

AUSWIDE BANK LTD
BASEL III PILLAR 3 DISCLOSURES
31 March 2022

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 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 March 2022 data as required by the standard APS330.

AUSWIDE BANK LTD

BASEL III PILLAR 3 DISCLOSURES

31 March 2022

TABLE 1: COMMON DISCLOSURE TEMPLATE

The disclosures below are presented 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	199.8	(a)
2	Retained Earnings	47.7	(b)
3	Accumulated other comprehensive income (and other reserves)	22.5	(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	270.0	
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	7.4	(c)
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)	0.5	(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)	-	(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)	12.6	
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	11.6	(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	1.0	(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	67.8	
29	Common Equity Tier 1 Capital (CET1)	202.2	
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)	202.2	
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>	42.0	(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	Tier 2 Capital before regulatory adjustments	44.4	
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)	44.4	
59	Total capital (TC=T1+T2)	246.5	
60	Total risk-weighted assets based on APRA standards	1,903.5	
Capital ratios and buffers		A\$m	Ref
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	10.62%	
62	Tier 1 (as a percentage of risk-weighted assets)	10.62%	
63	Total capital (as a percentage of risk-weighted assets)	12.96%	
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 of which: ADI-specific countercyclical buffer requirements
 67 of which: G-SIB buffer requirement (not applicable)
 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	Current cap on CET1 instruments subject to phase out arrangements	-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
82	Current cap on AT1 instruments subject to phase out arrangements	-	
83	Amount excluded from AT1 instruments due to cap (excess over cap after redemptions and maturities)	-	
84	Current cap on T2 instruments subject to phase out arrangements	-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

AUSWIDE BANK LTD
BASEL III PILLAR 3 DISCLOSURES
31 March 2022

TABLE 3: CAPITAL ADEQUACY

Risk Weighted Assets (\$'000's)	Mar 22	Dec 21
Subject to standardised approach		
Residential mortgage	1,375,418	1,362,308
Other retail	139,300	134,990
Corporate	-	-
Bank	136,430	131,233
Government	-	-
Other	40,988	38,829
Total on balance sheet assets and off balance sheet exposures	1,692,136	1,667,360
Securitisation exposures	2,186	2,246
Market risk exposures	-	-
Operational risk exposures	209,201	209,201
Total Risk Weighted Assets	1,903,523	1,878,807
Capital Ratios	%	%
Level 2 Total Capital ratio	12.96%	13.20%
Level 2 Tier 1 Capital ratio	10.62%	10.84%

AUSWIDE BANK LTD
BASEL III PILLAR 3 DISCLOSURES
31 March 2022

TABLE 4: CREDIT RISK

Exposure Type	Gross Credit Exposure (\$000's)		Average Gross Credit Exposure (\$000's)	
	Mar 22	Dec 21	Mar 22	Dec 21
Cash and cash equivalents	135,221	142,997	139,109	129,314
Due from other financial institutions	347,987	338,992	343,490	338,485
Loans and advances	3,720,342	3,654,387	3,687,365	3,601,564
Property, plant and equipment	16,363	17,097	16,730	16,872
Non market off balance sheet exposures	250,510	256,782	253,646	261,538
Other	24,625	21,733	23,179	17,508
Total exposures	4,495,048	4,431,988	4,463,519	4,365,281

Portfolios	Gross Credit Exposure (\$000's)		Average Gross Credit Exposure (\$000's)	
	Mar 22	Dec 21	Mar 22	Dec 21
Residential mortgage	3,831,552	3,776,180	3,803,866	3,725,732
Other retail	139,300	134,990	137,145	137,371
Corporate	-	-	-	-
Bank	483,208	481,989	482,599	467,799
Government	-	-	-	-
Other	40,988	38,829	39,909	34,379
Total exposures	4,495,048	4,431,988	4,463,519	4,365,281

AUSWIDE BANK LTD
BASEL III PILLAR 3 DISCLOSURES
31 March 2022

TABLE 4: CREDIT RISK (CONTINUED)

31 Mar 2022	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	5,867	1,690	5,147	2,253	1,300
Other retail	1,669	-	-	-	-
Corporate	-	-	-	-	-
Bank	-	-	-	-	-
Government	-	-	-	-	-
Other	-	-	-	-	-
Total exposures	7,536	1,690	5,147	2,253	1,300

31 Dec 2021	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	4,573	4,734	5,480	2,312	972
Other retail	1,846	-	-	-	-
Corporate	-	-	-	-	-
Bank	-	-	-	-	-
Government	-	-	-	-	-
Other	-	-	-	-	-
Total exposures	6,419	4,734	5,480	2,312	972

	Mar 22 (\$000's)	Dec 21 (\$000's)
General reserve for credit losses	2,388	2,388

AUSWIDE BANK LTD
BASEL III PILLAR 3 DISCLOSURES
31 March 2022

TABLE 5: SECURITISATION EXPOSURES

Exposure Type	31 Mar 2022		31 Dec 2021	
	Current Period Securitisation Activity (\$000's)	Gain or Loss on Sale (\$000's)	Prior Period Securitisation Activity (\$000's)	Gain or Loss on Sale (\$000's)
Securities held in the banking book	1,302	-	-	-
Securities held in the trading book	-	-	-	-
Liquidity facilities	-	-	-	-
Funding facilities	-	-	-	-
Swaps	(20,197)	-	(10,704)	-
Other	491	-	(275)	-
Total	(18,404)	-	(10,979)	-

31 Mar 2022	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	22,309	-	-	-	421,232	5,695
Off-balance sheet securitisation exposure	-	-	-	-	1,387	492
Total	22,309	-	-	-	422,619	6,187

31 Dec 2021	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	21,007	-	-	-	441,200	5,169
Off-balance sheet securitisation exposure	-	-	-	-	1,616	528
Total	21,007	-	-	-	442,816	5,697