

APRA BASEL III PILLAR 3 DISCLOSURES

Quarter Ended 31 August 2025



**BOQ
GROUP**

Bank of Queensland Limited
ABN: 32 009 656 740

**20
25**

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INTRODUCTION.

Introduction

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

This Pillar 3 report has been prepared by BOQ to meet its disclosure requirements set out in APRA's revised prudential standard APS 330 'Public Disclosure' (**APS 330**), effective 1 January 2025. The revised APS 330 aligns with international standards set by the Basel Committee on Banking Supervision (**BCBS**) and aims to provide sufficient information for market participants to assess the ADI's regulatory capital adequacy and risk exposures.

The disclosures in this Pillar 3 report include key prudential metrics and information relating to BOQ's risk management approach, regulatory capital, countercyclical capital buffer requirement, credit risk, counterparty credit risk, securitisation, market risk, operational risk, interest rate risk in the banking book (**IRRBB**), and liquidity. The frequency of disclosures is provided on a quarterly, semi-annual, or annual basis in accordance with the BCBS disclosure requirements.

This report is prepared on a Level 2 basis in accordance with the APS 330 prudential requirements. The Level 2 regulatory consolidated group primarily consists of BOQ (the ADI) and its subsidiaries. The group excludes specific subsidiaries which are required to be deconsolidated according to APRA definitions in CPS 001 'Defined terms' (**CPS 001**).

This report is not subject to an external audit; however, it has been prepared on a basis consistent with information submitted to APRA.

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 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

BOQ operates under APRA's revised Basel III capital framework. The Board has determined the Group will target operations 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 31 August 2025, BOQ's capital ratios are as follows:

- Common Equity Tier 1 Capital Ratio was 10.94% (10.80% as at 31 May 2025);
- Tier 1 Capital Ratio was 12.58% (12.45% as at 31 May 2025); and
- Total Capital Ratio was 15.18% (15.06% as at 31 May 2025).

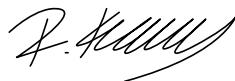
Policy

BOQ Group's Prudential Disclosure policy is reviewed and approved by the Board on an annual basis to ensure that it remains compliant with the APS 330 prudential requirements. The policy sets out the process for assessing the appropriateness and accuracy of prudential disclosures, including their validation and frequency; and ensuring that prudential disclosures reflect the BOQ Group's actual risk profile, and are consistent with how the Board and senior management assess and manage risk more broadly.

The policy was approved by the BOQ Board on 19 February 2025.

Written Attestation

As the Chief Financial Officer of Bank of Queensland (**BOQ**), I attest that the information presented in this Pillar 3 report has been prepared by BOQ to meet its disclosure requirements set out in APRA's prudential standard APS 330 'Public Disclosure' (**APS 330**) and has been prepared in accordance with our Board-approved policy on disclosure controls and prudential disclosures.



Racheal Kellaway

Chief Financial Officer
14 October 2025

OVERVIEW OF KEY PRUDENTIAL METRICS AND RWA.

KM1: Key metrics (At Level 2 Regulatory Consolidated Group)

The following table provides an overview of key metrics related to capital and liquidity.

(AUD million)		a	b	c	d	e
		Aug 25	May 25	Feb 25	Nov 24	Aug 24
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	4,391	4,305	4,370	4,296	4,289
2	Tier 1	5,051	4,965	5,030	4,956	4,949
3	Total capital	6,093	6,006	6,078	6,011	5,745
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	40,140	39,872	40,212	40,135	40,249
Risk-based capital ratios as a percentage of RWA						
5	CET1 ratio (%)	10.94	10.80	10.87	10.70	10.66
6	Tier 1 ratio (%)	12.58	12.45	12.51	12.35	12.30
7	Total capital ratio (%)	15.18	15.06	15.11	14.98	14.27
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.50	2.50	2.50	2.50	2.50
9	Countercyclical buffer requirement (%)	1.00	1.00	1.00	1.00	1.00
11	Total of bank CET1 specific buffer requirements (%)	3.50	3.50	3.50	3.50	3.50
12	CET1 available after meeting the bank's minimum capital requirements (%) ⁽¹⁾	6.44	6.30	6.37	6.20	6.16
Liquidity Coverage Ratio (LCR)						
15	Total high-quality liquid assets (HQLA)	17,106	16,435	15,801	16,675	16,764
16	Total net cash outflow	11,980	11,666	11,147	11,556	11,588
17	LCR ratio (%)	142.86	141.21	141.84	144.46	144.73
Net Stable Funding Ratio (NSFR)						
18	Total available stable funding	72,015	71,305	71,591	71,868	73,134
19	Total required stable funding	57,967	57,772	58,354	58,007	58,630
20	NSFR ratio (%)	124.24	123.42	122.68	123.90	124.74

(1) CET1 available after meeting the bank's minimum capital requirements is calculated as CET1 ratio of the bank, less the minimum CET1 capital requirement (4.5%) and any shortfall in meeting the Tier 1 and Total capital minimum requirements, as defined by BCBS.

KM1: Key metrics (continued)

CET1

The CET1 ratio was 10.94% as at 31 August 2025, 14 basis points higher than the previous quarter. This was largely driven by a decrease in capital deductions for goodwill, loan origination costs and software intangibles, partially offset by a decrease in earnings and an increase in total RWA.

RWA

Total RWA increased by \$268 million during the August 2025 quarter, largely driven by higher credit risk RWA primarily attributed to the portfolio growth across commercial property & ADC (land acquisition, development and construction), leases and general corporate, partially offset by a decrease in residential property exposures.

LCR

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's average LCR over the August 2025 quarter was 143%, which is 2% higher than the previous May 2025 quarter average.

NSFR

The NSFR is defined as the ratio of the amount of Available Stable Funding to the amount of Required Stable Funding. The NSFR as at 31 August 2025 was 124%, which is 1% higher than the prior quarter.

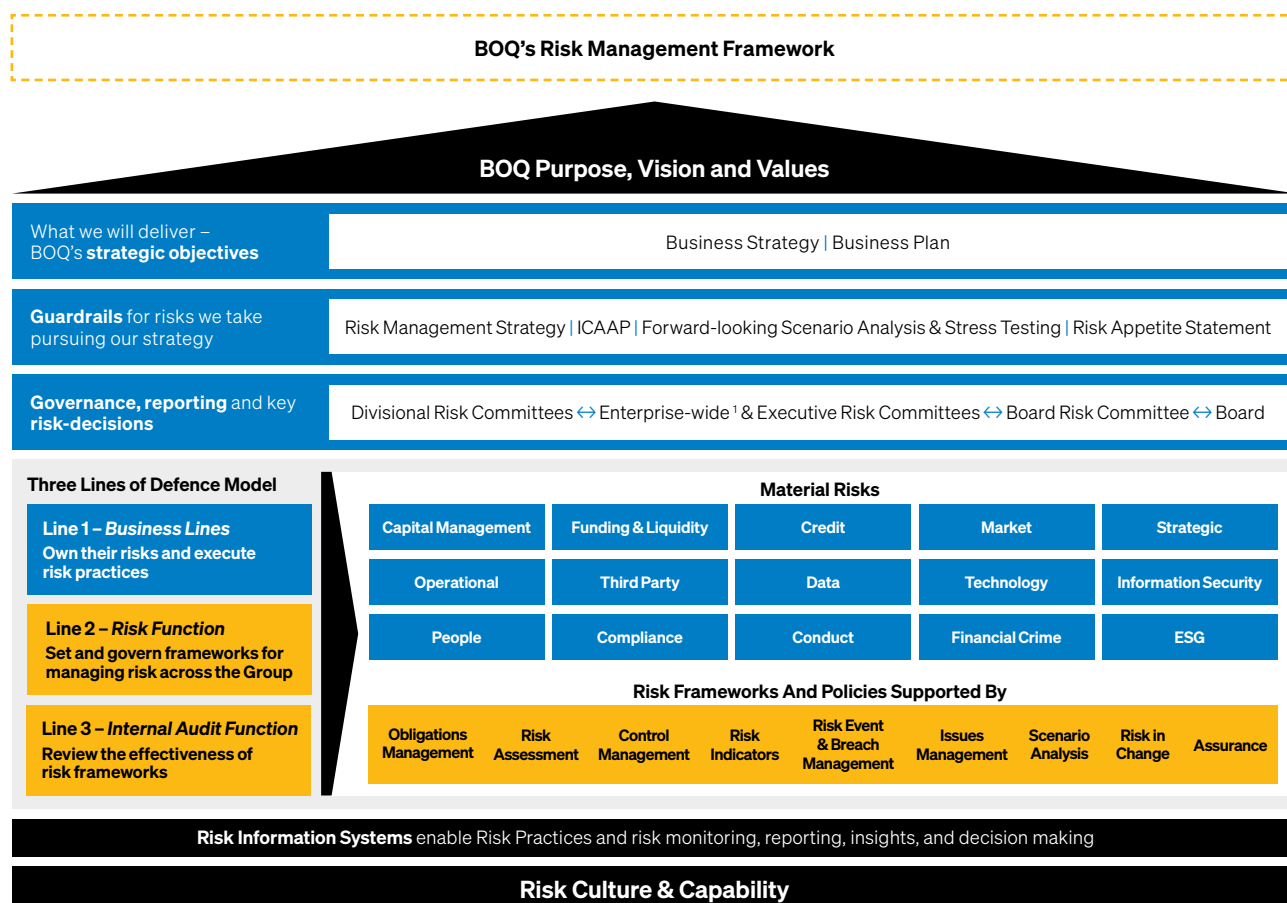
OVA: Bank risk management approach

Risk management underpins the strength and resilience of the BOQ Group and is the foundation of delivering value to our stakeholders. Risks exist across the BOQ Group and are inherent in our operations. Our ability to manage risk effectively allows us to deliver on our objectives and protect the interests of our customers, our shareholders and our people. This is achieved through the BOQ Group's risk management strategy (**RMS**) and associated risk frameworks, policies and standards.

Risk management framework

At BOQ, risk management is undertaken through the development and embedment of our systems, structures, policies, processes and people that identify, measure, evaluate, monitor, report and control or mitigate on both internal and external sources of material risk. The Board of BOQ is ultimately responsible for the risk management framework and is responsible for the oversight of its operation by management.

When the elements of the risk management framework work cohesively and effectively, they enable BOQ's people to focus on the risks that matter most, make informed risk-based decisions, and ultimately, be a successful, operationally and financially resilient organisation. The following diagram shows the key elements of BOQ's risk management framework.



(1) Enterprise-wide Committees include Asset & Liability Committee (ALCO) and the Credit Risk Committee

Business Plan

The business plan sets out BOQ's approach for the implementation of our strategic objectives. Our business plan is on a rolling three-year basis that is reviewed annually and approved by the Board. BOQ explicitly manages risks associated with the Business Plan through the risk management framework, including identifying how changing the Business Plan affects the BOQ's risk profile.

Risk Management Strategy (RMS)

The (**RMS**) describes the Group's material risks and the approach to managing these risks. It summarises our key risk management documents and the roles and responsibilities of the risk management function, as well as outlining the risk governance relationship between the Board and senior management with respect to the risk management framework.

OVA: Bank risk management approach (continued)

Risk Appetite Statement

The Board determines the level of risk BOQ can take in pursuing its strategic objectives, in alignment with BOQ's capacity to take risks as defined by its capital and our license to operate. The Board's appetite for risk is set out in the Group Risk Appetite Statement (**RAS**). The RAS is designed to meet APRA requirements for a clear and concise risk appetite statement that addresses BOQ's material risks. The Board is responsible for setting the risk appetite and must approve the statement.

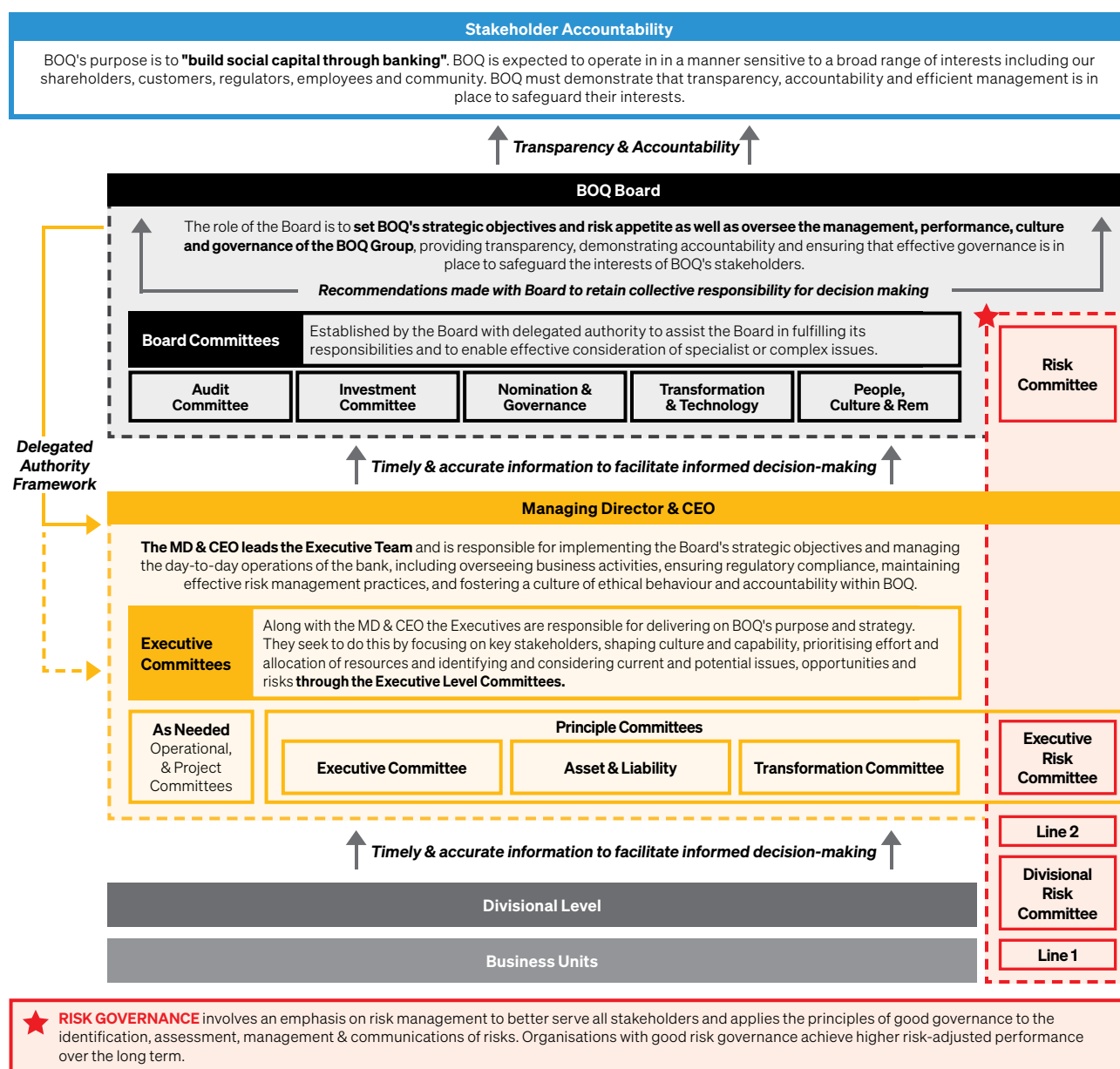
ICAAP and Stress Testing

The ICAAP forms part of our risk management framework. It is an assessment of the appropriate level of capital that the Group should hold in relation to its material risks. BOQ prepares an ICAAP Statement that summarises the Group's capital assessment and management process, including the ICAAP Report which serves as the key internal assessment of capital adequacy for the Group.

BOQ maintains a level of capital sufficient to ensure that the organisation is resilient to adverse conditions that can be brought on by the risks BOQ faces in its business operations. BOQ's capacity for risk taking is constrained by the level of capital required to maintain resilience through periods of stress. The ICAAP includes processes for measuring, allocating, forecasting, and maintaining capital within BOQ's target range. The target range is informed by stress testing.

Committee Governance

The diagram below outlines BOQ's Committee Governance:



OVA: Bank risk management approach (continued)

Risk culture

A strong risk culture is essential for the Group's risk management frameworks, policies and standards to operate effectively. At BOQ Group, we are focused on building the foundations of a strong culture fostering the right mindset, behaviours and outcomes.

During FY25 we developed and implemented a risk culture framework which clearly articulates the risk mindsets and behaviours expected of our employees. It aligns and supports our Organisational Culture and Values and empowers our people to have risk at the forefront of their mind when carrying out day-to-day activities. The refreshed risk culture framework sets out BOQ's risk culture target state, describes how BOQ will monitor and measure risk culture and illustrates the metrics that will be used to measure our target state risk culture.

Three lines of defence

Three lines of defence is our operating model that helps our people understand the roles they are expected to play in risk management. Our first line of defence is our business units who are responsible for identifying and owning the risks in all aspects of their activity. Our second line of defence is our Group Risk and Compliance function who design risk frameworks and guardrails and review and challenge the effectiveness of risk management. Our third line of defence is our internal audit function who provide independent assurance that our risk management practices are being complied with and operating effectively.

Providing our people with the tools and resources to effectively manage risk in alignment with our strategy empowers them to be forthcoming and proactive, ultimately protecting the interests of those who put their trust in us, including our customers, people, shareholders and the community.

Material Risks

BOQ's day to day operations involve managing a range of risks (material risks). The following categories of risk have been identified as the material risks of BOQ: capital management, funding and liquidity risk, credit risk, market risk, strategy risk, environmental, social and governance risk, operational risk, third-party risk, data risk, people risk, technology risk, information security risk, compliance risk, conduct risk and financial crime risk.

Description	Governing Documents & Committees	Key risk mitigation activities
Capital Management The risk that the Group has inadequate capital to support its business activities under normal and stressed conditions or to meet minimum prudential requirements.	Governing Documents: - ICAAP Report and Supporting Statement - Treasury & Financial Markets Risk Policies - Treasury & Financial Markets Risk Appetite Statement - Group Recovery & Exit Plan Key Management Committees: - Executive Risk Committee - Asset & Liability Committee (ALCO)	- To maintain financial resilience, the Board approves and oversees capital limits, triggers and target ranges set in the risk appetite statement and the internal capital adequacy assessment process (ICAAP); - ICAAP and the Group recovery plan are designed to identify and manage potential threats and ongoing business viability; - Capital monitoring, reporting and forecasting; - Group, portfolio and risk type stress testing; - Ratings agency interactions; and - The Recovery & Exit Plan provides strategies for addressing capital resilience in a crisis situation.
Funding & Liquidity Risk The risk that the Group cannot meet its payment obligations or that it does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets.	Governing Documents: - Treasury & Financial Markets Risk Policies - Treasury & Financial Markets Risk Appetite Statement - Liquidity Stress Testing Policy - Liquidity & Funding Risk Appetite Statement - Three Year Funding Plan - Contingent Funding Plan - Group Recovery & Exit Plan Key Management Committees: - Executive Risk Committee - Asset & Liability Committee (ALCO)	- Funding & Liquidity Risk Appetite metrics defined and set in the Group RAS; - Annual update of the Group's three year funding plan; - Maintaining sufficient liquidity buffers and short-term funding capacity to withstand periods of disruption in long term wholesale funding markets and unanticipated changes in the balance sheet funding gap; - Conservatively managing the mismatch between asset and liability maturities; - Daily monitoring of liquidity risk exposures, including Liquidity Coverage Ratios and Net Stable Funding Ratios; and - The Contingent Funding Plan provides strategies for addressing liquidity shortfalls in a crisis situation.

OVA: Bank risk management approach (continued)

Description	Governing Documents & Committees	Key risk mitigation activities
Credit Risk The risk of financial loss resulting from the failure of a customer or counterparty to settle its financial or contractual obligations to the Group as and when they fall due.	Governing Documents: - Credit Risk Management Strategy - Credit Risk Management Policy inclusive of: - Large Exposures - Sector Concentration Risk - Country Risk Exposure - Credit Approval Delegation - Risk Grading Policy - Credit Risk Model Monitoring and Validation framework - Collateral Management Policy - Aggregation and Grouping Policy - Credit Provisioning and Write-Off Policy Key Management Committees: - Executive Risk Committee - Credit Risk Committee	- Defined credit risk indicators set in the Group RAS; - Taking collateral where appropriate; - Credit concentration frameworks that set exposure limits to counterparties, groups of related counterparties, industry, sectors and countries; - Regular monitoring of credit quality, concentrations, arrears, policy exceptions and policy breaches; - Working with impaired counterparties, or those in danger of becoming so, to help them rehabilitate their financial positions; and - Holding adequate provisions.
Market Risk The risk of an adverse impact on earnings resulting from changes in the value of the Group's positions as a result of a change in financial market factors, such as foreign exchange rates, interest rates, commodity prices and equity prices. This includes IRRBB – the risk to interest income from a mismatch between the duration of assets and liabilities that arises in the normal course of business activities.	Governing Documents: - Treasury and Financial Markets Risk Policies - Treasury and Financial Markets Risk Appetite Statement Key Management Committees: - Executive Risk Committee - Asset & Liability Committee (ALCO)	- Market risk metrics and limits defined and set in the Group RAS; - Back-testing of Value at Risk models against hypothetical profit and loss; - Daily monitoring and attribution of traded market risk and IRRBB exposures including risk sensitivities, Value at Risk and stress testing; - Managing the Balance Sheet with a view to balancing Net Interest Income (NII), profit volatility and Market Value; and - Regular monitoring of IRRBB market risk exposures against limits.
Strategic Risk The risk that the Group makes inappropriate strategic choices, does not implement its strategies and deliver change successfully, or does not respond effectively to changes in the operating environment.	Governing Documents: - BOQ Group Business Plan Key Management Committees: - Executive Committee - Executive Risk Committee - Transformation Committee	BOQ assesses, monitors, reviews, reports and responds to Strategic Risk throughout its processes of: - Strategy development, approval and review; - Development of the Group Business Plan; - Monitoring changes and identifying potential changes to the operating environment; and - Monitoring execution progress of strategies.
Environmental Social & Governance Risk The risk that the Group is damaged as a result of a failure to recognise or address existing or emerging sustainability related environmental, social or governance issues.	Governing Documents: - Prohibited and Restricted Industries/Activities List - Modern Slavery Policy - Work Health & Safety (WHS) Policy - Committee Governance Policy - Governing Documents Policy - Whistleblower Policy - Sustainability Policy Key Management Committees: - Executive Risk Committee - Sustainability Committee	- Sustainability (ESG) risk indicators defined and set in the Group RAS; - Customer social reputational risk assessment process; and - Supplier Code of Conduct for adherence to our Sustainability standards.

OVA: Bank risk management approach (continued)

Description	Governing Documents & Committees	Key risk mitigation activities
Operational Risk The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.	Governing Documents: - Operational Risk Management Framework - Risk and Control Management Policy - Issue, Risk Event and Breach Policy - Business Continuity Management (BCM) Policy - Group RAS - Fraud Management Policy - Group Physical Security Policy - Work Health and Safety (WHS) Policy Key Management Committees: - Executive Risk Committee - Divisional Risk Committees	- Operational risk event (incident) management and issue management processes to identify, assess, record, report and manage matters that have or could result in a loss to the Group; - Mandatory training on operational risk, including risk events (incidents) and issues, which must be completed by employees; - Operational Risk appetite metrics defined and set in the Group RAS; - Control assessments and testing performed to understand control design and operating effectiveness; - Risk-in-Change (RIC) process to manage risks introduced; and - Line 2 Assurance undertaken to assess whether operational risks are appropriately identified and managed across the Group in accordance with the relevant risk frameworks.
Data Risk The risk of failing to appropriately manage and maintain data, including all types of data, for example, client data, employee data, and the organisation's proprietary data, having regard to business objectives and legal, compliance and regulatory obligations.	Governing Documents: - Data Risk Management Framework - Data Risk Management Policy - AI Policy Key Management Committees: - Executive Risk Committee - Enterprise Information Management Committee - Divisional Risk Committees	- Formally established data risk governance structures and data accountability model with clearly defined roles and responsibilities; - Training and awareness across the Group to ensure that everyone understands the importance of data risk management; - Impact analysis within the Data Platform Assessment (DPA) process, which includes the identification and assessment of data risks; - Monitoring of data quality dashboards; and - Identification and management of Critical Data Elements.
People Risk The risk of breaching employment legislation, mismanaging employee relations, failing to ensure a safe work environment and creating an environment for our people that is not conducive to achieving our Group strategy and objectives.	Governing Documents: - Remuneration Policy - Risk Culture Framework - Code of Conduct - Learning & Development Policy - Performance Framework - Accountability Policy - Diversity & Inclusion Policy - Fit & Proper Policy - Whistleblower Policy - Employee Due Diligence Policy Key Management Committees: - Executive Risk Committee - Divisional Risk Committees	- People risk indicators defined and set in the Group RAS; - Strategies developed for effective recruitment and retention; - Employee training and development programs; - Succession planning and talent management initiatives; and - Monitor and address employee turnover and attrition rates.
Third party Risk The risk of failing to manage third party relationships and risks appropriately, for example, not taking reasonable steps to identify and mitigate additional operational risks resulting from the outsourcing of services or functions.	Governing Documents: - Service Provider Management Policy - Procurement Policy Key Management Committees: - Executive Risk Committee - Divisional Risk Committees	- Appropriate due diligence, approval and ongoing monitoring of Material Agreements; - Specific risk assessments to ensure risks arising from Material Agreements are appropriately identified and managed; - Enterprise & Common controls developed relating to contract approval and supplier management; and - Oversight of Service Provider Management Policy compliance through the Service Provider Governance Forum.

OVA: Bank risk management approach (continued)

Description	Governing Documents & Committees	Key risk mitigation activities
Technology Risk The risk associated with the failure or outage of systems, including hardware, software and networks.	Governing Documents: - Operational Risk Management Framework - Risk and Control Management Policy - Issue, Risk Event and Breach Policy Key Management Committees: - Executive Risk Committee - Divisional Risk Committees	- Technology risk indicators defined and set in the Group RAS; - IT system development, test, change and release management process to ensure changes to existing systems or new system address business requirements, are tested prior to implementation; - Operational monitoring and incident management; - Disaster recovery testing of critical applications performed annually; - Backup restoration testing of critical systems and data; - IT supplier due diligence and performance monitoring across the supplier lifecycle; and - Proactive monitoring of the health of the Group IT infrastructure through Annual Asset Health Reviews.
Information Security Risk The risk of information security incidents, including the loss, theft or misuse of data/information; this covers all types of data, e.g. client data, employee data and the organisation's proprietary data, and can include the failure to comply to rules concerning information security.	Governing Documents: - Information Security Policy - Cyber Security Strategy; Policies, Standards and Processes - Acceptable Use Policy Key Management Committees: - Executive Risk Committee - Divisional Risk Committees	- Information Security risk indicators defined and set in the Group RAS; - Policies, Standards and processes to manage risks to information; - Information Security Training and awareness; - Management of Third-Party Information Security approach; - Identification, assessment, reporting and resolution of threats and on vulnerabilities to provide assurance over the security environment on an ongoing basis; - Maintaining compliance with required regulatory obligations by ensuring appropriate controls are implemented and operating effectively, and that any breaches or potential breaches of compliance are reported appropriately; and - Assessment of the control environment for managing Information Security Risk.
Compliance The risk of failing to abide by compliance obligations required of us or otherwise failing to have behaviours and practices that deliver suitable, fair and clear outcomes for our customers and that support market integrity.	Governing Documents: - Compliance Risk Management Framework - Regulatory Relationships Policy - Risk and Control Management Policy - Issue, Risk Event and Breach Policy Key Management Committees: - Executive Risk Committee - Divisional Risk Committees - Regulatory Disclosures Committee	- Compliance risk indicators defined and set in the Group RAS; - Mandatory online Compliance training for all employees; - Maintenance of Obligation Registers; - Risk event (incident) management and issue management processes to identify, assess, record, report and manage compliance matters; - Proactive and transparent relationships with regulators; and - Regular reporting to the Board, Executive and Divisional Risk Committees.
Conduct Risk Failure to act in accordance with customers' best interests, fair market practices and codes of conduct.	Governing Documents: - Code of Conduct - Complaint Management Policy - Product Lifecycle Management Policy - Customer Remediation Policy Key Management Committees: - Executive Committee - Executive Risk Committee - Divisional Risk Committees	- Code of Conduct and mandatory training for all staff; - Risk Event and Breach management process which allows management to oversee matters that may have arisen from poor conduct and rectify those matters in a timely manner; - Monitoring of customer complaints; - Assurance and monitoring to better identify control weaknesses; and - Regular reporting to Board, Executive and Divisional Risk Committees.

OVA: Bank risk management approach (continued)

Description	Governing Documents & Committees	Key risk mitigation activities
Financial Crime Risk The risk of money laundering, sanctions violations, bribery and corruption and KYC failure.	Governing Documents: • AML / CTF Program • Sanctions Policy • Anti-Bribery & Corruption Policy • Third Party AML/CTF Outsourcing Policy Key Management Committees: • Executive Risk Committee • Financial Crime Risk Committee • Divisional Risk Committees	• Financial Crime risk indicators defined and set in the Group RAS; • Risk Assessments to assess (ML/TF) & Sanctions risk exposure across customers products, channels & jurisdictions; • Customer on-boarding processes to meet AML/CTF identification and screening requirements; • Ongoing customer due diligence to maintain accurate customer information; • Enhanced customer due diligence on higher risk customers; • Employee and Third Party Due Diligence; • Risk-based Transaction Monitoring in place to trigger alerts based on pre-defined rules to identify suspicious unusual transactions on customer accounts; • Reporting: Suspicious Matter Reporting (SMRs), Threshold Transaction Reporting (TTRs), International Funds Transfer Instructions (IFTIs) Reporting; and • Mandatory training provided to all employees.

OV1: Overview of risk-weighted assets (RWA)

The following table presents an overview of Bank of Queensland's RWA and the related minimum capital requirements by risk type.

(AUD million)		a	b	c
		RWA		Minimum capital requirements
		Aug 25	May 25	Aug 25
1	Credit risk (excluding counterparty credit risk)	36,450	36,252	2,916
2	Of which: standardised approach (SA)	36,450	36,252	2,916
6	Counterparty credit risk (CCR)	206	150	16
9	Of which: other CCR ⁽¹⁾	206	150	16
10	Credit valuation adjustment (CVA)	13	14	1
16	Securitisation exposures in banking book	29	29	3
19	Of which: securitisation standardised approach (SEC-SA)	29	29	3
20	Market risk	126	111	10
21	Of which: standardised approach (SA)	126	111	10
	Of which: interest rate risk	113	100	9
	Of which: specific risk	46	1	4
	Of which: general market risk	66	99	5
	Of which: interest rate options - delta-plus method	1	-	-
	Of which: equity position risk	-	-	-
	Of which: foreign exchange risk	13	11	1
24	Operational risk	3,316	3,316	265
29	Total	40,140	39,872	3,211

(1) May 2025 data has been realigned to item 9 Of which: other CCR, to reflect BOQ's CCR methodology.

COMPOSITION OF CAPITAL AND TLAC.

CCA: Main features of regulatory capital instruments and of other total loss-absorbing capacity (TLAC) - eligible instruments

APRA Prudential Standard APS 330 Public Disclosure (Paragraph 37) requires the Group to disclose certain features of its Regulatory Capital instruments.

The details are available on our website at:

[APS 330 Capital Instrument Disclosures](#)

CC1: Composition of regulatory capital

The following table provides details of regulatory capital and required regulatory adjustments under APRA's guidelines. It includes a cross reference to the corresponding rows in table CC2 to facilitate reconciliation of regulatory capital to Group balance sheet.

		a	a1	b
		Amounts		Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation (CC2)
(AUD million)		Aug 25	Feb 25	
Common Equity Tier 1 capital: instruments and reserve				
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	5,333	5,332	a
2	Retained earnings	299	336	b
3	Accumulated other comprehensive income (and other reserves)	276	386	c+d
4	<i>Directly issued capital subject to phase-out from CET1 capital (only applicable to non-joint stock companies)</i>	-	-	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1 capital)	-	-	
6	Common Equity Tier 1 capital before regulatory adjustments	5,908	6,054	
Common Equity Tier 1 capital: regulatory adjustments				
7	Prudent valuation adjustments	-	-	
8	Goodwill (net of related tax liability)	397	567	e
9	Other intangibles other than mortgage servicing rights (MSR) (net of related tax liability)	634	602	f
10	Deferred tax assets (DTA) that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)	-	-	
11	Cash flow hedge reserve	30	21	c
12	Shortfall of provisions to expected losses	-	-	
13	Securitisation gain on sale (as set out in [CAP30.14])	-	-	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-	-	
15	Defined benefit pension fund net assets	-	-	
16	Investments in own shares (if not already subtracted from 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, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-	
20	MSR (amount above 10% threshold)	-	-	
21	DTA 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 common stock of financials	-	-	
24	Of which: MSR	-	-	
25	Of which: DTA arising from temporary differences	-	-	
26	National specific regulatory adjustments (sum of rows 26a, 26b, 26c, 26d, 26e and 26f)	456	494	
26a	Of which: deferred fee income	323	351	g
26b	Of which: equity investments in financial institutions not reported in rows 18, 19 and 23	1	1	h
26c	Of which: deferred tax assets not reported in rows 10, 21 and 25	70	77	i
26d	Of which: capitalised expenses	27	27	j
26e	Of which: investments in commercial (non-financial) entities that are deducted under APRA prudential requirements	6	6	k

CC1: Composition of regulatory capital (continued)

		a	a1	b
		Amounts		Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation (CC2)
(AUD million)		Aug 25	Feb 25	
26f	Of which: other national specific regulatory adjustments not reported in rows 26a to 26e	29	32	l
27	Regulatory adjustments applied to Common Equity Tier 1 capital due to insufficient Additional Tier 1 and Tier 2 capital to cover deductions	-	-	
28	Total regulatory adjustments to Common Equity Tier 1 capital	1,517	1,684	
29	Common Equity Tier 1 capital (CET1)	4,391	4,370	
Additional Tier 1 capital: instruments				
30	Directly issued qualifying additional Tier 1 instruments plus related stock surplus	660	660	
31	Of which: classified as equity under applicable accounting standards	-	-	
32	Of which: classified as liabilities under applicable accounting standards	660	660	m
33	<i>Directly issued capital instruments subject to phase-out from additional Tier 1 capital</i>	-	-	
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 additional Tier 1 capital)	-	-	
35	<i>Of which: instruments issued by subsidiaries subject to phase-out</i>	-	-	
36	Additional Tier 1 capital before regulatory adjustments	660	660	
Additional Tier 1 capital: regulatory adjustments				
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, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	-	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	
41	National specific regulatory adjustments	-	-	
42	Regulatory adjustments applied to additional Tier 1 capital due to insufficient Tier 2 capital to cover deductions	-	-	
43	Total regulatory adjustments to additional Tier 1 capital	-	-	
44	Additional Tier 1 capital (AT1)	660	660	
45	Tier 1 capital (T1 = CET1 + AT1)	5,051	5,030	
Tier 2 capital: instruments and provisions				
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	900	900	n
47	<i>Directly issued capital instruments subject to phase-out from Tier 2 capital</i>	-	-	
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 Tier 2)	-	-	
49	<i>Of which: instruments issued by subsidiaries subject to phase-out</i>	-	-	
50	Provisions	156	162	o
51	Tier 2 capital before regulatory adjustments	1,056	1,062	
Tier 2 capital: regulatory adjustments				
52	Investments in own Tier 2 instruments	-	-	
53	Reciprocal cross-holdings in Tier 2 instruments and other TLAC liabilities	-	-	
54	Investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	14	14	

CC1: Composition of regulatory capital (continued)

		a	a1	b
		Amounts		Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation (CC2)
(AUD million)		Aug 25	Feb 25	
54a	Investments in the other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation and where the bank does not own more than 10% of the issued common share capital of the entity: amount previously designated for the 5% threshold but that no longer meets the conditions (for G-SIBs only)	-	-	
55	Significant investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	-	
56	National specific regulatory adjustments	-	-	
57	Total regulatory adjustments to Tier 2 capital	14	14	
58	Tier 2 capital	1,042	1,048	
59	Total regulatory capital (= Tier 1 + Tier 2)	6,093	6,078	
60	Total risk-weighted assets	40,140	40,212	
Capital adequacy ratios and buffers				
61	Common Equity Tier 1 capital (as a percentage of risk-weighted assets) (%)	10.94	10.87	
62	Tier 1 capital (as a percentage of risk-weighted assets) (%)	12.58	12.51	
63	Total capital (as a percentage of risk-weighted assets) (%)	15.18	15.11	
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets) (%)	3.50	3.50	
65	Of which: capital conservation buffer requirement (%)	2.50	2.50	
66	Of which: bank-specific countercyclical buffer requirement (%)	1.00	1.00	
67	Of which: higher loss absorbency requirement (%)	-	-	
68	Common Equity Tier 1 capital (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirements (%)⁽¹⁾	6.44	6.37	
National minima (if different from Basel III)				
69	National minimum Common Equity Tier 1 capital adequacy ratio (if different from Basel III minimum) (%)	-	-	
70	National minimum Tier 1 capital adequacy ratio (if different from Basel III minimum) (%)	-	-	
71	National minimum Total capital adequacy ratio (if different from Basel III minimum) (%)	-	-	
Amounts below the thresholds for deduction (before risk-weighting)				
72	Non-significant investments in the capital and other TLAC liabilities of other financial entities	-	-	
73	Significant investments in the common stock of financial entities	1	1	h
74	MSR (net of related tax liability)	-	-	
75	DTA arising from temporary differences (net of related tax liability)	-	-	
Applicable caps on the inclusion of provisions in Tier 2 capital				
76	Provisions eligible for inclusion in Tier 2 capital in respect of exposures subject to standardised approach (prior to application of cap)	156	162	o
77	Cap on inclusion of provisions in Tier 2 capital under standardised approach	459	460	
78	Provisions eligible for inclusion in Tier 2 capital in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-	
79	Cap for inclusion of provisions in Tier 2 capital under internal ratings-based approach	-	-	

(1) CET1 available after meeting the bank's minimum capital requirements is calculated as CET1 ratio of the bank, less the minimum CET1 capital requirement (4.5%) and any shortfall in meeting the Tier 1 and Total capital minimum requirements, as defined by BCBS.

CC2: Reconciliation of regulatory capital to balance sheet

The following table provides details of regulatory capital elements as reported in CC1 under regulatory scope of consolidation and Group balance sheet prepared in accordance with IFRS.

	a	b	a1	b1	c
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference (CC1)
(AUD million)	Aug 25		Feb 25		
Assets					
Cash and cash equivalents	3,024	2,742	3,715	3,508	
Due from other financial institutions	236	202	254	217	
Derivative financial assets	696	696	680	680	
Financial assets at fair value through profit or loss (FVTPL)	941	941	653	653	
Debt instruments at FVOCI	16,331	16,331	14,068	14,068	
Equity instruments at FVOCI	6	6	6	6	
<i>Of which: investments in commercial (non-financial) entities that are deducted under APRA prudential requirements</i>	6	6	6	6	k
Debt instruments at amortised cost	15	15	15	15	
Loans and advances	77,553	72,113	79,240	73,227	
<i>Of which: deferred fee income</i>	323	323	351	351	g
<i>Of which: provisions eligible for inclusion in Tier 2 Capital</i>	156	156	162	162	o
Assets held for sale	4	-	5	-	
Other assets	380	363	377	366	
<i>Of which: capitalised expenses</i>	27	27	27	27	j
Current tax assets	82	83	35	35	
Amounts due from controlled entities	-	-	-	-	
Property, plant and equipment	156	156	144	144	
Investments in controlled entities	-	-	-	-	
<i>Of which: equity investments in financial institutions not reported in rows 18, 19 and 23</i>	-	1	-	1	h
Investments in joint arrangements	-	-	-	-	
Deferred tax assets	59	59	69	69	
<i>Of which: deferred tax assets not reported in rows 10, 21 and 25</i>	70	70	77	77	i
Intangible assets	1,043	1,031	1,178	1,169	
<i>Of which: goodwill (net of related tax liability)</i>	397	397	567	567	e
<i>Of which: other intangibles other than mortgage servicing rights (net of related tax liability)</i>	646	634	611	602	f
Total assets	100,526	94,738	100,439	94,157	
Liabilities					
Due to other financial institutions	1,003	1,003	1,100	1,100	
Deposits	75,677	75,629	74,952	74,890	
Derivative financial liabilities	194	193	179	178	
Accounts payable and other liabilities	949	917	1,039	1,020	
Current tax liabilities	-	-	-	-	
Provisions	140	140	109	109	
Amounts due to controlled entities	-	-	-	-	
Borrowings	16,656	10,948	17,008	10,806	
<i>Of which: other national specific regulatory adjustments not reported in rows 26a to 26e</i>	29	29	32	32	l
<i>Of which: directly issued qualifying additional Tier 1 instruments classified as liabilities under applicable accounting standards</i>	660	660	660	660	m
<i>Of which: directly issued qualifying Tier 2 instruments</i>	900	900	900	900	n
Total liabilities	94,619	88,830	94,387	88,103	
Net assets	5,907	5,908	6,052	6,054	

CC2: Reconciliation of regulatory capital to balance sheet (continued)

	a	b	a1	b1	c
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference (CC1)
(AUD million)	Aug 25		Feb 25		
Equity					
Issued capital	5,333	5,333	5,332	5,332	a
Reserves	277	276	385	386	
Of which: cash flow hedge reserve	30	30	21	21	c
Of which: other reserves included in CET1	247	246	364	365	d
Retained profits	297	299	335	336	b
Total equity	5,907	5,908	6,052	6,054	

CCyB1: Geographical distribution of credit exposures used in the calculation of the bank-specific countercyclical capital buffer requirement

The following table sets out the geographical distribution of private sector credit exposures used in the calculation of the bank-specific countercyclical capital buffer requirement.

Countercyclical capital buffer rates are as enacted by the respective jurisdiction.

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(AUD million)	a	b	c	d	e
	Countercyclical capital buffer rate (%)	Exposure values and/or risk-weighted assets (RWA) used in the computation of the countercyclical capital buffer ⁽²⁾		Bank-specific countercyclical capital buffer rate (%) ⁽³⁾	Countercyclical capital buffer amount
Geographical breakdown ⁽¹⁾		Exposure values	RWA		
Australia	1.00	76,638	35,939		
Hong Kong	0.50	53	18		
United Kingdom	2.00	34	18		
New Zealand	-	6	2		
Singapore	-	106	37		
United States	-	24	8		
Other International	-	84	32		
Total, where countercyclical capital buffer rate applies		76,725	35,975		
Total of geographical breakdowns		76,945	36,054	1.00	401

(1) Represents country of ultimate risk as at 31 August 2025.

(2) Represents total private sector (excludes sovereign and bank) credit and specific market risk exposure and RWA.

(3) Calculated as a sum of each country's share of total private sector credit and specific market risk RWA multiplied by the jurisdictional CCyB of each country.

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(AUD million)	a	b	c	d	e
	Countercyclical capital buffer rate (%)	Exposure values and/or risk-weighted assets (RWA) used in the computation of the countercyclical capital buffer ⁽²⁾		Bank-specific countercyclical capital buffer rate (%) ⁽³⁾	Countercyclical capital buffer amount
Geographical breakdown ⁽¹⁾		Exposure values	RWA		
Australia	1.00	77,964	36,061		
Hong Kong	0.50	52	18		
United Kingdom	2.00	35	19		
New Zealand	-	6	2		
Singapore	-	111	41		
United States	-	25	9		
Other International	-	84	31		
Total, where countercyclical capital buffer rate applies		78,051	36,098		
Total of geographical breakdowns		78,277	36,181	1.00	402

(1) Represents country of ultimate risk as at 28 February 2025.

(2) Represents total private sector (excludes sovereign and bank) credit and specific market risk exposure and RWA.

(3) Calculated as a sum of each country's share of total private sector credit and specific market risk RWA multiplied by the jurisdictional CCyB of each country.

LINKS BETWEEN FINANCIAL STATEMENTS AND REGULATORY EXPOSURES.

LIA: Explanations of differences between accounting and regulatory exposure amount

Table LI1 provides an overview of the Group's balance sheet under accounting and Level 2 regulatory consolidation scopes, and the mapping of reported balances to corresponding regulatory risk categories. The main differences between the accounting scope of consolidation, prepared in accordance with IFRS 9 accounting standard, and the Level 2 regulatory scope of consolidation are due to the exclusion of non-consolidated subsidiaries, as defined under APRA Prudential Standard CPS 001 'Defined terms'. The list of non-consolidated subsidiaries is disclosed in footnote 1 of the Financial Performance section 3.3 Capital Management of BOQ's Annual Report.

A balance sheet value or transaction may be subject to multiple risk types. For instance, a derivative transaction could be exposed to both Counterparty Credit Risk and Market Risk.

Information on BOQ's valuation methodologies for financial instruments is provided in Notes 3.7 to the financial statements of BOQ's Annual Report.

Table LI2 presents the main differences between the accounting carrying amounts under the scope of regulatory consolidation and the exposure amounts considered for regulatory purposes. The regulatory exposures include the following additional components:

- Off-balance sheet amounts: Items such as undrawn commitments, contingent liabilities and guarantees. APRA-prescribed credit conversion factors (**CCFs**) are applied to determine the regulatory exposure amount.
- Differences in valuations: Potential future exposure amounts and other adjustments to determine the regulatory exposure amount for application of risk weights.
- Credit risk mitigation techniques (**CRMs**): Eligible collateral recognised to mitigate the regulatory amount in accordance with APS 112 Capital Adequacy – Standardised Approach to Credit Risk Requirements (**APS 112**).

LI1: Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

The following table provides the differences between carrying values presented in our financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and our regulatory exposures. It further breaks down the amounts in our financial statements into regulatory risk categories.

31 August 2025

	a	b	c	d	e	f	g
	Carrying values of items:						
(AUD million)	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash and cash equivalents	3,024	2,742	2,742	-	-	-	-
Due from other financial institutions	236	202	54	145	3	-	-
Derivative financial assets	696	696	-	696	23	13	-
Financial assets at fair value through profit or loss (FVTPL)	941	941	-	-	-	941	-
Debt instruments at FVOCI	16,331	16,331	16,282	-	49	-	-
Equity instruments at FVOCI	6	6	-	-	-	-	6
Debt instruments at amortised cost	15	15	-	-	-	-	15
Loans and advances	77,553	72,113	71,972	-	-	-	141
Assets held for sale	4	-	-	-	-	-	-
Other assets	380	363	343	-	-	-	20
Current tax assets	82	83	-	-	-	-	83
Amounts due from controlled entities	-	-	-	-	-	-	-
Property, plant and equipment	156	156	156	-	-	-	-
Investments in controlled entities	-	-	-	-	-	-	-
Investments in joint arrangements	-	-	-	-	-	-	-
Deferred tax assets	59	59	-	-	-	-	59
Intangible assets	1,043	1,031	-	-	-	-	1,031
Total assets	100,526	94,738	91,549	841	75	954	1,355
Liabilities							
Due to other financial institutions	1,003	1,003	-	-	-	-	1,003
Deposits	75,677	75,629	-	-	-	-	75,629
Derivative financial liabilities	194	193	-	193	-	10	-
Accounts payable and other liabilities	949	917	-	-	-	-	917
Current tax liabilities	-	-	-	-	-	-	-
Provisions	140	140	-	-	-	-	140
Amounts due to controlled entities	-	-	-	-	-	-	-
Borrowings	16,656	10,948	-	-	-	-	10,948
Total liabilities	94,619	88,830	-	193	-	10	88,637

LI2: Main sources of differences between regulatory exposure amounts and carrying values in financial statements

The following table provides the key differences between the accounting carrying values under the scope of regulatory consolidation and the exposure amounts for regulatory purposes.

31 August 2025

		a	b	c	d	e
		Items subject to:				
(AUD million)		Total	Credit risk framework	Securitisation framework	Counterparty credit risk framework	Market risk framework
1	Asset carrying value amount under scope of regulatory consolidation (as per Template LI1)	93,383	91,549	75	841	954
2	Liabilities carrying value amount under regulatory scope of consolidation (as per Template LI1)	193	-	-	193	10
3	Total net amount under regulatory scope of consolidation (Row 1 – Row 2)	93,190	91,549	75	648	944
4	Off-balance sheet amounts ⁽¹⁾	4,578	4,504	74	-	
5	Differences in valuations	341	-	-	341	
6	Difference due to the use of credit risk mitigation techniques (CRMs)	(55)	(55)	-	-	
7	Exposure amounts considered for regulatory purposes	98,054	95,998	149	989	

(1) Off-balance sheet amounts include the application of credit conversion factors.

CREDIT RISK.

CRA: General qualitative information about credit risk

Overview

Credit Risk is defined as the risk of loss in principal arising from the failure of a customer or counterparty to meet their contractual obligations in accordance with agreed terms. At a portfolio level, credit risk also materialises in concentration risk arising from interdependencies between customers and concentrations of exposures to regions, industries or collateral types such that a downturn in those sectors will produce significant loss. Credit risk may also occur through country and bank risk.

BOQ will diversify its credit risk to profitable niche segments that are within the agreed business strategies and plans, taking into account the expected returns of the relevant business unit, product and customer segment. It will also only take on risks in individual asset classes for which it has demonstrable capabilities and expertise.

Each and every exposure must be clearly assessed and accepted by the relevant branch or business owner in the manner generally accepted and/or required under BOQ's policies and procedures for the credit risk class.

Effective credit risk management includes the establishment and ongoing maintenance of a limits monitoring and management framework for risks that will include country risks, large exposure risks, industry concentrations and counterparty credit risk.

Potential losses will vary for each portfolio asset class and through the timing of the credit cycle.

BOQ uses a number of quantitative measures for portfolio monitoring of credit risk appetite and credit quality. The risk appetite settings applied to these measures are determined via reference to business strategy or portfolio composition strategies with supporting analysis of historical performance through business credit cycles, modelled stressed levels, prevailing business conditions, peer comparisons and market analyst expectations.

BOQ's Board-approved Credit Risk Management Strategy (**CRMS**) outlines the objectives guiding BOQ's credit risk management practices and reflects the need for appropriate frameworks for managing credit risk. It reflects BOQ's credit risk appetite and credit risk profile based on its business/channel mix and our strategy.

The CRMS is part of our credit risk management framework, and operates in conjunction with:

- a. the risk appetite statement;
- b. policies and processes for the management of credit risk;
- c. a designated credit risk management function;
- d. a management information system adequate for assessing, measuring, modelling, monitoring and reporting on credit risk; and
- e. an independent review process to ensure the credit risk management framework is effective.

Credit Risk Function and Delegation Framework

The Credit Approval Delegation Framework is approved by the Board with authority delegated via the Executive Risk Committee to the CRO and Credit Risk Committee. This framework sets out the requirements for assigning and reviewing individual Delegated Approval Authorities (**DAA**s). DAA holders must have the experience, knowledge and background to exercise prudent judgement in assessing, approving and managing credit risk.

The credit approval process involves a structured evaluation and authorisation mechanism for new applications, renewals, and amendments. Credit origination is handled by specialised assessment teams operating centrally or within specific business units, ensuring consistent decision-making aligned with the organisation's risk appetite.

DAA holders must ensure that they fully understand the authority vested in them under the delegated authority prior to exercising their DAA. DAA holders are expected to make sound commercial decisions and exercise fully-considered judgement in making all decisions.

Credit Risk Committee

The Credit Risk Committee (**CRC**), is a key governance body responsible for providing input into the development and implementation of the Group's credit risk appetite statement and credit policies. The CRC plays a crucial role in ensuring that senior management has the capability and resources to effectively manage credit risk.

The Group CRO is the Chair of the CRC which assists the CRO to discharge credit risk related responsibilities in relation to the approval and management of larger single name or group exposures, and the oversight and management of credit risk related issues across the Group.

The charter outlines the CRC's authority, responsibilities, membership, and operation. The CRC is authorised to consider, determine, and recommend matters falling within its role and responsibilities. Key responsibilities include assisting the Chair in exercising due care, diligence, and skill in relation to BOQ's lending decisions and large exposures, monitoring ongoing credit risk of large exposures, overseeing the management of material watch list exposures, undertaking regular portfolio reviews for all material credit risk across the Group, reviewing and approving credit risk specific policies, reporting issues that require further investigation, and supporting the Chair with delegated approval authority for significant lending proposals and provisions.

The CRC supports the development and implementation of the Group's Risk Appetite Statement and ensures that credit risk models used throughout BOQ Group are approved in line with the Group Model Integrity Policy. It operates through two structures: the transactional committee for decisioning new and increased lending proposals, and the portfolio committee for approval and/or review of credit risk portfolios, models, and frameworks.

CRA: General qualitative information about credit risk (continued)

Credit Policy Framework

Credit risk governance is underpinned by a unified set of policies and principles that guide the identification, measurement, monitoring, and control of credit risk across the organisation. These policies are designed to provide a uniform approach to the identification, measurement, monitoring, and control of credit risk across the organisation.

The Board-approved Credit Risk Management Principles document details BOQ's Credit Risk Principles and outlines the framework for policies, systems and procedures. These Principles provide a set of non-negotiable standards around which the credit risk management framework is constructed and establishes the highest-level policy values by which all lower level credit policies and processes must abide.

Policy approval and governance is managed in accordance with the Board-approved Governing Documents Policy.

Board and management reporting

BOQ maintains a range of ongoing credit portfolio reporting and monitoring. Credit Portfolio reporting is produced monthly and distributed to senior management while RAS credit metrics are reported to Credit Risk Committee monthly. Reporting on credit risk portfolio quality and credit assurance outcomes is presented to the Executive Risk Committee and Board Risk Committee semi-annually.

Management of credit risk

Credit Risk is managed at both the business unit and the group level.

Credit origination is managed by credit specialists who operate within various centralised and business or product-specific credit teams. The retail lending credit team primarily functions within Line 1 Operations, with a small Line 2 credit team holding higher delegations. In the case of business lending, most of the credit assessment team is situated in Line 2, except for a small team in Line 1 that evaluates abridged asset finance transactions.

Credit assurance including hindsight activities is conducted out across the Group's credit portfolio within the three lines of defence. Line 2 credit hindsight operates as an independent function, reviewing credit decisions made by DAA holders in Line 2 credit and Line 1 Operations for home lending. Credit Risk Review is another independent function in Line 2 that provides ongoing evaluation of credit risk management practices, ensuring alignment with the organisation's risk appetite and effectiveness of the framework. Line 2 credit assurance reports are provided to senior management monthly and the Credit Risk Committee and Board Risk Committee semi-annually.

Internal Audit (Line 3) conducts regular reviews of credit risk portfolios, frameworks, and practices.

CR1: Credit quality of assets

The following table provides a comprehensive view of the credit quality of the on-balance and off-balance sheet assets.

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	a	b	c	d	e	f	g
	Gross carrying values of			Of which ECL accounting provisions for credit losses on SA exposures		Of which ECL accounting provisions for credit losses on IRB exposures	Net values (a+b-c)
(AUD million)	Non-performing exposures ⁽¹⁾	Performing exposures	Allowances/ impairments	Allocated in regulatory category of Specific ⁽²⁾	Allocated in regulatory category of General		
1 Loans	1,161	70,983	300	144	156		71,844
2 Debt Securities	-	16,283	-	-	-		16,283
3 Off-balance sheet exposures ⁽³⁾	70	10,252	-	-	-		10,322
4 Total	1,231	97,518	300	144	156		98,449

(1) 'Non-performing exposures' as defined in APRA Prudential Standard APS 220 Credit Risk Management.

(2) 'Regulatory category of specific provisions' includes ECL accounting provisions for credit losses held against Stage 3, and Stage 2 exposures that are under-performing.

(3) 'Off-balance sheet exposures' are gross of any credit conversion factor (CCF) or credit risk mitigation (CRM) techniques.

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	a	b	c	d	e	f	g
	Gross carrying values of			Of which ECL accounting provisions for credit losses on SA exposures		Of which ECL accounting provisions for credit losses on IRB exposures	Net values (a+b-c)
(AUD million)	Non-performing exposures ⁽¹⁾	Performing exposures	Allowances/ impairments	Allocated in regulatory category of Specific ⁽²⁾	Allocated in regulatory category of General		
1 Loans	1,102	72,170	298	136	162		72,974
2 Debt Securities	-	14,010	-	-	-		14,010
3 Off-balance sheet exposures ⁽³⁾	61	11,935	-	-	-		11,996
4 Total	1,163	98,115	298	136	162		98,980

(1) 'Non-performing exposures' as defined in APRA Prudential Standard APS 220 Credit Risk Management.

(2) 'Regulatory category of specific provisions' includes ECL accounting provisions for credit losses held against Stage 3, and Stage 2 exposures that are under-performing.

(3) 'Off-balance sheet exposures' are gross of any credit conversion factor (CCF) or credit risk mitigation (CRM) techniques.

CR2: Changes in stock of defaulted loans and debt securities

The following table provides the flows between performing and non-performing exposures as well as reductions in the non-performing exposures due to write-off.

(AUD million)		a	a1
		Aug 25	Feb 25
1	Non-performing loans and debt securities at end of the previous reporting period	1,163	1,208
2	Loans and debt securities that are non-performing since the last reporting period	505	397
3	Returned to performing status	192	192
4	Amounts written off	11	5
5	Other changes	(234)	(245)
6	Non-performing loans and debt securities at end of the reporting period (1+2-3-4+5)	1,231	1,163

CRB: Additional disclosure related to the credit quality of assets

Past Due

Facilities are classified as past due when any amount due under a contract (interest, principal, fee or other amount) has not been paid in full at the date it was due. Facilities are considered past due from the first day of missed payment.

Non-Performing

Facilities are classified as non-performing when:

- they are more than 90 calendar days past their contractual due date; or
- there is doubt over the timely collection of the full amount of the contractual payments from the borrower.

For the purposes of this report, non-performing amounts represents the full facility amount outstanding and not just the past due amount.

Impaired

Facilities are classified as impaired when there is doubt regarding the full collection of principal, interest and fees. All non-performing facilities are individually assessed to determine if the full collection of principal, interest and fees is in doubt (unless the Credit Risk Committee has approved the ongoing use of collective provision for that facility). If the full collection of principal, interest and fees is in doubt, the facility is classified as impaired, and a specific provision is raised for the estimated shortfall.

Restructured

A facility is classified as a restructured facility if the following conditions are met:

- The borrower is experiencing financial difficulty or hardship in meeting their financial commitments; and
- BOQ grants a non-commercial concession to the borrower that would not be offered to other borrowers of good credit standing.

Specific Provisions

Specific provisions are calculated in accordance with APS 220 Credit Risk Management (**APS 220**) and AASB 9 Financial Instruments (**AASB 9**) and measured as the difference between the contractual and the expected future cashflow of a facility, discounted using the effective interest rate for that facility.

Accounting Provisions

In accordance with AASB 9, the Group utilises a forward-looking Expected Credit Loss (**ECL**) approach. The ECL allowance is based on the credit losses expected to arise over the next 12 months of the financial asset, unless there has been a significant increase in credit risk (**SICR**) since origination. In this case, the allowance is based on the ECL for the life of the financial asset.

The Group applies a three-stage approach to measuring the ECL, as described below:

- Stage 1 – For financial assets where there has not been a SICR since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default (**PD**) occurring within the next 12 months is recognised as the 12-month ECL, adjusted for forward-looking information. Stage 1 includes facilities where the credit risk has improved, and the loan has been reclassified from Stage 2 or Stage 3.
- Stage 2 – When there has been a SICR, the lifetime ECL is determined with reference to the financial asset's lifetime PD and the lifetime losses associated with that PD, adjusted for forward-looking information. The Group assesses whether there has been a SICR since initial recognition based on qualitative, quantitative, and reasonable and supportable forward-looking information that includes significant management judgement. Use of alternative criteria could result in significant changes to the timing and amount of ECL to be recognised. Lifetime ECL considers the expected behaviour of the asset as well as forward looking macro-economic forecasts. Stage 2 also includes facilities where the credit risk has improved and the loan has been reclassified from stage 3.
- Stage 3 – This includes financial assets that are deemed to be credit impaired, which generally correspond to the APRA definition of default, and include exposures that are at least 90 days past due. The provision is also equivalent to the lifetime ECL. Financial assets in Stage 3 will have a collective provision determined by the ECL model, although some loans are individually covered by a specific provision. A specific provision is calculated based on estimated future cash flows discounted to their present value, net of any collateral held against that financial asset.

ECLs for financial assets in Stage 1 and 2 are assessed for impairment on a collective basis whilst those in Stage 3 are subjected to either collective or individual assessment. Under the standardised capital approach, provisions are categorised as either General or Specific. Stage 1 is treated as General Provisions, Stage 2 is also treated as General Provisions, unless the trigger for stage 2 is due to the exposure being more than 30 days past due, then they are categorised as Specific Provisions. Stage 3 is treated as Specific Provisions (independent of whether the assessment was done collectively or individually).

Where ECL is modelled collectively for portfolios of exposures, it is modelled primarily as the product of the PD, the loss given default (**LGD**) and the exposure at default (**EAD**).

The credit risk factors listed above are point in time estimates based on the probability weighted forward-looking economic scenarios. The inclusion of a forward-looking component in the model anticipates changes in the economic outlook and is an important component of the provisioning process. The Group considers four forward-looking macro-economic scenarios (base, upside, downside and severe downside) over the next three years. The scenarios are then probability weighted based on the likelihood of the scenario occurring to ensure ECL appropriately captures forward looking effects and considers the range of possible economic outcomes.

For more details on the assumptions underlying the Group's ECL approach, refer to section 3.3. of the 2025 Annual Report.

CRB: Additional disclosure related to the credit quality of assets

The following tables provide a breakdown of loans by geographical areas, industry, residual maturity, and ageing analysis. It also shows the amount of non-performing and impaired exposures, along with the corresponding provisions.

31 August 2025

	a	b	c	d	e
(AUD million)	Gross carrying values	Of which: Non-performing ⁽¹⁾	Of which: Impaired assets ⁽¹⁾	Specific provisions non-performing	Of which: Specific provisions impaired assets
Portfolio exposures by geographical areas ⁽²⁾					
Queensland	21,882	283	27	32	17
New South Wales	21,433	328	16	35	10
Victoria	15,903	339	30	36	16
Northern Territory	375	9	1	2	1
Australian Capital Territory	1,975	20	3	3	2
Western Australia	6,534	109	7	11	7
South Australia	2,582	49	6	6	1
Tasmania	1,146	23	1	1	-
International	314	1	-	-	-
Total Exposures	72,144	1,161	91	126	54

Portfolio exposures by industry ⁽³⁾

Residential mortgages ⁽⁴⁾	53,351	819	24	28	11
Property and construction	6,904	99	8	16	5
Healthcare	2,657	64	26	33	16
Professional services	1,854	32	7	7	2
Agriculture	1,466	32	3	5	2
Transportation	853	13	4	6	3
Manufacturing and mining	785	40	1	5	-
Hospitality and accommodation	658	3	1	1	-
Other Retail Lending ⁽⁵⁾	131	3	-	4	-
Other ⁽⁶⁾	3,485	56	17	21	15
Total Exposures	72,144	1,161	91	126	54

Portfolio exposures by residual maturity

<= 1 year	2,876
> 1 year to <= 5 years	12,811
> 5 years	56,333
No stated maturity	124
Total Exposures	72,144

Ageing analysis of accounting past-due exposures

>= 30 days past due arrears	1,271
Of which: >= 90 days past due arrears	751

(1) As at 31 August 2025, the total gross restructured exposures of \$547m, of which \$293m is non-performing and \$2m is impaired.

(2) Geographical information is based on residence of borrower.

(3) Industry classifications are based on the Australian and New Zealand Standard Industrial Classifications (ANZSIC) of the customer for each business lending facility aggregated by the sector category most relevant to each ANZSIC industry classification.

(4) 'Residential mortgages' exposures are classified based on collateral information.

(5) 'Other Retail Lending' includes personal lending, and credit card exposures.

(6) 'Other' consists of the wholesale and retail trade, electricity, gas and water services, Information media and telecommunications, administrative and support services, public administration and safety, education and training, arts and recreation and other services ANZSIC industry classifications.

CRC: Qualitative disclosure related to credit risk mitigation techniques

Credit Risk Mitigation

BOQ has approved policies governing the valuation and management of collateral across all business units. While BOQ does not actively engage in complex CRM instruments such as credit derivatives or guarantees, the Group applies a consistent approach to collateral management across its lending activities. Balance sheet netting is not applied.

Collateral Valuation and Management

BOQ takes a range of collateral including residential and commercial property, motor vehicles, plant and equipment, and going concern businesses. BOQ has robust and detailed policies and processes in place to establish the value of collateral held and monitor its value during the life of the loan.

The determined values of collateral must be recorded in the bank's systems with sufficient detail. This includes documenting the valuation methodology, the date of valuation, and any assumptions made during the valuation process. The collateral valuation process is a critical component of effective collateral management. It involves determining the fair market value of assets taken as collateral to mitigate credit risk.

Key collateral policy principles include:

- Assets taken as collateral must be acceptable according to BOQ credit policies, have a determinable fair market value, and be marketable or convertible to cash.
- The methodology for determining the value of collateral must be specified, and values must be recorded in BOQ's systems with sufficient detail.
- External guidance on collateral valuation must be obtained from accredited panel valuers, and robust policies must be in place for selecting and using these panel valuers.
- Collateral documentation must be legally enforceable and provide BOQ with the right to repossess or deal with the asset.
- Only approved external parties can be engaged for collateral documentation activities.
- Protocols must exist for the execution of collateral documents, ensuring validity and compliance with legal and regulatory matters.
- Robust systems and processes must be maintained for the custody and recording of collateral documentation, ensuring physical protection and controlled access.
- Collateral values must be periodically re-evaluated to manage risks associated with changing asset values.
- Regular assessments of collateral values must be undertaken to provide senior management and the Board with an analysis of fair market values.
- Strict governance protocols must control the release of collateral, including analysis and approval by appropriate authorities.
- Policies and processes must facilitate the timely realisation of collateral to offset potential credit losses.

Portfolio Management

Portfolio Management at BOQ is undertaken as part of the Credit Risk Management Framework (**CRMF**) and in line with industry where a Risk Appetite Statement (**RAS**) is approved by the Board which enables monitoring of key portfolio metrics. Along with the RAS, there are detailed industry, geographic and asset limits to ensure that concentration risk is mitigated. Origination strategies are set in line with this framework to ensure the portfolios achieve the desired state of diversification and quality. A Board-approved Large Exposure Policy fully details limits and management authority that can be supplied to a customer group in line with the Group Aggregation Policy.

Reporting on all credit risk related RAS measures and concentration limits are submitted and monitored on a frequent basis by the Credit Risk Committee (**CRC**) which is chaired by the Group Chief Risk Officer. This committee also has delegation and oversight of the large exposure portfolio.

CR3: Credit risk mitigation techniques – overview

The following table provides a breakdown of unsecured and secured loans and debt securities exposures and the amount of risk exposure which is mitigated by APRA defined eligible collateral, guarantees or credit derivatives.

31 August 2025

		a	b	c	d	e
(AUD million)		Exposures unsecured: carrying amount ⁽¹⁾	Exposures to be secured ⁽²⁾	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
1	Loans	1,458	70,386	70,288	98	-
2	Debt securities	16,283	-	-	-	-
3	Total ⁽³⁾	17,741	70,386	70,288	98	-
4	Of which: non-performing	-	1,034	1,034	-	-

(1) Includes fully unsecured, and partially secured exposures.

(2) Column b is the total amount of columns c, d, and e.

(3) Total carrying amount of exposures are net of allowances/impairments.

28 February 2025

		a	b	c	d	e
(AUD million)		Exposures unsecured: carrying amount ⁽¹⁾⁽⁴⁾	Exposures to be secured ⁽²⁾⁽⁴⁾	Exposures secured by collateral ⁽⁴⁾	Exposures secured by financial guarantees	Exposures secured by credit derivatives
1	Loans	1,380	71,594	71,476	118	-
2	Debt securities	14,010	-	-	-	-
3	Total ⁽³⁾	15,390	71,594	71,476	118	-
4	Of which: non-performing	-	990	990	-	-

(1) Includes fully unsecured, and partially secured exposures.

(2) Column b is the total amount of columns c, d, and e.

(3) Total carrying amount of exposures are net of allowances/impairments.

(4) February 2025 data has been restated to reclassify Asset Finance portfolio from Exposures unsecured to Exposures to be secured.

CRD: Qualitative disclosure on banks' use of external credit ratings under the standardised approach for credit risk

BOQ Group uses the standardised approach for credit risk. BOQ Group has access to External Credit Assessment Institutions (**ECAIs**): Fitch, Standard & Poor's, and Moody's. Where an issuer/counterparty has credit ratings from multiple ECAIs, BOQ uses the credit rating in accordance with APS 112 – Attachment F.

External credit ratings, where available, are applied to the following asset classes:

1. Securities and bonds purchased for investment, trading or liquidity purposes
2. Exposures to other banks, ADI's and other counterparties, through derivatives, deposit accounts and other assets
3. Loans and derivatives to corporates

CR4: Standardised approach – credit risk exposure and credit risk mitigation (CRM) effects

The following table provides the effect of credit risk mitigation (**CRM**) on the calculation of capital requirements under the standardised approach. It presents on-balance sheet and off-balance sheet exposures before and after credit conversion factors (**CCF**) and CRM as well as associated RWA and RWA density, split by asset classes.

The table excludes counterparty credit risk and securitisation exposures.

31 August 2025

		a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
(AUD million)	Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density (%)
1	Sovereigns and their central banks	16,943	401	16,943	400	44	0.25
2	Non-central government public sector entities	-	-	-	-	-	-
4	Banks	1,768	-	1,768	-	355	20.08
6	Corporates	7,104	980	7,090	460	6,157	81.55
	Of which: securities firms and other financial institutions	242	49	242	21	223	84.79
8	Retail	483	389	483	156	577	90.30
8a	Leases	1,427	198	1,427	79	1,455	96.61
9	Real estate	62,073	8,284	62,034	3,780	26,375	40.08
	Of which: residential property - owner occupied - standard	34,937	3,931	34,937	1,760	10,975	29.91
	Of which: residential property - other - standard	17,427	3,005	17,426	1,371	7,387	39.30
	Of which: residential property - other - non-standard	265	93	265	37	302	100.00
	Of which: commercial property - not dependent on cashflows	5,478	757	5,453	353	4,170	71.82
	Of which: commercial property - dependent on cashflows	3,662	371	3,649	203	3,046	79.08
	Of which: land acquisition, development and construction	304	127	304	56	495	137.50
10	Non-performing exposures	1,053	70	1,053	29	1,172	108.32
11	Other assets	357	-	357	-	315	88.24
12	Total	91,208	10,322	91,155	4,904	36,450	37.95

CR4: Standardised approach – credit risk exposure and credit risk mitigation (CRM) effects (continued)

The following table provides the effect of credit risk mitigation (**CRM**) on the calculation of capital requirements under the standardised approach. It presents on-balance sheet and off-balance sheet exposures before and after credit conversion factors (**CCF**) and CRM as well as associated RWA and RWA density, split by asset classes.

The table excludes counterparty credit risk and securitisation exposures.

28 February 2025

		a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
(AUD million)	Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density (%)
1	Sovereigns and their central banks	14,175	1,539	14,175	1,537	49	0.31
2	Non-central government public sector entities	-	-	-	-	-	-
4	Banks	1,900	-	1,900	-	382	20.11
6	Corporates	6,977	1,330	6,958	622	6,212	81.95
	Of which: securities firms and other financial institutions	222	47	222	20	204	84.30
8	Retail	560	419	560	168	655	89.97
8a	Leases	1,259	154	1,259	62	1,270	96.14
9	Real estate	63,453	8,495	63,408	3,837	26,606	39.57
	Of which: residential property - owner occupied - standard	36,591	3,993	36,591	1,781	11,603	30.24
	Of which: residential property - other - standard	18,023	3,187	18,022	1,452	7,713	39.61
	Of which: residential property - other - non-standard	291	103	291	41	333	100.30
	Of which: commercial property - not dependent on cashflows	5,264	663	5,235	298	3,935	71.12
	Of which: commercial property - dependent on cashflows	2,957	432	2,942	206	2,492	79.16
	Of which: land acquisition, development and construction	327	117	327	59	530	137.31
10	Non-performing exposures	1,002	61	1,002	26	1,110	107.98
11	Other assets	360	-	360	-	318	88.33
12	Total	89,686	11,998	89,622	6,252	36,602	38.18

CR5: Standardised approach - Exposures by asset classes and risk weights

The following table presents the breakdown of credit risk exposures under the standardised approach by asset classes and risk weights.

The table excludes counterparty credit risk and securitisation exposures.

31 August 2025

(AUD million)

Asset classes		0%	20%	25%	30%	35%	40%	45%	50%	55%	60%	65%	70%	75%	80%	85%	90%	95%	100%	105%	110%	120%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
1	Sovereigns and their central banks	17,299	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	44	-	-	-	-	-	17,343
2	Non-central government public sector entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Banks	-	1,762	-	-	-	-	-	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,768
6	Corporates	-	-	-	-	-	-	-	194	-	-	-	-	4,302	-	1,470	-	-	1,584	-	-	-	-	-	7,550
	Of which: securities firms and other financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	115	-	72	-	-	76	-	-	-	-	-	263
8	Retail	-	-	-	-	-	-	-	-	-	-	-	-	247	-	-	-	-	392	-	-	-	-	-	639
8a	Leases	-	-	-	-	-	-	-	4	-	-	-	-	141	-	94	-	-	1,267	-	-	-	-	-	1,506
9	Real estate	-	8,486	10,276	10,734	11,080	6,106	4,839	2,284	329	3,162	633	2,589	656	-	1,662	1,137	-	999	265	307	-	270	-	65,814
	Of which: residential property - owner occupied - standard	-	8,486	5,934	7,579	11,080	2,173	-	975	329	-	-	99	-	-	42	-	-	-	-	-	-	-	-	36,697
	Of which: residential property - other - standard	-	-	4,342	3,155	-	3,933	4,839	1,309	-	-	633	82	-	-	239	-	-	-	265	-	-	-	-	18,797
	Of which: residential property - other - non-standard	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	302	-	-	-	-	-	302
	Of which: commercial property - not dependent on cashflows	-	-	-	-	-	-	-	-	-	3,162	-	-	656	-	1,381	-	-	607	-	-	-	-	-	5,806
	Of which: commercial property - dependent on cashflows	-	-	-	-	-	-	-	-	-	-	-	2,408	-	-	-	1,137	-	-	-	307	-	-	-	3,852
	Of which: land acquisition, development and construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	90	-	-	-	270	-	360
10	Non-performing exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	175	-	-	19	524	-	-	186	178	-	1,082
11	Other assets	42	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	315	-	-	-	-	-	357

CR5: Standardised approach - Exposures by asset classes and risk weights (continued)

28 February 2025

(AUD million)

(AUD million)																									Total credit exposure amount (post-CCF and post-CRM)
Asset classes		0%	20%	25%	30%	35%	40%	45%	50%	55%	60%	65%	70%	75%	80%	85%	90%	95%	100%	105%	110%	120%	150%	Other	
1	Sovereigns and their central banks	15,663	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	49	-	-	-	-	-	15,712
2	Non-central government public sector entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Banks	-	1,891	-	-	-	-	-	9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,900
6	Corporates	-	-	-	-	-	-	-	194	-	-	-	-	4,218	-	1,444	-	-	1,724	-	-	-	-	-	7,580
	Of which: securities firms and other financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	112	-	66	-	-	64	-	-	-	-	-	242
8	Retail	-	-	-	-	-	-	-	-	-	-	-	-	297	-	-	-	-	431	-	-	-	-	-	728
8a	Leases	-	-	-	-	-	-	-	4	-	-	-	-	141	-	94	-	-	1,082	-	-	-	-	-	1,321
9	Real estate	-	8,595	10,512	11,105	11,463	6,528	5,082	2,547	430	3,144	770	2,252	638	-	1,522	773	-	977	284	334	-	289	-	67,245
	Of which: residential property - owner occupied - standard	-	8,595	6,168	7,834	11,463	2,372	-	1,344	430	-	-	123	-	-	43	-	-	-	-	-	-	-	-	38,372
	Of which: residential property - other - standard	-	-	4,344	3,271	-	4,156	5,082	1,203	-	-	770	88	-	-	276	-	-	-	284	-	-	-	-	19,474
	Of which: residential property - other - non-standard	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	332	-	-	-	-	-	332
	Of which: commercial property - not dependent on cashflows	-	-	-	-	-	-	-	-	-	3,144	-	-	638	-	1,203	-	-	548	-	-	-	-	-	5,533
	Of which: commercial property - dependent on cashflows	-	-	-	-	-	-	-	-	-	-	-	2,041	-	-	-	773	-	-	-	334	-	-	-	3,148
	Of which: land acquisition, development and construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	97	-	-	-	289	-	386
10	Non-performing exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	189	-	-	20	458	-	-	199	162	-	1,028
11	Other assets	42	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	318	-	-	-	-	-	360

CR5: Standardised approach – exposures by asset classes and risk weights

The following table presents the credit risk exposure amounts and CCFs applied to off-balance sheet exposures, categorised based on risk bucket of converted exposures.

The table excludes counterparty credit risk and securitisation exposures.

31 August 2025

(AUD million)		a	b	c	d
Risk Weight		On-balance sheet exposure	Off-balance sheet exposure (pre-CCF)	Weighted average CCF ⁽¹⁾	Exposure (post-CCF and post-CRM)
1	Less than 40%	56,864	5,922	0.48	59,678
2	40–70%	19,288	1,901	0.45	20,147
3	75–80%	5,193	680	0.48	5,520
4	85%	2,965	516	0.51	3,227
5	90–100%	5,866	971	0.43	6,280
6	105–130%	582	200	0.89	759
7	150%	395	127	0.42	448
8	250%	-	-	-	-
9	400%	-	-	-	-
10	1250%	-	-	-	-
11	Total exposures	91,153	10,317	0.48	96,059

(1) Weighting is based on off-balance sheet exposure (pre-CCF).

28 February 2025

(AUD million)		a	b	c	d
Risk Weight		On-balance sheet exposure	Off-balance sheet exposure (pre-CCF)	Weighted average CCF ⁽¹⁾	Exposure (post-CCF and post-CRM)
1	Less than 40%	55,289	7,130	0.56	59,269
2	40–70%	20,034	2,066	0.45	20,961
3	75–80%	5,157	698	0.47	5,483
4	85%	2,818	510	0.47	3,060
5	90–100%	5,285	1,248	0.44	5,834
6	105–130%	631	245	0.76	817
7	150%	408	96	0.44	450
8	250%	-	-	-	-
9	400%	-	-	-	-
10	1250%	-	-	-	-
11	Total exposures	89,622	11,993	0.52	95,874

(1) Weighting is based on off-balance sheet exposure (pre-CCF).

COUNTERPARTY CREDIT RISK.

CCRA: Qualitative disclosure related to CCR

Counterparty Credit Risk (**CCR**) is the risk that the counterparty to a financial contract or transaction will default before the final settlement of the contract or transaction. An economic loss would occur if the transactions or a portfolio of transactions, including the collateral position, with the counterparty has a positive economic value for the Group at the time of default.

Unlike credit risk exposure through a loan, where the risk of loss is unilateral and borne solely by the lending counterparty, counterparty credit risk (**CCR**) introduces a bilateral risk. In CCR, the market value of transactions can be positive or negative for either counterparty and can fluctuate over time due to movements in underlying market factors. This volatility creates uncertainty in exposure, which arises not only from bilateral transactions but also from those cleared through central counterparties (**CCPs**).

CCR Management

CCR exposure for derivatives and SFTs is measured as Potential Future Exposure (**PFE**) which is modelled using the Adjusted Current Exposure Method (**CEM**). Credit limits (including both lending and/or derivative limits) are set based on an assessment of counterparty risk, product type, tenor and other factors. Limits are approved by Executive Credit Committee.

Wrong-Way Risk

Wrong-way risk occurs when a counterparty's exposures are adversely correlated with its credit quality. The nature of BOQ's derivative profile is primarily for hedging purposes, and unlikely to generate wrong-way risk. BOQ is cash collateralised only which also does not generate wrong way risk.

Credit Rating downgrade

A downgrade of BOQ's credit rating(s) can impact the requirement to post collateral. As at 31 August 2025, a unilateral three-notch downgrade could result in an additional \$5.1 million being posted.

CCR1: Analysis of CCR exposures by approach

The following table provides a comprehensive view of the methods used to calculate counterparty credit risk exposures and the main parameters used within each method, if applicable. Refer to CCR 8 for the central counterparty clearing house exposures.

31 August 2025

	a	b	c	d	e	f
(AUD million)	Replacement cost	Potential future exposure	Effective EPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1 SA-CCR (for derivatives)	-	-		-	-	-
Adjusted Current Exposure Method (CEM) (for derivatives)					507	196
3 Simple Approach for credit risk mitigation (for SFTs)					-	-
4 Comprehensive Approach for credit risk mitigation (for SFTs)					-	-
6 Total						196

28 February 2025

	a	b	c	d	e	f
(AUD million)	Replacement cost	Potential future exposure	Effective EPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1 SA-CCR (for derivatives)	-	-		-	-	-
Adjusted Current Exposure Method (CEM) (for derivatives) ⁽¹⁾					362	136
3 Simple Approach for credit risk mitigation (for SFTs)					-	-
4 Comprehensive Approach for credit risk mitigation (for SFTs)					-	-
6 Total						136

(1) February 2025 data has been realigned to item 1 Adjusted Current Exposure Method (CEM) (for derivatives), to reflect BOQ's CCR methodology.

CCR3: Standardised approach – CCR exposures by regulatory portfolio and risk weights

The following table provides a breakdown of counterparty credit risk exposures calculated according to the standardised approach, split by portfolio and by risk weight.

31 August 2025

(AUD million)	a	b	c	d	e	f	g	h	i
Risk weight									
Regulatory portfolio	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure ⁽¹⁾
Sovereigns	-	-	-	-	-	-	-	-	-
Non-central government public sector entities	-	-	-	-	-	-	-	-	-
Multilateral development banks	-	-	-	-	-	-	-	-	-
Banks	23	-	181	283	-	-	-	-	487
Securities firms	-	-	-	-	-	-	-	-	-
Corporates	-	-	-	-	-	5	-	-	5
Regulatory retail portfolios	-	-	-	-	-	-	-	-	-
Other assets ⁽²⁾	-	-	-	-	-	15	-	-	15
Total	23	-	181	283	-	20	-	-	507

(1) Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.

(2) Other assets: the amount excludes exposures to CCPs, which are reported in Template CCR8.

28 February 2025

(AUD million)	a	b	c	d	e	f	g	h	i
Risk weight									
Regulatory portfolio	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure ⁽¹⁾
Sovereigns	-	-	-	-	-	-	-	-	-
Non-central government public sector entities	-	-	-	-	-	-	-	-	-
Multilateral development banks	-	-	-	-	-	-	-	-	-
Banks	43	-	113	189	-	-	-	-	345
Securities firms	-	-	-	-	-	-	-	-	-
Corporates	-	-	-	-	-	8	-	-	8
Regulatory retail portfolios	-	-	-	-	-	-	-	-	-
Other assets ⁽²⁾	-	-	-	-	-	9	-	-	9
Total	43	-	113	189	-	17	-	-	362

(1) Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.

(2) Other assets: the amount excludes exposures to CCPs, which are reported in Template CCR8.

CCR5: Composition of collateral for CCR exposure

The following table provides a breakdown of all types of collateral posted or received to support or reduce the counterparty credit risk exposures related to derivative transactions or to SFTs, including transactions cleared through a counterparty clearing house.

31 August 2025

	a	b	c	d	e	f
	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
(AUD million)	Segregated	Unsegregated	Segregated	Unsegregated		
Cash – domestic currency	-	234	-	145	-	-
Cash – other currencies	-	-	-	-	-	-
Domestic sovereign debt	-	-	-	-	-	400
Other sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	234	-	145	-	400

28 February 2025

	a	b	c	d	e	f
	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
(AUD million)	Segregated	Unsegregated	Segregated	Unsegregated		
Cash – domestic currency	-	367	-	147	-	7
Cash – other currencies	-	-	-	-	-	-
Domestic sovereign debt	-	-	-	-	1,132	400
Other sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	367	-	147	1,132	407

CCR8: Exposures to central counterparties

The following table provides a comprehensive picture of our exposures to central counterparty clearing house and non-central counterparty clearing house. It also includes exposures due to operations, margins, contributions to default funds and related RWA.

(AUD million)	a		b		a1		b1	
	EAD (post-CRM)		RWA		EAD (post-CRM)		RWA	
	Aug 25		Feb 25					
1 Exposures to QCCPs (total)			10				11	
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	352		7		422		8	
3 (i) OTC derivatives	352		7		422		8	
4 (ii) Exchange-traded derivatives	-		-		-		-	
5 (iii) Securities financing transactions	-		-		-		-	
6 (iv) Netting sets where cross-product netting has been approved	-		-		-		-	
7 Segregated initial margin	-				-			
8 Non-segregated initial margin	130		3		137		3	
9 Pre-funded default fund contributions	-		-		-		-	
10 Unfunded default fund contributions	-		-		-		-	
11 Exposures to non-QCCPs (total)			-				-	
12 Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-		-		-		-	
13 (i) OTC derivatives	-		-		-		-	
14 (ii) Exchange-traded derivatives	-		-		-		-	
15 (iii) Securities financing transactions	-		-		-		-	
16 (iv) Netting sets where cross-product netting has been approved	-		-		-		-	
17 Segregated initial margin	-				-			
18 Non-segregated initial margin	-		-		-		-	
19 Pre-funded default fund contributions	-		-		-		-	
20 Unfunded default fund contributions	-		-		-		-	

CVAA: General qualitative disclosure requirements related to CVA

BOQ uses centrally cleared derivatives and margining for bilateral derivatives with key banking counterparties in accordance with CPS 226 Margining and risk mitigation for non-centrally cleared derivatives (**CPS 226**). BOQ also has derivatives with customers that may not be margined, and these exposures are the key drivers of counterparty credit risk and CVA risk.

CVA risk is monitored through credit risk limits of each counterparty/customer, and measured on a monthly basis. BOQ may seek to hedge material CVA risks through approved derivatives in the Trading book.

Counterparty credit risk is managed through a variety of policies, standards and procedures.

SECURITISATION.

SECA: Qualitative disclosure requirements related to securitisation exposures

Description of Securitisation Activities:

BOQ Group acts as an originator and an investor in traditional securitisation activities, such as Residential Mortgage Back Securities (**RMBS**) or Asset Back Securities (**ABS**). The purpose of BOQ as an originator of securitisation trusts is to both raise funding for the Group and, depending on the construct of the trust, to transfer credit risk. Issuance of securitisation provides for a diversified source of funding as part of BOQ's wholesale funding program.

BOQ issues both funding-only securitisation trusts and regulatory capital relief securitisation trusts in accordance with the requirements of APS 120 Securitisation (**APS 120**). Where BOQ meets the APS 120 operational requirements for a securitisation trust to be considered regulatory capital relief, BOQ will still hold capital in respect of credit risk for facilities or exposures BOQ has to the securitisation trust. Information on these exposures are outlined in the tables provided.

The Group's securitisation programs consist of:

- REDS RMBS Trusts - securitisation of mortgage loans;
- REDS EHP Trusts - securitisation of hire purchase, chattel mortgages and finance leases;
- REDS MHP Trusts - securitisation of medical and related equipment financed through the BOQ Specialist channel; and
- SMHL Trusts acquired as part of the ME Bank acquisition in 2021.

BOQ Group has also purchased positions in securitisation transactions which are held in the Banking Book. Where BOQ has purchased positions in a funding-only securitisation trust issued by the Group, BOQ is not required to hold regulatory capital in respect of credit risk for facilities or exposures relating to the pool in accordance with APS 120. However, the underlying exposures in the pool are included in the calculation of its regulatory capital for credit risk under APS 112.

BOQ also holds positions in securitisation transactions unrelated to Group as part of a diversified portfolio of assets held in the Banking book. These holdings must adhere to internal policies and limits relating to credit risk and market risk; and BOQ holds capital against these positions in accordance with APS 120.

BOQ also has self-securitisation trusts, which complies with the operational requirements of a funding-only securitisation under APS 120. As a result, BOQ treats self-securitisation trusts consistently with the Group's originated funding-only securitisation trusts.

Accounting Treatment of Securitisation Activities:

The Group

The Group receives the residual income distributed by its consolidated Trusts - REDS, EHP, MHP and SMHL - after all payments due to investors and associated costs of the program have been met. The Group is considered to retain the risks and rewards of the receivables and they do not meet the derecognition criteria of AASB 9.

Within The Group, key securitisation interactions between related parties (The Bank and the Trusts) include:

- The Trusts fund their purchase of the loans by issuing floating-rate debt securities. The securities are represented as borrowings of the Group, however, the Group does not stand behind the capital value or the performance of the securities or the assets of the Trusts. The Group does not guarantee the payment of interest or the repayment of principal due on the securities. The loans subject to the securitisation program have been pledged as security for the securities issued by the Trusts. The Group is not obliged to support any losses that may be suffered by investors and does not intend to provide such support.
- The Bank provides the securitisation programs with arm's length services and facilities, including the management and servicing of the loans and leases securitised.
- The Bank has no right to repurchase any of the securitised assets and no obligation to do so, other than in certain circumstances where there is a breach of warranty within 120 days of the sale or when certain criteria are met under the clean up provision per the Trust Deed Supplement.
- The transferred assets are equitably assigned to the Trusts. The investors in the securities issued by the Trusts have full recourse to the assets transferred to the Trusts.

The Bank

The original transfer of the mortgages from the Bank to the Trusts does not meet the derecognition criteria set out in AASB 9. The Bank continues to reflect the securitised loans in their entirety and also recognises a financial liability to the Trusts. The interest payable on the inter-company financial asset/liability represents the return on an imputed loan between the Bank and the Trusts and is based on the interest income under the mortgages, the fees payable by the Trusts and the interest income or expense not separately recognised under the interest rate and basis swaps transactions between the Bank and the Trusts.

All transactions between the Bank and the Trusts are eliminated on consolidation.

ECAs used for securitisations

Rating agency	Types of securitisation exposure
S&P Global Ratings	RMBS Trusts
Fitch Ratings	RMBS Trusts and Asset Backed Securities
Moody's Investors Service	RMBS Trusts and Asset Backed Securities

SEC1: Securitisation exposures in the banking book

The following table presents the breakdown of balance sheet banking book carrying values by the banks' role and underlying asset type.

31 August 2025

(AUD million)	a	c	d	i	k	l
	Bank acts as originator ⁽¹⁾			Banks acts as investor ⁽²⁾		
	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
1 Retail (total)	12,790	-	12,790	49	-	49
– of which						
2 residential mortgage	12,790	-	12,790	49	-	49
3 credit card	-	-	-	-	-	-
4 other retail exposures	-	-	-	-	-	-
5 re-securitisation	-	-	-	-	-	-
6 Wholesale (total)	121	-	121	-	-	-
– of which						
7 loans to corporates	-	-	-	-	-	-
8 commercial mortgage	-	-	-	-	-	-
9 lease and receivables	121	-	121	-	-	-
10 other wholesale	-	-	-	-	-	-
11 re-securitisation	-	-	-	-	-	-

(1) Bank acts as originator reflects securitisation activities in which we securitise our own assets. This includes internal securitisation and funding only securitisation transactions where BOQ retains all/partial notes issued by securitisation vehicles within the BOQ Consolidated Group.

(2) Bank acts as investor reflects purchases of securitisation assets from the market.

28 February 2025

(AUD million)	a	c	d	i	k	l
	Bank acts as originator ⁽¹⁾			Banks acts as investor ⁽²⁾		
	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
1 Retail (total)	12,798	-	12,798	58	-	58
– of which						
2 residential mortgage	12,798	-	12,798	58	-	58
3 credit card	-	-	-	-	-	-
4 other retail exposures	-	-	-	-	-	-
5 re-securitisation	-	-	-	-	-	-
6 Wholesale (total)	148	-	148	-	-	-
– of which						
7 loans to corporates	-	-	-	-	-	-
8 commercial mortgage	-	-	-	-	-	-
9 lease and receivables	148	-	148	-	-	-
10 other wholesale	-	-	-	-	-	-
11 re-securitisation	-	-	-	-	-	-

(1) Bank acts as originator reflects securitisation activities in which we securitise our own assets. This includes internal securitisation and funding only securitisation transactions where BOQ retains all/partial notes issued by securitisation vehicles within the BOQ Consolidated Group.

(2) Bank acts as investor reflects purchases of securitisation assets from the market.

SEC3: Securitisation exposures in the banking book and associated regulatory capital requirements – bank acting as originator

The following table presents a breakdown of securitisation exposures in the banking book by risk weight and by regulatory approach when we act as originator, and the associated capital requirements.

31 August 2025

	a	b	c	d	f	g	h	j	k	l	n	o	p
	Exposure values (by risk weight bands)				Exposure values (by regulatory approach)			RWA (by regulatory approach)			Capital charge after cap		
(AUD million)	≤20%	>20% to 50%	>50% to 100%	>100% to <1250%	SEC-IRBA	SEC-ERBA and SEC-IAA	SEC-SA	SEC-IRBA	SEC-ERBA and SEC-IAA	SEC-SA	SEC-IRBA	SEC-ERBA and SEC-IAA	SEC-SA
1 Total exposures	100	-	-	-			100			19			2
2 Traditional securitisation	100	-	-	-			100			19			2
3 Of which: securitisation	100	-	-	-			100			19			2
4 Of which: retail underlying	100	-	-	-			100			19			2
6 Of which: wholesale	-	-	-	-			-			-			-
8 Of which: re-securitisation	-	-	-	-			-			-			-
9 Synthetic securitisation	-	-	-	-			-			-			-
10 Of which: securitisation	-	-	-	-			-			-			-
11 Of which: retail underlying	-	-	-	-			-			-			-
12 Of which: wholesale	-	-	-	-			-			-			-
13 Of which: re-securitisation	-	-	-	-			-			-			-

SEC3: Securitisation exposures in the banking book and associated regulatory capital requirements – bank acting as originator (continued)

28 February 2025

	a	b	c	d	f	g	h	j	k	l	n	o	p
	Exposure values (by risk weight bands)				Exposure values (by regulatory approach)			RWA (by regulatory approach)			Capital charge after cap		
					SEC-ERBA and SEC-IAA			SEC-ERBA and SEC-IAA			SEC-ERBA and SEC-IAA		
(AUD million)	≤20%	>20% to 50%	>50% to 100%	>100% to <1250%	SEC-IRBA	SEC-SA	SEC-IRBA	SEC-SA	SEC-IRBA	SEC-SA	SEC-IRBA	SEC-SA	SEC-SA
1 Total exposures	108	-	-	-		108		20		2			
2 Traditional securitisation	108	-	-	-		108		20		2			
3 Of which: securitisation	108	-	-	-		108		20		2			
4 Of which: retail underlying	108	-	-	-		108		20		2			
6 Of which: wholesale	-	-	-	-		-		-		-			
8 Of which: re-securitisation	-	-	-	-		-		-		-			
9 Synthetic securitisation	-	-	-	-		-		-		-			
10 Of which: securitisation	-	-	-	-		-		-		-			
11 Of which: retail underlying	-	-	-	-		-		-		-			
12 Of which: wholesale	-	-	-	-		-		-		-			
13 Of which: re-securitisation	-	-	-	-		-		-		-			

SEC4: Securitisation exposures in the banking book and associated capital requirements – bank acting as investor

The following table presents a breakdown of securitisation exposures in the banking book by risk weight and by regulatory approach when we act as investor, and the associated capital requirements.

31 August 2025

	a	b	c	d	f	g	h	j	k	l	n	o	p
	Exposure values (by risk weight bands)				Exposure values (by regulatory approach)			RWA (by regulatory approach)			Capital charge after cap		
(AUD million)	≤20%	>20% to 50%	>50% to 100%	>100% to <1250%	SEC-IRBA	SEC-ERBA and SEC-IAA	SEC-SA	SEC-IRBA	SEC-ERBA and SEC-IAA	SEC-SA	SEC-IRBA	SEC-ERBA and SEC-IAA	SEC-SA
1 Total exposures	49	-	-	-			49			10			1
2 Traditional securitisation	49	-	-	-			49			10			1
3 Of which: securitisation	49	-	-	-			49			10			1
4 Of which: retail underlying	49	-	-	-			49			10			1
6 Of which: wholesale	-	-	-	-			-			-			-
8 Of which: re-securitisation	-	-	-	-			-			-			-
9 Synthetic securitisation	-	-	-	-			-			-			-
10 Of which: securitisation	-	-	-	-			-			-			-
11 Of which: retail underlying	-	-	-	-			-			-			-
12 Of which: wholesale	-	-	-	-			-			-			-
13 Of which: re-securitisation	-	-	-	-			-			-			-

SEC4: Securitisation exposures in the banking book and associated capital requirements – bank acting as investor (continued)

28 February 2025

	a	b	c	d	f	g	h	j	k	l	n	o	p
	Exposure values (by risk weight bands)				Exposure values (by regulatory approach)			RWA (by regulatory approach)			Capital charge after cap		
						SEC-ERBA and SEC-IAA			SEC-ERBA and SEC-IAA			SEC-ERBA and SEC-IAA	
(AUD million)	≤20%	>20% to 50%	>50% to 100%	>100% to <1250%	SEC-IRBA	SEC-SA	SEC-IRBA	SEC-SA	SEC-IRBA	SEC-SA	SEC-IRBA	SEC-SA	SEC-SA
1 Total exposures	58	-	-	-		58		12					1
2 Traditional securitisation	58	-	-	-		58		12					1
3 Of which: securitisation	58	-	-	-		58		12					1
4 Of which: retail underlying	58	-	-	-		58		12					1
6 Of which: wholesale	-	-	-	-		-		-					-
8 Of which: re-securitisation	-	-	-	-		-		-					-
9 Synthetic securitisation	-	-	-	-		-		-					-
10 Of which: securitisation	-	-	-	-		-		-					-
11 Of which: retail underlying	-	-	-	-		-		-					-
12 Of which: wholesale	-	-	-	-		-		-					-
13 Of which: re-securitisation	-	-	-	-		-		-					-

MARKET RISK.

MR: Traded Market risk

BOQ operates a Trading Book in accordance with APS 116 Capital Adequacy: Market Risk (**APS 116**) in order to serve customers and enhance earnings.

The Trading Book is operated in accordance with internal policies and independently overseen on a continuous basis by Group Risk. Risks are monitored and measured against limits delegated by the Asset- Liability Committee (**ALCO**) and approved by the Board's Risk Committee.

The BOQ Trading Book is limited to the individual market risks of interest rate, foreign exchange, equities and credit with a limited set of products (derivatives and direct holdings).

Market risk in the trading book is measured using a historical simulation Value-at-Risk (**VaR**) model. The risk measurement framework also includes a suite of limits on scenario analysis, sensitivity analysis, outright exposure limits and stop losses.

BOQ holds trading book capital in accordance with the standard method in APS 116 for all Trading Book exposures.

The following table presents the components of the capital requirement under the standardised approach for market risk.

(AUD million)		Capital requirement (in terms of RWA) for:	
		Aug 25	Feb 25
1	Interest rate risk	113	92
	Of which: specific risk	46	40
	Of which: general market risk	66	52
	Of which: interest rate options - delta-plus method	1	-
2	Equity position risk	-	-
3	Foreign exchange risk	13	11
	Of which: foreign exchange risk	13	11
	Of which: foreign exchange options - delta-plus method	-	-
4	Commodity risk	-	-
5	Total	126	103

INTEREST RATE RISK IN THE BANKING BOOK.

IRRBB: Interest rate risk in the banking book (IRRBB) risk management objective and policies

BOQ's objective in managing IRRBB is to protect the Bank's capital and to deliver stable and sustainable net interest income (**NII**) through the interest rate cycle, consistent with the Board-approved risk appetite. Oversight is exercised by the Asset and Liability Committee (**ALCO**) with escalation to the Board Risk Committee. Treasury (Line 1) owns day-to-day management, Market Risk (Line 2) provides independent oversight and challenge, while Internal Audit (Line 3) performs periodic targeted reviews as part of the Three Lines of Defence framework

IRRBB arises from normal banking activities and comprises several risk types and sources:

- Repricing (gap) risk — from timing mismatches between the repricing of assets, liabilities and off-balance-sheet items across the curve.
- Yield-curve risk — from non-parallel movements in the term structure (e.g., steepening or flattening) that differentially affect time buckets.
- Basis risk — from imperfect correlation between reference rates used to price products (e.g., BBSW vs. cash rate, or different transfer-pricing bases).
- Optionality risk — from customer behaviours such as loan prepayments, term-deposit early withdrawals and product switching, which alter effective repricing.
- Credit spread risk — from changes in credit spreads on fixed-rate assets and liabilities that are not fully hedged, which can impact economic value and earnings.

These risks are measured using complementary earnings (Δ NII over a 12-month horizon) and economic value (Δ EV) perspectives, monitored against Board and management limits, and managed through balance sheet positioning and hedging so that NII remains resilient and predictable while preserving economic value.

The instruments available for hedging IRRBB are documented in the Treasury and Financial Markets Risk Policy which is approved annually by the Board. The exposures are hedged on a portfolio basis and hedge accounting is applied by Group Finance.

Measurement methods and systems

BOQ applies two primary metrics to quantify IRRBB, and are calculated centrally in the risk analytics system:

Net Interest Income (NII) sensitivity

NII sensitivity measures the change in expected net interest income over a 12-month horizon under a 100 basis point (bps) parallel shock to the yield curve (both upward and downward). This approach captures the short-term earnings impact of interest rate movements on the banking book.

Economic Value (EV) sensitivity

BOQ assesses EV sensitivity through two components that capture the longer-term impact of market movements on the present value of the banking book:

Base interest rate risk

EV sensitivity to movements in the yield curve is measured using a one-year Value-at-Risk (**VaR**) at the 99% confidence level. The VaR quantifies the potential change in the present value of assets, liabilities and off-balance-sheet positions over a one-year holding period. The model can isolate the impact of BOQ's core low-cost deposit portfolio and Investment Term of Capital (**IToC**). The current investment term for the Capital and core deposit portfolio is 5 years with an average term of 2.5yrs and 2.3yrs respectively.

Consistent with previous disclosures, we have not included the impact of the non-maturing low-cost deposits and ITOC on VaR.

Credit spread risk

BOQ monitors the impact of credit spreads on liquid assets held in the banking book is measured using a credit-spread sensitivity metric based on stressed but plausible spread shifts.

Key modelling assumptions

BOQ's modelling framework incorporates behavioural assumptions for products without contractual maturities (e.g., non-maturity deposits) and customer prepayments based on observed prepayment rates. Commercial margins are not included in the modelling framework. Assumptions are subject to governance through ALCO, are informed by historical observations and expert judgement, and are independently reviewed by Line 2. The Bank periodically recalibrates assumptions to reflect customer behaviour, market conditions and product changes.

Risk appetite, limits and monitoring

IRRBB is managed within a Board-approved risk appetite, using a hierarchy of limits across EV and NII measures. The Board sets and monitors limits on the combined impact of interest rate and credit spread risks, while ALCO and management track sub-metrics to keep risk within appetite. Limit use, trends, and breaches are reported daily to management and monthly to ALCO, with escalation as per policy. The risk measurement framework also includes a suite of scenario analysis and sensitivity analysis.

IRRBB1: Quantitative information on IRRBB

The following table provides information on our changes in net interest income under each of the prescribed interest rate shock scenarios.

31 August 2025

(AUD million)	ΔNII
Period	Aug 25
Parallel up	2
Parallel down	(1)

The following table provides information on the mean, minimum and maximum VaR over the reporting period. Value at Risk (**VaR**) is based on a 99 per cent confidence and a one-year holding period.

31 August 2025

(AUD million)	ΔVaR
Period	Aug 25
Mean Value	18
Minimum Value	8
Maximum Value	37

OPERATIONAL RISK.

ORA: General qualitative information on a bank's operational risk framework

BOQ's Operational Risk Management Framework

Operational risk is inherent in BOQ's business. BOQ defines Operational risk as the risk of loss resulting from inadequate or failed internal processes, people, systems, or external events. Effective management of operational risk is critical to maintaining trust, protecting customers, and preserving financial and regulatory resilience. Operational risks can have impacts on other risks due to the pervasive nature of the risk.

Policies, Frameworks and Guidelines for Managing Operational Risk

BOQ's Operational Risk Management Framework (**ORMF**) is designed to support the effective management of Operational risks consistently in accordance with the Board's stated strategy and appetite, enabling the identification, management and treatment of risks through:

- The consistent application of risk practices, including risk and control assessments, issue and event management, key risk indicators, assurance and scenario analysis;
- The integration of operational risk into day-to-day decision-making, change delivery, and strategic planning;
- Documentation of clear accountability through the Group's Three Lines of Defence (**3LOD**) model; and
- Robust governance through defined oversight forums, including executive risk committees and the Board Risk Committee.

The BOQ approach to management of operational risk is supported by a group-wide risk and control management framework, with minimum standards prescribed for a range of important risk practices:

- **Risk Assessment** – A prescribed process for consistently identifying, analysing, treating and measuring the risks that arise in the delivery of products and services to customer and to deliver other business outcomes.
- **Control Management** – Control management standard is prescribed and must be applied when developing and embedding effective controls.
- **Divisional Risk Indicators** – The establishment, monitoring and reporting on the performance of risks and controls against approved thresholds.
- **Issues Management** – Prescribed practices for the identification, escalation, and remediation of control failures and other business issues that require attention.
- **Risk Event and Breach Management** – The requirements to identify, manage, contain, and report risk events including the identification of issues and action plans for remediation.
- **Scenario Analysis** – An agreed approach to periodic and ongoing testing of operational resilience against severe but plausible events.
- **Risk in Change** – A robust process for ensuring that operational risks arising from the introduction of change (e.g. products, processes, technology) are assessed and managed, and that their impact on the risk profile is understood and reflected.
- **Assurance** – A standard practice for validating (through self-assessment and objective control testing) the effectiveness of controls and risk management practices.

The Structure and Organisation of BOQ's Operational Risk Management and Control Function

BOQ applies the 3LOD model to clarify roles and responsibilities for managing operational risk:

- **First Line (Business and First Line Risk):** Divisional Group Executives own and manage the operational risks within their business. While they are accountable and responsible for the implementation of the Operational Risk Management Framework, including identification, assessment, mitigation and monitoring of operational risks, they are supported by dedicated first line risk resources. This support includes providing guidance to ensure the right controls are in place to manage risks within risk appetite.
- **Second Line (Group Risk):** Group Operational Risk and Assurance (**ORA**) owns and designs the Operational Risk Management Framework (**ORMF**), policies and tools which define risk boundaries and the practices expected to be followed to manage operational risks effectively. The ORA function provides independent oversight of Divisional and Enterprise risk profile(s) and the implementation of the Operational Risk Management Framework, including effective challenge to activities and decisions that materially affect the risk profile(s).
- **Third Line (Internal Audit):** Provides independent assurance on the effectiveness of the Operational Risk Management Framework.

BOQ's Operational Risk Measurement System (*i.e. the systems and data used to measure operational risk in order to estimate the operational risk capital charge*).

BOQ utilises the Standardised Measurement Approach to assess operational risk in line with the requirements of APS 115 Capital Adequacy: Standardised Measurement Approach to Operational Risk (**APS 115**). This is determined on an annual basis utilising audited financial data.

ORA: General qualitative information on a bank's operational risk framework (continued)

The Scope and Main Context of BOQ's Operational Risk Reporting Framework to Executive Management and to the Board of Directors

Operational risk governance at BOQ is underpinned by a structured oversight model aligned with the Group's Risk Management Strategy (**RMS**) designed to ensure transparency, accountability, and timely decision-making. Governance is exercised through clearly defined roles, responsibilities, and escalation pathways across executive and board-level forums.

- **Business leaders** are accountable for identifying, managing, and reporting operational risks within their areas of responsibility.
- **Divisional** Risk governance committees provide oversight of operational risk themes, emerging exposures, and risk management effectiveness across the Group.
- **The Executive Risk Committee** monitors the Group's operational risk profile, challenges management actions, and escalates matters to the Board as required.
- The **Board Risk Committee** maintains ultimate oversight of the operational risk management framework and ensures the Group remains within its stated risk appetite.

Risk Mitigation and Risk Transfer used in the Management of Operational Risk *(This includes mitigation by policy (such as the policies on risk culture, risk appetite, and outsourcing), by divesting from high-risk businesses, and by the establishment of controls. The remaining exposure can then be absorbed by the bank or transferred. For instance, the impact of operational losses can be mitigated with insurance.)*

Operational risks are managed in a manner consistent with the Board's stated strategy and appetite, enabling Line 1 to escalate and treat risks outside of tolerance and make informed decisions that balance risk and opportunity.

Key metrics and indicators used to monitor operational risks are linked to risk appetite and are reported through governance channels to inform risk posture and strategic decisions.

Operational risks must be managed through a well-designed and sustainable control environment. Controls function as the primary mechanism for mitigating risks within appetite and must be proportionate to the level of exposure.

Line 1 is responsible for ensuring that controls are appropriately designed to mitigate the risks they are intended to treat. Controls must be:

- mapped to the risks and obligations they address;
- defined by type (preventative, detective, corrective, or directive);
- documented in the Group's GRC system, including the control objective, owner, method, and frequency of operation; and
- reviewed for alignment to changes in business process, regulation, or risk exposure.

Where risks remain outside appetite despite existing controls, additional treatment actions must be implemented, or the risk must be escalated for acceptance by the appropriate delegate.

BOQ has a structured corporate insurance program which allows the Group to adopt risk transfer strategies where mitigation strategies or techniques have not been successful. The corporate insurance program is an integral part of the bank's overall risk management strategy. By transferring certain risks through the program, BOQ can focus on its core business activities while ensuring that it has a safety net in place to handle unexpected events. This allows BOQ to manage its risks more effectively and maintain its operational resilience.

OR1: Historical losses

The following table presents the aggregate operational losses incurred over the past 10 years, based on the accounting date of the incurred losses.

		a	b	c	d	e	f	g	h	i	j	k
(AUD million)		Aug 25	Aug 24	Aug 23	Aug 22	Aug 21	Aug 20	Aug 19	Aug 18	Aug 17	Aug 16	Ten-year average
Using \$30,000 threshold												
1	Total amount of operational losses net of recoveries (no exclusions)	9	5	2	3	4	4	3	2	2	5	4
2	Total number of operational risk losses	41	39	24	23	20	27	26	13	11	20	24
3	Total amount of excluded operational risk losses	-	-	-	-	-	-	-	-	-	-	-
4	Total number of exclusions	-	-	-	-	-	-	-	-	-	-	-
5	Total amount of operational losses net of recoveries and net of excluded losses	9	5	2	3	4	4	3	2	2	5	4
Using \$150,000 threshold												
6	Total amount of operational losses net of recoveries (no exclusions)	8	3	-	2	3	3	2	1	2	4	3
7	Total number of operational risk losses	11	9	1	7	9	7	6	3	5	5	6
8	Total amount of excluded operational risk losses	-	-	-	-	-	-	-	-	-	-	-
9	Total number of exclusions	-	-	-	-	-	-	-	-	-	-	-
10	Total amount of operational losses net of recoveries and net of excluded losses	8	3	-	2	3	3	2	1	2	4	3
Details of operational risk capital calculation												
11	Are losses used to calculate the ILM (yes/no)?	No										
12	If "no" in row 11, is the exclusion of internal loss data due to non-compliance with the minimum loss data standards (yes/no)?	No										
13	Loss event threshold: \$30,000 or \$150,000 for the operational risk capital calculation if applicable	No										

OR2: Business indicator and subcomponents

The following table presents the business indicator (**BI**) and its subcomponents, which forms the basis of the operational risk capital calculation.

(AUD million)		a	b	c
BI and its subcomponents		Aug 24	Aug 23	Aug 22
1	Interest, lease and dividend component	921		
1a	Interest and lease income	4,076	3,393	2,139
1b	Interest and lease expense	3,515	2,658	678
1c	Interest earning assets	91,281	91,473	88,286
1d	Dividend income	6	-	1
2	Services component	190		
2a	Fee and commission income	157	164	174
2b	Fee and commission expense	138	128	48
2c	Other operating income	5	3	7
2d	Other operating expense	6	64	5
3	Financial component	625		
3a	Net P&L on the trading book	19	18	10
3b	Net P&L on the banking book	941	877	10
4	BI	1,735		
5	Business indicator component (BIC)	215		
Disclosure on the BI:				
6a	BI gross of excluded divested activities	-		
6b	Reduction in BI due to excluded divested activities	-		

OR3: Minimum required operational risk capital

The following table provides the business indicator component (**BIC**) used for calculating minimum regulatory capital requirements for operational risk and associated RWA.

(AUD million)		a
BI and its subcomponents		Aug 25
1	Business indicator component (BIC)	215
2	Internal loss multiplier (ILM)	1
3	Minimum required operational risk capital (ORC)	215
3a	Other regulatory capital charges	50
4	Operational risk RWA	3,316

LIQUIDITY RISK.

LIQA: Liquidity risk management

Governance of Liquidity Risk

The BOQ Board holds ultimate accountability, approving the liquidity and funding risk policies and risk appetite statements. Day-to-day oversight and strategic review are delegated to the Asset and Liability Committee (**ALCO**), which monitors the execution of liquidity and funding strategies, reviews policy compliance, and ensures alignment with the Group's strategic objectives. Group Treasury is responsible for operational management, maintaining appropriate liquidity buffers, executing funding transactions, and activating contingency plans when necessary. The Risk Management function (Line 2) provides continuous independent oversight, ensuring that all liquidity and funding activities adhere to approved policies and meet regulatory expectations. Internal audit (Line 3) performs periodic targeted reviews to ensure design of the risk management framework and operating effectiveness of key controls effectively manage liquidity and funding risk.

Comprehensive internal reporting processes ensure that timely, accurate, and relevant liquidity information flows between Group Treasury, ALCO, the Risk Management function, and the Board.

Funding Strategy

BOQ's funding strategy is centrally managed and designed to ensure the stability and resilience of the Group's funding profile. BOQ sources funding from a broad range of providers, including retail deposits, wholesale markets, Covered Bonds and securitisation, carefully balancing short-term and long-term maturities to align with the Group's strategic objectives and liquidity needs.

The Group's Board-approved Funding Plan, prepared by Treasury outlines projected funding requirements, market access assumptions, and diversification objectives. This plan and risk appetite reflects the Groups business strategy and current economic environment, and ensures that BOQ maintains a robust and flexible funding structure capable of supporting sustainable growth and navigating periods of market stress.

Liquidity Risk Management

The Group's liquidity strategy and risk appetite is designed to ensure the Group has the ability to meet its payment obligations as and when they fall due. To effectively manage liquidity risk, the Group is required to maintain adequate liquidity levels, including a portfolio of unencumbered high-quality liquid assets, to ensure resilience against a variety of stress scenarios.

This is accomplished by:

- Maintaining a robust liquidity stress testing (**LST**) framework that integrates the LST into the Three-Year Funding Plan and the Contingency Funding Plan (**CFP**) and identifies potential vulnerabilities in the Group's balance sheet.
- Ensuring there is an efficient embedded Funds Transfer Pricing framework which allocates liquidity and funding costs throughout the business.
- Maintaining sufficient sources of contingent liquidity that can be readily accessed in times of severe liquidity stress.
- Maintaining a portfolio of repo eligible, well-diversified, marketable, and unencumbered High Quality Liquid Assets (**HQLA**).
- Maintaining a liquidity risk measurement system that enables the timely, accurate, and efficient dissemination of liquidity management information.
- Maintaining a CFP that sets out the strategies for addressing liquidity shortfalls in a crisis situation that is fully documented and periodically tested.
- Complying with liquidity risk appetite, risk management frameworks, and regulatory requirements.
- Maintaining a comprehensive three-lines of defence risk governance framework to provide independent oversight and challenge on liquidity management.

Liquidity Stress Testing

BOQ uses liquidity stress testing to assess its liquidity resilience under adverse scenarios and identify potential vulnerabilities. The Group runs a range of severe but plausible scenarios, covering both idiosyncratic and market wide stresses over various time frames. Results from these scenarios are reported to the Groups ALCO and help inform the Group's risk appetite and funding strategies, ensuring sufficient buffers and robust planning. Stress testing outcomes are integrated into the Three-Year Funding Plan and play a key role in informing the CFP.

Contingency Funding Plan

BOQ's Board-approved CFP provides a clear, actionable framework to ensure sufficient liquidity during stress or market disruption. The CFP outlines early warning indicators, activation triggers, roles, and steps for raising liquidity. The plan is tested with the group executives and approved by the BOQ Board annually.

LIQ1: Liquidity Coverage Ratio (LCR)

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 August 2025 quarter was 143%, which is 2% higher than the previous May 2025 quarter average. On a spot basis, the LCR was between 137% and 154% with the low attributed to wholesale maturities entering the NCO window. The average balance of HQLA has increased by \$671m relative to the last quarter.

Average NCOs have increased by \$314m which was primarily driven by:

- \$310m increase in less stable deposits
- \$98m increase in unsecured wholesale funding maturities, of which:
 - \$74m increase in Non-operational deposit maturities
- \$271m decrease in Secured wholesale funding as a result of the May 2025 Covered Bond maturity
- \$189m increase in Other contractual funding obligations as a result of lending activity

Other contractual obligations and Other contingent funding obligations increased \$215m over the quarter due to increases in Loans approved not advanced.

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 August 2025 quarter and 62 data points were used in calculating the average figures for the May 2025 quarter.

LIQ1: Liquidity Coverage Ratio (LCR) (continued)

The following table provides a breakdown of our cash outflows and cash inflows, as well as its available high-quality liquid assets (HQLA), as measured and defined according to the LCR standard.

		a	b	a1	b1
		Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
(AUD million)		Aug 25		May 25	
High-quality liquid assets					
1	Total HQLA		17,106		16,435
Cash outflows					
2	Retail deposits and deposits from small business customers, of which:	43,093	6,338	41,358	6,010
3	Stable deposits	14,518	726	14,157	708
4	Less stable deposits	28,575	5,612	27,201	5,302
5	Unsecured wholesale funding, of which:	6,869	4,238	6,929	4,141
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-	-
7	Non-operational deposits (all counterparties)	6,299	3,668	6,383	3,595
8	Unsecured debt	570	570	546	546
9	Secured wholesale funding		88		359
10	Additional requirements, of which:	8,469	1,432	8,715	1,516
11	Outflows related to derivative exposures and other collateral requirements	1,020	1,020	1,086	1,086
12	Outflows related to loss of funding on debt products	-	-	-	-
13	Credit and liquidity facilities	7,449	412	7,629	430
14	Other contractual funding obligations	1,111	665	970	476
15	Other contingent funding obligations	9,510	855	9,380	829
16	TOTAL CASH OUTFLOWS		13,617		13,331
Cash inflows					
17	Secured lending (eg reverse repos)	1,156	129	543	-
18	Inflows from fully performing exposures	910	464	1,006	512
19	Other cash inflows	1,044	1,044	1,153	1,153
20	TOTAL CASH INFLOWS	3,110	1,637	2,702	1,665
		Total adjusted value		Total adjusted value	
21	Total HQLA		17,106		16,435
22	Total net cash outflows		11,980		11,666
23	Liquidity Coverage Ratio (%)		142.86		141.21

LIQ2: Net stable funding ratio (NSFR)

APRA's objective in implementing the Net Stable Funding Ratio (**NSFR**) is to strengthen funding and liquidity resilience. The NSFR encourages ADIs to fund 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 daily and actively maintains a buffer above the regulatory minimum in line with BOQ's prescribed risk appetite and management ranges.

BOQ's Level 2 NSFR as at 31 August 2025 was 124%, up 1% from the 31 May 2025. Available Stable Funding increased by \$710m primarily due to an increase in Wholesale funding of \$881m, \$206m increase in Retail deposits, offset by \$375m reduction in Capital. Required Stable Funding increased by \$195m over the quarter due to a \$409m increase in Performing loans and securities, offset by a \$190m reduction in Other assets.

LIQ2: Net Stable Funding Ratio (NSFR)

The following table provides a breakdown of our available stable funding items and required stable funding items, as measured and defined according to the NSFR standard.

31 August 2025

		a	b	c	d	e
		Unweighted value by residual maturity				
(AUD million)		No maturity	< 6 months	6 months to < 1 year"	≥ 1 year	Weighted value
Available stable funding (ASF) item						
1	Capital	6,162	-	-	1,310	7,472
2	Regulatory capital	6,162	-	-	1,310	7,472
3	Other capital instruments	-	-	-	-	-
4	Retail deposits and deposits from small business customers	30,756	25,363	-	-	51,395
5	Stable deposits	14,279	4,739	-	-	18,066
6	Less stable deposits	16,477	20,624	-	-	33,329
7	Wholesale funding	2,895	17,702	1,991	6,623	12,919
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	2,895	17,702	1,991	6,623	12,919
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities	850	20	86	347	229
12	NSFR derivative liabilities				161	
13	All other liabilities and equity not included in the above categories	850	20	86	186	229
14	Total ASF					72,015
Required stable funding (RSF) item						
15	Total NSFR high-quality liquid assets (HQLA)					838
16	Deposits held at other financial institutions for operational purposes	1,350	-	-	-	1,220
17	Performing loans and securities	-	3,085	2,638	65,723	51,543
18	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	98	-	-	15
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	-	2,226	1,961	18,753	17,400
21	With a risk weight of less than or equal to 35% under APS112	-	109	116	3,628	2,497
22	Performing residential mortgages, of which:	-	495	606	46,762	33,783
23	Are standard loans to individuals with a LVR of 80% or below	-	361	360	40,036	27,875
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	266	71	208	345
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets	2,363	1,115	44	1,471	3,947
27	Physical traded commodities, including gold	-				-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties ⁽¹⁾				130	111
29	NSFR derivative assets ⁽¹⁾				293	293
30	NSFR derivative liabilities before deduction of variation margin posted ⁽¹⁾				39	39
31	All other assets not included in the above categories	2,363	1,115	44	1,009	3,504
32	Off-balance sheet items		-	-	7,932	419
33	Total RSF					57,967
34	Net Stable Funding Ratio (%)					124.24

(1) The ≥ 1 year maturity bucket includes balances for which differentiation by maturity is not required.

LIQ2: Net Stable Funding Ratio (NSFR) (continued)

31 May 2025

		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
(AUD million)		No maturity	< 6 months	6 months to < 1 year"	≥ 1 year	
Available stable funding (ASF) item						
1	Capital	6,287	-	-	1,560	7,847
2	Regulatory capital	6,287	-	-	1,560	7,847
3	Other capital instruments	-	-	-	-	-
4	Retail deposits and deposits from small business customers	30,559	25,394	-	-	51,189
5	Stable deposits	14,176	4,870	-	-	18,094
6	Less stable deposits	16,382	20,524	-	-	33,095
7	Wholesale funding	3,158	17,459	2,175	5,576	12,038
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	3,158	17,459	2,175	5,576	12,038
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities	913	180	81	191	231
12	NSFR derivative liabilities				180	
13	All other liabilities and equity not included in the above categories	913	-	81	191	231
14	Total ASF					71,305
Required stable funding (RSF) item						
15	Total NSFR high-quality liquid assets (HQLA)					798
16	Deposits held at other financial institutions for operational purposes	1,394	-	-	-	1,291
17	Performing loans and securities	-	3,151	2,514	66,072	51,134
18	Performing loans to financial institutions secured by Level 1 HQLA	-	300	-	-	30
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	111	-	-	17
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	-	2,200	1,972	18,479	17,046
21	With a risk weight of less than or equal to 35% under APS112	-	120	87	4,183	2,848
22	Performing residential mortgages, of which:	-	520	534	47,549	33,990
23	Are standard loans to individuals with a LVR of 80% or below	-	345	346	40,241	27,597
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	20	8	44	51
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets	2,574	674	25	1,441	4,137
27	Physical traded commodities, including gold					-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties ⁽¹⁾				135	115
29	NSFR derivative assets ⁽¹⁾				300	300
30	NSFR derivative liabilities before deduction of variation margin posted ⁽¹⁾				42	42
31	All other assets not included in the above categories	2,574	674	25	964	3,680
32	Off-balance sheet items		-	-	7,900	412
33	Total RSF					57,772
34	Net Stable Funding Ratio (%)					123.42

(1) The ≥ 1 year maturity bucket includes balances for which differentiation by maturity is not required.

ENC: Asset encumbrance

The following table provides the amount of encumbered and unencumbered assets.

		a	c	d	a1	c1	d1
		Encumbered assets including Central Bank Facilities	Unencumbered assets	Total	Encumbered assets including Central Bank Facilities	Unencumbered assets	Total
(AUD million)		Aug 25			Feb 25 ⁽¹⁾		
1	Debt Securities	420	16,867	17,287	400	14,336	14,736
2	Loans	10,523	67,030	77,553	11,033	68,207	79,240
	of which: Covered Bond	4,208	-	4,208	4,096	-	4,096
	of which: Securitisation	6,315	-	6,315	6,937	-	6,937
3	Other assets	1,236	4,450	5,686	1,284	5,179	6,463
4	Total	12,179	88,347	100,526	12,717	87,722	100,439

(1) February 2025 data has been restated to include capital-relief securitisations to align with the BCBS's template.

**BOQ
GROUP**