

**The bank that stays
true to its purpose is
the bank Australia needs.**

**2018
Corporate
Report**



Bank Australia
RESPONSIBLE BANKING

Our purpose

Bank Australia exists to create mutual prosperity in the form of positive economic, social, environmental and cultural impact.

Contents

Welcome	1	Appendices	48
Hear from our Chair and Managing Director	4	A1 How this report was developed	49
1. Our reporting approach	6	A2 How we're governed	53
2. Our business in brief	8	A3 Our approach to risk	55
3. Our financial performance and growth	12	A4 Our people and culture	56
4. Responsible banking	14	A5 Bank Australia Impact Fund	59
5. Our customers	22	A6 Our customer profile	62
6. Our staff	28	A7 Our lending portfolio	64
7. People and planet	34	A8 EY statement of assurance	66
		A9 Our responsible banking commitments	68
		A10 Environmental management	70
		A11 Bank Australian Conservation Reserve	74
		A12 Global Reporting Initiative Index	76
		Glossary	84

Acknowledgement of Country

Bank Australia acknowledges the Traditional Custodians of the land on which we live and work in Australia. We pay our respects to Elders past, present and emerging, and acknowledge the ongoing connection that Aboriginal and Torres Strait Islander peoples have with Australia's land and waters.

Welcome



Like Ryan and Matt, all of the people featured in this report are Bank Australia customers who joined the bank because of our values.

Or, if you've been with us a while, welcome back! Sticking together for the long haul is exactly the reason Bank Australia exists today to serve our customers: we share a belief in a responsible future, together.

That's why this report is important. It shows you how we worked to achieve the best outcomes for our customers and stayed true to our purpose in 2018.

From this report, you'll get a clear picture of our performance and the impact we made in the period 1 July 2017 to 30 June 2018, including measures of:

- our financial and cultural performance
- our creation of prosperity for our customers
- our support for people and their communities
- our contribution to making our planet healthy.

If you have any thoughts to share on this report, please email us on mail@bankaust.com.au or call us on +61 3 9854 4666.

2018 in numbers.



Total assets
\$5.7 billion
 (up from \$5.1 billion in 2017)



Net profit after tax
\$26.1 million
 (up from \$23.5 million in 2017)



Lending growth
9.3%

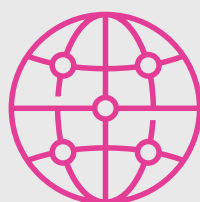
(down from 33.4% in 2017)



Deposit growth
11.3%
 (down from 22.6% in 2017)



Impact Fund investment
\$854,471
 (down from \$969,206 in 2017)



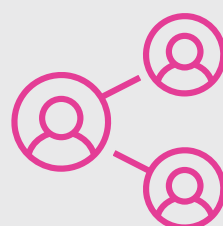
Lending for people, planet and prosperity

9.05% (\$425 million)

As a share of total loans (down from 10.76% or \$403 million in 2017)



Staff engagement
67%
 (down from 73%)



Our staff
411
 (up from 394 in 2017)

Our customers

135,786

(up from 123,322 in 2017)



Customer satisfaction

91.2%

(up from 86.4% in 2017)



Justine switched to Bank Australia because she wanted to bank with an organisation that was not investing in the fossil fuel sector.



Hear from our Chair and Managing Director.

On behalf of the Board and management of Bank Australia, we are pleased to present the 2018 corporate report.

In a year when the financial sector has experienced unprecedented scrutiny and is the subject of widespread public discussion, we stayed true to our purpose and put customer interests at the centre of our business.

During 2018 we focused on improving customer experience, as well as internal systems and processes, so we can better serve you – our customers. We also rolled out important projects to support people and the planet, such as our customer grants through the Bank Australia Impact Fund, and our transition to renewable energy through the Melbourne Renewable Energy Project.

Our efforts in these areas were noticed: our customer satisfaction rose to 91% in 2018 (from 86% in 2017), and we were announced the CANSTAR Customer Owned Bank 2018.

During 2018 we launched **the bank Australia needs** campaign to draw attention to our responsible banking approach. This campaign has attracted a large number of new customers who share our values.

We are proud to be a customer-owned bank and we will always focus on providing the best outcomes for our customers, their communities and the planet we all share.

But it wasn't all smooth sailing. Several years of strong growth put pressure on some dated internal systems and processes, so we decided to slow our growth to focus on necessary improvements across the bank that will ensure customers continue to receive the high levels of service they expect. We were also disappointed to see staff engagement levels decline to 67% which is below our target of 80% or more.

In light of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, we reflected on our approach to responsible banking. This gave us the opportunity to identify areas that we need to address. The Royal Commission will likely have far reaching implications for our whole industry, including regulatory changes and additional compliance requirements.

Throughout this report, we touch on these themes, and outline our plans for the 2019 financial year.

We performed well financially in many areas, and we maintained our competitive interest rates and fees in a low growth economic environment.

Overall, our financial performance was strong, and we grew at a higher rate than the overall financial system, while continuing to offer competitive rates and fees for our customers. We delivered a profit of \$26.1 million, which was 24% above our target. Our growth in loans (up 9.3%) and overall assets (up 9.6%) was strong too, although we fell just short of our targets by 3.9% and 3.0% respectively. Our deposit growth was 11.3% (22.6% in 2017), at 4.8% above our target. Our financial performance reflects our focus on improving systems and processes and developing our workforce this year.

We still have plenty of work ahead

In 2018 we continued to work on increasing our lending to people and the planet, developing our workforce, and investing in technology. These plans saw us:

- invest in affordable housing, by funding developments such as the MS Society project (page 21)

We're not just a responsible bank. We're a **purpose driven business.** In 2018 we worked to embed purpose into everything we do, and the role of all of our staff.

- improve our customer experience by launching real time payments (page 25), redesigning our customer complaints process, and developing new features for our banking app and internet banking (page 24)
- increase our net promoter score (the likelihood that customers will recommend us to others) to 46.8 from 37.2 in 2017, and our customer satisfaction score to 91% from 86% in 2017 (page 23)
- invest in our staff experience by refurbishing our contact centre in Moe and creating new jobs in the Latrobe Valley (page 30)
- employ more people to deliver on a better customer experience and support growth (page 30).

But we have work to do to:

- improve our staff engagement levels (page 29)
- improve customer awareness of the responsible and sustainable features of our everyday banking offering (page 24)
- increase our levels of lending to benefit people and the planet, and to enhance prosperity (page 39)
- ensure our supply chain is better aligned to the values of the bank (page 19).

We are committed to the future of responsible banking.

The Royal Commission is calling the financial services industry to account. While far from finished, it has already prompted us to look at the instances in which our behaviour did not meet the expectations of our customers and community. We know our customers want us to be a responsible bank. They also expect us to have a strong governance culture and robust processes and systems to help us avoid preventable mistakes. Our reflection on the Royal Commission also reminded us of our enormous responsibility as custodian of our customers' funds, and the need to keep being vigilant about managing risk and compliance.

Looking ahead, we have clear priorities:

1. Continuing to grow the bank sustainably, for the benefit of our customers
2. Serving and supporting our customers in the face of slow economic growth, low wages growth, and increasing levels of financial hardship

3. Enhancing our digital banking services and our response to customer needs
4. Driving national conversations that are essential to the financial wellbeing of our customers, including the call for more affordable housing
5. Increasing our capacity to lend to projects that benefit people, the planet, and prosperity.
6. Sourcing funding that aligns with our purpose and values to help us grow including issuing our first sustainability bond early in the 2019 financial year.

Signing off this 2018 report, we thank you. As we hold firm to our values, and continue efforts to develop our bank, we know the support of our customers and staff is essential. Together, we will grow responsible banking and truly be **the bank Australia needs.**



Judith Downes, Chair



Damien Walsh, Managing Director

1. Our reporting approach.

Henry switched to Bank Australia because he is passionate about the bank's work protecting threatened species through the Bank Australia Conservation Reserve.



We report on **what matters most** to you (and us).

To understand what matters most to our customers, our staff and other stakeholders, we regularly consult with you, and assess current and emerging issues.

In the first half of 2018, we asked our customers, our staff and other key stakeholders what was most important to them. We assessed these topics against the issues on which Bank Australia could have the most impact, in line with the materiality principle of the Global Reporting Initiative (GRI) and Integrated Reporting Framework principles (appendix 1). We also conducted a formal assessment with our senior management, executive and Board, to confirm the list of topics that are most relevant to the bank.

From the assessment, we identified and ranked topics that mean most to our stakeholders. We're prioritising 15 topics (appendix 1) that met the assessment's threshold for inclusion in this year's report. We've broken those topics into four broad themes: **responsible banking** (chapter 4), **our customers** (chapter 5), **our staff** (chapter 6) and **people and planet** (chapter 7). These themes inform the structure and content of this report.

For a full list of the disclosures included in this report against GRI Standards, please see appendix 12.

Who has a say?

Because we're a customer owned bank, a unique mix of stakeholders informs our strategy, planning and reporting. As a part of our reporting cycle, we consult formally and informally with a range of these stakeholders, including:

- our personal customers
- our staff
- our community customers (organisations that bank with us)
- our regulators – the Australian Securities and Investment Commission (ASIC) and the Australian Prudential Regulation Authority (APRA)
- our Board of Directors
- our sector – the Customer Owned Banking Association (COBA), the Global Alliance for Banking on Values (GABV), the Business Council of Cooperatives and Mutuals, the United Nations Global Compact, and the Australian Banking Association (ABA).

2. Our business in brief.



Justine switched to Bank Australia because she wanted to bank with an organisation that was not investing in the fossil fuel sector.

Let's start with the basics...

How we're set up

- Bank Australia Limited (ACN 087 651 607) is a customer owned bank.
- We are a mutually owned authorised deposit-taking Institution (ADI) and an unlisted public company.
- We are 100% owned by our customers.

How we operate

- We are governed by an Australian based Board of Directors.
- Our day-to-day operations are led by a single executive team, and our 411 staff are 100% Australian based.
- We represent more than 135,000 customers, and we're custodians of \$5.7 billion in assets (at 30 June 2018).
- We are primarily a retail bank, with a small business banking portfolio that we offer to schools, not-for-profit entities and small businesses.
- Our head office is in Melbourne, our National Customer Contact and Lending Centre is in the Latrobe Valley, and we have 27 branches in 5 states.

What customer owned banking means

- Customer owned or mutual banks evolved from the Australian credit union movement and are guided by the **International Cooperative Principles**. Customer owned banks exist to benefit their customers, not to deliver profits to external investors.
- As bank owners, our customers share in the prosperity that we create. We return part of the bank's profits to customers through **better rates and fees** and service improvements, retain some as capital to ensure the bank remains strong, and use a portion to create **positive social and environmental change**.

- Our business model seeks to offer **competitively priced products and services** to our customers, including deposit and transaction accounts, home and personal loans and credit cards.
- Our customers, as owners of the bank, each have an **equal vote** in the governance of their bank (appendix 2), such as electing Directors and approving total Director remuneration.
- Customers can play an **active role in their bank's future**. They have a voice in the banking products and services that matter to them.

The company we keep

- Our full range of deposit and home lending products are certified as 'responsible' by the Responsible Investment Association of Australasia (RIAA).
- We were the first Australian member of the Global Alliance for Banking on Values (GABV) – an international network of banking institutions that use the business of banking to create social and environmental good. We continually engage with other GABV members from around the world to collaborate on how we can all deliver on our purpose as values driven banks, in ways that increase awareness of the importance of 'banking on values'.
- We're active in banking and mutual sector industry forums as a member of the Customer Owned Banking Association (COBA), the Australian Banking Association (ABA) and the Business Council of Cooperatives and Mutuals (BCCM).
- We also work with partners that share our values, such as Environment Victoria, Greening Australia, The Big Issue, and Australian Progress. These partnerships help to raise awareness of social and environmental issues and support shared goals.

We put our customers first because they own the bank. That's why we work to meet their needs.

What does values based banking mean?



As a member of the GABV, we uphold its principles:

1. A triple bottom line approach at the heart of the business model (people, planet, prosperity)
2. A grounding in communities, serving the real economy and enabling new business models to meet the needs of both
3. Long term relationships with customers, and a direct understanding of their economic activities and the risks involved
4. A business model that is long term, self-sustaining, and resilient to outside disruptions
5. Transparent and inclusive governance.

Our strategic plan

In 2018 the Bank Australia team and Board reviewed and updated our corporate plan. The new plan provides long term clarity for the bank, and outlines our performance goals and projects over the next three years.

Our strategic approach

We've identified three focus areas that will drive our growth, distinguish us in the market, and prioritise our business plans and projects.

1. Putting customer wellbeing at the centre

We care for our customers, basing our decisions on their wellbeing. Our commitment to customer ownership enables this capability.

2. Looking after our staff and culture

Our staff are engaged and empowered to be the champions of responsible banking. We care for our staff, support each other's needs, and work together to provide responsible banking.

3. Raising the bar for responsible banking

Our commitment to responsible banking is demonstrated in everything we do – our products, our services, our leadership.

Our purpose and values

Purpose

Bank Australia exists to create mutual prosperity in the form of positive economic, social, environmental and cultural impact.

Brand

We are the bank Australia needs.

Aspiration

To be Australia's leading customer owned responsible bank.

Values

We developed these five core values with our customers and staff, to reflect the values we all share:

- Honesty and integrity
- Compassion and caring
- Belonging and empathy
- Future and generational thinking
- Transparency and authenticity.

3. Our financial performance and growth.



Henry switched to Bank Australia because he is passionate about the bank's work protecting threatened species through the Bank Australia Conservation Reserve.

Our 2018 financials.

Our financial performance

We were pleased to exceed our profit target this year, which saw our customer owned reserves increase to \$510.2 million.

We also exceeded our deposit growth target by 4.2%. While we fell just short of our lending and asset growth targets, we still grew more than the overall financial system in a low growth economic environment, which was a good result. This outcome reflected our focus on improving internal systems and processes so we are better positioned to serve our growing customer base.

For more information on our financial performance, please refer to the 2018 financial report.

Total assets

\$5.7 billion

(**\$5.2 billion in 2017**)

Loan growth

9.3%

(**33.4% in 2017**)

Deposit growth

11.3%

(**22.6% in 2017**)

Net profit after tax

\$26.1 million

(**\$23.5 million in 2017**)

Costs as percentage of income

69.6%

(**69.5% in 2017**)

Customer owned reserves

\$510.2 million

(**\$484.9 million in 2017**)

Capital adequacy ratio (capital held against risk weighted assets)

16.7%

(**17% in 2017**)

Total liquidity as a percentage of on balance sheet liabilities

14.8%

(**13.4% in 2017**)

Loans 30 days or more in arrears as percentage of total loan portfolio

0.3%

(**0.2% in 2017**)

4. Responsible banking.

Ryan joined Bank Australia because he wanted a bank that was 100% customer owned and delivered a great customer experience.



Our approach to responsible banking is at the heart of everything we do at Bank Australia.

It guides how we lend money, how we support social and environmental issues and, most importantly, how we look after our customers and staff.

The Royal Commission has been cause for reflection

In 2018 the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry raised a number of serious questions about the role of financial institutions and how they act in the best interests of customers. As the inquiry continues, we are reminded that our commitment to responsible banking is more relevant and important than ever.

Like other Australian banks, Bank Australia provided a submission to the Royal Commission, which began in December 2017. To develop our submission, we reviewed complaints and feedback, incident reports, audit reports, board papers and merger documents over 10 years.

The review confirmed Bank Australia had no serious cultural and conduct issues during that period. But, we did find instances when we did not deliver on our promises to customers.

Our submission identified two themes:

- a small number of process and system underperformance issues that resulted in adverse customer outcomes
- minor examples of policy and procedure non-compliance that resulted in adverse customer outcomes.

The review also confirmed that in those instances, we communicated with our customers and where relevant compensated them for any loss caused.

Developing our submission for the Royal Commission gave us the chance to reflect on our values based approach to banking and reaffirmed our commitment to responsible banking, our culture, and our staff.

We will continue to work on enhancing our approach to responsible banking while we await the Commission's findings, which we expect will have far-reaching consequences for the financial services industry in Australia.

The bank that doesn't pay executive bonuses is the bank Australia needs.

Our approach to bonuses and commissions

We want our people to focus on serving customers in ways that are in customers' best interests, which is why we don't provide financial incentives to drive sales. Instead, we pay our staff fair salaries that reflect their position, qualifications, experience and overall performance. We don't pay any sales-based commissions or bonuses to our executives or any other staff.

We outline our staff remuneration principles on page 30 and you can find our executive and Director remuneration on page 7 of our 2018 financial report.

Growing the business and attracting new customers are important to our future, so we do pay commissions to brokers and affinity partners that encourage new customers to join the bank. We take appropriate steps to ensure our partners reflect Bank Australia's values in promoting our brand and products.

Affinity partners

Affinity partners are organisations that refer customers to Bank Australia. These organisations receive a commission payment for successful customer referrals. For customers who switch their loan to us, we pay 0.4% of the total loan amount plus GST to the affinity partner. In 2018 we paid a total of \$35,522 to partners through this program.

Mortgage brokers

We started working with mortgage brokers in August 2015. We now work with over 2000 brokers, generating over \$504 million in new loans in 2018.

This year we reviewed our commission structure paid to brokers, which resulted in the introduction of one common commission structure across all products.

Effective 1 July 2018 our commission payments will be 0.6% plus GST (upfront commission) and 0.15% plus GST (trail commission) for brokers who are part of an aggregator, and 0.5% plus GST (upfront commission) and 0.15% (trail commission) for brokers holding their own Australian Credit Licence who have a direct relationship with the bank. Upfront commission payments are based on the settled value of the loan and trail commission payments are assessed on the closing balance of the loan, less offset balance each month.

We work closely with our broker partners to help them understand Bank Australia's unique value proposition and purpose. Our research found that more than 30% of customers referred to us by a broker had been recommended for the bank's values.

The bank Australia needs marketing campaign

We want people to know about Bank Australia and the values that we embody. Why? Because we want people to know there is an alternative approach to banking.



Third party product partnerships

Our customers sometimes need access to products that are not part of our core product suite, such as general insurance.

We have a longstanding relationship with Allianz Australia Limited to offer our customers general insurance and consumer credit insurance, where we earn a commission on the gross written premium of products taken up. Allianz also provides us with a marketing allowance and we can receive a profit share payment depending on the performance of the partnership.

Following a review of third party products we no longer offer health insurance, superannuation or financial planning products to our customers. We will continue to monitor the performance of other partnerships to ensure they deliver value for our customers and align with our commitment to responsible banking.

Our 'bank Australia needs' campaign, launched in September 2017, highlights our unique approach to banking. Campaign messages include:

The bank that puts people before profit is the bank Australia needs

The bank that is 100% owned by its customers is the bank Australia needs

The bank that protects endangered species is the bank Australia needs

The campaign features Bank Australia customers, many of whom are doing amazing things for people and the planet such as:

- empowering newly arrived migrants and people seeking asylum
- finding solutions to poverty in Australia, Africa and Asia
- clearing rubbish from waterways
- reducing carbon emissions by building solar farms or diverting coffee grounds from landfill to community gardens.

Campaign results

After 10 months in market, the campaign has exceeded its brand awareness and customer acquisition targets. The campaign has seen a 17.5% increase in new customers per month over the previous 10-month period, and 26% prompted brand awareness against a target of 23%.

Most pleasingly, over the campaign period there has been a 51% increase in new transaction and savings accounts. This tells us that people are thinking about us as a genuine alternative and are bringing their everyday banking to us. More than 70% of this growth came from New South Wales, Queensland and the Australian Capital Territory, which is outside the bank's strongest historical presence in Victoria.

In 2019 we will build on the campaign and continue to promote our approach to responsible banking.

The bank that doesn't lend to the fossil fuel industry is the bank Australia needs.

Living up to our promise and meeting your expectations

We're continuing to develop our approach to risk management practices to ensure we're living up to our responsible banking promise. We have strengthened our governance structure by establishing an Executive Responsible Banking Committee – one of our four executive committees. The committee will oversee a 'whole of bank' approach to responsible banking, including ensuring our approach is embedded in departmental plans, monitoring staff engagement, managing risk, and ensuring we deliver all the bank's public commitments (appendix 9).

We recognise our approach to responsible banking also needs to change with customers' expectations. This year we conducted research to better understand customer and staff expectations of responsible banking. This work will inform our approach into the future.

We asked you how you want us to invest your money

In June 2018 we conducted research with Bank Australia customers about the issues that are important to them and how they would like to see us act on those issues.

In particular, we were keen to understand how customers wanted us to lend their money.

The research showed nearly 95% of our customers saw responsible lending as important. Alongside lending funds to personal customers for home, personal and car loans, customers want us to lend money to organisations that work to address important social and environmental issues such as affordable housing and renewable energy.

Customers said they did not want us to lend to organisations deriving income from arms production and sales, gambling, live export and intensive farming, fossil fuels, and tobacco production and sales.

While we have previously communicated our approach to avoid lending to the fossil fuel industry, we will more clearly explain other included and excluded areas of our lending policy in the 2019 financial year.

How do you see responsible banking in the future?

Living up to the promise of being a responsible bank is no small task. To continue to build on our approach, we worked with researchers from RMIT University Melbourne who used human centred design research to engage with our customers and staff.

This research helped us understand customers' expectations of the bank, and 'responsible banking' into the future. It also helped us develop a set of values that the bank's corporate plan now incorporates.

The research showed us that our customers and staff see responsible banking as many things, including:

- Offering financial products and services that are competitive but can generate social and environmental benefits
- Helping our customers and communities to build financial capability and wellbeing and

helping them to avoid falling into financial stress and hardship

- Investing in and lending to industries and organisations that share our values
- Always looking for ways to meet the expectations of our customers and other stakeholders
- Rewarding people who embody our values
- Helping people and the planet
- Treating our staff and customers with care, empathy and compassion.

Investing your money responsibly

We established a responsible lending and investment policy in 2006. Customer feedback indicated we should provide more information about how and where we invest customers' money. In response, our Board approved a new Responsible Banking Policy in 2018, and we will release a Public Policy Statement, before the end of the 2018 calendar year that articulates our approach to responsibly investing our customers' money.

Working on a responsible supply chain

A responsible supply chain is an important part of being a responsible bank. We believe the goods and services we purchase shouldn't do harm, and that our approach to procurement should support businesses and other organisations that are aligned with our values.

We progressed this in 2018 by:

- monitoring our supply chain to ensure the absence of deforestation as part of our We Mean Business commitments (appendix 10)
- setting a target to increase the products and services that we purchase from businesses owned by Aboriginal and/or Torres Strait Islander people

- testing a new procurement tool with five of our larger suppliers which includes questions on operating practices, human rights and environmental management.

But, we identified gaps in our policy and process for procurement across the business which we intend to improve in 2019 by:

- updating our procurement policy to reflect Bank Australia's values and public commitments
- evaluating our procurement processes to manage our supply chain exposure to modern slavery in preparation for the 2018 Modern Slavery Act's reporting requirements
- increasing our procurement from organisations that are owned by or employ people with a disability.



Jasmine joined Bank Australia because she felt that the bank's values aligned well with her personal values.

We're part of the conversation on affordable housing

Access to affordable housing remains a significant issue in Australia, and we want to be part of the solution. We funded several affordable housing developments in 2018, helping people who are on low incomes or experiencing disadvantage to access more secure, safe and affordable housing.

We became part of the Victorian Government's HomesVic pilot. It is helping up to 400 eligible first home buyers enter the market through a shared equity approach where the government will take a stake of up to 25% in the property to reduce the amount of deposit needed to purchase a home.

We also ran an interactive session on the future of housing in Australia at the Purpose 2018 conference in Sydney in February 2018. Our session brought together leaders and experts in sustainable communities and housing, who shared their vision for Australia's future. They also considered how we can address current social, economic and environmental challenges, and create communities that are more accessible, sustainable, healthy and meaningful.

Funding specialist disability accommodation with MS Queensland

We're the first Australian bank to lend to specialist disability accommodation (SDA) under the National Disability Insurance Scheme (NDIS).



The NDIS changes how we support Australians with a disability, by creating individual funding plans that allow people to choose the health, accommodation and support services they need. Now, people who need SDA can rent, buy or build accommodation, depending on their needs.

Disability service providers have started constructing thoughtfully designed accommodation that people with a disability can rent using their NDIS plan accommodation payments.

Our staff have been working with organisations, and individuals and their families, to develop bespoke loan options to better assist people with a disability into housing.

An example of a project we've funded is a development by MS Queensland, for a four storey residential development in Springfield that includes 15 SDA units.

Roger Burrell, Chair of MS Queensland Board, said of the development:

MS Queensland's Springfield Apartments project is the first of 10 specialist disability accommodation projects we aim to deliver across the state under the banner of our visionary Project Dignity 120 campaign for people living with multiple sclerosis and other chronic progressive neurological diseases.

Our cutting-edge housing solutions, specifically designed and adaptable to a person's changing needs and circumstances, are giving people back their dignity and the choice and control over where they live and who they live with. ... [the] Springfield Apartments project was only made possible with the help of Bank Australia, and we value our partnership with them greatly.

We will continue to support solutions addressing housing affordability.

5. Our customers.

Julia joined Bank Australia because she wanted to feel confident that her money was being invested responsibly.



The bank that puts people before profit is **the bank Australia needs.**

Our banking products and services should help our customers to achieve their financial and personal goals.



Customer satisfaction

91.2%

(up from 86.4% in 2017)

In 2018 we looked closely at how our customers interact with us and wish to access our services. This information helped us think about the role of our branches, recognising that customer expectations of banks are changing as new technologies are developed. We reaffirmed our commitment to maintaining our branch network to meet the needs of our customers, while deciding to invest more to improve our digital experience.

We were delighted to see our customer satisfaction lift to 91% (from 86% in 2017). We see this outcome as an endorsement of our brand values, improved customer experience, and high levels of customer service being provided by the people in our branches, our contact centre, lending team and across the bank.

We offer better rates and fees

As a customer owned bank we work to offer competitive rates and fees to our customers.

Helping customers avoid fees and get the most out of their banking is an important part of the value provided by customer owned banking. For this reason, we improved our automation processes in 2018 so we can better:

- identify customers who are paying avoidable fees on their accounts, and let them know how to avoid these fees
- identify customers who may be better suited to another product
- help customers to set up convenient banking tools such as PayID, internet banking and digital banking apps, and digital wallet services such as Apple Pay, Google Pay and Samsung Pay.

As a customer owned bank we work to offer **competitive rates and fees** to our customers.

And we're offering better products too

We see an opportunity to include responsible and sustainable features as part of our everyday banking offering, to help our customers meet their goals and to create more positive impact.

This is why we:

- offer a family pause and an eco-pause with our home loan
- offset carbon emissions from the cars we finance
- balance the loss of land from construction loans we finance by protecting an equivalent amount of land on the Bank Australia Conservation Reserve (see appendix 11).

Research we conducted with customers in 2018 suggested we have opportunities to improve awareness of these features and to design new product features that have positive social and environmental impacts.

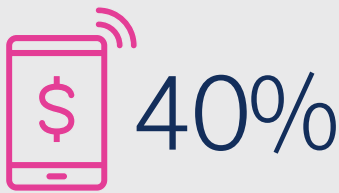
Improving customer experience was a focus this year

We improved customer experience this year, by improving systems and platforms that customers use for their daily banking, and by improving customer service provided by our staff:

- We worked with our research agency, Forethought, to map and identify the parts of our loan application and approval process that customers find frustrating. We're continuing to make this process easier and more customer friendly including automating the all-important process of keeping customers up to date with information about the status of their application.
- We launched a new app in February 2018. Changes included a more user friendly dashboard, a quick balance feature, faster payments (via Osko), easy setup of PayID, and a simpler payments process.

- We continued to make banking more accessible. We upgraded our Bendigo branch to allow wheelchair access, and we're changing our cards in 2019 so they're easier to use for people with a vision impairment.
- We introduced a new complaints handling process to increase the ability of our frontline staff to resolve simple complaints quickly, without having to escalate issues. We also established a cross-departmental team to assess and resolve the more complex issues.
- We invested in systems and processes to make them more robust. A number of staff completed continuous improvement training, so they can recognise when we can make processes more effective or efficient to better serve our customers.

Growing use of our digital services



Increase in number of customers using our mobile app

(June 2017: 31 570,
June 2018: 44,177)



Increase in number of customers using digital wallet services such as Apple Pay, Samsung Pay and Google Pay

(June 2017: 3474,
June 2018: 9289)

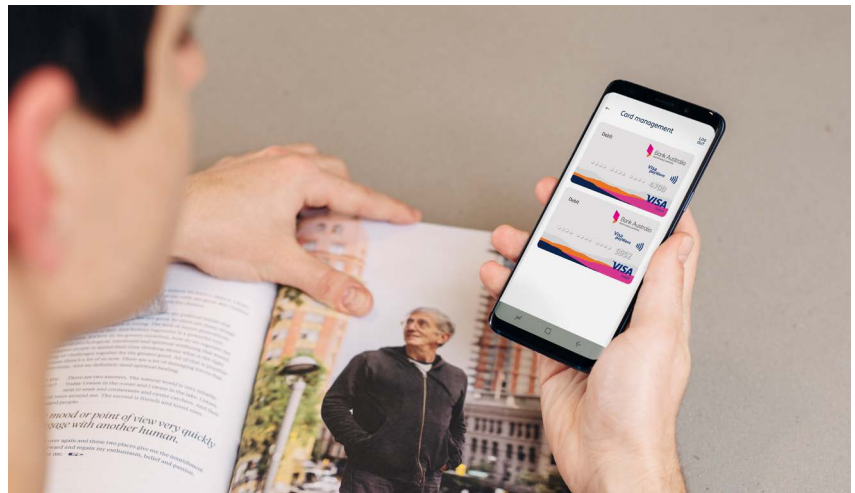


Increase in number of customers signed up for PayID

(Feb 2018: 7433 (first time reported)
June 2018: 12,274)

In 2019 we will:

- focus on staff training and capability, to ensure our staff feel confident to deliver the high levels of service that our customers expect
- find more opportunities to use automation to improve communication so customers have the right information at the right time to help them with their banking
- launch a new customer onboarding journey and digital solution to make the process of joining the bank simpler and more user friendly.



Faster payments at your fingertips

Bank Australia was one of 50 institutions to connect to the New Payments Platform (NPP) in 2018. The launch of this platform gave our customers access to PayID and Osko, which offer faster, simpler payments:

- PayID means our customers can use their mobile number, email address or ABN to make and receive payments.
- Osko enables customers' payments to be processed in minutes.

Banking should create a more **inclusive society**. If we can help people **secure affordable housing**, we're being true to our fundamental principle of **mutual prosperity**.

Your financial goals are important to us

A critical role we play is helping support our customers' financial goals and wellbeing. In 2018 we provided more resources for our customers:

- We now include simple tips on managing money in our monthly customer e-newsletter.
- We remind people of product features that can save them money or benefit them – for example, the eco and family pause on mortgage repayments to assist customers at different life stages.
- By partnering with the Victorian Government for the HomesVic pilot program, we are helping people to buy their first home.

But we recognise some customers are finding it harder to maintain and build their financial wellbeing. Reflecting these pressures, customers' personal satisfaction with their financial situation declined to 69.8% in 2018 (from 74.3% in 2017).

In 2019 we will:

- conduct a financial capability program to equip customers with more skills to manage their money and budget
- explore how our products and digital banking tools can help customers to set and reach their financial goals
- work with the Victorian Women's Trust to develop more resources to assist in developing women's financial knowledge and capability
- continue to implement our Financial Inclusion Action Plan (appendix 9).

We're supporting customers experiencing financial difficulties

Supporting customers who are experiencing financial difficulties is a high priority for us. Here's a rundown on our efforts in 2018:

- Our numbers of loans in arrears remained low, as a result of our responsible approach to lending (0.3% of loans in total portfolio at 30 days plus in arrears, compared with 0.2% in 2017).

- When customers do experience financial hardship, our Credit Integrity team helps them manage their loan repayments, and varies the loan if needed. In 2018, our team varied 174 loan accounts, up 6.1% from 164 variations in 2017.
- We developed our first Hardship Communications Plan and improved how we communicate with customers about hardship support.
- We engaged with other organisations such as Gippsland Water in the Latrobe Valley, a community experiencing economic transition with the closure of the Hazelwood Power Station, to identify how we can work together to better support customers experiencing hardship.
- Our Credit Integrity team completed training to help them better identify the 'silent' signs of hardship.

Fraud is on the rise, so we've escalated our response

Fraud is a serious and growing issue in Australia and internationally. Our team works hard to mitigate the risk of fraud, notify our customers of suspicious transactions, and offer support to those who have been defrauded.

Our help for customers includes:

- constantly improving our fraud monitoring activities to inform customers quickly of suspicious activities on their accounts
- providing fraud training to our staff, so they can identify activities that may be consistent with fraud
- staying abreast of trends and new types of fraud, and regularly sharing the Australian Government's Stay Smart Online updates with our customers
- supporting customers affected by fraud.

In 2018 we improved our approach to managing fraud by:

- introducing a new fraud monitoring process to track real time payments, which pose a unique risk for fraud
- increasing customer awareness of second factor authentication
- implementing further fraud awareness training for our staff, so they are confident to act on and escalate concerns about potential fraud activity
- reducing internet banking limits, so substantial sums of money are less likely to be lost.

Helping customers buy their first home, with the Victorian Government

Our customers have told us that housing affordability matters to them. That's why we're working with the Victorian Government to help Victorians buy their first home.



The Victorian Government's \$50 million HomesVic scheme helps first home buyers by sharing the upfront costs of home purchase and taking up to 25% proportional interest in the property. The home buyer contributes a minimum 5% deposit and Bank Australia finances the remainder of the purchase cost.

Following strong interest in the scheme since its launch in February 2018, we have processed 413 applications, and started advancing loans for many

people who would have found home ownership out of reach.

"This program, without a doubt, has been life-changing. I have the house I had hoped for when everyone, from family, friends, mortgage brokers and real estate agents, had advised me to aim for far less or leave town. I can now provide the family home every child deserves, with a possibility now of having pets!" – **HomesVic and Bank Australia customer**

6. Our staff.

Naomi works as a customer service consultant in our Moe branch in the Latrobe Valley.



This year we invested in **developing the capability of our staff so we do an even better job of meeting our customers' needs.**

We are also building a more diverse and inclusive workforce.

Our workforce continues to grow...

Our workforce grew to 411 people in 2018 (from 396 in 2017), with all these roles located in Australia, in line with our commitment not to offshore jobs.

We're also helping our staff engage with the bank's purpose:

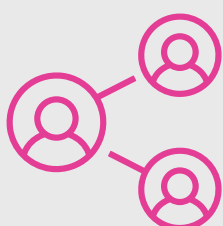
- We launched a new staff engagement platform, Workplace, in September 2017. At 30 June 2018, 96% of staff had a profile, and 75% were using the tool regularly.
- In 2018 we completed a renovation and upgrade of the bank's National Customer Contact and Lending Centre in the Latrobe Valley to support our growing workforce in the region.
- We developed a new workforce plan that looks at the roles we will need to support the bank's growth plans for the next five years.

...and we're focusing on engaging our people

We run an annual staff engagement survey to measure overall levels of engagement. The results of this year's survey showed our overall staff engagement was 67% in 2018 (a decrease from 73% in 2017) against our target of 80%+ engagement.

Our employees confirmed a number of areas that they like most about Bank Australia including the people they work with and the bank's purpose and values. There was a very strong endorsement by staff of the importance of the bank's values, direction and risk culture.

They also drew our attention to some areas that we need to focus on. Our people are keen to see us provide greater opportunities to learn and grow, to see us continue to improve internal communication, to consult more widely on changes to the bank, and to further improve processes and systems that will support a quality customer and employee experience.



Our staff

411

(up from 394 in 2017)

Our aim is to have a **highly engaged culture** and so we are strongly committed to working with our team in ways that will encourage people to **fully contribute to the bank's program of work.**

We're creating jobs in regional Australia

On 27 June 2018 we officially re-opened our National Customer Contact and Lending Centre and Moe Branch, following a \$2.6 million refurbishment.

Using local contractors where possible, the revamp added an outdoor deck, a staff wellbeing room, new furniture and equipment, green walls and a 32.5 kW solar panel system. Building accessibility has been improved with the installation of a lift.

The result is an enhanced in-branch experience for customers, and a bright, modern and more sustainable working environment for our 100+ staff in Moe. What's more, we now have room for more local jobs.

This investment is the latest in Bank Australia's long history in the Latrobe Valley. Today, one third of our national workforce is based in the region, and we continue to create traineeships for local people and support programs including Latrobe Youth Choices to create better outcomes for young people.

Our approach to remuneration

Our approach to salaries and other staff payments is focused on generating the best possible outcome for our customers.

Here are a few of the principles that we apply:

- We don't pay bonuses or sales based commissions to any of our staff including executives
- We believe in rewarding our staff for behaviour that drives Bank Australia's purpose as a responsible bank, which we recognise in two ways:
 - Frontline staff can receive a small recognition payment when their manager wants to recognise they have gone above and beyond in their role. These payments are not linked to sales targets.
 - Our staff (except executives) can be nominated for our 3P Awards, which recognise outstanding behaviours linked to people, planet and prosperity. The award winners receive a gift card to thank them for their work.

We're working to ensure gender equality

We are committed to pay equity for our staff and do not discriminate based on gender, background, or identity. Every year we assess gender gaps in pay. This assessment accounts for factors such as performance, skill set and experience, tenure at the bank, and differences in roles. A formal review in 2018 identified a small number of discrepancies, and we corrected these salaries.

Staff trips to the Bank Australia Conservation Reserve

We made one of our two annual trips to the Bank Australia Conservation Reserve (appendix 11) in May 2018.



We're investing in staff capability and training

Investing in our workforce is essential for our success as a values based bank. In 2018 we:

- delivered brand training in the lead up to the bank Australia needs campaign (82 staff)
- offered cybersecurity training to all staff (92% completed)
- provided awareness training for our Reconciliation Action Plan commitments (74% completed)
- took two groups of staff from across the business to the Bank Australia Conservation Reserve (46 staff)
- ran customer service training for the leaders in our retail network (66 staff)
- provided compliance training for all staff (95% completed)
- provided change leadership training for the bank's senior leaders (14 staff).

On this trip, staff from different parts of the business experienced the reserve, and learned more about its purpose and importance to the bank and our customers.

Expert staff from Greening Australia and Trust for Nature joined our staff to explain the biodiversity in the reserve, and why environmental conservation and the restoration of important landscapes are vital. We also invited Traditional Custodians of the land on which the reserve is based, from Barengi Gadjin Land Council. They generously shared their culture, stories and knowledge with our staff, and explained significant sites such as scar trees on the reserve. Staff also participated in citizen science activities such as tree hollow mapping, placement of wildlife monitoring cameras and tree planting to deepen their experience of the project.

While the day was incredibly wet, the rain didn't dampen the spirits of our staff. James from our Fitzroy branch said:

"The passion and knowledge from the staff who help maintain the reserve was priceless, and made me realise that in a world that is fast paced and ever changing, that we really need to take a step back and understand that we can do small things that really do make a big difference for future generations."

We will continue to use the Bank Australia Conservation Reserve staff trips as an important way to connect our staff with the bank's purpose.

Workforce diversity and inclusion is a priority

Staff diversity and inclusion are critical for our continued growth and success. We want our workforce to represent the varied cultures and life experiences of the Australian community, and our staff to champion making the bank more accessible and inclusive.

In 2018:

- We expanded our financial services traineeship program. Alongside existing places for people from a refugee and/or asylum seeker background, and for Aboriginal and/or Torres Strait Islander people, we now offer three places for people with a lived experience of disability.
- We campaigned in support of marriage equality in the lead-up to the same sex marriage postal survey in late 2017. We shared staff stories on both our public social media and our staff social media, so people could explain why they would vote 'yes'. We also recognised not all staff and customers share the bank's view on this issue.
- We launched a monthly accessibility newsletter that features stories from our staff and customers. These stories show how we've improved accessibility by making reasonable adjustments for our workforce and customers.
- We launched our GLOW network to celebrate and support lesbian, gay, bisexual, trans, queer and intersex (LGBTQI) staff and customers and their allies (page 33).

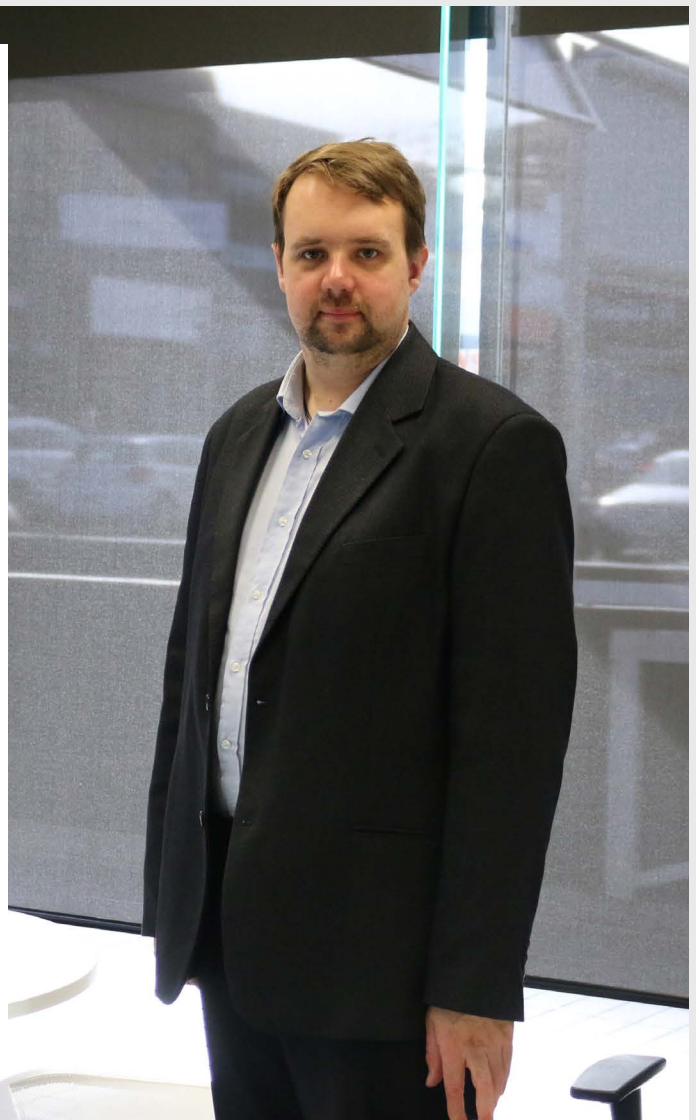
We're committed to an inclusive workforce

We continued to improve our employment opportunities for people with a lived experience of disability, through the launch of our disability internship program.

Cameron was our very first participant to go through the program, and he now works with our IT team, taking care of daily troubleshooting, password configuration and much more. He has become an integral part of the Bank Australia team and a strong contributor to the culture across the organisation. He explains:

Bank Australia is one of the rare workplaces that motivates you to get out of bed in the morning. Every day is different and the staff are very supportive. The bank lives and breathes its mission statement and is truly about responsible banking.

The internship program is one of the first steps in implementing our Disability Action Plan, which launched in 2016. Through the plan we're finding meaningful ways to create a more inclusive society by focusing on customer experience, employment, staff and customer awareness, and community impact.



Staff with different life experiences bring an array of perspectives, which helps us deliver better customer service and experience.

We stand by the LGBTQI community

On 17 May 2018, to coincide with the International Day Against Homophobia, Transphobia and Biphobia, we launched our GLOW network.



GLOW is a staff led network that supports and celebrates LGBTQI staff and customers, and their allies.

GLOW exists to promote a diverse and inclusive work environment through education and awareness. After less than three months, GLOW had 35 members from across the bank.

GLOW members wear rainbow pins to show solidarity with their fellow staff and our customers. GLOW also leads events and fundraising to mark significant days in the LGBTQI community calendar.

7. People and planet.

The Bank Australia Conservation Reserve is a 927 hectare private land reserve owned by the bank and its customers.

Our purpose is to have a positive impact on people and the planet. As social and environmental issues become more complex, thinking about our impact is even more vital.

Our Impact Fund supports projects that customers care about

The Bank Australia Impact Fund (appendix 5) funds projects that deliver positive outcomes for people and the planet. In 2018 we disbursed \$854,471 from the fund (3.4% of 2017 after tax profits), split across programs that benefit people (57%) and programs that benefit the planet (43%). The Bank Australia Conservation Reserve (appendix 11) is the fund's largest project, with funding of \$304,781 in 2018.

Impact Fund expenditure

\$854,471

(3.4% of 2017 after tax profits)

People impact

57%

(for programs that benefit people)

Planet impact

43%

(for programs that benefit the planet)

Bank Australia Conservation Reserve

\$304,781

(the fund's largest project, see appendix 11)

New projects supported in 2018 include a three year partnership with Human Rights Watch and a partnership with Ladder to support young people in the Latrobe Valley experiencing disadvantage and homelessness. We also continued to:

- fund significant partnerships with The Big Issue, the Woodlands and Wetlands Trust, and CSIRO
- address educational disadvantage through our scholarship with the Queensland University of Technology, our partnership with State Schools Relief, and our Intech Bank scholarships with Swinburne University and University of Technology Sydney.

Each year, 4% of the after tax profit from the previous financial year is allocated to the Impact Fund. In 2018, we did not disburse the full allocation because we are conducting a review to ensure the fund can have the strongest impact and we are waiting to complete it before we fund new projects.

We will allocate the 0.6% of profit not spent this year to fund new projects next year. Our review will look at the role of the Impact Fund to be sure we're delivering what customers expect of the fund, and measuring our impact in line with best practice.

Customer grants from the Impact Fund

Our annual customer grants program supports our community customers to do great work in the community. Since introducing these grants in 2016, we have funded over \$220,000 in projects.

In 2018 we provided grants of up to \$10,000 to 10 customers for projects addressing environmental sustainability, gender equality, reconciliation, disability and educational disadvantage.

The grant recipients included:

- a support service for young mothers who are studying or looking for work
- a revegetation project at Mount Burr Swamp Habitat Restoration Reserve
- a physical activity program for people with complex care needs in Gippsland.

For a full list, please see appendix 5.

Responding to your call for a humane response to refugees

On World Refugee Day in June 2018, we announced the Bank Australia Impact Fund would provide funding to a refugee research program run by Human Rights Watch (HRW).

According to the United Nations High Commissioner for Refugees (UNHCR), every minute 20 people leave their homes to flee war, persecution or terror. In 2018 more people were displaced than at any other time in history, with an estimated 65.6 million people forced from their homes.

Bank Australia customers have told us that they want us to do more to support a humane response to the refugee crisis. We've heard this call to action. We've created employment opportunities for refugees and asylum seekers, made Impact Fund customer grants to community customers who work to support refugees, and supported the human rights awareness activities of HRW and others.

Our support of HRW's refugee research program will help HRW staff to defend the rights of refugees, asylum seekers and displaced people worldwide.

These staff respond to emergencies and chronic situations, document human rights issues, and take their findings to policy makers, legislators and the media.



Supporting Moe LIFE Skills in the Latrobe Valley

We continue to support Moe LIFE (Local inclusive fitness for everyone) Skills Community Centre (MLSCC).

This not-for-profit organisation offers training and individual support services for people with a lived experience of disability in the Latrobe Valley. LIFE Pilates classes bring together community members and people with complex support needs, improving fitness and social inclusion.

The LIFE program provides less structured activity for people living with disability. It works through communication barriers and physical support requirements that can limit participation in activities (particularly community activities). It also helps break down stigma that may prevent community members from socialising and building connections with people who live with a disability.

Dr Carole Broxham, CEO of MLSCC, explains:

... many people, especially those with an intellectual disability, often remain apart from, rather than a part of, the community. The LIFE project encourages people to have those personal connections, and to see the person behind the disability. ... participants find ... people with disabilities are far more similar than different to themselves.

We're proud to be able to support Moe LIFE Skills through the Bank Australia Impact Fund customer grants.



Eddie lives in Melbourne's north and has been a Bank Australia customer since 2012.

Lending more through impact finance will help us create prosperity

At our 2018 strategic planning day, our Board endorsed a proposal to grow the bank's commercial loan portfolio in ways that will create positive impact on economic, social and environmental issues. In other words, we want to lend more money to projects where the loan will benefit people and/or the planet, and bring about prosperity.

As a member of the GABV, we report on our lending to three areas – lending that benefits people, lending that benefits the planet, and lending that benefits prosperity. We're proud that 9.05% of our loan portfolio in 2018 aligned with these three GABV principles.

We have now started to develop the bank's approach to impact finance, aiming to increase the percentage of our lending each year that creates a positive impact. For more detail on our lending portfolio, please see appendix 7.

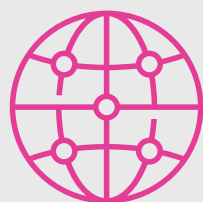
Breakdown of our lending portfolio across GABV lending principles

Total value



People lending
(e.g. commercial loans to the community and disability sector and to affordable housing developments)

\$160 million
(3.41% of total portfolio)



Planet lending
(e.g. car loans with emissions offsets, commercial loans with an environmental benefit)

\$240 million
(5.11% of total portfolio)



Prosperity lending
(e.g. shared equity home ownership schemes and loans for the purposes of economic inclusion)

\$25 million
(0.53% of total portfolio)

Total

\$425 million
(9.05% of total portfolio)

We will respond to climate change by maintaining carbon neutral operations, meeting our renewable energy target, supporting community action on climate change, and providing products with environmental benefits.

We're stepping up our climate action

Our commitment to the environment remains strong. This year:

- As a member of the Melbourne Renewable Energy Project, we joined 13 organisations to support the development of a wind farm near Ararat in regional Victoria. The project will become operational during 2019, enabling us to meet our commitment to purchase 100% renewable electricity.
- We switched our energy supply from standard to green power at our Kew, Moe and Bendigo sites in January 2018, which led to a reduction in our net greenhouse gas emissions (appendix 10).
- We installed a 32.5 kW solar system on the roof of our National Customer Contact and Lending Centre in Moe as part of the refurbishment project. The system provides around 30% of the building's electricity needs.
- We supported activities that further climate change conversations, including:
 - Paul Hawken's Drawdown tour of Australia, where he presented his research on solutions to global warming at roundtable events for business leaders and two public events at Australian National University (Canberra) and the University of Queensland (Brisbane).
 - Bill McKibben's Accelerate Climate Action tour of Australia, with public events in Sydney, Canberra, Melbourne and Adelaide. The events shared firsthand stories about the impact of climate change in our communities, and called for us to initiate change.
 - Climates' series of climate change panel discussion events in Melbourne, offering fresh perspectives on the climate discussion.
- The bank has been carbon neutral since 2011, and we maintained this in 2018 (appendix 10). We also raised emissions awareness among staff.
- We set an emissions reduction target. To do so, we used a science based method that helps companies determine how much they must cut emissions in line with the scale of reductions needed to keep the global temperature increase below 2°C. Our target is to reduce our scope 1 and 2 greenhouse gas emissions by 16% by 2025 (from a 2017 baseline). In 2018 we were able to exceed this by purchasing GreenPower, reducing our scope 1 and 2 emissions by 26%. We expect to continue exceeding this target once we start buying renewable electricity through the Melbourne Renewable Energy Project.
- We continued to offset the emissions associated with the cars we finance.

In 2019 we will switch to renewable electricity in all Bank Australia locations once the Melbourne Renewable Energy Project is fully operational.



How are we a part of the switch to renewable energy?

Bank Australia is part of the Melbourne Renewable Energy Project, a group of organisations led by the City of Melbourne that joined together to support the development of a wind farm that will be built near Ararat in regional Victoria.

Bank Australia Managing Director, Damien Walsh, says the project will be a key part of the bank's environmental strategy:

The majority of our current greenhouse gas emissions are from electricity. The Melbourne Renewable Energy Project will help us make big emissions reductions and meet our commitment to purchasing 100% renewable electricity by 2020.

The project will also help us meet the expectations of our customers, who have told us renewable energy is a priority for them.

The project has united 14 leading universities, cultural institutions, corporations and councils to source energy from the new 80mw wind farm. Bank Australia will transition all sites to renewable electricity once the wind farm is up and running in 2019.

Image provided by Pacific Hydro – developer of the Melbourne Renewable Energy Project wind farm

In 2018 we started work on an initial approach to **managing and disclosing climate risk** more effectively.

We're also addressing climate risk

The Task Force on Climate related Financial Disclosures (TCFD) was set up in 2015 by the United Nations Environment Programme's Finance Initiative (UNEP FI). The taskforce developed voluntary, consistent climate related financial risk disclosures that companies can use to inform stakeholders and to manage climate change related risks.

The taskforce published its final recommendations in June 2017. Some global banks are now participating in a pilot to develop analytical tools and indicators to improve their assessment and disclosure of climate related risks and opportunities.

In 2018 we started working on an initial approach to managing and disclosing climate risk more effectively.

From an initial assessment, we deem our highest risks are to physical assets that we own and manage, and to the customer owned assets that we finance.

In 2019 we plan to:

- formally assess the geographic regions in which we operate and provide finance, particularly areas prone to inundation or to weather events such as fires, cyclones and storms. This assessment will largely involve looking at personal loans for assets such as cars, and our home loan portfolio.
- look more generally at the climate change threat facing the communities in which we operate, because climate change will have flow-on effects to our customers and their communities. This assessment will look at (a) how we manage financial risk

associated with community assets and (b) the role of a responsible bank in addressing climate related issues for our customers and their communities.

- identify any potential threats to the assets that we own and manage (such as our branches and offices).
- develop a climate change resilience plan to protect the precious biodiversity on the Bank Australia Conservation Reserve in partnership with Trust for Nature and Greening Australia.

Money matters for The Big Issue vendors

Bank Australia runs budgeting and saving workshops with The Big Issue magazine vendors across the country.



We're standing with The Big Issue

We've supported The Big Issue since 2016, as a principal partner and vendor uniform partner. The Big Issue is a social enterprise that works across Australia to create job opportunities for people who experience homelessness and disadvantage, and are marginalised.

We provide funding to The Big Issue through the Bank Australia Impact Fund, offer volunteering opportunities with The Big Issue to our staff, and use our Sydney branch as a restocking site for vendors in central Sydney. We're also running financial capability sessions for The Big Issue vendors, helping them to develop skills and confidence in managing their money.

In 2018 we had 63 staff across the bank volunteer with The Big Issue, including cooking breakfast for vendors, and joining soccer tournaments with inmates of Port Phillip Prison.

At these workshops, vendors pick up useful skills for managing their money. In 2018 we delivered the workshops in Melbourne, Adelaide and Brisbane.

Matt Stedman, Vendor Support Manager in Adelaide, says the workshops deliver a lot of useful information to support vendors in an easily digestible way:

Alex from Bank Australia facilitated a brilliant workshop for eight of our vendors in Adelaide. He tailored each of his financial tips to the context of selling magazines on the street, which meant the vendors could easily relate to what he was saying and see how it could assist their financial future.

The workshops have been well received by vendors, with a Brisbane vendor commenting:

That for me so far has been the most informative, insightful and educational budgeting workshop I've personally been involved with attending.

In 2019 we will continue rolling out these workshops to vendors.

We will continue to elevate the voices of our First Australians and work towards Aboriginal and Torres Strait Islander people being represented in more areas of our business.

We're embedding reconciliation in all parts of our business

In December 2017 we completed our third Reconciliation Action Plan. Over the plan's three years (2014–17), we:

- expanded the number of Indigenous leadership programs that we support from four to five. We've supported 21 Aboriginal and/or Torres Strait Islander scholars to complete leadership programs since 2012.
- continued to employ Aboriginal and/or Torres Strait Islander people through our traineeship program. We've employed 13 Aboriginal and Torres Strait Islander trainees since 2011.
- commenced Board, executive and Board planning meetings with an Acknowledgement of Country.

- commenced the bank's annual general meeting with a Welcome to Country.
- supported Reconciliation Victoria's Community HART Awards, which acknowledge organisations and groups across Victoria that further reconciliation and celebrate the rich cultures, histories and spiritualities of Australia's First Peoples.
- worked closely with Traditional Owner representatives to develop our 10 year strategy for the Bank Australia Conservation Reserve.
- started work on our fourth Reconciliation Action Plan. Our Chief Risk Officer joined the working group as our executive representative in 2018.

Early in the 2019 financial year we're launching our fourth plan – a Stretch level Reconciliation Action Plan – which will further embed measurable targets across the bank.

How we're supporting Aboriginal and Torres Strait Islander leaders

Since 2012 we have supported emerging Aboriginal and/or Torres Strait Islander leaders to gain skills and knowledge for community leadership.

Our partners in 2018 were Community Leadership Loddon Murray (Bendigo), Northern Mallee Leaders (Mildura), Community Leadership Ballarat, the Gippsland Community Leadership Program and the Leaders Institute SA (Adelaide). Through these partnerships, we fund one scholarship each year for an emerging Aboriginal and/or Torres Strait Islander leader to participate in these year-long leadership programs.

The programs support people who are passionate about and active in their local community or sector.



They help participants build skills and confidence, introduce them to local and regional issues, allow them to network with community and business leaders, and expand their professional and personal networks.

James was the most recent recipient of the Bank Australia scholarship for the Gippsland Community Leadership program, graduating in November 2017. James is Aboriginal and also has a lived experience of disability.

He told us what the scholarship meant to him:

Without Bank Australia's support and sponsorship, I would not have been able to participate in this life changing experience. The new skills and confidence that I now have will help further my community leadership journey.

Having completed the program, James is looking for more opportunities to study and grow his leadership skills and knowledge.



The Bank Australia Conservation Reserve has a large parcel of remnant vegetation which features older trees with hollows. These hollows provide vital habitat for native species like the endangered South Eastern Red Tailed Black Cockatoo.

The bank that protects endangered species is **the bank Australia needs.**

Our Conservation Reserve continues to thrive

We continue to work with our partners Greening Australia and Trust for Nature to manage the Bank Australia Conservation Reserve.

A highlight this year was the launch of a new 10 year strategy, 'Reimagining the future', in late 2017. This strategy sets out our high level goals underpinned by a clear set of actions and a measurement framework. We developed the strategy in consultation with local and national conservation experts and Traditional Custodians, using the International Standards for the Practice of Conservation. It has five action areas: wildlife conservation, climate change, community engagement, thought leadership, and engagement of customers and staff.

Our ongoing work on the reserve in 2018 involved onground maintenance, strategy, communications and partnerships, with the following highlights:

- We engaged Barengi Gadjin Land Council to provide land management services, including pest management.
- We developed plans to improve food and habitat for the endangered species that live on the reserve, such as the South Eastern Red Tailed Black Cockatoo, as well as other threatened plant and animal species.
- The Barengi Gadjin Land Council also performed a cultural heritage survey of the reserve, to identify key sites of cultural significance. We'll share the results of this survey in 2019.
- We planted an additional 7500 native plants and trees.
- We started work with neighbours and local groups to coordinate fire and pest management plans.
- We ran a community day in October 2017, as a part of Trust for Nature's Spring into Nature series.

- We supported the Wimmera Biodiversity Seminar to encourage dialogue and information sharing, as part of our ongoing commitment to support a landscape scale approach to conservation in the West Wimmera.

We've started to plan our approach for 2019, which includes:

- developing a traineeship program for an Aboriginal and/or Torres Strait Islander person to learn ecology and land management skills
- preparing a climate change adaptation strategy
- promoting our project to encourage other businesses to follow our lead
- developing new research partnerships that enable us to be even more effective in protecting threatened species and habitat.

For more detail about the Bank Australia Conservation Reserve, please see appendix 11.

Appendices

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1. How this report was developed
 2. How we're governed
 3. Our approach to risk
 4. Our people and culture
 5. Bank Australia Impact Fund
 6. Our customer profile
 7. Our lending portfolio
 8. EY statement of assurance
 9. Our responsible banking commitments
 10. Environmental management
 11. Bank Australian Conservation Reserve
 12. Global Reporting Initiative Index

Appendix 1: How this report was developed

Purpose of this report

We produce a corporate report to be transparent to customers and stakeholders about how we are pursuing our purpose, which is to create mutual prosperity in the form of positive economic, social, environmental and cultural impact.

This report presents Bank Australia's performance against its strategic plan for the period 1 July 2017 – 30 June 2018 (called 2018 in the report), unless otherwise stated. It does not include the performance of third party organisations that provide services to Bank Australia and our customers.

Bank Australia also produces statutory financial accounts (the 2018 financial report) to support this report and as required by law.

In this 2018 corporate report, the bank reports on:

- performance against the bank's strategic plan and associated key performance indicators
- progress towards meeting the bank's public commitments.
- the bank's responses to priority issues, which are defined as those issues that:
 - a) substantively influence the assessments and decisions of stakeholders and,
 - b) can be influenced or impacted by the bank's operations as well as its pursuit of positive economic, environmental and social impacts.

This definition aligns with GRI's Standards.

Reporting frameworks

In developing this report we applied the following sustainability reporting frameworks to guide our thinking:

GRI Standards – to guide how we identify disclosures for reporting that are relevant to our customers as determined by our materiality process.

Integrated Reporting Framework – to guide our reporting process for the bank and how we identify links between our strategic plan and the indicators selected for reporting.

To date, the bank's annual report has been assured against the AA1000 framework - a sustainability reporting standard used to assess an organisation's reporting against a set of stakeholder engagement and issues identification principles.

From 2018, the report will continue to reflect Integrated Reporting principles and will be assured against the GRI Standards' materiality principle (priority issues identified on page 51) as well as assuring selected non-financial disclosures. Assurance against the GRI framework reflects the bank's maturing reporting approach as well as GRI's emphasis on balancing stakeholder priorities with the economic, environmental and social impacts of the organisation.

Reporting issues that matter

So this report sufficiently covers the issues that matter, Bank Australia conducts a materiality process to select and prioritise issues. This process ensures our report is balanced, comprehensive and strongly informed by the expectations and views of our stakeholders. In 2018 our materiality process was informed by ongoing stakeholder engagement that ran for the duration of the year, and by a formal materiality process that ran in March – June 2018.

How we applied the GRI materiality principle

We applied the GRI materiality principle by assessing issues using the following criteria:

1. Stakeholder decision making

An issue meets the threshold for materiality if it has been identified in feedback provided by stakeholders, and it:

- has an impact on assessment or decision making by stakeholders, and
- such decision making has the potential to impact Bank Australia (for example, the brand, financial performance, staff or customer satisfaction or strategic plan).

2. Organisational impact

An issue meets the threshold for materiality if it is an economic, social or environmental issue that:

- the bank has an existing impact or influence on, or
- the bank's core competencies are well aligned to contribute to, or
- the financial/banking sector as a whole considers to be a topic or future challenge, as identified by peers, competitors and industry experts.

How we identified issues

We identified issues using:

- a) Data gathered from internal and external data sources (see below for a list),
- b) Staff interviews with key Bank Australia staff.

Data sources

Internal	External
Risk Appetite Statement	Participation in national and international conferences
Bank's social media platforms	Participation in industry working groups
Corporate Plan	Media coverage and commentary
Board planning session (April 2018)	Royal Commission into Misconduct in the Banking and Financial Services Industry
Financial Inclusion Action Plan	Stakeholder engagement with not-for-profit sector partners and customer organisations
Reconciliation Action Plan	Engagement with bodies associated with the bank's public commitments (e.g. We Mean Business, UN Global Compact, Reconciliation Australia, Good Shepherd Microfinance)
Disability Action Plan	GRI's Standards
Environmental Management Action Plan	
Bank's public commitments	
Bank policies	
Bank's annual general meeting: questions raised, feedback and discussion	
Staff research: satisfaction and diversity	
Customer research: responsible banking and customer experience and satisfaction	

Staff interviews

We conducted unstructured interviews with staff in key roles across the business including staff responsible for: banking integrity and fraud, compliance, operational risk, lending assessment, the bank's contact centre, digital support, marketing, customer experience, people and culture, and social media.

We also conducted a group interview with four staff responsible for the bank's public commitments – including our Reconciliation Action Plan, Financial Inclusion Action Plan, Disability Action Plan, and Environmental Management Plan – to identify issues.

How we prioritised issues

We ran a workshop with Bank Australia's departmental heads in May 2018. A list of 22 preliminary issues was circulated in advance for consideration. The workshop went through a process of discussing and prioritising issues using a GRI matrix, to prioritise issues against (a) stakeholder importance and (b) the bank's impact. This workshop identified 15 individual issues, within four broader themes.

Priority issues for this report

Themes	Material issues	Definition	Page
Customers	Customer experience	Ensuring customers experience an excellent and consistent customer experience through face-to-face, over the phone, and digital channels.	23, 24, 25
	Online-led distribution	Maintaining the bank's national branch network while investing in an online-led distribution strategy, so customers can interact with the bank online with ease and convenience.	23, 25
	Better rates and fees	Managing the bank's profits so a fair share of profits are returned to customers through offering competitive rates and fees.	23
Responsible banking	Financial performance and growth	Managing the bank's profit, efficiency, level of impaired debt and the bank's strategy to grow sustainably for the benefit of customers.	13 Also see 2018 financial report
	Safe and secure banking	Preventing and dealing with fraud attempts and protecting customer accounts.	27
	Remuneration and commissions	The bank's staff remuneration practices including salaries for staff, executives and Directors; and commissions paid to and received from third parties.	16, 30 Also see page 7 of 2018 financial report
	Building and protecting the bank's brand	Ensuring the bank lives up to the expectations of customers and the community.	17, 18, 19
	Risk and compliance	Managing the bank's regulatory requirements as an ADI under the APRA as well as managing investment and lending risk.	9, 42, 55
	Responsible lending	Lending funds responsibly and in line with customer expectations. This includes having clear criteria around lending amounts to customers that do not create financial stress, and lending for commercial purposes in line with the bank's values.	18, 19, 21, 39, 64, 65
	Responsible procurement	Purchasing goods and services from businesses in a responsible way, including procurement systems and processes.	19

Priority issues for this report (continued)

Themes	Material issues	Definition	Page
People and planet	Action on climate change	Managing the environmental impact of the bank's operations and products, and supporting customers to live more sustainably.	41, 41, 42, 70-73
	Social and environmental impact	Providing funding and/or support for initiatives that align with areas the bank's customers care about including: climate change, environmental conservation, renewable energy, reconciliation, educational disadvantage, and refugees and asylum seekers.	35-37, 43-47, 59-61
Staff	Staff engagement	Supporting an engaged workforce that is committed to Bank Australia's purpose as a responsible bank.	29
	Workforce training and capability	Providing education and training to staff to ensure they can develop their careers with Bank Australia and deliver Bank Australia's purpose.	31
	Diversity, flexibility and inclusion	Providing employment opportunities for staff from diverse backgrounds and life experiences to build a career while creating an inclusive and flexible workplace that meets staff needs. Ensuring all staff are supported to build a career with Bank Australia across all levels of seniority and departments.	30, 32, 33

Appendix 2: How we're governed

We are governed by a Board of Directors. The Board is accountable to our customers, who own the bank. Customers elect the majority of non-executive Directors to the Board and vote on issues at our annual general meeting.

The Board:

- establishes corporate objectives
- develops, with management, the corporate culture, strategy and policy
- appoints the Managing Director and evaluates their performance
- provides oversight for Bank Australia's operations and ensures they align with our values
- accepts responsibility for compliance with APRA prudential standards, the Australian Corporations Act and other regulatory and legislative requirements
- approves the budget.

The Board:

- meets eight times a year, plus the annual general meeting and annual Board Planning (2 days)
- has committees, which meet as follows: Risk (6), Audit (4), Governance (3), and Nominations (1)
- has limited Directors' tenure (via the bank's constitution) to 12 years.

The Board is comprised of eight Directors. Customers elected five independent, non-executive Directors and there are three Board appointed Directors – our Managing Director (currently Damien Walsh), and two independent non-executive Directors.

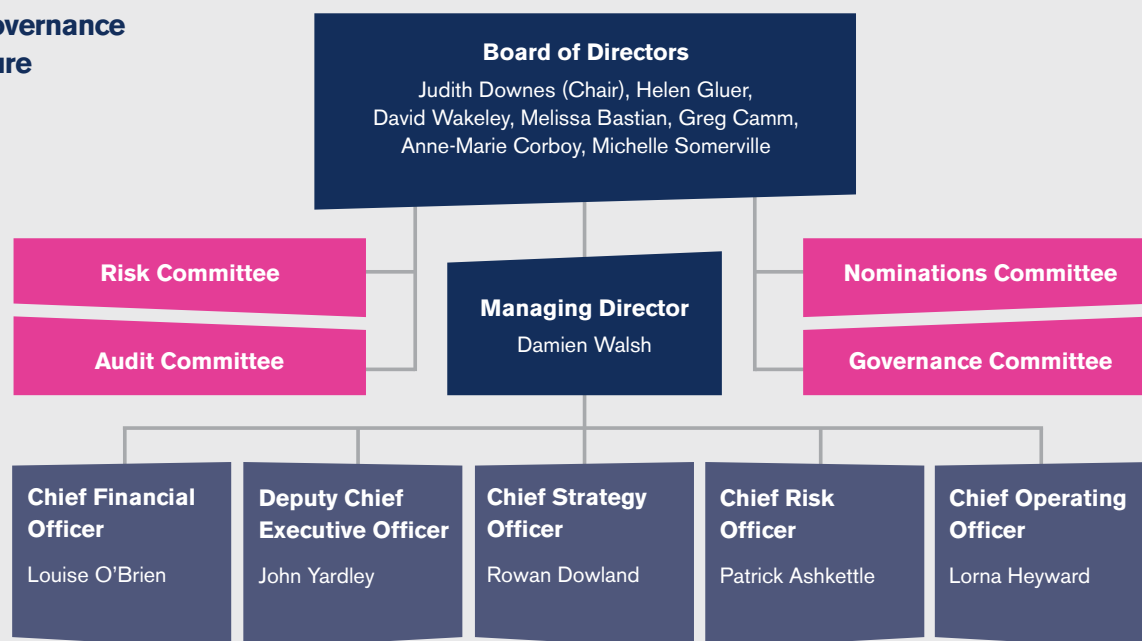
Every three years of service, each *member-elected* Director will be eligible for reappointment if they would like to stand for the position again. This appointment occurs through a customer vote at the annual general meeting – customers can vote for or against reappointment of specific Directors, and can vote for alternate candidates if other candidates have nominated and passed a due diligence process to stand for election. The Board may also reappoint Board appointed Directors at its discretion.

The Managing Director is charged with the bank's day-to-day leadership and management, supported by a senior management team that oversees the bank's operations.

Together, the Managing Director and the senior management team are responsible for embedding culture and sustainability principles within the business and delivering strategy and leadership, product development, commercial oversight, stakeholder engagement, community partnerships, and communications.

The collective remuneration for the seven non-executive Directors of the Board (as approved by customers at the 2017 annual general meeting) is \$585,402 per year pro rata. This sum represents total Board remuneration for the non-executive Directors, including fees, concessions and other benefits, plus all relevant taxes payable by either the bank or these Directors.

Our governance structure



Our statutory financial report includes a profile of each of our Directors.

The Board committees are:

- **Risk Committee.** The Board Risk Committee oversees the implementation and ongoing operation of the risk management framework, risk identification and control, and ensures the bank meets its prudential and statutory requirements in relation to the risk management framework. It fulfils the bank's obligations under Prudential Standard CPS 510 – Governance requiring a Board Risk Committee with specific responsibilities. The Risk Committee meets six times per year.
- **Audit Committee.** The Board Audit Committee helps the Board fulfil its governance responsibilities relating to the oversight of the bank's reporting obligations, audit function, internal control and compliance framework, and promote an ethical culture of compliance throughout the organisation. It fulfils the bank's obligations under Prudential Standard CPS 510 - Governance requiring a Board Audit Committee with specific responsibilities. The Audit Committee meets four times per year.
- **Governance Committee.** The Board Governance Committee ensures the bank has a strong and effective governance framework for fulfilling the bank's remuneration responsibilities and constitutional matters, and advises the Board on related matters. It fulfils the bank's obligations under Prudential Standard CPS 510 - Governance requiring a Board Remuneration Committee with specific responsibilities. The Governance Committee meets three times per year.
- **Nominations Committee.** The Nominations Committee is responsible for determining the appropriateness of candidates for Director elections. It oversees nominations submitted from eligible shareholders for Director elections, and interviews nominees to assess

their fitness and propriety to be and act as a Director. The Nominations Committee is formed and meets on an as needs basis.

How we're regulated

Bank Australia is regulated by the APRA. This independent statutory authority supervises institutions across banking, insurance and superannuation, and is accountable to the Australian Parliament.

According to regulatory requirements, we must manage a diversified investment portfolio across a number of ADIs, including the four major banks and regional banks. This portfolio includes liquidity, fixed term deposits, negotiated certificates of deposits, bank bills, bonds, covered bonds, mortgage backed securities and floating rate notes, and is required by APRA for liquidity purposes. It is not possible to determine the exact purpose of every dollar invested in these APRA regulated ADI products, so we cannot be sure whether the use of every dollar of these funds matches our responsible investment and lending policy.

Bank Australia is also regulated by ASIC, which has responsibility for regulation under the *Corporations Act 2001*. ASIC is the country's integrated corporate, markets, financial services and consumer credit regulator.

Transparency in our share holdings

Bank Australia holds shares in subsidiary companies. In 2018 the bank was a shareholder in two major service suppliers:

- Cuscal – a provider of wholesale and transactional banking services
- Data Action – a supplier of core banking and data network facilities.

Appendix 3:

Our approach to risk

To minimise and manage our exposure to risk, we maintain a risk management framework that monitors the operating environment, uses reliable information to support our risk analysis, and ensures we have effective controls in place to manage the risks that we are exposed to.

Our three lines of defence to manage risk

Our risk management structure has been designed in line with the 'three lines of defence' framework:

1. Each operational area across the bank manages its own risks. This first line of defence encourages a risk culture that involves all staff.
2. A central risk and compliance team, led by our Chief Risk Officer, forms our second line of defence. This team is responsible for:
 - ensuring the risk framework is consistent with prudential and industry practice
 - developing risk strategy and risk treatment plans
 - overseeing risk management practices
 - maintaining risk registers, incident and issue registers, complaints and dispute registers
 - monitoring compliance obligations
 - coordinating how risk appetite applies in day-to-day business.
3. Internal audit provides our third line of defence, via independent assurance. Our internal auditor, KPMG, reports to the Audit Committee, which meets quarterly. The Board's Risk Committee meets six times per year and considers our risk management framework, including our risk appetite and risk monitoring. Our tolerances for credit risk, capital risk and liquidity risk

are well above those set by APRA, reflecting our responsible banking practices.

Above the three lines – risk management and strategy setting

Our Board has ultimate responsibility for the risk management framework and risk appetite statement. To ensure their effectiveness the Board is responsible for overseeing our risk management operations. By acting in an oversight capacity, Directors can form a view of risk culture, identify any necessary changes to culture, and ensure steps are taken to address these changes.

Risk incidents

In 2018 we managed a number of risk incidents as part of ongoing business operations and improving controls when appropriate. Two of these incidents were considered material as they had a direct impact on our customers:

1. A banking system outage in March 2018 impacted customers' access to online and mobile banking for 18 hours.
2. A processing error in August 2017 saw approximately 11,000 Visa card transactions posted to customer accounts twice. The duplicate transactions were reversed the following day.

We reviewed these incidents in conjunction with our key suppliers and ensured that additional controls have been put in place to prevent a recurrence.

There were four further incidents. Although they were not highly material, we advised our regulator. Two related to consumer credit insurance, one to withholding tax, and one to early breaks on certain term deposit accounts.

Appendix 4:

Our people and culture

This appendix contains information and statistics about our workforce, and our people and culture activities in 2017.

Our workforce summary, 2018

	2018	2017	2016	2015	2014
Total staff ^{1,2}	411	394	370	335	353
Female	281	265	251	234	251
Male	130	129	119	101	102
Full time equivalents (FTEs)	367	356	338	304	315
Staff turnover rate (continuing)	9.5%	10.7%	10.2%	14.3%	9.8%
Absentee rate	3.3%	3.6%	2.7%	3.9%	3.6%
Occupational health and safety incidents and injuries ³	38	19	18	15	14
Days lost to injury	30	39	32	5	2
Number of staff who took paid parental leave in 2018 ⁴	22	n/a	n/a	n/a	n/a
Staff engagement ^{5,6}	67%	73%	77%	68%	n/a

Notes on people and culture figures

1. Total staff includes staff on parental leave, extended sick leave, casual, contract and trainees. Excludes Board Directors.
2. Most staff worked full time (73.5%) followed by those who worked part-time (14.6%), those on a contract (6.8%), trainees (2.7%) and casual staff (2.4%). These figures are broadly similar to those reported in 2017.
3. Our occupational health and safety incidents and injuries figures break down to 15 incidents without injury, and 23 incidents with injury. We identified no common themes from injuries sustained. Reasons for injuries were minor slips, bumps and falls.
4. Our parental leave figure refers to leave that is taken and paid by Bank Australia for primary carers and secondary carers. We did not report on this measure before 2018 because this paid leave policy was introduced this year.
5. Staff engagement was not measured in 2014.

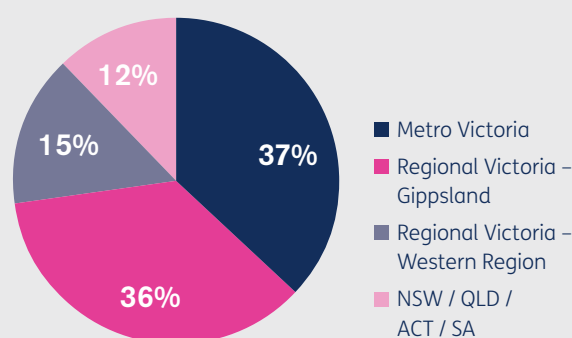
6. Our staff engagement measure is measured by: asking staff (86% participated in 2018) whether they agree with five statements. The engagement score is based on the percentage of staff who agree or strongly agree with these statements.
 1. I would recommend Bank Australia as a great place to work.
 2. I see myself still working at Bank Australia in two years.
 3. I rarely think about looking for a job in another company.
 4. I am proud to work for Bank Australia.
 5. Working at Bank Australia motivates me to go beyond what I would in a similar role elsewhere.
7. Percentages in this section may not always add to exactly 100% due to rounding to one decimal point for clarity.

Where our people work

In 2018, our staff were split across our locations as follows:

- 36.7% staff in metro Vic
- 35.8% staff in Gippsland
- 15.1% staff in Western Victoria
- 12.4% staff in QLD, SA, ACT, NSW
- 50.9% of our total staff are based in regional Victoria – up 1% since 2017. This proportion reflects our commitment to creating jobs and opportunities in regional Australia.
- 87.6% of our staff are based in Victoria and 12.4% are based in other states.

Staff by location, 2018



Employee age, 2018

Age bracket	Number	% of total
<25 years	55	13.4%
25 years to 55 years	310	75.4%
>55 years	46	11.2%
Total	411	

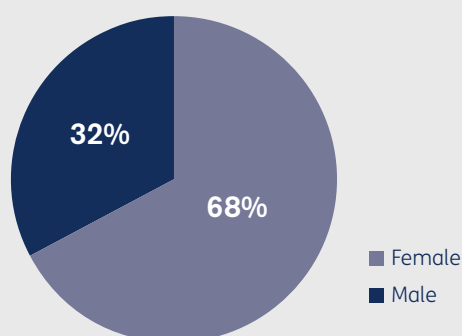
Staff, by role classification, 2018

Role	Number
Managing Director	1
Non-executive Board Directors	7
Executives	5
Senior managers	12
Other managers	60
Frontline/sales	195
Professionals	42
Clerical and administrative	96
Total	418

Gender equity

In 2018 we continued to employ more female staff (286, or 68%) than male staff (132, or 32%). These figures include Bank Australia's Directors (bringing our total figure to 418). We included Directors in the gender equity section, but not our workforce summary, to align to our Workplace Gender Equality Agency (WGEA) reporting, which includes all levels of the workforce.

Employee gender split, 2018



Role classification

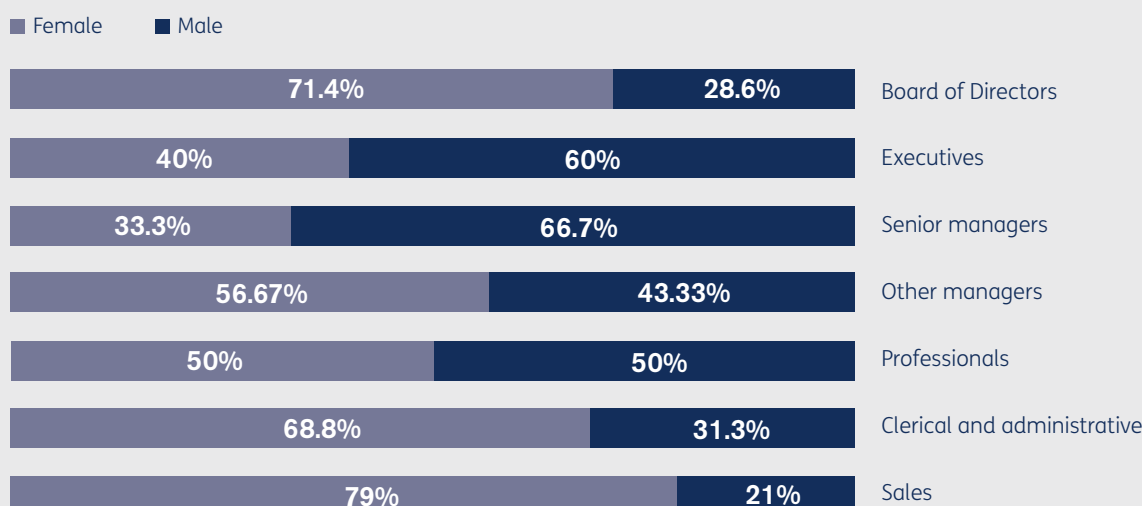
We classified roles within the bank based on the WGEA classification of roles: frontline/sales, professionals, clerical/administrative staff, executive managers, senior managers and other managers. In 2018 almost half of our staff (46.7%) were employed in sales roles, followed by staff in clerical/administrative roles (30%), other managers (14.4%), professionals (10.1%), senior managers (2.9%), executives (1.2%), our Board Directors (1.7%) and our Managing Director (0.2%).

Employee gender split by type of employment, 2018

Age bracket	Number	% of total
Full time staff		
Female	192	46.7%
Male	109	26.5%
Part-time staff		
Female	59	14.4%
Male	1	0.2%
Casual staff		
Female	8	2%
Male	1	0.2%
Trainees		
Female	7	1.7%
Male	4	1%
Contract staff		
Female	15	3.7%
Male	13	3.2%
Total	411	

Note: These figures do not include Board Directors.

Employee gender split, by role classification, 2018

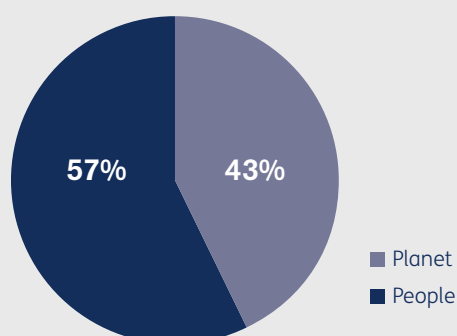


Appendix 5: Bank Australia Impact Fund

The bank allocates 4% of its after tax profits to the Bank Australia Impact Fund. The fund supports a number of major projects and partnerships that benefit people and planet. Our largest social partnership is with The Big Issue, and our largest environmental project is the Bank Australia Conservation Reserve. We also run an open grants round each year for Bank Australia customers who can apply for grants of up to \$10,000 projects that benefit people or planet.

In 2018 we disbursed 3.4% of after tax profits (generated in 2017) from the Impact Fund, or a total of \$854,471. We will roll over the remaining 0.6% that was not spent this year to fund new projects in 2019.

Funding for people and planet, 2018



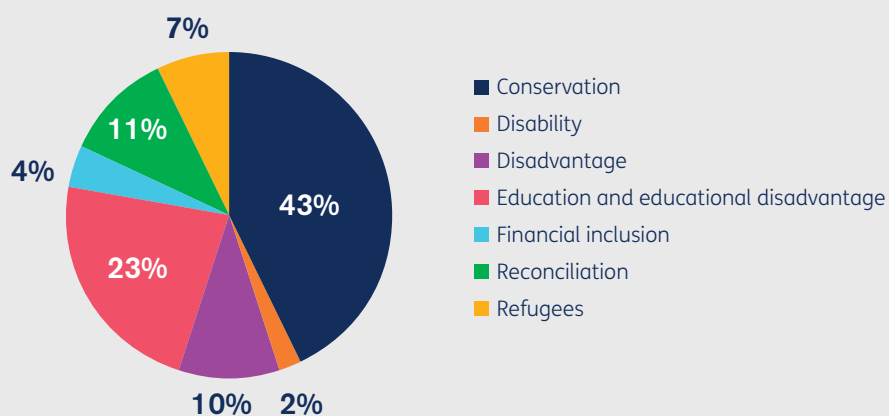
Bank Australia Impact Fund projects, 2018

Program	Partner	Category	Amount
Bettong Buddies	Woodlands and Wetlands Trust, ACT	Conservation	\$31,500
Bank Australia Conservation Reserve	Greening Australia	Conservation	\$304,781
The Big Issue	The Big Issue	Disadvantage	\$88,000
Australian Education Union	Professional development	Education	\$40,000
Intech Bank Scholarship	UTS (University of Technology Sydney)	Educational disadvantage	\$10,000
Scholarship program	School for Student Leadership	Educational disadvantage	\$3,000
Tylah West Scholarship	Illawara Housing Trust	Educational disadvantage	\$5,500
Step Up Latrobe Valley Program	Ladder	Educational disadvantage	\$35,000
Intech Bank Scholarship	Swinburne University	Educational disadvantage	\$5,000
Just One Thing	Latrobe Youth Choices	Educational disadvantage	\$29,876
Graphing calculator program	State Schools' Relief	Educational disadvantage	\$42,000
Refugee research program	Human Rights Watch	Refugees and people seeking asylum	\$40,000
Voices for Justice dinner	Human Rights Watch	Refugees and people seeking asylum	\$14,000
Laos Savings and Financial Literacy program	Australian Mutuals Foundation	Financial inclusion	\$25,000
CSIRO Science Pathways in Central Australia partnership	CSIRO	Reconciliation	\$52,000
Indigenous leadership scholarship – Ballarat	Leadership Ballarat and Western Victoria	Reconciliation	\$5,555
Indigenous leadership scholarship – Mildura	Community Leadership Northern Mallee	Reconciliation	\$5,500
Indigenous leadership scholarship – Bendigo	Community Leadership Loddon Murray	Reconciliation	\$5,500
Indigenous leadership scholarship – Adelaide	The Leaders Institute	Reconciliation	\$7,260
Indigenous leadership scholarship – Gippsland	Gippsland Community Leadership Program	Reconciliation	\$5,500

Customer Grants

Program	Partner	Category	Amount
Port Phillip Bay sea slug census	Victorian National Parks Association	Conservation	\$9,959
Mt Burr Swamp revegetation program	Nature Glenelg Trust	Conservation	\$10,000
SheWorks program	Fitted for Work	Financial inclusion	\$10,000
Female engagement and support program	Kalay Academy Warrnambool	Reconciliation	\$10,000
Refugee hospitality traineeship program	Scarf	Refugees and people seeking asylum	\$10,000
Science and Makers Fair	Echuca College	Educational disadvantage	\$10,000
Flexible Learning Options bus	Maryborough Education Centre	Educational disadvantage	\$10,000
Young mums education re-engagement program	Zoe Support	Educational disadvantage	\$10,000
Murray River Tea Rooms social enterprise	Community Living Respite Services	Disability	\$10,000
LIFE program	Moe Life Skills Community Centre	Disability	\$9,540
			\$854,471

Bank Australia Impact Fund programs, by funding category, 2018



Appendix 6:

Our customer profile

We experienced strong organic customer growth in 2018. We attribute some of this to our continued competitive rates and fees offering and some to increased brand awareness as a result of the bank Australia needs campaign.

More about our customers

Customer numbers and demographics	2018	2017	Change 2017 to 2018
Number of customers			
Total customers ¹	135,786	123,322	+10%
New customers ²	14,355	10,578	+35%
Customers who left the bank	9733	7830	+23%
Net customer growth	4622	6140	-23%
Customer retention rate	92%	94%	-2%

Customer numbers and demographics	2018	2017	Change 2017 to 2018
Customer locations			
Victoria	68%	67%	+1%
Queensland	9%	9%	–
New South Wales	12%	11%	+1%
Australian Capital Territory	4%	3%	+1%
Western Australia	2%	2%	–
South Australia	2%	2%	–
Tasmania	1%	1%	–
Northern Territory	0.3%	0.2%	–
Other	3%	5%	–2%
Customer age			
Average age of customers (years)	51	51	0%
Average age of new customers (years)	39	39	0%
Customer satisfaction			
Customer satisfaction ³	91%	86%	+4%
Customer complaints	228	230	–1%
Customer complaints as a share of total customers	0.2%	0.2%	0%
Financial wellbeing			
Customer satisfaction with overall financial situation	70%	74%	–4%
Hardship			
Loans varied due to hardship	174	164	+6%

Notes on our customer profile

1. The total number of customers reported in our 2017 corporate report was 141,071 which is inconsistent with the figures reported here. This is because the definition of a customer changed in 2018, and as a result a large number of individuals who were considered customers in 2017 are no longer considered customers in 2018. The main change to this definition was removal of customers who no longer have an active product with the bank, such as people with access facilities to a family members' account and those who have closed all products with us but maintain a customer number.
2. In addition to these new customers joining the bank, a further 7842 existing Intech customers were added to our total customer number following a database merger on 30 September 2017.
3. We worked with research agency Forethought to measure customer satisfaction in June 2018. A representative sample of 1739 customers were asked how satisfied they are with Bank Australia on a ten point scale. Scores of 6+ (satisfied or extremely satisfied) are used to calculate overall satisfaction.

Appendix 7:

Our lending portfolio

This appendix contains information and statistics on our lending activities for 2018.

Summary of our lending portfolio, 2018

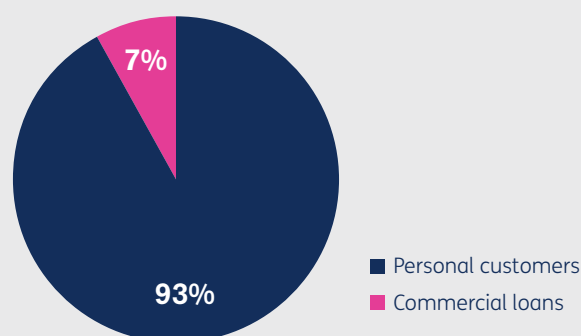
Lending portfolio	2018 lending ¹
Total lending	\$4,696,724,871
Home loan lending	\$4,239,185,250
Commercial lending	\$344,452,755
Personal lending: car loans, personal loans and overdrafts	\$113,086,866
Balance of broker funded loans	\$1,026,604,232

1. These figures include on- and off-balance sheet loans.

Lending to benefit people, planet and prosperity

We use the GABV scorecard to report on our people, planet and prosperity lending. This figure provides an indicator of a bank's lending activity in line with a values based banking model. Triple Bottom line assets specifically refer to money invested by a bank in individuals and enterprises that deliver positive social, environmental and economic benefits to society.

Value of lending, by customer type, 2018



Lending for people

People related assets include those used to finance social empowerment enterprises or projects delivering activities such as education, health care, social inclusion, arts and culture, or special needs housing.

Our current activities include commercial loans to the community and disability sector and to affordable housing developments such as the MS Society project on page 21.

Lending for planet

Planet related assets include those used to finance environmental protection or enhancement enterprises or projects delivering activities such as renewable energy, energy efficiency or retrofits, 'green' housing or buildings, waste or pollution reduction, water efficiency and access, or sustainable agriculture.

Our current activities include our car loans (because we offset emissions associated with our loans), our construction loans (because we protect an equivalent amount of land on our Conservation Reserve) and our commercial loans with an environmental benefit.

Lending for prosperity

Prosperity related assets include those used to finance economic security enterprises or projects delivering activities such as SME lending, micro-finance for micro-enterprises, or economic inclusion.

Our current activities include our affordable housing initiatives such as the HomesVic scheme (page 27 in the report), the Homes Smart Shared Equity Scheme, ACT Land Rent and other loans for the purposes of economic inclusion or microfinance.

Lending to benefit people, planet and prosperity, 2018

	Total value	% of overall loan book
People lending	\$160m	3.4%
Planet lending	\$240m	5.1%
Prosperity lending	\$25m	0.5%
Total	\$425m	9.1%

Commercial lending by sector, at 30 June 2018

Sector	Total value	% of overall loan book
Affordable housing	\$120m	2.6%
Agriculture, forestry and fishing	\$2.9m	0.1%
Community services	\$2.4m	0.1%
Construction	\$9.4m	0.2%
Disability	\$7.4m	0.2%
Education and training	\$27.1m	0.6%
Government and government services	\$1.5m	0.0%
Health care and social assistance	\$4.1m	0.1%
Manufacturing	\$5.4m	0.1%
Rental, hiring and real estate services	\$96m	2.0%
Services	\$57m	1.2%
Transport, wholesale and retail trade	\$10.4m	0.2%
Total commercial lending	\$344.6m	7.3%

Appendix 8: EY statement of assurance (TBC)

Appendix 9:

Our responsible banking commitments

We're part of a global network of banks that are guided by values and pursue positive economic, social and environmental outcomes from the business of banking.

We know we need to listen to and learn from others, and be open to new ideas to make our bank better and stronger. For this reason, we seek to learn from like-minded organisations in Australia and around the world.

We're members of:

- the GABV – a global network of banks committed to advancing positive change in the banking sector
- the BCCM – the national peak body representing co-operative and mutual enterprises
- the COBA – the industry advocate for Australia's customer owned banking sector

- the ABA – a main contributor of analysis, advice and advocacy for the banking industry and financial services
- the United Nations Global Compact – the largest corporate citizenship and sustainability initiative in the world.

Our memberships and associations bring different perspectives to the bank. They help us network, share information, learn and question our own thinking, making sure we're working in ways that help us to achieve our purpose.

Progress against our public commitments on values based banking, 2018

Commitment	Commitment description	Progress in 2018
Disability Action Plan	To promote the inclusion of people with a disability as staff, customers and community members	We continued work to meet the commitments in our inaugural Disability Action Plan.
Financial Inclusion Action Plan	To understand and address the drivers of financial exclusion among groups of customers who are vulnerable	We met the commitments in our Financial Inclusion Action Plan.

Progress against our public commitments on values based banking, 2018

Commitment	Commitment description	Progress in 2018
Reconciliation Action Plan	To promote understanding and close the gap between Indigenous and non-Indigenous Australians	We met the commitments in our third Reconciliation Action Plan (RAP). We developed the fourth update to our RAP, and first 'Stretch' plan, in consultation with Reconciliation Australia. We will launch this new plan in July 2018.
GABV	To operate in alignment with the agreed principles of values based banking. This commitment is articulated as a shared mission to use finance to deliver sustainable economic, social and environmental development, with a focus on helping individuals fulfil their potential and build stronger communities.	We continued to operate in alignment with values based banking through our stated purpose of creating mutual prosperity in the form of positive economic, social, environmental and cultural impact.
We Mean Business climate change action plan	To help global efforts to keep the warming of the earth to below 2 degrees Celsius	We're on track to meet our seven commitments (appendix 10).
UN Global Compact	To operate sustainably and contribute to global sustainable development	We met our commitments via a range of actions on environmental and social issues, and communicated our progress to the UN Global Compact annually.
Paris Pledge	To help global efforts to keep the warming of the earth to below 2 degrees Celsius	We're on track to meet commitments (appendix 10).
Carbon neutrality	To calculate and offset the carbon emissions generated through the operations of the bank	We've met our commitment (appendix 10).
Take2 Pledge	To support the Victorian Government's collective climate action program to help global efforts to keep the warming of the earth to below 2 degrees Celsius	We're on track to meet commitments (appendix 10).
Never lend to the fossil fuel sector	To not invest customers' funds in companies involved in extracting or processing fossil fuels	We're on track to meet commitments (appendix 10).
Bank Australia Impact Fund	To invest 4% of annual after-tax profits into projects that create positive social and environmental change	We invested 3.27% of after tax profits. The remainder of funds will be invested in 2019 through new initiatives – we will review our Impact Fund strategy in 2019.
Create and keep jobs in Australia	To create and keep all employment with Bank Australia in Australia, with a focus on generating employment in regional Australia	We're meeting our commitment. We created room for more regional jobs by refurbishing our National Customer Contact and Lending Centre in the Latrobe Valley, Victoria.

Appendix 10: Environmental management

Carbon neutrality

Our operations remained carbon neutral in 2018. Our net greenhouse gas emissions were 1404 tonnes, which was a decrease of 6% compared to the previous year. Emissions per FTE staff member decreased by 8% in 2018 compared to the previous year. Since 2014, we've decreased our absolute operational emissions by 19%.

Our main emissions reduction activity in 2018 was switching over to GreenPower at our head office, our National Customer Contact Centre in Moe and our Bendigo branch and office, and installing a 32.5kW solar system on the roof of our contact centre in Moe.

To offset our emissions, we forward purchased offsets from a leading Gold Standard project in Timor Leste, WithOneSeed, which works with subsistence farming communities to replant and protect their forests. We had also banked excess offsets from 2017, which were from an Australian savannah burning project that uses traditional land management practices in the Northern Territory. We used 1404 tonnes of carbon dioxide equivalent to offset the emissions from our operations in 2018.

Greenhouse gas emissions – tonnes of carbon dioxide equivalent (CO₂-e)

Emissions source ¹	2018	2017	2016	2015	2014	Change 2017 to 2018	Change 2014 to 2018
Scope 1 – direct emissions							
Car travel – company owned	19	21	19	16	19	-8%	0%
Gas – scope 1	50	49	55	63	76	1%	-35%
Total scope 1	69	70	74	79	95	-2%	-28%
Scope 2 – indirect emissions							
Electricity – scope 2	958	1,001	978	1,184	1,243	-4%	-23%

Emissions source ¹	2018	2017	2016	2015	2014	Change 2017 to 2018	Change 2014 to 2018
Scope 3 – other indirect emissions							
Gas – scope 3	3.7	3.7	4.2	4.8	6.0	1%	-37%
Electricity – scope 3	99	103	117	152	165	-5%	-40%
Car travel – company owned	1.0	1.1	1.0	1.3	1.5	-8%	-35%
Car travel – employee owned claims ²	23	14	10	11	6	67%	273%
Car travel – salary packaged and job needs cars ²	54	44	31	45	47	24%	15%
Air travel ²	221	151	99	76	94	46%	135%
Office paper (4 tonnes) ³	0	0	12	13	14	0%	-100%
Statements paper (3 tonnes) ³	0	0	6	–	–	0%	-100%
Printing jobs, including paper and production	19	40	140	51	62	-53%	-70%
Waste – general waste to landfill	62	66	56	52	53	-5%	18%
Water ⁴	0.003					N/A	N/A
Base building services ⁴	37					N/A	N/A
Hotel stays ⁴	89					N/A	N/A
Total scope 3⁴	610	423	475	407	449	44%	36%
Total gross emissions	1,637	1,494	1,527	1,670	1,788	10%	-8%
GreenPower purchase (215,247kWh)	-232					N/A	N/A
TOTAL NET EMISSIONS	1,404	1,494	1,527	1,670	1,788	-6%	-19%
TOTAL per FTE	3.8	4.2	4.8	5.5	5.7	-8%	-33%

Notes

- Our greenhouse gas emissions are defined in the Greenhouse Gas Protocol:
 - Scope 1: direct emissions that we own or control (for example, owned motor vehicles)
 - Scope 2: indirect emissions, including emissions from the generation of purchased electricity
 - Scope 3: other indirect emissions that are a consequence of our activities but have sources that we do not own or control (for example, air travel).

- Increases in several emissions sources were due to:
 - Car travel: extra travel for training, including training new staff
 - Air travel: international travel to conferences and meetings
- Emissions from paper use (office and statement paper) are recorded as zero because National Carbon Offset Standard certified carbon neutral paper from Australian Paper was used.
- Total scope 3 emissions increased as new sources of scope 3 emissions were accounted for in 2018: water, base building services and hotel stays.

Carbon offsets 2018

Offset type	Registry	Serial numbers	Year retired	Tonnes of CO ₂ -e
ACCU – savannah burning ¹	ANREU	3,745,332,692 -3,745,332,824	2016-17	133
VER – WithOneSeed Timor Leste	The Gold Standard Environmental Registry	GS1-1-TL-GS4210-22-2015-5273-371 to 1770; GS1-1-TL-GS4210-22-2013-5275-307 to 506	2017-18	1600
Total offsets purchased and retired				1,733
Total emissions				1,404
Surplus offsets banked for future years				329

Notes

1. 133 ACCUs were banked from 2017 surplus and carried over to 2018.

We Mean Business commitments

Ahead of the Paris climate change talks in 2015, Bank Australia made seven commitments as part of We Mean Business – a global platform to demonstrate business leadership on climate action. These commitments helped shape priorities of our environmental management plan for the coming years.

Progress against We Mean Business commitments in 2018

Commitment	Description	Progress in 2018
Adopt a science based emissions reduction target	We will ensure our emissions are in line with global budgets for limiting temperature increase to under 2 degrees Celsius	We set a target using science based methods to reduce our scope 1 and 2 emissions by 16% by 2025 (from a 2017 baseline).
Put a price on carbon	We will set an internal price per tonne of carbon dioxide equivalent and use it in decision making	We used a carbon price of \$16/tonne of carbon dioxide equivalent when modelling scenarios for switching to 100% renewable electricity.
Commit to 100% renewable power	We will switch our electricity supply to renewable sources.	<p>We switched our head office, our Contact Centre and our Bendigo office to GreenPower.</p> <p>We installed a 32.5kW solar system on the roof of our contact centre.</p> <p>We signed contracts to buy power and renewable energy certificates via the Melbourne Renewable Energy Project from a new wind farm being constructed in regional Victoria.</p>

Commitment	Description	Progress in 2018
Responsible corporate engagement in climate policy	We will engage consistently and positively with policymakers on climate change	We continued participating in the Victorian Government's TAKE2 pledge. We became a Founding Partner of South Australia's Carbon Neutral Adelaide program.
Report climate change information in mainstream reports as a fiduciary duty	We will include information on climate-relevant topics in our corporate report	We continued to report on our greenhouse gas emissions and offsetting in our corporate report.
Remove commodity driven deforestation from all supply chains by 2020	We will not purchase products that contribute to deforestation	We used 100% recycled paper for office and statement printing. We reviewed our other paper purchases for responsible forestry certifications (e.g. Forest Stewardship Council).
Reduce short lived climate pollutant emissions	We will track and reduce emissions of greenhouse gases such as hydrofluorocarbons (HFCs) and methane	We continued reporting on sources of methane (e.g. gas combustion and waste) in greenhouse gas emissions accounts.

Car loan offsets

Bank Australia offsets emissions associated with each car loan that it finances during the life of the loan. In 2018, the total emissions associated with our active car loans was 8,011 tonnes of carbon dioxide equivalent. We offset these by forward purchasing certified emissions reductions from a wind farm project in India.

Carbon offsets 2018

Offset type	Registry	Serial numbers	Year retired	Tonnes of CO ₂ -e
CER ¹	ANREU	226,265,741 – 226,266,725	2016-17	985
CER	ANREU	226,266,726 – 226,273,725	2017-18	7,000
CER	ANREU	226,822,569 – 226,822,594	2018-19	26
Total offsets purchased and retired			8,011	75,000
Total emissions²			8,011	74,015

Notes

1. 985 CERs were banked from 2017 surplus and carried over to 2018.

2. We calculate emissions associated with each car loan based on average vehicle emissions figures and average mileage figures for Australian vehicles (sources: National Greenhouse Accounts Factors and Australian Bureau of Statistics). For each car loan, we use the average vehicle emissions factor multiplied by the share of the year that the car loan was active.

Appendix 11: Bank Australia Conservation Reserve

We continue to work with our partners Greening Australia and Trust for Nature to manage the Bank Australia Conservation Reserve. The Bank Australia Conservation Reserve received funding of \$304,781 from the Bank Australia Impact Fund in 2018.

Action area	Objectives	Progress
Wildlife and land conservation	By 2026, we will maintain or improve the quality of at least 600 hectares of our Conservation Reserve to support and increase the populations of up to five existing threatened plants and four existing threatened animals, which have been identified through baseline ecological monitoring.	<p>We invested significant resources in weed and pest control in order to protect remnant vegetation and native plantings.</p> <p>We planted over 7000 overstorey trees in partnership with Landcare.</p> <p>We developed plans to protect the threatened animal (13) and plant species (11) on the reserve, including endangered species (3).¹</p>
	By 2026, we will extend and enhance the condition of existing revegetation across 200 hectares of previously degraded land in our reserve to provide habitat for at least five other wildlife species, which will be identified through baseline ecological monitoring.	We conducted baseline monitoring for threatened species in 2017 and have developed plans to support the species we know live on the reserve.
	By 2020, social and indigenous ecological knowledge will be integrated into the management of our reserve.	<p>Land management staff from Barengi Gadjin Land Council delivered pest and weed management.</p> <p>We also initiated to discussions to develop more meaningful opportunities on the reserve for Traditional Owners such as a land management traineeship and traditional burning practices to manage bushfire risk.</p>

Action area	Objectives	Progress
Climate change resilience	By 2026, the current extent of our Conservation Reserve system will be revegetated with native species, and managed to maximise both habitat and biodiverse carbon storage.	We planted over 7000 overstorey trees as mentioned above.
	By 2026 our Conservation Reserve will provide critical habitat for up to five identified threatened wildlife species, based on 2050 climate models. The species will be identified through baseline ecological monitoring. ¹	In 2019 we will develop a climate change restoration and resilience plan and continue to invest in revegetation activities.
Engaging the community	By 2020, indigenous land management practices and stories will be implemented and celebrated within our Conservation Reserve.	In 2018 we continued to focus on embedding Aboriginal cultures, histories and stories into our community days and communications about the reserve.
	Each year we will run one project at our Conservation Reserve that ties in with an identified social priority of our customers other than conservation (for example, supporting people with a disability or refugee communities).	We ran an open day in September 2017 which was attended by 37 school children, as well as teachers and parents from two local schools.
	Each year until 2021 we will engage the local community, including children, with our Conservation Reserve.	We continued to engage with the local community through planning for weed and pest control and fire management, including meetings with local landowners, conservation groups and the Country Fire Authority.
Demonstrating corporate environmental leadership	By 2021 Bank Australia will have partnerships with at least three research institutions and/or conservation networks relating to the Conservation Reserve.	The project was presented at two conferences during 2018: <ul style="list-style-type: none"> – the GABV conference in Lima, Peru – the International Land Conservation Network in Santiago, Chile.
	At least once each year Bank Australia will inform a banking industry or corporate audience about the Conservation Reserve, such as through a conference, presentations, visit or publication.	
Delivering value to Bank Australia and our customers	By 2021, 60% of Bank Australia's customers will be aware of our Conservation Reserve.	We produced a virtual tour of the reserve and developed a partnership with The Guardian Australia to profile the project.
	Every year there will be a greater number of customers who identify our Conservation Reserve as being a factor in deciding to join Bank Australia.	We produced and promoted 6 news articles, 1 video, and 2 podcasts covering Conservation Reserve content for our customers and social media followers.
	Each year 10% of our staff will have visited our Conservation Reserve and be able to share their stories with customers.	We took our staff on two trips to the reserve in 2018, with 46 staff attending (representing 11% of staff).

1. As part of developing the Bank Australia Conservation Reserve strategy, Greening Australia conducted a monitoring project in September 2017 to identify the fauna and flora present on the reserve. The project identified 227 native plants and 270 native animals. This included 13 threatened animal species including three endangered species – the South Eastern Red-tailed Black Cockatoo, the Growling Grass Frog and the Brown Toadlet. The classification of the fauna and flora by Greening Australia was in accordance with the Victorian Government's *Advisory list of Threatened Vertebrate Fauna in Victoria 2013*.

Appendix 12.

Global Reporting Initiative Index

GRI Standard	Title	Disclosure	Description	Section	Page
GRI 102	General Disclosures	102-14	Statement from senior decision-maker	Hear from our Chair and Managing Director	4 - 5
GRI 102	General Disclosures	102-15	Key impacts, risks, and opportunities	Chapter 7 Appendix 9 and 10	39-42, 7-73
GRI 102	General Disclosures	102-1	Name of the organisation	Chapter 2	9
GRI 102	General Disclosures	102-2	Activities, brands, products, and services	Chapter 2	9
GRI 102	General Disclosures	102-3	Location of headquarters	Chapter 2	9
GRI 102	General Disclosures	102-4	Location of operations	Chapter 2	6
GRI 102	General Disclosures	102-5	Ownership and legal form	Chapter 2	6
GRI 102	General Disclosures	102-6	Markets served	Chapter 2	6
GRI 102	General Disclosures	102-7	Scale of the organisation	Chapter 2	6

GRI Standard	Title	Disclosure	Description	Section	Page
GRI 102	General Disclosures	102-8	Information on employees and other workers	Chapter 6 Appendix 4	29-33, 56-58
GRI 102	General Disclosures	102-9	Supply chain	Chapter 4	19
GRI 102	General Disclosures	102-10	Significant changes to the organisation and its supply chain	Chapter 4	6, 19
GRI 102	General Disclosures	102-12	External initiatives	Chapter 7 Appendix 9	35-47, 68-69, 74-75
GRI 102	General Disclosures	102-13	Membership of associations	Chapter 2 Appendix 9	6
GRI 102	General Disclosures	102-46	Defining report content and topic boundaries	Chapter 1 Appendix 1	7, 49-52
GRI 102	General Disclosures	102-47	List of material topics	Appendix 1	49-52
GRI 103	Management Approach	103-1	Explanation of the material topic and its boundary	Appendix 1	49-52
GRI 102	General Disclosures	102-49	Changes in reporting	Appendix 1	7, 49-52
GRI 102	General Disclosures	102-40	List of stakeholder groups	Chapter 1	7, 49-52
GRI 102	General Disclosures	102-42	Identifying and selecting stakeholders	Chapter 1 Appendix 1	7, 49-52
GRI 102	General Disclosures	102-43	Approach to stakeholder engagement	Chapter 1 Appendix 1	7, 49-52
GRI 102	General Disclosures	102-44	Key topics and concerns raised	Appendix 1	7, 49-52
GRI 102	General Disclosures	102-50	Reporting period	Welcome	1
GRI 102	General Disclosures	102-53	Contact point for questions regarding the report	Welcome	1
GRI 102	General Disclosures	102-54	Claims of reporting in accordance with the GRI Standards	Appendix 1	7, 49-52, 76-79
GRI 102	General Disclosures	102-55	GRI content index	Appendix 12	76-79

GRI Standard	Title	Disclosure	Description	Section	Page
GRI 102	General Disclosures	102-56	External assurance	Appendix 8	66-67
GRI 102	General Disclosures	102-18	Governance structure	Appendix 2	53 - 54
GRI 102	General Disclosures	102-19	Delegating authority	Appendix 2	53-54
GRI 102	General Disclosures	102-20	Executive-level responsibility for economic, environmental, and social topics	Appendix 2	53-54
GRI 102	General Disclosures	102-21	Consulting stakeholders on economic, environmental, and social topics	Appendix 1	49-52
GRI 102	General Disclosures	102-22	Composition of the highest governance body and its committees	Appendix 2	53-54
GRI 102	General Disclosures	102-23	Chair of the highest governance body	Appendix 2	53-54
GRI 102	General Disclosures	102-24	Nominating and selecting the highest governance body	Appendix 2	53-54
GRI 102	General Disclosures	102-26	Role of highest governance body in setting purpose, values, and strategy	Appendix 2	53-54
GRI 102	General Disclosures	102-27	Collective knowledge of highest governance body	Financial Report	1-6 (financial report)
GRI 102	General Disclosures	102-29	Identifying and managing economic, environmental, and social impacts	Appendix 2 Appendix 3	49-51, 55
GRI 102	General Disclosures	102-30	Effectiveness of risk management processes	Appendix 3	55
GRI 102	General Disclosures	102-35	Remuneration policies	Chapter 7 Appendix 4	16-17, 30
GRI 102	General Disclosures	102-36	Process for determining remuneration	Chapter 7 Financial Report	30 (Corporate report) 7 (Financial report)
GRI 102	General Disclosures	102-38	Annual total compensation ratio	Financial Report	7 (Financial report)
GRI 102	General Disclosures	102-16	Values, principles, standards, and norms of behaviour	Chapter 2	10-11

GRI Standard	Title	Disclosure	Description	Section	Page
GRI 201	Economic Performance	201-1	Direct economic value generated and distributed	Chapter 3	13
GRI 201	Economic Performance	201-2	Financial implications and other risks and opportunities due to climate change	Chapter 7	42
GRI 203	Indirect Economic Impacts	203-1	Infrastructure investments and services supported	Appendix 7	21,39, 64-65
GRI 203	Indirect Economic Impacts	203-2	Significant indirect economic impacts	Appendix 7	21,39, 64-65
GRI 304	Biodiversity	304-2	Significant impacts of activities, products, and services on biodiversity	Chapter 7 Appendix 11	46-47, 74-75
GRI 304	Biodiversity	304-3	Habitats protected or restored	Chapter 7 Appendix 11	46-47, 74-75
GRI 305	Emissions	305-1	Direct (Scope 1) GHG emissions	Appendix 10	70-73
GRI 305	Emissions	305-2	Energy indirect (Scope 2) GHG emissions	Appendix 10	70-73
GRI 305	Emissions	305-3	Other indirect (Scope 3) GHG emissions	Appendix 10	70-73
GRI 305	Emissions	305-4	GHG emissions intensity	Appendix 10	71
GRI 305	Emissions	305-5	Reduction of GHG emissions	Appendix 10	40-41, 70-73
GRI 401	Employment	401-1	New employee hires and employee turnover	Appendix 4	56-58
GRI 401	Employment	401-3	Parental leave	Appendix 4	56
GRI 403	Occupational Health and Safety	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Appendix 4	56
GRI 404	Training and Education	404-2	Programs for upgrading employee skills and transition assistance programs	Chapter 7	31
GRI 405	Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	Chapter 6 Appendix 4	32-33, 56-58

Glossary

Term	Description
Australian Credit Licence (ACL)	Authorisation to provide services as a credit provider in Australia. National legislation defines credit activity, including activity related to credit contracts, consumer leases, related mortgages and guarantees, and credit assistance services.
authorised deposit taking institution (ADI)	Corporations authorised under the <i>Banking Act 1959</i> (Cth), including banks, building societies and credit unions that must meet certain criteria.
Australian Financial Services Licence (AFSL)	Authorisation to offer and provide consumers with specified financial products and services in accordance with ASIC compliance standards.
Australian Prudential Regulation Authority (APRA)	An independent Commonwealth statutory authority that administers the <i>Banking Act 1959</i> (Cth) and sets prudential requirements for ADIs, including monitoring their lending activities.
Australian Securities and Investments Commission (ASIC)	An independent Commonwealth statutory authority that protects consumers, investors and creditors by licensing and monitoring financial services organisations and their representatives. ASIC regulates mutual ADIs as companies under the <i>Corporations Act 2001</i> (Cth).
capital adequacy ratio	The percentage of a bank's adjusted capital compared to its risk weighted assets, as per Prudential Standard APS110.
cost to income ratio	The percentage relationship between operating expenses and effective gross income.
credit quality	The percentage of delinquent loans 30 days or more in arrears to the total loan portfolio.
Cuscal	An ADI regulated by APRA, which provides payment services to the majority of Australia's mutual ADIs.
customer	An account holder. Customers also hold a one share in the bank.
Global Reporting Initiative Standards	The current version of global voluntary guidelines for companies to report their sustainability performance and workplace practices.
Impact finance	Finance that is mobilised to create measurable positive social and/or environmental impact, while delivering a return on investment.
incident (occupational health and safety related)	An occupational health and safety (OH&S) event that affects staff but does not result in physiological or psychological change. It includes when a person or process is impacted by a hazard (for example, when a person trips on a broken floor tile). It does not include near misses (for example, when a plywood sign falls from its mounting but does not hit a person). The total number of incidents includes injury numbers.
Integrated reporting	A reporting approach that emphasises the integrated parts of an organisation's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value in the short, medium and long term.

Term	Description
Integrated Reporting Framework	A reporting framework developed by the International Integrated Reporting Council (IIRC) to provide guidance on integrated reporting.
International Cooperative Principles	The cooperative principles are guidelines developed by the International Cooperative Alliance which guide how cooperatives put their values into practice.
materiality	Materiality is the threshold at which issues become sufficiently important that they should be reported according to the GRI materiality principle.
mutual prosperity	Creating prosperity for Bank Australia's customers, their communities and the planet we all share by investing responsibly, operating ethically and allocating 4% of after-tax profits to the Bank Australia Impact Fund.
net profit after tax	The amount of profit achieved after tax.
real economy	The part of the economy that is concerned with producing goods and services, as compared to the part of the economy that is concerned with buying and selling on the financial markets.
stakeholder	Any person, group or organisation that has an interest in a business and can be affected by the actions, policies and objectives of the business.
The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry	A royal commission that was established on 14 December 2017 by the Australian government to inquire into and report on misconduct in the banking, superannuation and financial services industry.
triple bottom line	An accounting framework with three parts: social, environmental and financial.

Abbreviations

Term	Description	Term	Description
ACL	Australian Credit Licence	GRI	Global Reporting Initiative
ADI	Authorised deposit taking institution	FIAP	Financial Inclusion Action Plan
AFSL	Australian Financial Services Licence	FTE	Full time equivalent
APRA	Australian Prudential Regulation Authority	km	Kilometres
ASIC	Australian Securities and Investment Commission	kW	kilowatt
BCCM	Business Council of Cooperatives and Mutuals	kWh	Kilowatt hours
COBA	Customer Owned Banking Association	SDA	Specialist Disability Accommodation
DAP	Disability Action Plan	RAP	Reconciliation Action Plan
GABV	Global Alliance for Banking on Values	RBA	Reserve Bank of Australia

