

ASX RELEASE



APRA BASEL III PILLAR 3

Wednesday, 8 April 2020, Brisbane: Bank of Queensland Limited (ASX:BOQ) wishes to release the attached APRA Basel III Pillar 3 report relating to the period ending 29 February 2020.

Authorised for release by: The Board of Directors of Bank of Queensland Limited

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APRA BASEL III PILLAR 3 DISCLOSURES

Quarter ended 29 February 2020

BANK OF QUEENSLAND LIMITED, BASEL III PILLAR 3 DISCLOSURES

For the Quarter Ended 29 February 2020

8 April 2020

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 29 February 2020 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 9.0% and 9.5% and the Total Capital range to be between 11.75% and 13.5%.

As at 29 February 2020:

- Common Equity Tier 1 Capital Ratio was 9.9% (9.5% as at 30 November 2019); and
- Total Capital Ratio was 13.2% (12.8% as at 30 November 2019).

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BANK OF QUEENSLAND LIMITED, BASEL III PILLAR 3 DISCLOSURES

For the Quarter Ended 29 February 2020

Capital Structure

	February 20	August 19
	\$m	\$m
COMMON EQUITY TIER 1 CAPITAL		
Paid-up ordinary share capital	3,868 ²	3,497
Reserves	131 ¹	171
Retained earnings, including current year earnings	149	132
Total Common Equity Tier 1 Capital	4,148	3,800
REGULATORY ADJUSTMENTS		
Deferred expenditure	(187)	(183)
Goodwill and intangibles	(914)	(923)
Other deductions	41	67
Total Regulatory adjustments	(1,060)	(1,039)
Net Common Equity Tier 1 Capital	3,088	2,761
Additional Tier 1 Capital	500	500
Net Tier 1 capital	3,588	3,261
TIER 2 CAPITAL		
Tier 2 Capital	350	350
General Reserve for Credit Losses	179	175
Net Tier 2 Capital	529	525
Total Capital Base	4,117	3,786

Notes:

- (1) Includes the profit reserve which represents accumulated profits available for distribution as a dividend. Current year profits for the period until 29 February 2020 have been transferred from retained profits to reserves.
- (2) Impacted by a capital raising of \$335m (after costs) of capital, which consisted of an Institutional placement of \$250m at \$7.78 per share, for a total of 32.1m in shares, a Share Purchase Plan of \$90m at \$7.27 per share, for a total of 12.3m in shares.

BANK OF QUEENSLAND LIMITED, BASEL III PILLAR 3 DISCLOSURES

For the Quarter Ended 29 February 2020

Table 1: Capital Disclosure Template

Common Equity Tier 1 Capital (CET1): Instruments and Reserves		\$m	Ref
1	Directly issued qualifying ordinary shares (and equivalent for mutually-owned entities) capital	3,868	A
2	Retained earnings	149	B
3	Accumulated other comprehensive income (and other reserves)	131	-
4	Directly issued capital subject to phase out from CET1 (only applicable to mutually-owned companies)	-	-
5	Ordinary share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-	-
6	Common Equity Tier 1 Capital before Regulatory Adjustments	4,148	-
Common Equity Tier 1 Capital: Regulatory Adjustments		\$m	Ref
7	Prudential valuation adjustments	-	-
8	Goodwill (net of related tax liability)	682	C
9	Other intangibles other than mortgage servicing rights (net of related tax liability)	232	D
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
11	Cash-flow hedge reserve	(139)	E
12	Shortfall of provisions to expected losses	-	-
13	Securitisation gain on sale (as set out in paragraph 562 of Basel II framework)	-	-
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-	-
15	Defined benefit superannuation fund net assets	-	-
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	-	-
17	Reciprocal cross-holdings in common equity	-	-
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
19	Significant investments in the ordinary shares of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-	-
20	Mortgage service rights (amount above 10% threshold)	-	-
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-
22	Amount exceeding the 15% threshold	-	-
23	<i>of which: significant investments in the ordinary shares of financial entities</i>	-	-
24	<i>of which: mortgage servicing rights</i>	-	-
25	<i>of which: deferred tax assets arising from temporary differences</i>	-	-
26	National specific regulatory adjustments (sum of rows 26a, 26b, 26c, 26d, 26e, 26f, 26g, 26h, 26i and 26j)	285	-
26a	<i>of which: treasury shares</i>	-	-
26b	<i>of which: offset to dividends declared under a dividend reinvestment plan (DRP), to the extent that the dividends are used to purchase new ordinary shares issued by the ADI</i>	-	-
26c	<i>of which: deferred fee income</i>	159	F
26d	<i>of which: equity investments in financial institutions not reported in rows 18, 19 and 23</i>	33	G
26e	<i>of which: deferred tax assets not reported in rows 10, 21 and 25</i>	52	H
26f	<i>of which: capitalised expenses</i>	16	I
26g	<i>of which: investments in commercial (non-financial) entities that are deducted under APRA prudential requirements</i>	6	J
26h	<i>of which: covered bonds in excess of asset cover in pools</i>	-	-
26i	<i>of which: undercapitalisation of a non-consolidated subsidiary</i>	-	-
26j	<i>of which: other national specific regulatory adjustments not reported in rows 26a to 26i</i>	19	K
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	-
28	Total Regulatory Adjustments to Common Equity Tier 1	1,060	-
29	Common Equity Tier 1 Capital (CET1)	3,088	-

BANK OF QUEENSLAND LIMITED, BASEL III PILLAR 3 DISCLOSURES

For the Quarter Ended 29 February 2020

Table 1: Capital Disclosure Template (continued)

Additional Tier 1 Capital (AT1): Instruments		\$m	Ref
30	Directly issued qualifying Additional Tier 1 instruments	500	-
31	<i>of which: classified as equity under applicable accounting standards</i>	-	-
32	<i>of which: classified as liabilities under applicable accounting standards</i>	500	L
33	Directly issued capital instruments subject to phase out from Additional Tier 1	-	-
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-	-
35	<i>of which: instruments issued by subsidiaries subject to phase out</i>	-	-
36	Additional Tier 1 Capital before Regulatory Adjustments	500	-
Additional Tier 1 Capital: Regulatory Adjustments		\$m	Ref
37	Investments in own Additional Tier 1 instruments	-	-
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-	-
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	-
41	National specific regulatory adjustments (sum of rows 41a, 41b and 41c)	-	-
41a	<i>of which: holdings of capital instruments in group members by other group members on behalf of third parties</i>	-	-
41b	<i>of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidations not reported in rows 39 and 40</i>	-	-
41c	<i>of which: other national specific regulatory adjustments not reported in rows 41a and 41b</i>	-	-
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-
43	Total regulatory adjustments to Additional Tier 1 capital	-	-
44	Additional Tier 1 capital (AT1)	500	-
45	Tier 1 Capital (T1=CET1+AT1)	3,588	-
Tier 2 Capital (T2): Instruments and Provisions		\$m	Ref
46	Directly issued qualifying Tier 2 instruments	350	-
47	Directly issued capital instruments subject to phase out from Tier 2	-	-
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group T2)	-	-
49	<i>of which: instruments issued by subsidiaries subject to phase out</i>	-	-
50	Provisions	179	M + N
51	Tier 2 Capital before Regulatory Adjustments	529	-

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For the Quarter Ended 29 February 2020

Table 1: Capital Disclosure Template (continued)

Tier 2 Capital: Regulatory Adjustments		\$m	Ref
52	Investments in own Tier 2 instruments	-	-
53	Reciprocal cross-holdings in Tier 2 instruments	-	-
54	Investments in the Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
55	Significant investments in the Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions	-	-
56	National specific regulatory adjustments	-	-
56a	(sum of rows 56a, 56b and 56c)	-	-
56b	of which: holdings of capital instruments in group members by other group members on behalf of third parties	-	-
56c	of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidation not reported in rows 54 and 55	-	-
57	Total regulatory adjustments to Tier 2 capital	-	-
58	Tier 2 capital (T2)	529	-
59	Total capital (TC=T1+T2)	4,117	-
60	Total risk-weighted assets based on APRA standards	31,164	-
Capital Ratios and Buffers		%	Ref
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	9.9%	-
62	Tier 1 (as a percentage of risk-weighted assets)	11.5%	-
63	Total capital (as a percentage of risk-weighted assets)	13.2%	-
64	Buffer requirement (minimum CET1 requirement of 4.5% plus capital conservation buffer of 2.5% plus any countercyclical buffer requirements expressed as a percentage of risk-weighted assets)	7.0%	-
65	of which: capital conservation buffer requirement	2.5%	-
66	of which: ADI-specific countercyclical buffer requirements	-	-
67	of which: G-SIB buffer requirement (not applicable)	-	-
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	2.9%	-
National Minima (if different from Basel III)		\$m	Ref
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	-	-
70	National Tier 1 minimum ratio (if different from Basel III minimum)	-	-
71	National Total Capital Minimum Ratio (if different from Basel III minimum)	-	-
Amount Below Thresholds for Deductions (not risk weighted)		\$m	Ref
72	Non-significant investments in the capital of other financial entities	-	-
73	Significant investments in the ordinary shares of financial entities	33	G
74	Mortgage servicing rights (net of related tax liability)	-	-
75	Deferred tax assets arising from temporary differences (net of related tax liability)	-	-
Applicable Caps on the Inclusion of Provisions in Tier 2		\$m	Ref
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	179	M + N
77	Cap on inclusion of provisions in Tier 2 under standardised approach	350	-
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-

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For the Quarter Ended 29 February 2020

Table 1: Capital Disclosure Template (continued)

Capital Instruments Subject to Phase-Out Arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)		\$m	Ref
80	Current cap on CET1 instruments subject to phase out arrangements	-	-
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	-
82	Current cap on AT1 instruments subject to phase out arrangements	-	-
83	Amount excluded from AT1 instruments due to cap (excess over cap after redemptions and maturities)	-	-
84	Current cap on T2 instruments subject to phase out arrangements	-	-
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	-

BANK OF QUEENSLAND LIMITED, BASEL III PILLAR 3 DISCLOSURES

For the Quarter Ended 29 February 2020

Reconciliation between the Consolidated Balance Sheet and the Regulatory Balance Sheet

Bank of Queensland Limited is the head of the Level 2 Group, as defined in Prudential Standard APS 001: Definitions. The transfer of funds or Regulatory Capital within the Level 2 Group requires approvals from Management and/or the Board, and has been disclosed in accordance with Prudential Standard APS 330: Public Disclosure Paragraph 14.

February 20	Group Balance Sheet \$m	Adjustments \$m	Level 2 Regulatory Balance Sheet \$m	Reconciliation Reference
ASSETS				
Cash and cash equivalents	1,134	(88)	1,046	-
Due from other financial institutions	725	(35)	690	-
Derivative financial assets	275	-	275	-
Financial assets at FVTPL	1,197	-	1,197	-
Financial assets held for trading	-	-	-	-
Debt instruments at FVOCI	3,952	-	3,952	-
Equity instruments at FVOCI	6	-	6	-
<i>of which: investments in commercial (non-financial) entities that are deducted under APRA prudential requirements</i>	6	-	6	J
Loans and advances at amortised cost	46,763	(2,599)	44,164	-
<i>of which : deferred fee income</i>	159	-	159	F
<i>of which: Provisions</i>	115	-	115	M
Other assets	174	5	179	-
<i>of which: capitalised expenses</i>	-	16	16	I
Current tax assets	3	-	3	-
Property, plant and equipment	168	-	168	-
Assets held for sale	-	-	-	-
Shares in Controlled Entities	-	63	63	-
<i>of which: equity investments in financial institutions not reported in rows 18, 19 and 23</i>	-	33	33	G
Deferred tax assets	84	(2)	82	-
<i>of which : deferred tax assets arising from temporary differences deducted from CET1</i>	52	-	52	H
Intangible assets	914	-	914	-
<i>of which: Goodwill (net of related tax liability)</i>	682	-	682	C
<i>of which: other intangibles other than mortgage servicing rights (net of related tax liability)</i>	232	-	232	D
Investments in joint arrangements	13	(13)	-	-
Amounts due from controlled entities	55,408	(2,669)	52,739	-
LIABILITIES				
Due to other financial institutions	242	-	242	-
Deposits	38,171	36	38,207	-
Derivative financial instruments	708	-	708	-
Accounts payable and other liabilities	512	(10)	502	-
Insurance liability	7	(7)	-	-
Current tax liabilities	-	-	-	-
Liabilities Held for Sale	-	-	-	-
Provisions	43	(9)	34	-
Borrowings	11,514	(2,664)	8,850	-
<i>of which: other national specific regulatory adjustments not reported in rows 26a to 26i</i>	19	-	19	K
<i>of which: instruments issued by subsidiaries subject to phase out</i>	-	-	-	-
<i>of which: classified as liabilities under applicable accounting standards</i>	500	-	500	L
Total Liabilities	51,197	(2,654)	48,543	-
Net Assets	4,211	(15)	4,196	-

BANK OF QUEENSLAND LIMITED, BASEL III PILLAR 3 DISCLOSURES

For the Quarter Ended 29 February 2020

Reconciliation between the Consolidated Balance Sheet and the Regulatory Balance Sheet (continued)

February 20	Group Balance Sheet \$m	Adjustments \$m	Level 2 Regulatory Balance Sheet \$m	Reconciliation Reference
EQUITY				
Issued Capital	3,868	-	3,868	A
Reserves	178	1	179	
<i>of which : Provisions (GCRL)</i>	64		64	N
<i>of which: Cash-flow hedge reserve</i>	(139)		(139)	E
<i>of which: Other reserves included in CET 1</i>	253		254	
Retained profits	165	(16)	149	B
Total Equity	4,211	(15)	4,196	-

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Entities excluded from the Regulatory Scope of Consolidation

February 20	Total Assets \$m	Total Liabilities \$m	Principal Activities
INSURANCE ENTITIES			
St Andrew's Australia Services Pty Ltd	36	1	Insurance Holding Entity
St Andrew's Insurance (Australia) Pty Ltd	15	4	General Insurance
St Andrew's Life Insurance Pty Ltd	45	15	Life Insurance
SECURITISATION TRUSTS			
Series 2012-1E REDS Trust	190	190	Securitisation
Series 2013-1 REDS Trust	196	196	Securitisation
Series 2015-1 REDS Trust	286	286	Securitisation
Series 2017-1 REDS Trust	487	487	Securitisation
Series 2018-1 REDS Trust	630	630	Securitisation
Series 2019-1 REDS Trust	897	897	Securitisation
MANAGER AND NON-FINANCIAL OPERATING ENTITIES			
Home Credit Management Ltd	24	15	Investment Holding Entity
BOQ Employee Share Plans Trust	7	2	Employee Share Plan Trust

BANK OF QUEENSLAND LIMITED, BASEL III PILLAR 3 DISCLOSURES

For the Quarter Ended 29 February 2020

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 the Regulatory Disclosures section of the Bank's website at the following address: https://www.boq.com.au/regulatory_disclosures.

BANK OF QUEENSLAND LIMITED, BASEL III PILLAR 3 DISCLOSURES

For the Quarter Ended 29 February 2020

Table 3: Capital Adequacy

	February 20	November 19
	\$m	\$m
Risk Weighted Assets		
SUBJECT TO THE STANDARDISED APPROACH		
Government	-	-
Bank	483	419
Residential Mortgage	11,769	11,838
Other retail	15,467 ⁽¹⁾	15,306
Other	244	216
Corporate	-	-
Total On-Balance Sheet Assets and Off-Balance Sheet Exposures	27,963	27,779
Securitisation Exposures	62	58
Market Risk Exposures	173	259
Operational Risk Exposures	2,966	2,920
Total Risk Weighted Assets	31,164	31,016
Capital Ratios	%	%
Level 2 Total Capital Ratio	13.2	12.8
Level 2 Common Equity Tier 1 Capital Ratio	9.9	9.5
Level 2 Net Tier 1 Capital Ratio	11.5	11.1

Notes:

(1) Includes commercial lending and leasing.

BANK OF QUEENSLAND LIMITED, BASEL III PILLAR 3 DISCLOSURES

For the Quarter Ended 29 February 2020

Table 4: Credit Risk

Exposure Type	Gross Credit Exposure ⁽¹⁾ \$m		Average Gross Credit Exposure \$m	
	February 20	November 19	February 20	November 19
Cash and due from financial institutions	1,733	1,940	1,836	1,893
Debt securities	3,682	3,424	3,553	3,889
Loans and advances	44,331	44,103	44,217	43,656
Off-balance sheet exposures for derivatives	241	241	241	317
Other off-balance sheet exposures ²	997	975	986	1,038
Other	244	216	230	177
Total Exposures	51,228	50,899	51,063	50,970

Portfolios Subject to the Standardised Approach	Gross Credit Exposure ⁽¹⁾ \$m		Average Gross Credit Exposure \$m	
	February 20	November 19	February 20	November 19
Government	3,493	3,324	3,408	3,287
Bank	2,163	2,281	2,222	2,812
Residential mortgage	29,875	29,787	29,831	29,477
Other retail	15,453	15,291	15,372	15,217
Other	244	216	230	177
Corporate	-	-	-	-
Total Exposures	51,228	50,899	51,063	50,970

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.

BANK OF QUEENSLAND LIMITED, BASEL III PILLAR 3 DISCLOSURES

For the Quarter Ended 29 February 2020

Table 4: Credit Risk (continued)

February 20

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	233	153	36	(1)	3
Other retail	136	97	84	(3)	12
Other	-	-	-	-	-
Corporate	-	-	-	-	-
Total	369	250	120	(4)	15

November 19

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	263	156	36	1	4
Other retail	144	88	85	3	9
Other	-	-	-	-	-
Corporate	-	-	-	-	-
Total	407	244	121 ⁽³⁾	4	13

	February 20 \$m	November 19 \$m
Statutory Equity Reserve for Credit Losses	64	62
Collective provision	115	111
APRA General Reserve for Credit Losses	179	173

Notes:

	February 20 \$m	November 19 \$m
(1) Reconciliation of impaired loans		
Impaired Assets per Table 4: Credit Risk	369	407
Add: Impaired assets in off-balance sheet securitisation trusts	15	24
Less: Restructured facilities included in APS	(188)	(230)
Impaired Assets per Accounting Standards	196	200

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

(3) Following clarification from APRA, the stage 2 component that is delinquent is now treated as a Specific Provision and is no longer as part of the General Reserve for Credit Losses. If this change had not been made, the Specific Provision would have been reported as \$109 for February 2020 and \$111m for November 2019.

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For the Quarter Ended 29 February 2020

Table 5: Securitisation Exposures

Exposure Type	February 20		November 19	
	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	-	19	-
Securities held in the trading book	-	-	-	-
Liquidity facilities	2	-	-	-
Funding facilities	(2)	-	-	-
Swaps	(1)	-	(3)	-
Other ⁽¹⁾	31	-	(37)	-
Total	53	-	(21)	-

February 20

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	270	-	6	4	-	5,464
Off-balance sheet securitisation exposure	-	-	-	-	35	-
Total	270	-	6	4	35	5,464

November 19

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	247	-	4	6	-	5,433
Off-balance sheet securitisation exposure	-	-	-	-	36	-
Total	247	-	4	6	36	5,433

Notes:

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

BANK OF QUEENSLAND LIMITED, BASEL III PILLAR 3 DISCLOSURES

For the Quarter Ended 29 February 2020

Table 20: Liquidity Coverage Ratio

APRA requires authorised deposit-taking institutions (**ADI**) to maintain a minimum 100 per cent Liquidity Coverage Ratio (**LCR**). The LCR requires an ADI to hold sufficient High Quality Liquid Assets (**HQLA1**) and alternative liquid assets (covered by the Committed Liquidity Facility (**CLF**)) to meet net cash outflows over a 30 day period, under a regulator defined liquidity stress scenario. BOQ manages its LCR on a daily basis with a buffer above the regulatory minimum in line with the BOQ prescribed risk appetite and management ranges.

BOQ maintains a portfolio of high quality, diversified liquid assets to facilitate balance sheet liquidity and meet internal and regulatory requirements. Liquid assets comprise of HQLA1 (cash, Australian Semi-Government and Commonwealth Government securities) and alternative liquid assets covered by the CLF from the Reserve Bank of Australia (**RBA**). Assets eligible for the CLF include senior unsecured bank debt, covered bonds, asset backed securities, residential mortgage backed securities (**RMBS**) and internal RMBS that are eligible for repurchase with the RBA. BOQ has a stable, diversified and resilient deposit and funding base that mitigates the chance of a liquidity stress event across various funding market conditions. BOQ uses a range of funding instruments including customer deposits, short term and long term wholesale debt instruments, securitisation and covered bonds, with the objective of lengthening tenor, diversifying funding sources and increasing the stable funding base.

BOQ's average LCR over the February quarter was 135%, which is in line with the previous November 2019 quarter average of 135%. Net Cash Outflows (**NCO**) were down slightly from the previous quarter due to low run-off retail deposits replacing relatively higher run-off unsecured wholesale deposits. Liquid assets were lower over the same period as a result of decreased HQLA. The following table presents detailed information on the average LCR composition for the two quarters. 91 data points were used in calculating the average figures for the February 2020 quarter and 91 data points were used in calculating the average figures for the November 2019 quarter.

BANK OF QUEENSLAND LIMITED, BASEL III PILLAR 3 DISCLOSURES

For the Quarter Ended 29 February 2020

Table 20: Liquidity Coverage Ratio (continued)

	Average Quarterly Performance			
	February 20		November 19	
	Un-Weighted Value \$m	Total Weighted Value \$m	Total Un-Weighted Value \$m	Total Weighted Value \$m
LIQUID ASSETS				
High-quality liquid assets (HQLA)	n/a	3,739	n/a	3,817
Alternative liquid assets (ALA)	n/a	3,214	n/a	3,279
Reserve Bank of New Zealand (RBNZ) securities	n/a	n/a		
Total Liquid Assets	n/a	6,953	n/a	7,096
CASH OUTFLOWS				
Customer deposits and deposits from small business customers	17,448	1,750	17,342	1,748
of which: stable deposits	7,024	351	6,964	348
of which: less stable deposits	10,424	1,399	10,378	1,400
Unsecured wholesale funding	4,154	2,259	4,546	2,659
of which: non-operational deposits	3,592	1,697	3,659	1,772
of which: unsecured debt	562	562	887	887
Secured wholesale funding	n/a	52	n/a	36
Additional requirements	2,283	823	2,209	776
of which: outflows related to derivatives exposures and other collateral requirements	746	746	701	701
of which: credit and liquidity facilities	1,537	77	1,508	75
Other contractual funding obligations	1,214	920	1,237	891
Other contingent funding obligations	9,003	496	8,992	510
Total Cash Outflows	34,102	6,300	34,226	6,620
CASH INFLOWS				
Secured lending (e.g. reverse repos)	44	-	223	-
Inflows from fully performing exposures	664	370	768	422
Other cash inflows	773	773	952	952
Total Cash Inflows	1,481	1,143	1,943	1,374
Total Net Cash Outflows	32,621	5,157	32,283	5,246
Total Liquid Assets	n/a	6,953	n/a	7,096
Total Net Cash Outflows	n/a	5,157	n/a	5,246
Liquidity Coverage Ratio (%)	n/a	135%	n/a	135%

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For the Quarter Ended 29 February 2020

Table 21: Net Stable Funding Ratio

APRA's objective in implementing the Net Stable Funding Ratio (**NSFR**) is to strengthen funding and liquidity resilience. The NSFR encourages ADIs to reduce the amount of liquidity transformation by funding their lending activities with more stable sources of funding, and thereby promoting greater balance sheet resilience.

The NSFR establishes a minimum stable funding requirement based on the liquidity characteristics of the ADI's assets and off-balance sheet activities over a one year time horizon. The NSFR is defined as the ratio of the amount of Available Stable Funding to the amount of Required Stable Funding. APRA requires ADIs to maintain an NSFR of at least 100%. BOQ manages its NSFR on a daily basis and actively maintains a buffer above the regulatory minimum in line with BOQ's prescribed risk appetite and management ranges.

BOQ's NSFR at 29 February 2020 was 112%, flat from 112% at 30 November 2019. The composition of the balance sheet was broadly in line across the two periods.

BANK OF QUEENSLAND LIMITED, BASEL III PILLAR 3 DISCLOSURES

For the Quarter Ended 29 February 2020

Table 21: Net Stable Funding Ratio (continued)

February 20

	Unweighted value by residual maturity				Weighted value
	No maturity	< 6 months	6 months to < 1 year	>1 year	
AVAILABLE STABLE FUNDING (ASF) ITEM					
Capital	4,341	150	-	700	5,191
<i>of which: regulatory capital</i>	4,341	150	-	700	5,191
Retail deposits and deposits from small business customers	16,215	6,978	-	-	21,318
<i>of which: stable deposits</i>	6,662	2,245	-	-	8,461
<i>of which: less stable deposits</i>	9,553	4,734	-	-	12,857
Wholesale funding	2,105	13,526	1,138	6,025	11,245
<i>of which: other wholesale funding</i>	2,105	13,526	1,138	6,025	11,245
Other liabilities	478	110	135	120	187
<i>of which: NSFR derivative liabilities</i>	-	110	-	-	-
<i>of which: all other liabilities and equity not included in the above categories</i>	478	-	135	120	187
Total ASF	n/a	n/a	n/a	n/a	37,941
REQUIRED STABLE FUNDING (RSF) ITEM					
Total NSFR (HQLA)	n/a	n/a	n/a	n/a	175
ALA	n/a	n/a	n/a	n/a	340
RBNZ securities	n/a	n/a	n/a	n/a	-
Deposits held at other financial institutions for operational purposes	389	-	-	-	328
Performing loans and securities	-	2,948	2,275	36,857	30,401
<i>of which: performing loans to financial institutions secured by Level 1 HQLA</i>	-	101	-	-	10
<i>of which: performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions</i>	-	213	-	56	88
<i>of which: performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and public sector entities (PSEs) of which:</i>	-	2,070	1,752	11,184	11,407
<i>with a risk weight of less than or equal to 35% under APS 112</i>	-	151	122	851	690
<i>of which: performing residential mortgages, of which:</i>	-	565	523	25,542	18,832
<i>with a risk weight equal to 35% under APS 112</i>	-	207	211	20,393	14,121
<i>of which: securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>	-	-	-	75.7	64.3

BANK OF QUEENSLAND LIMITED, BASEL III PILLAR 3 DISCLOSURES

For the Quarter Ended 29 February 2020

Table 21: Net Stable Funding Ratio (continued)

February 20

	Unweighted value by residual maturity				Weighted value
	No maturity	< 6 months	6 months to <1 year	>1 year	
Other assets:	1,667	311	23	805	2,512
<i>of which: assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties (CCPs)</i>	-	-	-	75	64
<i>of which: NSFR derivative assets</i>	-	-	-	158	158
<i>of which: NSFR derivative liabilities before deduction of variation margin posted</i>	-	-	-	142	141
<i>of which: all other assets not included in the above categories</i>	1,667	311	23	431	2,149
Off-balance sheet items	-	-	-	3,831	200
Total RSF	n/a	n/a	n/a	n/a	33,957
Net Stable Funding Ratio (%)	n/a	n/a	n/a	n/a	112%

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For the Quarter Ended 29 February 2020

Table 21: Net Stable Funding Ratio (continued)

November 19

	Unweighted value by residual maturity				Weighted value
	No maturity	< 6 months	6 months to < 1 year	>1 year	
AVAILABLE STABLE FUNDING (ASF) ITEM					
Capital	4,199	-	-	850	5,049
<i>of which: regulatory capital</i>	4,199	-	-	850	5,049
Retail deposits and deposits from small business customers	16,074	7,249	-	-	21,436
<i>of which: stable deposits</i>	6,598	2,322	-	-	8,473
<i>of which: less stable deposits</i>	9,476	4,928	-	-	12,963
Wholesale funding	1,989	13,363	1,378	5,902	11,151
<i>of which: other wholesale funding</i>	1,989	13,363	1,378	5,902	11,151
Other liabilities	552	77	125	128	190
<i>of which: NSFR derivative liabilities</i>	-	57	-	-	-
<i>of which: all other liabilities and equity not included in the above categories</i>	552	20	125	127	190
Total ASF	n/a	n/a	n/a	n/a	37,825
REQUIRED STABLE FUNDING (RSF) ITEM					
Total NSFR (HQLA)	n/a	n/a	n/a	n/a	167
ALA	n/a	n/a	n/a	n/a	350
RBNZ securities	n/a	n/a	n/a	n/a	-
Deposits held at other financial institutions for operational purposes	565	-	-	-	526
Performing loans and securities	-	2,649	2,475	36,663	30,266
<i>of which: performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions</i>	-	181	-	36	63
<i>of which: performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and public sector entities (PSEs) of which:</i>	-	1,937	1,911	11,231	11,433
<i>with a risk weight of less than or equal to 35% under APS 112</i>	-	120	100	925	711
<i>of which: performing residential mortgages, of which:</i>	-	532	564	25,347	18,728
<i>with a risk weight equal to 35% under APS 112</i>	-	215	212	20,263	14,071
<i>of which: securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>	-	-	-	50	42

BANK OF QUEENSLAND LIMITED, BASEL III PILLAR 3 DISCLOSURES

For the Quarter Ended 29 February 2020

Table 21: Net Stable Funding Ratio (continued)

November 19

	Unweighted value by residual maturity				Weighted value
	No maturity	< 6 months	6 months to <1 year	>1 year	
Other assets:	1,717	398	30	761	2,537
<i>of which: assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties (CCPs)</i>	-	-	-	62	53
<i>of which: NSFR derivative assets</i>	-	-	-	118	118
<i>of which: NSFR derivative liabilities before deduction of variation margin posted</i>	-	-	-	134	134
<i>of which: all other assets not included in the above categories</i>	1,717	398	30	448	2,234
Off-balance sheet items	-	-	-	3,801	202
Total RSF	n/a	n/a	n/a	n/a	34,045
Net Stable Funding Ratio (%)	n/a	n/a	n/a	n/a	112%