BANK OF QUEENSLAND LIMITED

APRA Basel III Pillar 3 Disclosures:
Quarter ended 28 February 2013

18 April 2013

This report has been prepared by Bank of Queensland Limited (BOQ) to meet its disclosure requirements under the Australian Prudential Regulation Authority (APRA) Australian Prudential Standard (APS) 330 Capital Adequacy: Public Disclosure of Prudential Information. It has been prepared using 28 February 2013 data.

Bank of Queensland Limited ABN 32 009 656 740. AFSL No. 244616.

Key points

The disclosures provided within, have been prepared in accordance with the changes to APRA's capital rules (effective 1 January 2013). The Bank's Total Capital ratio has increased from 12.3% in November to 13.1%. The main reason for the increase is due to the issue of $300m Convertible Preference Shares in December that qualify as Additional Tier 1 Capital. Other changes under the new Basel III standards also provided a marginal increase to capital levels.

In table 17: Due to the APRA clarification of past due loans, Credit Risk now include facilities where hardship concessions are granted of $9.6m. In addition the clarification has also resulted in $123.5m of restructured loans being classified as impaired. The Bank believes both the hardship and restructured loans are well secured.

Table 15: Capital Structure(1)

Common Equity Tier 1 Capital	February 13 $m	August 12 $m
Paid-up ordinary share capital	2,496.5	2,464.6
Reserves	61.5	33.3
Retained earnings, including current year earnings	160.5	116.8
Total Common Equity Tier 1 Capital	**2,718.5**	**2,614.7**
Regulatory adjustments (2)		
Goodwill and intangibles	(539.9)	(541.1)
Deferred expenditure	(121.4)	(106.8)
Other deductions	(196.4)	(164.4)
Total regulatory adjustments	**(857.7)**	**(812.3)**
Net Common Equity Tier 1 Capital	**1,860.8**	**n/a**
Additional Tier 1 Capital	**314.0**	**195.7**
Net Tier 1 Capital	**2,174.8**	**1,998.1**
Tier 2 Capital		
Tier 2 Capital	396.0	499.9
General reserve for credit losses	220.5	184.2
Other (1c)	n/a	8.5
Tier 2 regulatory adjustments (2)	n/a	(31.5)
Tier 2 Capital	**616.5**	**661.1**
Total Capital Base	**2,791.3**	**2,659.2**

(1) Basel III came into effect from 1 January 2013. The standard amendments have resulted in changes to terminology and the calculation of capital. The above table reflects the terminology used under the new framework for February 13. The August 12 comparative balances have been compared with the most appropriate line under the new framework. The significant changes under Basel III for capital are as follows:

a. No provision for dividends in retained earnings;

b. Regulatory adjustments are generally made to Common Equity Tier 1 Capital (under Basel II, regulatory adjustments were made to Tier 1 Capital or 50/50 to Tier 1 and Tier 2 capital); and

c. 100% of the available-for-sale reserve moved to Common equity Tier 1 Capital.

(2) For the pre-Basel III reporting periods (e.g. August 2012), these regulatory adjustments applied to Tier 1 Capital or 50/50 to Tier 1 and Tier 2 Capital (refer to Note (1)b above).

Table 16: Capital Adequacy

Risk Weighted Assets ($'m)	February 13	November 12
Subject to the Standardised approach		
Government	4.9	5.1
Bank	258.7	202.1
Residential Mortgage	11,158.1	11,298.3
Other retail	7,528.5	7,243.2
Other	78.8	69.8
Total on balance sheet assets and off balance sheet exposures	**19,029.0**	**18,818.5**
Securitisation exposures (1)	**145.0**	**159.0**
Market risk exposures	**347.9**	**535.2**
Operational risk exposures	**1,823.8**	**1,761.3**
Total Risk Weighted Assets	**21,345.7**	**21,274.0**

Capital ratios	%	%
Level 2 Total capital ratio	13.1	12.3
Level 2 Common Equity Tier 1 capital ratio	8.7	-
Level 2 Net tier 1 capital ratio	10.2	9.4

(1) Refer to Table 18 for securitisation exposures

Table 17: Credit Risk

Exposure Type	Gross Credit Exposure[1] ($'m)		Average Gross Credit Exposure ($'m)	
	Feb 13	Nov 12	Feb 13	Nov 12
Cash and due from financial institutions	549.6	513.1	531.4	541.2
Debt securities	533.9	604.3	569.1	623.9
Loans and advances	31,631.7	31,538.2	31,584.9	31,714.9
Off balance sheet exposures for derivatives	284.3	233.4	258.9	274.0
Other off balance sheet exposures[2]	699.8	768.8	734.3	719.2
Other	41.2	41.2	41.2	41.9
Total exposures	**33,740.5**	**33,699.0**	**33,719.8**	**33,915.1**

Portfolios subject to Standardised approach	Gross Credit Exposure[1] ($'m)		Average Gross Credit Exposure ($'m)	
	Feb 13	Nov 12	Feb 13	Nov 12
Government	438.0	528.4	483.2	528.0
Bank	957.8	850.8	904.3	939.1
Residential Mortgage	24,775.9	25,055.5	24,915.7	25,214.4
Other retail	7,506.4	7,210.9	7,358.7	7,179.6
Other	62.4	53.4	57.9	54.0
Total exposures	**33,740.5**	**33,699.0**	**33,719.8**	**33,915.1**

Notes:

(1) Gross credit exposures reflect credit equivalent amounts.

(2) Other off balance sheet exposures largely relate to customer commitments.

Table 17: Credit Risk (continued)

February 13

Portfolios subject to the Standardised approach	Impaired loans $m [3]	Past due loans > 90 days $m	Specific provision balance[1] $m	Charges for specific provision $m	Write-offs $m
Corporate	-	-	-	-	-
Government	-	-	-	-	-
Bank	-	-	-	-	-
Residential Mortgage	282.4	206.8	62.5	(14.7)	24.2
Other retail	313.8	147.1	151.4	1.6	42.7
Other	-	-	-	-	-
Total	**596.2**	**353.9**	**213.9**	**(13.1)**	**66.9**

November 12

Portfolios subject to the Standardised approach	Impaired loans $m	Past due loans > 90 days $m	Specific provision balance[1] $m	Charges for specific provision $m	Write-offs $m
Corporate	-	-	-	-	-
Government	-	-	-	-	-
Bank	-	-	-	-	-
Residential Mortgage	194.1	185.1	77.0	3.4	7.7
Other retail	318.0	140.9	176.4	1.6	21.0
Other	-	-	-	-	-
Total	**512.1**	**326.0**	**253.4**	**5.0**	**28.7**

	February 13 $m	November 12 $m
Statutory equity reserve for credit losses	70.2	70.9
Collective provision	150.3	193.2
Ineligible collective provisions [1]	-	(30.0)
Tax effect of collective provision excluding ineligible collective provision	-	(49.0)
APRA General reserve for credit losses [2]	**220.5**	**185.1**

Notes:

(1) Under APRA guidelines specific provision balance includes ineligible collective provisions which are identified with certain exposures.

(2) Prior period includes a deduction for the tax effect of eligible collective provisions. February 13 shows collective provision and general reserve for credit losses gross of tax effect per Basel III standards, with the associated deferred tax asset deducted from Tier 1 Capital.

(3) Refer to Appendix 1 for reconciliation between regulatory and statutory impaired assets.

Table 18: Securitisation Exposures

Exposure Type	February 13 Current Period Securitisation Activity $m	February 13 Gain or Loss on Sale $m	November 12 Current Period Securitisation Activity $m	November 12 Gain or Loss on Sale $m
Securities held in the banking book	(11.6)	-	4.2	-
Securities held in the trading book	-	-	-	-
Liquidity facilities	(1.9)	-	-	-
Funding facilities	(0.1)	-	1.0	-
Swaps	(29.4)	-	34.3	-
Other[1]	(3.3)	-	0.7	-
Total	**(46.3)**	**-**	**40.2**	**-**

February 13

Securitisation Exposure	Securities held in the banking book $m	Securities held in the trading book $m	Liquidity facilities $m	Funding facilities $m	Swaps $m	Other[1] $m
On-balance sheet securitisation exposure retained or purchased	413.5	-	37.0	7.4	-	3,099.2
Off-balance sheet securitisation exposure	-	-	-	-	116.3	-
Total	**413.5**	**-**	**37.0**	**7.4**	**116.3**	**3,099.2**

November 12

Securitisation Exposure	Securities held in the banking book $m	Securities held in the trading book $m	Liquidity facilities $m	Funding facilities $m	Swaps $m	Other[1] $m
On-balance sheet securitisation exposure retained or purchased	425.1	-	38.9	7.5	-	3,102.5
Off-balance sheet securitisation exposure	-	-	-	-	145.7	-
Total	**425.1**	**-**	**38.9**	**7.5**	**145.7**	**3,102.5**

Notes:

(1) Exposures relate to notes held in the Bank's on balance sheet securitisation vehicles.

Appendix A

Reconciliation of impaired loans	February 13 $m
Impaired assets per Table 17: Credit Risk	596.2
Add: Impaired assets in off balance sheet securitisation trusts	27.6
Less: Restructured facilities included in APS 220	145.3
Impaired assets per Investor Information	478.5