

REMUNERATION

Table 21: Remuneration disclosure requirements (per APS 330 Public Disclosure effective August 2015)

Qualitative disclosures	
(a)	Information relating to the bodies that oversee remuneration. Disclosures must include:
the name, composition and mandate of the main body overseeing remuneration;	<p>The Board Remuneration Committee consists of independent Directors Mr Barry Dangerfield, Mr Greg Kenny and Ms Sandra Birkenleigh. Mr Barry Dangerfield is Chairman of the Committee.</p> <p>MANDATE OF CHARTER</p> <p>Purpose</p> <p>The Board Remuneration Committee (the Committee) has been appointed by the Board of Directors (the Board) of Auswide Bank Ltd to perform the functions outlined in this Charter.</p> <p>The Committee's primary function is to assist the Board in fulfilling its responsibilities to shareholders and regulators in relation to remuneration by ensuring that Auswide Bank has clear remuneration policies and practices that fairly and responsibly reward individuals having regard to performance, Auswide Bank's risk management framework, the law and the highest standards of governance.</p> <p>The committee's purpose is:</p> <ul style="list-style-type: none"> to review and make recommendations to the Board in relation to the Auswide Bank Ltd Remuneration Policy (Policy) and to assess the Policy's effectiveness and its compliance with Prudential Standards;

Auswide Bank Ltd
Basel III Pillar 3 Disclosures
30 June 2020

		<ul style="list-style-type: none"> • to review and make recommendations to the Board in relation to the individual remuneration levels and reward outcomes for the Managing Director/CEO, non-executive Directors, other executives who report directly to the Managing Director/CEO, each category of persons covered by the Remuneration Policy and any other key personnel the Board determines considers to be in a role of material influence; • to review and make recommendations to the Board on the corporate goals and objectives relevant to the remuneration of the Managing Director/CEO, and the performance of the Managing Director/CEO in light of these objectives; • to approve short term and long term incentive plans for Auswide Bank’s executives; • to review and make recommendations to the Board in relation to approving any and all performance rights plans; • to oversee succession planning for senior executives; and • to oversee general remuneration practices and incentive programs across Auswide Bank. <p>Duties and Responsibilities</p> <p>The duties and responsibilities of the Board Remuneration Committee are as follows:</p> <p>Review and make recommendations to the Board in relation to the Board Remuneration Policy and to assess its effectiveness and its compliance with the requirements of the APRA Prudential Standards.</p> <p>Review the on-going appropriateness and relevance of the Policy at a minimum of every two years or when there are proposed amendments. In particular, the Committee will provide reasonable assurance that the Policy:</p> <ul style="list-style-type: none"> • complies with governance and all applicable legislative requirements regarding remuneration and its disclosure, including superannuation; • supports Auswide Bank’s long term financial soundness, growth and success and aligns with its risk management framework;
--	--	--

Auswide Bank Ltd
Basel III Pillar 3 Disclosures
30 June 2020

		<ul style="list-style-type: none"> • involves an appropriate balance between fixed and variable remuneration, reflecting the short and long term performance objectives appropriate to Auswide Bank’s circumstances and goals; • demonstrates a clear relationship between individual and business performance and remuneration outcomes; • is aligned with shareholder outcomes; and • attracts and retains talent to deliver superior performance, by providing remuneration packages that are equitable and externally competitive. <p>Review and make recommendations to the Board in relation to the recruitment, retention, termination policies and payments and succession planning processes for the Managing Director/ CEO and other executive positions and key persons.</p>
	<p>the name of external consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process;</p>	<p>No advice has been sought from external consultants for this financial period.</p>
	<p>a description of the scope of the ADI’s Remuneration Policy (e.g. by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches; and</p>	<p>The scope of the Remuneration Policy encompasses remuneration practices in relation to all Auswide Bank employees designated as “responsible persons” per APRA Prudential Standard CPS 520 <i>Fit and Proper</i>, risk management, compliance, financial control personnel, and all other employees for whom a significant portion of total remuneration is based on performance and whose activities, individually or collectively, may affect the financial soundness of the company.</p>
	<p>a description of the types of persons considered as material risk takers and as senior managers as defined in paragraph 21 of this Prudential Standard,</p>	<p>For the purpose of these disclosures, “senior executives” refers to each responsible person included in Auswide Bank’s Remuneration Policy under APRA Prudential Standard CPS 510 <i>Governance</i> and “material risk-taker” refers to persons other than responsible persons and risk and financial control personnel, as defined under CPS 510.</p> <p>The following 7 roles are considered “senior executives” for these disclosures:</p>

Auswide Bank Ltd
Basel III Pillar 3 Disclosures
30 June 2020

	<p>APS 330 <i>Public Disclosure</i>, including the number of persons in each group.</p>	<ul style="list-style-type: none"> • Managing Director • Chief Financial Officer • Chief Risk Officer • Chief Operating Officer • Chief Information Officer • Chief People and Property Officer • Chief Customer Officer <p>There are no employees outside of the Senior Executive group that are considered material risk takers based on the definition in APS 330.</p>
<p>(b) Information relating to the design and structure of remuneration processes. Disclosures must include:</p>		
	<p>an overview of the key features and objectives of remuneration policy;</p>	<p>The Board Remuneration Policy is an integral part of Auswide Banks' corporate strategy, retention and risk profile. The policy is reviewed annually to maintain alignment with business and regulatory requirements.</p> <p>Consistent with the Australian Prudential Regulatory Standard CPS 510 (issued January 2015) and the Treasury Laws Amendment (Banking Executive Accountability and Related Measures) Act 2018, the objective of the Policy is to maintain behaviour that supports the sustained financial performance and security of Auswide Bank and to reward Senior Executives management efforts which increase shareholder and customer value. In accordance with CPS 510, the Board Remuneration Committee will ensure that the structure of the remuneration, for risk and financial control personnel, including performance based components, does not compromise the independence of these personnel in carrying out their functions.</p> <p>The Board Remuneration Policy is based upon the long-term sustainable financial security of Auswide Bank as evidenced by:</p> <ul style="list-style-type: none"> • Appropriately balanced measures of performance weighted KPIs towards long-term shareholder interests; • Variable performance based pay for Senior Executives including a short term incentive and a long-

Auswide Bank Ltd
Basel III Pillar 3 Disclosures
30 June 2020

		<p>term incentive plan subject to an extended period of performance assessment. Short-term and long-term incentives performance criteria are aligned to performance measures and targets based on a number of differently weighted criteria including financial, sustainability including risk and compliance gateways, staff and customer focused and satisfaction of BEAR accountability obligations;</p> <ul style="list-style-type: none"> • Recognition and reward for strong performance; • A considered balance between the capacity to pay and the need to pay to attract and retain capable staff at all levels; • The exercise of Board discretion as an ultimate means to mitigate unintended consequences of variable remuneration and to preserve the interests of the shareholders.
	<p>whether the Remuneration Committee reviewed the ADI's Remuneration Policy during the past year, and if so, an overview of any changes that were made; and</p>	<p>The Board Remuneration policy has been reviewed in 2019 to align with amendments made to the Auswide Bank Performance Rights Plan (PRP) and satisfaction of the accountability obligations under section 37CA of the Treasury Laws Amendment (Banking Executive Accountability and Related Measures) Act 2018 for the vesting of any performance rights.</p>
	<p>a discussion of how the ADI ensures that risk and financial control personnel (as defined in CPS 510) are remunerated independently of the businesses they oversee.</p>	<p>Performance-based remuneration for risk and financial control personnel staff is structured so that it will not compromise their independence in carrying out their roles. Risk and financial control personnel will not have any personal KPIs that encourage risk-taking behaviour of any kind, either individually or organisationally.</p>
(c)	<p>Description of the ways in which current and future risks are taken into account in the remuneration processes. Disclosures must include:</p>	
	<p>an overview of the key risks that the ADI takes into account when</p>	<p>Auswide Bank Ltd aims to maintain a strong risk framework and continuous self-assessment of risk across Auswide Bank to protect capital, losses, safety, people, etc. Some risks involved with implementing remuneration measures could include figures being adjusted to enable targets to be</p>

Auswide Bank Ltd
Basel III Pillar 3 Disclosures
30 June 2020

	implementing remuneration measures;	reached, failure to follow policies and/or regulations so targets can be met or any act that is contrary to the vision and direction of the company to attain goals.
	an overview of the nature and type of the key measures used to take account of these risks, including risks difficult to measure (values need not be disclosed);	<ul style="list-style-type: none"> • Manage all loan arrears to acceptable levels • Ensure Auswide Bank meets all its regulatory obligations within designated timeframes • Manage all compliance requirements of Auswide Bank to a standard that protects Auswide Bank from regulatory/financial reputational risk • Manage actions and ensure completeness and accuracy on risk dashboard • Deliver risk guidelines for all existing and new products • Ensure timely and effective decisions on credit quality that balance both volume, growth and adversity assessment • Separation of duties • Repercussions for deceptive behaviour
	a discussion of the ways in which these measures affect remuneration; and	<p>The components of the Remuneration Reward framework consists of the following:-</p> <ul style="list-style-type: none"> • Fixed annual remuneration provided as cash and any contracted additional benefits (including employer superannuation) (FAR) • Variable remuneration in cash based short-term incentive (STI) reflecting both individual and business performance for the current financial year that supports the longer term strategic objectives of Auswide Bank; and • Variable remuneration in equity based long-term incentives (LTI) provided to drive management decisions focussed on the long-term prosperity of Auswide Bank through the use of challenging long term performance hurdles (EPS & ROE) and satisfaction of accountability obligations under BEAR. <p>Variable Remuneration - Short Term Incentive (STI)</p> <p>Each year, key performance indicators including financial and non-financial measures (KPIs) for the Managing Director/CEO are set by the Board Remuneration Committee and approved by the Board.</p>

Auswide Bank Ltd
Basel III Pillar 3 Disclosures
30 June 2020

		<p>The Managing Director/CEO sets KPIs for the Senior Executives which is presented to the Board Remuneration Committee for approval.</p> <p>The STI is a maximum contracted value calculated as a percentage of the FAR and is payable annually in respect of each financial year as cash. Maximum STI awards, expressed as follows: Managing Director/CEO up to a maximum contracted value and Senior Executives the contracted percentage ranging from 15% to 25%.</p> <p>Payment of STI is conditional upon the achievement of key performance measures tailored to the respective role.</p> <p>The performance measures and objectives are selected to provide a robust link between Senior Executive reward and the key business drivers of long term shareholder value. The KPIs are measured relating to the Banks financial performance and non-financial performance accountabilities and objectives. The measures are chosen and weighted to best align the individual's reward to the KPIs of the Company and its overall performance. KPIs are weighted towards the achievement of profit growth targets.</p> <p>The financial performance objectives are determined in line with the yearly financial budget set and approved by the Board. The non-financial objectives vary with position and responsibility and include measures such as achieving strategic outcomes, customer results, sustainability which includes compliance and support of the Company's risk management policies and culture, customer satisfaction, communication and staff development.</p> <p>Impact of Individual Performance on STI rewards</p> <p>At the end of the financial year, the Committee assesses the actual performance of the Bank and the Managing Director/Chief Executive Officer against the KPI balanced scorecard set at the beginning of the financial year. Based upon that assessment, a recommendation is made to the Board Remuneration Committee as to the STI payment.</p> <p>After individual assessment of their performance measures, the Managing Director/Chief Executive Officer will recommend to the Committee the STI payments for Senior Executives for approval by the Board Remuneration Committee.</p>
--	--	--

		<p>Impact of Business Performance on STI rewards</p> <p>Payment of an STI to the Managing Director /CEO and Senior Executives is at the complete discretion of the Board and can be adjusted downwards to zero, if necessary, to protect the financial soundness of the Company and taking into account a qualitative overlay that reflects Auswide Bank’s management of business risks, shareholder expectations and quality of the financial results - e.g. at a minimum to ensure that no breach of capital adequacy or liquidity policy thresholds occurs.</p> <p>For the purposes of calculating the STI pool each year, the financial performance of Auswide Bank is determined by a mix of targeted financial earnings, Earnings per Share (EPS) and Return on Equity (ROE). These measures reasonably capture the effects of a number of material risks and minimise actions that promote short-term results at the expense of longer-term business growth and success.</p> <p>STI Risk Adjustment</p> <p>STI reward outcomes can be adjusted for risk at a number of levels.</p> <p>Individual Scorecards – Senior Executives will have specific risk related measures related to their role included in their scorecard and are aligned with the Risk Appetite Statement where appropriate.</p> <p>Compliance Gateway – Senior Executives must support Auswide Bank’s risk and compliance culture. Individuals who do not pass the compliance expectations of their role will have their STI reduced in part, or in full, depending on the severity of the breach.</p> <p>Risk Adjustment of Business Outcomes – Whilst performance is assessed against compliance with the agreed risk measures and Risk appetite, the Committee may recommend to the Board an adjustment of the financial outcomes upon which STI rewards are determined based on a qualitative overlay that reflects the Bank’s management of business risks, shareholder expectations and the quality of the financial results.</p> <p>Serious Breach of Duty</p> <p>The Board also has discretion to adjust the STI payment down (potentially to zero) in the event that the Managing Director /CEO or a Senior Executive commits a serious breach of duty including their</p>
--	--	--

Auswide Bank Ltd
Basel III Pillar 3 Disclosures
30 June 2020

		<p>accountability obligations under BEAR.</p> <p>If the results on which any STI reward was based are subsequently found by the Board to have been the subject of deliberate management misstatement, the Board may require repayment of the relevant STI, in addition to any other disciplinary actions.</p> <p>Performance Rights Plan (PRP) – Long term Incentive (LTI)</p> <p>The Auswide Bank Performance Rights Plan (PRP) was established by the Board to encourage the Executive Management team, comprising the Managing Director/ CEO and Senior Executives, to drive the long-term prosperity of Auswide Bank and have a greater involvement in the achievement of the Bank's objectives.</p> <p>Offers under the Performance Rights Plan</p> <p>Under the PRP invitation, an offer may be made to the members of the Senior Executive Team each year as determined by the Board. The maximum value of the offer is determined in the executive's contract. The maximum value of the LTI is up to a maximum contracted amount for the Managing Director/ CEO and up to the contracted percentage or fixed amount for the Senior Executives.</p> <p>The number of Performance Rights granted will be calculated based on the volume weighted average price of Auswide shares over the first five trading days following the release of Auswide Bank's annual results announcement (exclusive of the announcement date).</p> <p>Each Performance Right will entitle the Senior Executive to receive one Auswide Bank Ltd Share upon vesting (or the cash equivalent value), subject to the satisfaction of the Vesting Conditions over the 3 year vesting period. To the extent that Performance Rights vest, the relevant number of Shares will be allocated. Shares allocated following vesting will be subject to a disposal and trading restriction until the fourth anniversary of the grant date (the Restriction Period).</p> <p>Performance Rights do not give the Senior Executive any legal or beneficial interest in any shares unless and until they are vested and shares are delivered or allocated. They will not receive any dividends or other Shareholder benefits, including voting in respect of their Performance Rights.</p> <p>The Performance Rights Plan provides for the Trustee of the Auswide employee share trust to acquire, allocate and hold shares, as relevant. The Trustee is funded by the Company to acquire shares, as</p>
--	--	---

Auswide Bank Ltd
Basel III Pillar 3 Disclosures
30 June 2020

		<p>directed by the Board, either by way of purchase from other shareholders on market, or issue by the Company.</p> <p>Upon vesting, the Trustee will allocate shares to each member of the Senior Executive Team. Any shares to be allocated to the Managing Director/ CEO under this Plan may require prior shareholder approval in accordance with ASX Listing Rules.</p> <p>Prohibition from Hedging</p> <p>This policy prohibits persons covered by paragraph 57(a) of APRA Prudential Standard CPS510 – Governance who receives equity or equity-linked deferred remuneration from hedging their economic exposures to the resultant equity price risk before the equity-linked remuneration is fully vested and able to be sold for cash by the recipient.</p> <p>Any person who breaches this requirement will constitute a breach of duty and as such will involve disciplinary action and the risk of dismissal under the terms of the Executive's contract.</p>
	<p>a discussion of how the nature and type of these measures has changed over the past year and reasons for the change, as well as the impact of changes on remuneration.</p>	<p>The key areas of amendments are as follows:</p> <ul style="list-style-type: none"> • Prohibition from hedging clause – breaches of this requirement will constitute a breach of duty and as such will involve disciplinary action and the risk of dismissal under the terms of the Executive's contract.
(d)	<p>Description of the ways in which the ADI seeks to link performance during a performance measurement period with levels of remuneration. Disclosures must include:</p>	
	<p>an overview of the main performance metrics for the ADI, top-level business lines and individuals;</p>	<p>Remuneration Reward Framework</p> <p>The Remuneration Reward Framework includes a range of components to focus the Managing Director/CEO and Senior Executives on achieving Auswide Bank's strategy and business objectives. Auswide Bank's overall philosophy is to adopt, where possible, a performance based methodology using a balanced scorecard which links remuneration directly to the Bank's financial results and non-financial criteria.</p>

Auswide Bank Ltd
Basel III Pillar 3 Disclosures
30 June 2020

		<p>The Remuneration Reward framework is designed to:</p> <ul style="list-style-type: none"> • Reward those who deliver the highest relative performance consistent with the Auswide Bank’s incentive programs; • Attract, recognise, motivate and retain high performers; • Provide competitive, fair and consistent rewards, benefits and conditions; • Align the interests of Senior Executives and shareholders through variable remuneration – STI and LTI performance rights with deferred vesting. <p>In setting an individual’s Remuneration Reward framework, the Committee considers:</p> <ul style="list-style-type: none"> • Input from Auswide Bank’s Managing Director/CEO on the balanced scorecard for Senior Executives who report directly to the MD/CEO; • Market data from comparable roles in the financial services industry; • Individual and Auswide Bank’s performance; and • External remuneration advice, where necessary. <p>Each individual’s actual remuneration will reflect:</p> <ul style="list-style-type: none"> • The degree of individual achievement in meeting key performance measures under the performance management framework and balanced scorecard; • Parameters approved by the Board based on Auswide Bank’s financial and risk performance and other qualitative factors; • Satisfaction of ‘Accountability Obligations’ under section 37CA of the Treasury Laws Amendment (Banking Executive Accountability and Related Measures) Act 2018 for the vesting of any Performance rights . • Auswide Bank’s Earnings per Share (EPS) and Return on Equity (ROE) over a defined period; and • The timing and level of vesting of performance rights and deferral of shares. <p>Customer Team Incentive Plan (CTIP)</p>
--	--	--

Auswide Bank Ltd
Basel III Pillar 3 Disclosures
30 June 2020

		<p>The Customer Team Incentive Plan (CTIP) aims to effectively reward and recognise Auswide Bank employees that meet and exceed both behavioural and sales and service targets in a market competitive manner. Across Auswide Bank, we are working on building a sustainable, profitable business. To achieve this, our employees need to act in the best interests of our bank – we know that making the right decision for Auswide also means we are making the right decision for our customers. The Customer team has a vital role to play in managing Auswide Bank’s risk. As such, employees are required to contribute to building sustainable growth by the behaviours they demonstrate every day as well as the gates on their individual scorecards. They must demonstrate expected behaviours and pass all the gates to be eligible for a Customer Team Incentive.</p>
	<p>a discussion of how amounts of individual remuneration are linked to institution-wide and individual performance; and</p>	<p>Short term Incentives (STIs):</p> <p>Senior management will be eligible to receive an annual interim Short Term Incentive (STI) payment. Payment of STI is conditional upon the achievement of key performance measures tailored to the respective role. The performance measures and objectives are selected to provide a robust link between Senior Executive reward and the key business drivers of long term shareholder value. The KPIs are measured relating to the Bank financial performance and non-financial performance accountabilities and objectives. The measures are chosen and weighted to best align the individual's reward to the KPIs of the Company and its overall performance. KPIs are weighted towards the achievement of profit growth targets. The financial performance objectives are determined in line with the yearly financial budget set and approved by the Board. The non-financial objectives vary with position and responsibility and include measures such as achieving strategic outcomes, customer results, sustainability which includes compliance and support of the Company's risk management policies and culture, customer satisfaction, communication and staff development.</p> <p>Performance Rights Plan -Long Term Incentives (LTIs):</p> <p>Senior management may be eligible to receive a Long Term Incentive (LTI) payment. The amount of any LTI Payment is dependent on the Company’s performance as well as their own individual achievement of the targets and measurements set out in their performance profile and scorecard and as assessed and determined by the Board. LTIs are paid by way of Performance Rights.</p> <p>Fixed Remuneration:</p>

Auswide Bank Ltd
Basel III Pillar 3 Disclosures
30 June 2020

		<p>In determining an employee’s fixed remuneration (which comprises a cash salary/wage and a superannuation contribution), external benchmarking is performed to ensure that fixed reward is comparable and competitive within the markets in which we operate. Individual performance, skills, expertise, and experience are also used to determine where the employee’s fixed remuneration should sit within a market range. Auswide Bank aligns its remuneration strategy to the Banking Finance and Insurance Award 2020 and sets a market median fixed remuneration for each position. A minimum range (Award level) to a maximum range is set around those market positions – with the upper half of the range limited to exceptional performers.</p> <p>Pay and incentives rewards employees for their efforts based on both their individual contribution to their team and the achievement of their KPIs and/or targets.</p>
	<p>a discussion of the measures the ADI will in general implement to adjust remuneration in the event that performance metrics are weak.</p>	<p>Payment of an STI to the Managing Director /Chief Executive Officer and Senior Executives is at the complete discretion of the Board and can be adjusted downwards to zero, if necessary, to protect the financial soundness of the Company and taking into account a qualitative overlay that reflects Auswide Bank’s management of business risks, shareholder expectations and quality of the financial results - e.g. at a minimum to ensure that no breach of capital adequacy or liquidity policy thresholds occurs. For the purposes of calculating the STI pool each year, the financial performance of Auswide Bank is determined by a mix of targeted financial earnings, Earnings per Share (EPS) and Return on Equity (ROE). These measures reasonably capture the effects of a number of material risks and minimise actions that promote short-term results at the expense of longer-term business growth and success.</p>
(e)	<p>Description of the ways in which the ADI seeks to adjust remuneration to take account of longer-term performance. Disclosures must include:</p>	
	<p>a discussion of the ADI’s policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across persons or groups of persons, a description of the factors that determine the</p>	<p>Vesting of Performance Rights</p> <p>In general, Performance Rights will vest on the Vesting Date based on satisfaction of the following Vesting Conditions:</p> <ul style="list-style-type: none"> • Achievement of the applicable performance measurements and conditions over the Vesting Period; and

Auswide Bank Ltd
Basel III Pillar 3 Disclosures
30 June 2020

	<p>fraction and their relative importance;</p>	<ul style="list-style-type: none"> • Continued employment with a Group Member until the Vesting Date (and provided the Senior Executive has not given notice of resignation and has not received a notice of termination of employment). <p>The PRP invitation offer letter provides for the allocation to the Senior Executive Team of fully paid ordinary shares in the Bank upon vesting of Performance Rights where accountability obligations, performance and vesting conditions specified by the Board are satisfied over a set Vesting Period. In addition, a further Restriction Period will apply to the shares following vesting and during this period, the accountability obligation must be satisfied, otherwise shares may be clawed back, the Vesting Period and Restriction Period will be outlined in the PRP invitation offer letter and will be in line with any deferred remuneration obligations under BEAR for Accountable Persons.</p> <p>Both the Vesting Period and Restriction Period are set by the Board at the time of offer and are at its absolute discretion.</p> <p>Satisfaction of Conditions - Accountability Obligations</p> <p>Vesting of Performance Rights will be subject to obligations that apply to ‘Accountable Persons’ under section 37CA of the Treasury Laws Amendment (Banking Executive Accountability and Related Measures) Act 2018, which are to:</p> <ul style="list-style-type: none"> • act with honesty, integrity, and with due skill, care and diligence; • deal with APRA in an open, constructive and cooperative way; and • take reasonable steps in conducting business to prevent matters from arising that would adversely affect the ADI’s prudential standard or reputation. <p>In addition, during the Restriction Period, the obligations must also be satisfied, otherwise shares may be clawed back.</p>
	<p>and a discussion of the ADI’s policy and criteria for adjusting deferred remuneration before</p>	<p>Testing of Vesting Performance Measurements & Conditions</p> <p>Testing of the performance measurements and conditions will occur shortly after the end of the Vesting Period (which will normally occur once the full year annual results have been finalised). Based on the testing results, and provided the Senior Executive remains employed with the Bank</p>

Auswide Bank Ltd
Basel III Pillar 3 Disclosures
30 June 2020

<p>vesting and after vesting through clawback arrangements.</p>	<p>until Vesting Date (being the date on which Board determines that the Vesting Conditions are met), the number of Rights that will be eligible to vest (if any) will be determined by the Board.</p> <p>Upon vesting of Performance Rights, the Senior Executive will be allocated the relevant number of shares in respect of Vested Performance Rights (or receive the Cash Equivalent Value). The number of shares received may be adjusted in certain circumstances (such as if the Company undertakes a consolidation, bonus issue or capital reconstruction) as set out in the Plan Rules.</p> <p>The Board retains discretion to adjust the number of Performance Rights which vest down (including to zero) to protect the financial soundness of the Company, including to ensure that breaches of capital adequacy or liquidity policy thresholds do not occur. In addition, any reward payable to any member of the Senior Executive Team under any PRP Offer is subject to reassessment and possible forfeiture, if the results on which the LTI reward was based, are subsequently found to have been the subject of deliberate management misstatement.</p> <p>Restriction Period for Sale of Shares once vested</p> <p>Shares allocated upon Vesting of Performance Rights will be subject to trading restrictions until the end of the Restriction Period which is generally the fourth anniversary of the Grant Date.</p> <p>However, the Restriction Period may end earlier in certain circumstances including:</p> <ul style="list-style-type: none"> • the date on which the Board determines an Event has occurred (refer rule 11 of the Plan Rules), subject to the requirements of the BEAR accountability obligations; and • any other date determined by the Board, subject to the requirements of BEAR. <p>Senior Executives cannot sell, transfer or otherwise deal with their shares until the end of the Restriction Period. During this period, Senior Executives will still be entitled to receive dividends and exercise their voting rights along with other Shareholders.</p> <p>The trading restriction may be enforced during the Restriction Period by either imposing a holding lock on the shares held by the Senior Executive or by the shares being held in the employee share trust on behalf the Senior Executive.</p>
---	--

Auswide Bank Ltd
Basel III Pillar 3 Disclosures
30 June 2020

		Shares will remain subject to the requirements of the BEAR throughout the Restriction Period, including the ability for the Board to clawback shares (under rule 12 of the Plan Rules) if there is a failure to meet “Accountability Obligations”.
(f)	Description of the different forms of variable remuneration that the ADI utilises and the rationale for using these different forms. Disclosures must include:	
	<p>an overview of the forms of variable remuneration offered (i.e. cash, shares and share-linked instruments and other forms);</p> <p>and a discussion of the use of the different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across persons or groups of persons, a description of the factors that determine the mix and their relative importance.</p>	<p>Variable remuneration is paid in the form of cash through short term incentives.</p> <p>Pay and incentives rewards employees for their efforts based on both their individual contribution to their team and the achievement of their KPIs and/or targets.</p> <p>Short term incentives (STIs) reward our senior management level for their contribution to our business over the previous 12 months. STIs are a variable reward and are not guaranteed. STIs reward employees for their individual performance which is assessed against key performance objectives as well as their contribution to the organisational outcomes during a performance year.</p> <p>Long term incentives (LTIs) are awarded to senior management level to drive management decisions focussed on the long term prosperity of Auswide Bank through the use of challenging performance hurdles and are subject to the discretion of the Board. Awards under the LTI may also require shareholder approval and will be conditional upon such approval being obtained if required by the Corporations Act, ASX Listing Rules or corporate governance principles determined by the Board.</p>

Auswide Bank Ltd
Basel III Pillar 3 Disclosures
30 June 2020

QUANTATIVE DISCLOSURES		2019/2020	2018/2019
(g)	Number of meetings held by the main body overseeing remuneration during the financial year and the remuneration paid to its members.	No. of meetings: 4 Remuneration: \$325,500	No. of meetings: 8 Remuneration: \$306,375
(h)	• The number of persons having received a variable remuneration award during the financial year.	7	7
	• Number and total amount of guaranteed bonuses awarded during the financial year.	Nil	Nil
	• Number and total amount of sign-on awards made during the financial year.	Nil	Nil
	• Number and total amount of termination payments made during the financial year.	Nil	Nil
(i)	• Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	Shares \$611,251	Shares \$491,537
	• Total amount of deferred remuneration paid out in the financial year.	Shares \$124,207	Shares \$103,674
(j)	Breakdown of the amount of remuneration awards for the financial year in accordance with Table 21A below to show:	Refer Table 21A below	Refer Table 21A below
	• fixed and variable;		
	• deferred and non-deferred; and		
	• the different forms used (cash, shares and share-linked instruments and other forms).		

Auswide Bank Ltd
Basel III Pillar 3 Disclosures
30 June 2020

(k)	<p>Quantitative information about persons' exposure to implicit (e.g. fluctuations in the value of shares or performance units) and explicit adjustments (e.g. malus, clawbacks or similar reversals or downward revaluations of awards) of deferred remuneration and retained remuneration:</p> <ul style="list-style-type: none"> • Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments. 	Shares \$611,251	Shares \$491,537
	<ul style="list-style-type: none"> • Total amount of reductions during the financial year due to ex post explicit adjustments. 	Nil	Nil
	<ul style="list-style-type: none"> • Total amount of reductions during the financial year due to ex post implicit adjustments. 	Nil	Nil

Auswide Bank Ltd
Basel III Pillar 3 Disclosures
30 June 2020

Table 21A: Total value of remuneration awards										
	2019/2020					2018/2019				
	Senior Managers		Material risk-takers*			Senior Managers		Material risk-takers*		
	Unrestricted \$	Deferred \$	Unrestricted \$	Deferred \$	Total \$	Unrestricted \$	Deferred \$	Unrestricted \$	Deferred \$	Total \$
<i>Fixed remuneration</i>										
• Cash-based	2,285,007	-	-	-	2,285,007	2,191,871	-	-	-	2,191,871
• Shares and share-linked instruments	-	-	-	-	-	-	-	-	-	-
• Other	-	-	-	-	-	-	-	-	-	-
	2,285,007	-	-	-	2,285,007	2,191,871	-	-	-	2,191,871
<i>Variable Remuneration</i>										
• Cash-based	142,971	-	-	-	142,971	251,266	-	-	-	251,266
• Shares and share-linked instruments	124,207	611,251	-	-	735,458	-	491,539	-	-	491,539
• Other	-	-	-	-	-	-	-	-	-	-
	267,178	611,251	-	-	878,429	251,266	491,539	-	-	742,805
Total	2,552,185	611,251	-	-	3,163,436	2,443,137	491,539	-	-	2,934,676

*There are no employees outside of the Senior Management group that are considered material risk takers based on the definition in APS 330.

Auswide Bank's material risk takers are included in the senior manager category of this disclosure.