

LAIKI BANK (AUSTRALIA) LTD

CAPITAL ADEQUACY –DISCLOSURE REQUIREMENTS

Laiki Bank (Australia) Ltd is an Authorised deposit-taking institution (ADI) which is governed by the Australian Prudential Regulation Authority (APRA). Authority is granted to APRA under the Banking Act 1959.

The following disclosures are presented in accordance with APRA standard APS 330 *Capital Adequacy: Public Disclosure of Prudential Information*. APRA maintains standards in Capital Adequacy under APS 110. The aim of APS 110 is to ensure ADI's maintain adequate capital to act as a buffer against the risks associated with their activities.

The disclosures made are unaudited although they are consistent with information supplied to or published by APRA, which are subject to external audit.

1. CAPITAL STRUCTURE

As at December 2008	(\$m)
Paid-up ordinary shares	80.0
Reserves	(0.4)
Retained earnings, including current year earnings	9.7
Deductions from Tier 1 capital	<u>(1.8)</u>
Net Tier 1 Capital	<u>87.5</u>
Total Tier 2 capital (net of deductions)	2.1
Total Capital Base	<u>89.6</u>

2. CAPITAL ADEQUACY

As at December 2008	Risk Weighted Assets (\$m)
Credit Risk ¹ :	
Claims on other banks	37.6
Claims secured by residential mortgage	201.7
Other claims	<u>296.7</u>
Total Risk Weighted Assets On and Off Balance Sheet	<u>536.0</u>
Market Risk ²	0.0
Operational Risk ³	<u>52.8</u>
Total Risk Weighted Assets	<u>588.8</u>

¹ Laiki Bank (Australia) Ltd uses a standardised approach to Credit Risk under APS 112. The Standard & Poors Corporation credit rating grades are used for risk-weighting purposes.

² Laiki Bank (Australia) Ltd is exposed to market risk by operating in the foreign exchange market and uses the standard approach as outlined in APS 113.

³ Laiki Bank (Australia) Ltd uses the standard methodology to Operational Risk under APS 114, whereby total operational risk is determined by the capital requirements of the three business areas namely retail banking, commercial banking and all other activities.

LAIKI BANK (AUSTRALIA) LTD

CAPITAL ADEQUACY –DISCLOSURE REQUIREMENTS (CONTINUED)

3. CAPITAL RATIOS

As at December 2008

Tier 1 Capital Ratio	14.86%
Total Capital Adequacy Ratio ⁴	15.22%

4. CREDIT RISK EXPOSURES

Credit Exposure ⁵	As at 31/12/2008 (\$m)	Average for quarter ended 31/12/08 (\$m)
Housing	406.6	399.0
Business/Commercial	348.0	350.2
Personal	2.9	2.9
Banks	142.1	160.0
Off-Balance Sheet assets	90.6	100.5
All other assets	50.3	27.8
TOTAL	1,040.6	1,040.4

Past Due Facilities ⁶	As at 31/12/2008 (\$m)
Housing	0.0
Business/Commercial	0.1
Personal	0.0
TOTAL	0.1

Impaired Facilities ⁷	As at 31/12/2008 (\$m)
Housing	0.5
Business/Commercial	6.6
Personal	0.1
TOTAL	7.2

Specific Provision	As at 31/12/2008 (\$m)
Housing	0.2
Business/Commercial	0.8
Personal	0.0
TOTAL	1.0

⁴ The total capital ratio is calculated by dividing the total risk-weighted assets by the capital base. For capital adequacy purposes, the capital base is the sum of Tier 1 and Tier 2 capital net of any specific deductions.

⁵ Total credit exposure includes all outstanding loan balances and un-drawn commitments.

⁶ Past Due Items are those that are 90 days past due but well secured and not considered as impaired facilities.

⁷ As per APRA standard APS 220, Impaired Facilities are those that are not well secured and are 90 days past due, or where it has been determined that the Bank is unlikely to receive the full and timely amount due of such outstanding facilities.

LAIKI BANK (AUSTRALIA) LTD

CAPITAL ADEQUACY –DISCLOSURE REQUIREMENTS (CONTINUED)

Charges/Write-offs	As at 31/12/2008 (\$m)
Housing	0.0
Business/Commercial	0.8
Personal	0.0
TOTAL	0.8

General Reserve for Credit Losses⁸	As at 31/12/2008 (\$m)
General Reserves for Credit Losses	2.9

⁸ The General Reserve for Credit Losses is maintained as a prudent measure to absorb existing and estimated future credit losses. It is based on the total risk-weighted assets attributable to the period.