

Australian Prudential Regulation Authority (APRA) Prudential Standard 330 disclosure

The disclosure is on a consolidated basis being BOQ Specialist Limited and the entities it controls.

The information provided below is as at 30 September 2014.

Table 1: Capital disclosure

	A\$'mn
<u>Tier 1 capital</u>	
Paid-up ordinary share capital	330.0
Retained earnings, including current year earnings	42.6
Other reserves	0.5
Common equity tier 1 capital before regulatory adjustments	373.1
<u>Common equity tier 1 capital: regulatory adjustments</u>	
Goodwill	(44.4)
Other intangibles	-
Cash flow hedge reserve	-
Deferred tax assets arising from temporary differences	-
Investments in commercial (non-financial) entities that are deducted	-
Other	(47.0)
Total regulatory adjustments applied to common equity tier 1	(91.4)
Common equity tier 1 capital	281.7
Additional tier 1 capital	-
Tier 1 capital	281.7
<u>Tier 2 capital: instruments and provisions</u>	
Directly issued capital instruments subject to phase out from tier 2	70.3
Provisions	9.5
Tier 2 capital before regulatory adjustments	79.8
Tier 2 capital: regulatory adjustments	-
Tier 2 capital	79.8
Total capital	361.5

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Table 2: Regulatory Capital instruments

	AUD 50mn	AUD 20mn
Issuer	BOQ Specialist Limited	BOQ Specialist Limited
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	XS0868416495	AU3FN0010088
Governing law(s) of the instrument	Australia	Australia
Regulatory treatment:		
Transitional Basel III rules	Tier 2	Tier 2
Post-transitional Basel III rules	non-complying capital instrument	non-complying capital instrument
Eligible at solo/group/group & solo	Group & Solo	Group & Solo
Instrument type (ordinary shares/preference shares/subordinated notes/other)	Subordinated notes	Subordinated notes
Amount recognised in Regulatory Capital (Currency in mil, as of most recent reporting date)	AUD40m	AUD16m
Par value of instrument	AUD50m	AUD20m
Accounting classification	Liability - amortised cost	Liability - amortised cost
Original date of issuance	20/12/2012	12/02/2010
Perpetual or dated	Dated	Dated
Original maturity date	20/12/2022	12/02/2020
Issuer call subject to prior supervisory approval	Yes	Yes
Optional call date, contingent call dates and redemption amount	20/12/2017	12/02/2015
Subsequent call dates, if applicable	Each Interest Payment Date from and including 20-Dec-17 until, and including, the Maturity Date.	Each Interest Payment Date from and including 12-Feb-15 until, and including, the Maturity Date.
Coupons/dividends		
Fixed or floating dividend/coupon	Floating	Floating
Coupon rate and any related index	Monthly BBSW + 550bps	Quarterly BBSW + 500bps
Existence of a dividend stopper	No	No
Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	No	No
Noncumulative or cumulative	Cumulative	Cumulative
Convertible or non-convertible	Non convertible	Non convertible
If convertible, conversion trigger (s)	N/a	N/a
If convertible, fully or partially	N/a	N/a
If convertible, conversion rate	N/a	N/a
If convertible, mandatory or optional conversion	N/a	N/a
If convertible, specify instrument type convertible into	N/a	N/a
If convertible, specify issuer of instrument it converts into	N/a	N/a
Write-down feature	No	No
If write-down, write-down trigger(s)	N/a	N/a
If write-down, full or partial	N/a	N/a
If write-down, permanent or temporary	N/a	N/a
If temporary write-down, description of write-up mechanism	N/a	N/a
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinate to payment of any amounts due and payable to Senior Creditors.	Subordinate to payment of any amounts due and payable to Senior Creditors.
Non-compliant transitioned features	No	No
If yes, specify non-compliant features	N/a	N/a

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Table 3: Capital adequacy

	Risk weighted assets A\$'mn
Short-term claims on institutions and corporates	37.1
Institutions	72.8
Secured on real estate property	55.2
Corporates	3.9
Retail	1,898.2
Securitised exposures	7.4
Counterparty risk on trading positions	-
Credit value adjustment	-
All other	8.5
	2,083.1
Market risk	0.0
Operational risk	165.0
Total risk weighted assets and capital requirement	2,248.1

Capital ratios	
Total capital adequacy ratio	16.1%
Tier 1 ratio	12.5%
Common equity tier 1 ratio	12.5%
Capital adequacy ratio - pre operational risk	17.4%
Tier 1 ratio - pre operational risk	13.5%
Common equity tier 1 ratio - pre operational risk	13.5%

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Table 4: Credit Risk

A\$'mn	* Average Gross exposure	
Credit and counterparty risk exposure by type		
Cash and balances at central banks	5.9	18.7
Loans and advances to banks	86.0	184.5
Sovereign debt securities	168.1	143.2
Bank debt securities	408.4	434.9
Other debt securities	36.9	20.7
Trading exposures (positive fair value excluding potential future exposures)	-	-
Loans and advances to customers	1,932.9	1,885.3
All other	8.5	12.9
Total on-balance sheet exposures	2,646.7	2,700.1
Guarantees entered into in the normal course of business	25.1	18.5
Commitments to provide credit	9.5	9.6
Total off-balance sheet exposures	34.6	28.1
Total credit and counterparty exposures pre collateral and other credit enhancements	2,681.3	2,728.2
General reserve for credit losses	9.5	

A\$'mn	TOTAL	Claims secured by residential mortgage	Other retail	Corporate	Bank	Government	And all other
Impaired facilities	5.3	-	0.2	5.0	-	-	-
Past due facilities > 90 days	7.5	-	4.4	3.1	-	-	-
Total	12.8	-	4.6	8.2	-	-	-
Specific provision	2.3	-	0.1	2.1	-	-	-
Charges for specific provisions for the quarter	10.8	-	(1.2)	12.0	-	-	-
Net write-offs / (recoveries) during the quarter	7.6	-	2.6	5.0	-	-	-

Table 5: Securitisation exposures

Securitisation activity for the period 1 July 2014 to 30 September 2014:	Gross exposure A\$'mn
Exposure type	
Retail	-
Off-balance sheet securitisation exposures as at 30 September 2014:	
Retail	623.0

*Excluding securitisation & equity exposures