AUSTRALIAN SHAREHOLDERS' ASSOCIATION

Bank of Queensland Limited (BOQ) - 2026 Voting Intentions Report

Company/ASX Code	**Bank of Queensland Limited (BOQ)**
AGM time and date	**10:00am AEST Tuesday, 1 December 2026**
Location	Boulevard Room, Level 1, Brisbane Convention & Exhibition Centre, Merivale Street, South Brisbane QLD 4101
Registry	MUFG Corporate Markets
Type of meeting	Physical with webcast (online questions but no online voting)
Monitor	Paul Donohue, assisted by Alison Prentice and David Shaw
Pre-AGM Meeting	12 November 2026 with Andrew Fraser, Chair, Rod Finch, Managing Director & Chief Executive Officer (joining remotely), Ben Davies, Investor Relations, and Kirsty Rowe

Monitor Shareholding: The individuals involved in the preparation of this voting intentions report have no shareholding in this company.

1. How we intend to vote

Item	Resolution	Vote
2	Remuneration Report	For
3	Re-election of Director - Mickie Rosen	For
4	Election of Director - Chris Eigeland	For
5	Grant of Securities to the Managing Director & Chief Executive Officer	For

2. Summary of issues and voting intentions for AGM

- **New CEO.** Patrick Allaway stood down as CEO and was replaced by Rod Finch who was previously Chief Transformation & Operations Officer. We met Rod at the pre-AGM meeting and found him to be across the detail and eager to lead the next phase of BOQ's strategy.
- **Some positives.** BOQ finished moving customers of the "ME" brand to its new digital bank. It completed a deal in which Challenger will provide the capital and assume the risk of the $3.6 billion equipment finance book in return for an ongoing revenue stream to BOQ. This deal funded a capital return of about $295m through a special dividend and an on-market buy-back.
- **And some negatives.** Cash earnings fell 7% to $358m and shareholder return for the year was negative 2.6%. The migration caused problems for some customers which contributed to a surge in complaints.

- **Regulatory scrutiny.** On a positive note, the APRA & AUSTRAC court enforceable undertakings are on track. However, new scrutiny has emerged from the financial markets regulator (ASIC) and the financial complaints ombudsman (AFCA).
- **Generous exit package.** All long-term incentives awarded to Patrick Allaway were retained in full, even though he will not serve as CEO during the entire performance period to which they relate.
- **A sound new package.** The new CEO's remuneration is more shareholder friendly than his predecessor's.

ASA intends to vote open proxies in favour of all resolutions.

See ASA Voting guidelines and Investment Glossary for definitions.

3. Matters Considered

Accounts and reports

BOQ is a Brisbane-based bank operating under the BOQ, ME, Virgin Money and BOQ Specialist brands.

At our pre-AGM meeting the Chair, Andrew Fraser, described the strategy, "to be a simple, specialist bank", as targeting Queensland small business owners in chosen industries, such as agriculture and medicine, and offering them all the products needed for their business and personal banking.

The bank's preferred profit measure is cash earnings excluding notable items which fell 7% to $358m in the year to 31 August 2026. Income rose 1% and expenses rose 2%, with expense growth below inflation. Return on equity was 6.1%, down from 6.4%.

Lending fell 8% to $71.9 billion as the bank strategically pivoted from home to business lending and sold the equipment finance book.

The bad debt charge rose from a low $21m to $54m, but underlying portfolio credit quality remains sound, with loss rates remaining well below long-run historical averages.

Statutory net profit rose 88% to $250m, mainly because FY25 included a $170m goodwill write-down. FY26 included $52m of costs from the equipment finance sale and a $47m write-down of old technology and branch assets.

Ordinary dividends were 40 cents fully franked (FY25: 38 cents). Almost $300m of the equipment finance sale proceeds is being returned to shareholders through a 15-cent special dividend and an on-market buy-back, which began in August.

Financial performance

(As at FYE)	2026	2025	2024	2023	2022
NPAT ($m)	250	133	285	124	409
UPAT ($m)	358	383	343	450	491
Share price ($)	6.53	7.27	6.32	5.76	7.03
Dividend (cents)	55	38	34	41	46
Simple TSR (%)	(2.6)	20.6	15.6	(11.2)	(21.0)
EPS (cents)	54.4	58.3	52.2	68.4	75.8
CEO total remuneration, actual ($m)	1.79 (Finch) / 2.48 (Allaway)	2.13	2.05	1.25	1.86

Notes:

- Simple TSR is calculated by dividing change in share price plus dividend paid during the year, excluding franking, by the share price at the start of the year.
- FY25 TSR differs from our 2025 report, which used dividends declared rather than paid.
- UPAT is cash earnings excluding notable items, and EPS is the matching cash earnings per share.
- The FY26 dividend includes the 15 cent special dividend.
- The FY26 CEO figure shows Mr Finch (whole year, including six months as Chief Transformation & Operations Officer) and Mr Allaway (to 28 February, including $1.21m of termination benefits).

Governance and culture

The Board consists of six non-executive directors and the CEO. All NEDs and the Chair are independent, and women make up 43% of the Board. With only six NEDs, each sits on all five Board committees, which creates a considerable workload. A good argument could be made for reducing NED workload by either shrinking committee sizes or enlarging the Board.

The board skills matrix shows how many directors have each level of a particular skill. ASA prefers a more transparent matrix showing the skill level for each director. At our pre-AGM meeting, Chair Andrew Fraser said the Board operates under collective responsibility and should be assessed as a unit, warning that rating individual directors could lead to calls for differential fees based on levels of expertise. While that is one of the more thoughtful rebuttals we have heard on this topic, shareholders voting on individual director elections have a legitimate interest in how a specific nominee's expertise complements the rest of the Board.

BOQ has completed 74% of the activities agreed under the court enforceable undertakings with APRA and AUSTRAC in 2023. The multi-year AUSTRAC and APRA Remedial Action Plans are well progressed, both programs are now in the embed phase with the independent reviewers continuing to validate closure of activities.

In FY26, ASIC warned that BOQ may not yet be delivering effective and sustainable compliance with customer obligations, requiring additional remedial work. And AFCA determined that some customer migration issues were systemic.

The risk culture survey improved from 72% to 77%, but the broader culture survey fell to

61%, below the bonus threshold of 65% for the second year.

Key events

- **ME migration.** All customers for the ME brand were moved to the new digital bank, which now serves 68% of retail customers. Lessons learned from this migration are informing how to approach the other brands. One option being considered is that staff in the branches might initiate a migration while a customer was present and check that the outcome was acceptable.
- **Complaints.** However, the migration wasn't without issues, and internal complaints rose 99% while complaints to the external ombudsman rose 134%. Not all related to the migration, but it was clearly a contributing factor in many complaints.
- **Capital partnership.** The $3.6 billion equipment finance book was sold to Challenger, with BOQ continuing to originate and service new loans for a fee. The released capital funded a special dividend and share buyback.
- **Former branch owners.** Six former owner-managers have active complaints with AFCA, compared to last year when 70 were reported to be considering challenges to their branch valuations. AFCA has no jurisdiction over franchise-related issues, so the complaints are likely to be focussed on other concerns.

Key board or senior management changes

The most notable changes were:

- Chair Warwick Negus retired in October 2025, and Andrew Fraser became Chair.
- Patrick Allaway retired as CEO on 28 February 2026.
- Rod Finch was appointed CEO on 1 March 2026.
- Chris Eigeland, co-founder and CEO of Go1, joined the Board in May 2026.
- Chief Risk Officer Rachel Stock left in mid-2026 to join Medibank; Mandy Khanna will start in January 2027.
- Keith Strachan became Group Executive Business Banking in October 2025.

Sustainability & ESG

BOQ published climate-related financial disclosures in its Annual Report. It continued its community partnership with Orange Sky and provided 3,877 financial hardship solutions to customers during the year.

Hybrid AGM. Shareholders watching online can ask questions but cannot vote. ASA prefers a full hybrid meeting, and we raised this last year. We did not reach this question at our pre-AGM meeting and will ask at the AGM whether online voting will be offered in 2027.

AI and cyber security. The Board received training on the topic of artificial intelligence during the year. BOQ reported no significant cyber or privacy breaches in FY26.

4. Rationale for Voting Intentions

Resolution 2 - Remuneration Report (For)

There is much to support in the remuneration report, particularly in the way the Board has reset the CEO's package. Mr Finch's fixed pay of $1.5m is below his predecessor's and 70% of his maximum pay is at risk.

Half of his short-term incentive will be paid in shares released over up to five years and his long-term incentive is measured over four years with shares released over six years. The LTI hurdles are shareholder friendly with 70% against relative TSR and 30% against measurable customer targets. There are also new minimum shareholding rules requiring the CEO to build and hold equity worth 150% of fixed remuneration within 5 years.

ASA is comfortable with the quantum and structure of the incoming CEO's package, but we do have concerns about the way in which the former CEO's final payout was handled.

Like most CEOs, Patrick Allaway was awarded long-term incentives that are paid at the end of a multi-year performance period if targets are met. If a CEO steps down before these periods are reached, it is common market practice to reduce the awards to align with time served.

For clarity, Mr Allaway was an active CEO for 72.9% of the performance period for the FY23 award, 62.5% for FY24, 37.5% for FY25 and only 12.5% for FY26. The percentages are higher if you include the notice period during which he supported the incoming CEO, but he was not leading the company for the last six months of his employment.

The Board chose not to pro rata Mr Allaway's awards and allowed them to remain "on foot" in full. For the FY23 and FY24 awards, this required Board discretion as the plans for those years called for a pro rata treatment in this situation. The rules were changed for FY25 onwards so full retention of awards without corresponding service is now the norm at BOQ.

An argument could be made for the earlier awards, as these were made in the expectation that Mr Allaway would continue to serve as CEO. However, the FY26 award was granted just five weeks before Mr Allaway stood down.

We raised this at our pre-AGM meeting and were told that Mr Allaway was a "good leaver" who was entitled under BOQ's current policy to retain his awards in full. That might be the case, but CEO LTIs are meant to be rewards for successfully leading the company, not additional exit bonuses.

We will raise this matter at the AGM but will still vote in favour of what is otherwise a very good remuneration report.

Resolution 3 - Re-election of Director - Mickie Rosen (For)

Ms Rosen joined the Board in March 2021 and chairs the Customer, Transformation & Technology Committee. She has more than 30 years' experience in media, technology and e-commerce with Yahoo, Fox, Disney and Hulu, and is a director of Nine Entertainment and Centurion Acquisition Corp.

She is based in California, is independent and attended all 17 Board meetings. Her workload beyond BOQ is limited to two other boards and ASA has no concerns about her workload.

Ms Rosen holds 30,000 shares, worth about $196,000 at year end, or 96% of her base fee and a little over half of her total fees including those for committee membership. BOQ's NED shareholder policy requires a holding equivalent to base fee within five years (and she is compliant) while ASA prefers to use total fee (where she falls short).

We recognise that her shareholding is significant and the appropriate action in this situation might be to encourage BOQ to align with ASA's guidelines rather than expecting Ms Rosen to do that unilaterally.

We intend to vote for Ms Rosen, as we did in 2024.

Resolution 4 - Election of Director - Chris Eigeland (For)

Mr Eigeland joined the Board in May 2026. He is the Brisbane-based co-founder and CEO of Go1, a global workplace learning platform, and brings experience in building and running large digital platforms across several countries. This adds to the Board's digital skills at an important point in BOQ's technology program. He is independent and sits on all five committees. As a new director he is not yet expected to hold shares.

Mr Eigeland is a full-time CEO, and his availability is our only concern. BOQ is his only other board seat, which is consistent with ASA's guidelines. However, we need to clarify how he would allocate his time if urgent issues arose at Go1 and BOQ simultaneously.

When we raised this at the pre-AGM meeting, we were told he has not missed a meeting and has done more than expected including mentoring BOQ technology stakeholders and that a serving CEO brings current experience which is invaluable. This is encouraging, but it did not fully answer our question, so we will ask again at the AGM. We intend to vote for Mr Eigeland.

Resolution 5 - Grant of Securities to the Managing Director & Chief Executive Officer (For)

Mr Finch would receive up to 326,447 performance rights worth $2.1m, or 140% of his fixed pay. The number is based on the five-day volume-weighted average share price of $6.4329 before the end of the financial year, which ASA supports. The rights are tested over four years to August 2030: 70% against the TSR of ASX 100 companies outside energy and materials (half vesting at the median, full vesting at the 75th percentile) and 30% against customer measures. The Board will review risk and conduct before vesting, and vested shares are released in thirds over years four to six.

The grant is consistent with ASA's guidelines, and we intend to vote for the resolution.

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Appendix 1: Remuneration framework detail

CEO rem. Framework for FY27	Target* $m	% of Total	Max. Opportunity $m	% of Total
Fixed Remuneration	1.500	31.7%	1.500	29.9%
STI - Cash	0.563	11.9%	0.705	14.1%
STI - Equity	0.563	11.9%	0.705	14.1%
LTI	2.100	44.4%	2.100	41.9%
Total	4.725	100.0%	5.010	100%

The amounts in the table above are the amounts that are envisaged in the design of the remuneration plan for Mr Finch in FY27. *Target remuneration is sometimes called budgeted remuneration and is what the company expects to award the CEO in an ordinary year, with deferred amounts subject to hurdles in subsequent years before vesting. The STI target is 75% and the maximum 94% of fixed pay; the LTI is 140% of fixed pay.