

APRA BASEL III PILLAR 3 DISCLOSURES

Quarter Ended 31 May 2025



**BOQ
GROUP**

Bank of Queensland Limited
ABN: 32 009 656 740

**20
25**

Contents

Introduction	3
Key Points	4
Capital Ratios	4
Policy	4
Written Attestation	4
Overview of key prudential metrics and RWA	5
KM1: Key metrics (At Level 2 Regulatory Consolidated Group)	6
OV1: Overview of risk-weighted assets (RWA)	8
Liquidity Risk	9
LIQ1: Liquidity coverage ratio (LCR)	10

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 May 2025, BOQ's capital ratios are as follows:

- Common Equity Tier 1 Capital Ratio was 10.80% (10.87% as at 28 February 2025);
- Tier 1 Capital Ratio was 12.45% (12.51% as at 28 February 2025); and
- Total Capital Ratio was 15.06% (15.11% as at 28 February 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
17 July 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
		May 25	Feb 25	Nov 24	Aug 24	May 24
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	4,305	4,370	4,296	4,289	4,311
2	Tier 1	4,965	5,030	4,956	4,949	5,321
3	Total capital	6,006	6,078	6,011	5,745	6,102
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	39,872	40,212	40,135	40,249	40,323
Risk-based capital ratios as a percentage of RWA						
5	CET1 ratio (%)	10.80	10.87	10.70	10.66	10.69
6	Tier 1 ratio (%)	12.45	12.51	12.35	12.30	13.20
7	Total capital ratio (%)	15.06	15.11	14.98	14.27	15.13
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⁾	6.30	6.37	6.20	6.16	6.19
Liquidity Coverage Ratio (LCR)						
15	Total high-quality liquid assets (HQLA)	16,435	15,801	16,675	16,764	16,509
16	Total net cash outflow	11,666	11,147	11,556	11,588	11,224
17	LCR ratio (%)	141.21	141.84	144.46	144.73	147.50
Net Stable Funding Ratio (NSFR)						
18	Total available stable funding	71,305	71,591	71,868	73,134	72,297
19	Total required stable funding	57,772	58,354	58,007	58,630	57,853
20	NSFR ratio (%)	123.42	122.68	123.90	124.74	124.97

(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 10.80% as at 31 May 2025, 7 basis points (bps) lower than the previous quarter. This was largely driven by payment of the FY25 interim dividend (-30bps), capitalised costs associated with the Group's Branch strategy ⁽¹⁾ (-15bps), partially offset by capital generated from earnings (+22bps), a net decrease in total RWA (+9bps) and other regulatory adjustments (+7bps).

RWA

Total RWA decreased by \$340 million during the May 2025 quarter, largely driven by lower credit risk RWA primarily attributed to decreases in residential property and general corporate exposures, partially offset by portfolio growth across commercial property & ADC (land acquisition, development and construction) and leases.

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 May 2025 quarter was 141%, which is 1% lower than the previous February 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 May 2025 was 123%, which is flat on the prior quarter.

(1) Further details on the Group's Branch strategy is contained in BOQ's FY25 interim financial report within 1.2 Financial Summary: Branch strategy update; and 6.5.4 Events subsequent to balance date.

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
		May 25	Feb 25	May 25
1	Credit risk (excluding counterparty credit risk)	36,252	36,602	2,900
2	Of which: standardised approach (SA)	36,252	36,602	2,900
6	Counterparty credit risk (CCR)	150	147	12
7	Of which: standardised approach for counterparty credit risk	150	147	12
10	Credit valuation adjustment (CVA)	14	12	1
16	Securitisation exposures in banking book	29	32	2
19	Of which: securitisation standardised approach (SEC-SA)	29	32	2
20	Market risk	111	103	9
21	Of which: standardised approach (SA)	111	103	9
	Of which: interest rate risk	100	92	8
	Of which: specific risk	1	40	-
	Of which: general market risk	99	52	8
	Of which: equity position risk	-	-	-
	Of which: foreign exchange risk	11	11	1
24	Operational risk	3,316	3,316	265
29	Total	39,872	40,212	3,189

LIQUIDITY RISK.

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, maintaining a buffer above the regulatory minimum. This is 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, including 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 May 2025 quarter was 141%, which is 1% lower than the previous February 2025 quarter average. On a spot basis, the LCR was between 131% and 154%, with the low attributed to wholesale maturities entering the NCO window. The average balance of HQLA increased by \$634m compared to the previous quarter.

Average NCOs increased by \$519m, primarily driven by:

- \$103m increase in less stable deposits
- \$200m increase in Unsecured wholesale funding maturities, including:
 - \$154m increase in Non-operational deposit maturities
 - \$46m increase in Unsecured debt maturities
- \$287m increase in Secured wholesale funding as a result of the May 2025 Covered Bond maturity
- \$152m increase in Other cash inflows mainly due to higher securitisation substitutions

Other contractual obligations and Other contingent funding obligations decreased by \$5m over the quarter due to decreases in Loans approved not advanced.

The following table presents detailed information on the ratio composition for the two quarters. 62 data points were used in calculating the average figures for the May 2025 quarter, and 61 data points were used in calculating the average figures for the February 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.

(AUD million)		a	b	a1	b1
		Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
		May 25		Feb 25	
High-quality liquid assets					
1	Total HQLA		16,435		15,801
Cash outflows					
2	Retail deposits and deposits from small business customers, of which:	41,358	6,010	41,526	5,924
3	Stable deposits	14,157	708	14,496	725
4	Less stable deposits	27,201	5,302	27,030	5,199
5	Unsecured wholesale funding, of which:	6,929	4,141	6,643	3,941
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-	-
7	Non-operational deposits (all counterparties)	6,383	3,595	6,143	3,441
8	Unsecured debt	546	546	500	500
9	Secured wholesale funding		359		72
10	Additional requirements, of which:	8,715	1,516	8,657	1,448
11	Outflows related to derivative exposures and other collateral requirements	1,086	1,086	1,017	1,017
12	Outflows related to loss of funding on debt products	-	-	-	-
13	Credit and liquidity facilities	7,629	430	7,640	431
14	Other contractual funding obligations	970	476	1,037	508
15	Other contingent funding obligations	9,380	829	9,381	802
16	TOTAL CASH OUTFLOWS		13,331		12,695
Cash inflows					
17	Secured lending (eg reverse repos)	543	-	90	-
18	Inflows from fully performing exposures	1,006	512	1,076	547
19	Other cash inflows	1,153	1,153	1,001	1,001
20	TOTAL CASH INFLOWS	2,702	1,665	2,167	1,548
		Total adjusted value		Total adjusted value	
21	Total HQLA		16,435		15,801
22	Total net cash outflows		11,666		11,147
23	Liquidity Coverage Ratio (%)		141.21		141.84

**BOQ
GROUP**