

Wide Bay Australia Limited

Basel III Pillar 3 Disclosures

Quarter Ended 31 December 2013

APRA standard APS330 "Capital Adequacy: Public Disclosure of Prudential Information" requires public disclosure of the capital structure, capital adequacy ratios and credit risk exposures for the Wide Bay Australia Ltd Group ("the Group").

In accordance with the APRA standard, the following tables 1, 3, 4 and 5 disclose the information required under Pillar 3 of the Basel III Capital Accord that came into effect from 1 January 2013.

The Group commenced reporting to APRA on the basis of Basel II from 1 January 2008 using the standardised approach. The disclosures in this report have been prepared using 31 December 2013 data as required by the standard APS330.

TABLE 1: COMMON DISCLOSURE TEMPLATE

The disclosures below are presented using the post 1 January 2018 common disclosure template as, pursuant to APRA guidelines, Wide Bay Australia Ltd is fully applying the Basel III regulatory adjustments as implemented by APRA.

Common Equity Tier 1 capital: instruments and reserves		A\$m	Ref
1	Directly issued qualifying ordinary shares (and equivalent for mutually-owned entities) capital	162.4	(a)
2	Retained Earnings	14.9	(b)
3	Accumulated other comprehensive income (and other reserves)	12.1	(c)
4	<i>Directly issued capital issued by subsidiaries and held by third parties (amount allowed in group CET1)</i>	-	
5	Ordinary share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-	
6	Common Equity Tier 1 capital before regulatory adjustments	189.4	
Common Equity Tier 1 capital : regulatory adjustments		A\$m	Ref
7	Prudential valuation adjustments		
8	Goodwill (net of related tax liability)	42.1	(d)
9	Other intangibles other than mortgage servicing rights (net of related tax liability)	-	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
11	Cash-flow hedge reserve	-	
12	Shortfall of provisions to expected losses	-	
13	Securitisation gain on sale (as set out in paragraph 562 of Basel II framework)	-	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-	
15	Defined benefit superannuation fund net assets	-	
16	Investments in own shares (if not already netted off 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, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	0.5	(e)
19	Significant investments in the ordinary shares of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	14.3	(e)
20	Mortgage service rights (amount above 10% threshold)	-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	5.7	(f)
22	Amount exceeding the 15% threshold	-	
23	of which: significant investments in the ordinary shares of financial entities	-	
24	of which: mortgage servicing rights	-	
25	of which: deferred tax assets arising from temporary differences	-	
26	National specific regulatory adjustments (sum of rows 26a, 26b, 26c, 26d, 26e, 26f, 26g, 26h, 26i and 26j)	7.9	
26a	of which: treasury shares	-	
26b	of which: offset to dividends declared under a dividend reinvestment plan (DRP), to the extent that the dividends are used to purchase new ordinary shares issued by the ADI	-	
26c	of which: deferred fee income	-	
26d	of which: equity investments in financial institutions not reported in rows 18, 19 and 23	-	
26e	of which: deferred tax assets not reported in rows 10, 21 and 25	-	
26f	of which: capitalised expenses	7.2	(g)
26g	of which: investments in commercial (non-financial) entities that are deducted under APRA prudential requirements	-	
26h	of which: covered bonds in excess of asset cover in pools	-	
26i	of which: undercapitalisation of a non-consolidated subsidiary	-	
26j	of which: other national specific regulatory adjustments not reported in rows 26a to 26i	0.7	(h)
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	
28	Total regulatory adjustments to Common Equity Tier 1	70.5	
29	Common Equity Tier 1 Capital (CET1)	118.8	

Additional Tier 1 Capital: instruments		A\$m	Ref
30	Directly issued qualifying Additional Tier 1 instruments	-	
31	of which: classified as equity under applicable accounting standards	-	
32	of which: classified as liabilities under applicable accounting standards	-	
33	<i>Directly issued capital instruments subject to phase out from Additional Tier 1</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 AT1)	-	
35	<i>of which: instruments issued by subsidiaries subject to phase out</i>	-	
36	Additional Tier 1 Capital before regulatory adjustments	-	

Additional Tier 1 Capital: regulatory adjustments		A\$m	Ref
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, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
41	National specific regulatory adjustments (sum of rows 41a, 41b and 41c)	-	
41a	of which: holdings of capital instruments in group members by other group members on behalf of third parties	-	
41b	of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidations not reported in rows 39 and 40	-	
41c	of which: other national specific regulatory adjustments not reported in rows 41a and 41b	-	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
43	Total regulatory adjustments to Additional Tier 1 capital	-	
44	Additional Tier 1 capital (AT1)	-	
45	Tier 1 Capital (T1=CET1+AT1)	118.8	

Tier 2 Capital: instruments and provisions		A\$m	Ref
46	Directly issued qualifying Tier 2 instruments	-	
47	<i>Directly issued capital instruments subject to phase out from Tier 2</i>	25.2	(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 T2)	-	
49	<i>of which: instruments issued by subsidiaries subject to phase out</i>	-	
50	Provisions	2.4	(j)
51	Tier 2 Capital before regulatory adjustments	27.6	

Tier 2 Capital: regulatory adjustments		A\$m	Ref
52	Investments in own Tier 2 instruments	-	
53	Reciprocal cross-holdings in Tier 2 instruments	-	
54	Investments in the Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
55	Significant investments in the Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions	-	
56	National specific regulatory adjustments (sum of rows 56a, 56b and 56c)	-	
56a	of which: holdings of capital instruments in group members by other group members on behalf of third parties	-	
56b	of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidation not reported in rows 54 and 55	-	
56c	of which: other national specific regulatory adjustments not reported in rows 56a and 56b	-	
57	Total regulatory adjustments to Tier 2 capital	-	
58	Tier 2 capital (T2)	27.6	
59	Total capital (TC=T1+T2)	146.4	
60	Total risk-weighted assets based on APRA standards	1,030.5	

Capital ratios and buffers		A\$m	Ref
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	11.53%	
62	Tier 1 (as a percentage of risk-weighted assets)	11.53%	
63	Total capital (as a percentage of risk-weighted assets)	14.21%	
64	Buffer requirement (minimum CET1 requirement of 4.5% plus capital conservation buffer of 2.5% plus any countercyclical buffer requirements expressed as a percentage of risk-weighted assets)		
65	<i>of which: capital conservation buffer requirement</i>		
66	<i>of which: ADI-specific countercyclical buffer requirements</i>		
67	<i>of which: G-SIB buffer requirement (not applicable)</i>		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk-weighted assets)		
National minima (if different from Basel III)		A\$m	Ref
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	-	
70	National Tier 1 minimum ratio (if different from Basel III minimum)	-	
71	National total capital minimum ratio (if different from Basel III minimum)	-	
Amount below thresholds for deductions (not risk-weighted)		A\$m	Ref
72	Non-significant investments in the capital of other financial entities	-	
73	Significant investments in the ordinary shares of financial entities	-	
74	Mortgage servicing rights (net of related tax liability)	-	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	-	
Applicable caps on the inclusion of provisions in Tier 2		A\$m	Ref
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	-	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	-	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)		A\$m	Ref
80	<i>Current cap on CET1 instruments subject to phase out arrangements</i>	-	
81	<i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i>	-	
82	<i>Current cap on AT1 instruments subject to phase out arrangements</i>	-	
83	<i>Amount excluded from AT1 instruments due to cap (excess over cap after redemptions and maturities)</i>	-	
84	<i>Current cap on T2 instruments subject to phase out arrangements</i>	-	
85	<i>Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)</i>	-	

REGULATORY CAPITAL RECONCILIATION

The following table discloses the consolidated Balance sheet of Wide Bay Australia Limited and its subsidiaries as published in its financial statements, and the Balance sheet under the APRA Level 2 regulatory scope of consolidation.

	Balance Sheet Per Published Financial Statements \$000's	Adjustment \$000's	Balance Sheet Under Regulatory Scope of Consolidation \$000's	Reconciliation Reference
ASSETS				
Cash and cash equivalents	87,165	(4,747)	82,418	
Due from other financial institutions	12,666	21,754	34,420	
Accrued receivables	10,659	(10,659)	0	
Financial assets	279,220	(76,834)	202,386	
Current tax assets	2,300	(2,300)	0	
Loans and advances	2,192,923	(302,155)	1,890,768	
<i>of which: staff share scheme in CET1 regulatory adjustments</i>			711	(h)
<i>of which: eligible collective provision component of GRCL in tier 2 capital</i>			(2,388)	(i)
Other investments	466	60,030	60,496	
<i>of which: investments in the ordinary shares of financial and insurance entities in CET1 regulatory adjustments</i>			14,327	(e)
Property, plant & equipment	17,146	0	17,146	
Deferred income tax assets	7,046	654	7,700	
<i>of which: DTA arising from temporary differences included in CET1 regulatory adjustments (net of deferred tax liabilities)</i>			7,685	(f)
Other assets	8,331	8,543	16,874	
<i>of which: securitisation setup fees, debt raising fees and loan origination fees paid to mortgage brokers in CET1 regulatory adjustments</i>			7,196	(g)
Goodwill	42,057	0	42,057	(d)
TOTAL ASSETS	2,659,979	(305,714)	2,354,265	
LIABILITIES				
Deposits and short term borrowings	1,753,110	3,285	1,756,395	
Payables and other liabilities	20,198	356,875	377,073	
Securitized loans	654,333	(654,333)	0	
Income tax payable	0	(1,727)	(1,727)	
Deferred income tax liabilities	2,323	111	2,434	
<i>of which: DTA arising from temporary differences included in CET1 regulatory adjustments (net of deferred tax liabilities)</i>			1,941	(f)
Provisions	9,372	(6,662)	2,710	
Subordinated capital notes	28,000	0	28,000	
TOTAL LIABILITIES	2,467,336	(302,451)	2,164,885	
NET ASSETS	192,643	(3,263)	189,380	
EQUITY				
Parent entity interest in equity				
Contributed equity	162,377	0	162,377	(a)
Reserves	14,484	(2,388)	12,096	(c)
Retained profits	15,853	(875)	14,978	(b)
Total parent entity interest in equity	192,714	(3,263)	189,451	
Non-controlling interests				
Contributed equity	1	(1)	0	
Retained profits	(72)	1	(71)	(b)
Total non-controlling interests	(71)	0	(71)	
TOTAL EQUITY	192,643	(3,263)	189,380	

TABLE 3: CAPITAL ADEQUACY

Risk Weighted Assets (\$'000's)	Dec 13	Sep 13
Subject to standardised approach		
Residential mortgage	752,235	749,383
Other retail	40,986	39,085
Corporate	-	-
Bank	65,433	55,797
Government	-	-
Other	17,795	23,531
Total on balance sheet assets and off balance sheet exposures	876,449	867,796
Securitisation exposures	15,999	22,411
Market risk exposures	-	-
Operational risk exposures	138,074	138,096
Total Risk Weighted Assets	1,030,522	1,028,303
Capital Ratios	%	%
Level 2 Total Capital ratio	14.21%	13.86
Level 2 Tier 1 Capital ratio	11.53%	11.18

TABLE 4: CREDIT RISK

Exposure Type	Gross Credit Exposure (\$000's)		Average Gross Credit Exposure (\$000's)	
	Dec 13	Sep 13	Dec 13	Sep 13
Cash and cash equivalents	82,418	75,455	78,937	74,970
Due from other financial institutions	209,886	202,523	206,205	195,446
Loans and advances	1,916,946	1,923,900	1,920,423	1,933,970
Property, plant and equipment	17,146	17,211	17,179	17,085
Non market off balance sheet exposures	181,884	175,619	178,752	177,792
Other	649	6,320	3,485	6,673
Total exposures	2,408,929	2,401,028	2,404,981	2,405,933

Portfolios	Gross Credit Exposure (\$000's)		Average Gross Credit Exposure (\$000's)	
	Dec 13	Sep 13	Dec 13	Sep 13
Residential mortgage	2,057,843	2,060,434	2,059,139	2,067,884
Other retail	40,986	39,085	40,036	43,878
Corporate	-	-	-	-
Bank	292,304	277,978	285,141	270,415
Government	-	-	-	-
Other	17,796	23,531	20,665	23,757
Total exposures	2,408,929	2,401,028	2,404,981	2,405,933

TABLE 4: CREDIT RISK (CONTINUED)

31 December 2013	Impaired loans	Past due loans > 90 days	Specific Provision balance	Charges for specific provision	Write Offs
Portfolios subject to the Standardised approach	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Residential mortgage	57,609	57,964	1,728	(53)	34
Other retail	1,302	-	-	-	-
Corporate	100	1,940	-	-	-
Bank	-	-	-	-	-
Government	-	-	-	-	-
Other	-	-	-	-	-
Total exposures	59,011	59,904	1,728	(53)	34

30 September 13	Impaired loans	Past due loans > 90 days	Specific Provision balance	Charges for specific provision	Write Offs
Portfolios subject to the Standardised approach	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Residential mortgage	62,343	65,793	1,781	49	9
Other retail	1,346	-	-	-	-
Corporate	100	1,442	-	-	-
Bank	-	-	-	-	-
Government	-	-	-	-	-
Other	-	-	-	-	-
Total exposures	63,789	67,235	1,781	49	9

	Dec 13 (\$000's)	Sep 13 (\$000's)
General reserve for credit losses	2,388	2,388

TABLE 5: SECURITISATION EXPOSURES

Exposure Type	31 December 2013		30 September 13	
	Current Period Securitisation Activity (\$000's)	Gain or Loss on Sale (\$000's)	Current Period Securitisation Activity (\$000's)	Gain or Loss on Sale (\$000's)
Securities held in the banking book	(2,277)	-	(2,943)	-
Securities held in the trading book	-	-	-	-
Liquidity facilities	-	-	-	-
Funding facilities	-	-	-	-
Swaps	17,978	-	2,840	-
Other	309	-	(148)	-
Total	16,009	-	(251)	-

31 December 2013	Securities held in the banking book (\$000's)	Securities held in the trading book (\$000's)	Liquidity facilities (\$000's)	Funding facilities (\$000's)	Swaps (\$000's)	Other (\$000's)
Securitisation Exposure						
On-balance sheet securitisation exposure retained or purchased	48,556	-	-	-	78,248	2,519
Off-balance sheet securitisation exposure	-	-	-	-	21,561	1,527
Total	48,556	-	-	-	99,809	4,046

30 September 13	Securities held in the banking book (\$000's)	Securities held in the trading book (\$000's)	Liquidity facilities (\$000's)	Funding facilities (\$000's)	Swaps (\$000's)	Other (\$000's)
Securitisation Exposure						
On-balance sheet securitisation exposure retained or purchased	50,833	-	-	-	62,121	2,227
Off-balance sheet securitisation exposure	-	-	-	-	19,710	1,511
Total	50,833	-	-	-	81,831	3,738