordinary shares per Capital Note 3 based on the volume weighted average price of ordinary shares during a specified period. Capital Notes 3 must also convert to ordinary shares of the Bank with the occurrence of a loss absorption event or an acquisition event. BOQ may elect to convert, redeem or resell Capital Notes 3 on 15 December 2028, 15 March 2029 and 15 June 2029 or following a regulatory or tax event. BOQ may also elect to convert all Capital Notes 3 following a potential acquisition event. These options are subject to APRA's prior written approval and certain conditions being satisfied. In a winding up of the Bank, Capital Notes 3 will rank for payment.

of capital ahead of ordinary shares, equally with Capital Notes 2 and other equal ranking instruments, but behind the claims of all senior ranking creditors, including depositors and unsubordinated and subordinated creditors. Capital Notes 3 are additional tier 1 capital and form part of the Group's capital adequacy.

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

(5) At the end of the year the Bank held borrowings in the following currencies, Covered Bonds EUR €1.2bn (2023: EUR €1.1bn), EMTN Program EUR €9m (2023: EUR €9m), ECP Program USD $40m and EUR €10m (2023: USD $130m and EUR €16m). All other balances are denominated in Australian dollars.

Notes to the financial statements.

For the year ended 31 August 2024

3.6 Financial risk management

The use of financial instruments is fundamental to the Group's business of providing banking services to our customers. The associated financial risks (primarily credit, market and liquidity risks) are a significant portion of the Group's key material risks.

The Group and the Bank adopts a "managed risk" approach to its banking activities in which the articulation of a risk aware culture is prevalent throughout the Group's credit, market and liquidity risk policies and procedures. The Board has adopted policies in relation to the assessment, management and monitoring of these risks and ownership of the frameworks within which these risks are managed reside with the Chief Risk Officer.

The Chief Risk Officer contributes towards the achievement of the Group's corporate objectives through the operationalisation and progressive development of the Group's risk management function. The continued improvement of the Group's risk management function focusses on a number of key areas, with particular emphasis on:

1. the efficiency and effectiveness of the Group's credit, market and liquidity risk management process, controls and policies to support the Bank's customer proposition in line with its risk appetite;
2. providing management and the Board with risk reporting that contributes to the further development of sound corporate governance standards;
3. implementing frameworks to support maintaining regulatory compliance; and
4. contributing to the Group achieving risk based performance management.

Group Risk is an independent function and is responsible for providing the framework, policies and procedures needed for managing credit, market and liquidity risk throughout the Group. Policies are set in line with the governing strategy and risk guidelines set by the Board.

Monitoring

The Group's enterprise risk management framework incorporates active management and monitoring of a range of risks including (but not limited to):

1. Market;
2. Credit; and
3. Liquidity.

a) Market risk

Market risk is the risk that movements in market rates and prices will result in profits or losses to the Group. The objective of market risk management is to manage and control market risk to balance risk vs return and stabilise the Groups' long term earnings.

(i) Interest rate risk in the banking book (IRRBB)

IRRBB is the risk of loss in net interest income (**NII**) or in the economic value (**EV**) in the banking book due to movements in interest rates. IRRBB arises predominantly from the Group's general balance sheet funding and lending activities.

The operations of the Group are subject to the risk of interest rate fluctuations as a result of mismatches in the timing of the interest rate repricing on the Group's assets and liabilities.

The Group takes a prudent approach to the management of IRRBB, balancing NII and EV within Board risk appetite and aiming to reduce volatility in current and future earnings. Risks are monitored and measured against limits delegated by the Asset-Liability Committee (**ALCO**) and approved by the Board's Risk Committee.

The figures in the table below indicate the potential increase/(decrease) in net interest income for an ensuing 12 month period of a one per cent parallel shock increase to the yield curve.

Consolidated	**2024 $m**	2023 $m
Exposure at the end of the year	**(1)**	(6)
Average monthly exposure during the year	**(2)**	(3)
High month exposure during the year	**4**	2
Low month exposure during the year	**(5)**	(10)

The IRRBB Value-at-Risk (**VaR**) model uses the historical simulation approach method to measure the risk of losses in EV from changes in base interest rates to a 99 per cent confidence level and 12 month holding period. In addition to VaR, the Group measures IRRBB risk through a framework of daily metrics and models, including scenarios that would potentially have an extreme impact on earnings.

The following table outlines the non-traded VaR for the Bank for the year:

IRRBB VaR	**2024 $m**	2023 $m
Average	**20**	18
Maximum	**53**	35
Minimum	**8**	9

Notes to the financial statements.

For the year ended 31 August 2024

3.6 Financial risk management (continued)

a) Market risk (continued)

(ii) Foreign exchange risk

It is the Group's policy not to carry material foreign exchange (**FX**) exposures, net of associated hedging instruments, in the banking book. At balance date, there are no net material foreign exchange rate exposures in the banking book.

The Group uses cross currency swaps and FX forward exchange contracts to hedge its FX exposures arising from borrowing off-shore in foreign currencies.

The Group uses FX forward exchange contracts to hedge FX exposures created by customer-originated foreign currency transactions.

The Group's foreign exchange risk in the trading book is measured in section (iii) traded and non-traded market risk.

(iii) Traded market risk

Market risks attributable to trading activities are primarily measured using a historical simulation VaR model based on historical data. The Traded market risk VaR is a statistical technique used to quantify the potential loss in the value of positions in the trading book from adverse market movements and is calculated to a 99 per cent confidence level over a one day holding period.

As an additional overlay to VaR, the individual market risks of interest rate, foreign exchange, and credit are managed on a daily basis using a framework that includes stress testing, scenario analysis, sensitivity analysis and stop losses. Risks are monitored and measured against limits delegated by the Asset- Liability Committee (**ALCO**) and approved by the Board's Risk Committee.

The portfolio (interest rate, foreign exchange, and credit) VaR for the Bank's trading portfolio for the year was as follows:

Trading VaR	**2024 $m**	2023 $m
Average	**0.09**	0.14
Maximum	**0.46**	0.58
Minimum	**0.01**	0.02

b) Credit risk

Credit risk arises in the business from lending activities, the provision of guarantees including letters of credit and commitments to lend, investment in bonds and notes, financial market transactions and other associated activities. Credit risk is the potential loss arising from the possibility that customers or counterparties fail to meet contractual payment obligations to the Group as they fall due.

The Board has implemented a structured framework of policies, systems and controls to monitor and manage credit risk comprising:

- documented credit risk management principles which are disseminated to all staff involved with the lending process;
- documented Credit policies, lending standards and procedures;
- a process for approving risk, based on tiered delegated approval authorities, whereby the largest exposures are assessed by the Executive Credit Committee consisting of Senior Executives and senior risk managers, chaired by the Chief Risk Officer;
- risk grading the Bank's commercial exposures based on items inclusive of financial performance and stability, organisational structure, industry segment and security support. Exposures within this segment of the portfolio are generally subject to annual review which may include reassessment of the assigned risk grade;
- an automated scorecard and decision strategy model for the Bank's home loan portfolio;
- a credit assurance framework that includes hindsight of credit decisions and portfolio reviews to assess credit quality; and
- a series of management reports detailing industry concentrations, counterparty concentrations risk grades and security strength ratings.

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operating, financing and investing activities. In accordance with its treasury and financial markets risk policies, the Group can hold derivative financial instruments for trading purposes. Credit risk on derivative contracts used for these purposes is minimised as counterparties are either qualifying central counterparties or recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency.

Notes to the financial statements.

For the year ended 31 August 2024

3.6 Financial risk management (continued)

b) Credit risk (continued)

(i) Maximum exposure to credit risk

The amounts disclosed are the maximum exposure to credit risk, before taking account of any collateral held or other credit enhancements. For financial assets recognised on the balance sheet, the exposure to credit risk equals their carrying amount. For customer commitments, the maximum exposure to credit risk is the full amount of the committed facilities as at reporting date.

The carrying amount of financial assets represents the maximum credit exposure.
The maximum exposure to credit risk at the reporting date was:

	2024 $m				2023 $m
Consolidated	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	Total
Cash and cash equivalents	**2,927**	**-**	**-**	**2,927**	5,238
Due from other financial institutions	**220**	**-**	**-**	**220**	293
Other financial assets (including accrued interest) (1)	**17,576**	**-**	**-**	**17,576**	16,650
Derivative financial instruments (2)	**561**	**-**	**-**	**561**	880
Financial assets other than loans and advances	**21,284**	**-**	**-**	**21,284**	23,061
Gross loans and advances	**62,396**	**16,682**	**1,401**	**80,479**	81,135
Total financial assets	**83,680**	**16,682**	**1,401**	**101,763**	104,196
Customer commitments (3)	**10,602**	**-**	**-**	**10,602**	10,637
Total potential exposure to credit risk	**94,282**	**16,682**	**1,401**	**112,365**	114,833

	2024 $m				2023 $m
Bank	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	Total
Cash and cash equivalents	**1,381**	**-**	**-**	**1,381**	4,212
Due from other financial institutions	**132**	**-**	**-**	**132**	217
Other financial assets (including accrued interest)	**30,496**	**-**	**-**	**30,496**	29,678
Derivative financial instruments (2)	**508**	**-**	**-**	**508**	825
Financial assets other than loans and advances	**32,517**	**-**	**-**	**32,517**	34,932
Gross loans and advances	**57,057**	**15,993**	**1,332**	**74,382**	75,011
Total financial assets	**89,574**	**15,993**	**1,332**	**106,899**	109,943
Customer commitments (3)	**9,624**	**-**	**-**	**9,624**	9,649
Total potential exposure to credit risk	**99,198**	**15,993**	**1,332**	**116,523**	119,592

(1) Comparative balance has been restated by $15 million to include Debt instruments at amortised cost.

(2) While not subject to classification by stage given the derivative financial instruments are measured at fair value, derivatives have been included in this analysis to assist with a more complete understanding of exposure to credit risk.

(3) Refer to Note 5.2 for details of customer commitments.

Notes to the financial statements.

For the year ended 31 August 2024

3.6 Financial risk management (continued)

b) Credit risk (continued)

(ii) Credit quality

The credit quality categories of financial assets have been determined based on Standard & Poor's credit ratings, APRA risk weightings and the Bank's standard risk grading. The categories are classified as below:

- High grade – generally corresponds to Standard & Poor's credit ratings AAA+ to BBB-;
- Satisfactory – generally corresponds to Standard & Poor's credit rating BB+ to B;
- Weak – generally corresponds to Standard & Poor's credit ratings up to B; and
- Unrated – Loans and advances which have been classified as unrated are not secured, however these are not deemed to be weak.

The table below presents an analysis of the credit quality of financial assets:

	Consolidated							
	2024 $m				2023 $m			
	Gross loans and advances				Gross loans and advances			
	Retail	**Commercial**	**Gross loans and advances**	**Other financial assets**	Retail	Commercial	Gross loans and advances	Other financial assets
High Grade	**59,448**	**5,366**	**64,814**	**21,262**	58,947	4,471	63,418	23,040
Stage 1	**45,835**	**4,884**	**50,719**	**21,262**	54,500	4,378	58,878	23,040
Stage 2	**13,613**	**482**	**14,095**	**-**	4,447	93	4,540	-
Stage 3	**-**	**-**	**-**	**-**	-	-	-	-
Satisfactory	**1,083**	**11,860**	**12,943**	**-**	1,481	12,181	13,662	-
Stage 1	**989**	**9,726**	**10,715**	**-**	1,337	11,398	12,735	-
Stage 2	**94**	**2,134**	**2,228**	**-**	144	783	927	-
Stage 3	**-**	**-**	**-**	**-**	-	-	-	-
Weak	**1,312**	**1,098**	**2,410**	**7**	1,196	1,227	2,423	6
Stage 1	**234**	**416**	**650**	**7**	352	502	854	6
Stage 2	**103**	**256**	**359**	**-**	46	383	429	-
Stage 3	**975**	**426**	**1,401**	**-**	798	342	1,140	-
Unrated	**58**	**254**	**312**	**15**	1,436	197	1,633	15
Stage 1 (1)	**58**	**254**	**312**	**15**	1,401	197	1,598	15
Stage 2	**-**	**-**	**-**	**-**	35	-	35	-
Stage 3	**-**	**-**	**-**	**-**	-	-	-	-
	61,901	**18,578**	**80,479**	**21,284**	63,060	18,076	81,136	23,061

(1) Comparative balance has been restated by $15 million to include Debt instruments at amortised cost.

Notes to the financial statements.

For the year ended 31 August 2024

3.6 Financial risk management (continued)

b) Credit risk (continued)

(ii) Credit quality (continued)

	Bank							
	2024 $m				2023 $m			
	Gross loans and advances				Gross loans and advances			
	Retail	Commercial	Gross loans and advances	Other financial assets	Retail	Commercial	Gross loans and advances	Other financial assets
High Grade	59,448	3,369	62,817	31,169	58,947	2,966	61,913	33,476
Stage 1	45,835	3,077	48,912	31,169	54,500	2,954	57,454	33,476
Stage 2	13,613	292	13,905	-	4,447	12	4,459	-
Stage 3	-	-	-	-	-	-	-	-
Satisfactory	1,242	8,129	9,371	-	1,487	8,004	9,491	-
Stage 1	1,148	6,418	7,566	-	1,343	7,405	8,748	-
Stage 2	94	1,711	1,805	-	144	599	743	-
Stage 3	-	-	-	-	-	-	-	-
Weak	1,313	823	2,136	7	1,196	975	2,171	6
Stage 1	234	287	521	7	352	350	702	6
Stage 2	103	180	283	-	46	350	396	-
Stage 3	976	356	1,332	-	798	275	1,073	-
Unrated	58	-	58	1,341	1,436	-	1,436	1,450
Stage 1	58	-	58	1,341	1,401	-	1,401	1,450
Stage 2	-	-	-	-	35	-	35	-
Stage 3	-	-	-	-	-	-	-	-
	62,061	12,321	74,382	32,517	63,066	11,945	75,011	34,932

Notes to the financial statements.

For the year ended 31 August 2024

3.6 Financial risk management (continued)

b) Credit risk (continued)

(iii) Concentration of exposure for gross loans and advances

Concentration of credit risk exists when a number of counterparties are engaged in similar activities, are in the same geographical areas or industry sectors and/or have similar economic characteristics, so that their ability to meet contractual obligations is similarly affected by changes in economic, political or other conditions. The Group monitors concentrations of credit risk by geographical location for loans and advances. An analysis of these concentrations of credit risk at the reporting date, determined by the state in which the loans and advances were originated, is shown below:

	Consolidated		**Bank**	
Geographical concentration of credit risk for loans and advances (before provisions and unearned income)	**2024 $m**	2023 $m	**2024 $m**	2023 $m
Queensland	**25,086**	25,579	**23,290**	23,684
New South Wales	**24,908**	25,551	**23,317**	24,043
Victoria	**16,941**	16,449	**15,420**	15,087
Northern Territory	**406**	429	**340**	371
Australian Capital Territory	**2,036**	2,058	**1,967**	2,008
Western Australia	**7,131**	6,830	**6,407**	6,265
South Australia	**2,914**	2,768	**2,499**	2,391
Tasmania	**1,246**	1,278	**1,153**	1,172
International (New Zealand) (1)	**-**	324	**-**	-
	80,668	81,266	**74,393**	75,021

(1) The New Zealand asset portfolio sale completed on 31 March 2024. Further detail has been provided in Note 5.4 e) Controlled entities.

Notes to the financial statements.

For the year ended 31 August 2024

3.6 Financial risk management (continued)

c) Liquidity and funding risk

Liquidity risk arises from the possibility that the Group is unable to meet its financial obligations as they fall due or incurs a loss on converting a position or selling an asset for cash to meet such obligations. These obligations include the repayment of deposits on demand or at their contractual maturity, the repayment of wholesale borrowings and capital notes as they mature and the payment of interest on borrowings.

These risks are governed by the Group's prescribed risk appetite, which is set by the Board, and managed by Group Treasury. Market Risk reviews the effectiveness of risk management and oversight is provided by the Group ALCO.

The Board is ultimately responsible for the prudent management of liquidity risk across the Group and to ensure compliance with risk appetite.

Key controls and risk mitigation strategies include:

- Daily monitoring of liquidity risk exposures, including LCR and NSFR.
- Maintaining adequate liquidity buffers and short-term funding capacity to withstand periods of disruption in long-term wholesale funding markets.
- Operating a prudent funding strategy which ensures appropriate diversification and limits maturity concentrations and imposing internal limits that are in addition to regulatory requirements.
- Maintaining a contingent funding plan designed to address liquidity shortfalls in a crisis situation.
- Managing a robust limit framework including stress testing and scenario analysis.

The liquid asset portfolio held as part of these principles aims to be well diversified by tenor, counterparty and product type. The composition of the portfolio mainly includes cash, commonwealth government and semi government securities. In addition, the Group holds internal RMBS as a source of contingent liquidity.

Funding mix

The Group's funding is comprised of a mix of deposits, including retail transaction accounts, savings accounts and term deposits, together with term wholesale funding, short-term wholesale funding and equity. The Group manages this within risk appetite settings to ensure suitable funding of its asset base and to enable it to respond to changing market conditions and regulatory requirements.

The Group is focused on developing a stable customer deposit base and maintaining access to diversified wholesale funding markets via its term funding programmes. In addition, during the 2024 financial year, the Group continued to access domestic and to a lesser extent international short-term wholesale markets.

On 19 March 2020, the RBA announced the establishment of the TFF for the Australian banking system to support ADIs in providing credit into the Australian economy. The TFF provided access to three-year secured funding, supported lending to the Group's customers, and reduced wholesale funding refinancing risks (Refer to Note 3.5). The Bank had $1.8 billion of TFF mature during the year ended 31 August 2024 and the TFF was repaid in full by 31 August 2024. The Group refinanced the maturities using a range of funding tools, including both customer deposits and wholesale funding, focusing particularly on stable funding sources.

Notes to the financial statements.

For the year ended 31 August 2024

3.6 Financial risk management (continued)

c) Liquidity and funding risk (continued)

Consolidated 2024	Carrying amount $m	Total contractual cashflows At call $m	3 months or less $m	3 to 12 months $m	1 to 5 years $m	Over 5 years $m	Total $m
FINANCIAL LIABILITIES							
Due to other financial institutions	1,064	664	401	-	-	-	1,065
Deposits	76,218	39,693	19,656	16,848	1,098	-	77,295
Derivative financial instruments (1)	27	-	(8)	26	9	-	27
Accounts payable and other liabilities	1,179	-	1,019	24	97	39	1,179
Securitisation liabilities (2)	7,618	-	356	671	5,516	2,536	9,079
Borrowings	10,569	-	1,034	1,756	9,006	-	11,796
Total financial liabilities	**96,675**	**40,357**	**22,458**	**19,325**	**15,726**	**2,575**	**100,441**
DERIVATIVE FINANCIAL INSTRUMENTS (HEDGING RELATIONSHIP)							
Contractual amounts payable		-	1,024	1,134	3,589	89	5,836
Contractual amounts receivable		-	(975)	(1,342)	(3,664)	(101)	(6,082)
	(347)	-	49	(208)	(75)	(12)	(246)
OFF BALANCE SHEET POSITIONS							
Guarantees, indemnities and letters of credit	-	446	-	-	-	-	446
Customer funding commitments	-	10,156	-	-	-	-	10,156
	-	10,602	-	-	-	-	10,602

(1) Derivative financial instruments other than those designated in hedge relationships.

(2) Repayment of securitisation bonds is forecast based on the expected repayment profile of the underlying assets of the Trusts.

Consolidated 2023	Carrying amount $m	Total contractual cashflows At call $m	3 months or less $m	3 to 12 months $m	1 to 5 years $m	Over 5 years $m	Total $m
FINANCIAL LIABILITIES							
Due to other financial institutions	1,707	1,305	152	259	-	-	1,716
Deposits	76,500	38,351	20,552	17,607	1,003	-	77,513
Derivative financial instruments (1)	31	-	4	13	13	1	31
Accounts payable and other liabilities	1,145	-	934	30	119	62	1,145
Securitisation liabilities (2)	7,029	-	398	915	6,683	-	7,996
Borrowings (3)	12,293	-	788	3,750	8,598	410	13,546
Total financial liabilities	98,705	39,656	22,828	22,574	16,416	473	101,947
DERIVATIVE FINANCIAL INSTRUMENTS (HEDGING RELATIONSHIP)							
Contractual amounts payable		-	940	2,323	2,956	154	6,373
Contractual amounts receivable		-	(997)	(2,517)	(3,142)	(195)	(6,851)
	(511)	-	(57)	(194)	(186)	(41)	(478)
OFF BALANCE SHEET POSITIONS							
Guarantees, indemnities and letters of credit	-	271	-	-	-	-	271
Customer funding commitments	-	10,366	-	-	-	-	10,366
	-	10,637	-	-	-	-	10,637

(1) Derivative financial instruments other than those designated in hedge relationships.

(2) Repayment of securitisation bonds is forecast based on the expected repayment profile of the underlying assets of the Trusts.

(3) Borrowings include the $1.8 billion TFF.

Notes to the financial statements.

For the year ended 31 August 2024

3.6 Financial risk management (continued)

c) Liquidity and funding risk (continued)

		Total contractual cash flows					
Bank 2024	**Carrying amount $m**	**At call $m**	**3 months or less $m**	**3 to 12 months $m**	**1 to 5 years $m**	**Over 5 years $m**	**Total $m**
FINANCIAL LIABILITIES							
Due to other financial institutions	**1,064**	**664**	**401**	**-**	**-**	**-**	**1,065**
Deposits	**76,521**	**39,996**	**19,656**	**16,848**	**1,098**	**-**	**77,598**
Derivative financial instruments (1)	**27**	**-**	**(8)**	**26**	**9**	**-**	**27**
Accounts payable and other liabilities	**1,109**	**-**	**949**	**24**	**97**	**39**	**1,109**
Borrowings	**10,569**	**-**	**1,034**	**1,756**	**9,006**	**-**	**11,796**
Amounts due to controlled entities	**20,026**	**20,026**	**-**	**-**	**-**	**-**	**20,026**
Total financial liabilities	**109,316**	**60,686**	**22,032**	**18,654**	**10,210**	**39**	**111,621**
DERIVATIVE FINANCIAL INSTRUMENTS (HEDGING RELATIONSHIP)							
Contractual amounts payable		**-**	**1,006**	**1,081**	**1,483**	**89**	**3,659**
Contractual amounts receivable		**-**	**(975)**	**(1,301)**	**(1,565)**	**(101)**	**(3,942)**
	(281)	**-**	**31**	**(220)**	**(82)**	**(12)**	**(283)**
OFF BALANCE SHEET POSITIONS							
Guarantees, indemnities and letters of credit	**-**	**446**	**-**	**-**	**-**	**-**	**446**
Customer funding commitments	**-**	**9,178**	**-**	**-**	**-**	**-**	**9,178**
	-	**9,624**	**-**	**-**	**-**	**-**	**9,624**

(1) Derivative financial instruments other than those designated in hedge relationships.

		Total contractual cash flows					
Bank 2023	Carrying amount $m	At call $m	3 months or less $m	3 to 12 months $m	1 to 5 years $m	Over 5 years $m	Total $m
FINANCIAL LIABILITIES							
Due to other financial institutions	1,707	1,305	152	259	-	-	1,716
Deposits	76,730	38,581	20,552	17,607	1,003	-	77,743
Derivative financial instruments (1)	31	-	4	13	13	1	31
Accounts payable and other liabilities	1,042	-	831	30	119	62	1,042
Borrowings (2)	12,297	-	788	3,750	8,598	410	13,546
Amounts due to controlled entities	19,444	19,444	-	-	-	-	19,444
Total financial liabilities	111,251	59,330	22,327	21,659	9,733	473	113,522
DERIVATIVE FINANCIAL INSTRUMENTS (HEDGING RELATIONSHIP)							
Contractual amounts payable		-	842	1,366	1,991	154	4,353
Contractual amounts receivable		-	(903)	(1,556)	(2,109)	(195)	(4,763)
	(409)	-	(61)	(190)	(118)	(41)	(410)
OFF BALANCE SHEET POSITIONS							
Guarantees, indemnities and letters of credit	-	271	-	-	-	-	271
Customer funding commitments	-	9,378	-	-	-	-	9,378
	-	9,649	-	-	-	-	9,649

(1) Derivative financial instruments other than those designated in hedge relationships.

(2) Borrowings include the $1.8 billion TFF.

Notes to the financial statements.

For the year ended 31 August 2024

3.7 Fair value of financial instruments

a) Fair value of financial instruments

The financial assets and liabilities listed below are recognised and measured at fair value and therefore their carrying value equates to their fair value:

- Derivatives;
- Financial instruments designated at FVTPL; and
- Financial instruments designated at FVOCI.

The fair value estimates for instruments carried at amortised cost are based on the methodologies and assumptions below.

Cash and cash equivalents, due from and to other financial institutions, accounts payable and other liabilities

The fair value approximates to their carrying value as they are short term in nature or are receivable or payable on demand.

Loans and advances

Loans and advances are net of specific and collective provisions for impairment and unearned income. The fair values of loans and advances that reprice within six months of year ended 31 August 2024 are assumed to equate to the carrying value. The fair values of all other loans and advances are calculated using discounted cash flow models based on the contractual maturity of the loans and advances.

The discount rates applied are based on the current interest rates at the reporting date for similar types of loans and advances, if the loans and advances were performing at the reporting date. The differences between estimated fair values and carrying values reflect changes in interest rates and creditworthiness of borrowers since loan or advance origination.

Deposits

The fair value of non-interest bearing, at call and variable rate deposits and fixed rate deposits repricing within six months is the carrying value. The fair value of other term deposits is calculated using discounted cash flow models based on the deposit type and its related maturity.

Borrowings and debt instruments at amortised cost

The fair values are calculated based on a discounted cash flow model using a yield curve appropriate to the remaining maturity of the instruments.

b) Comparison of fair value to carrying amounts

The table below discloses the fair value of financial instruments where their carrying values are not a reasonable approximation of their fair value:

	Carrying value		Fair value	
Consolidated	**2024 $m**	2023 $m	**2024 $m**	2023 $m
ASSETS CARRIED AT AMORTISED COST				
Loans and advances	**80,163**	80,556	**80,086**	80,068
	80,163	80,556	**80,086**	80,068
LIABILITIES CARRIED AT AMORTISED COST				
Deposits	**(76,218)**	(76,500)	**(76,231)**	(76,563)
Borrowings including subordinated notes	**(18,187)**	(19,322)	**(18,249)**	(19,336)
	(94,405)	(95,822)	**(94,480)**	(95,899)
Bank				
ASSETS CARRIED AT AMORTISED COST				
Loans and advances	**74,155**	74,780	**74,098**	74,442
Debt instruments at amortised cost	**12,937**	13,044	**12,942**	13,049
	87,092	87,824	**87,040**	87,491
LIABILITIES CARRIED AT AMORTISED COST				
Deposits	**(76,521)**	(76,730)	**(76,534)**	(76,793)
Borrowings including subordinated notes	**(10,569)**	(12,297)	**(10,632)**	(12,328)
	(87,090)	(89,027)	**(87,166)**	(89,121)

Notes to the financial statements.

For the year ended 31 August 2024

3.7 Fair value of financial instruments (continued)

c) Fair value hierarchy

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

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

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

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

There was no movement between levels during the year.

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

	2024			
Consolidated	**Level 1 $m**	**Level 2 $m**	**Level 3 $m**	**Total $m**
FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE				
Derivative financial assets	**-**	**561**	**-**	**561**
Financial assets at FVTPL	**-**	**604**	**-**	**604**
Debt instruments at FVOCI	**7,491**	**9,269**	**-**	**16,760**
Equity Instruments at FVOCI	**-**	**-**	**7**	**7**
Total assets measured at fair value	**7,491**	**10,434**	**7**	**17,932**
Derivative financial liabilities	**-**	**(218)**	**-**	**(218)**
Net financial instruments at fair value	**7,491**	**10,216**	**7**	**17,714**

	2023			
Consolidated	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE				
Derivative financial assets	-	880	-	880
Financial assets at FVTPL	-	38	-	38
Debt instruments at FVOCI	5,478	10,943	-	16,421
Equity instruments at FVOCI	-	-	6	6
Total assets measured at fair value	5,478	11,861	6	17,345
Derivative financial liabilities	-	(365)	-	(365)
Net financial instruments at fair value	5,478	11,496	6	16,980

Notes to the financial statements.

For the year ended 31 August 2024

3.7 Fair value of financial instruments (continued)

c) Fair value hierarchy (continued)

	2024			
Bank	**Level 1 $m**	**Level 2 $m**	**Level 3 $m**	**Total $m**
FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE				
Derivative financial assets	**-**	**508**	**-**	**508**
Financial assets at FVTPL	**-**	**604**	**-**	**604**
Debt instruments at FVOCI	**7,491**	**9,269**	**-**	**16,760**
Equity Instruments at FVOCI	**-**	**-**	**7**	**7**
Total assets measured at fair value	**7,491**	**10,381**	**7**	**17,879**
Derivative financial liabilities	**-**	**(231)**	**-**	**(231)**
Net financial instruments at fair value	**7,491**	**10,150**	**7**	**17,648**

	2023			
Bank	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE				
Derivative financial assets	-	825	-	825
Financial assets at FVTPL	-	38	-	38
Debt instruments at FVOCI	5,478	10,943	-	16,421
Equity instruments at FVOCI	-	-	6	6
Total assets measured at fair value	5,478	11,806	6	17,290
Derivative financial liabilities	-	(412)	-	(412)
Net financial instruments at fair value	5,478	11,394	6	16,878

Notes to the financial statements.

For the year ended 31 August 2024

3.8 Derivative financial instruments and hedge accounting

a) Fair value of derivatives

The following tables summarise the notional and fair value of the Group's and Bank's commitments to derivative financial instruments at reporting date. Fair value in relation to derivative financial instruments is estimated using net present value techniques. The tables below set out the fair values of the derivative financial instruments.

	Consolidated					
	2024			2023		
	Notional amount	**Fair value**		Notional amount	Fair value	
	$m	**Asset $m**	**Liability $m**	$m	Asset $m	Liability $m
DERIVATIVES AT FAIR VALUE THROUGH PROFIT OR LOSS						
Interest rate swaps	**45,555**	**20**	**(25)**	16,005	33	(28)
Foreign exchange forwards	**229**	**3**	**(2)**	103	2	(3)
Futures (interest rate)	**-**	**-**	**-**	725	-	-
	45,784	**23**	**(27)**	16,833	35	(31)
DERIVATIVES HELD AS CASH FLOW HEDGES						
Interest rate swaps	**47,525**	**301**	**(133)**	57,540	558	(252)
Cross currency swaps	**1,887**	**53**	**-**	2,649	71	(28)
Foreign exchange forwards	**611**	**3**	**(9)**	967	14	(6)
	50,023	**357**	**(142)**	61,156	643	(286)
DERIVATIVES DESIGNATED AS FAIR VALUE HEDGES						
Interest rate swaps	**8,228**	**181**	**(49)**	5,157	202	(48)
DERIVATIVES DESIGNATED AS NET INVESTMENT HEDGES						
Foreign exchange forwards	**26**	**-**	**-**	27	-	-
Total derivatives measured at fair value	**104,061**	**561**	**(218)**	83,173	880	(365)

Notes to the financial statements.

For the year ended 31 August 2024

3.8 Derivative financial instruments and hedge accounting (continued)

a) Fair value of derivatives (continued)

	Bank					
	2024			2023		
	Notional amount	**Fair value**		Notional amount	Fair value	
	$m	**Asset $m**	**Liability $m**	$m	Asset $m	Liability $m
DERIVATIVES AT FAIR VALUE THROUGH PROFIT OR LOSS						
Interest rate swaps	**45,555**	**20**	**(25)**	16,005	33	(28)
Foreign exchange forwards	**256**	**3**	**(2)**	129	2	(3)
Futures (interest rate)	**-**	**-**	**-**	725	-	-
	45,811	**23**	**(27)**	16,859	35	(31)
DERIVATIVES HELD AS CASH FLOW HEDGES						
Interest rate swaps	**47,542**	**300**	**(146)**	57,124	540	(306)
Cross currency swaps	**14**	**1**	**-**	942	34	(21)
Foreign exchange forwards	**611**	**3**	**(9)**	967	14	(6)
	48,167	**304**	**(155)**	59,033	588	(333)
DERIVATIVES DESIGNATED AS FAIR VALUE HEDGES						
Interest rate swaps	**8,228**	**181**	**(49)**	5,157	202	(48)
Total derivatives measured at fair value	**102,206**	**508**	**(231)**	81,049	825	(412)

b) Hedging strategy

The Group and Bank used derivative financial instruments for both hedging and trading purposes in the current year and prior year. Refer to Note 3.6 a) for an explanation of the Group's and Bank's risk management framework. The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operating, financing and investing activities.

The Group's hedging strategy is to protect net interest income from variability in interest rates in Australian dollars. This requires the Group to enter into interest rate swaps allowing for the reduction in interest rate risk.

Foreign currency exposures are swapped to Australian dollars using cross currency interest rate swaps. These cross currency swaps will be matched to the underlying interest rate exposure of fixed or floating, respectively.

The majority of exposures are managed under the above strategy. Where a risk is within agreed limits, the Group may decide not to apply hedge accounting to that risk. Instead, the Group will manage its exposure under broader risk management processes.

c) Accounting for derivatives

In accordance with its treasury risk policies, the Group can hold derivative financial instruments for trading purposes. Derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are initially measured at fair value. Subsequent to initial recognition, gains or losses on derivatives are recognised in the income statement, unless they are entered into for hedging purposes.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the reporting date, taking into account current interest rates and current creditworthiness of the swap counterparties.

The fair value of forward exchange contracts is their quoted market price at the reporting date, being the present value of the quoted forward price. The fair value of futures contracts is their quoted market price.

Notes to the financial statements.

For the year ended 31 August 2024

3.8 Derivative financial instruments and hedge accounting (continued)

c) Accounting for derivatives (continued)

The following table shows the maturity profile of hedging derivatives based on their notional amounts.

	2024 $m				2023 $m			
Consolidated	**0 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**	0 to 12 months	1 to 5 years	Over 5 years	Total
Interest rate swaps	**33,503**	**20,828**	**1,422**	**55,753**	42,917	17,700	2,080	62,697
Foreign exchange forwards	**637**	**-**	**-**	**637**	994	-	-	994
Cross currency swaps	**-**	**1,887**	**-**	**1,887**	1,123	1,520	6	2,649
Bank								
Interest rate swaps	**32,778**	**21,285**	**1,707**	**55,770**	41,779	17,337	3,165	62,281
Foreign exchange forwards	**611**	**-**	**-**	**611**	967	-	-	967
Cross currency swaps	**-**	**14**	**-**	**14**	312	624	6	942

d) Hedging relationships

Cash flow hedges

Cash flow hedges are used by the Group to manage exposure to variability in future cash flows, which may result from fluctuations in interest and exchange rates. The Group principally uses interest rate swaps and cross currency swaps to protect against such fluctuations.

Where a derivative financial instrument is designated as a hedge of the variability of the cash flows of a recognised asset or liability, or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income and accumulated in reserves in equity. The ineffective portion of any gain or loss is recognised immediately in profit or loss in the income statement. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, then the associated gains and losses previously recognised directly in other comprehensive income are reclassified to profit or loss in the income statement in the same period or periods in which the asset acquired or liability assumed affects the income statement (i.e. when interest income or expense is recognised).

When a hedging instrument expires or is sold, terminated or exercised, or the Group revokes designation of the hedge relationship and the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in other comprehensive income and is recognised in profit or loss in the income statement when the transaction occurs. If the hedged transaction is no longer expected to take place, then the cumulative unrealised gain or loss is recognised immediately in profit or loss in the income statement.

Net investment hedge

The Group continues to hold investments in New Zealand operations subsequent to the asset sale that was completed on 31 March 2024. Although the Group's exposure is now significantly reduced, the revaluation of the remaining net assets held in foreign currency results in gain or loss in the foreign currency translation reserve and volatility in shareholders' equity. To protect against this foreign currency risk, the Group enters into foreign currency forwards that are designated as hedging instruments in net investment hedges.

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any foreign currency gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income. To the extent the hedge is ineffective, a portion is recognised immediately in the income statement within other income or other expenses.

The following table shows the executed rates for the most significant hedging instruments that have been designated in cash flow hedges and net investment hedges that are in place at the balance date.

			Consolidated	
	Hedging Instruments	**Currency**	**2024**	2023
Cash flow hedges	Interest rate swaps	AUD	**0.154% - 4.737%**	0.075% - 5.205%
Cash flow hedges	Cross currency swaps	AUD / EUR	**0.614 - 0.670**	0.617 - 0.67
		NZD / AUD	**-**	1.032 - 1.134
Net Investment hedges	Foreign exchange forwards	AUD / NZD	**1.103**	1.085

Notes to the financial statements.

For the year ended 31 August 2024

3.8 Derivative financial instruments and hedge accounting (continued)

d) Hedging relationships (continued)

Fair value hedges

Fair value hedges are used by the Group to manage exposure to changes in the fair value of an asset. Changes in fair values arise from fluctuations in interest rates. The Group principally uses interest rate swaps to protect against such fluctuations.

Changes in the value of fair value hedges are recognised in the income statement, together with changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

All gains and losses associated with the ineffective portion of fair value hedge relationships are recognised immediately in the income statement.

If the hedge relationship no longer meets the criteria for hedge accounting, it is discontinued. The fair value adjustment to the hedged item is amortised to the income statement from the date of discontinuation over the period to maturity of the previously designated hedge relationship using the effective interest method. If the hedged item is sold or repaid, the unamortised fair value adjustment is recognised immediately in the income statement.

The following table shows the carrying value of hedged items designated in fair value hedge accounting relationships and the cumulative fair value hedge accounting adjustment that has been recognised as part of that carrying value. These balances are being amortised to the income statement on an effective yield basis. The Group does not hedge its entire exposure to a class of financial instruments, nor does it apply hedge accounting in all instances, therefore the carrying amounts below will not equal the total carrying amounts disclosed in other notes to these financial statements. As noted in the Group's accounting policies, since the hedged item is adjusted only for the hedged risk, the hedged item's carrying value disclosed in the table will not be equivalent to its fair value as disclosed in other notes to these financial statements. The accumulated amount of fair value hedge adjustments remaining in the balance sheet for hedged items that have ceased to be adjusted for hedging gains and losses is nil (2023: nil) for the Group.

	Consolidated			
	2024 $m		2023 $m	
	Carrying value [1]	**Fair value hedge adjustments Debit / (Credit)**	Carrying value [1]	Fair value hedge adjustments Debit / (Credit)
ASSETS				
Financial Investments	**7,330**	**109**	5,059	276

(1) The carrying amounts in the table above exclude accrued interest from the carrying amount of hedged items.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments not held for trading do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement and are included in other income.

Notes to the financial statements.

For the year ended 31 August 2024

3.8 Derivative financial instruments and hedge accounting (continued)

e) Hedge ineffectiveness

Hedge ineffectiveness, in the case of a fair value hedge, is the extent to which the changes in the fair value of the hedging instrument differ to that of the hedged item and, in the case of cash flow and net investment hedge relationships, the extent to which the change in the hedging instrument exceeds that of the hedged item. Sources of hedge ineffectiveness primarily arise from basis and timing differences between the hedged items and hedging instruments.

The following table contains the hedge ineffectiveness associated with cash flow hedge and fair value hedge relationships during the period, as recognised in other operating income in the income statement:

	Consolidated					
	2024 $m			2023 $m		
	Gains / (losses) on hedging instruments	**Gains / (losses) on hedged items**	**Hedge ineffectiveness**	Gains / (losses) on hedging instruments	Gains / (losses) on hedged items	Hedge ineffectiveness
INTEREST RATE RISK						
Fair value hedges:						
Interest rate swaps	**(169)**	**167**	**(2)**	(5)	6	1
Cash flow hedges: (1)						
Interest rate swaps	**(145)**	**145**	**-**	(279)	279	-
INTEREST RATE AND FOREIGN EXCHANGE RISK						
Cash flow hedges: (1)						
Cross currency swaps	**(2)**	**2**	**-**	(199)	199	-
NET INVESTMENT HEDGE						
Foreign exchange forwards	**2**	**(2)**	**-**	2	(2)	-

(1) Amounts recognised in OCI for cashflow hedges includes $9m (2023: $22m) related to de-designated hedge.

Notes to the financial statements.

For the year ended 31 August 2024

3.8 Derivative financial instruments and hedge accounting (continued)

f) Master netting or similar arrangements

The Group enters into derivative transactions under International Swaps and Derivatives Association (**ISDA**) master netting agreements. Amounts owed by each counterparty are aggregated into a single net amount that is payable by one party to another.

The Group also receives and gives collateral in the form of cash in respect of derivatives and such collateral is subject to standard industry terms. The Group has not offset these amounts in the balance sheet as their ISDA agreements do not meet the criteria to do so. The Group has no current legally enforceable right to offset recognised amounts as the right to offset is only enforceable on the occurrence of future events. The Group normally settles on a net basis or realises the derivative assets and liabilities simultaneously.

The following tables set out the effect of netting arrangements on derivative financial assets and derivative financial liabilities if they were to be applied.

	2024 $m				
Consolidated	**Gross amounts as presented in the balance sheet**	**Net amounts of recognised assets and liabilities available for offset**	**Calculated balance**	**Cash collateral**	**Net amounts if offsetting applied in the balance sheet**
Derivative financial assets	**561**	**(196)**	**365**	**(304)**	**61**
Derivative financial liabilities	**(218)**	**196**	**(22)**	**12**	**(10)**

	2023 $m				
Consolidated	Gross amounts as presented in the balance sheet	Net amounts of recognised assets and liabilities available for offset	Calculated balance	Cash collateral	Net amounts if offsetting applied in the balance sheet
Derivative financial assets	880	(326)	554	(510)	44
Derivative financial liabilities	(365)	326	(39)	19	(20)

	2024 $m				
Bank	**Gross amounts as presented in the balance sheet**	**Net amounts of recognised assets and liabilities available for offset**	**Calculated balance**	**Cash collateral**	**Net amounts if offsetting applied in the balance sheet**
Derivative financial assets	**508**	**(196)**	**312**	**(304)**	**8**
Derivative financial liabilities	**(231)**	**196**	**(35)**	**12**	**(23)**

	2023 $m				
Bank	Gross amounts as presented in the balance sheet	Net amounts of recognised assets and liabilities available for offset	Calculated balance	Cash collateral	Net amounts if offsetting applied in the balance sheet
Derivative financial assets	825	(326)	499	(510)	(11)
Derivative financial liabilities	(412)	326	(86)	19	(67)

Notes to the financial statements.

For the year ended 31 August 2024

3.9 Capital management

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

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

3.10 Capital and reserves

a) Ordinary shares

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share rights are recognised as a deduction from equity, net of any tax effects.

Treasury shares

Ordinary shares of the Bank may be purchased from time to time by a controlled entity of the Bank, pursuant to the Awards Rights Plan, Equity Incentive Plan, Non-Executive Director Fee Sacrifice Rights Plan and the BOQ Employee ThankQ Plan. Where these shares remain unvested to employees they are treated as treasury shares and deducted from capital as required by AASB 132 *Financial Instruments: Presentation*. No profit or loss is recorded on purchase, sale, issue or cancellation of these shares.

Terms and conditions

Holders of ordinary shares are entitled to receive dividends as determined by the Bank and are entitled to one vote per share at shareholders' meetings. In the event of a winding up of the Bank, ordinary shareholders rank after capital note holders and creditors and are fully entitled to any residual proceeds of liquidation.

	Consolidated		Bank	
	2024 No of shares	2023 No of shares	**2024 No of shares**	2023 No of shares
MOVEMENTS DURING THE YEAR				
Balance at the beginning of the year – fully paid	**657,217,431**	647,357,479	**657,217,431**	647,357,479
Dividend reinvestment plan (1)	**4,252,024**	9,859,952	**4,252,024**	9,859,952
Balance at the end of the year – fully paid	**661,469,455**	657,217,431	**661,469,455**	657,217,431
TREASURY SHARES (INCLUDED IN ORDINARY SHARES ABOVE):				
Balance at the beginning of the year	**3,218,124**	2,243,719	-	-
Net acquisitions and disposals during the year	**(384,404)**	974,405	-	-
Balance at the end of the year	**2,833,720**	3,218,124	-	-

(1) Nine per cent of the dividend paid on 27 May 2024 and 10 per cent of the dividend paid on 16 November 2023 were reinvested by shareholders as part of the dividend reinvestment plan. 20 per cent of the dividend paid on 1 June 2023 and 24 per cent of the dividend paid on 17 November 2022 were reinvested by shareholders as part of the dividend reinvestment plan in prior year.

Notes to the financial statements.

For the year ended 31 August 2024

3.10 Capital and reserves (continued)

b) Other equity instruments

	Earliest redemption date	**2024 No of capital notes**	2023 No of capital notes
AT1 EQUITY INSTRUMENTS			
AT1 Capital Notes (Series 2)	-	**-**	10,000
Total AT1 equity instruments		**-**	10,000

Other equity instruments are Additional Tier 1 (**AT1**) securities assumed on the acquisition of ME Bank. The securities were perpetual, non-cumulative, subordinated and unsecured notes (**AT1 Capital Notes**).

The AT1 Capital Notes were transferred to the Bank on 28 February 2022 as part of a total transfer of all assets and liabilities of ME Bank to the Bank undertaken pursuant to the *Financial Sector (Transfer and Restructure) Act 1999* (Cth). Upon transfer, the AT1 Capital Notes formed part of the Group's capital adequacy. The AT1 Capital Notes are presented in Other equity instruments in the consolidated balance sheet and the consolidated statement of changes in equity.

AT1 Capital Notes (Series 2) were redeemed in full on 5 December 2023.

AT1 Capital Notes (Series 1) were redeemed in full on 28 November 2022.

c) Nature and purpose of reserves

Employee benefits reserve

The employee benefits reserve is used to record the value of share based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 5.1 for further details of these plans.

Profit reserve

The profit reserve represents accumulated profits available for distribution as a dividend.

Equity reserve for credit losses

The Equity reserve for credit losses (**ERCL**) has previously been held in accordance with APRA Prudential Standard, *APS 220 Credit Quality*, which required a reserve to cover future credit losses which may arise over the life of the portfolio. With the release of *APS 220 Credit Risk Management*, from 1 January 2022, the requirement to hold an ERCL was removed. BOQ has released the reserve to retained profits in the year ended 31 August 2024.

FVOCI reserve

Changes in the fair value of financial assets classified as debt and equity instruments at FVOCI are recognised in other comprehensive income as described in Note 3.2 and accumulated in a separate reserve within equity. For debt instruments at FVOCI, amounts are reclassified to Other operating income in the income statement when the associated assets are sold or impaired. For equity instruments at FVOCI, amounts are not subsequently transferred to the income statement when the associated assets are sold or impaired, but can be reclassified to retained profits.

Cash flow hedge reserve

The hedging reserve is used to record gains or losses on a hedge instrument in a cash flow hedge that are recognised in other comprehensive income, as described in Note 3.8 d).

Share revaluation reserve

The share revaluation reserve represents the gain or loss on revaluation of the shares held within the employee share plan trust. The revaluation of treasury shares is netted off in equity.

Notes to the financial statements.

For the year ended 31 August 2024

Note 4. Other assets and liabilities.

4.1 Intangible assets

Consolidated	Goodwill $m	Customer related intangibles and brands $m	Computer software $m	Assets under construction $m	Total $m
Balance as at 1 September 2022	767	51	263	176	1,257
Additions	-	-	-	143	143
Transfers to asset	-	-	129	(129)	-
Amortisation charge	-	(9)	(76)	-	(85)
Impairment	(200)	-	(36)	(7)	(243)
Balance as at 31 August 2023	567	42	280	183	1,072
Balance as at 1 September 2023	**567**	**42**	**280**	**183**	**1,072**
Additions	**-**	**-**	**-**	**177**	**177**
Transfers to asset	**-**	**-**	**52**	**(52)**	**-**
Amortisation charge	**-**	**(9)**	**(69)**	**-**	**(78)**
Impairment	**-**	**-**	**(9)**	**-**	**(9)**
Balance as at 31 August 2024	**567**	**33**	**254**	**308**	**1,162**

Bank	Goodwill $m	Customer related intangibles and brands $m	Computer software $m	Assets under construction $m	Total $m
Balance as at 1 September 2022	704	51	258	176	1,189
Additions	-	-	-	143	143
Transfers to asset	-	-	129	(129)	-
Amortisation charge	-	(9)	(74)	-	(83)
Impairment	(200)	-	(36)	(7)	(243)
Balance as at 31 August 2023	504	42	277	183	1,006
Balance as at 1 September 2023	**504**	**42**	**277**	**183**	**1,006**
Additions	**-**	**-**	**-**	**177**	**177**
Transfers to asset	**-**	**-**	**52**	**(52)**	**-**
Transfers to subsidiary (1)	**-**	**-**	**(11)**	**-**	**(11)**
Amortisation charge	**-**	**(9)**	**(65)**	**-**	**(74)**
Impairment	**-**	**-**	**(9)**	**-**	**(9)**
Balance as at 31 August 2024	**504**	**33**	**244**	**308**	**1,089**

(1) Transfer of an asset from the Bank to a subsidiary in the Group.

Recognition and measurement

(i) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units (**CGUs**) for the purpose of impairment testing. The allocation is made to those CGUs that are expected to benefit from the business combination purposes, being the operating segments - Retail Bank and BOQ Business. Please refer to Note 5.8 e) for further details.

Notes to the financial statements.

For the year ended 31 August 2024

4.1 Intangible assets (continued)

Recognition and measurement (continued)

(ii) Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

(iii) Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software in which the goodwill arose. The units are identified at the lowest level at which goodwill is monitored for internal management;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

(iv) Research and development

Research expenditure and development expenditure that do not meet the criteria in (iii) above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(v) Software as a service

Software as a service (**SaaS**) costs are only recognised as intangible assets if the implementation activities create an asset that the entity controls and the asset meets the recognition criteria. Costs that do not result in intangible assets are expensed as incurred, unless they are paid to the suppliers of the SaaS arrangement to significantly customise the software for the Group, in which case the costs are recorded as a prepayment for services and amortised over the expected renewable term of the arrangement.

Amortisation

Except for goodwill, amortisation is charged to profit or loss in the income statement on a straight-line basis over the estimated useful life of the intangible asset unless the life of the intangible asset is indefinite. Where applicable, intangible assets are amortised from the date they are available for use. The amortisation period and method are reviewed on an annual basis.

The amortisation rates used in the current and comparative periods are as follows:

	Years
Computer software	3-12
Customer related intangibles and brands	3-10

Impairment testing of the Cash-Generating Units containing goodwill

For the purpose of the impairment test that is performed at least annually, goodwill is allocated to Cash-Generating Units (**CGUs**) which represent the Controlled Entity's operating segments - Retail Bank and BOQ Business (refer Note 2.5).

The carrying amount of each CGU is compared to its recoverable amount. For the annual 2024 and 2023 reporting periods, the recoverable amount of the CGUs was determined based on value-in-use calculations which require the use of assumptions.

Value-in-use

Value-in-use is determined by discounting the future cash flows generated from the continued operation of the CGU. These cash flow projections were updated during the year to reflect the most recent Board approved Strategic Plan. The key assumptions represent management's assessments of future trends in retail and business banking and are based on both external and internal sources.

The following key assumptions were used in the value-in-use models:

- Post-tax cash flow projections based on a five-year financial forecast which is developed annually and approved by management and the Board. These forecasts utilise information about current and future economic conditions, observable historical performance and management expectations of future business performance, including:
    - Net Interest Margin projections based on expectations of future RBA cash rate changes and changes to interest rates on the bank's lending and deposit products, having regard to expected market conditions; and
    - Expense growth projections based on management's view of the estimated cost base of the business having regard to inflation and required investment to sustain the business, as well as future average credit loss rates.
- Post-tax discount rate applied to the cash flow projections reflecting the specific risks and conditions relating to the relevant CGUs.
- Common Equity Tier 1 Holdback Rate refers to the level of capital held as a percentage of total risk-weighted assets, in line with the midpoint of management's target CET1 range.
- Long term growth rate is used to extrapolate cash flows beyond the forecast period and reflects the upper end of the RBA's target long-term inflation rate band.

Notes to the financial statements.

For the year ended 31 August 2024

4.1 Intangible assets (continued)

The following table sets out the key assumptions used for both Retail Bank and BOQ Business:

	Retail Bank		BOQ Business	
	2024 %	2023 %	**2024 %**	2023 %
Post-tax discount rate	**10.15**	10.31	**10.36**	10.03
Common Equity Tier 1 Holdback Rate	**10.50**	10.50	**10.50**	10.50
Long term growth rate	**3.00**	3.00	**3.00**	3.00

The directors and management have considered and assessed reasonably possible changes for other key assumptions. The aggregate carrying amounts of goodwill for the Retail Bank and BOQ Business CGUs are:

	2024 $m	2023 $m
Retail Bank	**170**	170
BOQ Business	**397**	397
Total	**567**	567

Sensitivity analysis

The calculated headroom for the Retail Bank CGU, under the value-in-use model described above is:

	2024 $m	2023 $m
Retail Bank	**30**	112

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

	Retail Bank
Post-tax discount rate	Increase to 10.22%
Long-run NIM %	Decrease by 0.8bps
Long-run expenses	Increase by 67bps
Common Equity Tier 1 Holdback Rate	Increase by 16bps
Long-term growth rate	Decrease by 23bps

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

4.2 Provisions and contingent liabilities

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability. The carrying amounts of the provisions recognised are:

	Consolidated		Bank	
	2024 $m	2023 $m	**2024 $m**	2023 $m
Employee benefits (1)	**49**	46	**48**	44
Restructuring provision (2)	**37**	15	**37**	15
RAP provision	**36**	45	**36**	45
Pay and leave entitlements review	**3**	6	**3**	6
Provision for non-lending loss	**-**	1	**-**	1
Other (3)	**18**	17	**17**	17
Total provisions	**143**	130	**141**	128

(1) Employee benefits provision consist of annual leave (represents present obligations resulting from employees' services provided up to the reporting date, calculated at discounted amounts based on remuneration wage and salary rates that the Consolidated Entity expects to pay as at reporting date including related on-costs) and long service leave entitlements for employees (represents the present value of the estimated future cash outflows to be made resulting from employees' services provided to reporting date). The provision is calculated using expected future increases in wage and salary rates including related on-costs, and expected settlement dates based on turnover history and is discounted using the rates attached to Australian 10 year corporate bonds at reporting date which most closely match the terms of maturity of the related liabilities. $45 million (2023: $41 million) of this provision balance is classified as current.

(2) During the year ended 31 August 2024, an additional restructuring provision of $35 million has been raised for the costs associated with the changes in the Group's operating model review to simplify the business.

(3) Other provisions include make good liabilities and other contractual liabilities.

Notes to the financial statements.

For the year ended 31 August 2024

4.2 Provisions and contingent liabilities (continued)

Restructuring provision

During the year ended 31 August 2024, a restructuring provision of $35 million has been raised for the costs associated with the changes in the Group's operating model review to simplify the business. The provision balance is based on the best estimate of costs associated with carrying out the operating model changes. It is reasonably possible that the final outcomes may differ to those reported, the impact of which will be reflected in future reporting periods.

Pay and entitlements review

In 2020 BOQ commenced a review of payments to employees covering Superannuation guarantee compliance and whether correct payments have been made to employees under successive BOQ Enterprise Agreements, being 2010, 2014 and 2018. BOQ has made remediation payments for base wage, lump-sum entitlement, superannuation and interest for active and former employees. As at 31 August 2024, the remaining provision balance was $3 million (2023: $6 million). The provision balance is based on financial modelling that has reconstructed BOQ's payroll obligations, covering Enterprise Agreement remediation, on-costs and interest and associated professional costs based on management's assessment of the facts and circumstances existing as at the reporting date.

It is reasonably possible that the final outcomes may differ to those reported, the impact of which will be reflected in future reporting periods. BOQ continues to engage closely with the Fair Work Ombudsman on the progress of the remediation.

Provision for Integrated Remedial Action Plans (RAP)

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

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

The change reduced the Group's Level 2 common equity tier 1 (**CET1**) ratio by approximately 17bps. The Group may apply for removal of all or part of the capital adjustment when it concludes that it can demonstrate compliance to APRA's satisfaction with commitments in respect of ongoing remediation and the APRA EU.

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

The commitments entered into with APRA and AUSTRAC continue the work commenced under the Integrated Risk Program (now referred to as the Remedial Action Plans) announced to the market on 14 April 2023 and for which the Group took a provision of $60 million in the first half ended 28 February 2023. The Group increased this provision by $11 million in the year ended 31 August 2024, $5 million of which relates to the unwinding of the discount recognised as a finance cost.

The provision excluded the costs of activities that are expected to be performed by existing resources of the Group, ongoing operating costs and costs related to improvements beyond the matters identified. To date, $35 million of the provision has been utilised. Given the expectation that the spend profile is higher during the design and implement phases of the Programs, BOQ is satisfied with the adequacy of the provision based on the information known as at the close of the reporting period.

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

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

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

Throughout FY24, BOQ has continued to execute the actions and deliverables required by the RAPs, completing, and closing numerous deliverables across the design and embed phases. Program rQ has completed and closed 15 RAP deliverables and AML 11 RAP deliverables.

The appointed Independent Reviewer of Program rQ and External Auditor of AML First continues to oversee and validate closure of activities for both RAPs. Both program rQ and AML First have submitted two reports from these parties to APRA and AUSTRAC respectively. Reports will continue to be produced and submitted to APRA and AUSTRAC every four months in accordance with the conditions of the CEUs.

Notes to the financial statements.

For the year ended 31 August 2024

4.2 Provisions and contingent liabilities (continued)

Movements in provisions

Movements in each class of provision during the year, other than employee benefits, are as follows:

	Consolidated				
2024	RAP provision $m	Restructuring provision $m	Pay and entitlements review $m	Non-lending loss $m	Other $m
Carrying amount at beginning of year	**45**	**15**	**6**	**1**	**17**
Additional provision recognised	**6**	**35**	**3**	**-**	**9**
Unwinding of discount	**5**	**-**	**-**	**-**	**-**
Amounts utilised during the year	**(20)**	**(10)**	**(6)**	**(1)**	**(7)**
Release of provision	**-**	**(3)**	**-**	**-**	**(1)**
Carrying amount at end of year	**36**	**37**	**3**	**-**	**18**
Less than 12 months	**25**	**37**	**3**	**-**	**11**
Greater than 12 months	**11**	**-**	**-**	**-**	**7**

	Bank				
2024	RAP provision $m	Restructuring provision $m	Pay and entitlements review $m	Non-lending loss $m	Other $m
Carrying amount at beginning of year	**45**	**15**	**6**	**1**	**17**
Additional provision recognised	**6**	**35**	**3**	**-**	**8**
Unwinding of discount	**5**	**-**	**-**	**-**	**-**
Amounts utilised during the year	**(20)**	**(10)**	**(6)**	**(1)**	**(7)**
Release of provision	**-**	**(3)**	**-**	**-**	**(1)**
Carrying amount at end of year	**36**	**37**	**3**	**-**	**17**
Less than 12 months	**25**	**37**	**3**	**-**	**10**
Greater than 12 months	**11**	**-**	**-**	**-**	**7**

	Consolidated				
2023	RAP provision $m	Restructuring provision $m	Pay and entitlements review $m	Non-lending loss $m	Other $m
Carrying amount at beginning of year	-	6	8	1	9
Additional provision recognised	60	13	-	-	14
Amounts utilised during the year	(15)	-	-	-	(4)
Release of provision	-	(4)	(2)	-	(2)
Carrying amount at end of year	45	15	6	1	17
Less than 12 months	23	15	6	1	10
Greater than 12 months	22	-	-	-	7

	Bank				
2023	RAP provision $m	Restructuring provision $m	Pay and entitlements review $m	Non-lending loss $m	Other $m
Carrying amount at beginning of year	-	6	8	1	9
Additional provision recognised	60	13	-	-	14
Amounts utilised during the year	(15)	-	-	-	(4)
Release of provision	-	(4)	(2)	-	(2)
Carrying amount at end of year	45	15	6	1	17
Less than 12 months	23	15	6	1	10
Greater than 12 months	22	-	-	-	7

Notes to the financial statements.

For the year ended 31 August 2024

4.2 Provisions and contingent liabilities (continued)

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

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

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

Legal claims, remediation, compensation claims and regulatory enforcement

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

As BOQ has developed and progressed through the Remedial Action Plans and engaged with APRA and AUSTRAC, it has identified further weaknesses in its systems and controls, including in relation to its reporting to AUSTRAC (leading to a failure to report a significant number of suspicious matter reports to AUSTRAC in a timely manner). Where BOQ has identified weaknesses, relevant regulators have been informed and BOQ is working to address them. BOQ is undertaking further reviews of certain areas and this work may identify further weaknesses.

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

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

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

The Group's regulators, including ASIC, ACCC, ATO, APRA, OAIC and AUSTRAC and other independent bodies, such as the BCCC and IPF Code Compliance Committee (**IPF CCC**), also engage with the Group. For example, our regulators or other independent bodies may carry out reviews or audits of our compliance arrangements or request certain information from us as part of an inquiry or investigation. Throughout the period the Group has had numerous engagements with its regulators and independent bodies and been subject to a number of reviews, inquiries and investigations. This includes the BCCC's investigation into BOQ's compliance with deceased estates obligations under the Banking Code of Practice. BOQ has also engaged with ASIC about concerns it has regarding BOQ's systems and controls relating to its design and distribution, breach reporting, dispute resolution, hardship and effective compensation arrangement obligations. BOQ is building on existing or developing programs to address uplifts in each of these areas and BOQ's progress against these programs of work will be overseen by an independent third party.

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

The outcomes and total costs associated with these possible exposures remain uncertain.

Notes to the financial statements.

For the year ended 31 August 2024

Note 5. Other notes.

5.1 Employee benefits

a) Superannuation commitments

Superannuation plan

The Group contributes to a number of superannuation plans which comply with the *Superannuation Industry (Supervision) Act 1993*. Contributions are charged to profit or loss in the income statement as they are payable.

Basis of contributions

The Group is required to meet the minimum legal obligations under the relevant superannuation guarantee legislation and the industrial instrument provisions.

b) Share based payments

The Group currently operates the Equity Incentive Plan (previously the Awards Right Plan) for equity-settled compensation. The plan grants the Group's employees rights or options which can convert into shares in the Bank. The fair value of rights granted is recognised as an employee expense with a corresponding increase to the Employee Benefits Reserve. The fair value is measured at grant date and expensed over the service period, which is based on the respective service vesting conditions. The fair value of the rights granted is measured using industry accepted pricing methodologies, taking into account the terms and conditions upon which the rights are granted. Where rights do not vest due to failure to meet a non-market condition (e.g. employee service period), the expense is reversed. Where rights do not vest due to failure to meet a market condition (e.g. total shareholder return test), the expense is not reversed.

(i) Description of share based payments

The Award Rights Plan was first introduced and approved by shareholders on 11 December 2008, with the subsequent changes to the Award Rights Plan approved by shareholders on 30 November 2017. It was an equity based program under which Award Rights were granted as long-term incentives.

Types of award rights granted to employees under this plan were Deferred Award Rights (**DARs**), Performance Award Rights (**PARs**), BOQ Group Transformation Award (**BTAs**), BOQ Group Transformation Award - Virgin (**VTAs**) and Restricted Shares.

The Award Rights Plan was replaced by the Equity Incentive Plan for new awards from 1 September 2020. Types of award rights granted to employees under the new plan are DARs, Premium Priced Options, Performance Shares, Restricted Shares, Executive Performance Rights and CEO and Chair Award Rights (**CARs**).

No amount is payable by employees for the grant of award rights.

Performance Shares

Performance Shares granted in FY23 were delivered in rights that converted to restricted shares at the end of the financial year based on the Board's assessment of the Group Scorecard, individual performance, risk and conduct assessment. Performance Shares granted in FY21 and FY22 converted based on the Board's assessment of the Group Scorecard, risk and conduct. Once converted, dealing restrictions are released from restricted shares after a further one, two and three years. Performance shares are expensed over the period in which the employee fulfills the service conditions as determined by the cessation clauses in the relevant Award Terms.

Premium Priced Options

Premium Priced Options vest in two tranches with 50 per cent vesting at the end of year three and 50 per cent at the end of year four and may be altered at the board's discretion. The exercise price, which must be paid by the employee, is set at 120 per cent of the share price based on a volume weighted average price over the five trading days following the Annual General Meeting (**AGM**) and is also based on a risk assessment conducted by the Board. On exercise, the shares are subject to dealing restrictions for a further one year. Premium Priced Options are expensed over the period in which the employee fulfills the service conditions as determined by the relevant pro-rata cessation clauses in the Award Terms.

DARs

There are no market performance hurdles or other performance based vesting conditions for DARs but the holder must remain an employee of the Bank, (unless employment is ceased for qualifying reasons whereby the holder receives a pro-rata allocation of DARs to cessation date). The vesting period is dependent on if a person is an Accountable Person under the Financial Accountability Regime (**FAR**).

DARs issued to Accountable Persons under the FAR were extended to vest over four years in a ratio of 30 per cent at the end of year one, 15 per cent at the end of year two, 15 per cent at the end of year three and 40 per cent at the end of year four. Other DARs continue to vest over a three year period in the ratio of 35 per cent at the end of year one, 35 per cent at the end of year two and 30 per cent at the end of year three. DARs may be exercised, to receive ordinary shares, by the employee once they have vested. The last award of DARs to an Accountable Person occurred during FY23.

Restricted Shares

The Group has used shares with restrictions on disposal as a non-cash, share based component of short term variable awards. On occasion, restricted shares are also used as make-good awards.

Notes to the financial statements.

For the year ended 31 August 2024

5.1 Employee benefits (continued)

b) Share based payments (continued)

(i) Description of share based payments (continued)

CEO and Chair Award Rights (CARs)

There are no market performance hurdles or other performance based vesting conditions for CARs but the holder must remain an employee of the Bank (unless employment is ceased for qualifying reasons whereby the holder receives a pro-rata allocation of CARs to cessation date). The CARs granted in FY22 will vest in three tranches, with 35 per cent vesting at the end of year one, 35 per cent at the end of year two and 30 per cent at the end of year three. The CARs granted in FY23 and FY24 will vest in three tranches, with 20 per cent vesting at the end of year one, 30 per cent at the end of year two and 50 per cent at the end of year three.

CARs may be exercised, to receive ordinary shares, by the employee once they have vested.

Executive Performance Rights (EPRs)

EPRs granted in FY24 vest over a four year period, subject to the Board's assessment of three vesting conditions:

- Tranche 1 – Customer Experience (20 per cent); being Net Promoter Score (**NPS**) across BOQ Retail Main Financial Institution (**MFI**), ME Bank MFI and Business Bank Any Financial Relationship (**AFR**).
- Tranche 2 - Strengthen (30 per cent); being Program rQ and AML First, BOQ's remedial action plans, are on track for completion in accordance with the approved plan, within the agreed timeframes, to the satisfaction of the Board, the independent assurers and the regulators, measured via project status (**RAG**).
- Tranche 3 - Optimise (50 per cent); comprising (i) return on equity (**ROE**) and (ii) TSR.

EPRs can be exercised to receive ordinary shares once they have vested. A portion of shares is then subject to dealing restrictions:

- Group Executives – 50 per cent one year.
- MD&CEO – 33 per cent one year, 34 per cent two years.

(ii) Award rights on issue

The number of rights and restricted shares on issue for the Group is as follows:

	Deferred Award Rights	**Performance Award Rights⁽¹⁾**	**Premium Priced Options**	**BOQ Transformation Award Rights⁽¹⁾**	**BOQ Transformation Award Rights - Virgin⁽¹⁾**	**Performance Shares**	**Restricted Shares**	**CEO & Chair Awards Rights**	**Executive Performance Rights**
	2024 '000	**2024 '000**	**2024 '000**	**2024 '000**	**2024 '000**	**2024 '000**	**2024 '000**	**2024 '000**	**2024 '000**
Balance at beginning of the year	**3,543**	**457**	**14,313**	**51**	**3**	**1,749**	**163**	**568**	**-**
Granted during the year	**2,805**	**-**	**797**	**-**	**-**	**-**	**180**	**533**	**1,134**
Forfeited / expired during the year	**(551)**	**(457)**	**(3,076)**	**-**	**-**	**(650)**	**(14)**	**(74)**	**-**
Exercised during the year	**(1,188)**	**-**	**-**	**(47)**	**(3)**	**(187)**	**(132)**	**(138)**	**-**
Outstanding at the end of the year	**4,609**	**-**	**12,034**	**4**	**-**	**912**	**197**	**889**	**1,134**

	Deferred Award Rights	Performance Award Rights	Premium Priced Options	BOQ Transformation Award Rights	BOQ Transformation Award Rights - Virgin	Performance Shares	Restricted Shares	CEO & Chair Awards Rights	Executive Performance Rights
	2023 '000	2023 '000	2023 '000	2023 '000	2023 '000	2023 '000	2023 '000	2023 '000	2023 '000
Balance at beginning of the year	2,757	966	11,572	180	33	1,322	279	382	-
Granted during the year	2,027	-	6,687	-	-	927	71	315	-
Forfeited / expired during the year	(357)	(509)	(3,946)	(22)	-	(397)	(97)	(40)	-
Exercised during the year	(884)	-	-	(107)	(30)	(103)	(90)	(89)	-
Outstanding at the end of the year	3,543	457	14,313	51	3	1,749	163	568	-

(1) Refer to previous Annual Reports for a description of Performance Award Rights, BOQ Transformation Award Rights and BOQ Transformation Award Rights-Virgin, issued under the previous Award Rights Plan.

Notes to the financial statements.

For the year ended 31 August 2024

5.1 Employee benefits (continued)

b) Share based payments (continued)

(iii) Measurement of fair values

The Premium Priced Options have been valued using a four step methodology that uses a simulation approach to project future share prices and then the Binomial model to value the options on vesting.

The EPRs with non-market based hurdles (75 per cent) have been valued using a formulaic approach discounted by the assumed dividend yield. The EPRs with the TSR (market based) hurdle have been valued using an eight step methodology that uses a simulation approach to project future TSR and share prices.

The fair value of DARs, Performance Shares and CEO and Chair Award Rights have been measured using a formulaic approach discounted by the assumed dividend yield.

The value of Restricted Shares is equal to the Share Price as at the grant date.

The weighted average of the inputs used in the measurement of the long term incentive award rights grants during the year was as follows:

		Deferred Award Rights	**Premium Priced Options**	**Performance Shares**	**Restricted Shares**	**CEO & Chair Awards Rights**	**Executive Performance Rights**
		2024	**2024**	**2024**	**2024**	**2024**	**2024**
Fair value at grant date	$	**5.38**	**0.28**	**-**	**5.98**	**5.27**	**3.78**
Share price at grant date	$	**6.01**	**5.96**	**-**	**5.98**	**6.01**	**5.97**
Expected volatility	%	**24**	**24**	**-**	**24**	**24**	**24**
Risk free interest rate	%	**3.5**	**3.5**	**-**	**3.6**	**3.5**	**3.5**
Dividend yield	%	**6.0**	**6.0**	**-**	**6.0**	**6.0**	**6.0**

		Deferred Award Rights	Premium Priced Options	Performance Shares	Restricted Shares	CEO & Chair Awards Rights	Executive Performance Rights
		2023	2023	2023	2023	2023	2023
Fair value at grant date	$	6.22	0.66	6.74	6.93	6.16	-
Share price at grant date	$	6.86	6.88	6.90	6.86	7.05	-
Expected volatility	%	25.0	25.0	25.0	25.0	25.0	-
Risk free interest rate	%	3.5	3.5	3.5	3.5	3.5	-
Dividend yield	%	6.0	6.1	6.0	6.0	6.0	-

(iv) Salary sacrifice arrangements

The Non-Executive Director (**NEDs**) Fee Sacrifice Rights Plan (**NED Plan**) allows NEDs to sacrifice a portion of their Board fees to acquire BOQ shares. The equity under this plan is not subject to any conditions apart from a disposal restriction for a minimum of three years.

The shares acquired as part of the NED Plan have been valued using the fair value at grant date using an industry-accepted valuation model. Inputs into the fair value calculation are in line with those shown in the table above. The following table provides details of the shares acquired through the NED Plan.

	Participants	**Number of shares purchased**	**Purchase price $**	**Total purchase consideration $**
2024	**3**	**122,449**	**5.303**	**649,383**
2023	4	84,556	7.404	626,083

(v) Other employee awards

BOQ ThankQ Plan

The ThankQ Plan replaced the previously offered salary sacrifice Employee Share Plan and was a gift of shares up to a maximum of $1,000 per eligible employee. During the year the Group granted no shares under this plan (2023: nil). The shares under this plan are restricted from sale until the earlier of three years or until an employee ceases employment with the Group.

Notes to the financial statements.

For the year ended 31 August 2024

5.2 Commitments

a) Customer funding commitments

	Consolidated		Bank	
	2024 $m	2023 $m	**2024 $m**	2023 $m
Guarantees, indemnities and letters of credit	**446**	271	**446**	271
Customer funding commitments	**10,156**	10,366	**9,178**	9,378
	10,602	10,637	**9,624**	9,649

In the normal course of business the Group makes commitments to extend credit to its customers. Most commitments either expire if not taken up within a specified time or can be cancelled by the Group within one year. Credit risk is significantly less than the notional amount and does not crystallise until a commitment is funded.

Guarantees are provided to third parties on behalf of customers. The credit risks of such facilities are similar to the credit risks of loans and advances.

b) Other commitments

Expenditure on software assets and other expenditure contracted for but not provided on the balance sheets is $ 8.7 million (2023: $2 million)

St Andrew's

As part of the St Andrew's sale completed on 28 October 2021, BOQ provided a capped indemnity of $8.5 million to the buyer, Farmcove Investment Holdings, for the period ending 28 October 2024. BOQ has been notified of a potential claim under the indemnity, however, the estimated financial cost is not material.

5.3 Related parties information

a) Controlled entities

Details of interests in materially controlled entities are set out in Note 5.4.

During the year there have been transactions between the Bank and its controlled entities. The Bank conducted normal banking business with its operating controlled entities. Amounts owing to or from controlled entities generally attract interest on normal terms and conditions, except in respect of Virgin Money (Australia) Pty Limited, Virgin Money Financial Services Pty Ltd, BOQ Specialist Pty Ltd, BOQ Home Pty Limited, Home Credit Management Pty Ltd, covered bond and securitisation trusts and dormant entities as set out in Note 5.4 a). The Bank receives management fees from its operating controlled entities except Virgin Money Financial Services Pty Ltd, BOQ Specialist Pty Ltd, BOQ Home Pty Limited, Home Credit Management Pty Ltd and dormant entities as set out in Note 5.4 a). The Bank earns fees for provision of services and facilities to the securitisation vehicles and the covered bond programmes, including the management and servicing of the loans and leases securitised.

The Bank has a related party relationship with equity accounted joint ventures, refer to Note 5.5.

b) Key management personnel compensation

KMP, including Directors and other Senior Executives, have authority and responsibility for planning, directing and controlling the activities of the Bank and the Group.

KMP compensation included in 'administrative expenses' and 'employee expenses' (refer to Note 2.2) is as follows:

	2024 $	2023 (1) $
Short term employee benefits	**9,920,975**	8,128,080
Long term employee benefits	**136,076**	(46,207)
Post employment benefits	**348,742**	317,827
Share based employment benefits	**5,024,002**	4,548,908
Termination benefits	**399,294**	2,121,359
	15,829,089	15,069,967

(1) The prior year share-based employment benefits have been restated to correct: the reversal of expense in FY23 relating to awards already vested which were the subject of cancellation; the appropriate vesting periods of the FY21 and FY22 Performance Shares; and accounting treatment of incentives related to KMP cessation. The impact was an increase of $2,548,812 to prior year share based employment benefits.

Individual Directors and Senior Executives compensation disclosures

Information regarding individual Directors and Senior Executives' compensation and equity instruments disclosures, as permitted by Regulation 2M.3.03 of the *Corporations Regulations 2001,* is provided in the Remuneration Report section of the Directors' Report.

Apart from the details disclosed in the Remuneration Report, no Director has entered into a material contract with the Bank since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year end.

Notes to the financial statements.

For the year ended 31 August 2024

5.3 Related parties information (continued)

c) Other financial instrument transactions with key management personnel and their related parties

A number of KMP and their close family members hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. These entities, as well as the KMP and their close family members, are related parties to the Group. Financial instrument transactions with KMP and their related parties during the financial year arise out of the provision of banking services, the acceptance of funds on deposit, the granting of loans and other associated financial activities.

The terms and conditions of the transactions entered into with KMP and their related parties were no more favourable than those available, or which might reasonably be expected to be available on similar transactions to non-related entities, on an arm's length basis. No amounts have been written down or recorded as impaired during the year (2023: nil).

The loans between the Group and KMP or their related parties up to 31 August 2024 are:

	Balance as at		For the period (1)		
	1 September 2023 $	**31 August 2024 $**	**Total loan drawdowns / (repayments) $**	**Total loan / overdraft interest $**	**Total fees on loans / overdraft $**
TERM PRODUCTS (LOANS / ADVANCES)					
KMP (2)	1,372,910	**1,318,737**	**(104,869)**	**50,659**	**37**
Other related parties	46,555,482	**1,639,786**	**(832,197)**	**808,921**	**398**
Total	47,928,392	**2,958,523**	**(937,066)**	**859,580**	**435**

(1) Amounts are included only for the period that the Director/Executive is classified as a member of the key management personnel. Martine Jager ceased in the role of Chief People & Customer Officer on 10 November 2023. On this basis, loans and advances between the Consolidated Entity and Ms Jager are not included in the closing balance as at 31 August 2024.

(2) The opening balance includes loans for Greg Boyle who commenced as a KMP on 1 September 2023. Loans for Paul Newham are no longer being disclosed as he ceased as a KMP on 31 August 2023.

	Balance as at		For the period (1)		
	1 September 2022 $	31 August 2023 $	Total loan drawdowns / (repayments) $	Total loan / overdraft interest $	Total fees on loans / overdraft $
TERM PRODUCTS (LOANS / ADVANCES)					
KMP	4,910,588	1,767,632	(1,274,378)	123,586	690
Other related parties	43,254,875	46,555,482	2,569,309	2,214,278	1,015
Total	48,165,463	48,323,114	1,294,931	2,337,864	1,705

(1) Amounts are included only for the period that the Director/Executive is classified as a member of the key management personnel. George Frazis ceased as a KMP on 28 November 2022 and Debra Eckersley ceased as a KMP on 5 June 2023. On this basis, loans and advances between the Consolidated Entity and Mr Frazis and Mrs Eckersley are not included in the closing balance as at 31 August 2023.

Notes to the financial statements.

For the year ended 31 August 2024

5.4 Controlled entities

a) Particulars in relation to material controlled entities

The Group's controlled entities at 31 August 2024 are set out below. The country of incorporation or registration is also the principal place of business.

	Place of business / country of incorporation	Parent entity's interest		Amount of investment		Principal activities
Controlled entities:		**2024 %**	2023 %	**2024 $m**	2023 $m	
Alliance Premium Funding Pty Ltd	New Zealand	**100**	100	**-**	-	Dormant
Bank of Queensland Limited Employee Share Plans Trust	Australia	**100**	100	**-**	-	Trust
BOQ Asset Finance and Leasing Pty Ltd	Australia	**100**	100	**-**	-	Dormant
BOQ Covered Bond Trust	Australia	**100**	100	**-**	-	Issue of covered bonds
BOQ Soft Bullet Covered Bond Trust	Australia	**100**	-	**-**	-	Issue of covered bonds
BOQ Credit Pty Limited	Australia	**100**	100	**-**	-	Asset finance & leasing
BOQ Equipment Finance Limited	Australia	**100**	100	**15**	15	Asset finance & leasing
BOQF Cashflow Finance Pty Ltd	Australia	**100**	100	**-**	-	Professional finance
BOQ Finance (Aust) Limited	Australia	**100**	100	**230**	230	Asset finance & leasing
BOQ Finance (NZ) Limited	New Zealand	**100**	100	**22**	22	Asset finance & leasing
BOQ Funding Pty Limited	Australia	**100**	100	**-**	-	Dormant
BOQ Home Pty Ltd	Australia	**100**	100	**63**	63	Investment holding entity
BOQ Share Plans Nominee Pty Ltd	Australia	**-**	100	**-**	-	Deregistered
BOQ Specialist (Aust) Pty Ltd	Australia	**100**	100	**13**	13	Dormant
BOQ Specialist Pty Ltd	Australia	**100**	100	**-**	-	Dormant
B.Q.L. Management Pty Ltd	Australia	**100**	100	**-**	-	Trust management
Home Credit Management Pty Ltd	Australia	**100**	100	**-**	-	Investment holding entity
Home Financial Planning Pty Ltd	Australia	**-**	100	**-**	-	Deregistered
Impala Trust No. 1 - Sub-Series 2	Australia	**100**	100	**-**	-	Securitisation
Members Equity Proprietary Limited	Australia	**100**	100	**-**	-	Dormant
SMHL Series Private Placement 2014-2	Australia	**100**	100	**-**	-	Dormant
SMHL Series Securitisation Fund 2016-1	Australia	**100**	100	**-**	-	Dormant
SMHL Series Securitisation Fund 2017-1	Australia	**100**	100	**-**	-	Dormant
SMHL Series Private Placement Trust 2017-2	Australia	**100**	100	**-**	-	Securitisation
SMHL Series 2018-1 Fund	Australia	**100**	100	**-**	-	Securitisation

Notes to the financial statements.

For the year ended 31 August 2024

5.4 Controlled entities (continued)

a) Particulars in relation to materially controlled entities (continued)

	Place of business / country of incorporation	Parent entity's interest		Amount of investment		Principal activities
Controlled entities:		**2024 %**	2023 %	**2024 $m**	2023 $m	
SMHL Series Securitisation Fund 2018-2	Australia	**100**	100	**-**	-	Securitisation
SMHL Series Private Placement Trust 2019-1	Australia	**100**	100	**-**	-	Securitisation
SMHL Series Securitisation Fund 2019-1	Australia	**100**	100	**-**	-	Securitisation
SMHL Series Private Placement 2019-2	Australia	**100**	100	**-**	-	Securitisation
SMHL Securitisation Trust 2020-1	Australia	**100**	100	**-**	-	Securitisation
Pioneer Permanent Pty Ltd	Australia	**-**	100	**-**	32	Deregistered
Series 2008-1 REDS Trust	Australia	**100**	100	**-**	-	Securitisation
Series 2012-1E REDS Trust	Australia	**100**	100	**-**	-	Dormant
Series 2013-1 REDS Trust	Australia	**100**	100	**-**	-	Dormant
Series 2015-1 REDS Trust	Australia	**100**	100	**-**	-	Dormant
Series 2017-1 REDS Trust	Australia	**100**	100	**-**	-	Securitisation
Series 2018-1 REDS Trust	Australia	**100**	100	**-**	-	Securitisation
Series 2018-1 REDS EHP Trust	Australia	**100**	100	**-**	-	Dormant
Series 2019-1 REDS Trust	Australia	**100**	100	**-**	-	Securitisation
Series 2021-1 REDS EHP Trust	Australia	**100**	100	**-**	-	Securitisation
Series 2022-1 REDS MHP Trust	Australia	**100**	100	**-**	-	Securitisation
Series 2022-1PP REDS EHP Trust	Australia	**100**	100	**-**	-	Securitisation
Series 2023-1 REDS Trust	Australia	**100**	100	**-**	-	Securitisation
Series 2024-1 REDS Trust	Australia	**100**	-	**-**	-	Securitisation
Series 2024-2 REDS Trust	Australia	**100**	-	**-**	-	Securitisation
Statewest Financial Planning Pty Ltd	Australia	**100**	100	**-**	-	Dormant
Virgin Money (Australia) Pty Limited	Australia	**100**	100	**53**	53	Financial services
Virgin Money Financial Services Pty Ltd	Australia	**100**	100	**-**	-	Financial services
Virgin Money Home Loans Pty Limited	Australia	**-**	100	**-**	-	Deregistered
				396	428	

Notes to the financial statements.

For the year ended 31 August 2024

5.4 Controlled entities (continued)

b) Significant restrictions

In accordance with APS 222 *Associations with related entities*, the Bank and its subsidiaries that form part of the Extended Licensed Entity have various restrictions. This includes not having unlimited exposures to related entities, including general guarantees.

c) Acquisition of controlled entities

(i) Accounting for business combinations

All business combinations occurring on or after 1 July 2009 are accounted for by applying the acquisition method. For every business combination, the Group identifies the acquirer, which is the combining entity that obtains control of the other combining entities or businesses. The Group controls an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired.

Contingent liabilities

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event and its fair value can be measured reliably.

Transaction costs

Transaction costs that the Group incurs in connection with a business combination, such as a finder's fee, legal fees, due diligence fees and other professional and consulting fees are expensed as incurred. Transaction costs related to the issue of ordinary shares are recognised as a deduction from equity.

(ii) Entities established during the year

The following entities were established during the financial year:

- Series 2024-1 REDS Trust was opened on 5 March 2024;
- Series 2024-2 REDS Trust was opened on 15 August 2024; and
- BOQ Soft Bullet Covered Bond Trust was opened on 12 April 2024.

d) Disposal of controlled entities

(i) Entities closed during the year

The following trusts have exercised their clean up call options during the financial year:

- SMHL Series Securitisation Fund 2017-1 clean up call option was exercised on 27 December 2023;
- Series 2015-1 REDS Trust clean up call option was exercised on 22 July 2024.

The following entities were closed during the financial year:

- Home Financial Planning Pty Ltd was deregistered on 3 January 2024;
- Pioneer Permanent Pty Ltd was deregistered on 3 January 2024;
- Virgin Money Home Loans Pty Ltd was deregistered on 3 January 2024; and
- BOQ Share Plans Nominee Pty Ltd was deregistered on 3 January 2024.

e) Disposal of operations

On 21 December 2023, the Group entered into an agreement to sell a portfolio of assets held by BOQ Finance (NZ) Limited and the New Zealand branch of BOQ Equipment Finance Limited. The assets included commercial loans, finance and operating leases written in New Zealand. This decision represented simplification of the Group's lending portfolio removing the compliance burden with servicing a small lending portfolio in another jurisdiction.

The sale completed on 31 March 2024, with the portfolio of assets derecognised from the Group's balance sheet.

An after tax loss on sale of $21.7 million has been recognised in the financial year ended 31 August 2024, including transaction costs.

The sale of the New Zealand assets impacted the BOQ Business segment.

Retention amount

Effective from the sale completion date of 31 March 2024, the Group is holding a retention amount for the period of 15 months to satisfy any claims the purchaser may have under general warranties or indemnities in the sale agreement. The retention amount starts at 25 per cent of the purchase price gradually reducing to 15 per cent over the 15-month period.

Notes to the financial statements.

For the year ended 31 August 2024

5.5 Investments in joint arrangements

The Group holds interests in a number of collectively and individually immaterial joint ventures that are accounted for using the equity method.

a) Accounting for joint arrangements

The Group's investment in joint venture entities is accounted for under the equity method of accounting in the consolidated financial statements. Joint ventures are entities in which the Group has joint control over all operational decisions and activities.

b) Details of joint ventures

Set out below are the joint ventures of the Group as at 31 August 2024 which, in the opinion of the Directors, are immaterial to the Group. Australia is the place of business and also the country of incorporation for all joint ventures.

	Ownership interest		Carrying amount	
	2024 %	2023 %	**2024 $m**	2023 $m
JOINT ARRANGEMENTS (1)				
Ocean Springs Pty Ltd (Brighton)	**9.31**	9.31	**2**	2
Dalyellup Beach Pty Ltd (Dalyellup)	**17.08**	17.08	**6**	6
East Busselton Estate Pty Ltd (Provence)	**25.00**	25.00	**-**	-
Provence 2 Pty Ltd (Provence 2)	**25.00**	25.00	**-**	-
Total equity accounted investments			**8**	8

(1) The principal activity of the joint venture entities is land subdivision, development and sale. These investments were acquired as part of the Home Building Society acquisition in 2007.

Share of profit for equity accounted joint ventures, adjusted for the share of ownership held by the Group, is contained below:

	2024 $m	2023 $m
Profit from continuing operations	**2**	2
Total comprehensive profit	**2**	2

Notes to the financial statements.

For the year ended 31 August 2024

5.6 Auditor's remuneration

	Consolidated		Bank	
	2024 $000	2023 $000	**2024 $000**	2023 $000
AUDIT SERVICES				
Audits and reviews of the financial reports	**3,405**	3,370	**2,967**	2,927
Regulatory audits and reviews as required by regulatory authorities	**985**	856	**961**	831
Total audit services	**4,390**	4,226	**3,928**	3,758
AUDIT RELATED SERVICES				
Other assurance services	**311**	102	**311**	102
Total audit related services	**311**	102	**311**	102
NON-AUDIT SERVICES				
Other	**831**	994	**685**	952
Total non-audit services	**831**	994	**685**	952

Non-audit services, other, primarily relate to business specific reviews.

5.7 Events subsequent to balance date

Dividends have been determined after 31 August 2024. The financial effect of these dividends has not been brought to account in the financial statements for the year ended 31 August 2024. Further details with respect to the dividend amounts per share, payment date and dividend reinvestment plan can be obtained from Note 2.4 Dividends.

Except for the matters listed above, the Directors are not aware of any matters or circumstances that have arisen in the interval between the end of the financial year and the date of this report, or any item, event or transaction which significantly affects, or may significantly affect the operations of the Group in future financial years.

Notes to the financial statements.

For the year ended 31 August 2024

5.8 Material accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the financial statements and have been applied consistently across the Group and the Bank.

a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Bank. Control exists when the Bank has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to benefit from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. In the Bank's financial statements, investments in subsidiaries are carried at cost.

(ii) Securitisation

The Group's securitisation programs consist of:

- REDS RMBS Trusts - securitisation of mortgage loans;
- REDS EHP Trusts - securitisation of hire purchase, chattel mortgages and finance leases;
- Impala and MHP Trusts - securitisation of medical equipment financed through the BOQ Specialist channel; and
- SMHL Trusts acquired as part of the ME Bank acquisition in 2021.

The Group

The Group receives the residual income distributed by its consolidated Trusts - REDS, Impala, MHP and SMHL - after all payments due to investors and associated costs of the program have been met.

The Group is considered to retain the risks and rewards of the receivables and they do not meet the derecognition criteria of AASB 9.

The Trusts fund their purchase of the loans by issuing floating-rate debt securities. The securities are represented as borrowings of the Group, however, the Group does not stand behind the capital value or the performance of the securities or the assets of the Trusts. The Group does not guarantee the payment of interest or the repayment of principal due on the securities. The loans subject to the securitisation program have been pledged as security for the securities issued by the Trusts. The Group is not obliged to support any losses that may be suffered by investors and does not intend to provide such support.

The Bank provides the securitisation programs with arm's length services and facilities, including the management and servicing of the loans and leases securitised.

The Bank has no right to repurchase any of the securitised assets and no obligation to do so, other than in certain circumstances where there is a breach of warranty within 120 days of the sale or when certain criteria are met under the clean up provision per the Trust Deed Supplement.

The transferred assets are equitably assigned to the Trusts. The investors in the securities issued by the Trusts have full recourse to the assets transferred to the Trusts.

Bank

The original transfer of the mortgages from the Bank to the Trusts does not meet the derecognition criteria set out in AASB 9. The Bank continues to reflect the securitised loans in their entirety and also recognises a financial liability to the Trusts. The interest payable on the inter-company financial asset/liability represents the return on an imputed loan between the Bank and the Trusts and is based on the interest income under the mortgages, the fees payable by the Trusts and the interest income or expense not separately recognised under the interest rate and basis swaps transactions between the Bank and the Trusts.

All transactions between the Bank and the Trusts are eliminated on consolidation.

(iii) Covered bond programmes

The Bank issues covered bonds for funding and liquidity purposes. Certain housing loans have been assigned to a bankruptcy remote structured entity to provide security for all obligations payable on the covered bonds issued by the Bank.

Similar to the securitisation programs, the Bank is entitled to any residual income after all payments due to covered bond investors have been met. As the Bank retains substantially all of the risks and rewards associated with the housing loans, the Bank continues to recognise the housing loans on balance sheet. Investors have dual recourse to the Bank and the covered pool assets.

(iv) Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Notes to the financial statements.

For the year ended 31 August 2024

5.8 Material accounting policies (continued)

b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are, initially, translated at the foreign exchange rate ruling at the date of the transaction. Subsequently, at reporting date, monetary assets and liabilities denominated in foreign currencies are translated into Australian dollars at the foreign exchange rate ruling at that date.

Non-monetary items in a foreign currency that are measured at historical cost remain translated using the original exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in profit or loss. Where a foreign currency transaction is part of a hedge relationship it is accounted for as above, subject to the hedge accounting rules set out in Note 3.8.

(ii) Foreign operations

The Group carries out its foreign operations in New Zealand through the wholly controlled subsidiary, BOQ Finance (NZ) Limited and through the non-incorporated branch of BOQ Equipment Finance Limited.

Refer to Note 5.4 e) for the further detail on a sale of portfolio of assets held by BOQ Finance (NZ) Limited and the New Zealand branch of BOQ Equipment Finance Limited.

c) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (**GST**), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (**ATO**). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from or payable to the ATO is included as a current asset or current liability in the balance sheet.

Cash flows are included in the statements of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from or payable to the ATO are classified as operating cash flows.

d) Property, plant and equipment

(i) Recognition and initial measurement

Items of property, plant and equipment are measured at cost on recognition.

(ii) Subsequent costs

Subsequent additional costs are only capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the assets will flow to the Group in future years. Where these costs represent separate components, they are accounted for as separate assets and are separately depreciated over their useful lives. Costs that do not meet the criteria for subsequent capitalisation are expensed as incurred.

(iii) Subsequent measurement

The Group has elected to use the cost model to measure property, plant and equipment after recognition. The carrying value is the initial cost less accumulated depreciation and any accumulated impairment losses.

(iv) Depreciation

Depreciation is charged to the profit or loss in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives are as follows:

	Years
IT equipment	3-8
Plant, furniture and equipment	3-20
Leasehold improvements (1)	6-12

(1) Or term of lease if less.

The useful lives are reassessed annually.

Notes to the financial statements.

For the year ended 31 August 2024

5.8 Material accounting policies (continued)

e) Impairment of non-financial assets

Non-financial assets, other than deferred tax assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For goodwill, intangible assets with an indefinite life and assets under construction yet to commence amortisation the recoverable amount is estimated at the same time each year.

The Group conducts an annual internal review of non-financial asset values to assess for any indicators of impairment. If any indication of impairment exists, an estimate of the asset’s recoverable amount is calculated.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets - a CGU.

An impairment loss is recognised in profit or loss in the income statement for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount of an asset or CGU is the greater of its value-in-use or its fair value less costs to sell. Value-in-use is based on the estimated future post-tax cash flows, discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit on a pro-rata basis.

This grouping is subject to an operating segment ceiling test. Non-financial assets, other than goodwill, that have previously suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed. An impairment loss in respect of goodwill is not reversed.

f) Leases

(i) Identification of a lease

A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group has identified three types of leases: property leases, vehicle leases and equipment leases. Where practical the Group separates consideration in a contract between lease and non-lease components, only accounting for the lease component under AASB 16 *Leases* (**AASB 16**) and the non-lease component under other relevant accounting standards. For property leases it has been possible to separate lease and non-lease components but for some equipment leases the Group has elected not to separate the consideration.

The Group has further elected not to recognise right-of-use (**ROU**) assets and lease liabilities for leases of low value assets (mainly IT equipment). The Group recognises these lease payments as an expense on a straight-line basis.

(ii) As a lessee

The Group recognises a ROU asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost and subsequently at cost less any accumulated depreciation and impairment losses. Lease incentives received at commencement reduce the ROU asset value. ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The lease liability is measured as the present value of the lease payment outstanding at commencement date, discounted using the Group’s incremental borrowing rate applied to the lease term. The lease liability is then increased by the interest expense on the lease liability and decreased by lease payments made.

The determination of the lease term in calculation of the lease liability relies on judgement as to whether any extension options or termination options are likely to be exercised. These judgements would be assessed 6-18 months prior to the lease expiry. When the lease liability is remeasured, a corresponding adjustment is made to the carrying value of the ROU asset, or, in the income statement, where the carrying value of the ROU asset has been fully written down.

(iii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The Group determines at lease inception whether each lease is a finance lease or an operating lease.

To classify the lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of the assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group provides both finance and operating leases as part of its Asset Leasing subsidiaries.

(iv) Operating leases

Operating leases, in which the Group is the lessor, are measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated to write off the cost of operating lease assets less their estimated residual values using the straight-line basis over the term of the lease. This is generally recognised in profit or loss. Depreciation methods and residual values are reviewed at each reporting date and adjusted if appropriate.

Notes to the financial statements.

For the year ended 31 August 2024

5.8 Material accounting policies (continued)

f) Leases (continued)

(v) Finance leases

The Group leases business equipment to commercial customers. These leases typically run for a period of one to five years, with an option to renew the lease after that date or purchase. There are no products offered by the Group that contain variable lease payments.

Finance leases are those products where substantially all the risks and rewards of the leased asset have been transferred to the lessee.

Finance leases – unearned income

Finance lease receivables are initially recognised at amounts equal to the lower of fair value of the leased asset or the present value of the minimum lease repayments plus the present value of a guaranteed residual value expected to accrue at the end of the lease term. Subsequently, lease repayments are apportioned between interest income and the reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease. Assets leased under finance leases are classified and presented as finance lease receivables.

Lease receivables include finance charges. These finance charges are recognised as income over the term of the lease, reflecting a constant periodic rate of return on the net investment. The amount of unearned income deducted from gross finance receivables represents income allocable to future periods. The remaining gross finance lease receivables represent the principal in the carrying amount.

Finance leases – residual values

Finance leases are recorded at the aggregated future minimum lease repayments plus estimated residual values. Residual values are assessed for impairment and in the event of a shortfall, an impairment charge is recognised in the current period. Data regarding equipment values, including appraisals, and historical residual realisation experience are among the factors considered in evaluating estimated residual values.

g) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increase in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

Non-current assets classified as held for sale are presented separately from the other assets in the balance sheet.

h) Due from/to other financial institutions

Amounts due from/to other financial institutions include cash collateral, short term deposits and other balances. Cash collateral includes initial and variation margins in relation to derivative transactions. Amounts due from/to other financial institutions are initially recognised at fair value and subsequently measured at amortised cost.

i) Other assets

Other Assets include accrued interest receivable, GST recoverable (see Note 5.8 c) and prepayments. Interest receivable is recognised on an accruals basis while prepayments are amortised over the period in which the economic benefits from the underlying goods or services are received.

j) Accounts payable and other liabilities

Accounts payable and other liabilities included accrued interest on borrowings, salary and other expense accruals and short-term creditor liabilities. This balance also includes the AASB 16 lease liability reflecting the discounted future lease payment for property and equipment leases. Accounts payable and other liabilities are measured at the contractual amount payable. As most payables are short-term in nature, the contract amount payable approximates fair value.

Consolidated entity disclosure statement.

For the year ended 31 August 2024

Basis of preparation

This consolidated entity disclosure statement (**CEDS**) has been prepared in accordance with the *Corporations Act 2001* (Cth) and includes information for each entity that was part of the Group at the end of the financial year ended 31 August 2024 in accordance with AASB 10 *Consolidated Financial Statements.*

The tax residency of each entity, as disclosed below, is determined in accordance with the requirements of the *Income Tax Assessment Act 1997* (**ITAA 1997**).

	Type of entity	Parent entity's interest (%)	Place of business / country of incorporation	Tax residency	Foreign jurisdiction of foreign residents
Bank of Queensland Limited	**Body corporate**	**-**	**Australia**	**Australian**	**N/A**
Alliance Premium Funding Pty Ltd	**Body corporate**	**100**	**New Zealand**	**Australian**	**N/A**
Bank of Queensland Limited Employee Share Plans Trust	**Trust**	**100**	**Australia**	**Australian**	**N/A**
BOQ Asset Finance and Leasing Pty Ltd	**Body corporate**	**100**	**Australia**	**Australian**	**N/A**
BOQ Covered Bond Trust	**Trust**	**100**	**Australia**	**Australian**	**N/A**
BOQ Soft Bullet Covered Bond Trust	**Trust**	**100**	**Australia**	**Australian**	**N/A**
BOQ Credit Pty Limited	**Body corporate**	**100**	**Australia**	**Australian**	**N/A**
BOQ Equipment Finance Limited	**Body corporate**	**100**	**Australia**	**Australian**	**N/A**
BOQF Cashflow Finance Pty Ltd	**Body corporate**	**100**	**Australia**	**Australian**	**N/A**
BOQ Finance (Aust) Limited	**Body corporate**	**100**	**Australia**	**Australian**	**N/A**
BOQ Finance (NZ) Limited	**Body corporate**	**100**	**New Zealand**	**Australian**	**N/A**
BOQ Funding Pty Limited	**Body corporate**	**100**	**Australia**	**Australian**	**N/A**
BOQ Home Pty Ltd	**Body corporate**	**100**	**Australia**	**Australian**	**N/A**
BOQ Specialist (Aust) Pty Ltd	**Body corporate**	**100**	**Australia**	**Australian**	**N/A**
BOQ Specialist Pty Ltd	**Body corporate**	**100**	**Australia**	**Australian**	**N/A**
B.Q.L. Management Pty Ltd	**Body corporate**	**100**	**Australia**	**Australian**	**N/A**
Home Credit Management Pty Ltd	**Body corporate**	**100**	**Australia**	**Australian**	**N/A**
Impala Trust No. 1 - Sub-Series 2	**Trust**	**100**	**Australia**	**Australian**	**N/A**
Members Equity Proprietary Limited	**Body corporate**	**100**	**Australia**	**Australian**	**N/A**
SMHL Series Private Placement 2014-2	**Trust**	**100**	**Australia**	**Australian**	**N/A**
SMHL Series Securitisation Fund 2016-1	**Trust**	**100**	**Australia**	**Australian**	**N/A**
SMHL Series Securitisation Fund 2017-1	**Trust**	**100**	**Australia**	**Australian**	**N/A**

Consolidated entity disclosure statement.

For the year ended 31 August 2024

	Type of entity	Parent entity's interest (%)	Place of business / country of incorporation	Tax residency	Foreign jurisdiction of foreign residents
SMHL Series Private Placement Trust 2017-2	**Trust**	**100**	**Australia**	**Australian**	**N/A**
SMHL Series 2018-1 Fund	**Trust**	**100**	**Australia**	**Australian**	**N/A**
SMHL Series Securitisation Fund 2018-2	**Trust**	**100**	**Australia**	**Australian**	**N/A**
SMHL Series Private Placement Trust 2019-1	**Trust**	**100**	**Australia**	**Australian**	**N/A**
SMHL Series Securitisation Fund 2019-1	**Trust**	**100**	**Australia**	**Australian**	**N/A**
SMHL Series Private Placement 2019-2	**Trust**	**100**	**Australia**	**Australian**	**N/A**
SMHL Securitisation Trust 2020-1	**Trust**	**100**	**Australia**	**Australian**	**N/A**
Series 2008-1 REDS Trust	**Trust**	**100**	**Australia**	**Australian**	**N/A**
Series 2012-1E REDS Trust	**Trust**	**100**	**Australia**	**Australian**	**N/A**
Series 2013-1 REDS Trust	**Trust**	**100**	**Australia**	**Australian**	**N/A**
Series 2015-1 REDS Trust	**Trust**	**100**	**Australia**	**Australian**	**N/A**
Series 2017-1 REDS Trust	**Trust**	**100**	**Australia**	**Australian**	**N/A**
Series 2018-1 REDS Trust	**Trust**	**100**	**Australia**	**Australian**	**N/A**
Series 2018-1 REDS EHP Trust	**Trust**	**100**	**Australia**	**Australian**	**N/A**
Series 2019-1 REDS Trust	**Trust**	**100**	**Australia**	**Australian**	**N/A**
Series 2021-1 REDS EHP Trust	**Trust**	**100**	**Australia**	**Australian**	**N/A**
Series 2022-1 REDS MHP Trust	**Trust**	**100**	**Australia**	**Australian**	**N/A**
Series 2022-1PP REDS EHP Trust	**Trust**	**100**	**Australia**	**Australian**	**N/A**
Series 2023-1 REDS Trust	**Trust**	**100**	**Australia**	**Australian**	**N/A**
Series 2024-1 REDS Trust	**Trust**	**100**	**Australia**	**Australian**	**N/A**
Series 2024-2 REDS Trust	**Trust**	**100**	**Australia**	**Australian**	**N/A**
Statewest Financial Planning Pty Ltd	**Body corporate**	**100**	**Australia**	**Australian**	**N/A**
Virgin Money (Australia) Pty Limited	**Body corporate**	**100**	**Australia**	**Australian**	**N/A**
Virgin Money Financial Services Pty Ltd	**Body corporate**	**100**	**Australia**	**Australian**	**N/A**

Directors' declaration.

For the year ended 31 August 2024

The Directors of Bank of Queensland Limited declare that:

1. In the opinion of the Directors:
    a) the financial statements and notes (and the remuneration report included within the Directors' Report) set out on pages 113 to 223 are in accordance with the *Corporations Act 2001* (Cth), including:
        i) complying with the Australian Accounting Standards and the *Corporations Regulations 2001*; and
        ii) giving a true and fair view of the financial position of the Bank and the Group as at 31 August 2024 and their performance for the year ended 31 August 2024;
    b) there are reasonable grounds to believe that the Bank and the Group will be able to pay its debts as and when they become due and payable; and
    c) the consolidated entity disclosure statement on pages 224 to 225 is true and correct.
2. The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* (Cth) from the Managing Director & CEO and the Chief Financial Officer, for the year ended 31 August 2024.
3. Note 1.2 a) to the financial statements includes a statement of compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

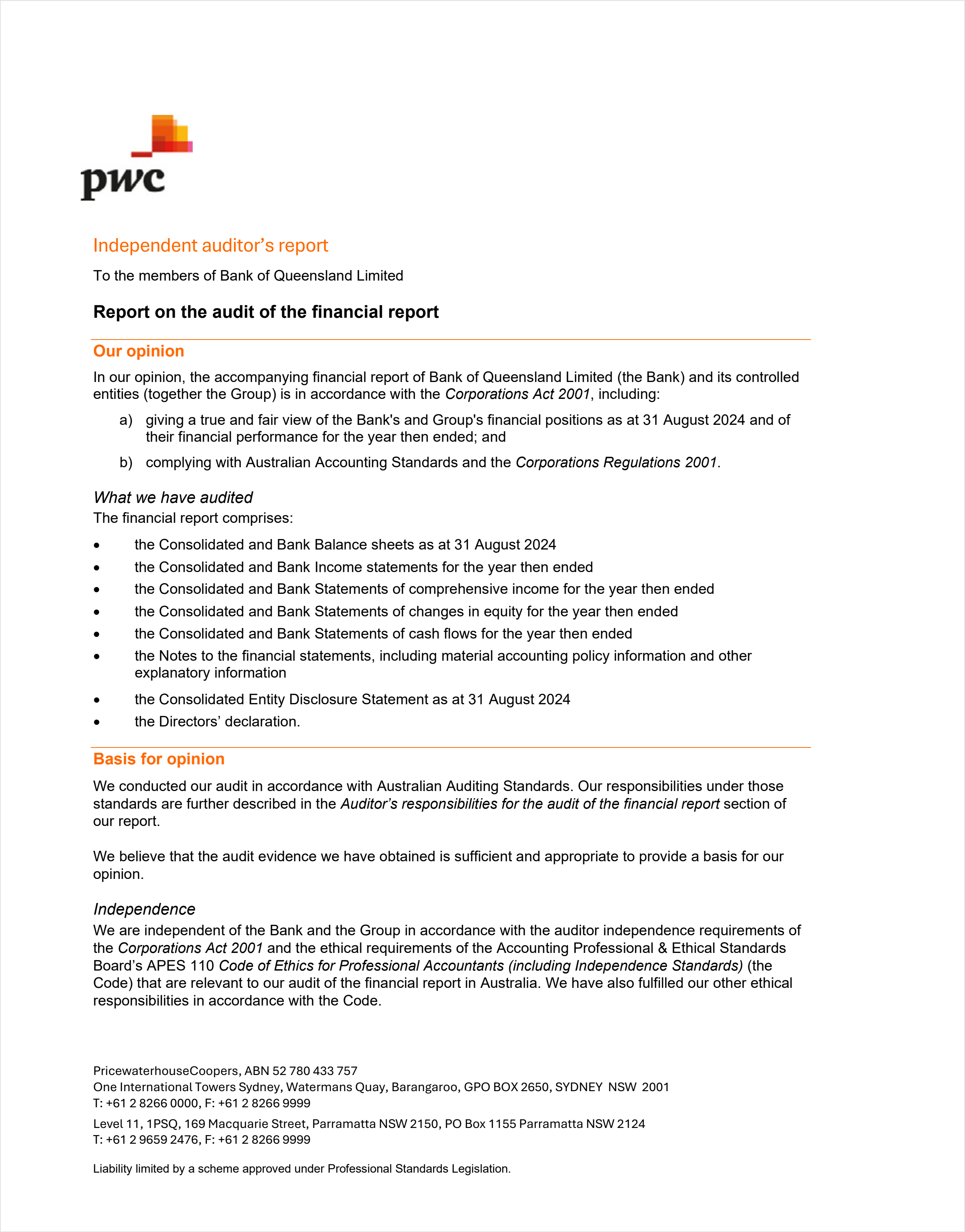
This declaration is made in accordance with a resolution of the Directors.

Warwick Negus
Chair
16 October 2024

Patrick Allaway
Managing Director & CEO
16 October 2024

Independent auditor's report.

For the year ended 31 August 2024



Independent auditor’s report

To the members of Bank of Queensland Limited

Report on the audit of the financial report

Our opinion

In our opinion, the accompanying financial report of Bank of Queensland Limited (the Bank) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Bank's and Group's financial positions as at 31 August 2024 and of their financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the Consolidated and Bank Balance sheets as at 31 August 2024
- the Consolidated and Bank Income statements for the year then ended
- the Consolidated and Bank Statements of comprehensive income for the year then ended
- the Consolidated and Bank Statements of changes in equity for the year then ended
- the Consolidated and Bank Statements of cash flows for the year then ended
- the Notes to the financial statements, including material accounting policy information and other explanatory information
- the Consolidated Entity Disclosure Statement as at 31 August 2024
- the Directors’ declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

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Independent auditor's report.

For the year ended 31 August 2024

Our audit approach for the Group

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, considering the management structure of the Group, its accounting processes and controls and the sectors in which it operates.

Group audit scope

Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

In designing the scope of our audit, we considered the structure of the Group which includes a number of subsidiary entities undertaking retail and business banking activities. We identified the Bank and each of these subsidiary entities as components of the Group.

The nature, timing and extent of audit work performed for each component was determined by each component's risk characteristics and financial significance to the Group, and consideration as to whether sufficient evidence had been obtained for our opinion on the financial report as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period.

The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. The key audit matters identified below relate to both the Bank and the Group audit, unless otherwise stated below. We communicated the key audit matters to the Board Audit Committee.

Key audit matter	*How our audit addressed the key audit matter*
Recoverability of Goodwill (Refer to Note 4.1) The Bank and Group performed an impairment assessment of goodwill by calculating the value in use (VIU) for each of the Retail Banking cash generating unit (CGU) and the BOQ Business CGU and comparing the outcome to the carrying value. We considered the recoverability of goodwill to be a key audit matter as the balance is significant to the Bank's and	Our procedures included developing an understanding and evaluation of processes and controls relevant to the Bank's and the Group's Goodwill impairment assessment and assessing whether they were appropriately designed and implemented. In addition, we performed the following procedures, amongst others: • Evaluated whether the method applied in calculating and allocating the carrying value of net assets to each CGU is in line with the requirements of Australian Accounting Standards.

Independent auditor's report.

For the year ended 31 August 2024

Key audit matter	*How our audit addressed the key audit matter*
Group's balance sheets, and judgement is required in calculating VIU with respect to determining appropriate: • Cash flow forecasts relating to factors including net interest margin and expenses; • Discount rates; • Common Equity Tier 1 holdback rate • Long term growth rates applied to earnings.	• Tested the arithmetical accuracy and internal consistency of the cash flow forecast model, VIU model and sensitivity analysis model. • Assessed the appropriateness of significant judgements used in the cash flow forecast model and VIU model. • Compared cash flow forecasts to Board approved business plans and tested whether adjustments made to these forecasts for the purposes of the VIU calculation are consistent with the requirements of Australian Accounting Standards. • Compared previous cash flow forecasts to actual results to assess the historical accuracy of forecasting. • Assessed the reasonableness of related disclosures in the financial report having regard to the requirements of Australian Accounting Standards.
Provisioning for Expected Credit Losses (ECL) (Refer to Note 3.3) The provision for ECL is a probability weighted estimate of the cash shortfalls expected to result from defaults over the relevant timeframe determined by evaluating a range of possible outcomes and taking into account the time value of money, past events, current conditions and forecasts of future economic conditions. The Bank and the Group utilised collective provision models and performed individual assessments for certain impaired exposures to estimate the provision for ECL. We considered the provision for ECL a key audit matter due to the uncertainty inherent in its estimation. In particular: • Multiple assumptions are made concerning the inputs to the ECL models including defining when a Significant Increase in Credit Risk (SICR) has occurred (which determines whether period to be considered for loss estimation is 12 months or the lifetime of the exposure), the estimation and use of forward-looking macroeconomic	Our procedures included developing an understanding of processes and controls relevant to our audit of the Bank's and the Group's provision for ECL and assessing whether they were appropriately designed and implemented. We tested the operating effectiveness of certain control activities including: • Review and approval of the macroeconomic scenarios and their associated weights, overlays and the ECL provision by the Group's and Bank's Executive Credit Committee (ECC). • Review and approval of the annual refresh of the credit risk ratings, in line with policy. In addition to control testing we, along with PwC credit modelling experts and PwC economics experts, performed the following procedures, amongst others: • Assessed the appropriateness of the ECL model methodology applied by the Bank and the Group for a selection of loan portfolios, with particular focus on the results of model monitoring performed for existing models, including back-testing of observed losses against

Independent auditor's report.

For the year ended 31 August 2024

Key audit matter	*How our audit addressed the key audit matter*
scenarios (MES) and the application of associated weightings; • Judgement is involved in identifying and calculating adjustments to the ECL model output (overlays); and • Judgement is involved in determining the amount of specifically assessed provisions for impaired loans.	predicted losses, and model validation for newly implemented models. • Assessed the appropriateness of significant assumptions within ECL models, including probability of default, loss given default and SICR, through assessing the results of certain model monitoring tests and reperforming relevant calculations and analysis for accuracy. • Assessed the appropriateness of macroeconomic scenarios developed by the Bank and the Group, including underlying forecasts and the weightings assigned to the scenarios. • Tested the completeness and accuracy of data elements used as inputs to the ECL models by agreeing, on a sample basis, to and from source systems. • Assessed a selection of overlays and model adjustments applied by the Group and Bank, including the appropriateness of the methodology and significant assumptions utilised and tested the underlying dataset used for the calculations. • Tested the appropriateness of specifically assessed provisions recognised by the Group and Bank for a selection of loan assets identified to be impaired as at the reporting date. • Considered the reasonableness of the related disclosures in the financial report in light of the requirements of Australian Accounting Standards.
Provisions for Remedial Action Plans and related matters (Refer to Note 4.2) As disclosed in Note 4.2 to the financial statements, the Bank and Group have recognised provisions in relation to the completion of Remedial Action Plans (RAPs) required by Enforceable Undertakings with both APRA and AUSTRAC. The Bank and Group have also made disclosures in Note 4.2 with regards to their assessment of the likelihood of possible enforcement action (including penalties) arising	We performed the following procedures, amongst others: • Developed an understanding of processes and controls for estimating the costs required to complete the RAPs and for assessing whether a provision should be recognised and/or contingent liability disclosed in relation to any instances of non-compliance identified to date. • Held discussions with management and their advisors, reviewed Board and key Committee minutes, reviewed certain correspondence with regulators and attended

Independent auditor's report.

For the year ended 31 August 2024

Key audit matter	*How our audit addressed the key audit matter*
from instances of non-compliance with regulatory requirements identified during the course of the RAPs to date, specifically including AML/CTF reporting obligations. We considered the provisions and related disclosures noted above to be a key audit matter as quantifying provisions for the completion of the RAPs requires judgement, which includes estimating the nature and extent of work and resources required in the future to deliver the remaining commitments.	Board Audit Committee and Board Risk Committee meetings. • Evaluated management's estimate of the extent of work required to meet the obligations under the RAPs. • Assessed the appropriateness of management's estimate of the costs of completing the work required under the RAPs, including the nature of the resources required and whether the relevant costs were appropriate to include in the provision. • Tested the arithmetical accuracy of the RAP provision calculations. • Tested a sample of costs included within the RAP provisions to supporting evidence. • Where considered necessary, held discussions with external legal counsel and inspected legal representation letters from external legal counsel.
Operation of financial reporting IT General Controls	
The Bank's and Group's operations and financial reporting processes are heavily dependent on IT systems for processing and recording the significant volume of transactions. A key component of IT systems and controls is the suite of controls (known as IT general controls, or ITGCs) which aim to ensure that risks relating to inappropriate user access, unauthorised program changes and inadequate IT operating protocols are effectively managed. Our audit entails significant time and effort in developing an understanding of the role that IT systems and controls play in the Bank's and Group's internal controls relevant to financial reporting, and developing an understanding of and evaluating related ITGCs. Due to the significance of this audit effort, we consider the operation of financial reporting IT systems and controls to be a key audit matter.	For material financial report balances, we developed an understanding of the business processes used to generate and support those balances, and the IT systems and associated IT application controls supporting those processes. Our procedures included evaluating and testing the design and implementation of certain control activities over the continued integrity of the IT systems relevant to financial reporting. This involved assessing, where relevant to the audit: • Change management: The processes and controls used to develop, test and authorise changes to the functionality and configurations within systems. • System development: The project disciplines which ensure that significant developments or implementation are appropriately tested before implementation and that

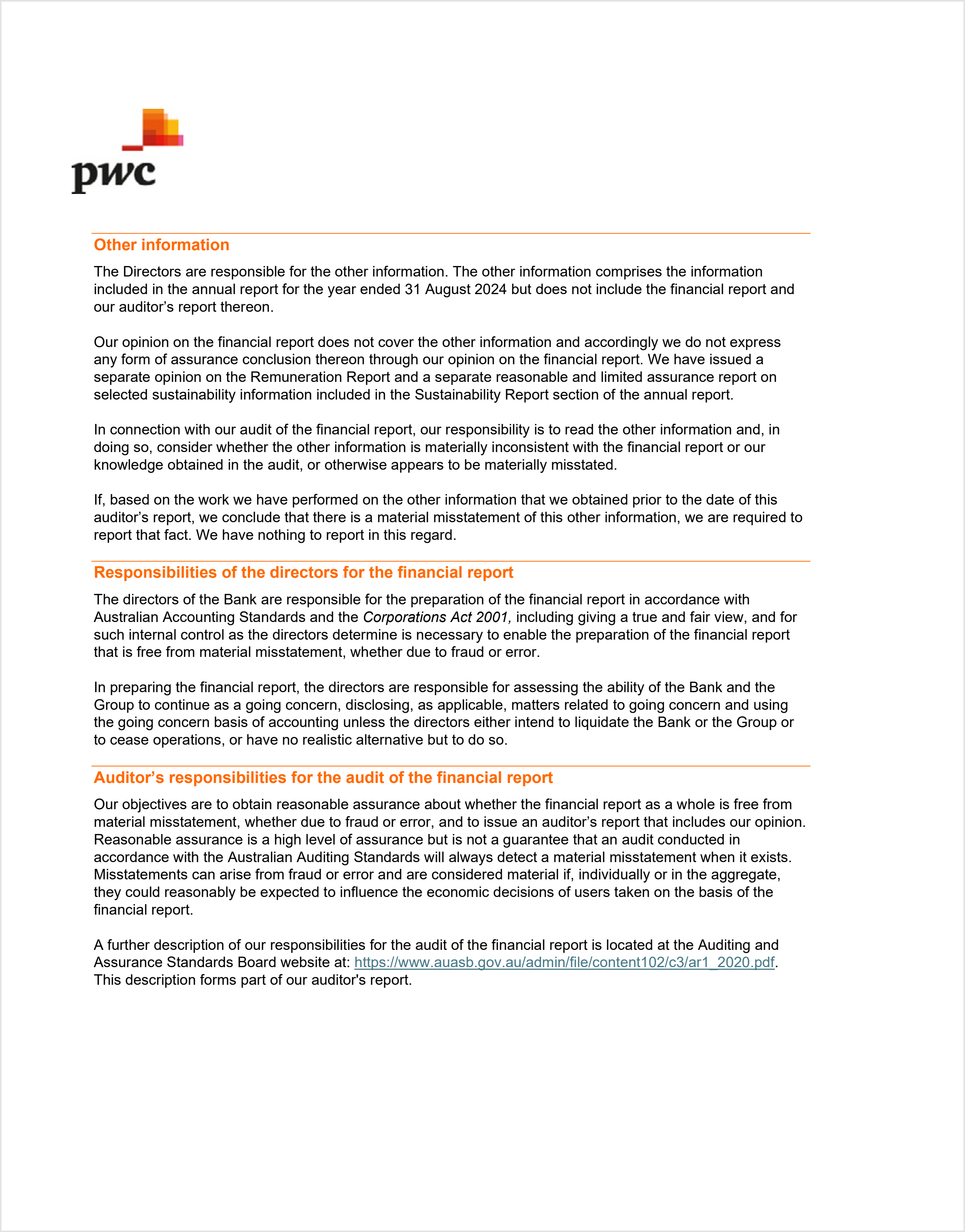
Independent auditor's report.

For the year ended 31 August 2024

Key audit matter	*How our audit addressed the key audit matter*
The Bank and Group have an ongoing multi-year strategic program to uplift controls relating to IT systems relevant to financial reporting.	data is converted and transferred completely and accurately. • Security: The access controls designed to enforce segregation of duties, govern the use of generic and privileged accounts or ensure that data is only changed through authorised means. • IT operations: The controls over operations are used to ensure that any issues that arise are managed appropriately. Where technology services that are relevant to our audit are provided by a third party, we considered assurance reports from the third party's auditor on the effectiveness of relevant controls. We also carried out tests, on a sample basis, of IT application controls and IT dependencies in manual controls that were key to our audit testing in order to assess the accuracy of certain system calculations, the generation of certain reports and the operation of certain system enforced access controls. Where we identified design or operating effectiveness matters relating to IT systems or controls relevant to our audit, we performed alternative audit procedures. We also considered mitigating controls and procedures to respond to the impact on our overall audit approach.

Independent auditor's report.

For the year ended 31 August 2024



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Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 August 2024 but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate opinion on the Remuneration Report and a separate reasonable and limited assurance report on selected sustainability information included in the Sustainability Report section of the annual report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Bank and the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Bank or the Group or to cease operations, or have no realistic alternative but to do so.

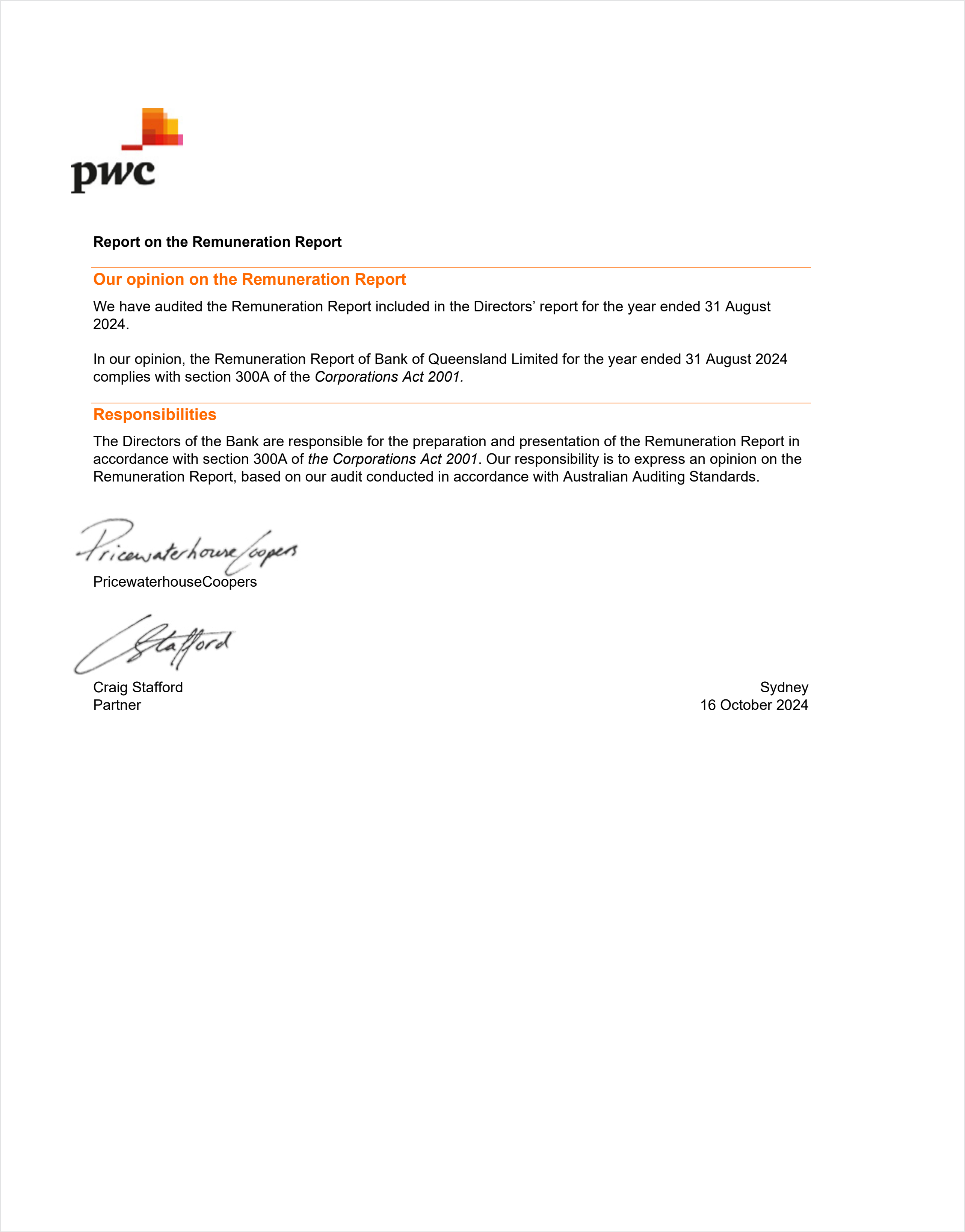
Auditor’s responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Independent auditor's report.

For the year ended 31 August 2024



Report on the Remuneration Report

Our opinion on the Remuneration Report

We have audited the Remuneration Report included in the Directors' report for the year ended 31 August 2024.

In our opinion, the Remuneration Report of Bank of Queensland Limited for the year ended 31 August 2024 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Bank are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Pricewaterhouse Coopers

PricewaterhouseCoopers

Stafford

Craig Stafford
Partner

Sydney
16 October 2024

5 year financial summary.

For the year ended 31 August 2024

$m (unless otherwise stated)		**2024**	2023	2022	2021	2020
FINANCIAL PERFORMANCE (1)						
Net interest income		**1,463**	1,600	1,505	1,128	986
Non-interest income		**137**	142	153	130	128
Total income		**1,600**	1,742	1,658	1,258	1,114
Operating expenses		**(1,069)**	(1,010)	(937)	(684)	(612)
Underlying profit before tax (2)		**531**	732	721	574	502
Loan impairment expense		**(20)**	(71)	(13)	21	(175)
Cash earnings before tax		**511**	661	708	595	327
Cash earnings after tax		**343**	450	491	412	225
Statutory net profit after tax		**285**	124	409	369	115
FINANCIAL POSITION						
Gross loans and advances (3)		**80,479**	81,135	81,226	75,748	47,043
Total assets		**103,040**	105,352	99,913	91,439	56,772
Customer deposits		**67,361**	66,964	60,903	56,469	34,762
Total liabilities		**97,023**	99,222	93,245	85,242	52,541
Total equity		**6,017**	6,130	6,668	6,197	4,231
SHAREHOLDER PERFORMANCE						
Market capitalisation at balance date		**4,180**	3,786	4,551	6,063	2,785
Share price at balance date	$	**6.32**	5.76	7.03	9.46	6.13
Statutory basic earnings per share	cents	**43.3**	18.3	63.1	67.0	25.4
Statutory diluted earnings per share (4)	cents	**41.1**	18.2	57.8	62.6	24.4
Cash basic earnings per share	cents	**52.2**	68.4	75.8	74.7	49.6
Cash diluted earnings per share	cents	**48.1**	60.2	68.9	69.5	45.1
Fully franked dividend per ordinary share	cents	**34**	41	46	39	12
Cash dividend payout ratio to ordinary shareholders	%	**65**	60	61	61	24
CASH EARNINGS RATIOS						
Net interest margin	%	**1.56**	1.69	1.71	1.92	1.91
Cost to income ratio	%	**66.8**	58.0	56.5	54.4	54.9
Return on average ordinary equity	%	**5.7**	7.3	8.2	8.2	5.4
CAPITAL ADEQUACY						
Common Equity Tier 1 ratio	%	**10.66**	10.91	9.57	9.80	9.78
Total Capital Adequacy ratio	%	**14.27**	15.64	13.78	12.60	12.73

(1) All amounts disclosed are on a cash basis except statutory net profit after tax. Further, all amounts disclosed are not presented on a pro forma basis. The five year financial summary should be read in conjunction with the financial performance definitions outlined in section 1.1, reconciliation of statutory profit to cash earnings.

(2) Underlying profit before tax is profit before impairment on loans and advances, significant items and tax.

(3) Before specific and collective provisions.

(4) Comparatives Aug 23 Statutory diluted EPS have been restated to exclude the impact of the Capital Note, Capital Note 2 and Capital Note 3. These notes were anti-dilutive during FY23 as a result, their impact has been excluded from diluted EPS.

Shareholding details.

1. Twenty largest ordinary shareholders.

As at Friday 20 September 2024, the following shareholding details applied:

	Number of ordinary shares	%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	116,452,512	17.61
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	58,108,464	8.78
CITICORP NOMINEES PTY LIMITED	47,653,920	7.20
NATIONAL NOMINEES LIMITED	14,993,949	2.27
BNP PARIBAS NOMINEES PTY LTD	7,419,782	1.12
BNP PARIBAS NOMS PTY LTD	4,994,585	0.76
GOLDEN LINEAGE PTY LTD	2,972,231	0.45
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,775,011	0.42
PACIFIC CUSTODIANS PTY LIMITED	2,373,484	0.36
CITICORP NOMINEES PTY LIMITED	2,263,655	0.34
GLENN HARGRAVES INVESTMENTS PTY LTD	1,800,000	0.27
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,646,748	0.25
EMICHROME PTY LIMITED	1,524,594	0.23
PACIFIC CUSTODIANS PTY LIMITED	1,317,228	0.20
BNP PARIBAS NOMINEES PTY LTD	1,279,190	0.19
MR KIE CHIE WONG	1,233,000	0.19
CARLTON HOTEL LIMITED	1,084,037	0.16
THE MANLY HOTELS PTY LIMITED	1,045,301	0.16
NETWEALTH INVESTMENTS LIMITED	1,043,622	0.16
BNP PARIBAS NOMS (NZ) LTD	1,017,052	0.15
Total	**272,998,365**	**41.27**

The above table includes shareholders that may hold shares for the benefit of third parties.

Voting rights

On a poll every person who is a holder of ordinary shares or a duly appointed representative of a holder of ordinary shares has one vote.

Shareholding details.

2. Twenty largest capital note 2 holders.

As at Friday 20 September 2024, the following shareholding details applied:

	Number of capital notes	%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	102,643	3.95
CITICORP NOMINEES PTY LIMITED	83,200	3.20
MUTUAL TRUST PTY LTD	80,563	3.10
DIMBULU PTY LTD	75,000	2.88
BNP PARIBAS NOMINEES PTY LTD	72,133	2.77
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	68,189	2.62
DIOCESE DEVELOPMENT FUND - CATHOLIC DIOCESE OF PARRAMATTA	56,000	2.15
BNP PARIBAS NOMINEES PTY LTD	30,910	1.19
NATIONAL NOMINEES LIMITED	27,078	1.04
NETWEALTH INVESTMENTS LIMITED	27,017	1.04
BERNE NO 132 NOMINEES PTY LTD	20,000	0.77
BNP PARIBAS NOMINEES PTY LTD	19,135	0.74
IOOF INVESTMENT SERVICES LIMITED	17,688	0.68
IOOF INVESTMENT SERVICES LIMITED	16,099	0.62
BERNE NO 132 NOMINEES PTY LTD	14,704	0.57
NETWEALTH INVESTMENTS LIMITED	13,015	0.50
MRS NICOLE MANUELA BROWN	12,393	0.48
J & H GRADWELL PTY LTD	9,000	0.35
COOLAN TRADING PTY LTD	8,513	0.33
INVIA CUSTODIAN PTY LIMITED	8,118	0.31
Total	**761,398**	**29.29**

The above table includes security holders that may hold securities for the benefit of third parties.

Voting rights

Capital notes 2 do not give the holders any voting rights at any general shareholders meetings, except in certain circumstances.

Shareholding details.

3. Twenty largest capital note 3 holders.

As at Friday 20 September 2024, the following shareholding details applied:

	Number of capital notes	%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	181,139	4.53
BNP PARIBAS NOMINEES PTY LTD	156,550	3.91
NETWEALTH INVESTMENTS LIMITED	108,241	2.71
CITICORP NOMINEES PTY LIMITED	75,626	1.89
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	62,761	1.57
BNP PARIBAS NOMINEES PTY LTD	47,934	1.20
NETWEALTH INVESTMENTS LIMITED	43,410	1.09
IOOF INVESTMENT SERVICES LIMITED	33,923	0.85
IOOF INVESTMENT SERVICES LIMITED	33,705	0.84
MUTUAL TRUST PTY LTD	28,079	0.70
DIOCESE DEVELOPMENT FUND - CATHOLIC DIOCESE OF PARRAMATTA	23,404	0.59
JOHN E GILL TRADING PTY LTD	22,860	0.57
ELM SPRINGS PTY LTD	21,000	0.53
MR BRADLEY VINCENT HELLEN & MR SEAN PATRICK MCMAHON	20,000	0.50
BARKLY HIRE PTY LTD	20,000	0.50
NATIONAL NOMINEES LIMITED	14,710	0.37
VILAKAZI PTY LTD	13,000	0.33
BNP PARIBAS NOMINEES PTY LTD	12,403	0.31
GEAT INCORPORATED	12,190	0.30
MR VAUGHAN GARFIELD BOWEN	10,330	0.26
Total	**941,265**	**23.55**

The above table includes security holders that may hold securities for the benefit of third parties.

Voting rights

Capital notes 3 do not give the holders any voting rights at any general shareholders meetings, except in certain circumstances.

Shareholding details.

4. Distribution of security holders.

Distribution of fully paid ordinary shares as at Friday 20 September 2024:

Category	Number of shareholders	% of shareholders	Number of shares	% of issued capital
1 - 1,000	**59,883**	54.32	21,892,987	3.31
1,001 - 5,000	**32,967**	29.90	83,118,951	12.57
5,001 - 10,000	**9,563**	8.67	69,650,680	10.53
10,001 - 100,000	**7,606**	6.90	171,032,546	25.86
100,001 - and over	**222**	0.21	315,774,291	47.73
Total	**110,241**	100.00	661,469,455	100.00
Less than marketable parcel (1)	**4,751**	4.31	160,896	0.02

Distribution of capital notes 2 as at Friday 20 September 2024:

Category	Number of security holders	% of security holders	Number of securities	% of issued capital
1 - 1,000	**2,766**	88.54	1,046,759	40.26
1,001 - 5,000	**318**	10.18	663,686	25.53
5,001 - 10,000	**23**	0.74	153,788	5.91
10,001 - 100,000	**16**	0.51	633,124	24.35
100,001 - and over	**1**	0.03	102,643	3.95
Total	**3,124**	100.00	2,600,000	100.00
Less than marketable parcel (2)	**1**	0.03	1	0.00

Distribution of capital notes 3 as at Friday 20 September 2024:

Category	Number of security holders	% of security holders	Number of securities	% of issued capital
1 - 1,000	**4,320**	87.40	1,557,233	38.93
1,001 - 5,000	**560**	11.33	1,203,030	30.08
5,001 - 10,000	**41**	0.83	277,842	6.95
10,001 - 100,000	**19**	0.38	515,965	12.90
100,001 - and over	**3**	0.06	445,930	11.14
Total	**4,943**	100.00	4,000,000	100.00
Less than marketable parcel (3)	**8**	0.16	29	0.00

(1) Based on a closing price of $6.49 at 20 September 2024.

(2) Based on a closing price of $104.66 at 20 September 2024.

(3) Based on a closing price of $104.31 at 20 September 2024.

Shareholding details.

5. Partly paid shares.

There are no partly paid shares.

6. Substantial shareholders.

The names of substantial shareholders in the Bank, per the meaning within the *Corporations Act 2001* (Cth), and the number of shares in which each has an interest as disclosed in substantial shareholder notices given to the Bank were:

	Number of ordinary shares in which interest is held (at date of notification)	Date of notification
State Street Global	47,052,246	31 May 2024
The Vanguard Group Inc.	32,417,919	6 July 2022

7. Securities exchange listing.

The shares of Bank of Queensland Limited (**BOQ**), Capital Notes 2 (**BOQPF**) and Capital Notes 3 (**BOQPG**) are quoted on the Australian Stock Exchange.

Notes issued under BOQ's Euro Medium Term Note Programme and covered bonds issued under BOQ's Covered bond programmes may be listed on the London Stock Exchange.

8. Unquoted securities.

As at 30 September 2024, the following unquoted securities were on issue:

Unquoted securities (1)	Number of holders in the plan	Number of unquoted securities
CEO & Chairman Awards	216	883,579
Deferred Award Rights	1,736	4,535,216
Premium Priced Options	58	11,265,103
Transformation Awards Rights	1	4,374
Executive Performance Rights	21	1,066,097

9. On market buy-back.

There is no current on market buy-back.

10. Securities purchased on market.

During the year ended 31 August 2024, 1,500,000 shares were purchased on market under the employee incentive scheme. (2)
The average price per security was $5.52.

11. Other information.

BOQ is a publicly listed company limited by shares and is incorporated and domiciled in Australia.

(1) Unquoted securities are issued under the Award Rights Plan and the Equity Incentive Plan.

(2) Inclusive of shares purchased under the NED Plan.

Shareholding details.

Share Registry.

MUFG Pension & Market Services

Level 21, 10 Eagle Street
Brisbane Qld 4000

Australia: 1800 779 639
International: +61 1800 779 639

Email: boq@linkmarketservices.com.au

Website: linkmarketservices.com.au

Company Details.

Bank of Queensland Limited

ABN 32 009 656 740
ACN 009 656 740

Registered office:
Level 3, 100 Skyring Terrace
Newstead Qld 4006

Telephone: +61 7 3212 3844
Investor Relations:
InvestorRelations@boq.com.au

boq.com.au
twitter.com/boq
facebook.com.au/BOQOnline

Customer Service.

Australia: 1300 55 72 72
International: +61 7 3336 2420

Postal address:
GPO Box 898
Brisbane Qld 4001

Key Shareholder Dates.

Dividend dates for ordinary shares only are:

2024	
Financial full year end	31 August 2024
Full year results and dividend announcement	16 October 2024
Full year ex-dividend	25 October 2024
Full year dividend record date	28 October 2024
Full year dividend payment date	19 November 2024
Annual General Meeting	3 December 2024

Shareholder communication election.

In accordance with the *Corporations Act 2001* (Cth), shareholders are able to elect how they wish to receive communications. You can elect either as a one-off or ongoing basis how to receive certain documents. You may elect to receive documents such as the Annual Report and documents for shareholder meetings (and voting/proxy forms) as either physical or electronic reports and communications. We encourage our shareholders to receive these communications electronically, which is the best way to stay informed and support BOQ's commitment to the environment. You can change your elections through Link's Investor Centre.

Glossary.

Anti-money laundering (**AML**)	The prevention of money laundering, being the process of moving money or property through the economy in a way that hides its illegal origins or intended criminal purpose.
APRA Prudential Standard (**APS**)	Prudential standards issued by APRA which are applicable to ADIs.
Asset backed securities (**ABS**)	A financial security which is pledged by a pool of assets such as but not limited to loans, leases and credit card debt.
Asset-Liability Committee (**ALCO**)	ALCO is the committee responsible for the oversight and strategic management of the BOQ Group balance sheet, trading books, liquidity and funding positions and capital management activities.
AT1 Capital Notes	AT1 Capital Notes are perpetual, non-cumulative, subordinated and unsecured notes assumed on the acquisition of ME Bank.
Australian Accounting Standards Board (**AASB**)	The AASB produces a series of technical pronouncements that set out the measurement and recognition requirements when accounting for particular types of transactions and events, along with the preparation and presentation requirements of an entity's financial statements.
Australian Banking Association (**ABA**)	The trade association for the Australian banking industry.
Australian Competition and Consumer Commission (**ACCC**)	ACCC is an independent Commonwealth statutory authority having the role of administering and enforcing the *Competition and Consumer Act 2010* and other legislation to promote competition, fair trade and to regulate national infrastructure. The ACCC currently comes under the portfolio responsibilities of The Treasury.
Australian Prudential Regulation Authority (**APRA**)	APRA is the prudential regulator of the Australian financial services industry. APRA is an independent statutory authority that supervises institutions across banking, insurance and superannuation and promotes financial system stability in Australia.
Australian Securities & Investments Commission (**ASIC**)	ASIC is Australia's corporate, markets and financial services regulator.
Australian Securities Exchange (**ASX**)	Australian Securities Exchange or ASX Limited (ABN 98 008 624 691) and the market activities operated by ASX Limited.
Australian Taxation Office (**ATO**)	The Australian Taxation Office is an Australian statutory agency and the principal revenue collection body for the Australian Government. The ATO has responsibility for administering the Australian federal taxation system, superannuation legislation, and other associated matters.
Australian Transactions Reports and Analysis Centre (**AUSTRAC**)	AUSTRAC is Australia's financial intelligence unit and anti-money laundering (**AML**) and counter-terrorism financing (**CTF**) regulator.
Authorised deposit-taking institution (**ADI**)	A body corporate which is authorised to carry on banking business in Australia under the *Banking Act 1959* (Cth).
Available stable funding (**ASF**)	ASF is the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year.
Average interest earning assets (**AIEA**)	Average balance over the period for a bank's assets that accrue interest income.
Bank of Queensland Limited (**the Bank** or **BOQ**)	The Bank is a for-profit entity primarily involved in providing retail banking, business banking and leasing finance products to its customers.
Banking Code Compliance Committee (**BCCC**)	The Banking Code Compliance Committee is an independent body that monitors banks' compliance with the Banking Code of Practice.

Glossary.

Basel III	A global regulatory framework to improve the regulation, supervision and risk management within the banking system developed by the Basel Committee on Banking Supervision.
Basis points (**bps**)	One per cent of one per cent (0.01 per cent).
BOQ Group Transformation Award (**BTA**)	BOQ Group Transformation Award was a type of variable reward granted to select employees. The vesting of BTAs was subject to the achievement of a core earnings hurdle.
Capital Notes 2 (**BOQPF**) & Capital Notes 3 (**BOQPG**)	Capital Notes are perpetual, convertible, unguaranteed and unsecured notes issued by BOQ, with preferred, discretionary, non-cumulative distributions. Capital Notes may convert into common shares in certain circumstances as described in the offer documentation of the notes.
Cash-Generating Unit (**CGU**)	A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The CGUs represent the Controlled Entity's operating segments – Retail Bank and BOQ Business.
Cash earnings	Cash Earnings is a non-accounting standards measure commonly used in the banking industry to assist in presenting a clear view of underlying earnings.
CEO and Chair Award Rights (**CARS**)	A type of long-term variable reward granted to employees below Senior Executive Level. CARs vest subject to service conditions and a risk assessment.
Collective Provision (**CP**)	An allowance for impairment loss of financial assets that are collectively assessed for impairment in accordance with AASB 9 *Financial Instruments.*
Commercial Real Estate (**CRE**)	Businesses whose primary purpose is the investment in the construction and / or development of commercial real estate.
Common equity tier 1 (**CET1**)	Capital that is recognised as the highest quality component of capital under APS.
Common equity tier 1 ratio (**CET1 ratio**)	CET1 capital divided by total RWA calculated in accordance with relevant APS.
Consolidated Entity (**the Group** or **BOQ**)	BOQ and its subsidiaries.
Consolidated Entity Disclosure Statement (**CEDS**)	A requirement of the *Corporations Act 2001* (Cth) for all public companies preparing consolidated financial statements to disclose details of all entities that are part of the consolidated entity as at the end of the financial year, including names, ownership interests, place of incorporation or formation and, for foreign resident entities, tax residency.
Consumer Data Right (**CDR**)	The Consumer Data Right allows consumers to give an accredited business access to their data so that the business can offer products and services tailored to their needs.
Corporation Regulations 2001	The *Corporations Regulations 2001* made under the *Corporations Act 2001* (Cth).
Corporations Act 2001	The *Corporations Act 2001* (Cth).
Cost to income (**CTI**) ratio	Operating expenses divided by net operating income.
Counter terrorism financing (**CTF**)	The prevention of the financing of terrorism, including the financing of terrorist acts, and of terrorists and terrorist organisations.
Court Enforceable Undertakings (**CEUs**)	These are legally binding undertakings that have been accepted by APRA and AUSTRAC and are enforceable in a court.

Glossary.

Covered bond guarantor	Perpetual Corporate Trust Limited ABN 99 000 341 533, incorporated with limited liability in the Commonwealth of Australia and having its registered office at Level 18, 123 Pitt Street, Sydney, NSW 2000, as trustee of the BOQ Covered Bond Trust and the BOQ Soft Bullet Covered Bond Trust (**the Trustee**).
Days past due (**dpd**)	A loan or lease payment that has not been made by a customer by the due date.
Deferred Award Rights (**DARs**)	A type of long-term variable reward granted to employees below Senior Executive Level. DARs vest subject to service conditions and a risk assessment.
Dividend payout ratio	Dividends paid on ordinary shares divided by earnings.
Dividend reinvestment plan (**DRP**)	A plan which provides shareholders with the opportunity to convert all or part of their entitlement to a dividend into new shares.
Dividend yield	Dividend per share as a percentage of the share price.
Earnings per share (**EPS**)	Measure of earnings attributed to each equivalent ordinary share over a twelve month period. This is calculated by dividing the company's earnings by the weighted average number of shares on issue in accordance with AASB 133 *Earnings per share.*
Effective tax rate	Income tax expense divided by profit before tax.
Equity reserve for credit losses (**ERCL**)	An additional reserve for future unidentified credit losses, not reflected as part of existing Expected Credit Loss (**ECL**) provisions.
Equipment hire purchase trust (**EHP trust**)	EHP trust under the REDS securitisation program, issuing asset backed securities to the term market.
Eurocommercial paper program (**ECP**)	ECP is an offshore short term commercial paper program.
Euro Medium Term Note (**EMTN**)	EMTN is an offshore medium term note program.
Executive Performance Rights (**EPRs**)	A type of long-term variable reward granted to senior employees, including executives. The vesting of EPRs is subject to four non-market performance hurdles and one market performance hurdle (absolute total shareholder return (**aTSR**)).
Expected credit loss (**ECL**)	Estimated credit losses using a forward looking impairment methodology accounted for, in accordance with AASB 9 *Financial Instruments.*
Fair value through other comprehensive income (**FVOCI**)	Measurement and classification of financial assets under AASB 9 *Financial Instruments.* A financial asset is measured at FVOCI if it is held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. The contractual cash flows must be solely payments of principal and interest.
Fair value through profit or loss (**FVTPL**)	Measurement and classification of financial assets under AASB 9 *Financial Instruments.* FVTPL includes financial assets that are held for trading.
Financial Accountability Regime (**FAR**)	*Financial Accountability Regime Bill 2022* has replaced the Banking Executive Accountability Regime (**BEAR**) and imposes core sets of obligations on authorised deposit-taking institutions, insurance companies, and superannuation funds.
Full time equivalent (**FTE**)	A calculation based on number of hours worked by full and part time employees as part of their normal duties.
Gross domestic product (**GDP**)	Total monetary value of all goods and services produced in a country.

Glossary.

Gross loans and advances (**GLA**)	Gross loans and advances is the principal amount of loans and advances provided, gross of provisions and deferred fee income and including any accrued interest.
High quality liquid asset (**HQLA**)	Comprises of the Bank's notes and coins, central bank balances able to be drawn down and marketable securities representing claims on or guaranteed by the Australian Government or Semi-Government authorities.
Impaired assets	Exposures that have deteriorated to the point where full collection of principal and interest is in doubt.
Interest bearing liabilities	The Bank's liabilities that accrue interest expense.
Interest rate risk in the banking book (**IRRBB**)	The risk of loss in net interest income (**NII**) or in the economic value (**EV**) in the banking book due to movements in interest rates.
Intergovernmental Capital Adequacy Assessment Process (**ICAAP**)	A framework introduced by APRA relating to a Bank's capital management and risk management processes.
International Accounting Standards Board (**IASB**)	Independent, private-sector body that develops and approves International Financial Reporting Standards.
International Financial Reporting Standards (**IFRS**)	IFRS and interpretations issued by the International Accounting Standards Board.
Intergovernmental Panel on Climate Change (**IPCC**)	IPCC is the United Nations body charged with overseeing climate change and publishing the global climate models' (including RCP's).
International Swaps and Derivatives Agreement (**ISDA**)	An agreement published by the International Swaps and Derivatives Association (**ISDA**), outlines the terms to be applied to a derivatives transaction between two parties, typically a derivatives dealer and a counterparty.
IPF Code Compliance Committee (**IPF CCC**)	The IPF Code Compliance Committee is responsible for managing the accreditation process as well as overseeing and administering the Insurance Premium Funding Code.
Issued capital	Value of securities allotted in a company to its shareholders.
Liquid assets	All unencumbered RBA repurchase eligible liquid assets including HQLA.
Liquidity coverage ratio (**LCR**)	The LCR represents the level of unencumbered high quality liquid assets available to meet obligations over a 30-day period, under a regulator defined liquidity stress scenario.
Loan to Value Ratio (**LVR**)	The ratio between the loan amount and the appraised value of the underlying asset.
Loss given default (**LGD**)	Loss of money by a bank when a customer defaults on a loan represented as a percentage of the total exposure at the time of default.
Members Equity Bank Limited (**ME Bank** or **ME**)	ME Bank is a for-profit entity that operated in the retail segment of the domestic market offering primarily home loan products and everyday transaction and online savings accounts. On 28 February 2022, ME Bank surrendered its ADI licence and ME Bank's assets and liabilities were transferred to BOQ.
Mortgage Net Promoter Score (**NPS**)	The Net Promoter Score is an index that measures the willingness of customers to recommend a company's products or services to others. It is used as a proxy for gauging the customer's overall satisfaction with a company's product or service and the customer's loyalty to the brand.
Net cash outflow (**NCO**)	Represents the total expected cash outflows minus total expected cash inflows under a prescribed stress scenario for the subsequent 30 calendar days.

Glossary.

Net Interest income (**NII**)	Net interest income is the amount of interest income earned less interest expense incurred during the period.
Net interest margin (**NIM**)	Net interest income divided by average interest-earning assets.
Net profit after tax (**NPAT**)	The total profit of a company after all expenses, including taxes, have been deducted from total revenue.
Net stable funding ratio (**NSFR**)	The NSFR is defined as the amount of ASF relative to the amount of required stable funding. APRA requires ADIs to maintain an NSFR of at least 100 per cent. ASF is defined as the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year. The amount of such stable funding required of a specific institution is a function of the liquidity characteristics and residual maturities of the various assets held by that institution as well as those of its off-balance sheet exposures.
Net tangible assets (**NTA**)	Net tangible assets are calculated as the total assets of a company minus any intangible assets such as goodwill, less all liabilities and the par value of preferred stock.
Net Tier 1 Capital ratio	Total Tier 1 Capital divided by total RWA calculated in accordance with relevant APS.
Non-Executive Director Fee Sacrifice Rights Plan (**NED Plan**)	The Non-Executive Director Fee Sacrifice Rights Plan (**NED Plan**) allows NEDs to sacrifice a portion of their Board fees to acquire Rights that convert to BOQ shares.
Non-interest earning assets	The Bank's assets that do not accrue interest income.
Office of Australian Information Commissioner (**OAIC**)	The Office of the Australian Information Commissioner's purpose is to promote and uphold privacy and information access rights and was set up under the *Australian Information Commissioner Act 2010* (**AIC Act**). The OAIC is an independent statutory agency in the Attorney-General's portfolio.
Organisation for Economic Co-operation and Development (**OECD**)	An international organization that provides guidelines and recommendations to promote fair and efficient tax systems among its member countries.
Owner-managed branch (**OMB**) (1)	A branch which is run by a franchisee.
Performance Award Rights (**PARs**)	A type of long-term variable reward granted to senior employees, including executives, until 2019. The vesting of PARs was subject to two performance hurdles; relative total shareholder return (**rTSR**) and relative earnings per share (**rEPS**).
Probability of default (**PD**)	An estimate of the likelihood of a default over a given time horizon.
Purchased or originated credit impaired (**POCI**) assets	Financial assets that are purchased or originated as being credit impaired.
Remedial Action Plans (**RAPs**)	Programs to strengthen BOQ's operational resilience, risk culture and AML/CTF governance and compliance.
REDS	Term to describe the BOQ REDS securitisation programmes.
Reserve Bank of Australia (**RBA**)	Australia's central bank that derives its functions and powers from the *Reserve Bank Act 1959.*
Residential mortgage-backed securities (**RMBS**)	BOQ's securitisation program which enables the trustee to issue debt securities backed by assets originated by the Group such as mortgages.
Return on average equity (**ROE**)	Net profit less other equity instruments' distributions divided by average shareholder equity, excluding other equity instruments.
Return on average tangible equity (**ROTE**)	After tax earnings applied to average shareholders' equity less goodwill and identifiable intangible assets (customer related intangibles/brands and computer software).

Glossary.

Right-of-use (**ROU**) asset	The right-of-use asset is a lessee's right to use an asset over the life of a lease.
Risk weighted assets (**RWA**)	A quantitative measure of various risks including credit, operational, market, and securitisation as defined by APS.
Significant Increase in Credit Risk (**SICR**)	A significant change in the estimated risk of default over the remaining expected life of the financial asset. SICR is assessed by comparing the risk of a default occurring over the expected life of a financial asset at the reporting date compared to the corresponding risk of default at origination.
Small and Medium Enterprises (**SME**)	Businesses whose personnel numbers fall below certain limits.
SMHL	Term to describe the ME Bank securitisation programs.
Software-as-a-Service (**SaaS**)	Software delivery and licensing in which software is accessed online via a subscription, rather than bought and installed on individual computers.
Tax Funding Arrangement (**TFA**)	An agreement entered into between members of the BOQ income tax consolidated group for the funding of the Australian income tax liability.
Tax Sharing Arrangement (**TSA**)	An arrangement entered into between members of the BOQ income tax consolidated group for the apportionment of the Australian income tax liability.
Taxation of Financial Arrangements (**TOFA**)	The TOFA rules provide for the tax treatment of gains and losses on financial arrangements.
Term funding facility (**TFF**)	Funding Facility for authorised deposit-taking institutions established by the RBA to support the Australian economy.
Tier 1 capital	Tier 1 capital is the aggregate of Common Equity Tier 1 (CET1) capital and instruments that meet the criteria for inclusion as Additional Tier 1 (AT1) capital set out in APS 111 Capital Adequacy: Measurement of Capital.
Tier 2 capital	Tier 2 capital comprises other components of capital that, to varying degrees, do not meet the requirements of Tier 1 capital but nonetheless contribute to the overall strength of an ADI.
Total capital adequacy ratio	Total capital divided by total RWA calculated in accordance with relevant APS.
Total Shareholder Return (**TSR**)	A measure of the entire return a shareholder would obtain from holding an entity's securities over a period, taking into account factors such as changes in the market value of the securities and dividends paid over the period.
Treasury shares	Shares that the Bank has issued but are held by a trust included within the Bank's consolidated results. Treasury shares are not considered shares outstanding and are not included in 'per share' calculations.
Weighted average life (**WAL**)	The average length of time for the principal on a loan to be paid in full.
Virgin BOQ Group Transformation Award (**VTA**)	A type of variable reward granted to select employees. The vesting of VTAs was subject to the successful delivery of Project de Novo (**VMA digital transformation**) and the achievement of a core earnings hurdle.
Virgin Money Australia (**VMA** or **Virgin Money**)	Virgin Money Australia is a business operated by BOQ, encompassing Virgin Money Australia Pty Ltd and its subsidiaries, as well as Virgin Money Australia products sold by the Bank. The VMA products offered by the Group include home loans, transaction and savings accounts and the provision of other financial services (e.g. credit cards, insurance and superannuation) on behalf of business partners.
Weighted average number of shares (**WANOS**)	Calculated in accordance with AASB 133 *Earnings per share*.

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