

BOQ ANNOUNCES CAPITAL PARTNERSHIP WITH CHALLENGER

7 April 2026, Brisbane: Bank of Queensland Limited (ASX: BOQ) today announces a strategic capital partnership with Challenger Limited (ASX: CGF), marking a further step in its transformation to a simpler, specialist bank.

The partnership with Challenger includes a whole-of-loan sale and a forward flow arrangement¹ for equipment finance assets that will further optimise BOQ's funding base and support the acceleration of the Group's ambition to service more equipment finance customers, particularly in the small to medium business sector.

The partnership will support the optimisation of BOQ's balance sheet and cost of funding while enabling the bank to grow capital-light revenue streams to improve Return on Equity (ROE) and enhance shareholder returns.

This transaction follows BOQ's August 2025 announcement² that a whole-of-loan sale process was being explored and represents a key component of BOQ's transformation strategy. The transaction is expected to complete by the end of May 2026.

Whole-of-loan asset sale and capital management

The \$3.7 billion³ whole-of-loan sale, net of a \$25 million⁴ collective provision release, is expected to reduce debt funding by ~\$3.4 billion⁵ and facilitate a return to shareholders post-sale of ~\$300 million⁶.

Capital is expected to be returned to shareholders, subject to market conditions, board and regulatory approvals, through an on-market buyback of shares and a fully franked special dividend⁷, with final timing and amounts expected to be confirmed at completion. These initiatives enable efficient return of capital and support Earnings Per Share (EPS) and ROE accretion.

BOQ maintains a strong Common Equity Tier 1 (CET1) position with the management target range unchanged at 10.25 to 10.75 per cent.

Forward flow origination and servicing

The forward flow agreement is for an initial 12-month term, extendable by agreement between the parties and is subject to Challenger and its financiers' discretion as to funding. BOQ will leverage its capability in originating and servicing equipment finance facilities, while underlying direct credit risk exposure will be held by Challenger for facilities originated through the partnership.

¹ The forward flow arrangement has a 12-month initial term, extendable by agreement between the parties. The forward flow agreement is not underwritten and is subject to Challenger and its financiers' discretion as to funding.

² BOQ ASX release dated 28 August 2025, available on BOQ's shareholder centre: <https://www.boq.com.au/shareholder-centre/>.

³ The final whole-of-loan sale amount at completion may be higher or lower depending on whether newly originated assets in the intervening period are sold under the whole of loan sale or the forward flow arrangement.

⁴ Estimated collective provision release as at 28 February 2026 is \$25 million pre-tax; \$18 million post tax.

⁵ Depending on the finalised whole-of-loan sale amount.

⁶ Subject to regulatory approval.

⁷ Timing and actual number of shares purchased under the buy-back and the timing of the special dividend will depend on market conditions, available trading windows, and other considerations. BOQ reserves the right to vary, suspend or terminate the buy-back at any time.

This off-balance sheet capital partnership will enable BOQ to scale its equipment finance business and support more customers. There will be no impact on existing customers from the partnership, and all new customer relationships will be managed by BOQ.

BOQ retains flexibility to originate facilities on its own balance sheet or through the forward flow arrangement.

BOQ Managing Director & CEO, Rod Finch, said:

"This innovative partnership with Challenger is an evolution of our strategy to think differently about how we support our customers' growth ambitions and generate value for our shareholders. We are harnessing our recognised capability in originating and servicing customers, particularly in the SME sector, to generate capital-efficient growth. Our ability to return capital to shareholders demonstrates the strength of BOQ's balance sheet."

Challenger Group Chief Investment Officer, Damian Graham, said:

"We're pleased to have partnered with BOQ on this whole-of-loan sale and forward flow arrangement for equipment finance assets. The transaction establishes a strategic partnership with BOQ and provides Challenger with access to a high-quality, seasoned and highly diversified loan portfolio that will deliver attractive risk-adjusted returns for Challenger and institutional investors. It also reflects Challenger's continued expansion in whole loan investing, as we partner with leading counterparties to provide tailored funding solutions and further position whole loan investments as a core pillar of our portfolio strategy."

Expected financial implications of the partnership

The whole-of-loan sale includes an ongoing servicing fee for BOQ's continued management of the customer relationships, which will be recognised as non-interest income. Exposure relating to direct credit losses will be transferred to Challenger, supporting CET1 and ROE.

The forward flow arrangement is expected to result in:

- Non-interest income generated for the origination and servicing of customers
- Forfeiture of net interest income for facilities originated
- No change to operating expenses
- No material requirement for credit risk weighted assets or provision for loan impairment to be held

This partnership, including the associated funding and capital benefits, is expected to be ROE and EPS accretive to the Group. In FY26, an uplift to cash ROE of 15 – 25 basis points is anticipated⁸.

1H26 financial results⁹

At the conclusion of the half year, the equipment finance assets and associated liabilities were considered a 'held for sale disposal group' under the Accounting Standard AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*.

The 1H26 statutory accounts include an estimated \$31 million post-tax loss. This includes a sale premium of \$3 million and a collective provision release of \$18 million offset by an allocation of goodwill to the disposal

⁸ The final financial position is subject to movements in swap rates driven by market conditions, including volatility from the current geopolitical environment. These impacts will be materially known at completion.

⁹ Unaudited accounts as at 28 February 2026, subject to change. All numbers quoted are post-tax.

group of \$20 million, the impact of interest rate swaps of \$27 million which remain economic, and transaction costs relating to the sale of \$5 million, and other items. The CET1 impact for 1H26 will be negative 3 basis points. As the impacts of this transaction to the current year's financial position are a result of a strategic divestment, this will be adjusted from cash earnings. It is expected there may be further statutory impacts recognised in 2H26, upon completion of the transaction.

BOQ Managing Director & CEO, Rod Finch and Chief Financial Officer, Racheal Kellaway will hold a brief market call today at 10:30am AEST via the following link: <https://wkf.ms/4uOTlvf>

About BOQ's Equipment Finance business

Established more than 20 years ago, the equipment finance portfolio is BOQ's commercial equipment finance business. The business has a strong geographic and industry spread and is diversified across building & construction, transport, professional and business services, agriculture and manufacturing. A wide range of funding options support business customers across all industry sectors with equipment purchases, including trucks, cars, buses, trailers, lifting & handling and agricultural equipment.

About Challenger

Challenger is an investment management firm focused on providing customers with financial security for a better retirement. Challenger operates a fiduciary Funds Management division and an APRA-regulated Life division. Challenger Life Company Limited (Challenger Life) is Australia's largest provider of annuities.

ENDS

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

IMPORTANT INFORMATION

This is an announcement of general background information about Bank of Queensland Limited and its consolidated entities' activities as at the date of this announcement. It is in summary form and should be read in conjunction with BOQ's other periodic and continuous disclosure announcements.

This document contains forward-looking statements about matters including BOQ's business and operations, strategy and strategic initiatives, market conditions, results of operations and financial conditions, capital adequacy, specific provisions and related matters. 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, potential cost savings and financial position and performance are also forward-looking statements. Forward-looking statements reflect BOQ's current views about future events. There are a number of factors (which may involve known and 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 anticipated, or implied by, any forward-looking statements. These factors include changes in BOQ's operating environment, material changes to the law or applicable regulation, risks and uncertainties associated with the Australian and global economic or political environment and capital market conditions. 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.

This document should not be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. Investors should consider these factors, and consult with their own legal, tax, business and/or financial advisors in connection with any investment decision. Nothing in this document should be construed as either an offer to sell or a solicitation of an offer to buy or sell BOQ securities in any jurisdiction.

Appendix A | Financial summary

Partnership allows BOQ to originate and serve more customers while delivering positive ROE and EPS¹

Impact on BOQ Group financials

Interest income	▼	Lower interest income partially offset by lower interest expense, impact to BOQ Group NIM broadly neutral
Interest expense	▼	
Non-interest income	▲	Non-interest income growth from origination and servicing fees
Total income	▼	
Operating expenses	—	No impact on expenses
Credit losses	▼	No exposure to direct credit losses
Cash NPAT	▼	Lower income partly offset by lower loan impairment expense
Statutory NPAT	▼	Estimated statutory loss in 1H26 ²
Capital requirement	▼	No credit risk weighted assets required to scale off-balance sheet asset finance growth
Funding costs	▼	Supporting optimisation of funding across wholesale and retail channels
Return on equity	▲	Delivers a positive return on equity profile
Earnings per share	▲	Delivers a positive earnings per share profile

Note: All assumptions are based on current financial modelling.
(1) Assumes finances under forward flow agreement which is not underwritten and is subject to Challenger and its Financiers' discretion as to funding.
(2) Unaudited accounts as at 28 February, subject to change.

Appendix B | Equipment finance portfolio overview

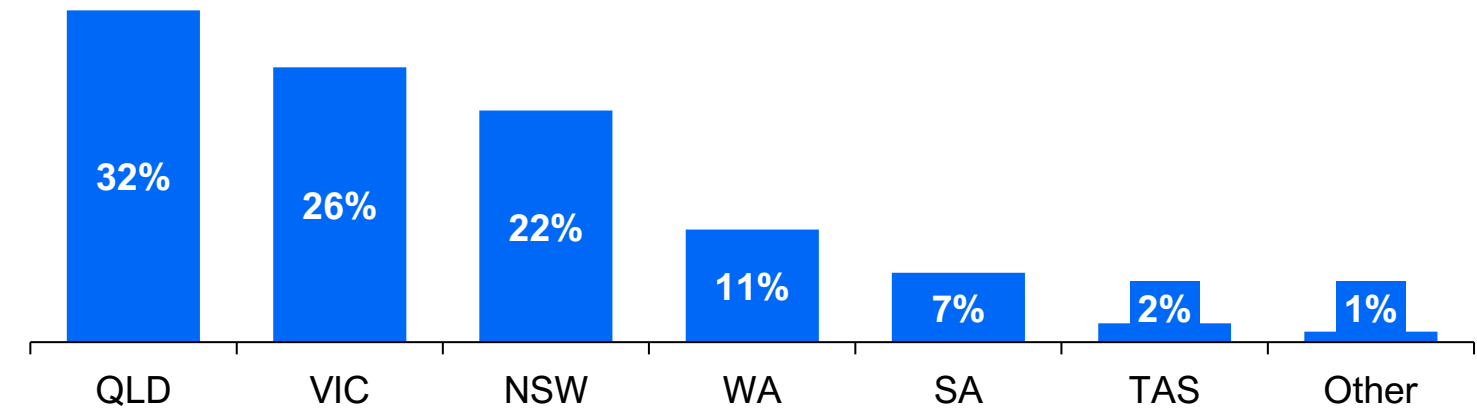
Secured lending to SME and commercial customers, backed by income producing assets

Summary

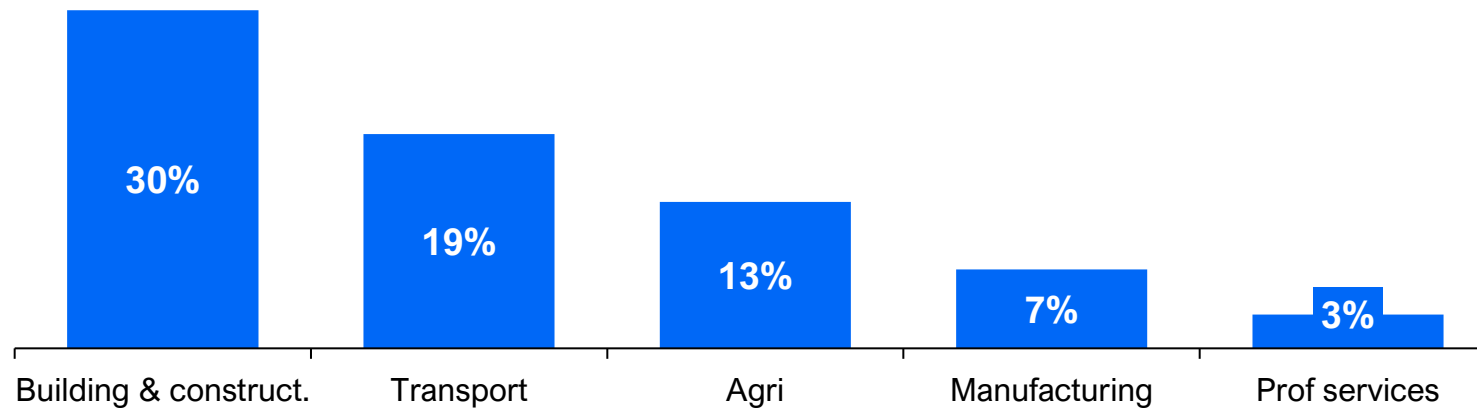
- Business specialises in customers in capital-intensive industries
- Broad industry and geographical spread reduces concentration risk across the portfolio
- Supports all customer sizes, specialising in SME (<\$5m)

~25k Customers		~5% Market share	
~45k Active contracts	~\$90k Avg. loan balance	~\$4bn Total loans under mgt	
~\$1.6bn NTB settlements ¹	~89% % portfolio originated through broker	~\$80bn Total Equipment Finance market	

Equipment Finance Portfolio by geography (%)



Equipment Finance Portfolio top five industries (%)



Note: All data presented is as at 31 August 2025.
(1) New To Bank settlements up 8% on FY24.