

## APRA BASEL III PILLAR 3

**Wednesday, 29 January 2025**, Brisbane: Bank of Queensland Limited (**BOQ**) today released its quarterly APRA Basel III Pillar 3 report relating to the period ending 30 November 2024.

ENDS

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# APRA BASEL III PILLAR 3 DISCLOSURES

Quarter Ended 30 November 2024

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# Bank of Queensland Limited, Basel III Pillar 3 Disclosures

For the Quarter Ended 30 November 2024

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## 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](https://www.boq.com.au/regulatory_disclosures).

### Key Points

The Bank's capital management 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 Bank's Internal Capital Adequacy Assessment Process (**ICAAP**) provides the framework to ensure that the Bank is capitalised to meet internal capital targets and APRA's requirements. The ICAAP is reviewed regularly and submitted to the Board annually for approval. The Bank's capital position is monitored on a continuous basis and reported monthly to the Asset and Liability Committee and Board.

### Capital Ratios

APRA's revised Basel III capital framework has been effective since 1 January 2023. The Board has determined that BOQ will target to operate within the following management target ranges in normal operating conditions, these are: Common Equity Tier 1 Capital Ratio 10.25-10.75%; Tier 1 Capital Ratio 11.75-12.50% and Total Capital Ratio 13.75-14.50%.

As at 30 November 2024, BOQ's capital ratios are as follows:

- Common Equity Tier 1 Capital Ratio was 10.70% (10.66% as at 31 August 2024);
- Tier 1 Capital Ratio was 12.35% (12.30% as at 31 August 2024); and
- Total Capital Ratio was 14.98% (14.27% as at 31 August 2024).

### Capital Initiatives

The Bank issued AUD 250 million Tier 2 Subordinated Notes in October 2024.

# Bank of Queensland Limited, Basel III Pillar 3 Disclosures

For the Quarter Ended 30 November 2024

## 1. Capital Structure

	November 24 \$m	August 24 \$m
<b>Common Equity Tier 1 Capital</b>		
Paid-up ordinary share capital	5,328	5,342
Reserves	187	310
Retained earnings, including current year earnings	461	366
<b>Total Common Equity Tier 1 Capital</b>	<b>5,976</b>	<b>6,018</b>
<b>Regulatory Adjustments</b>		
Deferred expenditure	(409)	(422)
Goodwill and intangibles	(1,157)	(1,152)
Other deductions	(114)	(155)
<b>Total Regulatory Adjustments</b>	<b>(1,680)</b>	<b>(1,729)</b>
<b>Net Common Equity Tier 1 Capital</b>	<b>4,296</b>	<b>4,289</b>
Additional Tier 1 Capital	660	660
<b>Total Tier 1 Capital</b>	<b>4,956</b>	<b>4,949</b>
<b>Tier 2 Capital</b>		
Tier 2 Capital <sup>(1)</sup>	886	636
Provisions eligible for inclusion in Tier 2 Capital	169	160
<b>Net Tier 2 Capital</b>	<b>1,055</b>	<b>796</b>
<b>Total Capital Base</b>	<b>6,011</b>	<b>5,745</b>

(1) Tier 2 Capital increased by \$250m following the issuance of subordinated notes in October 2024.

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## 2. Capital Adequacy

	November 24 \$m	August 24 \$m
<b>Risk Weighted Assets</b>		
<b>Subject to the standardised approach</b>		
Government	52	55
Bank	493	524
Residential Mortgages	20,734	20,957
Other retail <sup>(1)</sup>	8,867	8,860
Other	323	321
Corporate	6,188	6,007
<b>Total On-Balance Sheet Assets and Off-Balance Sheet Exposures</b>	<b>36,657</b>	36,724
<b>Securitisation Exposures</b>	<b>33</b>	38
<b>Market Risk Exposures</b>	<b>129</b>	104
<b>Operational Risk Exposures</b>	<b>3,316</b>	3,383
<b>Total Risk Weighted Assets</b>	<b>40,135</b>	40,249
<b>Capital Ratios</b>	<b>%</b>	<b>%</b>
Level 2 Total Capital Ratio	14.98	14.27
Level 2 Common Equity Tier 1 Capital Ratio	10.70	10.66
Level 2 Net Tier 1 Capital Ratio	12.35	12.30

(1) Includes commercial property, leasing and personal.

# Bank of Queensland Limited, Basel III Pillar 3 Disclosures

For the Quarter Ended 30 November 2024

## 3. Credit Risk

Exposure Type	Gross Credit Exposure <sup>(1)</sup>		Average Gross Credit Exposure	
	\$m		\$m	
	November 24	August 24	November 24	August 24
Cash and due from financial institutions	1,690	2,027	1,859	1,986
Debt securities	15,756	16,948	16,352	16,760
Loans and advances	73,252	73,467	73,359	73,842
Off-balance sheet exposures for derivatives	161	126	143	138
Other off-balance sheet exposures	5,617	5,238	5,428	5,723
Other	323	321	322	309
<b>Total Exposures</b>	<b>96,799</b>	<b>98,127</b>	<b>97,463</b>	<b>98,758</b>

Portfolios subject to the standardised approach	Gross Credit Exposure <sup>(1)</sup>		Average Gross Credit Exposure	
	\$m		\$m	
	November 24	August 24	November 24	August 24
Government	16,362	17,349	16,856	17,641
Bank	1,851	2,153	2,002	2,126
Residential mortgages	59,583	59,942	59,763	60,470
Other retail	11,113	10,955	11,033	10,911
Other	323	321	322	309
Corporate	7,567	7,407	7,487	7,301
<b>Total Exposures</b>	<b>96,799</b>	<b>98,127</b>	<b>97,463</b>	<b>98,758</b>

(1) Gross credit exposures reflect credit equivalent amounts.

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For the Quarter Ended 30 November 2024

## 3. Credit Risk (continued)

November 24

Portfolios subject to the standardised approach	Non-performing Loans <sup>(1)</sup> \$m	Specific Provision Balance <sup>(2)</sup> \$m	Charges for Specific Provision \$m	Write-Offs \$m
Government	-	-	-	-
Bank	-	-	-	-
Residential mortgages	821	37	(1)	1
Other retail	203	46	(7)	2
Other	-	-	-	-
Corporate	89	43	1	1
<b>Total</b>	<b>1,113</b>	<b>126</b>	<b>(7)</b>	<b>4</b>

August 24

Portfolios subject to the standardised approach	Non-performing Loans <sup>(1)</sup> \$m	Specific Provision Balance <sup>(2)</sup> \$m	Charges for Specific Provision \$m	Write-Offs \$m
Government	-	-	-	-
Bank	-	-	-	-
Residential mortgages	846	41	-	1
Other retail	278	65	1	4
Other	-	-	-	-
Corporate	84	40	(1)	4
<b>Total</b>	<b>1,208</b>	<b>146</b>	<b>-</b>	<b>9</b>

	November 24 \$m	August 24 \$m
Statutory Equity Reserve for Credit Losses	-	-
Collective provision <sup>(2)</sup>	169	160
<b>General provisions</b>	<b>169</b>	<b>160</b>

(1) Excludes assets in off-balance sheet securitisation trusts as required under APRA Prudential Standard APS 220 Credit Risk Management.

(2) The stage 2 component that is non-performing, deemed to be ineligible as a General Provision, is considered as a regulatory specific provision.

# Bank of Queensland Limited, Basel III Pillar 3 Disclosures

For the Quarter Ended 30 November 2024

## 4. Securitisation Exposures

Exposure Type	November 24		August 24	
	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	(26)	-	(12)	-
Non market off-balance sheet exposures - Securities in trading book	-	-	-	-
Cash and due from financial institutions - Liquidity facilities	(6)	-	11	-
Loans and Advances - Funding facilities	1	-	2	-
On market off-balance sheet exposures - Swaps	11	-	(10)	-
Other	(49)	-	(28)	-
<b>Total Exposures</b>	<b>(69)</b>	<b>-</b>	<b>(37)</b>	<b>-</b>

### November 24

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 <sup>(1)</sup> \$m
On-balance sheet securitisation exposure retained or purchased	62	-	73	21	-	12,854
Off-balance sheet securitisation exposure	-	-	-	-	18	-
<b>Total Exposures</b>	<b>62</b>	<b>-</b>	<b>73</b>	<b>21</b>	<b>18</b>	<b>12,854</b>

### August 24

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 <sup>(1)</sup> \$m
On-balance sheet securitisation exposure retained or purchased	88	-	79	20	-	12,903
Off-balance sheet securitisation exposure	-	-	-	-	7	-
<b>Total Exposures</b>	<b>88</b>	<b>-</b>	<b>79</b>	<b>20</b>	<b>7</b>	<b>12,903</b>

(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 30 November 2024

## 5. 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 (**HQLA**) to meet net cash outflows (**NCO**) 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 needs and meet the regulatory minimum, with appropriate additional Board and management buffers set in line with the Group risk appetite. Liquid assets are composed of HQLA (RBA balances, cash, Australian Semi-Government and Commonwealth Government securities). 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 Level 2 LCR over the November 2024 quarter was 144%, which is 1% lower than the previous August 2024 quarter average. On a spot basis, the LCR was between 134% and 163% with the low attributed to wholesale funding maturities entering the NCO window. The average LCR for the November 2024 quarter was flat compared to the August 2024 quarter which was attributed to an increase in retail deposits (\$1.27b) offset by a reduction in wholesale funding due to maturities. The average balance of HQLA has decreased by \$89m relative to the last quarter.

Average NCOs have decreased by \$32m which was primarily driven by:

- \$198m reduction due to secured wholesale funding maturities
- \$144m reduction in other contractual funding obligations
- \$175m increase in other cash inflows attributed to \$250m Tier 2 subordinated notes issuance and securitisation substitutions
- Partly offset by \$193m increase in retail deposits and \$213m increase in unsecured wholesale funding

Other contractual funding obligations and other contingent funding obligations decreased \$136m over the quarter primarily due to decreases in loans approved not advanced (which is a major driver of other cash outflows). Other cash inflows increased over the quarter by \$175m due to a \$250m Tier 2 subordinated notes issuance and an increase in various securitisation substitutions.

The following table presents detailed information on the ratio composition for the two quarters. 65 data points were used in calculating the average figures for the November 2024 quarter and 65 data points were used in calculating the average figures for the August 2024 quarter.

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For the Quarter Ended 30 November 2024

## 5. Liquidity Coverage Ratio (continued)

	November 24		August 24	
	Total Un-Weighted Value \$m	Total Weighted Value \$m	Total Un-Weighted Value \$m	Total Weighted Value \$m
<b>Average Quarterly Performance</b>				
<b>Liquid Assets</b>				
High-quality liquid assets (HQLA)		16,675		16,764
Alternative liquid assets (ALA)				
<b>Total Liquid Assets</b>		<b>16,675</b>		<b>16,764</b>
<b>Cash Outflows</b>				
Retail deposits and deposits from small business customers, of which:	40,960	5,869	39,991	5,676
stable deposits	14,320	716	14,254	713
less stable deposits	26,640	5,153	25,737	4,963
Unsecured wholesale funding, of which:	7,133	4,337	6,754	4,124
non-operational deposits (all counterparties)	6,424	3,628	6,052	3,422
unsecured debt	709	709	702	702
Secured wholesale funding		113		311
Additional requirements, of which	8,696	1,480	8,605	1,404
outflows related to derivatives exposures and other collateral requirements	1,048	1,048	975	975
credit and liquidity facilities	7,648	432	7,630	429
Other contractual funding obligations	1,071	562	1,209	706
Other contingent funding obligations	9,472	826	10,112	818
<b>Total Cash Outflows</b>	<b>67,332</b>	<b>13,187</b>	<b>66,671</b>	<b>13,039</b>
<b>Cash Inflows</b>				
Secured lending (e.g. reverse repos)	66	-	191	-
Inflows from fully performing exposures	1,038	530	1,027	525
Other cash inflows	1,101	1,101	926	926
<b>Total Cash Inflows</b>	<b>2,205</b>	<b>1,631</b>	<b>2,144</b>	<b>1,451</b>
<b>Total Net Cash Outflows</b>	<b>65,127</b>	<b>11,556</b>	<b>64,527</b>	<b>11,588</b>
<b>Total liquid assets</b>		<b>16,675</b>		<b>16,764</b>
<b>Total net cash outflows</b>		<b>11,556</b>		<b>11,588</b>
<b>Liquidity Coverage Ratio (%)</b>		<b>144%</b>		<b>145%</b>

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