



ASX ANNOUNCEMENT

BOQ NOTES APRA'S UNQUESTIONABLY STRONG CAPITAL REQUIREMENTS

Wednesday, 19 July 2017: The Australian Prudential Regulation Authority (**APRA**) has today released an Information Paper outlining the additional capital required to satisfy the "unquestionably strong" benchmark prescribed by APRA.

BOQ notes that APRA has determined that the necessary increase to minimum capital requirements will apply differently between Internal Ratings Based (**IRB**) and Standardised banks.

Minimum Common Equity Tier 1 (**CET1**) requirements are to be increased by:

- 150 basis points for IRB banks; and
- 50 basis points for Standardised banks like BOQ.

BOQ supports and welcomes APRA's clear recognition that differences in risk weights between IRB banks and Standardised banks are reflected in their required CET1 ratios.

The theoretical minimum CET1 requirement for IRB banks who are also Domestically Systemically Important Banks (**DSIBs**) is now 9.50%, before operating buffers. For Standardised banks, the theoretical minimum CET1 requirement, including the 50 basis points "unquestionably strong" buffer announced today, will be 7.50%.

BOQ Chief Financial Officer, Anthony Rose said, based upon BOQ's assessment of today's announcement, BOQ already meets the prescribed threshold.

"BOQ's CET1 ratio reported as at the HY17 results was 9.29%, which we expect provides sufficient operating buffer to the prescribed requirements announced today", Mr Rose said.

"We will work with APRA to implement these changes, including the flagged future risk weight adjustments that we hope will continue to level the playing field relative to the major banks."

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