Appendix 4E

Preliminary final report

Name of entity

AUSWIDE BANK LTD

ABN or equivalent company reference	Financial year ended
40 087 652 060	**30 June 2015**

Results for announcement to the market

				$A'000
Income from operations	**Up**	**1.87%**	**to**	**61,010**
Profit from ordinary activities after tax attributable to members	**Down**	**5.69%**	**to**	**13,262**
Net profit for the period attributable to members	**Down**	**5.69%**	**to**	**13,262**

Entity	**Jun 15 $A'000**	**Jun 14 $A'000**
Auswide Bank Ltd (the chief entity)	12,743	12,946
Less intercompany dividend	-	(750)
Auswide Bank Ltd (net of dividend)	12,743	12,196
Mortgage Risk Management Ltd (MRM) - Insurance captive	285	1,540
MPBS Holdings Pty Ltd - Mackay property	234	327
Profit after income tax	13,262	14,063

Attributable to:		
Owners of the company	**13,262**	**14,063**
Non-controlling interests	-	(1)
Profit after income tax	13,262	14,062

Consolidated net profit after tax

Auswide Bank Ltd and its subsidiaries recorded a net profit after tax attributable to owners of the chief entity of $13.262 million for the year ended 30 June 2015. This result was achieved with a 4.8% growth in the loan book in the chief entity.

Auswide Bank Ltd (the chief entity)

The chief entity reported a profit after tax of $12.743 million for the year to 30 June 2015 (30 June 2014 - $12.946 million).

There were two one-off expense items in the 2014/15 financial year relating to the rebranding cost for the Auswide Bank name and the write-down of assets in the outsourcing of the ATM fleet. The total costs relating to these one-off items was $516,000.

The underlying NPAT in the chief entity for the 2014/15 financial year was $13.104m compared to $12.196m (which excludes the $750,000 dividend from Mortgage Risk Management Pty Ltd) for 2013/14. This represents an increase of 7.4% from 2013/14.

The consolidated loan book recorded growth of 4.8% across the financial year, increasing from $2.224 billion to $2.330 billion. The company's NIM improved 4 points compared to the corresponding prior period. This improvement was due to the turnover and easing of term deposit rates and control over funding costs.

Arrears continued to trend downwards, with total arrears past due 30 days (excluding the effects of hardship accounts) decreasing from $43.0 million at 30 June 2014 to $22.3 million at 30 June 2015. Arrears past due 30 days represented 0.96% of total loans and advances at 30 June 2015 compared to 1.9% at 30 June 2014.

Mortgage Risk Management Pty Ltd (MRM)

MRM reported a profit after tax of $0.285m for the year to 30 June 2015, compared to the $1.540m in the corresponding year to 30 June 2014.

The board has announced that MRM will be wound up effective 30 September 2015, with the risk and provisions being transferred to the balance sheet of the chief entity.

MPBS Holdings Pty Ltd

MPBS Holdings Pty Ltd disclosed a net profit of $0.234 million in the year to 30 June 2015 (30 June 2014: $0.327 million) as a result of rent received from leased office space in the building at Victoria Street, Mackay.

DIVIDENDS

		Amount per security	Franked amount per security
Final dividend	**Current year**	**16.0c**	**16.0c**
	Previous year	**15.0c**	**15.0c**
Interim dividend	**Current year**	**14.0c**	**14.0c**
	Previous year	**13.0c**	**13.0c**
The record date for determining entitlements to the dividends		**11 September 2015**	

TOTAL DIVIDEND (DISTRIBUTION) PER SECURITY (INTERIM PLUS FINAL)

	Current year	Previous year
Ordinary securities	**30.0c**	**28.0c**

DIVIDEND REINVESTMENT PLAN

The board of directors resolved to suspend the dividend reinvestment plan for the final dividend for the half year ended 30 June 2015, due to the strength of the capital position.

DETAILS OF INDIVIDUAL AND TOTAL DIVIDENDS

	Current period $A'000	Previous corresponding period $A'000
Ordinary securities		
Interim dividend paid 27 March 2015 - previous period paid 28 March 2014	**5,152**	**4,711**
Final dividend payable 02 October 2015 - previous period paid 03 October 2014	**5,927**	**5,468**
Total	**11,079**	**10,179**

CONSOLIDATED RETAINED PROFITS

	Current period $A'000	Previous corresponding period $A'000
Retained profits (accumulated losses) at the beginning of the financial period	**18,015**	**10,113**
Net profit (loss) attributable to members	**13,262**	**14,063**
Net transfers from (to) reserves	**100**	**-**
Less change in accounting policy for investment in subsidiary	**1,222**	**-**
Dividends and other equity distributions paid or payable	**10,619**	**6,161**
Retained profits (accumulated losses) at end of financial period	**19,536**	**18,015**

NET TANGIBLE ASSET BACKING

	Current period $	Previous corresponding period $
Net tangible asset backing per ordinary share	4.26	4.22

AUDIT OF ACCOUNTS

The audit of the accounts has been completed and the audited Financial Statements are attached.

Review and results of operations

The consolidated net profit after income tax for the 2014/15 financial year was $13.262m compared to the result of $14.063m for the 2013/14 year.

There were two one-off expense items in the 2014/15 financial year relating to the rebranding costs for the Auswide Bank name and the writedown of assets in the outsourcing of the ATM fleet. The total costs relating to these one-off items was $516,000.

The underlying cash NPAT in the chief entity for financial year 2014/15 was $13.104m compared to $12.196m (excluding the $750,000 dividend from Mortgage Risk Management Pty Ltd) for 2013/14. This represents an increase of 7.4% from 2013/14.

The statutory net profit for the chief entity for 2014/15 was $12.743m compared to $12.946 (including the MRM dividend) for 2013/14.

The loan book of Auswide Bank Ltd recorded growth of 4.8% across the year increasing from $2.224b at 30 June 2014 to $2.330b at 30 June 2015. The loan book totalled $2.271b at 31 December 2014.

Home loan approvals across the 2014/15 financial year totalled $449m, an increase of 8.5% on the $414m in home approvals for the 2013/14 financial period.

Personal loans

Funding of personal loans commenced in the last quarter of the 2012/13 financial year. The personal loan book continues to grow in line with budgeted approvals, and although not material to the total loan portfolio, reached $8.219m at the conclusion of the financial year. Personal loans have not been reported as a separate segment for the financial year.

Mortgage Risk Management Pty Ltd (MRM)

The Board announced on 13 August 2015 the effective date of 30 September 2015 to wind up the captive Lenders Mortgage Insurance subsidiary, MRM.

The credit risk and provisions will be transferred to the balance sheet of the chief entity.

The wind up will release up to $10m of tier 1 capital which is currently invested in MRM.

The claims expense in MRM was in line with budget expectations across the 2014/15 financial year. The total claims expense for the year was $2.6m and the Total Insurance Liabilities, based on actuarial advice, were $4.9m at 30 June 2015.

These ‘Provisions’ have been calculated to cover all claims arising in the next three financial years, while maintaining significant risk buffers in place to account for claims which may be brought to account unexpectedly.

Principal activities and significant changes

Substantial progress has been made with the implementation of the strategies contained in the three year Strategic Plan adopted by the Board in May 2013.

Residential lending

The strategic plan focused on bringing growth to residential lending with the objective of growing the loan book through the branch network and mortgage broker introduced loans in the 2014/15 financial year.

As reported above, approvals in residential lending increased 8.5% compared to 2013/14 as a result of:

- Improving the skills, capability and accountability of the Sales and Distribution team (retail network) as a priority to lift both financial performance and customer experience;
- Building Auswide’s third party broker platform by better defining, managing and growing home lending via the Broker and Mortgage Alliance introducers;
- Growth in demand from south-east Queensland from the Gold Coast north to the Sunshine Coast; and
- An ongoing emphasis on resourcing the third party platform and first party network for growth into the 2015/16 financial year.

There is ongoing focus on increasing the quality of origination as the loan book grows.

Business Banking

Auswide introduced Business Banking in April 2014 with a staged origination phase. The new channel is to provide both growth opportunity as well as revenue diversification. The model targets SME customers primarily in the Auswide core catchment area.

Principal activities and significant changes (continued)

Risk

The Board and management of Auswide have committed to addressing the risk framework of the group, and strengthening the risk management ‘culture’ of the organisation. This has resulted in enhanced measurement, monitoring and reporting of risk related matters in the financial year. Of particular note is the establishment of a separate Board Risk Committee to provide a further strengthening of the oversight and improvement of the risk framework across the organisation. The Board remains focused on the improvement of credit quality as the loan book grows.

Arrears and collections

The Arrears Project developed in the 2013/14 financial year has continued to deliver improvements in the arrears and collections systems of the group.

The enhanced systems and procedures, retraining of staff and the addition of resources in the risk and collections departments, has resulted in an improvement in the arrears in the 2014/15 financial year. In accordance with data disclosed in the financial statements, total arrears greater than 30 days past due (excluding the effects of hardship accounts) have decreased from $43.0m to $22.3m in the year to 30 June 2015.

Branch network

The rebranding of Auswide Bank included the roll-out of the branch refurbishment plan, creating a more modern look and customer-friendly experience across our branch locations. Six branches moved to the new model during 2014/15 and additional branches have been identified for 2015/16 including Maryborough, Gympie and Bundaberg. Some branches have been closed, amalgamated or relocated to locations which will provide more opportunity. There is an ongoing review of the existing branch footprint to ensure it delivers a strong performance for both shareholders and customers.

Technology

In February, Auswide Bank upgraded the core operating system to Ultracs 4, to improve customer service by reducing unnecessary administrative tasks and improving account opening and transaction times. Customer information is more readily available which enhances the ability to match the right products to meet customers’ needs.

Digital capability is a key component of the Auswide Bank strategy. Future plans include online and digital services including online account opening, online home loans and personal loans and improved online transactional capability.

Name change and change of status

Auswide Bank Ltd was previously known as Wide Bay Australia Ltd. Effective 1 April 2015, the building society formerly known as Wide Bay Australia Ltd converted to a bank and changed its name to Auswide Bank Ltd. Appropriate approval was granted by the Australian Prudential Regulation Authority in relation to both the change of status (from a building society to a bank) and the utilisation of the term ‘bank’ in the name of Auswide Bank Ltd.

Acquisitions

The Board will continue to monitor opportunities to acquire loan books or suitable institutions as they arise. While not actively seeking acquisition prospects, the Board will review any offers made which may complement the overall operations of the group.

Matters subsequent to the end of the financial year

There has been no other matter or circumstance since the end of the financial year that will significantly affect the results of operations in future years or the state of affairs of the company.

Capital

The capital adequacy ratio for the Auswide group (excluding MRM) at 30 June 2015 was 15.15% (2014: 14.29%). The tier 1 capital ratio at 30 June 2015 was 12.59% (2014: 11.68%).

The total capital level remains strong and in excess of the Board target of 13.00%.

Dividends

A fully franked interim dividend of 14.0 cents per ordinary share was declared and paid on 27 March 2015 (28 March 2014 - 13 cents). A fully franked final dividend of 16.0 cents per ordinary share has been declared by the Board and will be paid on 2 October 2015 (3 October 2014 - 15 cents).

The Board has resolved to continue the Dividend Reinvestment Plan for the final dividend payable on 2 October 2015.

Directors

The names and particulars of the Directors of the Company in office during or since the end of the financial year are:

Professor John S Humphrey LL.B

Professor Humphrey was appointed to the Board on 19 February 2008, and was appointed Chairman following the 2009 Annual General Meeting. He was a senior partner in the Brisbane office of international law firm, King & Wood Mallesons (until 01 January 2013), where he specialised in commercial law and corporate mergers and acquisitions. He is now Executive Dean of the Faculty of Law at Queensland University of Technology. He is currently a non-executive director of Horizon Oil Limited and Downer-EDI Limited. Professor Humphrey is a member of the audit committee and is an independent director.

Mr Peter J Sawyer FCA, FAICD, FIFS - Retired 17 March 2015

Mr Sawyer has been a director since 1987. He retired as a director of the company on 17 March 2015. Until August 2008, he was a partner of the firm Ulton, Chartered Accountants with offices in Bundaberg, Maryborough, Hervey Bay and Gladstone. Until his retirement Mr Sawyer was Chairman of the Audit Committee, a member of the Group Board Remuneration Committee, a member of the Risk Committee and was an independent director. He also retired as a director of Mortgage Risk Management Pty Ltd, a position he was appointed to in 2011.

Mr Barry Dangerfield

Mr Dangerfield was appointed to the Board on 22 November 2011. Mr Dangerfield has had a successful 39 year banking career with Westpac Banking Corporation having held positions across Queensland and the Northern Territory of Regional Manager Business Banking, Head of Commercial and Agribusiness and Regional General Manager Retail Banking. Mr Dangerfield was appointed to the Board of Mortgage Risk Management on 19 November 2013. Mr Dangerfield is the Chairman of the Group Board Remuneration Committee, a member of the Audit Committee, a member of the Risk Committee and is an independent director.

Mr Gregory N Kenny GAICD, GradDipFin

Mr Kenny was appointed to the Board on 19 November 2013. Mr Kenny has had a long and successful career with Westpac Banking Corporation and St George Bank Ltd, and prior to that with Bank of New York and Bank of America in Australia. At St George he held the positions of Managing Director (NSW and ACT), General Manager Corporate and Business Bank and General Manager Group Treasury and Capital Markets. Mr Kenny was appointed to the Board of Mortgage Risk Management Pty Ltd on 19 November 2013. He is the Chairman of the Risk Committee, a member of the Audit Committee, a member of the Group Board Remuneration Committee and is an independent director.

Mr Martin J Barrett BA(ECON), MBA

Mr Barrett commenced as Chief Executive Officer of Wide Bay Australia Ltd (now Auswide Bank Ltd) on 4 February 2013, and was subsequently appointed Managing Director on 19 September 2013. Mr Barrett has extensive experience in the banking sector, having previously held the positions of Managing Director (Queensland and Western Australia) and General Manager NSW/ACT Corporate & Business Bank at St George Bank. Prior to working at St George Bank, Mr Barrett held senior roles at regional financial institutions in the UK and at National Australia Bank. Mr Barrett was appointed as a director of Mortgage Risk Management Pty Ltd on 19 November 2013. He is an executive director.

Ms Sandra C Birkensleigh BCom, CA, GAICD, ICCP (Fellow) - Appointed 2 February 2015

Ms Birkensleigh was appointed to the Board on 2 February 2015. Ms Birkensleigh was a partner at PricewaterhouseCoopers for 16 years until 2013. During her career her predominant industry focus has been Financial Services (Banking and Wealth Management). Ms Birkensleigh has also advised on risk management in other sectors such as retail and consumer goods, retail and wholesale electricity companies, resources and the education sector. Ms Birkensleigh is currently a non-executive director of five Wealth Management and Insurance subsidiaries of the National Australia Bank and a Board of Management member and Treasurer of Children’s Therapy Centre. Ms Birkensleigh is an independent director. She was appointed as the Chairperson of the Audit Committee upon her appointment to the Board on 2 February 2015, and also as a member of the Group Board Remuneration Committee and the Risk Committee.

Company secretary

Mr William R Schafer BCom, CA

Mr Schafer was appointed Company Secretary in August 2001. He has extensive experience in public accounting and management. He is an Associate of the Institute of Chartered Accountants.

Director's meetings

During the financial year, 16 meetings of the Directors (including 4 special meetings), 10 meetings of the Audit Committee, 4 meetings of the Remuneration Committee and 12 meetings of the Risk Committee were held, in respect of which each Director attended the following number:

	BOARD		AUDIT		REMUNERATION		RISK	
	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED
JS Humphrey	16	16	10	7	n/a	n/a	n/a	n/a
PJ Sawyer	10	9	10	9	4	4	9	8
B Dangerfield	16	16	10	10	4	4	12	12
GN Kenny	16	16	10	7	4	1	12	12
MJ Barrett	16	16	10	10	n/a	n/a	12	11
SC Birkensleigh	10	9	4	4	1	1	5	4

* Mr Barrett who is not a member of the Audit or Risk Committees, attended the Audit and Risk Committee meetings by invitation.

Directors' Shareholdings

The Directors currently hold shares of the Company in their own name or a related body corporate as follows:

	Ordinary Shares
JS Humphrey	31,551
PJ Sawyer (retired 17 March 2015)	1,077,567
B Dangerfield	42,076
MJ Barrett	122,314
GN Kenny	15,000

Related Party Disclosure

No persons or entities related to key management personnel provided services to the Company during the year.

Remuneration report

The Board Remuneration Committee consists of independent Directors Mr Barry Dangerfield, Mr Greg Kenny and Ms Sandra Birkensleigh (appointed 02 February 2015). Mr Peter Sawyer was a member of the committee until his retirement on 17 March 2015. Mr Barry Dangerfield is Chairman of the Committee.

The objective of the Board Remuneration Policy is to maintain behaviour that supports the sustained financial performance and security of Auswide Bank Ltd and to reward efforts which increase shareholder and customer value. This objective is upheld by:

- Appropriately balanced measures of performance weighted towards long-term shareholder interests;
- Variable performance based pay for Executives/Senior Managers involving a long-term incentive plan subject to an extended period of performance assessment;
- 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 pay and to preserve the interests of the shareholders; and
- Short-term and long-term incentive performance criteria are structured within the overall risk management framework of the Company.

Remuneration of Non-Executive Directors

The fees payable for non-executive Directors are determined with reference to industry standards, the size of the Company, performance and profitability. The Directors’ fees are approved by the shareholders at the Annual General Meeting in the aggregate and the individual allocation is approved by the Board. The Company’s non-executive Directors receive only fees (including superannuation) for their services. They are not entitled to receive any benefit on retirement or resignation (other than superannuation) and do not participate in any share based remuneration.

Remuneration of Executive Directors and Senior Executives

Remuneration of the Managing Director for 2014/15 was subject to review and recommendation of the Remuneration Committee and ratification by the Board. Remuneration of other senior executives for 2014/15 was subject to ratification by the Remuneration Committee. The remuneration policy for executives uses a range of components to focus the Managing Director and senior executives on achieving Auswide Bank’s strategy and business objectives. Auswide’s overall philosophy is to adopt, where possible, a Total Target Reward methodology which links remuneration directly to the performance and behaviour of an individual with Auswide’s results.

The Total Target Reward framework is designed to:

- Reward those who deliver the highest relative performance through the Company’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 ownership of Company shares.

In setting an individual’s Total Target Reward, the Committee considers:

- Input from the Company’s Managing Director on the Total Target Reward for senior executives who report directly to the Managing Director;
- Market data from comparable roles in the financial services industry;
- The performance of both the individual and Auswide Bank Ltd over the last year; and
- General remuneration market environment and trends.

Each individual’s actual remuneration will reflect:

- The degree of individual achievement in meeting key performance measures under the performance management framework;
- Parameters approved by the Board based on the Company’s financial and risk performance and other qualitative factors;
- Auswide Bank Ltd’s share price performance and relative shareholder returns; and
- The timing and level of deferral in relation to any vesting conditions applicable.

Remuneration report (continued)

Remuneration of Executive Directors and Senior Executives (continued)

Components of the Total Target Reward include:

- Fixed annual remuneration provided as cash and benefits (including employer superannuation and fringe benefits) (FAR);
- Cash based short-term incentive (STI) reflecting both individual and business performance for the current year that supports the longer term objectives of Auswide Bank; and
- Equity based long-term incentives (LTI) provided to drive management decisions focused on the long-term prosperity of Auswide Bank through the use of challenging performance hurdles.

Performance based payments were made to senior executives under the STI scheme for the year as follows:

- Mr M Barrett (Managing Director): $37,500 cash bonus granted 25 August 2014 as an incentive payment for achievement of non-financial Key Performance Indicator (‘KPI’) targets relating to the financial year ended 30 June 2014. These KPI targets included launching the company's strategic business plan and effective executive team restructure, together with his overall effectiveness as measured against his initial executive service agreement.

Performance based payments were made to senior executives under the LTI scheme for the year as follows:

- Mr M Barrett (Managing Director): $37,500 of shares granted 4 December 2014 as an incentive payment for achievement of non-financial Key Performance Indicator (‘KPI’) targets relating to the financial year ended 30 June 2014. These KPI targets included launching the company's strategic business plan and effective executive team restructure, together with his overall effectiveness as measured against his initial executive service agreement.

KPI targets were considered by the Remuneration Committee to be appropriate measures of performance as these had been specifically chosen for each executive with the overall aim of achieving the strategy and business objectives of the Company. The KPI targets for the Managing Director were assessed by the Remuneration Committee. The KPI targets for the other senior executives were assessed by the Managing Director and then ratified by the Remuneration Committee.

No incentive payments based on financial KPIs were made during the year.

Details of the nature and amount of each major element of the remuneration of each Director and each of the named Officers of the company receiving the highest remuneration and the key management personnel are:

Remuneration report (continued)

Remuneration of Executive Directors and Senior Executives (continued)

2015

	Short-term employee benefits			Post employment benefits					
	Cash salary and fees $ *Fixed*	Cash bonus $ *Performance Based*	Non-monetary $	Super-annuation $	Retirement Benefits $	Termination benefits $	Other Long Term Benefits $	Share Based Payments $ *Performance Based*	Total $
SPECIFIED DIRECTORS									
Humphrey, JS Chairman (non-exec)	120,182	-	-	11,417	-	-	-	-	131,599
Dangerfield, B Director (non-exec)	82,135	-	-	7,803	-	-	-	-	89,938
Kenny, GN Director (non-exec)	82,135	-	-	7,803	-	-	-	-	89,938
Barrett, MJ Managing Director	500,021	37,500	-	18,783	-	-	11,321	37,500	605,125
Birkensleigh, S Director (non-exec) - Appointed 02/02/15	38,052	-	-	3,615	-	-	-	-	41,667
Sawyer, PJ Director (non-exec) - Retired 17/03/15	59,304	-	-	5,634	-	-	-	-	64,938
Total remuneration - Specified Directors	**881,829**	**37,500**	**-**	**55,055**	**-**	**-**	**11,321**	**37,500**	**1,023,205**
OTHER KEY MANAGEMENT PERSONNEL									
Schafer, WR Chief Financial Officer	301,040	-	-	18,783	-	-	7,142	-	326,965
Lonergan, CA Chief Risk Officer - Appointed 01/07/14	173,545	-	-	16,117	-	-	4,391	-	194,053
Caville, SM Chief Information Officer	171,927	-	-	16,670	-	-	4,595	-	193,192
Rasmussen, MS Chief Operating Officer from 29/01/15. General Manager Business Banking and Operations (01/07/14 to 28/01/15)	206,102	-	-	18,783	-	-	3,990	-	228,875
Nevis, CM General Manager Third Party & Business Banking	159,754	-	-	15,823	-	-	3,448	-	179,025
McArdle, AJ General Manager Sales & Distribution	180,947	-	-	17,064	-	-	4,755	-	202,766
Total remuneration - Specified Executives	**1,193,315**	**-**	**-**	**103,240**	**-**	**-**	**28,321**	**-**	**1,324,876**

Remuneration report (continued)

Remuneration of Executive Directors and Senior Executives (continued)

2014

	Short term benefits			Post employment benefits					
	Cash salary and fees $ *Fixed*	Cash bonus $ *Performance Based*	Non-monetary $	Super-annuation $	Retirement Benefits $	Termination benefits $	Other Long Term Benefits $	Share Based Payments $ *Performance Based*	Total $
SPECIFIED DIRECTORS									
Humphrey, JS Chairman (non-exec)	101,888	-	-	9,424	-	-	-	-	111,312
Dangerfield, B Director (non-exec)	75,744	-	-	7,006	-	-	-	-	82,750
Kenny, GN Director (non-exec)	46,611	-	-	4,312	-	-	-	-	50,923
Barrett, MJ Managing Director	482,225	75,000	-	17,775	-	-	7,982	-	582,982
Sawyer, PJ Director (non-exec) - Retired 17/03/15	75,744	-	-	7,006	-	-	-	-	82,750
Pressler, JF Director (non-exec) - Retired 19/11/13	29,715	-	-	2,749	-	-	-	-	32,464
McLeod, FM Director&General Manager - Strategy Implementation & Productivity Improvement - Retired as a director 19/11/13	93,682	-	-	7,677	-	-	1,510	-	102,869
Total remuneration - Specified Directors	**905,609**	**75,000**	**-**	**55,949**	**-**	**-**	**9,492**	**-**	**1,046,050**
OTHER KEY MANAGEMENT PERSONNEL									
Schafer, WR Chief Financial Officer	295,616	10,000	-	17,775	-	-	5,284	-	328,675
Caville, SM Chief Information Officer	167,463	10,000	-	15,490	-	-	3,220	-	196,173
Rasmussen, MS Chief Operating Officer from 29/01/15. General Manager Business Banking and Operations (01/07/14 to 28/01/15)	78,846	-	-	6,837	-	-	1,407	-	87,090
Nevis, CM General Manager Third Party & Business Banking	156,845	10,000	-	14,393	-	-	2,585	-	183,823
McArdle, AJ General Manager Sales & Distribution	159,137	10,000	-	14,720	-	-	2,660	-	186,517
McLennan, MB General Manager Internal Audit from 01/07/14. Chief Risk Officer (01/07/13 to 30/06/14)	182,647	10,000	-	16,680	-	-	3,387	-	212,714
Total remuneration - Specified Executives	**1,040,554**	**50,000**	**-**	**85,895**	**-**	**-**	**18,543**	**-**	**1,194,992**

Remuneration report (continued)

Consequences of performance on shareholder wealth

The tables below set out summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to 30 June 2015:

	30 June 2015 $	30 June 2014 $	30 June 2013 $	30 June 2012 $	30 June 2011 $
Net profit before tax	19,028,332	20,192,139	3,727,851	25,135,492	32,630,595
Net profit after tax	13,261,991	14,062,303	2,881,658	17,603,198	22,621,371

	30 June 2015	30 June 2014	30 June 2013	30 June 2012	30 June 2011
Share price at start of year	$5.50	$5.25	$5.81	$8.50	$10.20
Share price at end of year	$5.05	$5.50	$5.25	$5.81	$8.50
Interim dividend	14.00 cps	13.00 cps	13.00 cps	22.50 cps	30.00 cps
Final dividend	16.00 cps	15.00 cps	4.00 cps	25.00 cps	30.00 cps
Basic earnings per share	36.07 cps	38.75 cps	6.78 cps	49.14 cps	66.36 cps
Diluted earnings per share	36.07 cps	38.75 cps	6.78 cps	49.14 cps	66.36 cps

Dividends franked to 100% at 30% corporate income tax rate.

Employment Contracts

All named Key Management Personnel and the Managing Director have/had employment contracts. Major provisions of those agreements are summarised below:

Current Personnel

Managing Director - M J Barrett

- Contract dated - 04 February 2013
- Term of agreement - no fixed term
- Auswide Bank Ltd or M J Barrett may terminate this agreement by providing six months written notice or provide payment in lieu of the notice period.
- Short Term Incentive (STI) - The STI benefit will be payable on achieving Key Performance Indicators each year and will be a cash bonus of up to a maximum value of 30% of Fixed Pay subject to meeting performance targets. For details of the STI see (a).
- Long Term Incentive (LTI) - Grant of performance rights up to a maximum value of 30% of Fixed Pay and as determined by the Board Remuneration Committee. For details of the LTI see (b).

(a) Short Term Incentives

Up to 30% of base salary on achieving KPI's on the basis of percentage allocation in terms of CEO scorecard and measured by populating actual results and discretionary. The CEO must complete a full year of service to be eligible to receive the STI for each applicable financial year, the bonus entitlement will be calculated based on the 30th June results and the overall performance including discretionary as determined by the Board Remuneration Committee and paid on the 30th September.

(b) Long Term Incentives

The grant of performance rights, under the terms of Auswide Performance Rights Plan Rules, to subscribe for or be transferred at no cost one share for every performance right exercised. The Managing Director must complete a full year of service to be eligible to receive the LTI for each applicable financial year, the bonus entitlement will be calculated based on the 30th June results and overall performance including discretionary as determined by the Board Remuneration Committee and paid on the 1st July. The performance rights carry no dividend or voting rights. Subject to the vesting conditions 33% of the performance rights vest on the second anniversary of the measured performance year, 33% on the third anniversary and 33% on the fourth anniversary. The vesting conditions are as follows:

- The Managing Director must be employed at the vesting date.
- Any personal income tax payable on exercise of the performance rights is payable by the Managing Director.
- The number of performance rights will be adjusted for any capital reconstructions (eg consolidation or splits).

Employment Contracts (continued)

Current Personnel (continued)

Chief Financial Officer & Company Secretary - W R Schafer

- Contract dated - 28 May 2007
- Term of agreement - no fixed term
- Auswide Bank Ltd or W R Schafer may terminate this agreement by providing four months written notice or provide payment in lieu of the notice period.
- Payment on early termination due to a takeover and not being offered ongoing employment in Bundaberg in an equivalent position, equal to six months salary plus two weeks salary per year of service with a minimum payment of 20 weeks and a maximum payment of 104 weeks.

Chief Risk Officer - C A Lonergan

- Original Contract dated - 10 February 2014. Amended Contract dated - 01 July 2014
- Term of agreement - no fixed term
- Auswide Bank Ltd or C A Lonergan may terminate this agreement by providing three months written notice or provide payment in lieu of the notice period.

Chief Information Officer - S M Caville

- Contract dated 1 November 2010
- Term of agreement - no fixed term
- Auswide Bank Ltd or S M Caville may terminate this agreement by providing four months written notice or provide payment in lieu of the notice period.
- Payment on early termination due to a takeover and not being offered ongoing employment in Bundaberg in an equivalent position, equal to six months salary plus two weeks salary per year of service with a minimum payment of 20 weeks and a maximum payment of 104 weeks.

Chief Operating Officer - M S Rasmussen (from 29 January 2015)
General Manager - Business Banking & Operations (03 February 2014 to 28 January 2015)

- Original Contract dated - 03 February 2014. Amended Contract dated - 29 January 2015
- Term of agreement - no fixed term
- Auswide Bank Ltd or M S Rasmussen may terminate this agreement by providing three months written notice or provide payment in lieu of the notice period.

General Manager - Sales & Distribution - A J McArdle

- Contract dated 24 May 2013
- Term of agreement - no fixed term
- Auswide Bank Ltd or A J McArdle may terminate this agreement by providing three months written notice or provide payment in lieu of the notice period.

General Manager - Third Party & Business Banking - C M Nevis

- Contract dated 25 April 2013
- Term of agreement - no fixed term
- Auswide Bank Ltd or C M Nevis may terminate this agreement by providing three months written notice or provide payment in lieu of the notice period.

Employment Contracts (continued)

Loans to key management personnel

The following table outlines the aggregate of loans to key management personnel. Details are provided on an individual basis for each of the key management personnel whose indebtedness exceeded $100,000 at any time during this reporting period.

Loans have been made in accordance with the normal terms and conditions offered by the company and charged at 90 basis points below the standard variable rate or 20 basis points below the standard fixed rate on applicable loan types, available to the general public at any time. Similar rates are, however, available to the general public, therefore this interest rate would approximate an arm's length interest rate offered by the company.

Loans are also made in accordance with the Staff Share Plan approved by shareholders in 1992. The loans are repayable over 5 years at 0% interest, with the loans being secured by a lien over the relevant shares. Such loans are only available to employees of the company and there is no applicable arm's length interest to take into account in this note.

Loans for the year ended 30 June 2015	**Balance* 30 June 2014**	**Interest charged $**	**Write-off $**	**Balance* 30 June 2015**	**Number in Group 30 June 2015**
Directors	(832,385)	23,540	-	(694,675)	1
Executives	(873,403)	51,021	-	(1,643,366)	5
Total: Key management personnel	(1,705,788)	74,561	-	(2,338,041)	6

Loans for the year ended 30 June 2014	**Balance* 30 June 2013 $**	**Interest charged $**	**Write-off $**	**Balance* 30 June 2014 $**	**Number in Group 30 June 2014**
Directors	(1,599,467)	22,289	-	(832,385)	2
Executives	(2,135,033)	32,899	-	(873,403)	3
Total: Key management personnel	(3,734,500)	55,188	-	(1,705,788)	5

Individuals with loans above $100,000 in reporting period	**Balance 30 June 2014 $**	**Interest** charged $**	**Write-off $**	**Balance* 30 June 2015 $**	**Highest in period $**
Directors					
MJ Barrett	(562,742)	23,540	-	(694,675)	(705,443)
Executives					
WR Schafer	(494,427)	22,472	-	(512,473)	(575,385)
AJ McArdle	(339,820)	16,333	-	(388,510)	(403,714)
CM Nevis	-	11,770	-	(675,621)	(695,722)

Does not include SM Caville or CA Lonergan as their loans were less than $100,000.
* Balance at financial year end or the date the individuals ceased being key management personnel.
** Actual interest charged is affected by the use of the company's offset account.
Balances are for the period individuals were considered key management personnel.

Employment Contracts (continued)

Equity Holdings and Transactions

The following table is in respect of ordinary shares held directly, indirectly or beneficially by key management personnel.

	Balance 30 June 2014	Received as remuneration	Options exercised	Net change other	Balance* 30 June 2015
Directors					
JS Humphrey	31,551	-	-	-	31,551
MJ Barrett	41,000	6,779	-	74,535	122,314
GN Kenny	-	-	-	15,000	15,000
PJ Sawyer	1,077,567	-	-	-	1,077,567
B Dangerfield	42,076	-	-	-	42,076
Executives					
WR Schafer	15,750	-	-	7,540	23,290
SM Caville	35,639	-	-	8,601	44,240
AJ McArdle	1,765	-	-	13,348	15,113
CM Nevis	-	-	-	8,032	8,032
Total	1,245,348	6,779	-	127,056	1,379,183

* Balance at financial year end or the date the individuals ceased being key management personnel.

Indemnities and Insurance Premiums for Officers and Auditors

During the financial year the Company has paid premiums to indemnify Directors and Officers against personal losses arising from their respective positions within the Company. During the reporting period and subsequent to 30 June 2015, no amounts have been paid under the indemnities by the Company.

The Directors and Officers of the Company and its subsidiaries are insured against certain liabilities arising in the course of their duties. This premium is paid by the Company but under the confidentiality provisions of this policy, the Directors have not disclosed the nature of the liability, the insurer, the limit of liability, or the premiums paid.

The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

Non-audit services

During the year, Deloitte Touche Tohmatsu, the Company's Auditor, together with Bentley's, the previous Company's Auditor, have performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the Auditors, and in accordance with advice provided by the Board Audit Committee, is satisfied that the provision of those non-audit services during the year by the Auditors is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services were subject to the Corporate Governance procedures adopted by the Company and have been reviewed by the Board Audit Committee to ensure they do not impact the integrity and objectivity of the Auditor, and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 'Code of Ethics for Professional Accountants' issued by the Accounting Professional and Ethical Standards Board, as they did not involve reviewing or auditing the Auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

A copy of the Auditor's Independence Declaration, as required under Section 307C of the Corporations Act, is included in the Directors' Statutory Report.

Non-audit services (continued)

Non-audit services paid to Deloitte Touche Tohmatsu are as follows:

	2015 $	2014 $
Services provided in connection with:		
Other Assurance Services	**16,414**	-
	16,414	-

Non-audit services paid to Bentley's are as follows:

	2015 $	2014 $
Services provided in connection with:		
Tax returns (including subsidiaries)	**24,741**	16,589
Other assurance services	**6,753**	68,090
Other services	**1,883**	17,903
	33,377	102,582

This Report is signed for and on behalf of the Board of Directors in accordance with a resolution of the Board of Directors.

JS Humphrey
Director

SC Birkensleigh
Director

Brisbane
28 August 2015

		Consolidated		Chief entity	
		2015	2014	**2015**	2014
	Notes	**$**	$	**$**	$
Interest revenue	2	**127,397,139**	134,202,850	**127,000,350**	133,590,585
Borrowing costs	2	**(76,194,046)**	(84,549,451)	**(76,470,296)**	(84,701,389)
Net interest revenue		**51,203,093**	49,653,399	**50,530,054**	48,889,196
Other non interest revenue	3	**9,806,713**	10,238,336	**9,547,469**	9,695,452
Employee benefits expense		**18,926,412**	18,539,500	**18,926,412**	18,539,500
Depreciation expense		**1,332,181**	1,195,961	**1,272,729**	1,134,711
Amortisation expense		**338,371**	359,973	**338,371**	359,973
Occupancy expense		**2,639,189**	2,575,074	**2,757,216**	2,671,149
Bad and doubtful debts expense	10	**457,948**	360,473	**457,948**	360,000
Other expenses	3	**18,287,373**	16,668,615	**17,937,818**	17,107,260
Profit before income tax		**19,028,332**	20,192,139	**18,387,029**	18,412,055
Income tax expense	4	**5,766,341**	6,129,836	**5,644,373**	5,465,747
Profit from continuing operations		**13,261,991**	14,062,303	**12,742,656**	12,946,308
Other comprehensive income					
Item that may be reclassified to profit or loss					
Revaluation of Cash Flow Hedge to fair value		**(1,466,387)**	-	**(1,466,387)**	-
Income tax relating to this item		**439,916**	-	**439,916**	-
Revaluation of RMBS investments to fair value		**(12,553)**	(27,126)	**(12,553)**	(27,126)
Income tax relating to this item		**3,766**	8,138	**3,766**	8,138
Items that will not be reclassified to profit or loss					
Revaluation of land and buildings to fair value		**(809,882)**	-	**266,292**	-
Income tax relating to this item		**242,965**	-	**(79,887)**	-
Other comprehensive income/(loss) for the year		**(1,602,175)**	(18,988)	**(848,853)**	(18,988)
Total comprehensive income for the year		**11,659,816**	14,043,315	**11,893,803**	12,927,320
Profit is attributable to:					
Owners of the parent entity		**13,261,991**	14,062,638	**12,742,656**	12,946,308
Non-controlling interests		**-**	(335)	**-**	-
		13,261,991	14,062,303	**12,742,656**	12,946,308
Total comprehensive income attributable to:					
Owners of the parent entity		**11,659,816**	14,043,650	**11,893,803**	12,927,320
Non-controlling interests		**-**	(335)	**-**	-
		11,659,816	14,043,315	**11,893,803**	12,927,320
Earnings per share					
Basic earnings per share (cents per share)	28	**36.07**	38.75		
Diluted earnings per share (cents per share)	28	**36.07**	38.75		

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

		Consolidated		Chief entity	
		2015	2014	**2015**	2014
	Notes	**$**	$	**$**	$
ASSETS					
Cash and cash equivalents	6	**51,495,421**	63,604,301	**47,885,421**	52,754,096
Due from other financial institutions	7	**9,215,436**	10,286,421	**9,215,436**	10,286,421
Accrued receivables	8	**5,923,807**	11,662,495	**5,951,149**	11,591,133
Financial assets	9	**244,906,350**	248,117,712	**241,795,888**	242,626,415
Current tax assets	13	**256,206**	149,714	**256,206**	149,714
Loans and advances	10	**2,330,122,246**	2,223,974,886	**2,331,008,305**	2,224,977,803
Other investments	11	**394,658**	336,504	**15,653,663**	15,596,450
Property, plant and equipment	12	**17,946,390**	18,070,737	**15,699,626**	14,688,347
Deferred income tax assets	13	**5,903,417**	6,690,630	**5,702,766**	6,427,718
Other assets	14	**8,802,512**	9,244,871	**8,563,542**	8,929,300
Goodwill	15	**42,057,110**	42,057,110	**42,057,110**	42,057,110
Total assets		**2,717,023,553**	2,634,195,381	**2,723,789,112**	2,630,084,507
LIABILITIES					
Deposits and short term borrowings	16	**1,852,071,695**	1,743,812,432	**1,865,895,790**	1,749,493,593
Payables and other liabilities	17	**24,581,026**	21,109,505	**23,854,618**	20,023,248
Securitised loans	10	**603,657,502**	634,130,085	**603,657,502**	634,130,085
Deferred income tax liabilities	18	**1,563,280**	2,267,848	**1,393,064**	1,774,780
Provisions	19	**7,159,978**	8,897,253	**2,704,060**	2,739,880
Subordinated capital notes	20	**28,000,000**	28,000,000	**28,000,000**	28,000,000
Total liabilities		**2,517,033,481**	2,438,217,123	**2,525,505,034**	2,436,161,586
Net assets		**199,990,072**	195,978,258	**198,284,078**	193,922,921
EQUITY					
Parent entity interest in equity					
Contributed equity	21	**166,636,661**	163,550,831	**166,636,661**	163,550,831
Reserves	22	**13,817,409**	14,482,677	**13,533,572**	14,482,677
Retained profits		**19,536,002**	18,015,375	**18,113,845**	15,889,413
Total parent entity interest in equity		**199,990,072**	196,048,883	**198,284,078**	193,922,921
Non-controlling interests	**23**				
Contributed equity		**-**	1,000	**-**	-
Retained profits		**-**	(71,625)	**-**	-
Total non-controlling interests		**-**	(70,625)	**-**	-
Total equity		**199,990,072**	195,978,258	**198,284,078**	193,922,921

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

	Notes	Consolidated 2015 $	Consolidated 2014 $	Chief entity 2015 $	Chief entity 2014 $
Cash flows from operating activities					
Interest received		**126,995,487**	133,883,448	**126,598,697**	133,271,184
Dividends received		**221**	217	**221**	750,217
Borrowing costs		**(74,642,405)**	(88,626,461)	**(74,918,655)**	(88,778,400)
Other non interest income received		**16,441,205**	11,317,422	**16,081,527**	10,376,279
Cash paid to suppliers and employees (inclusive of goods and services tax)		**(33,019,046)**	(39,359,058)	**(31,117,928)**	(35,079,068)
Income tax paid		**(5,426,392)**	(4,734,893)	**(5,043,833)**	(4,734,893)
Net cash flows from operating activities	24	**30,349,070**	12,480,675	**31,600,029**	15,805,319
Cash flows from investing activities					
Net (increase)/decrease in investment securities		**3,198,809**	22,354,871	**817,974**	20,883,720
Net (increase)/decrease in amounts due from other financial institutions		**1,070,985**	(5,106,235)	**1,070,985**	(5,106,235)
Net (increase)/decrease in loans		**(112,735,553)**	1,969,311	**(112,618,695)**	(828,577)
Net (increase)/decrease in other investments		**(58,154)**	250,000	**(57,213)**	250,000
Purchase of non current assets		**(2,761,940)**	(2,667,484)	**(2,761,940)**	(2,667,484)
Proceeds from sale of property, plant and equipment		**290,521**	-	**290,521**	-
Net cash used in investing activities		**(110,995,332)**	16,800,463	**(113,258,368)**	12,531,424
Cash flows from financing activities					
Net increase/(decrease) in deposits and other borrowings		**108,447,021**	38,457,541	**116,590,955**	39,005,642
Net increase/(decrease) in amounts due to other financial institutions and other liabilities		**(32,375,001)**	(74,219,680)	**(32,266,653)**	(74,219,680)
Proceeds from share issue		**3,084,830**	264,436	**3,084,830**	264,436
Dividends paid		**(10,619,468)**	(5,172,303)	**(10,619,468)**	(5,172,303)
Net cash flows from financing activities		**68,537,382**	(40,670,006)	**76,789,664**	(40,121,905)
Net increase/(decrease) in cash and cash equivalents		**(12,108,880)**	(11,388,868)	**(4,868,675)**	(11,785,162)
Cash at beginning of financial year		**63,604,301**	74,993,169	**52,754,096**	64,539,258
Cash at end of financial year	6	**51,495,421**	63,604,301	**47,885,421**	52,754,096

For the purposes of the consolidated statement of cash flows, cash includes cash on hand and deposits on call. The cash at the end of the year can be agreed directly to the consolidated statement of financial position.

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Consolidated entity	Share Capital Ordinary $	Retained Profits $	Asset Revaluation Reserve $	General Reserve $	Statutory Reserve $	Doubtful Debts Reserve $	Available for Sale Reserve $	Cash Flow Hedging Reserve $	Share-based payments $	Non-controlling interests $	Total equity $
	Attributable to owners of Auswide Bank Ltd										
Balance at 1 July 2013	162,377,263	10,113,299	3,418,279	5,833,939	2,676,071	2,387,810	185,566	-	-	(70,290)	186,921,937
Total comprehensive income for the year:											
Profit attributable to members of parent company	-	14,062,638	-	-	-	-	-	-	-	-	14,062,638
Profit attributable to non-controlling interests	-	-	-	-	-	-	-	-	-	(335)	(335)
Decrease due to revaluation of RMBS investments to fair value	-	-	-	-	-	-	(27,126)	-	-	-	(27,126)
Deferred tax liability adjustment on revaluation of RMBS investments	-	-	-	-	-	-	8,138	-	-	-	8,138
Sub-total	**162,377,263**	**24,175,937**	**3,418,279**	**5,833,939**	**2,676,071**	**2,387,810**	**166,578**	**-**	**-**	**(70,625)**	**200,965,252**
Issue of share capital for staff share plan	185,309	-	-	-	-	-	-	-	-	-	185,309
Issue of share capital for dividend reinvestment plan	988,259	-	-	-	-	-	-	-	-	-	988,259
Dividends provided for or paid - ordinary shares	-	(6,160,562)	-	-	-	-	-	-	-	-	(6,160,562)
Balance at 30 June 2014	**163,550,831**	**18,015,375**	**3,418,279**	**5,833,939**	**2,676,071**	**2,387,810**	**166,578**	**-**	**-**	**(70,625)**	**195,978,258**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated entity	Share Capital Ordinary $	Retained Profits $	Asset Revaluation Reserve $	General Reserve $	Statutory Reserve $	Doubtful Debts Reserve $	Available for Sale Reserve $	Cash Flow Hedging Reserve $	Share-based payments $	Non-controlling interests $	Total equity $
	Attributable to owners of Auswide Bank Ltd										
Balance at 1 July 2014	163,550,831	18,015,375	3,418,279	5,833,939	2,676,071	2,387,810	166,578	-	-	(70,625)	195,978,258
Total comprehensive income for the year:											
Profit attributable to members of parent company	-	13,261,991	-	-	-	-	-	-	-	-	13,261,991
Reclassification of investment in subsidiary	-	(1,222,147)	-	-	-	-	-	-	-	-	(1,222,147)
Deconsolidation of non-controlling interests	-	-	-	-	-	-	-	-	-	70,625	70,625
Transfer to retained profits of revaluation of assets since sold	-	100,251	(100,251)	-	-	-	-	-	-	-	-
Transfer to/from reserve on consolidation	-	-	392,185	-	-	-	-	-	(353,544)	-	38,641
Issue of shares to employees	-	-	-	-	-	-	-	-	245,196	-	245,196
Decrease due to revaluation of RMBS investments to fair value	-	-	-	-	-	-	(12,553)	-	-	-	(12,553)
Deferred tax liability adjustment on revaluation of RMBS investments	-	-	-	-	-	-	3,766	-	-	-	3,766
Increase due to revaluation of land and buildings to fair value	-	-	266,292	-	-	-	-	-	-	-	266,292
Deferred tax liability adjustment on revaluation of land and buildings	-	-	(79,887)	-	-	-	-	-	-	-	(79,887)
Decrease due to revaluation of cash flow hedge to fair value	-	-	-	-	-	-	-	(1,466,387)	-	-	(1,466,387)
Deferred tax liability adjustment on revaluation of cash flow hedge	-	-	-	-	-	-	-	439,916	-	-	439,916
Sub-total	**163,550,831**	**30,155,470**	**3,896,618**	**5,833,939**	**2,676,071**	**2,387,810**	**157,791**	**(1,026,471)**	**(108,348)**	**-**	**207,523,711**
Issue of share capital for staff share plan	419,092	-	-	-	-	-	-	-	-	-	419,092
Issue of share capital for dividend reinvestment plan	2,666,738	-	-	-	-	-	-	-	-	-	2,666,738
Dividends provided for or paid - ordinary shares	-	(10,619,468)	-	-	-	-	-	-	-	-	(10,619,468)
	3,085,830	(10,619,468)	-	-	-	-	-	-	-	-	(7,533,638)
Balance at 30 June 2015	**166,636,661**	**19,536,002**	**3,896,618**	**5,833,939**	**2,676,071**	**2,387,810**	**157,791**	**(1,026,471)**	**(108,348)**	**-**	**199,990,073**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Chief entity	Share Capital Ordinary $	Retained Profits $	Asset Revaluation Reserve $	General Reserve $	Statutory Reserve $	Doubtful Debts Reserve $	Available for Sale Reserve $	Cash Flow Hedging Reserve $	Share-based payments $	Non-controlling interests $	Total equity $
Balance at 1 July 2013	162,377,263	9,103,667	3,418,279	5,833,939	2,676,071	2,387,810	185,566	-	-	-	185,982,595
Total comprehensive income for the year:											
Profit attributable to members of parent company	-	12,946,308	-	-	-	-	-	-	-	-	12,946,308
Decrease due to revaluation of RMBS investments to fair value	-	-	-	-	-	-	(27,126)	-	-	-	(27,126)
Deferred tax liability adjustment on revaluation of RMBS investments	-	-	-	-	-	-	8,138	-	-	-	8,138
Sub-total	**162,377,263**	**22,049,975**	**3,418,279**	**5,833,939**	**2,676,071**	**2,387,810**	**166,578**	**-**	**-**	**-**	**198,909,915**
Issue of share capital for staff share plan	185,309	-	-	-	-	-	-	-	-	-	185,309
Issue of share capital for dividend reinvestment plan	988,259	-	-	-	-	-	-	-	-	-	988,259
Dividends provided for or paid - ordinary shares	-	(6,160,562)	-	-	-	-	-	-	-	-	(6,160,562)
Balance at 30 June 2014	**163,550,831**	**15,889,413**	**3,418,279**	**5,833,939**	**2,676,071**	**2,387,810**	**166,578**	**-**	**-**	**-**	**193,922,921**
Balance at 1 July 2014	163,550,831	15,889,413	3,418,279	5,833,939	2,676,071	2,387,810	166,578	-	-	-	193,922,921
Total comprehensive income for the year:											
Profit attributable to members of parent company	-	12,743,649	-	-	-	-	-	-	-	-	12,743,649
Transfer to retained profits of revaluation of assets since sold	-	100,251	(100,251)	-	-	-	-	-	-	-	-
Decrease due to revaluation of RMBS investments to fair value	-	-	-	-	-	-	(12,553)	-	-	-	(12,553)
Deferred tax liability adjustment on revaluation of RMBS investments	-	-	-	-	-	-	3,766	-	-	-	3,766
Increase due to revaluation of land and buildings to fair value	-	-	266,292	-	-	-	-	-	-	-	266,292
Deferred tax liability adjustment on revaluation of land and buildings	-	-	(79,887)	-	-	-	-	-	-	-	(79,887)
Decrease due to revaluation of cash flow hedge to fair value	-	-	-	-	-	-	-	(1,466,387)	-	-	(1,466,387)
Deferred tax liability adjustment on revaluation of cash flow hedge	-	-	-	-	-	-	-	439,916	-	-	439,916
Sub-total	**163,550,831**	**28,733,313**	**3,504,433**	**5,833,939**	**2,676,071**	**2,387,810**	**157,791**	**(1,026,471)**	**-**	**-**	**205,817,717**
Issue of share capital for staff share plan	419,092	-	-	-	-	-	-	-	-	-	419,092
Issue of share capital for dividend reinvestment plan	2,666,738	-	-	-	-	-	-	-	-	-	2,666,738
Dividends provided for or paid - ordinary shares	-	(10,619,468)	-	-	-	-	-	-	-	-	(10,619,468)
Balance at 30 June 2015	**166,636,661**	**18,113,845**	**3,504,433**	**5,833,939**	**2,676,071**	**2,387,810**	**157,791**	**(1,026,471)**	**-**	**-**	**198,284,079**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

1 Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards and complies with other requirements of the law. The financial report has also been prepared on a historical cost basis, except for land and buildings, hedging instruments, financial assets held at fair value through profit or loss, and available-for-sale financial assets that have been measured at fair value. All amounts are denominated in Australian Dollars (AUD).

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ("IFRS").

The financial report covers the consolidated group of Auswide Bank Ltd and controlled entities, ("consolidated entity/economic entity") and Auswide Bank Ltd as an individual parent entity ("the company/chief entity"). Auswide Bank Ltd is a for-profit listed public company, incorporated and domiciled in Australia.

(a) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the chief entity and all of the subsidiaries. Subsidiaries are entities the chief entity controls. The chief entity controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The chief entity reassesses whether it has control of an investee if facts and circumstances indicate changes to the aforementioned elements have occurred. A list of the subsidiaries is provided in Note 11.

The assets, liabilities and results of the subsidiaries are fully consolidated into the financial statements of the consolidated entity from the date on which control is obtained. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the consolidated entity.

Equity interests in a subsidiary not attributable, directly or indirectly, to the consolidated entity are presented as 'non-controlling interests'. The consolidated entity initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profits or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of profit or loss and other comprehensive income.

(b) Income tax

The economic entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any non-assessable or disallowed items.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited to profit or loss except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

1 Basis of preparation (continued)

(b) Income tax (continued)

Tax consolidation legislation
The company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law as of the financial year ended 30 June 2008. Auswide Bank Ltd is the head entity in the tax consolidation group, and as a consequence recognises current and deferred tax amounts relating to transactions, events and balances of the wholly-owned Australian controlled entities in this group as if those transactions, events and balances were its own, in addition to the current and deferred tax amounts arising in relation to its own transactions, events and balances. The tax consolidated group has not entered into a tax sharing agreement.

(c) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset.

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Any revaluation increase arising on the revaluation of freehold land and buildings is recognised in other comprehensive income and accumulated within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation
The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation periods used for each class of depreciable assets are:

- Buildings - 40 years
- Plant and equipment - 4 to 6 years
- Leasehold improvements - 4 to 6 years or the term of the lease, whichever is the lesser

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(d) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, that are transferred to entities in the economic entity are classified as finance leases.

1 Basis of preparation (continued)

(d) Leases (continued)

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(e) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss. Subsequent to initial recognition these instruments are measured as set out below.

The group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the group is recognised as a separate asset or liability.

The group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets at fair value through profit and loss
A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in profit or loss in the period in which they arise.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method, less any impairment losses.

Held-to-maturity investments
These investments have fixed maturities and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method, less any impairment losses.

Available-for-sale financial assets
Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities
Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment
At each reporting date, the group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the consolidated statement of profit or loss and other comprehensive income.

(f) Share capital - Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

1 Basis of preparation (continued)

(g) Derivative financial instruments

The consolidated entity enters into derivative financial instruments, including interest rate swaps, to manage its exposure to interest rate risk.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Hedge accounting
The consolidated entity designates hedging instruments as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the consolidated entity documents whether the hedging instrument is highly effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the ‘other gains and losses’ line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or nonfinancial liability.

Hedge accounting is discontinued when the consolidated entity revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

(h) Fair value of assets and liabilities

The consolidated entity measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the economic entity would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held in assets. Where this information is not available, other valuation techniques are adopted and where significant, are detailed in the respective note to the financial statements.

1 Basis of preparation (continued)

(i) Impairment of assets

At the end of each reporting period, the Board assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information, including dividends received from subsidiaries, associates or jointly controlled entities. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at revalued amount in accordance with another standard (for example, in accordance with the revaluation model in *AASB 116: Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

(j) Investments in associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting where significant influence is exercised over an investee. Significant influence exists where the investor has the power to participate in the financial and operating policy decisions of the investees but does not have control or joint control over those policies.

The financial statements of the associate are used by the group to apply the equity method. The reporting dates of the associate and the group are identical and both use consistent accounting policies.

The investment in the associate is carried in the consolidated and chief entity statement of financial position at cost plus post-acquisition changes in the group's share of net assets of the associate, less any impairment in value. The consolidated and chief entity profit or loss reflects the group's share of the results of operations of the associate.

Where there has been a change recognised directly in the associate's equity, the group recognises its share of any changes and disclose this, when applicable, in the consolidated and chief entity statement of changes in equity.

(k) Goodwill

Goodwill acquired in a business combination is initially measured at its cost, being the excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised at the date of the acquisition. Goodwill is subsequently measured at its cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units, or groups of cash-generating units, expected to benefit from the synergies of the business combination. Cash-generating units or groups of cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently if events or changes in circumstances indicate that goodwill might be impaired.

(l) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balances are recognised as a liability with the amounts normally paid within 30 days of recognition of the liability.

(m) Employee benefits

Provision is made for the economic entity’s liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

(n) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(o) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

1 Basis of preparation (continued)

(p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(q) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured.

Interest is recognised as it accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Dividend revenue is recognised when the shareholder's right to receive the payment is established.

Fees and commissions are recognised as revenue or expenses on an accrual basis.

Premium Revenue - Mortgage Risk Management Pty Ltd
Premiums have been brought to account as income from the date of attachment of risk. Direct Premiums comprise amounts charged to the policy holder, excluding stamp duties collected on behalf of the statutory authorities. The earned portion of premiums received and receivable is recognised as revenue.

(r) Loans and advances - doubtful debts

During the 2011/2012 financial year, insurance for a significant portion of loans was transferred from MRM to QBE. MRM will continue to insure the remaining portfolio not transferred, with new loans in excess of 80% LVR being insured with QBE going forward.

Loan impairments are recognised when objective evidence is available that a loss event has occurred and as a consequence it is not likely that all amounts owed will be received.

Specific provisions for doubtful debts are recognised for individual loans that are identified as impaired by undertaking an assessment of estimated future cashflows.

Collective provisions are determined by segmenting the portfolio into asset classes with similar credit risk characteristics. Each exposure within each segment is allocated a probability of default and a loss given default percentage to calculate an expected loss. Key elements determining the segmentation of an exposure include the product type, LVR, whether the exposure is covered by Lenders' Mortgage Insurance and the arrears position.

Where loan terms have been renegotiated (e.g. loans provided hardship relief), impairment provisioning is determined on the basis of the arrears position as if the renegotiation had not taken place. Restructured loans are returned to performing status after meeting restructured terms for a minimum 6 month period.

(s) Adoption of new and revised accounting standards

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following new, revised or amending Accounting Standards and Interpretations were effective for the current reporting period.

i) AASB 2012-3: Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities

The amendments to AASB 132 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The application of these amendments does not have any material impact on the disclosures in the consolidated financial statements.

ii) AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets

1 Basis of preparation (continued)

(s) Adoption of new and revised accounting standards (continued)

The amendments to AASB 136 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by AASB 13 *Fair Value Measurements*.

The application of these amendments does not have any material impact on the disclosures in the consolidated financial statements.

iii) AASB 2013-4 Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting

The amendments to AASB 139 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

The application of these amendments does not have any material impact on the disclosures in the consolidated financial statements.

iv) AASB 2013-5 Amendments to Australian Accounting Standards - Investment Entities

The amendments to AASB 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

As neither the parent entity nor its subsidiaries meet the definition of an investment entity, the application of these amendments do not have any material impact on the disclosures in the consolidated financial statements.

v) AASB 2014-1 Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles)

The Annual Improvements 2010-2012 and 2011-2013 have made amendments to various AASBs. The application of these amendments does not have any material impact on the disclosures in the consolidated financial statements.

vi) AASB 2014-1 Amendments to Australian Accounting Standards (Part B: Defined Benefit Plans: Employee Contributions Amendments to AASB 119)

The amendments to AASB 119 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

The application of these amendments does not have any material impact on the disclosures in the consolidated financial statements.

vii) Interpretation 21 Levies

Interpretation 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation.

The application of these amendments does not have any material impact on the disclosures in the consolidated financial statements.

viii) AASB 1031 Materiality, AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments (Part B: Materiality), AASB 2014-1 Amendments to Australian Accounting Standards (Part C: Materiality)

The revised AASB 1031 is an interim standard that cross-references to other Standards and the 'Framework for the Preparation and Presentation of Financial Statement' (issued December 2013) that contain guidance on materiality. The AASB is progressively removing references to AASB 1031 in all Standards and Interpretations. Once all of these references have been removed, AASB 1031 will be withdrawn. The adoption of AASB 1031, AASB 2013-9 (Part B) and AASB 2014-1 (Part C) does not have any material impact on the disclosures or the amounts recognised in the consolidated financial statements.

The adoption of new Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

1 Basis of preparation (continued)

(t) New standards and interpretations not yet adopted

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

(i) AASB 9 Financial Instruments, and the relevant amending standards

(applicable for annual reporting periods commencing on or after 1 January 2018)

AASB (9) 2009 introduces new requirements for the classification and measurement of financial assets. AASB 9 was subsequently amended in December 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in December 2013 to include the new requirements for general hedge accounting. Another revised version of AASB 9 was issued in December 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

The consolidated entity has not yet determined the potential impact of this standard.

(ii) AASB 15 Revenue from Contracts with Customers

(applicable for annual reporting periods commencing on or after 1 January 2017)

AASB 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. AASB 15 will supersede the current revenue recognition guidance including AASB 118 'Revenue', AASB 111 'Construction Contracts' and the related interpretations when it becomes effective.

The core principle of AASB 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The consolidated entity has not yet determined the potential impact of this standard.

(iii) AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interest in Joint Operations

(applicable for annual reporting periods commencing on or after 1 January 2016)

The amendments to AASB 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in AASB 3 'Business Combinations'. Specifically, the amendments state that the relevant principles on accounting for business combinations in AASB 3 and other standards (eg. AASB 136 'Impairment of Assets' regarding impairment testing of a cash generation unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if, and only if, an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

The consolidated entity has not yet determined the potential impact of this standard.

(iv) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation

(applicable for annual reporting periods commencing on or after 1 January 2016)

The amendments to AASB 116 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to AASB 138 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset.

Currently, the Group uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively. The directors of the company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the directors of the Company do not anticipate that the application of these amendments to AASB 116 and AASB 138 will have a material impact on the Group's consolidated financial statements.

(v) AASB 2014-9 Amendments to Australian Accounting Standards - Equity Method in Separate Financial Statements

(applicable for annual reporting periods commencing on or after 1 January 2016)

The consolidated entity has not yet determined the potential impact of this standard.

(vi) AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

1 Basis of preparation (continued)

(t) New standards and interpretations not yet adopted (continued)

(applicable for annual reporting periods commencing on or after 1 January 2016)

The consolidated entity has not yet determined the potential impact of this standard.

(vii) AASB 2015-1 Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle

(applicable for annual reporting periods commencing on or after 1 January 2016)

The consolidated entity has not yet determined the potential impact of this standard.

(viii) AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101
(applicable for annual reporting periods commencing on or after 1 January 2016)

The consolidated entity has not yet determined the potential impact of this standard.

(ix) AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality
(applicable for annual reporting periods commencing on or after 1 July 2015)

The consolidated entity has not yet determined the potential impact of this standard.

(x) AASB 2015-5 Amendments to Australian Accounting Standards - Investment entities: Applying the Consolidation Exception
(applicable for annual reporting periods commencing on or after 1 January 2016)

The consolidated entity has not yet determined the potential impact of this standard.

(xi) AASB 2015-4 Amendments to Australian Accounting Standards - Financial Reporting Requirements for Australian Groups with a Foreign Parent

(applicable for annual reporting periods commencing on or after 1 July 2015)

This standard is not applicable to the group.

(xii) AASB 2014-6 Amendments to Australian Accounting Standards - Agriculture: Bearer Plants
(applicable for annual reporting periods commencing on or after 1 January 2016)

This standard is not applicable to the group.

(u) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(v) Critical accounting estimates and judgements

The preparation of financial statements in conformity with AASB's requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Details on critical estimates and judgements in respect of impairment of receivables, impairment of investments, impairment of goodwill, outstanding claims liability and assessment of credit risk are disclosed in Note 1r), Note 11, Note 15, Note 19 and Note 35, respectively.

2 Interest revenue and interest expense

The following tables show the average balance for each of the major categories of interest bearing assets and liabilities, the amount of interest revenue or expense and the average interest rate. Month end averages are used as they are representative of the entity's operations during the period.

	Average Balance $	Interest $	Average Interest Rate %
Interest revenue 2015			
Deposits with other financial institutions	**41,428,599**	**1,175,240**	**2.84**
Investment securities	**207,733,025**	**6,019,468**	**2.90**
Loans and advances	**2,318,949,522**	**119,655,707**	**5.16**
Other	**22,442,781**	**546,724**	**2.44**
	2,590,553,927	**127,397,139**	**4.92**
Borrowing costs 2015			
Deposits from other financial institutions	**580,744,389**	**22,233,067**	**3.83**
Customer deposits and NCD's	**1,827,661,850**	**52,008,737**	**2.85**
Subordinated notes	**28,000,000**	**1,952,242**	**6.97**
	2,436,406,239	**76,194,046**	**3.13**
Net interest revenue 2015		51,203,093	
Interest revenue 2014			
Deposits with other financial institutions	**55,788,914**	**1,532,820**	**2.75**
Investment securities	**206,515,969**	**6,091,913**	**2.95**
Loans and advances	**2,253,418,425**	**125,963,525**	**5.59**
Other	**25,634,682**	**614,592**	**2.40**
	2,541,357,990	**134,202,850**	**5.28**
Borrowing costs 2014			
Deposits from other financial institutions	**613,768,329**	**24,289,381**	**3.96**
Customer deposits and NCD's	**1,750,221,615**	**57,383,290**	**3.28**
Subordinated notes	**28,000,000**	**2,876,780**	**10.27**
	2,391,989,944	**84,549,451**	**3.53**
Net Interest Revenue 2014		49,653,399	

3 Profit before income tax

Profit before income tax includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the consolidated group.

	Consolidated 2015 $	Consolidated 2014 $	Chief entity 2015 $	Chief entity 2014 $
Profit relating to mortgage insurance activities (also refer Note 1(q))				
Premium revenue	**239,090**	488,220	**-**	-

Included in the profit before income tax are the following revenue items:

3 Profit before income tax (continued)

	Consolidated		Chief entity	
	2015	2014	**2015**	2014
	$	$	**$**	$
Other revenue				
Dividends				
Controlled entities	**-**	-	**-**	750,000
Other corporations	**221**	217	**221**	217
Fees and commissions	**8,184,854**	7,813,686	**8,184,854**	7,813,686
Revaluation of investment securities to fair value	**110,500**	408,750	**-**	-
Other Income	**1,272,048**	1,527,463	**1,362,394**	1,131,549
	9,806,713	10,238,336	**9,547,469**	9,695,452

The profit before income tax is arrived at after charging the following items:

	2015	2014	**2015**	2014
	$	$	**$**	$
Other expenses				
Fees and commissions	**8,692,582**	8,608,000	**8,692,582**	8,608,000
Provisions for employee entitlements	**318,385**	343,752	**318,385**	343,752
General and administration expenses	**9,163,567**	8,554,347	**8,926,851**	8,155,508
Underwriting expenses	**112,839**	(837,484)	**-**	-
	18,287,373	16,668,615	**17,937,818**	17,107,260
Superannuation contributions paid	**1,449,779**	1,362,126	**1,449,779**	1,362,126

4 Income tax

Major components of tax expense for the year are:

	Consolidated		Chief entity	
	2015	2014	**2015**	2014
	$	$	**$**	$
Current income tax	**4,869,643**	4,898,837	**4,804,007**	4,366,108
Deferred income tax	**896,698**	1,230,999	**840,366**	1,099,639
Income tax reported in profit or loss	**5,766,341**	6,129,836	**5,644,373**	5,465,747

The prima facie tax on profit before income tax differs from the income tax provided as follows:

	Consolidated		Chief entity	
	2015	2014	**2015**	2014
	$	$	**$**	$
Prima facie tax on profit before income tax at 30.0% (2014: 30.0%)	**5,708,500**	6,057,642	**5,516,109**	5,523,617
Tax effect of permanent differences				
Depreciation of buildings	**56,188**	55,641	**56,188**	55,641
Franked dividends	**(133)**	-	**(133)**	-
Other items - net	**1,786**	16,553	**72,209**	111,489
Intra-group dividend (MRM)	**-**	-	**-**	(225,000)
Income tax expense attributable to profit from ordinary activities	**5,766,341**	6,129,836	**5,644,373**	5,465,747

5 Dividends paid

	Consolidated 2015 $	2014 $	Chief entity 2015 $	2014 $
Dividends paid during the year				
Interim for current year Fully franked dividend on ordinary shares	**5,151,525**	4,711,018	**5,151,525**	4,711,018
Final for previous year Fully franked dividend on ordinary shares	**5,467,943**	1,449,544	**5,467,943**	1,449,544
	10,619,468	6,160,562	**10,619,468**	6,160,562

In accordance with Accounting Standards, dividends are only provided for as declared or paid. Subsequent to the reporting date, the Board declared a dividend of 16.0 cents per ordinary share ($5.927 million), for the six months to 30 June 2015, payable on 02 October 2015.

The final dividend for the six months to 30 June 2014 ($5.468 million) was paid on 03 October 2014, and was disclosed in the 2013/14 financial accounts in accordance with Accounting Standards.

The tax rate at which the dividends have been franked is 30% (2014: 30%).

The amount of franking credits available for the subsequent financial year are:

	Consolidated 2015 $	2014 $	Chief entity 2015 $	2014 $
Balance as at the end of the financial year	**17,196,190**	16,637,890	**17,196,190**	16,637,890
Credits that will arise from the payment of income tax payable per the financial statements	**(256,206)**	(149,714)	**(256,206)**	(149,714)
Debits that will arise from the payment of the proposed dividend	**(2,539,931)**	(2,343,404)	**(2,539,931)**	(2,343,404)
	14,400,053	14,144,772	**14,400,053**	14,144,772

	Consolidated 2015 $	2014 $	Chief entity 2015 $	2014 $
Dividends - cents per share				
Dividend proposed				
Fully franked dividend on ordinary shares	**16.0**	15.0	**16.0**	15.0
Interim dividend paid during the year				
Fully franked dividend on ordinary shares	**14.0**	13.0	**14.0**	13.0
Final dividend paid for the previous year				
Fully franked dividend on ordinary shares	**15.0**	4.0	**15.0**	4.0

6 Cash and cash equivalents

	Consolidated 2015 $	2014 $	Chief entity 2015 $	2014 $
Cash at bank and in hand	**19,135,421**	8,554,801	**19,135,421**	8,554,096
Deposits on call	**32,360,000**	55,049,500	**28,750,000**	44,200,000
	51,495,421	63,604,301	**47,885,421**	52,754,096

7 Due from other financial institutions

	Consolidated		Chief entity	
	2015	2014	**2015**	2014
	$	$	**$**	$
Deposits with Special Service Providers	**9,090,851**	10,161,836	**9,090,851**	10,161,836
Subordinated loans	**124,585**	124,585	**124,585**	124,585
	9,215,436	10,286,421	**9,215,436**	10,286,421
Maturity analysis				
No maturity specified	**9,215,436**	10,286,421	**9,215,436**	10,286,421
	9,215,436	10,286,421	**9,215,436**	10,286,421

8 Accrued receivables

	Consolidated		Chief entity	
	2015	2014	**2015**	2014
	$	$	**$**	$
Interest receivable	**3,924,865**	3,536,251	**3,924,865**	3,536,251
Securitisation receivables	**1,775,864**	1,708,008	**1,775,864**	1,708,008
Other	**223,078**	6,418,236	**250,420**	6,346,874
	5,923,807	11,662,495	**5,951,149**	11,591,133

9 Financial assets

	Consolidated		Chief entity	
	2015	2014	**2015**	2014
	$	$	**$**	$
Financial assets held to maturity				
Certificates of deposit	**190,934,302**	172,145,269	**190,934,302**	172,145,269
Financial assets available for sale				
RMBS Investments	**3,516,198**	5,106,919	**3,516,198**	5,106,919
Financial assets at fair value through profit & loss designated on initial recognition				
Investments in floating rate notes	**3,110,462**	5,491,297	**-**	-
Financial assets at amortised cost				
Notes - Securitisation program & other	**47,345,388**	65,374,227	**47,345,388**	65,374,227
	244,906,350	248,117,712	**241,795,888**	242,626,415
Maturity analysis				
Up to 3 months	**194,044,764**	173,655,268	**190,934,302**	173,655,268
From 3 to 12 months	**-**	7,063,109	**-**	3,571,812
From 1 to 5 years	**-**	2,000,000	**-**	-
Later than 5 years	**50,861,586**	65,399,335	**50,861,586**	65,399,335
	244,906,350	248,117,712	**241,795,888**	242,626,415

Cash held within securitised trusts at 30 June 2015 of $22,490,711 (2014: $20,192,160) is restricted for use only by the trusts.

10 Loans and advances

	Consolidated		Chief entity	
	2015	2014	**2015**	2014
	$	$	**$**	$
Term loans	**2,142,158,075**	1,992,857,967	**2,142,158,075**	1,992,857,967
Loans to controlled entities	**-**	-	**903,119**	1,002,797
Continuing credit loans	**189,683,341**	233,543,371	**189,666,281**	233,543,491
	2,331,841,416	2,226,401,338	**2,332,727,475**	2,227,404,255
Provision for impairment	**(1,719,170)**	(2,426,452)	**(1,719,170)**	(2,426,452)
Total loans	**2,330,122,246**	2,223,974,886	**2,331,008,305**	2,224,977,803

Provision for impairment

Specific provision				
Opening balance	**(2,426,452)**	(2,175,797)	**(2,426,452)**	(2,175,797)
Bad and doubtful debts provided for during the year	**707,282**	(250,655)	**707,282**	(250,655)
Total provision for impairment	**(1,719,170)**	(2,426,452)	**(1,719,170)**	(2,426,452)

Charge to profit and loss for bad and doubtful debts comprises:				
Specific provision	**707,282**	(250,655)	**707,282**	(250,655)
Bad debts recognised directly	**(1,165,230)**	(109,818)	**(1,165,230)**	(109,345)
	(457,948)	(360,473)	**(457,948)**	(360,000)

Maturity analysis				
Up to 3 months	**2,672,835**	2,154,321	**2,672,835**	2,154,321
From 3 to 12 months	**1,895,272**	1,475,789	**1,895,272**	1,475,789
From 1 to 5 years	**27,190,942**	25,570,522	**27,190,942**	25,570,522
Later than 5 years	**2,298,363,197**	2,194,774,254	**2,299,249,256**	2,195,777,171
	2,330,122,246	2,223,974,886	**2,331,008,305**	2,224,977,803

The Group has entered into securitisation transactions on residential mortgage loans that do not qualify for derecognition. The special purpose entity established for the securitisation is considered to be controlled in accordance with Australian Accounting Standards & Australian Accounting Interpretations. The economic entity is entitled to any residual income of the securitisation program after all payments due to investors and costs of the program have been met, to this extent the economic entity retains credit and liquidity risk.

The impact on the consolidated and chief entity is an increase in liabilities - securitised loans - of $603.658 million (30 June 2014 - $634.130 million).

Concentration of risk

The loan portfolio of the company does not include any loan which represents 10% or more of capital.

11 Other investments

	Consolidated 2015 $	2014 $	Chief entity 2015 $	2014 $
Unlisted shares - at cost	**394,658**	336,504	**394,658**	336,384
Controlled entities - at directors' valuation	**-**	-	**15,259,005**	15,260,066
	394,658	336,504	**15,653,663**	15,596,450

Investment in controlled entities comprises:

Name	Country of incorporation	June 2015 %	June 2014 %	Contribution to consolidated operating profit after income tax 2015 $	2014 $	Investment carrying value 2015 $	2014 $
Chief entity							
Auswide Bank Ltd	Australia	**-**	-	**12,742,656**	12,196,308	**-**	-
Controlled entities							
Mortgage Risk Management Pty Ltd	Australia	**100.0**	100.0	**284,590**	1,539,984	**14,000,000**	14,000,000
Wide Bay Australia Mini Lease Pty Ltd	Australia	**51.0**	51.0	**-**	(348)	**-**	1,041
MPBS Insurance Pty Ltd	Australia	**100.0**	100.0	**-**	-	**2**	2
MPBS Holdings Pty Ltd	Australia	**100.0**	100.0	**234,745**	326,694	**1,258,903**	1,258,903
F.I. Software Solutions Pty Ltd	Australia	**100.0**	100.0	**-**	-	**-**	120
Widcap Securities Pty Ltd	Australia	**100.0**	100.0	**-**	-	**-**	-
Auswide Performance Rights Pty Ltd	Australia	**100.0**	-	**-**	-	**100**	-
				519,335	**1,866,330**	**15,259,005**	**15,260,066**
				13,261,991	**14,062,638**	**15,259,005**	**15,260,066**

The carrying amounts of unlisted shares were reassessed by the directors as at 30 June 2015 with the reassessments being based on whether there were internal or external indicators that the investment was impaired.

(a) Controlled entities

Mortgage Risk Management Pty Ltd (MRM)
MRM is a wholly owned subsidiary of Auswide Bank Ltd and is a registered lenders' mortgage insurance provider. The company acts solely for the purpose of insuring the company's residential mortgages and has received APRA approval.

The operations of MRM are subject to and under the supervision of APRA in respect of compliance and capital requirements.

MRM meets APRA's acceptable LMI test and all residential mortgage loans insured with the company qualify for a concessional risk-weight for capital adequacy purposes.

During the 2011/12 financial year the insurance for a portfolio of loans was transferred from MRM to QBE at a cost of $6.1m which is being written off over 5 years. MRM will continue to insure the remaining portfolio not transferred, with new loans in excess of 80% LVR being insured with QBE going forward.

The directors, acting on advice from the reviewing actuary, significantly increased the provisions in MRM in the second half of 2012/2013. The increase arose from a re-examination and revised modelling of the insured loan book.

11 Other investments (continued)

(a) Controlled entities (continued)

The directors resolved that the additional provisions and resulting losses in MRM were evidence of impairment of the investment in the entity. Impairment losses of $6.42m were recognised in the chief entity, in the year ended 30 June 2013, reducing the value of the investment from $20.42m to $14.00m.

The carrying value of the investment on the balance sheet of the chief entity has been derived by estimating the net present value of the future cash flows, and by evaluating the net assets of the controlled entity.

The recoverable amounts are considered by the directors to be value-in use, and it is the intention of the Board for the subsidiary to continue trading. There is unlikely to be a market for sale of the subsidiary.

An application has been lodged with the prudential regulator, APRA, for the cancellation of the insurance licence for MRM. This will effectively transfer the risk on the insured loans and the associated provisions to the balance sheet of the chief entity.

Wide Bay Mini Lease Pty Ltd
The company controlled a 51% share in Wide Bay Australia Mini Lease Pty Ltd. This company provided leasing and rental finance for businesses to acquire plant and equipment. The directors have resolved not to issue new leasing and rental contracts and to wind the business down as existing contracts are paid out. This company was deregistered on 17 June 2015.

MPBS Holdings Pty Ltd
MPBS Holdings Pty Ltd is a wholly owned subsidiary which holds the property at 73 Victoria Street Mackay.

MPBS Insurance Pty Ltd
MPBS Insurance Pty Ltd is a wholly owned subsidiary which is no longer actively trading.

F.I. Software Solutions Pty Ltd
F.I. Software Solutions Pty Ltd was a wholly owned subsidiary. The company was deregistered on 17 June 2015.

Widcap Securities Pty Ltd
Widcap Securities Pty Ltd is a wholly owned subsidiary which acts as the manager and custodian for Auswide's public RMBS and Warehouse Securitisation programs.

Auswide Performance Rights Pty Ltd
Auswide Performance Rights Pty Ltd is the trustee company for the Auswide Performance Rights Plan, set up to assist in the retention and motivation of executives, senior managers and qualifying employees.

(b) Investment accounted for using the equity method

On 29 July 2005, Auswide Bank Ltd acquired a 25% interest in Financial Technology Securities Pty Ltd.

Financial Technology has operated since 1993 as financial planners; the company operates primarily in South East Queensland and New South Wales, with a large clientele developed over the years.

Financial Technology Securities Pty Ltd is not listed on any public exchange and therefore there is no published quotation price for the fair value of this investment. The reporting date of the associate is the same as Auswide Bank Ltd.

In the 2012/13 financial year, the directors resolved that a provision for impairment for the investment be made as the recoverable amount was determined to be nil. The impairment was based on the view that there is significant uncertainty about dividend income to be derived. Therefore, it was determined that value-in-use was nil. As there is no discernable market for the investment, it was also determined that fair value less costs to sell was nil. As a result of this, small profits arising in past years have not been brought to account.

The carrying value of the investment, accounted for using the equity method, was reduced from $7.377m to nil.

In the current financial year, a carrying value of $50,873 was recognised as a result of the application of equity accounting given the recent developments which indicate a return to profitability. However, profitability is not at a level to indicate a reversal of the impairment.

The following table illustrates summarised information of the investment in Financial Technology Securities Pty Ltd:

11 Other investments (continued)

(b) Investment accounted for using the equity method (continued)

Share of associate's balance sheet:	30 June 2015 $	30 June 2014 $
Current assets	**198,980**	318,857
	-	-
Non-current assets	**136,298**	864,336
Current liabilities	**(113,522)**	(214,621)
Non-current liabilities	**(58,682)**	(143,460)
Net assets	**163,074**	**825,112**

Share of associate's revenue and profit:	30 June 2015 $	30 June 2014 $
Revenue	**1,456,046**	2,092,104
Profit before income tax	**54,341**	52,473
Income tax	**(3,468)**	(22,309)
Profit after income tax	**50,873**	30,164

We note that the above figures were based on the unaudited accounts of Financial Technology Securities Pty Ltd.

12 Property, plant and equipment

	Consolidated		Chief entity	
	2015 $	2014 $	**2015 $**	2014 $
Freehold land and buildings				
At independent valuation - June 2015	**9,135,000**	9,680,000	**9,135,000**	9,680,000
Provision for depreciation	**(14,369)**	(357,100)	**(14,369)**	(357,100)
Land and buildings 73 Victoria St Mackay	**2,250,000**	3,504,890	**-**	-
At independent valuation - June 2015 Provision for depreciation	**(3,236)**	(122,500)	**-**	-
	11,367,395	12,705,290	**9,120,631**	9,322,900
Movement in carrying amount				
Carrying amount at beginning of year	**12,705,290**	12,940,200	**9,322,900**	9,501,450
Additions	**-**	4,890	**-**	-
Revaluation increment/(decrement) (net)	**(809,882)**	-	**266,292**	-
Disposals	**(290,521)**	-	**(290,521)**	-
Depreciation	**(237,492)**	(239,800)	**(178,040)**	(178,550)
Carrying amount at end of year	**11,367,395**	12,705,290	**9,120,631**	9,322,900

12 Property, plant and equipment (continued)

	Consolidated 2015 $	Consolidated 2014 $	Chief entity 2015 $	Chief entity 2014 $
Plant and equipment				
At cost	**31,623,379**	29,781,921	**31,623,379**	29,781,921
Provision for depreciation	**(25,044,384)**	(24,416,474)	**(25,044,384)**	(24,416,474)
	6,578,995	5,365,447	**6,578,995**	5,365,447
Movement in carrying amount				
Carrying amount at beginning of year	**5,365,447**	4,017,405	**5,365,447**	4,017,405
Additions	**2,927,981**	2,672,391	**2,927,981**	2,672,391
Disposals	**(281,372)**	(8,215)	**(281,372)**	(8,215)
Depreciation	**(1,433,061)**	(1,316,134)	**(1,433,061)**	(1,316,134)
Carrying amount at end of year	**6,578,995**	5,365,447	**6,578,995**	5,365,447
	17,946,390	18,070,737	**15,699,626**	14,688,347

All land and buildings were revalued as at 3 June 2015 by certified practicing valuers Jim Webster and Richard Lysnar of Propell National Valuers QLD. The valuations were assessed to fair market values. The company's policy is to engage external experts to comprehensively revalue freehold land and buildings every three years with an assessment performed by the Board of Directors in intervening years.

13 Income tax assets

	Consolidated 2015 $	Consolidated 2014 $	Chief entity 2015 $	Chief entity 2014 $
Income tax receivable	**256,206**	149,714	**256,206**	149,714
Deferred income tax assets are attributable to:				
Employee leave provisions	**794,106**	798,900	**794,106**	798,900
Other provisions	**1,924,045**	2,704,216	**1,924,045**	2,698,286
Property, plant & equipment	**691,192**	625,834	**691,192**	625,834
Unrealised losses on investments	**1,919,599**	2,009,074	**1,886,449**	1,886,449
MPBS project costs	**-**	57,726	**-**	57,726
Other project acquisition costs	**95,601**	78,459	**95,601**	78,459
Premium on loans purchased (First Mac)	**144,569**	147,005	**144,569**	147,005
Subordinated notes prepaid expenses	**25,924**	14,216	**25,924**	14,216
Share issue costs	**-**	32,449	**-**	32,449
Other items	**308,381**	222,751	**140,880**	88,394
	5,903,417	6,690,630	**5,702,766**	6,427,718

In respect of each temporary difference the adjustment was charged to income, except for share issue costs which were credited to equity.

14 Other assets

	Consolidated 2015 $	Consolidated 2014 $	Chief entity 2015 $	Chief entity 2014 $
Prepayments	**8,802,512**	9,244,871	**8,563,542**	8,929,300
	8,802,512	9,244,871	**8,563,542**	8,929,300

15 Goodwill

Pursuant to a bidder's statement lodged with the Australian Securities & Investments Commission on 15 November 2007, the company issued an off-market takeover offer for 100% of the ordinary shares in Mackay Permanent Building Society Ltd (MPBS).

On 11 January 2008 the company announced the fulfilment of conditions pertaining to the off-market takeover offer set out in the bidder's statement and gave notice that the offer was unconditional effective 10 January 2008.

In accordance with APRA's approval for the transfer of business the financial and accounting records of the entities were merged on 01 June 2008.

The financial accounting for this business combination was prepared in accordance with Australian Accounting Standards and as set out in note 1i), and recognises the acquisition date as 10 January 2008.

	Consolidated		**Chief entity**	
	2015	2014	**2015**	2014
	$	$	**$**	$
Goodwill	**42,057,110**	42,057,110	**42,057,110**	42,057,110
	42,057,110	42,057,110	**42,057,110**	42,057,110

(a) Impairment testing

The cash-generating unit selected for impairment testing of goodwill was the Auswide Bank Ltd chief entity, as it is impractical to identify a separate MPBS cash generating unit within the chief and consolidated entities.

The goodwill disclosed in the Statement of Financial Position at 30 June 2015 was supported by the impairment testing and no impairment adjustment was required.

Impairment testing of goodwill was carried out by comparing the net present value of cash flows from the cash-generating unit to the carrying value of the cash generating unit. The cash flows were based on projections of future earnings before taxation, depreciation and amortisation, minus forecast capital expenditure.

The cash flows have been projected over a period of three years. The terminal value of the business beyond year three has been determined using a constant growth perpetuity.

The key assumptions used in carrying out the impairment testing were as follows:

- the budgeted trading result for the financial year ending 30 June 2016 represents the cash-generating potential of the chief entity based on the forecasts approved by the Board of Directors;
- the estimated growth in the cash-generating unit cash flows over years one to three (beyond 30 June 2016) was 5.0% (2014: 3.0%); (Such growth rate is considered to be reasonable by management and the Board of Directors given historical loan book growth and strategic long-term growth targets)
- the terminal growth rate (beyond three years) was 5.0% (2014: 3.0%); and
- the pre-tax discount rate used in the impairment testing was 11.50% (2014: 9.48%) which represents the Cost of Equity to the consolidated group at 30 June 2015.

The recoverable amount exceeds the carrying value of the cash-generating unit by $33.70m at 30 June 2015.

The trigger points at which the carrying value of cash-generating unit would exceed its recoverable amount, while holding all other variables constant, are as follows:

- terminal growth rate - 3.8% (2014: 1.8%);
- discount rate - 12.8% (2014: 10.7%); and
- average revenue growth rate - 4.60% (2014: 3.0%).

16 Deposits and short term borrowings

	Consolidated		Chief entity	
	2015	2014	**2015**	2014
	$	$	**$**	$
Call deposits	**517,305,301**	471,426,192	**521,129,396**	477,107,353
Term deposits	**1,146,219,117**	1,133,827,244	**1,156,219,117**	1,133,827,244
Negotiable certificates of deposits	**188,547,277**	138,558,996	**188,547,277**	138,558,996
	1,852,071,695	1,743,812,432	**1,865,895,790**	1,749,493,593

Maturity analysis				
On call	**625,147,265**	535,472,818	**628,971,360**	554,877,071
Up to 3 months	**557,756,387**	648,484,778	**557,756,387**	648,484,778
From 3 to 12 months	**590,223,881**	504,463,831	**600,223,881**	490,740,739
From 1 to 5 years	**78,944,162**	55,391,005	**78,944,162**	55,391,005
	1,852,071,695	1,743,812,432	**1,865,895,790**	1,749,493,593

The company's deposit portfolio does not include any deposit which represents 10% or more of total liabilities.

17 Payables and other liabilities

	Consolidated		Chief entity	
	2015	2014	**2015**	2014
	$	$	**$**	$
Trade creditors	**3,609,892**	2,276,927	**3,606,888**	2,276,927
Accrued interest payable	**15,150,781**	13,599,140	**15,150,781**	13,599,140
Other creditors	**5,820,353**	5,233,438	**5,096,949**	4,147,181
	24,581,026	21,109,505	**23,854,618**	20,023,248

Maturity analysis				
Up to 3 months	**17,375,867**	14,621,984	**16,649,459**	13,535,727
From 3 to 12 months	**2,367,229**	2,488,602	**2,367,229**	2,488,602
From 1 to 5 years	**4,837,697**	3,998,919	**4,837,697**	3,998,919
Later than 5 years	**233**	-	**233**	-
	24,581,026	21,109,505	**23,854,618**	20,023,248

18 Income tax liabilities

	Consolidated		Chief entity	
	2015	2014	**2015**	2014
	$	$	**$**	$
Deferred income tax liabilities are attributable to:				
Asset revaluation reserve	**1,672,116**	1,958,045	**1,501,900**	1,464,977
Prepayments	**208,139**	164,658	**208,139**	164,658
MPBS acquisition adjustments	**55,317**	73,755	**55,317**	73,755
Special reserve	**67,624**	71,390	**67,624**	71,390
Cash flow hedging reserve	**(439,916)**	-	**(439,916)**	-
	1,563,280	2,267,848	**1,393,064**	1,774,780

In respect of each temporary difference the adjustment was charged to income, except for the revaluations of the RMBS investments which were charged to the 'available for sale' reserve in equity, and the revaluations of land and buildings which were charged to the asset revaluation reserve in equity.

19 Provisions

	Consolidated		Chief entity	
	2015	2014	**2015**	2014
	$	$	**$**	$
Employee entitlements				
Balance at beginning of year	**2,663,000**	2,565,000	**2,663,000**	2,565,000
Annual leave and long service leave provided for during the year	**425,207**	370,764	**425,207**	370,764
Annual leave and long service leave payments used during the year	**(441,186)**	(272,764)	**(441,186)**	(272,764)
Balance at end of year	**2,647,021**	2,663,000	**2,647,021**	2,663,000
Maturity analysis				
Current provision	**2,227,680**	1,570,813	**2,227,680**	1,570,813
Non-current provision	**419,341**	1,092,187	**419,341**	1,092,187
	2,647,021	2,663,000	**2,647,021**	2,663,000
Unearned direct premiums and outstanding claims				
Balance at beginning of year	**6,157,373**	9,541,091	**-**	-
Transfers to/(from) the provision during the year	**-**	(3,140,000)	**-**	-
Payments from the provision during the year	**(1,701,455)**	(243,718)	**-**	-
	4,455,918	6,157,373	**-**	-

Premium revenues are earned over 10 years in accordance with actuarial advice based on historical claim patterns. The unearned portion is recognised as unearned premium liability.

The outstanding claims liability is based on independent actuarial advice and estimates of claims incurred but not settled at balance date. The estimation is based on statistical analyses of historical experience.

	Consolidated		Chief entity	
	2015	2014	**2015**	2014
	$	$	**$**	$
Other provisions	**57,039**	76,880	**57,039**	76,880
Total provisions	**7,159,978**	8,897,253	**2,704,060**	2,739,880

20 Subordinated capital notes

	Consolidated		Chief entity	
	2015	2014	**2015**	2014
	$	$	**$**	$
Inscribed debenture stock	**28,000,000**	28,000,000	**28,000,000**	28,000,000
Maturity analysis				
> 5 years	**28,000,000**	28,000,000	**28,000,000**	28,000,000

21 Contributed equity

Fully paid ordinary shares	**2015 Shares No.**	**2015 Shares $**	2014 Shares No.	2014 Shares $
All ordinary shares have equal voting, dividend and capital repayment rights.				
Balance at beginning of year	**36,452,951**	**163,550,831**	36,238,600	162,377,262
Issued during the year				
Staff share plan	**84,155**	**419,092**	36,550	185,309
Dividend reinvestment plan	**503,548**	**2,666,738**	177,801	988,260
Balance at end of year	**37,040,654**	**166,636,661**	36,452,951	163,550,831

Effective 01 July 1998, the Company Law Review Act abolished the concept of par value shares and the concept of authorised capital. Accordingly, the company does not have authorised capital or par value in respect of its issued shares.

(a) Staff Share Plan

13 October 2014 - 84,155 ordinary shares were issued.

Shares issued pursuant to the company's staff share plan were at a price of 90% of the weighted average price of the company's shares traded on the Australian Securities Exchange for the 10 days prior to the issue of the invitation to subscribe for the shares.

The members of the company approved a staff share plan in 1992 enabling the staff to participate to a maximum of 10% of the shares of the company. The share plan is available to all employees under the terms and conditions as decided from time to time by the Directors, but in particular, limits the maximum loan to each participating employee to 40% of their gross annual income. The plan requires employees to provide a deposit of 10% with the balance able to be repaid over a period of 5 years at no interest.

	Consolidated		**Chief entity**	
	2015 Shares	2014 Shares	**2015 Shares**	2014 Shares
The total number of shares issued to employees since the inception of the staff share plan	**2,684,433**	2,600,278	**2,684,433**	2,600,278
The total number of shares issued to employees during the financial year	**84,155**	36,550	**84,155**	36,550
	$	$	**$**	$
The total market value at date of issue, 13 October 2014 (03 April 2014)	**430,874**	215,645	**430,874**	215,645
The total amount paid or payable for the shares at that date	**419,092**	185,309	**419,092**	185,309

(b) Dividend Reinvestment Plan (DRP)

The DRP was maintained by the Board of Directors during the 2014/15 financial year.

03 October 2014 - 259,502 ordinary shares were issued.
27 March 2015 - 244,046 ordinary shares were issued.

Shares issued under the plan rank equally in every respect with existing fully paid permanent ordinary shares and participate in all cash dividends declared after the date of issue. The shares issued under the DRP on 3 October 2014 and 27 March 2015 were issued at a discount of 2.5% on the weighted sale price of the company's shares sold during the five trading days immediately following the Record Date.

22 Reserves

Movements in reserves

	Consolidated		Chief entity	
	2015	2014	**2015**	2014
	$	$	**$**	$
Available for sale reserve				
Balance at beginning of year	**166,578**	185,566	**166,578**	185,566
Increase/(decrease) due to revaluation of RMBS investments to mark-to-market	**(12,553)**	(27,126)	**(12,553)**	(27,126)
Deferred tax liability adjustment on revaluation of RMBS investments	**3,766**	8,138	**3,766**	8,138
Balance at end of year	**157,791**	166,578	**157,791**	166,578

The balance of this reserve represents the excess of the mark-to-market valuation over the original cost of the RMBS investments.

Asset revaluation reserve				
Balance at beginning of year	**3,418,279**	3,418,279	**3,418,279**	3,418,279
Transfer from profit and loss appropriation	**392,185**	-	**-**	-
Increase/(decrease) due to revaluation increment on land and buildings	**266,292**	-	**266,292**	-
Deferred tax liability adjustment on revaluation increment on land and buildings	**(79,887)**	-	**(79,887)**	-
Decrease due to transfer to retained profits of revaluation of assets since sold	**(100,251)**	-	**(100,251)**	-
Balance at end of year	**3,896,618**	3,418,279	**3,504,433**	3,418,279

The balance of this reserve represents the excess of the independent valuation over the original cost of the land and buildings.

Cash flow hedge reserve				
Balance at beginning of year	**-**	-	**-**	-
Gain/(loss) arising on changes in fair value of hedging instruments entered into for cash flow hedges				
Interest rate swaps	**(1,466,387)**	-	**(1,466,387)**	-
Income tax related to gains/losses recognised in other comprehensive income	**439,916**	-	**439,916**	-
Balance at end of year	**(1,026,471)**	-	**(1,026,471)**	-

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the relevant accounting policy.

There were no cumulative (gains)/losses arising on changes in fair value of hedging instruments reclassified from equity into profit or loss during the year.

22 Reserves (continued)

	Consolidated 2015 $	Consolidated 2014 $	Chief entity 2015 $	Chief entity 2014 $
Share based payments reserve				
Increase in reserve on acquisition of shares	**(353,544)**	-	**-**	-
Issue of shares held by entity to employees	**245,196**	-	**-**	-
Balance at end of year	**(108,348)**	-	**-**	-

The share based payments reserve relates to shares available for long term incentive (LTI) based payments to employees.

	Consolidated 2015 $	Consolidated 2014 $	Chief entity 2015 $	Chief entity 2014 $
Statutory reserve				
Balance at end of year	**2,676,071**	2,676,071	**2,676,071**	2,676,071

This is a statutory reserve created on a distribution from the Queensland Building Society Fund.

	Consolidated 2015 $	Consolidated 2014 $	Chief entity 2015 $	Chief entity 2014 $
General reserve				
Balance at end of year	**5,833,939**	5,833,939	**5,833,939**	5,833,939

A special reserve was established upon the company issuing fixed share capital in 1992. The special reserve represented accumulated members profits at that date and was transferred to the general reserve over a period of 10 years being finalised in 2001/2002.

	Consolidated 2015 $	Consolidated 2014 $	Chief entity 2015 $	Chief entity 2014 $
Doubtful debts reserve				
Balance at end of year	**2,387,810**	2,387,810	**2,387,810**	2,387,810

Under APRA Harmonised Standards the company was required to establish a general reserve for doubtful debts. The amount was 0.5% of Risk Weighted Assets, and the Board resolved to retain this reserve.

	Consolidated 2015 $	Consolidated 2014 $	Chief entity 2015 $	Chief entity 2014 $
Total reserves	**13,817,409**	14,482,677	**13,533,572**	14,482,677

23 Outside equity interest

Reconciliation of outside equity interest in controlled entities:

	Consolidated 2015 $	Consolidated 2014 $
Opening balance	**(70,625)**	(70,290)
Share of operating profit/(loss)	**-**	(335)
Deconsolidation of minority interest	**70,625**	-
Closing balance	**-**	(70,625)

24 Cash flow statement

Reconciliation of profit from ordinary activities after tax to the net cash flows from operations:

	Consolidated		Chief entity	
	2015	2014	**2015**	2014
	$	$	**$**	$
Profit after tax from continuing operations	**13,261,991**	14,062,638	**12,742,656**	12,946,308
Depreciation and amortisation	**1,670,552**	1,555,934	**1,611,100**	1,494,684
Bad debts expense	**457,948**	360,473	**457,948**	360,000
(Profit)/loss on disposal of non-current assets	**(265,557)**	3,133	**(265,557)**	3,133
(Increase)/Decrease in Assets				
Accrued interest on investments	**(388,613)**	140,103	**(388,613)**	140,103
Prepayments & other receivables	**6,696,546**	3,096,476	**6,521,240**	2,952,529
Deferred tax asset	**787,213**	(1,238,506)	**724,952**	(1,256,860)
Increase/(Decrease) in Liabilities				
Creditors & accruals	**9,937,325**	(5,695,028)	**10,372,514**	(1,179,744)
Deferred tax payable	**(704,568)**	165,359	**(381,716)**	165,359
Income tax payable	**(106,491)**	(313,659)	**(106,491)**	(163,945)
Employee entitlement provisions	**(15,979)**	343,752	**(15,979)**	343,752
Other provisions	**(1,737,277)**	-	**(35,820)**	-
Reserves	**755,980**	-	**363,795**	-
Net cash flows from operating activities	**30,349,070**	12,480,675	**31,600,029**	15,805,319

Cash flows arising from the following activities are presented on a net basis:

- Deposits to and withdrawals from customer deposit accounts.
- Advances and repayments on loans, advances and other receivables.
- Sales and purchases of investment securities.
- Insurance and reinsurance premiums.
- (Profit)/Loss on disposal of fixed assets.

25 Expenditure commitments

	Consolidated		Chief entity	
	2015	2014	**2015**	2014
Capital expenditure commitment	**$**	$	**$**	$
Capital expenditure contracted for within one year	**1,190,694**	920,000	**1,190,694**	920,000

Lease expenditure commitments

Non-cancellable operating leases				
Up to 1 year	**2,269,360**	2,534,364	**2,269,360**	2,534,364
From 1 to 2 years	**1,573,246**	2,014,140	**1,573,246**	2,014,140
From 2 to 5 years	**1,697,156**	2,337,185	**1,697,156**	2,337,185
Later than 5 years	**145,552**	-	**145,552**	-
	5,685,314	6,885,689	**5,685,314**	6,885,689

26 Employee entitlements

Employee entitlements

The aggregate employment entitlement liability is comprised of:

		Consolidated		Chief entity	
		2015	2014	**2015**	2014
	Notes	**$**	$	**$**	$
Provisions	19	**2,647,021**	2,663,000	**2,647,021**	2,663,000

27 Contingent liabilities and credit commitments

	Consolidated		Chief entity	
	2015	2014	**2015**	2014
	$	$	**$**	$
Approved but undrawn loans	**66,969,048**	76,036,526	**66,969,048**	76,036,526
Approved but undrawn credit limits	**92,350,042**	92,740,504	**92,350,042**	92,740,504
Bank guarantees	**364,316**	258,469	**364,316**	258,469
	159,683,406	169,035,499	**159,683,406**	169,035,499

28 Earnings per share

	Consolidated	
	2015	2014
	Cents	Cents
Basic earnings per share (cents per share)	**36.07**	38.75
Diluted earnings per share (cents per share)	**36.07**	38.75

As shares held in the share based payments reserve would be antidilutive, they have been excluded from the calculation of diluted earnings per share.

	Basic		Diluted	
Information relating to the calculation of the earnings per share is as follows:	**2015** **$**	2014 $	**2015** **$**	2014 $
Calculation of numerator				
Net profit attributable to shareholders	**13,261,993**	14,062,638	**13,261,993**	14,062,638
Less dividends paid on preference shares	**-**	-	**-**	-
Numerator	**13,261,993**	14,062,638	**13,261,993**	14,062,638
Weighted average number of shares				
Ordinary shares	**36,768,376**	36,293,202	**36,788,376**	36,293,202
Potential ordinary shares	**-**	-	**-**	-
Total weighted average ordinary shares	**36,768,376**	36,293,202	**36,788,376**	36,293,202

29 Key management personnel disclosures

(a) Details of key management personnel

The following were key management personnel for the entire reporting period unless otherwise stated.

(i) Directors

JS Humphrey	Chairman - Non-executive Director
MJ Barrett	Managing Director
PJ Sawyer	Director - Non-executive (retired 17 March 2015)
B Dangerfield	Director - Non-executive
GN Kenny	Director - Non-executive
SC Birkensleigh	Director - Non-executive (appointed 2 February 2015)

(ii) Executives

WR Schafer	Chief Financial Officer, Company Secretary
CA Lonergan	Chief Risk Officer
SM Caville	Chief Information Officer
MS Rasmussen	Chief Operating Officer (appointed 29 January 2015) previously General Manager Business Banking and Operations
CM Nevis	General Manager Third Party & Business Banking
AJ McArdle	General Manager Sales & Distribution

Each of the key management personnel, relatives of key management personnel and related business entities which hold share capital and/or deposits with the company do so on the same conditions as those applying to all other members of the company.

(b) Key management personnel compensation

	Consolidated		**Chief entity**	
Remuneration for the year ended 30 June 2015	**2015 $**	2014 $	**2015 $**	2014 $
Short term benefits				
Cash and salary fees	**2,075,144**	1,946,162	**2,075,144**	1,946,162
Cash bonus	**37,500**	125,000	**37,500**	125,000
Non-monetary	**-**	-	**-**	-
Post employment benefits				
Superannuation	**158,295**	141,844	**158,295**	141,844
Retirement benefits	**-**	-	**-**	-
Termination benefits	**-**	-	**-**	-
Share based payments	**37,500**	-	**37,500**	-
Other long term benefits	**39,642**	28,035	**39,642**	28,035
	2,348,081	2,241,041	**2,348,081**	2,241,041

Remuneration is calculated based on the period each employee was classified as key management personnel.

(c) Other transactions with key management personnel

There were no other transactions in which key management personnel provided services to the company.

30 Remuneration of auditors

	Consolidated 2015 $	Consolidated 2014 $	Chief entity 2015 $	Chief entity 2014 $
Amounts received or due and receivable by the auditors of the chief entity, Deloitte Touche Tohmatsu, are as follows:				
Audit and review of financial statements of the entity and any other entity in the economic entity	**272,470**	-	**272,470**	-
Other Assurance Services	**16,414**	-	**16,414**	-
	288,884	-	**288,884**	-
Amounts received or due and receivable by the previous auditors of the chief entity, Bentleys Brisbane Partnership, are as follows:				
Audit and review of financial statements of the entity and any other entity in the economic entity	**47,797**	224,768	**47,797**	224,768
Tax returns (including subsidiaries)	**24,741**	16,589	**24,741**	16,589
Other assurance services	**6,753**	68,090	**6,753**	68,090
Other services	**1,883**	17,903	**1,883**	17,903
Accrual adjustment	**-**	(5,726)	**-**	(5,726)
	81,174	321,624	**81,174**	321,624
Amounts received or due and receivable by the auditors of Mortgage Risk Management Pty Ltd, KPMG, are as follows:				
Audit and review of the financial statements of the entity	**22,600**	22,600	**-**	-
Other regulatory audit services (APRA Return)	**11,300**	11,300	**-**	-
	33,900	33,900	**-**	-
KPMG related practices:				
Other regulatory services	**41,000**	21,000	**-**	-
	41,000	21,000	**-**	-
Total auditors' remuneration	**444,958**	376,524	**370,058**	321,624

31 Events subsequent to balance date

The financial statements were authorised for issue by the directors on the date the directors' declaration was signed.

Mortgage Risk Management Pty Ltd

The Board announced on 13 August 2015 the effective date of 30 September 2015 to wind up the captive Lenders Mortgage Insurance subsidiary, MRM.

The credit risk and provisions will be transferred to the balance sheet of the chief entity.

The wind up will release up to $10m of tier 1 capital which is currently invested in MRM.

Land and buildings - Victoria Street, Mackay

A conditional contract for the sale of the property at Victoria Street, Mackay was entered into on 31st July 2015 in the amount of $2.35m.

32 Business and geographical segment information

The company operates predominantly in one industry. The principal activities of the company are confined to the raising of funds and the provision of finance for housing, personal loans and business banking.

The company commenced funding personal loans in May 2013. The personal loans portfolio was immaterial at balance date and has not been reported as a segment.

Funding of business loans commenced in April 2014. The business loans portfolio was immaterial at balance date and has not been reported as a segment.

The company operates principally within the States of Queensland, New South Wales and Victoria.

33 Concentration of assets and liabilities and off balance sheet items

The Directors are satisfied that there is no undue concentration of risk by way of geographical area, customer group or industry group.

34 Fair value measurements

The economic entity measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- financial assets held for sale
- available-for-sale financial assets
- freehold land and buildings
- investments in floating rate notes

The economic entity does not subsequently measure any liabilities at fair value on a non-recurring basis.

(a) Fair value hierarchy

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that is significant to the measurement can be categorised into as follows:

Level 1
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2
Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3
Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

(b) Valuation techniques

The economic entity selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the economic entity are consistent with one or more of the following valuation approaches:

Market approach: valuation techniques that use prices and other relevant information generated by Market transactions for identical or similar assets or liabilities.

Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

34 Fair value measurements (continued)

(b) Valuation techniques (continued)

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the economic entity gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following tables provide the fair values of the economic entity's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

Consolidated entity - at 30 June 2015	Notes	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets					
Financial assets held to maturity:					
Certificates of deposit		190,934,302	-	-	190,934,302
Financial assets held at amortised cost:					
Notes - securitisation program		-	47,345,388	-	47,345,388
Loans and advances		-	-	2,339,227,326	2,339,227,326
Financial assets at fair value to profit or loss:					
Investment in floating rate notes		-	3,110,462	-	3,110,462
Financial assets available for sale:					
RMBS investments		-	3,516,198	-	3,516,198
Total		190,934,302	53,972,048	2,339,227,326	2,584,133,676
Non-financial assets					
Freehold land and buildings		-	-	11,367,395	11,367,395
Total		-	-	11,367,395	11,367,395
Financial Liabilities					
Financial liabilities held at amortised cost:					
Deposits and short term borrowings	35(f)	-	-	1,845,882,158	1,845,882,158
Securitised loans	35(f)	-	605,569,536	-	605,569,536
Total		-	605,569,536	1,845,882,158	2,451,451,694

34 Fair value measurements (continued)

(b) Valuation techniques (continued)

Chief entity - at 30 June 2015	Notes	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets					
Financial assets held to maturity:					
Certificates of deposit		190,934,302	-	-	190,934,302
Financial assets held at amortised cost:					
Notes - securitisation program		-	47,345,388	-	47,345,388
Loans and advances		-	-	2,339,227,326	2,339,227,326
Financial assets at fair value to profit or loss:					
Shares in unlisted companies		-	-	15,653,663	15,653,663
Financial assets available for sale:					
RMBS investments		-	3,516,198	-	3,516,198
Total		190,934,302	50,861,586	2,354,880,989	2,596,676,877
Non-financial assets					
Freehold land and buildings		-	-	9,120,631	9,120,631
Total		-	-	9,120,631	9,120,631
Financial Liabilities					
Financial liabilities held at amortised cost:					
Deposits and short term borrowings	35(f)	-	-	1,872,122,826	1,872,122,826
Securitised loans	35(f)	-	605,569,536	-	605,569,536
Total		-	605,569,536	1,872,122,826	2,477,692,362

34 Fair value measurements (continued)

(b) Valuation techniques (continued)

Consolidated entity - at 30 June 2014	Notes	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets					
Financial assets held to maturity:					
Certificates of deposit		**172,145,269**	**-**	**-**	**172,145,269**
Financial assets held at amortised cost:					
Notes - securitisation program		**-**	**65,374,227**	**-**	**65,374,227**
Loans and advances		**-**	**-**	**2,233,714,347**	**2,233,714,347**
Financial assets at fair value to profit or loss:					
Investment in floating rate notes		**-**	**5,491,297**	**-**	**5,491,297**
Financial assets available for sale:					
RMBS investments		**-**	**5,106,919**	**-**	**5,106,919**
Total		**172,145,269**	**75,972,443**	**2,233,714,347**	**2,481,832,059**
Non-financial assets					
Freehold land and buildings		**-**	**-**	**12,705,290**	**12,705,290**
Total		**-**	**-**	**12,705,290**	**12,705,290**
Financial Liabilities					
Financial liabilities held at amortised cost:					
Deposits and short term borrowings	35(f)	**-**	**-**	**1,738,210,118**	**1,738,210,118**
Securitised loans	35(f)	**-**	**636,212,997**	**-**	**636,212,997**
Total		**-**	**636,212,997**	**1,738,210,118**	**2,374,423,115**

34 Fair value measurements (continued)

(b) Valuation techniques (continued)

Chief entity - at 30 June 2014	Notes	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets					
Financial assets held to maturity:					
Certificates of deposit		**172,145,269**	**-**	**-**	**172,145,269**
Financial assets held at amortised cost:					
Notes - securitisation program		**-**	**65,374,227**	**-**	**65,374,227**
Loans and advances		**-**	**-**	**2,233,714,347**	**2,233,714,347**
Financial assets at fair value to profit or loss:					
Shares in unlisted companies		**-**	**-**	**15,596,450**	**15,596,450**
Financial assets available for sale:					
RMBS investments		**-**	**5,106,919**	**-**	**5,106,919**
Total		**172,145,269**	**70,481,146**	**2,249,310,797**	**2,491,937,212**
Non-financial assets					
Freehold land and buildings		**-**	**-**	**9,322,900**	**9,322,900**
Total		**-**	**-**	**9,322,900**	**9,322,900**
Financial Liabilities					
Financial liabilities held at amortised cost:					
Deposits and short term borrowings	35(f)	**-**	**-**	**1,755,095,906**	**1,755,095,906**
Securitised loans	35(f)	**-**	**636,212,997**	**-**	**636,212,997**
Total		**-**	**636,212,997**	**1,755,095,906**	**2,391,308,903**

(c) Valuation techniques and inputs used to measure Level 2 fair values

Description	Fair value Consolidated $ Jun 15	$ Jun 14	Valuation Technique(s)	Inputs Used
Financial assets available for sale				
RMBS investments	3,516,198	5,106,919	Mark to market value	Consideration, maturity and interest rates
Financial assets at fair value to profit or loss				
Investment in floating rate notes	3,110,462	5,491,297	Mark to market value	Consideration, maturity and interest rates
	6,626,660	10,598,216		

There were no changes during the period in the valuation techniques used by the economic entity to determine Level 2 fair values.

34 Fair value measurements (continued)

(d) Valuation techniques and inputs used to measure Level 3 fair values

Description	Fair value $ Jun 15	Fair value $ Jun 14	Valuation Technique(s)	Inputs Used
Freehold land and buildings	11,367,395	12,705,290	Market approach using recent observable market data, income approach using discounted cash flow methodology	Rentals for the property, capitalisation rate, value of similar properties
Shares in unlisted companies	15,653,663	15,596,450	Market approach using recent observable market data, income approach using discounted cash flow methodology	Cost value, net present value of future cash flows (see note 11)
	27,021,058	28,301,740		

The fair value of freehold land and buildings is determined at least every three years based on valuations by an independent valuer. At the end of each intervening period, the directors review the independent valuation and when appropriate, update the fair value measurement to reflect current market conditions.

(e) Reconciliation of Level 3 fair value measurements

	Shares in unlisted companies 2015 $	2014 $	Freehold land and buildings 2015 $	2014 $
Opening balance	**15,596,450**	15,925,577	**12,705,290**	12,940,200
Total gains or losses:				
- in profit or loss			**(528,013)**	(239,800)
- in other comprehensive income			**(809,882)**	
Purchases	**58,374**			4,890
Disposals	**(1,161)**	(329,127)		
Closing balance	**15,653,663**	15,596,450	**11,367,395**	12,705,290

35 Financial instruments

Auswide Bank Ltd has exposure to the following risks from its use of financial instruments:

- Capital risk
- Market risk
- Liquidity risk
- Credit risk

(a) Capital risk management

The Board and Management of Auswide Bank Ltd are responsible for instituting a risk management framework and processes to diminish such risks to prudent levels. The Board has established the following committees with responsibilities to develop and monitor risk management frameworks within their relevant areas: the Risk Committee; the Asset and Liability Management Committee and the Audit Committee.

The Risk Committee is responsible for constructing and reviewing Auswide Bank Ltd's risk management policies and procedures and appraising the adequacy of the risk management framework. The Asset and Liability Management Committee is responsible for the analysis and management of interest rate risk. Conversely, the Audit Committee is responsible for providing an impartial review of internal and external audit and of Auswide Bank Ltd's:

- statutory reporting;
- prudential Australian Prudential Regulation Authority reporting;
- other financial reporting; and
- compliance with laws and regulations.

35 Financial instruments (continued)

(a) Capital risk management (continued)

The Australian Prudential Regulation Authority's (APRA's) Prudential Standard APS110 Capital Adequacy aims to ensure the Authorised Deposit-taking Institutions (ADI's) maintain adequate capital, on both an individual and group basis, to act as a buffer against the risks associated with the group's activities. APRA requires capital to be allocated against credit, market and operational risk, and the group has adopted the 'standard model' approach to measure the capital adequacy ratio.

The Board of Directors takes responsibility to ensure the company and consolidated entity maintain a level and quality of capital commensurate with the type, amount and concentration of risks to which the company and consolidated group are exposed from their activities. The Board has regard to prospective changes in the risk profile and capital holdings.

The company's management prepares a three year capital plan and monitors actual risk-based capital ratios on a monthly basis to ensure the capital ratio complies with Board's targets. The Board's target is for the capital adequacy ratio to be maintained above 13%. During the 2015 and 2014 financial years the capital adequacy ratios of both the consolidated and chief entities were maintained above the target ratio.

The capital adequacy calculations at 30 June 2015 and 30 June 2014 have been prepared in accordance with the revised prudential standards incorporating the Basel III principles.

APRA Prudential Standards and Guidance Notes for ADI's provide guidelines for the calculation of capital and specific parameters relating to Tier 1, Common Equity Tier 1 and Total Capital. Tier 1 capital comprises the highest quality components of capital and includes ordinary share capital, general reserves and retained earnings less specific deductions. Tier 2 capital comprises other capital components including general reserve for credit losses and cumulative subordinated debt.

Consistent with Basel III, the approach to capital assessment provides for a quantitative measure of the capital adequacy and focuses on:

- credit risk arising from on-balance sheet and off-balance sheet exposures;
- market risk arising from trading activities;
- operational risk associated with banking activities;
- securitisation risks; and
- the amount, form and quality of capital held to act as a buffer against these and other exposures.

Details of the capital adequacy ratio on a chief entity and consolidated basis are set out below:

	Consolidated		**Chief entity**	
	2015	2014	**2015**	2014
	$	$	**$**	$
Total risk weighted assets	**1,033,792,787**	1,063,422,672	**1,031,499,262**	1,060,944,227
Capital base	**156,652,308**	151,960,540	**154,647,013**	149,543,312
Risk-based capital ratio	**15.15%**	14.29%	**14.99%**	14.10%

(b) Market risk management

Market risk is the risk that changes in market prices, such as interest rates, will affect Auswide Bank Ltd's income or the worth of its holdings of financial instruments. The Board's objective is to manage market risk exposures while optimising the return on risk.

Interest Rate Risk

Interest rate risk is the potential for loss of earnings to Auswide Bank Ltd due to adverse movements in interest rates.

The Asset and Liability Management Committee (ALCO) is responsible for the analysis and management of interest rate risk inherent in the balance sheet through balance sheet and financial derivative alternatives. These risks are quantified in the Rate Sensitive Asset and Liability Gap Analysis Report (the “Gap Analysis Report”). The ALCO’s function and role are:

(i) to review and analyse the interest rate exposures (as set out in the Gap Analysis Report) in the context of current wholesale interest rate settings;
(ii) to compare the interest rate exposures set out in the Gap Analysis Report against the limits prescribed under Auswide’s Interest Rate Risk Policy limits.
(iii) to ascertain whether the risks manifested in the Gap Analysis Report are appropriate given the committee’s view on interest rates;

35 Financial instruments (continued)

(b) Market risk management (continued)

(iv) to review and analyse:

- the maturity profile of cash flow as produced through the Gap Analysis Report;
- the concentration in sources and application of funds;
- the ability to borrow in various markets;
- the potential sources of volatility in assets and liabilities;
- the impact of market/operational disruption on cash flow and on customers; and
- the ability to undertake asset sales.

At the reporting date, if interest rates had been 2.0% higher or lower and all other variables were held constant, the group's net profit would decrease by $10,060,065 or increase by $9,782,054 (2014: decrease by $2,826,434 or increase by $2,826,434). This is mainly due to the company's exposures to fixed and variable rate loans, and deposit and securitisation liabilities.

The sensitivity analysis was derived from the Gap Analysis Report which calculates risk associated with movements in interest rates through the input of parameters for all financial assets and liabilities. The parameters used were consistent with those adopted for the prior period.

(c) Liquidity risk management

The Board of Directors have approved an appropriate liquidity risk management framework for the management of the group's short, medium and long-term funding and liquidity management requirements. The group manages liquidity risk by maintaining adequate reserves, credit facilities and reserve borrowing facilities, and daily monitoring and forecasting cash flows.

Liquidity is monitored by management and a projection of near future liquidity (30 days) is calculated daily. This information is used by management to manage expected liquidity requirements.

An additional reserve equivalent to a minimum of 8% of the company's liability base assessed on a quarterly basis is set aside and isolated as additional liquidity available in a crisis situation via the RBA repurchase facility (Repo).

The undrawn limits on the securitisation warehouses were as follows:

Securitisation Trust	**2015** $	**2014** $
WB Trust No. 3	-	50,596,703
WB Trust No. 5	81,553,957	-
WB Trust No. 6	30,605,288	40,544,808
Total	112,159,245	91,141,511
Maturity Analysis		
Up to 1 year	112,159,245	91,141,511

The maturity analysis for the respective groups of financial assets and liabilities have been included in the notes to the financial statements.

(d) Credit risk management

Under the direction of the Board of Directors, management has developed risk management policies and procedures to establish and monitor the credit risk of the company. The risk management procedures define the credit principles, lending policies and the decision making processes which control the credit risk of the company.

Credit risk is minimised by the availability and application of insurances including lenders' mortgage insurance, title insurance, property insurance, mortgage protection insurance and consumer credit insurance. Credit risk in the loan portfolio is managed by protecting all loans in excess of 80% LVR with either one of the recognised mortgage insurers or through the company's wholly owned subsidiary Mortgage Risk Management Pty Ltd, an approved lenders' mortgage insurer, and by securing the loans by first mortgages of residential property.

The company has a diversified Branch Network consisting of 32 branches and agencies across Queensland, and a business centre in Toowong, Brisbane, which conducts the company's third party and interstate business. All regional loan staff and panel valuers are locally based ensuring an in depth knowledge of the local economy and developments in the real estate market.

The Board of Directors and management receive reports on a monthly basis to monitor and supervise the past due loans in the portfolio and ensure credit procedures are adhered to on a timely and accurate basis.

35 Financial instruments (continued)

(d) Credit risk management (continued)

The economic entity's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the balance sheet. The maximum credit risk exposure does not take into account the value of any security held or the value of any mortgage or other insurance to cover the risk exposure.

The past due loans and advances for the group (excluding effects of hardship accounts) comprise:

	Consolidated		**Chief entity**	
	2015	2014	**2015**	2014
	$	$	**$**	$
30 days and less than 60 days	**7,125,543**	15,481,298	**7,125,543**	15,481,298
60 days and less than 90 days	**3,215,709**	7,262,763	**3,215,709**	7,262,763
90 days and less than 182 days	**3,178,019**	9,587,526	**3,178,019**	9,587,526
182 days and less than 273 days	**1,670,694**	1,830,451	**1,670,694**	1,830,451
273 days and less than 365 days	**2,463,633**	4,692,619	**2,463,633**	4,692,619
365 days and over	**4,652,942**	4,136,824	**4,652,942**	4,136,824
	22,306,540	42,991,481	**22,306,540**	42,991,481

As at 30 June 2015 there were 13 loans totalling $3,903,233 (30 June 2014: 15 loans totalling $4,199,640) on which interest was not being accrued due to impairment.

Concentration of credit risk

The company minimises concentrations of credit risk in relation to loans receivable by undertaking transactions with a large number of customers principally within the states of Queensland, New South Wales and Victoria.

The concentration of the loans and advances throughout Australia are as follows:

	2015	2014
	%	%
Queensland	**83.8**	86.8
Victoria	**5.9**	5.6
New South Wales	**8.0**	6.2
South Australia	**0.9**	0.7
Western Australia	**1.2**	0.6
Tasmania	**0.1**	0.1
Northern Territory	**0.1**	-
	100.0	100.0

Counterparty risk

As part of Auswide Bank Ltd’s investment policy individual counterparties need to have the appropriate investment grading and are monitored in respect of their credit rating. Further, limits are placed on the amount of funds which may be placed with institutions with certain credit ratings.

35 Financial instruments (continued)

(e) Terms, conditions and accounting policies

The economic entity's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at the balance date, are as follows:

Recognised financial instruments	**Notes to accounts**	**Accounting Policies**	**Terms and Conditions**
FINANCIAL ASSETS			
Short term deposits	6,7	Short term deposits are stated at amortised cost. Interest is recognised when earned.	Short term deposits have an effective interest rate of 2.53% (2014 - 2.89%)
Accrued receivables	8	Amounts receivable are recorded at their recoverable amount.	
Bills of exchange and promissory notes	9	Bills of exchange and promissory notes are stated at amortised cost.	Bills of exchange and promissory notes have an effective interest rate of 0% (not applicable for 2015) (2014 - 2.81%)
Certificates of deposit	9	Certificates of deposit are carried at amortised cost. Interest revenue is recognised when earned.	Certificates of deposit have an effective interest rate of 3.01% (2014 - 2.92%)
Notes	9	Notes are carried at amortised cost.	These notes are an overcover required as part of the securitisation of loans. They have an effective interest rate of 3.13% (2014 - 4.32%)
RMBS Investments	9	RMBS Investments are recorded at fair value through the Available for Sale Reserve.	
Mortgage Risk Management Pty Ltd Investments	9	Investments held by Mortgage Risk Management Pty Ltd are recorded at fair value through profit and loss.	
Loans and advances	10	Loan interest is calculated on the closing daily outstanding balance and is charged in arrears to the customer's account on a monthly basis. Loans and advances are recorded at amortised cost.	New mortgage loans approved with an LVR in excess of 80% will be insured under an arrangement with QBE, and are secured by first mortgage over residential property. Personal loans are approved on both a secured and unsecured basis and are not insured. Loans made for the purchase of staff shares are secured by the shares themselves. Certain of the company's loans have been securitised and continue to be managed by the company. Further details are disclosed in note 10. The securitisation notes have a maturity period of greater than 30 years. The securitisation notes are eligible for repayment once the balance of the trust falls below 10% of the invested amount. Interest paid to the note holders is repriced on a monthly basis at a set margin above BBSW.

35 Financial instruments (continued)

(e) Terms, conditions and accounting policies (continued)

FINANCIAL LIABILITIES			
Deposits	16	Deposits are recorded at the principal amount. Interest is brought to account on an accrual basis.	Details of maturity of the deposits are set out in note 16. Interest is calculated on the daily balance.
Payables and other liabilities	17	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the economic entity.	Trade creditors are normally settled on 30 day terms.
Dividends payable	5	Dividends payable are recognised when declared by the company.	Details of the final dividend declared by the company for the financial year ended 30 June 2015 are disclosed in note 5.
Subordinated capital notes	20	The subordinated capital notes are inscribed debenture stock.	These notes are issued for an initial period of 5 years and thereafter can be redeemed on an annual basis until the final redemption date of 10 years. Interest is repriced quarterly at a set margin above BBSW.

35 Financial instruments (continued)

(f) Derivatives

Each of the securitisation trusts has an Interest Rate Swap in place to hedge against fixed rate loans held in the trust. The mark to market values at the end of the year were as follows:

	2015 **$**	2014 $
WB Trust No.3	**-**	359,400
WB Trust No.5	**-**	-
WB Trust No.6	**-**	-
WB Trust 2006-1	**63,857**	65,200
WB Trust 2008-1	**784,428**	619,400
WB Trust 2009-1	**135,235**	122,600
WB Trust 2010-1	**38,985**	28,600
WB Trust 2014-1	**256,057**	-

(g) Interest rate risk

The economic entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

35 Financial instruments (continued)

(g) Interest rate risk (continued)

Financial Instruments	Floating interest rate 2015 $	Floating interest rate 2014 $	Fixed interest rate maturing in: 1 Year or Less 2015 $	1 Year or Less 2014 $	From 1 to 5 years 2015 $	From 1 to 5 years 2014 $	Non interest bearing 2015 $	Non interest bearing 2014 $	Total carrying amount per balance sheet 2015 $	Total carrying amount per balance sheet 2014 $	Weighted average effective interest rate 2015 %	Weighted average effective interest rate 2014 %
Financial Assets												
Cash and cash equivalents	**49,265,928**	59,997,391	**-**	-	**-**	-	**2,229,493**	3,606,910	**51,495,421**	63,604,301	**2.56**	2.73
Due from other financial institutions	**9,120,436**	10,191,421	**-**	-	**-**	-	**95,000**	95,000	**9,215,436**	10,286,421	**2.26**	2.31
Accrued receivables	**-**	-	**-**	-	**-**	-	**5,892,559**	11,635,359	**5,892,559**	11,635,359	**-**	-
Financial assets	**22,490,711**	20,192,160	**194,450,500**	177,252,188	**27,965,139**	50,673,363	**-**	-	**244,906,350**	248,117,712	**3.02**	3.21
Loans and advances	**1,763,308,322**	1,730,003,221	**218,272,335**	205,326,337	**350,260,759**	292,137,242	**-**	-	**2,331,841,416**	2,226,401,338	**5.21**	5.65
Other investments	**-**	-	**-**	-	**-**	-	**434,339**	376,185	**434,339**	376,185	**-**	-
Other assets	**-**	-	**-**	-	**-**	-	**8,559,071**	8,929,299	**8,559,071**	8,929,299	**-**	-
Total financial assets	**1,844,185,397**	1,820,384,193	**412,722,835**	382,578,525	**378,225,898**	342,810,605	**17,210,462**	24,642,753	**2,652,344,592**	2,569,350,615		
Financial Liabilities												
Deposits and short term borrowings	**517,305,301**	471,426,192	**1,255,822,232**	1,216,995,234	**78,944,162**	55,391,005	**-**	-	**1,852,071,695**	1,743,812,432	**2.86**	3.29
Payables and other liabilities	**-**	-	**-**	-	**-**	-	**24,581,026**	21,109,506	**24,581,026**	21,109,506	**-**	-
Securitised loans	**456,477,996**	492,744,533	**56,505,443**	58,481,642	**90,674,063**	83,207,376	**-**	-	**603,657,502**	634,130,085	**3.74**	3.73
Provisions	**-**	-	**-**	-	**-**	-	**7,159,978**	8,897,253	**7,159,978**	8,897,253	**-**	-
Subordinated capital notes	**-**	-	**28,000,000**	28,000,000	**-**	-	**-**	-	**28,000,000**	28,000,000	**6.97**	10.08
Total financial liabilities	**973,783,297**	964,170,725	**1,340,327,675**	1,303,476,876	**169,618,225**	138,598,381	**31,741,004**	30,006,759	**2,515,470,201**	2,435,949,276		

35 Financial instruments (continued)

(h) Net fair values

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised, at the balance date are as follows:

	Total carrying amount per balance sheet		Aggregate net fair value	
	2015	2014	**2015**	2014
	$	$	**$**	$
Financial Assets				
Cash and cash equivalents	**51,495,421**	63,604,301	**51,495,421**	63,604,301
Due from other financial institutions	**9,215,436**	10,286,421	**9,215,436**	10,286,421
Accrued receivables	**5,892,559**	11,635,359	**5,892,559**	11,635,359
Financial assets	**244,906,350**	248,117,712	**246,199,874**	249,410,962
Loans and advances	**2,331,841,416**	2,226,401,338	**2,339,227,326**	2,233,714,347
Other investments	**434,339**	376,185	**434,339**	376,185
Other assets	**8,559,071**	8,929,299	**8,559,071**	8,929,299
Total financial assets	**2,652,344,592**	2,569,350,615	**2,661,024,026**	2,577,956,874
Financial Liabilities				
Deposits and short term borrowings	**1,852,071,695**	1,743,812,432	**1,845,882,158**	1,738,210,118
Payables and other liabilities	**24,581,026**	21,109,506	**24,581,026**	21,109,506
Securitised loans	**603,657,502**	634,130,085	**605,569,536**	636,212,997
Provisions	**7,159,978**	8,897,253	**7,159,978**	8,897,253
Subordinated capital notes	**28,000,000**	28,000,000	**28,000,000**	28,000,000
Total financial liabilities	**2,515,470,201**	2,435,949,276	**2,511,192,698**	2,432,429,874

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities:

Cash and cash equivalents
The carrying amount approximates fair value because these assets are receivable on demand or have a short term to maturity.

Due from other financial institutions
The fair values of amounts due from other financial institutions are estimated using discounted cash flow analysis, based on current lending rates for similar types of investments. The carrying amount approximates fair value.

Accrued receivables
The carrying amount approximates fair value as they are short term in nature.

Financial Assets
For the financial instruments traded in organised financial markets, fair value is the current quoted market price adjusted for any realisation costs.

Loans and advances
The fair values of loans receivable are estimated using discounted cash flow analysis, based on current lending rates for similar types of loans.

Other investments
The carrying amount for other investments is considered to be the reasonable estimate of net fair value.

Other assets
The carrying amount for these prepaid fees and expenses is considered to be the reasonable estimate of net fair value.

Deposits and short term borrowings
The fair values of deposits are estimated using discounted cash flow analysis, based on current lending rates for similar types of deposits.

35 Financial instruments (continued)

(h) Net fair values (continued)

Due to other financial institutions
The fair values of these liabilities are estimated using discounted cash flow analysis, based on current borrowing rates for similar types of borrowing arrangements.

Payables and other liabilities
This includes interest payable and trade payables for which the carrying amount is considered to be a reasonable estimate of net fair value. For the liabilities which are long term the fair value is estimated using discounted cash flow analysis, based on current rates for similar types of liability.

Securitised loans
The fair values of securitised loans are estimated using discounted cash flow analysis, based on current lending rates for similar types of loans.

Provisions
The carrying amount approximates fair value.

Subordinated capital notes
The carrying amount approximates fair value.

In the opinion of the Directors of Auswide Bank Ltd ('the company"):

(a) the financial statements and notes and the remuneration disclosures that are contained in the Remuneration Report are in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the financial position of the company and consolidated entity as at 30 June 2015 and of their performance as represented by the results of their operations and their cash flows for the year ended on that date, and
- (ii) complying with Australian Accounting Standards (including the Australia Accounting Interpretation) and the *Corporations Regulations 2001*, and

(b) The financial report also complies with International Financial Reporting Standards as disclosed in note 1;

(c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable, and

The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Managing Director and Chief Financial Officer for the financial year ended 30 June 2015.

Signed in accordance with a resolution of the Directors.

JS Humphrey
Director

SC Birkensleigh
Director

Brisbane
28 August 2015

Deloitte.

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the Members of Auswide Bank Ltd

Report on the Financial Report

We have audited the accompanying financial report of Auswide Bank Ltd which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Auswide Bank Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Auswide Bank Ltd is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2015 and of their performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 12 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Auswide Bank Ltd for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Jamie C.J. Gatt
Partner
Chartered Accountants
Brisbane, Queensland
28 August 2015

Deloitte.

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The Board of Directors
Auswide Bank Ltd
PO Box 1063
BUNDABERG QLD 4670

28 August 2015

Dear Board Members

Auswide Bank Ltd

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Auswide Bank Ltd.

As lead audit partner for the audit of the financial statements of Auswide Bank Ltd for the financial year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Jamie Gatt

Jamie C.J. Gatt
Partner
Chartered Accountants