

18 November 2015

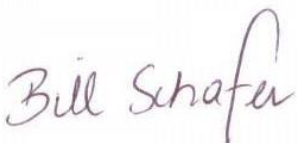
Manager of Company Announcements
Australian Securities Exchange Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

UPDATED CONSTITUTION
Auswide Bank Ltd (ABA)

As per the special resolution of shareholders of Auswide Bank Ltd obtained on Wednesday 18 November 2015, the company's constitution has been updated as per the attached table detailing a summary of the proposed amendments.

The updated constitution is also attached for the information of shareholders.

Yours faithfully



Bill Schafer
Company Secretary

Small things. Big difference.

The following table summarises the proposed amendments to the Constitution. Unless otherwise stated, references to Article numbers below are references to the current Article in the Constitution (ie prior to the proposed amendments taking effect).

Article(s) affected	Summary of proposed amendment(s)
Various	<p>It is proposed that the Constitution be updated generally:</p> <ul style="list-style-type: none"> (a) to ensure the continuity of lists and defined terms; (b) to verily clarify that, to the extent of any inconsistency between an Article of the Constitution and the Corporations Act or Listing Rules, the relevant sections or rules of the Corporations Act or Listing Rules (respectively) will prevail; and (c) to tidy-up typographical, syntax, grammatical and cross-referencing anomalies.
Article 1 ("Preliminary")	<p>It is proposed that the definitions be updated to reflect changes to the Corporations Act and the Listing Rules, APRA requirements and certain other proposed amendments to the Constitution.</p> <p>Accordingly:</p> <ul style="list-style-type: none"> (a) obsolete definitions will be removed (ie the definitions of "Borrower", "Deposit", "Depositor", "Home Branch", "Permanent Shares", "SCH Business Rules", "Securities Clearing House", "Society", "Society Member", "Special Reserve", "Special Reserve Member" and "Withdrawal Shares" are proposed to be removed); (b) new definitions will be inserted (ie the definitions of "Corporations Law", "CS Facility", "CS Facility Operator" and "Operating Rules" are proposed to be inserted); and (c) the definitions of "ASX", "Member" and "Retirement" will be amended (respectively) to: <ul style="list-style-type: none"> (i) reflect common market application and usage; (ii) remove redundant "legacy" language which excluded those persons who had given a guarantee or who were considered to be a "Depositor" or "Borrower" immediately before the adoption of the Constitution in 2000 from being a "Member" of the Company; and (iii) clarify that a director of the Company will be taken to "Retire" at the time of the cessation of that director's term of office as a director of the Company.
Various	<p>Section 1074C of the Corporations Act provides that the operating rules of a prescribed clearing and settlement facility ("CS Facility") may deal with the transfer of financial products (including shares) through the facility.</p> <p>The Constitution verily refers to "SCH Business Rules" and "proper SCH transfers".</p> <p>Given that more than one CS Facility can be authorised under the Corporations Act, it is proposed that the Company's Constitution be amended to:</p> <ul style="list-style-type: none"> (a) replace all references to "SCH Business Rules" with "Operating Rules"; and (b) remove references to "proper SCH transfer" and, if applicable, replace those references with, for instance, "a proper transfer made in accordance with any applicable Operating Rules of a CS Facility". <p>These proposed amendments are intended to ensure consistency with the Corporations Act and contemplate the authorisation of additional clearing and settlement facilities under the Corporations Act.</p>

<p>Article 3.6 ("Employee Share Plans")</p>	<p>It is proposed that the requirement that the approval of a special resolution of shareholders be obtained in order for the Directors of the Company to establish an employee incentive scheme, or to provide in any such scheme for the giving of financial assistance by the Company in connection with the scheme, be removed.</p> <p>Although the establishment and operation of any such scheme will remain subject to the Corporations Act and Listing Rules, the proposed amendment is commended to members on the basis that it will reduce the compliance burden for the Company in establishing, or offering eligible financial products to employees under, an employee incentive scheme.</p> <p>The Company considers that employee participation in employee incentive arrangements such as an employee incentive scheme to be an important component in the employee's relationship with the Company and result in greater employee engagement and enhanced commercial outcomes for the Company. Further, depending on its proposed structure, the Company also considers the implementation of effective employee incentive arrangements are important to align the interests of participating employees with the interests of the Company for each of their long-term mutual benefit.</p>
<p>Article 10.2 ("Notice")</p>	<p>It is proposed that Article 10.2(c)(iv) be removed. This is on the basis that the requirement that a notice of meeting specify the particulars of any determination made under section 1109N of the Corporations Act is no longer prescribed as a content requirement for a notice convening a general meeting of shareholders of the Company.</p>
<p>Article 10.3 ("Business")</p>	<p>It is proposed that Article 10.3(c)(ii) be amended to allow a notice of the postponement or cancellation of a general meeting of the Company be given:</p> <ul style="list-style-type: none"> (a) by publishing the notice in a daily newspaper circulating in Australia; (b) by an announcement given to ASX; or (c) subject to the Corporations Act and the Listing Rules, in any other manner determined reasonable by the directors of the Company. <p>The Company considers that the additional flexibility provided by this proposed amendment is expected to provide efficiency gains and a reduction in administrative costs for the Company if it is necessary to give notice of a postponed or cancelled general meeting.</p>
<p>Article 14.4 (new) ("Superannuation contributions")</p>	<p>Listing Rule 10.17 requires that any increase in the total aggregate amount of directors' fees payable by a company or its subsidiaries to non-executive directors be approved by ordinary shareholders. Listing Rule 10.17 specifies that "directors' fees" means all fees payable by the company or its subsidiaries to a non-executive director and includes superannuation contributions made for the benefit of the non-executive director and any salary sacrificed amounts contributed by the non-executive director.</p> <p>The Constitution currently does not expressly provide for the payment of superannuation contributions to directors, nor that such contributions be included in determining the amount of the director's remuneration in accordance with Article 14 ("Remuneration of Directors") of the Constitution.</p> <p>Accordingly, it is proposed that a new Article 14.4 ("Superannuation Contributions") be adopted to allow the Company to make contributions to a fund for the purpose of making provision for, or obtaining, superannuation benefits for a director of the Company. Any such superannuation payment will be included in determining the amount of the director's remuneration in accordance with Article 14 ("Remuneration of Directors") of the Constitution.</p>

<p>Article 21 ("Dividends and reserves")</p>	<p>Determination of dividend</p> <p>Section 254T of the Corporations Act was amended in June 2010 to replace the requirement that dividends be paid out of profits only with a revised test which prohibits a company from paying a dividend unless:</p> <ul style="list-style-type: none"> (a) the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend; (b) the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and (c) the payment of the dividend does not materially prejudice the company's ability to pay its creditors. <p>Under this approach the value of the company's assets and liabilities are to be calculated in accordance with accounting standards in force at the relevant time.</p> <p>Article 21 ("Dividends and reserves") of the Constitution currently reflects the former profits-based test and provides that the directors may determine that a dividend declared by the Company is payable out of particular profits, whether current, past or reserved profits or otherwise as the directors think fit. The proposed amendments to Article 21 ("Dividends and reserves"), amongst other things, seek to broaden the scope of the payment of dividends by the Company by removing the restriction that the payment of dividends be made out of profits only.</p> <p>Determination of allocation of reserves</p> <p>It is similarly proposed to modify the directors' powers to deal with reserves of the Company. The Constitution currently specifies that reserves may only be set aside out of profits. The proposed modification to the Company's Constitution would, subject to the Corporations Act, allow directors to set aside such amounts as reserves as the directors think appropriate and to apply those reserves for any purpose for which those amounts may be properly applied (which may include the payment of dividends, or the investment or reinvestment of the amount of any reserve).</p> <p>Payment of dividend or other amount</p> <p>Article 21.9 ("Payment") of the Constitution restricts the payment of any dividend or other money payable in respect of shares in the Company to be made by cheque. It is proposed to amend Article 21.9 ("Payment") to provide greater flexibility in respect of the form of payment of any dividend or other amount to be made in respect of shares in the Company. The proposed amendment will allow any such payment also be made by some other method of direct credit determined by the directors.</p> <p>The flexibility provided by this proposed amendment is expected to provide efficiency gains and a reduction in administrative costs for the Company in executing any payment in respect of shares in the Company.</p> <p>Capitalisation of profits</p> <p>Article 21.13 ("Capitalisation of profits") is proposed to be modified such that the directors may resolve to capitalise any sum, being the whole or part of the amount for the time being standing to the credit of any reserve account or the profit and loss account or otherwise available for distribution to shareholders, as opposed to profits only.</p> <p>Further, if the capitalisation is to be accompanied by the issue of shares in the Company or debentures, it is proposed that the directors may, in addition to their pre-existing powers in applying the sum capitalised, apply the relevant amount in paying up any amounts unpaid on shares held by shareholders.</p> <p>These amendments are proposed to ensure that the Constitution is aligned with amendments to the Corporations Act (as amended), and to ensure that the Company has the flexibility to pay dividends to Members in all circumstances and in any manner permitted by law.</p>
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<p>Article 22 ("Special Reserve")</p>	<p>It is proposed to remove the inoperative "legacy" provisions in Article 22 ("Special Reserve") of the Constitution, including its applicable definitions. The Article contemplates a reserve be set aside by the board of directors of the Company that would be reduced to zero on 30 June 2002. Accordingly, the relevant provisions are no longer operational and are proposed to be removed.</p> <p>This proposed amendment is necessary to comply with APRA's requirement that the Company remove references to the restricted word "Society" from the Constitution following the Company's successful transition to becoming a bank earlier this year. Accordingly, amongst other definitions, the concepts of "Society" and "Society Member" which are referred to exclusively in Article 22 ("Special Reserve"), including each of their applicable definitions, will be removed as part of this proposed amendment. This is on the basis that these definitions are exclusively referred to in Article 22 ("Special Reserve") and are therefore similarly inoperative.</p>
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