



APRA Basel III Pillar III Disclosures

Quarter ended 30 November 2017



Bank of Queensland Limited, Basel III Pillar 3 Disclosures

For the Quarter Ended 30 November 2017

30 January 2018

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 30 November 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 13.5%.

As at 30 November 2017:

- Common Equity Tier 1 Capital Ratio was 9.0% (9.4% as at 31 August 2017);
- Total Capital Ratio was 12.0% (12.4% as at 31 August 2017).

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Capital Structure

	November 17 \$m	August 17 \$m
Common Equity Tier 1 Capital		
Paid-up ordinary share capital	3,363	3,360
Reserves	(6)	1
Retained earnings, including current year profits	270	365
Total Common Equity Tier 1 Capital	3,627	3,726
Regulatory Adjustments		
Goodwill and intangibles	(870)	(870)
Deferred expenditure	(161)	(168)
Other deductions	6	2
Total Regulatory Adjustments	(1,025)	(1,036)
Net Common Equity Tier 1 Capital	2,602	2,690
Additional Tier 1 Capital	450	450
Total Tier 1 Capital	3,052	3,140
Tier 2 Capital		
Tier 2 Capital	200	200
General Reserve for Credit Losses	202	202
Total Tier 2 Capital	402	402
Total Capital Base	3,454	3,542

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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

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Table 3: Capital Adequacy

Risk Weighted Assets	November 17 \$m	August 17 \$m
Subject to the Standardised Approach		
Government	-	-
Bank	298	206
Residential mortgages	12,528	12,474
Other retail ⁽¹⁾	12,951	12,765
Other	128	180
Corporate	-	-
Total On-Balance Sheet Assets and Off-Balance Sheet Exposures	25,905	25,625
Securitisation Exposures	73	81
Market Risk Exposures	157	213
Operational Risk Exposures	2,725	2,725
Total Risk Weighted Assets	28,860	28,644
Capital Ratios	%	%
Level 2 Total Capital Ratio	12.0	12.4
Level 2 Common Equity Tier 1 Capital Ratio	9.0	9.4
Level 2 Net Tier 1 Capital Ratio	10.6	11.0

Notes:

(1) Includes commercial lending and leasing.

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Table 4: Credit Risk

Exposure Type	Gross Credit Exposure ⁽¹⁾ \$m		Average Gross Credit Exposure \$m	
	November 17	August 17	November 17	August 17
Cash and due from financial institutions	1,486	849	1,167	826
Debt securities	3,234	3,098	3,166	3,143
Loans and advances	42,248	41,769	42,009	41,433
Off-balance sheet exposures for derivatives	18	17	18	21
Other off-balance sheet exposures ⁽²⁾	502	532	517	550
Other	155	180	167	166
Total Exposures	47,643	46,445	47,044	46,139

Portfolios Subject to the Standardised Approach	Gross Credit Exposure ⁽¹⁾ \$m		Average Gross Credit Exposure \$m	
	November 17	August 17	November 17	August 17
Government	2,952	2,792	2,872	2,813
Bank	1,786	1,172	1,479	1,177
Residential mortgage	29,799	29,539	29,669	29,148
Other retail	12,951	12,762	12,856	12,835
Other	155	180	168	166
Corporate	-	-	-	-
Total Exposures	47,643	46,445	47,044	46,139

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.

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Table 4: Credit Risk (continued)

November 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
Government	-	-	-	-	-
Bank	-	-	-	-	-
Residential mortgages	113	366	34	3	1
Other retail	117	94	74	(1)	11
Other	-	-	-	-	-
Corporate	-	-	-	-	-
Total	230	460	108	2	12

August 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
Government	-	-	-	-	-
Bank	-	-	-	-	-
Residential mortgages	110	383	31	(7)	8
Other retail	121	94	75	(2)	23
Other	-	-	-	-	-
Corporate	-	-	-	-	-
Total	231	477	106	(9)	31

	November 17 \$m	August 17 \$m
Statutory Equity Reserve for Credit Losses	81	81
Collective provision	121	121
APRA General Reserve for Credit Losses	202	202

Notes:

(1) Reconciliation of impaired loans	November 17 \$m	August 17 \$m
Impaired Assets per Table 4: Credit Risk	230	231
Add: Impaired assets in off-balance sheet securitisation trusts	24	28
Less: Restructured facilities included in APS 220	(61)	(67)
Impaired Assets per Accounting Standards	193	192

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

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Table 5: Securitisation Exposures

Exposure Type	November 17		August 17	
	Securitisation Activity \$m	Gain or Loss on Sale \$m	Securitisation Activity \$m	Gain or Loss on Sale \$m
Securities held in the banking book	(23)	-	(104)	-
Securities held in the trading book	-	-	-	-
Liquidity facilities	-	-	(3)	-
Funding facilities	-	-	-	-
Swaps	(4)	-	(5)	-
Other ⁽¹⁾	(15)	-	25	-
Total	(42)	-	(87)	-

November 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	281	-	7	4	-	4,104
Off-balance sheet securitisation exposure	-	-	-	-	36	-
Total	281	-	7	4	36	4,104

August 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	304	-	7	4	-	4,119
Off-balance sheet securitisation exposure	-	-	-	-	40	-
Total	304	-	7	4	40	4,119

Notes:

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