ASX RELEASE

BOQ GROUP
100 Skyring Terrace
Newstead QLD 4006

APRA BASEL III PILLAR 3

Thursday, 15 April 2021, Sydney: Bank of Queensland Limited (ASX: **BOQ**) wishes to release the attached APRA Basel III Pillar 3 report relating to the period ending 28 February 2021.

Ends

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

For further information please call:

Media
Tracy Hicks, Head of Corporate Affairs
0439 540 960 tracy.hicks@boq.com.au

Analysts
Cherie Bell, General Manager Investor Relations
0488 756 126 cherie.bell@boq.com.au

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APRA BASEL III PILLAR 3 DISCLOSURES

Quarter ended 28 February 2021

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BANK OF QUEENSLAND LIMITED, BASEL III PILLAR 3 DISCLOSURES

For the Quarter Ended 28 February 2021

Introduction

Bank of Queensland (**Bank** or **BOQ**) is an Authorised Deposit-taking Institution (**ADI**) regulated by the Australian Prudential Regulation Authority (**APRA**) under the authority of the *Banking Act 1959.*

This report has been prepared by BOQ to meet its disclosure requirements set out in APRA's prudential standard *APS 330 'Public Disclosure'* (**APS 330**). It presents information on the Bank's capital adequacy, credit risk, securitisation exposures and liquidity coverage ratio.

In addition to this report, 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.

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.

Capital Ratios

The Board has set the Common Equity Tier 1 Capital target range to be between 9.0% and 9.5% and the Total Capital target range to be between 11.75% and 13.5%.

As at 28 February 2021:

- Common Equity Tier 1 Capital Ratio was 10.0% (9.9% as at 30 November 2020); and
- Total Capital Ratio was 13.8% (13.7% as at 30 November 2020).

Capital Initiatives

In November 2020, the Bank raised AUD 260 million through the issue of capital notes.

1. Capital Structure

	February 21 $m	August 20 $m
COMMON EQUITY TIER 1 CAPITAL		
Paid-up ordinary share capital	3,870	3,871
Reserves	298	134
Retained earnings, including current year earnings	199	163
Total Common Equity Tier 1 Capital	4,367	4,168
REGULATORY ADJUSTMENTS		
Deferred expenditure	(201)	(187)
Goodwill and intangibles	(927)	(909)
Other deductions	(18)	17
Total Regulatory Adjustments	(1,146)	(1,079)
Net Common Equity Tier 1 Capital	3,221	3,089
Additional Tier 1 Capital (1)	610	350
Total Tier 1 Capital	3,831	3,439
TIER 2 CAPITAL		
Tier 2 Capital	350	350
General Reserve for Credit Losses	263	230
Net Tier 2 Capital	613	580
Total Capital Base	4,444	4,019

Notes:
(1) Tier 1 capital was raised in November 2020 through the issue of Capital 2 Notes.

2. 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	3,870	A
2	Retained earnings	199	B
3	Accumulated other comprehensive income (and other reserves)	298	-
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**	4,367	-

	Common Equity Tier 1 capital : Regulatory Adjustments	$m	Ref
7	Prudential valuation adjustments	-	-
8	Goodwill (net of related tax liability)	685	C
9	Other intangibles other than mortgage servicing rights (net of related tax liability)	242	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	(86)	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	*of which: significant investments in the ordinary shares of financial entities*	-	-
24	*of which: mortgage servicing rights*	-	-
25	*of which: deferred tax assets arising from temporary differences*		-
26	National specific regulatory adjustments (sum of rows 26a, 26b, 26c, 26d, 26e, 26f, 26g, 26h, 26i and 26j)	305	-
26a	*of which: treasury shares*	-	-
26b	*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*	-	-
26c	*of which: deferred fee income*	174	F
26d	*of which: equity investments in financial institutions not reported in rows 18, 19 and 23*	29	G
26e	*of which: deferred tax assets not reported in rows 10, 21 and 25*	61	H
26f	*of which: capitalised expenses*	14	I
26g	*of which: investments in commercial (non-financial) entities that are deducted under APRA prudential requirements*	6	J
26h	*of which: covered bonds in excess of asset cover in pools*	-	-
26i	*of which: undercapitalisation of a non-consolidated subsidiary*	-	-
26j	*of which: other national specific regulatory adjustments not reported in rows 26a to 26i*	21	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**	1,146	-
29	**Common Equity Tier 1 Capital (CET1)**	3,221	-

2. Capital Disclosure Template (continued)

Additional Tier 1 Capital: Instruments		$m	Ref
30	Directly issued qualifying Additional Tier 1 instruments	610	–
31	*of which: classified as equity under applicable accounting standards*	–	–
32	*of which: classified as liabilities under applicable accounting standards*	610	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	*of which: instruments issued by subsidiaries subject to phase out*	–	–
36	**Additional Tier 1 Capital before Regulatory Adjustments**	610	–

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	*of which: holdings of capital instruments in group members by other group members on behalf of third parties*	–	–
41b	*of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidations not reported in rows 39 and 40*	–	–
41c	*of which: other national specific regulatory adjustments not reported in rows 41a and 41b*	–	–
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)**	610	–
45	**Tier 1 Capital (T1=CET1+AT1)**	3,831	–

Tier 2 Capital: 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	*of which: instruments issued by subsidiaries subject to phase out*	–	–
50	Provisions	263	M + N
51	**Tier 2 Capital before Regulatory Adjustments**	613	–

2. 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 (sum of rows 56a, 56b and 56c)	-	-
56a	*of which: holdings of capital instruments in group members by other group members on behalf of third parties*	-	-
56b	*of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidation not reported in rows 54 and 55*	-	-
56c	*of which: other national specific regulatory adjustments not reported in rows 56a and 56b*	-	-
57	**Total regulatory adjustments to Tier 2 capital**	**-**	**-**
58	**Tier 2 capital (T2)**	**613**	**-**
59	**Total capital (TC=T1+T2)**	**4,444**	**-**
60	**Total risk-weighted assets based on APRA standards**	**32,126**	**-**
	Capital Ratios and Buffers	**%**	**Ref**
61	**Common Equity Tier 1 (as a percentage of risk-weighted assets)**	**10.0**	**-**
62	**Tier 1 (as a percentage of risk-weighted assets)**	**11.9**	**-**
63	**Total capital (as a percentage of risk-weighted assets)**	**13.8**	**-**
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)	3.0	-
	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)	**$m**	**Ref**
72	Non-significant investments in the capital of other financial entities	-	-
73	Significant investments in the ordinary shares of financial entities	29	G
74	Mortgage servicing rights (net of related tax liability)	-	-
75	Deferred tax assets arising from temporary differences (net of related tax liability)	-	-
	Applicable Caps on the Inclusion of Provisions in Tier 2	**$m**	**Ref**
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	263	M + N
77	Cap on inclusion of provisions in Tier 2 under standardised approach	361	-
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	-	-

2. 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)	-	-

3. 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 21	Group Balance Sheet $m	Adjustments $m	Level 2 Regulatory Balance Sheet $m	Reconciliation Reference
ASSETS				
Cash and cash equivalents	1,136	(57)	1,079	–
Due from other financial institutions	695	–	695	–
Derivative financial assets	128	–	128	–
Financial assets at FVTPL	1,364	–	1,364	–
Debt instruments at FVOCI	5,220	–	5,220	–
Equity instruments at FVOCI	6	–	6	–
of which: investments in commercial (non-financial) entities that are deducted under APRA prudential requirements	*6*	–	*6*	J
Loans and advances at amortised cost	47,734	(1,966)	45,768	–
of which : deferred fee income	*174*	–	*174*	F
of which: Provisions	*204*	–	*204*	M
Other assets	162	(3)	159	–
of which: capitalised expenses		*14*	*14*	I
Property, plant and equipment	135	–	135	–
Assets held for sale	44	(44)	–	–
Shares in Controlled Entities	–	59	59	–
of which: equity investments in financial institutions not reported in rows 18, 19 and 23	–	*29*	*29*	G
Deferred tax assets	73	–	73	–
of which : deferred tax assets arising from temporary differences deducted from CET1	*61*	–	*61*	H
Intangible assets	*927*	–	*927*	–
of which: Goodwill (net of related tax liability)	*685*	–	*685*	C
of which: other intangibles other than mortgage servicing rights (net of related tax liability)	*242*	–	*242*	D
Investments in joint arrangements	13	(13)	–	–
Total Assets	**57,637**	**(2,024)**	**55,613**	
LIABILITIES				
Due to other financial institutions	266	–	266	–
Deposits	41,063	26	41,089	–
Derivative financial instruments	659	–	659	–
Accounts payable and other liabilities	406	(3)	403	–
Current tax liabilities	3	–	3	–
Liabilities Held for Sale	19	(19)	–	–
Provisions	48	–	48	–
Borrowings	10,753	(2,009)	8,744	–
of which: other national specific regulatory adjustments not reported in rows 26a to 26i	*21*	–	*21*	K
of which: classified as liabilities under applicable accounting standards	*610*	–	*610*	L
Total Liabilities	**53,217**	**2,005**	**51,212**	–
Net Assets	4,420	(19)	4,401	–

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

February 21	Group Balance Sheet $m	Adjustments $m	Level 2 Regulatory Balance Sheet $m	Reconciliation Reference
EQUITY				
Issued Capital	3,870	-	3,870	A
Reserves	335	(3)	332	
of which : Provisions (GCRL)	*58*	-	*58*	N
of which: Cash-flow hedge reserve	*(86)*	-	*(86)*	E
of which: Other reserves included in CET 1	*363*	*(3)*	*360*	
Retained profits	215	(16)	199	B
Total Equity	4,420	(19)	4,401	

4. Entities excluded from the Regulatory Scope of Consolidation

February 21	Total Assets $m	Total Liabilities $m	Principal Activities
INSURANCE ENTITIES			
St Andrew's Group (Held for sale)	44	19	Insurance Holding Entiry (Held for sale)
SECURITISATION TRUSTS			
Series 2012-1E REDS Trust	150	150	Securitisation
Series 2013-1 REDS Trust	149	149	Securitisation
Series 2015-1 REDS Trust	226	226	Securitisation
Series 2017-1 REDS Trust	374	374	Securitisation
Series 2018-1 REDS Trust	478	478	Securitisation
Series 2019-1 REDS Trust	635	635	Securitisation
MANAGER AND NON-FINANCIAL OPERATING ENTITIES			
Home Credit Management Ltd	27	34	Investment Holding Entity
Bank of Queensland Ltd Employee Share Plan Trust	13	3	Employee Share Plan Trust

5. Capital Adequacy

Risk Weighted Assets	February 21 $m	November 20 $m
SUBJECT TO THE STANDARDISED APPROACH		
Government	–	–
Bank	471	567
Residential Mortgages	12,865	12,410
Other retail [(1)]	15,256	15,119
Other	216	188
Corporate	–	–
Total On-Balance Sheet Assets and Off-Balance Sheet Exposures	28,808	28,284
Securitisation Exposures	62	63
Market Risk Exposures	222	264
Operational Risk Exposures	3,034	2,973
Total Risk Weighted Assets	32,126	31,584
Capital ratios	%	%
Level 2 Total Capital ratio	13.8	13.7
Level 2 Common Equity Tier 1 Capital ratio	10.0	9.9
Level 2 Net Tier 1 Capital ratio	11.9	11.8

Notes:
(1) Includes commercial lending and leasing.

6. Credit Risk

Exposure Type	Gross Credit Exposure [1] $m		Average Gross Credit Exposure $m	
	February 21	November 20	February 21	November 20
Cash and due from financial institutions	1,770	2,183	1,977	2,142
Debt securities	4,941	4,364	4,653	4,314
Loans and advances	46,046	45,049	45,547	44,876
Off-balance sheet exposures for derivatives	485	412	448	414
Other off-balance sheet exposures [2]	1,532	1,289	1,410	1,216
Other	216	188	202	199
Total exposures	54,990	53,485	54,237	53,161

Portfolios Subject to the Standardised Approach	Gross Credit Exposure [1] $m		Average Gross Credit Exposure $m	
	February 21	November 20	February 21	November 20
Government	4,860	4,279	4,569	4,227
Bank	2,345	2,685	2,515	2,646
Residential mortgage	32,275	31,228	31,752	30,858
Other retail	15,294	15,105	15,199	15,231
Other	216	188	202	199
Corporate	–	–	–	–
Total Exposures	54,990	53,485	54,237	53,161

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.

6. Credit Risk (continued)

February 21

Portfolios Subject to the Standardised Approach	Impaired Loans (1) $m	Past Due Loans > 90 Days (1) $m	Specific Provision Balance (2) $m	Charges for Specific Provision $m	Write-Offs $m
Government	–	–	–	–	–
Bank	–	–	–	–	–
Residential Mortgage	116	260	48	4	2
Other retail	113	97	121	4	5
Other	–	–	–	–	–
Corporate	–	–	–	–	–
Total	229	357	169	8	7

November 20

Portfolios Subject to the Standardised Approach	Impaired Loans (1) $m	Past Due Loans > 90 Days (1) $m	Specific Provision Balance (2) $m	Charges for Specific Provision $m	Write-Offs $m
Government	–	–	–	–	–
Bank	–	–	–	–	–
Residential mortgages	117	229	56	1	2
Other retail	126	117	147	(1)	9
Other	–	–	–	–	–
Corporate	–	–	–	–	–
Total	243	346	203	–	11

	February 21 $m	November 20 $m
Statutory Equity Reserve for Credit Losses	58	63
Collective provision	205	167
APRA General reserve for credit losses	263	230

Notes:

(1) Reconciliation of impaired loans	February 21 $m	November 20 $m
Impaired assets per table 6: Credit Risk	229	243
Add: Impaired assets in off balance sheet securitisation trusts	6	6
Less: Restructured facilities included in APS 220	(41)	(53)
Impaired Assets per Accounting Standards	194	196

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

(2) 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 $132m for February 2021 and $123m for November 2020.

7. Securitisation Exposures

	February 21		November 20	
Exposure Type	Securitisation Activity $m	Gain or Loss on Sale $m	Securitisation Activity $m	Gain or Loss on Sale $m
Debt securities – Securities held in the banking book	10	–	2	–
Non market off balance sheet exposures – Securities in trading book	–	–	–	–
Cash and due from financial institutions – Liquidity facilities	–	–	–	–
Loans and Advances – Funding facilities	(1)	–	1	–
On market off balance sheet exposures – Swaps	(13)	–	1	–
Other	(28)	–	(29)	–
Total exposures	**(32)**	**–**	(25)	–

February 21

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	279	–	3	6	–	7,618
Off-balance sheet securitisation exposure	–	–	–	–	28	–
Total exposures	**279**	**–**	**3**	**6**	**28**	**7,618**

November 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	269	–	3	7	–	7,646
Off-balance sheet securitisation exposure	–	–	–	–	41	–
Total	269	–	3	7	41	7,646

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

8. Liquidity Coverage Ratio

APRA requires authorised deposit-taking institutions (**ADI**) to maintain a minimum Liquidity Coverage Ratio (**LCR**) of 100 per cent. 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 are comprised 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 2021 quarter was 150%, which is 11% lower than the previous November quarter average of 161%. Weighted Net Cash Outflows (**NCO**) decreased marginally over the quarter. Liquid assets declined due to a reduction in the undrawn TFF and the handing back of the temporary $500 million CLF increase offered to LCR ADI's by the RBA in response to the COVID-19 pandemic. The following table presents detailed information on the average LCR composition for the two quarters. 90 data points were used in calculating the average figures for the February 2021 quarter and 91 data points were used in calculating the average figures for the November 2020 quarter.

8. Liquidity Coverage Ratio (continued)

	Average Quarterly Performance			
	February 21		November 20	
	Total Un- Weighted Value $m	Total Weighted Value $m	Total Un- Weighted Value $m	Total Weighted Value $m
LIQUID ASSETS				
High-quality liquid assets (HQLA)		*4,722*		*4,677*
Alternative liquid assets (ALA)		*4,052*		*4,847*
Total Liquid Assets		8,774		9,524
CASH OUTFLOWS				
Retail deposits and deposits from small business customers, of which:	20,929	2,076	20,707	2,049
stable deposits	*9,009*	*450*	*8,944*	*447*
less stable deposits	*11,920*	*1,626*	*11,763*	*1,602*
Unsecured wholesale funding, of which:	4,603	2,435	4,732	2,579
non-operational deposits (all counterparties)	*4,142*	*1,974*	*4,092*	*1,939*
unsecured debt	*461*	*461*	*640*	*640*
Secured wholesale funding		53		55
Additional requirements, of which	2,417	782	2,494	867
outflows related to derivatives exposures and other collateral requirements	*696*	*696*	*781*	*781*
credit and liquidity facilities	*1,721*	*86*	*1,713*	*86*
Other contractual funding obligations	1,463	1,158	1,389	1,057
Other contingent funding obligations	6,819	398	6,903	396
Total Cash Outflows	36,231	6,902	36,225	7,003
CASH INFLOWS				
Secured lending (e.g. reverse repos)	–	–	63	–
Inflows from fully performing exposures	612	307	668	335
Other cash inflows	687	746	755	755
Total cash inflows	1,299	1,053	1,486	1,090
Total Net Cash Outflows	34,932	5,849	34,739	5,913
Total liquid assets		8,774		9,524
Total net cash outflows		5,849		5,913
Liquidity Coverage Ratio (%)		150%		161%

9. 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 28 February 2021 was 118% which is unchanged from 30 November 2020. The impact of strong loan growth, a lower CLF and reduced undrawn TFF was offset by increases to capital and stable funding sources.

9. Net Stable Funding Ratio (continued)

February 21

	Unweighted value by residual maturity				Weighted value
	No maturity	< 6 months	6 months to < 1 year	> 1 year	
AVAILABLE STABLE FUNDING (ASF) ITEM					
Capital	4,657	–	–	810	5,467
Regulatory Capital	*4,657*	–	–	*810*	*5,467*
Retail deposits and deposits from small business customers	20,209	5,689	–	–	23,823
Stable deposits	*8,691*	*1,753*	–	–	*9,923*
Less stable Deposits	*11,517*	*3,936*	–	–	*13,900*
Wholesale funding	2,679	13,037	1,266	6,086	11,704
Operational deposits	–	–	–	–	–
Other wholesale funding	*2,679*	*13,037*	*1,266*	*6,086*	*11,704*
Other liabilities	481	24	70	159	195
NSFR derivative liabilities		*24*	–	–	–
All other liabilities and equity not included in the above categories	481	–	70	159	195
Total ASF					**41,189**
REQUIRED STABLE FUNDING (RSF) ITEM					
Total NSFR (HQLA)					243
ALA					423
RBNZ securities	–	–	–	–	–
Deposits held at other financial institutions for operational purposes	518	–	–	–	424
Performing loans and securities	–	2,935	2,404	37,657	31,196
Performing loans to financial institutions secured by Level 1 HQLA	–	–	–	–	–
Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	–	*136*	–	–	*20*
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:	–	*2,275*	*1,857*	*11,093*	*11,332*
With a risk weight of less than or equal to 35% under APS 112	–	*209*	*105*	*1,298*	*1,001*
Performing residential mortgages, of which:	–	*524*	*547*	*26,536*	*19,820*
With a risk weight equal to 35% under APS 112	–	*228*	*226*	*20,997*	*14,803*
Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	–	–	–	*28*	*24*

9. Net Stable Funding Ratio (continued)

February 21

	Unweighted value by residual maturity				Weighted value
	No maturity	< 6 months	6 months to < 1 year	> 1 year	
Other assets	1,677	319	36	722	2,441
Assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties (CCPs)		–	–	*113*	*96*
NSFR derivative assets		–	–	*104*	*104*
NSFR derivative liabilities before deduction of variation margin posted		–	–	*132*	*132*
All other assets not included in the above categories	1,677	319	36	373	2,109
Off-balance sheet items		–	–	4,686	217
Total RSF					**34,944**
Net Stable Funding Ratio (%)					**118%**

9. Net Stable Funding Ratio (continued)

November 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	4,537	–	–	810	5,347
Regulatory Capital	*4,537*	–	–	*810*	*5,347*
Other capital instruments	–	–	–	–	–
Retail deposits and deposits from small business customers	19,734	5,847	–	–	23,542
Stable deposits	*8,662*	*1,848*	–	–	*9,985*
Less stable Deposits	*11,072*	*3,999*	–	–	*13,558*
Wholesale funding	2,575	12,539	1,185	6,229	11,527
Operational deposits	–	–	–	–	–
Other wholesale funding	*2,575*	*12,539*	*1,185*	*6,229*	*11,527*
Other liabilities	454	123	115	109	166
NSFR derivative liabilities		*78*	–	–	
All other liabilities and equity not included in the above categories	454	45	115	109	166
Total ASF					**40,583**
REQUIRED STABLE FUNDING (RSF) ITEM					
Total NSFR (HQLA)					217
ALA					507
RBNZ securities	–	–	–	–	–
Deposits held at other financial institutions for operational purposes	632	–	–	–	582
Performing loans and securities	–	2,874	2,580	36,124	30,253
Performing loans to financial institutions secured by Level 1 HQLA	–	–	–	–	–
Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	–	*181*	*49*	–	*52*
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:	–	*2,159*	*2,026*	*10,827*	*11,221*
With a risk weight of less than or equal to 35% under APS 112	–	*191*	*140*	*938*	*775*
Performing residential mortgages, of which:	–	*534*	*505*	*25,237*	*18,929*
With a risk weight equal to 35% under APS 112	–	*222*	*221*	*19,854*	*14,057*
Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	–	–	–	*60*	*51*

9. Net Stable Funding Ratio (continued)

November 20

	Unweighted value by residual maturity				Weighted value
	No maturity	< 6 months	6 months to < 1 year	> 1 year	
Other assets	1,741	308	33	720	2,491
Assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties (CCPs)		–	–	*97*	*82*
NSFR derivative assets		–	–	*66*	*66*
NSFR derivative liabilities before deduction of variation margin posted		–	–	*154*	*154*
All other assets not included in the above categories	1,741	308	33	403	2,188
Off-balance sheet items		–	–	4,308	209
Total RSF					34,258
Net Stable Funding Ratio (%)					118%