

APRA BASEL III PILLAR 3 DISCLOSURES

QUARTER ENDED 31 MAY 2017



BANK OF QUEENSLAND LIMITED, BASEL III PILLAR 3 DISCLOSURES, 31 MAY 2017

26 July 2017

This report has been prepared by Bank of Queensland Limited (Bank or BOQ) to meet its disclosure requirements under the Australian Prudential Regulation Authority's (APRA) Prudential Standard *APS 330: Public Disclosure*. It has been prepared using 31 May 2017 data.

Key points

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 capital management plan is updated annually and submitted to the Board for approval. The approval process is designed to ensure the plan is consistent with the overall business plan and for managing capital levels on an ongoing basis.

The Board has set the Common Equity Tier 1 Capital target range to be between 8.0% and 9.5% and the Total Capital range to be between 11.5% and 14.5%. As at 31 May 2017:

- Common Equity Tier 1 Capital Ratio was 9.1% (9.3% as at 28 February 2017);
- Total Capital Ratio was 12.2% (12.6% as at 28 February 2017).

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CAPITAL STRUCTURE

	May 17 \$m	February 17 \$m
Common Equity Tier 1 Capital		
Paid-up ordinary share capital	3,360	3,308
Reserves	(10)	6
Retained earnings, including current year profits	254	323
Total Common Equity Tier 1 Capital	3,604	3,637
Regulatory Adjustments		
Goodwill and intangibles	(870)	(872)
Deferred expenditure	(163)	(164)
Other deductions	22	1
Total Regulatory Adjustments	(1,011)	(1,035)
Net Common Equity Tier 1 Capital	2,593	2,602
Additional Tier 1 Capital	450	450
Total Tier 1 Capital	3,043	3,052
Tier 2 Capital		
Tier 2 Capital	201	251
General Reserve for Credit Losses	221	218
Total Tier 2 Capital	422	469
Total Capital Base	3,465	3,521

TABLE 2: MAIN FEATURES OF CAPITAL INSTRUMENTS

The bank's main features of capital instruments are updated on an ongoing basis and are available at http://www.boq.com.au/capital_instrument_disclosures.htm

TABLE 3: CAPITAL ADEQUACY

Risk Weighted Assets	May 17 \$m	February 17 \$m
Subject to the Standardised Approach		
Government	-	-
Bank	214	222
Residential mortgages	12,211	12,134
Other retail ⁽¹⁾	12,903	12,600
Other	151	118
Corporate	-	-
Total On-Balance Sheet Assets and Off-Balance Sheet Exposures	25,479	25,074
Securitisation Exposures	105	113
Market Risk Exposures	186	199
Operational Risk Exposures	2,628	2,628
Total Risk Weighted Assets	28,398	28,014
Capital Ratios		
	%	%
Level 2 Total Capital Ratio	12.2	12.6
Level 2 Common Equity Tier 1 Capital Ratio	9.1	9.3
Level 2 Net Tier 1 Capital Ratio	10.7	10.9

Notes:

(1) Includes commercial lending and leasing.

TABLE 4: CREDIT RISK

Exposure Type	Gross Credit Exposure ⁽¹⁾ \$m		Average Gross Credit Exposure \$m	
	May 17	February 17	May 17	February 17
Cash and due from financial institutions	803	810	807	873
Debt securities	3,188	3,196	3,192	3,068
Loans and advances	41,097	40,688	40,892	40,864
Off-balance sheet exposures for derivatives	24	16	20	18
Other off-balance sheet exposures ⁽²⁾	568	477	523	477
Other	151	118	135	119
Total Exposures	45,831	45,305	45,569	45,419

Portfolios Subject to the Standardised Approach	Gross Credit Exposure ⁽¹⁾ \$m		Average Gross Credit Exposure \$m	
	May 17	February 17	May 17	February 17
Corporate	-	-	-	-
Government	2,834	2,745	2,790	2,691
Bank	1,182	1,277	1,229	1,294
Residential mortgage	28,757	28,563	28,660	28,784
Other retail	12,907	12,602	12,755	12,531
Other	151	118	135	119
Total Exposures	45,831	45,305	45,569	45,419

Notes:

(1) Gross credit exposures reflect credit equivalent amounts.

(2) Other off-balance sheet exposures largely relate to customer commitments. Subsequent to clarification by APRA, the Bank has adopted the concessional treatment available on housing approvals resulting in reduced exposure levels.

TABLE 4: CREDIT RISK (CONTINUED)

May 17

Portfolios Subject to the Standardised Approach	Impaired Loans ⁽¹⁾ \$m	Past Due Loans > 90 Days ⁽²⁾ \$m	Specific Provision Balance \$m	Charges for Specific Provision \$m	Write-Offs \$m
Corporate	-	-	-	-	-
Government	-	-	-	-	-
Bank	-	-	-	-	-
Residential mortgages	320	145	37	(1)	4
Other retail	118	82	77	-	10
Other	-	-	-	-	-
Total	438	227	114	(1)	14

February 17

Portfolios Subject to the Standardised Approach	Impaired Loans ⁽¹⁾ \$m	Past Due Loans > 90 Days ⁽²⁾ \$m	Specific Provision Balance \$m	Charges for Specific Provision \$m	Write-Offs \$m
Corporate	-	-	-	-	-
Government	-	-	-	-	-
Bank	-	-	-	-	-
Residential mortgages	305	120	37	(3)	6
Other retail	125	85	78	-	12
Other	-	-	-	-	-
Total	430	205	115	(3)	18

	May 17 \$m	February 17 \$m
Statutory Equity Reserve for Credit Losses	81	81
Collective provision	140	137
APRA General Reserve for Credit Losses	221	218

Notes:

(1) Reconciliation of impaired loans	May 17 \$m	February 17 \$m
Impaired Assets per Table 4: Credit Risk	438	430
Add: Impaired assets in off-balance sheet securitisation trusts	23	25
Less: Restructured facilities included in APS 220	(265)	(245)
Impaired Assets per Accounting Standards	196	210

(2) Excludes assets in off-balance sheet securitisation trusts as required under APRA Prudential Standard APS220 Credit Quality.

TABLE 5: SECURITISATION EXPOSURES

Exposure Type	May 17		February 17	
	Securitis- ation Activity \$m	Gain or Loss on Sale \$m	Securitis- ation Activity \$m	Gain or Loss on Sale \$m
Securities held in the banking book	(23)	-	(26)	-
Securities held in the trading book	-	-	-	-
Liquidity facilities	(1)	-	(1)	-
Funding facilities	(3)	-	1	-
Swaps	(11)	-	(13)	-
Other ⁽¹⁾	(42)	-	(40)	-
Total	(80)	-	(79)	-

May 17

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	408	-	10	4	-	4,094
Off-balance sheet securitisation exposure	-	-	-	-	45	-
Total	408	-	10	4	45	4,094

February 17

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	431	-	11	7	-	4,136
Off-balance sheet securitisation exposure	-	-	-	-	56	-
Total	431	-	11	7	56	4,136

Notes:

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