Bank of Queensland Limited

APRA Basel II Pillar 3 Disclosures

24 November 2008

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.

This is the Group's first Pillar 3 disclosure. The Pillar 3 requirements required under 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 31 August 2008 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

	$m
Tier 1 capital	
Paid-up ordinary share capital	1,243.7
Reserves	1.2
Retained earnings, including current year earnings	156.9
Innovative Tier 1 capital	111.9
Non-innovative Tier 1 capital	138.3
Gross Tier 1 capital	**1,652.0**
Deductions from Tier 1 capital	
Goodwill	(573.1)
Deferred expenditure	(66.6)
Other deductions	(11.3)
Total Tier 1 capital deductions	**(651.0)**
Net Tier 1 capital	**1,001.0**
Tier 2 capital	
Upper Tier 2 capital	126.3
Lower Tier 2 capital	426.0
Gross Tier 2 capital	**552.3**
Deductions from Tier 2 capital	
Tier 2 deductions	(31.4)
Total Tier 2 capital deductions	(31.4)
Net Tier 2 capital	**520.90**
Total capital base	**1,521.9**

Table 16: Capital Adequacy

	Risk Weighted Assets $m
Subject to the Standardised approach	
Corporate	-
Government	2.0
Bank	163.8
Residential Mortgage	6,181.7
Other retail	6,224.2
Other	42.7
Total capital requirement subject to the standardised approach	**12,614.4**
Credit risk capital requirement relating to securitisation exposures	**63.1**
Market risk minimum capital requirement	**175.5**
Operational risk minimum capital requirement	**960.0**
Total RWA and capital requirement	**13,813.0**

Capital ratios	%
Level 2 Total capital ratio	**11.0**
Level 2 Tier 1 capital ratio	**7.2**

Table 17: Credit Risk

Exposure Type	Gross Credit Exposure $m	Average Gross Credit Exposure $m
Cash and due from financial institutions	322.5	286.1
Debt securities	515.5	589.8
Loans and advances	20,068.8	19,929.8
Non market off balance sheet exposures	948.4	1,026.8
On market off balance sheet exposures	10,904.7	10,546.2
Other	29.8	29.4
Total exposures	**32,789.7**	**32,408.1**

Portfolios subject to Standardised approach	Gross Credit Exposure $m	Average Gross Credit Exposure $m
Corporate	-	-
Government	39.1	46.0
Bank	11,717.6	11,397.0
Residential Mortgage	14,240.1	14,252.8
Other retail	6,763.1	6,682.9
Other	29.8	29.4
Total exposures	**32,789.7**	**32,408.1**

Portfolios subject to the Standardised approach	Impaired loans $m	Past due loans > 90 days $m	Specific provision balance $m	Charges for specific provision $m	Write-offs $m
Corporate	-	-	-	-	-
Government	-	-	-	-	-
Bank	-	-	-	-	-
Residential Mortgage	7.2	121.5	2.4	0.7	0.9
Other retail	24.4	35.9	16.3	2.7	3.8
Other	-	-	-	-	-
Total	**31.6**	**157.4**	**18.7**	**3.4**	**4.7**

	Balance $m
General reserve for credit losses	68.9