

**Auswide Bank Limited**  
**Basel III Pillar 3 Disclosures**  
**Quarter Ended 30 June 2016**

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 Auswide Bank Ltd Group ("the Group").

In accordance with the APRA standard, the following tables 1, 2, 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 30 June 2016 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, Auswide Bank 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	182.6	(a)
2	Retained Earnings	21.3	(b)
3	Accumulated other comprehensive income (and other reserves)	12.0	(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	<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>215.9</b>	
Common Equity Tier 1 capital : regulatory adjustments		A\$m	Ref
7	Prudential valuation adjustments		
8	Goodwill (net of related tax liability)	46.4	(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)	0.9	(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)	2.3	(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)	5.5	(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	<b>National specific regulatory adjustments (sum of rows 26a, 26b, 26c, 26d, 26e, 26f, 26g, 26h, 26i and 26j)</b>	<b>10.5</b>	
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	9.7	(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	0.8	(h)
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	
28	<b>Total regulatory adjustments to Common Equity Tier 1</b>	<b>65.6</b>	
29	<b>Common Equity Tier 1 Capital (CET1)</b>	<b>150.3</b>	

<b>Additional Tier 1 Capital: instruments</b>		<b>A\$m</b>	<b>Ref</b>
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	<b>Additional Tier 1 Capital before regulatory adjustments</b>	-	

<b>Additional Tier 1 Capital: regulatory adjustments</b>		<b>A\$m</b>	<b>Ref</b>
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	<b>Total regulatory adjustments to Additional Tier 1 capital</b>	-	
44	<b>Additional Tier 1 capital (AT1)</b>	-	
45	<b>Tier 1 Capital (T1=CET1+AT1)</b>	150.3	

<b>Tier 2 Capital: instruments and provisions</b>		<b>A\$m</b>	<b>Ref</b>
46	Directly issued qualifying Tier 2 instruments	-	
47	<i>Directly issued capital instruments subject to phase out from Tier 2</i>	28.0	(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	<b>Tier 2 Capital before regulatory adjustments</b>	30.4	

<b>Tier 2 Capital: regulatory adjustments</b>		<b>A\$m</b>	<b>Ref</b>
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	<b>Total regulatory adjustments to Tier 2 capital</b>	-	
58	<b>Tier 2 capital (T2)</b>	30.4	
59	<b>Total capital (TC=T1+T2)</b>	180.7	
60	<b>Total risk-weighted assets based on APRA standards</b>	1,262.9	

<b>Capital ratios and buffers</b>		<b>A\$m</b>	<b>Ref</b>
61	<b>Common Equity Tier 1 (as a percentage of risk-weighted assets)</b>	11.90%	
62	<b>Tier 1 (as a percentage of risk-weighted assets)</b>	11.90%	
63	<b>Total capital (as a percentage of risk-weighted assets)</b>	14.31%	
64	<b>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)</b>		
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	<b>Common Equity Tier 1 available to meet buffers (as a percentage of risk-weighted assets)</b>		

<b>National minima (if different from Basel III)</b>		<b>A\$m</b>	<b>Ref</b>
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)	-	

<b>Amount below thresholds for deductions (not risk-weighted)</b>		<b>A\$m</b>	<b>Ref</b>
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)	-	

<b>Applicable caps on the inclusion of provisions in Tier 2</b>		<b>A\$m</b>	<b>Ref</b>
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	-	

<b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)</b>		<b>A\$m</b>	<b>Ref</b>
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 Auswide Bank 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
<b>ASSETS</b>				
Cash and cash equivalents	67,792	18,872	86,664	
Due from other financial institutions	22,014	5,349	27,363	
Accrued receivables	12,818	(12,818)	0	
Financial assets	225,045	(22,748)	202,297	
Current tax assets	411	(411)	0	
Loans and advances	2,666,411	(443,972)	2,222,439	
<i>of which: staff share scheme in CET1 regulatory adjustments</i>			799	(h)
<i>of which: eligible collective provision component of GRCL in tier 2 capital</i>			(2,388)	(i)
Other investments	512	31,315	31,827	
<i>of which: investments in the ordinary shares of financial and insurance entities in CET1 regulatory adjustments</i>			2,275	(e)
Property, plant & equipment	15,544	2,609	18,153	
Deferred income tax assets	5,441	1,494	6,935	
<i>of which: DTA arising from temporary differences included in CET1 regulatory adjustments (net of deferred tax liabilities)</i>			6,818	(f)
Other assets	10,469	11,347	21,816	
<i>of which: securitisation setup fees, debt raising fees and loan origination fees paid to mortgage brokers in CET1 regulatory adjustments</i>			6,161	(g)
Goodwill	46,363	0	46,363	(d)
<b>TOTAL ASSETS</b>	<b>3,072,820</b>	<b>(408,962)</b>	<b>2,663,858</b>	
<b>LIABILITIES</b>				
Deposits and short term borrowings	2,183,901	(78,340)	2,105,561	
Payables and other liabilities	25,353	284,281	309,635	
Securitised loans	613,821	(613,821)	0	
Income tax payable		1,313	1,313	
Deferred income tax liabilities	2,210	(800)	1,410	
<i>of which: DTA arising from temporary differences included in CET1 regulatory adjustments (net of deferred tax liabilities)</i>			1,409	(f)
Provisions	2,879	(0)	2,879	
Subordinated capital notes	28,000	0	28,000	
<b>TOTAL LIABILITIES</b>	<b>2,856,165</b>	<b>(407,367)</b>	<b>2,448,798</b>	
<b>NET ASSETS</b>	<b>216,655</b>	<b>(1,595)</b>	<b>215,059</b>	
<b>EQUITY</b>				
Parent entity interest in equity				
Contributed equity	182,629	0	182,629	(a)
Reserves	13,358	(2,174)	11,185	(c)
Retained profits	20,668	578	21,246	(b)
<b>Total parent entity interest in equity</b>	<b>216,655</b>	<b>(1,595)</b>	<b>215,059</b>	
Non-controlling interests				
Contributed equity	0	0	0	
Retained profits	0	0	0	(b)
<b>Total non-controlling interests</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>TOTAL EQUITY</b>	<b>216,655</b>	<b>(1,595)</b>	<b>215,059</b>	

TABLE 2: MAIN FEATURES OF CAPITAL INSTRUMENTS

Disclosure template for main features of Regulatory Capital instruments	Subordinated debt \$13m	Subordinated debt \$15m
1 Issuer	Auswide Bank Ltd (ABN 40 087 652 060)	Auswide Bank Ltd (ABN 40 087 652 060)
2 Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	ISIN AU3FN0031639	ISIN AU3FN0023750
3 Governing law(s) of the instrument	The Notes and all related documentation will be governed by the laws of the State of Queensland, Australia.	The Notes and all related documentation will be governed by the laws of the State of Queensland, Australia.
<i>Regulatory treatment</i>		
4 Transitional Basel III rules	Tier 2	Tier 2
5 Post-transitional Basel III rules	Tier 2	Tier 2
6 Eligible at solo/group/group & solo	Solo and Group	Solo and Group
7 Instrument type (ordinary shares/preference shares/subordinated notes/other)	Subordinated Notes	Subordinated Notes
8 Amount recognised in Regulatory Capital (Currency in mil, as of most recent reporting date)	\$13,000,000	\$15,000,000
9 Par value of instrument	\$13,000,000	\$15,000,000
10 Accounting classification	Shareholders' equity	Shareholders' equity
11 Original date of issuance	17 June 2016	12 June 2014
12 Perpetual or dated	Dated	Dated
13 Original maturity date	17 June 2026	12 June 2024
14 Issuer call subject to prior supervisory approval	Yes	Yes
15 Optional call date, contingent call dates and redemption amount	For the purposes of Condition 12.7, the Issuer may redeem all or some of the Notes on any "Early Redemption Date (Call)". Early Redemption Date (Call) means 17 June 2021 and any Interest Payment Date occurring from (but excluding) 17 June 2023 until the Maturity Date.	For the purposes of Condition 12.7, the Issuer may redeem all or some of the Notes on any "Early Redemption Date (Call)". Early Redemption Date (Call) means 12 June 2019 and any Interest Payment Date occurring from (but excluding) 12 June 2021 until the Maturity Date.
<i>16 Subsequent call dates, if applicable</i>		
<i>Coupons/dividends</i>		
17 Fixed or floating dividend/coupon	Floating	Floating
18 Coupon rate and any related index	3-month BBSW plus the Margin (+4.80% per annum)	3-month BBSW plus the Margin (+4.25% per annum)
19 Existence of a dividend stopper	No	No
20 Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory
21 Existence of step up or other incentive to redeem	No	No
22 Noncumulative or cumulative	Cumulative	Cumulative
23 Convertible or non-convertible	Nonconvertible	Nonconvertible
24 If convertible, conversion trigger (s)	N/a	N/a
25 If convertible, fully or partially	N/a	N/a
26 If convertible, conversion rate	N/a	N/a
27 If convertible, mandatory or optional conversion	N/a	N/a
28 If convertible, specify instrument type convertible into	N/a	N/a
29 If convertible, specify issuer of instrument it converts into	N/a	N/a
30 Write-down feature	No	No
31 If write-down, write-down trigger(s)	N/a	N/a
32 If write-down, full or partial	N/a	N/a
33 If write-down, permanent or temporary	N/a	N/a
34 If temporary write-down, description of write-up mechanism	N/a	N/a
35 Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)		
36 Non-compliant transitioned features	No	No
37 If yes, specify non-compliant features	N/a	N/a

**TABLE 3: CAPITAL ADEQUACY**

<b>Risk Weighted Assets (\$000's)</b>	<b>Jun 16</b>	<b>Mar 16</b>
Subject to standardised approach		
Residential mortgage	898,864	849,296
Other retail	71,919	54,758
Corporate	-	-
Bank	83,474	69,011
Government	-	-
Other	40,331	39,310
<b>Total on balance sheet assets and off balance sheet exposures</b>	<b>1,094,588</b>	<b>1,012,375</b>
Securitisation exposures	26,100	28,171
Market risk exposures	-	-
Operational risk exposures	142,173	137,936
<b>Total Risk Weighted Assets</b>	<b>1,262,861</b>	<b>1,178,482</b>
<b>Capital Ratios</b>	<b>%</b>	<b>%</b>
Level 2 Total Capital ratio	14.31%	14.34%
Level 2 Tier 1 Capital ratio	11.90%	11.76%

TABLE 4: CREDIT RISK

Exposure Type	Gross Credit Exposure (\$000's)		Average Gross Credit Exposure (\$000's)	
	Jun 16	Mar 16	Jun 16	Mar 16
Cash and cash equivalents	86,664	52,945	69,805	68,483
Due from other financial institutions	211,011	207,981	209,496	195,415
Loans and advances	2,259,546	2,097,059	2,178,303	2,043,884
Property, plant and equipment	18,153	16,633	17,393	16,454
Non market off balance sheet exposures	168,455	179,915	174,185	171,263
Other	22,178	22,677	22,428	23,963
<b>Total exposures</b>	<b>2,766,007</b>	<b>2,577,210</b>	<b>2,671,610</b>	<b>2,519,462</b>

Portfolios	Gross Credit Exposure (\$000's)		Average Gross Credit Exposure (\$000's)	
	Jun 16	Mar 16	Jun 16	Mar 16
Residential mortgage	2,356,083	2,222,216	2,289,150	2,160,751
Other retail	71,919	54,758	63,339	54,396
Corporate	-	-	-	-
Bank	297,674	260,925	279,300	263,897
Government	-	-	-	-
Other	40,331	39,310	39,821	40,416
<b>Total exposures</b>	<b>2,766,007</b>	<b>2,577,209</b>	<b>2,671,610</b>	<b>2,519,460</b>

TABLE 4: CREDIT RISK (CONTINUED)

30 June 2016	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	40,698	54,333	5,047	1,520	1,197
Other retail	21	-	-	-	-
Corporate	54	75	-	-	-
Bank	-	-	-	-	-
Government	-	-	-	-	-
Other	-	-	-	-	-
<b>Total exposures</b>	<b>40,773</b>	<b>54,408</b>	<b>5,047</b>	<b>1,520</b>	<b>1,197</b>

31 March 2016	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	45,984	56,664	4,879	1,225	1,032
Other retail	22	22	-	-	-
Corporate	54	54	-	-	-
Bank	-	-	-	-	-
Government	-	-	-	-	-
Other	-	-	-	-	-
<b>Total exposures</b>	<b>46,060</b>	<b>56,740</b>	<b>4,879</b>	<b>1,225</b>	<b>1,032</b>

	Jun 16 (\$000's)	Mar 16 (\$000's)
General reserve for credit losses	2,388	2,388

TABLE 5: SECURITISATION EXPOSURES

Exposure Type	30 June 2016		31 March 2016	
	Current Period Securitisation Activity	Gain or Loss on Sale	Current Period Securitisation Activity	Gain or Loss on Sale
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Securities held in the banking book	(777)	-	481	-
Securities held in the trading book	-	-	-	-
Liquidity facilities	-	-	-	-
Funding facilities	-	-	-	-
Swaps	(6,129)	-	37,378	-
Other	(27)	-	(87)	-
<b>Total</b>	<b>(6,933)</b>	<b>-</b>	<b>37,771</b>	<b>-</b>

30 June 2016	Securities held in the banking book	Securities held in the trading book	Liquidity facilities	Funding facilities	Swaps	Other
Securitisation Exposure	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)
On-balance sheet securitisation exposure retained or purchased	27,141	-	-	-	109,640	2,440
Off-balance sheet securitisation exposure	-	-	-	-	65,103	2,229
<b>Total</b>	<b>27,141</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>174,743</b>	<b>4,668</b>

31 March 2016	Securities held in the banking book	Securities held in the trading book	Liquidity facilities	Funding facilities	Swaps	Other
Securitisation Exposure	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)
On-balance sheet securitisation exposure retained or purchased	27,918	-	-	-	111,473	2,538
Off-balance sheet securitisation exposure	-	-	-	-	69,399	2,157
<b>Total</b>	<b>27,918</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>180,872</b>	<b>4,695</b>