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# Bank of Queensland Limited

## APRA Basel II Pillar 3 Disclosures

27 October 2009

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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.

The Pillar 3 requirements mandated by 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 2009 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**

	<b>\$m</b>
<b><u>Tier 1 capital</u></b>	
Paid-up ordinary share capital	1,707.4
Reserves	28.2
Retained earnings, including current year earnings	176.1
Innovative Tier 1 capital	47.2
Non-innovative Tier 1 capital	195.7
<b>Gross Tier 1 capital</b>	<b>2,154.6</b>
<b><u>Deductions from Tier 1 capital</u></b>	
Goodwill	(587.8)
Deferred expenditure	(82.1)
Other deductions	(24.1)
<b>Total Tier 1 capital deductions</b>	<b>(694.0)</b>
<b>Net Tier 1 capital</b>	<b>1,460.6</b>
<b><u>Tier 2 capital</u></b>	
Upper Tier 2 capital	98.5
Lower Tier 2 capital	346.0
<b>Gross Tier 2 capital</b>	<b>444.5</b>
<b><u>Deductions from Tier 2 capital</u></b>	
Tier 2 deductions	(24.1)
<b>Total Tier 2 capital deductions</b>	<b>(24.1)</b>
<b>Net Tier 2 capital</b>	<b>420.4</b>
<b>Total capital base</b>	<b>1,881.0</b>

**Table 16: Capital Adequacy**

	<b>Risk Weighted Assets \$m</b>
<b>Subject to the Standardised approach</b>	
Corporate	-
Government	2.3
Bank	128.6
Residential Mortgage	7,791.8
Other retail	6,667.2
Other	61.2
<b>Total capital requirement subject to the standardised approach</b>	<b>14,651.1</b>
<b>Credit risk capital requirement relating to securitisation exposures</b>	<b>146.8</b>
<b>Market risk minimum capital requirement</b>	<b>208.8</b>
<b>Operational risk minimum capital requirement</b>	<b>1,353.4</b>
<b>Total RWA and capital requirement</b>	<b>16,360.1</b>
<b>Capital ratios</b>	<b>%</b>
Level 2 Total capital ratio	<b>11.5</b>
Level 2 Tier 1 capital ratio	<b>8.9</b>

**Table 17: Credit Risk**

<b>Exposure Type</b>	<b>Gross Credit Exposure \$m</b>	<b>Average Gross Credit Exposure \$m</b>
Cash and due from financial institutions	370.1	374.4
Debt securities	293.7	314.9
Loans and advances	23,602.1	23,146.6
Non market off balance sheet exposures	1,175.1	1,146.6
On market off balance sheet exposures	16,250.4	15,959.9
Other	32.5	32.2
<b>Total exposures</b>	<b>41,723.9</b>	<b>40,974.6</b>

<b>Portfolios subject to Standardised approach</b>	<b>Gross Credit Exposure \$m</b>	<b>Average Gross Credit Exposure \$m</b>
Corporate	-	-
Government	112.5	114.5
Bank	16,815.2	16,547.8
Residential Mortgage	17,459.5	17,252.8
Other retail	7,299.3	7,022.5
Other	37.4	37.0
<b>Total exposures</b>	<b>41,723.9</b>	<b>40,974.6</b>

<b>Portfolios subject to the Standardised approach</b>	<b>Impaired loans \$m</b>	<b>Past due loans &gt; 90 days \$m</b>	<b>Specific provision balance \$m</b>	<b>Charges for specific provision \$m</b>	<b>Write-offs \$m</b>
Corporate	-	-	-	-	-
Government	-	-	-	-	-
Bank	-	-	-	-	-
Residential Mortgage	15.8	95.8	4.1	0.5	0.6
Other retail	101.6	81.9	25.3	-	15.1
Other	-	-	-	-	-
<b>Total</b>	<b>117.4</b>	<b>177.7</b>	<b>29.4</b>	<b>0.5</b>	<b>15.7</b>

	<b>Balance \$m</b>
<b>General reserve for credit losses</b>	98.5