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# Bank of Queensland Limited

## APRA Basel II Pillar 3 Disclosures

30 April 2012

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The Basel II Capital Accord principles took effect in Australia on 1 January 2008. The framework for the application of Basel II in Australia is comprised of three pillars:

- Pillar 1: More sophisticated calculation of minimum capital requirements;
- Pillar 2: Institutions' own assessments of their capital adequacy and enhanced supervision of capital management; and
- Pillar 3: Materially increased disclosure requirements.

The Bank of Queensland Limited Group ("the Group") commenced reporting its regulatory disclosures to APRA under the requirements of Pillar 1 from January 2008 using the Standardised approach. The Group has also implemented the Pillar 2 regime including documentation of its Internal Capital Adequacy Assessment Process ("ICAAP") and increased management supervisory review and assessment.

The Pillar 3 requirements mandated by APRA prudential standard APS 330, 'Capital Adequacy: Public Disclosure of Prudential Information', involve the disclosure of regulatory capital structure, capital adequacy and credit risk information.

The Bank of Queensland Group Pillar 3 disclosures below have been prepared using 29 February 2012 data in accordance with APRA's requirements. Bank of Queensland will be updating components of its Pillar 3 disclosures on a quarterly basis, with additional disclosures provided on a semi-annual basis in alignment with the Group's annual and half year reporting periods.

**Table 15: Capital Structure**

	<b>\$m</b>
<b><u>Tier 1 capital</u></b>	
Paid-up ordinary share capital	1,990.2
Reserves	38.2
Retained earnings, including current year earnings	115.5
Innovative Tier 1 capital	-
Non-innovative Tier 1 capital	195.7
<b>Gross Tier 1 capital</b>	<b>2,339.6</b>
<b><u>Deductions from Tier 1 capital</u></b>	
Goodwill	(546.3)
Deferred expenditure	(106.9)
Other deductions	(166.9)
<b>Total Tier 1 capital deductions</b>	<b>(820.1)</b>
<b>Net Tier 1 capital</b>	<b>1,519.5</b>
<b><u>Tier 2 capital</u></b>	
Upper Tier 2 capital	200.8
Lower Tier 2 capital	544.9
<b>Gross Tier 2 capital</b>	<b>745.7</b>
<b><u>Deductions from Tier 2 capital</u></b>	
Tier 2 deductions	(39.7)
<b>Total Tier 2 capital deductions</b>	<b>(39.7)</b>
<b>Net Tier 2 capital</b>	<b>706.0</b>
<b>Total capital base</b>	<b>2,225.5</b>

**Table 16: Capital Adequacy**

**Feb 12**

	<b>Risk Weighted Assets \$m</b>
<b>Subject to the Standardised approach</b>	
Corporate	-
Government	4.9
Bank	188.0
Residential Mortgage	11,039.8
Other retail	7,228.7
Other	74.1
<b>Total capital requirement subject to the standardised approach</b>	<b>18,535.5</b>
<b>Credit risk capital requirement relating to securitisation exposures</b>	<b>145.6</b>
<b>Market risk minimum capital requirement</b>	<b>255.3</b>
<b>Operational risk minimum capital requirement</b>	<b>1,735.0</b>
<b>Total RWA and capital requirement</b>	<b>20,671.4</b>

<b>Capital ratios</b>	<b>%</b>
Level 2 Total capital ratio	<b>10.8</b>
Level 2 Tier 1 capital ratio	<b>7.4</b>

**Nov 11**

	<b>Risk Weighted Assets \$m</b>
<b>Subject to the Standardised approach</b>	
Corporate	-
Government	4.9
Bank	164.0
Residential Mortgage	10,827.0
Other retail	7,342.5
Other	68.8
<b>Total capital requirement subject to the standardised approach</b>	<b>18,407.2</b>
<b>Credit risk capital requirement relating to securitisation exposures</b>	<b>158.7</b>
<b>Market risk minimum capital requirement</b>	<b>224.4</b>
<b>Operational risk minimum capital requirement</b>	<b>1,685.0</b>
<b>Total RWA and capital requirement</b>	<b>20,475.3</b>

<b>Capital ratios</b>	<b>%</b>
Level 2 Total capital ratio	<b>11.6</b>
Level 2 Tier 1 capital ratio	<b>8.5</b>

**Table 17: Credit Risk**

Feb 12

<b>Exposure Type</b>	<b>Gross Credit Exposure \$m</b>	<b>Average Gross Credit Exposure \$m</b>
Cash and due from financial institutions	480.5	434.9
Debt securities	548.0	500.2
Loans and advances	30,953.8	30,882.4
Non market off balance sheet exposures	1,456.6	1,395.1
On market off balance sheet exposures	43,838.6	40,928.7
Other	43.9	42.5
<b>Total exposures</b>	<b>77,321.4</b>	<b>74,183.9</b>

<b>Portfolios subject to Standardised approach</b>	<b>Gross Credit Exposure \$m</b>	<b>Average Gross Credit Exposure \$m</b>
Corporate	-	-
Government	432.8	384.6
Bank	44,460.9	41,505.9
Residential Mortgage	24,524.9	24,332.7
Other retail	7,844.2	7,905.5
Other	58.6	55.1
<b>Total exposures</b>	<b>77,321.4</b>	<b>74,183.8</b>

<b>Portfolios subject to the Standardised approach</b>	<b>Impaired loans \$m</b>	<b>Past due loans &gt; 90 days \$m</b>	<b>Specific provision balance \$m</b>	<b>Charges for specific provision \$m</b>	<b>Write-offs \$m</b>
Corporate	-	-	-	-	-
Government	-	-	-	-	-
Bank	-	-	-	-	-
Residential Mortgage	131.0	277.8	46.0	12.8	11.4
Other retail	444.7	86.2	202.6	77.9	26.5
Other	-	-	-	-	-
<b>Total</b>	<b>575.7</b>	<b>364.0</b>	<b>248.6</b>	<b>90.7</b>	<b>37.9</b>

	<b>Balance \$m</b>
<b>General reserve for credit losses</b>	197.6

**Table 17: Credit Risk**

Nov 11

<b>Exposure Type</b>	<b>Gross Credit Exposure \$m</b>	<b>Average Gross Credit Exposure \$m</b>
Cash and due from financial institutions	389.2	385.8
Debt securities	452.3	700.7
Loans and advances	30,810.9	30,827.1
Non market off balance sheet exposures	1,333.6	1,249.9
On market off balance sheet exposures	38,018.9	38,931.6
Other	41.2	40.8
<b>Total exposures</b>	<b>71,046.1</b>	<b>72,135.9</b>

<b>Portfolios subject to Standardised approach</b>	<b>Gross Credit Exposure \$m</b>	<b>Average Gross Credit Exposure \$m</b>
Corporate	-	-
Government	336.3	306.4
Bank	38,550.9	39,738.6
Residential Mortgage	24,140.6	24,041.6
Other retail	7,966.8	7,998.9
Other	51.5	50.4
<b>Total exposures</b>	<b>71,046.1</b>	<b>72,135.9</b>

<b>Portfolios subject to the Standardised approach</b>	<b>Impaired loans \$m</b>	<b>Past due loans &gt; 90 days \$m</b>	<b>Specific provision balance \$m</b>	<b>Charges for specific provision \$m</b>	<b>Write-offs \$m</b>
Corporate	-	-	-	-	-
Government	-	-	-	-	-
Bank	-	-	-	-	-
Residential Mortgage	93.7	286.9	33.2	5.9	6.1
Other retail	327.5	159.9	124.7	(21.4)	43.6
Other	-	-	-	-	-
<b>Total</b>	<b>421.2</b>	<b>446.8</b>	<b>157.9</b>	<b>(15.5)</b>	<b>49.7</b>

	<b>Balance \$m</b>
<b>General reserve for credit losses</b>	120.7

**Table 18: Securitisation Exposures**

<b>Exposure Type</b>	<b>Current Period Securitisation Activity \$m Feb 12</b>	<b>Gain or Loss on Sale \$m Feb 12</b>	<b>Current Period Securitisation Activity \$m Nov 11</b>	<b>Gain or Loss on Sale \$m Nov 11</b>
Securities held in the banking book	(45.8)	-	(64.8)	-
Securities held in the trading book	-	-	-	-
Liquidity facilities	(0.8)	-	-	-
Funding facilities	(13.1)	-	2.2	-
Swaps	(6.4)	-	10.9	-
Other <sup>(1)</sup>	(5.3)	-	(27.4)	-
<b>Total</b>	<b>(71.4)</b>	<b>-</b>	<b>(79.1)</b>	<b>-</b>

**Feb 12**

<b>Securitisation Exposure</b>	<b>Securities held in the banking book \$m</b>	<b>Securities held in the trading book \$m</b>	<b>Liquidity facilities \$m</b>	<b>Funding facilities \$m</b>	<b>Swaps \$m</b>	<b>Other<sup>(1)</sup> \$m</b>
On-balance sheet securitisation exposure retained or purchased	475.5	-	38.9	7.7	-	2,019.1
Off-balance sheet securitisation exposure	-	-	-	-	105.0	-
<b>Total</b>	<b>475.5</b>	<b>-</b>	<b>38.9</b>	<b>7.7</b>	<b>105.0</b>	<b>2,019.1</b>

**Nov 11**

<b>Securitisation Exposure</b>	<b>Securities held in the banking book \$m</b>	<b>Securities held in the trading book \$m</b>	<b>Liquidity facilities \$m</b>	<b>Funding facilities \$m</b>	<b>Swaps \$m</b>	<b>Other<sup>(1)</sup> \$m</b>
On-balance sheet securitisation exposure retained or purchased	521.3	-	39.7	20.8	-	2,024.4
Off-balance sheet securitisation exposure	-	-	-	-	111.4	-
<b>Total</b>	<b>521.3</b>	<b>-</b>	<b>39.7</b>	<b>20.8</b>	<b>111.4</b>	<b>2,024.4</b>

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