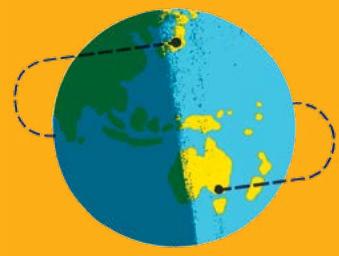


# Mutual prosperity



People



Planet



Prosperity

2015  
Corporate  
Report

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# Message from the Chairman



On behalf of the Board I am pleased to present the 2015 Corporate Report, our first as Bank Australia. This report covers our commitment to mutual prosperity – that is, how we have created value over the past year for our customers, the communities they live in and the planet we all live on.

We became Bank Australia on 17 August 2015. Our new brand is based on long term research and discussions with customers. We kept everything that is right with our bank: responsible banking; being 100% customer and Australian owned; and, creating and protecting value for our customer owners. We added a stronger brand and a recognisable and easy-to-understand name that includes all Australians. This decision will help us consolidate our reputation for customer owned responsible banking.

We made other changes this year. We simplified our products and fees, we improved the onboarding experience for customers, and we trained and better involved our staff in designing our customer experience. We also created a roadmap for investment in and development of the bank to secure a strong future for it and our customers. Bank Australia's continuing success story is one we are determined to maintain.

## Prosperity

This year the Board set an ambitious target for our staff – grow our deposit book by 8% and loan book by 8%. I am pleased to report staff accepted and exceeded this challenge, with loans growing by 9.8% and deposits by 10.3%. The bank's assets grew by 10.8% to \$3.577 billion in 2015. This result helped us deliver an after-tax profit of \$24 million which in turn helped build our customer owned reserves to \$412.0 million.

We reinvest our profits into the bank to provide competitive interest rates and fees, and quality products and services. In 2015 customers were collectively \$23.49 million better off than they would have been banking with one of Australia's four major banks.<sup>1</sup>

We changed our fee structure in May. We simplified how we charge fees, so now over 65% of our customers do not pay any monthly fees. There was a mixed response to the change and sadly some of our customers closed their accounts. We received 1,101 negative comments about the fee change, but we also had 793 positive comments received by staff through our branches. And the majority of customers who closed their accounts did not use the bank as their main financial institution. This change in our approach to fees aligns with one of the founding principles of cooperative banking – customers should benefit in proportion to the business they conduct with their cooperative.

<sup>1</sup> Canstar valuation of Bank Australia pricing (rate and fees) against the average of the major four banks as at 30 June 2015.

## People and planet

We reviewed our Community Investment Program – it's now called the Bank Australia Impact Fund. As the Fund develops, we will ensure we invest in areas that generate clear and measurable social and environmental outcomes. This year we invested \$744,183 (3.1%) of our after-tax profits to support the work of our community sector customers across the following areas: education, disability, financial inclusion, Aboriginal and Torres Strait Islander community development, conservation, sustainability and affordable housing.

We also renamed the conservation landbank – it's now called the Bank Australia Conservation Reserve. This simple change clarifies how we use the land and our work continues to revegetate it to help protect endangered species. Our operations also remained carbon neutral in 2015. Notably, we purchased fewer carbon offsets this year because we reduced our greenhouse gas emissions.

## The year ahead

The year ahead is exciting. We will continue to offer great value to our existing customers and we hope for stronger brand recognition and increasing market share among socially aware consumers. We recognise the continuing low interest rate environment will again place pressure on interest margins. Regulatory pressure on investor lending will also reduce the proportion of our investor loan portfolio within our total loan portfolio.

This year we refined our Strategic Plan to give the bank greater clarity of purpose and set a vision for 2020. We set ourselves a more ambitious growth target and we will keep focusing on attracting a group of diverse, socially aware customers while responding to the needs of existing customers.

Growth is important because it gives us scale, which brings efficiencies as well as opportunities for customers and staff. It also means we can have a greater positive social and environmental impact across our communities.

We will keep investing in the bank, our technology platforms and our ability to create a simple and personal customer experience that is seamless across our digital and physical touch points. We will continue improving our risk management framework (to fulfil our responsibilities as the stewards of customers' funds) and develop our capacity to grow our distribution through third party relationships.

The Board also set Management the challenge of measuring workplace culture and measuring mutual prosperity to track our performance against these two key areas.

As part of the rebrand to Bank Australia we introduced a small number of our customers via video, photographs and news articles. It was a lovely way for customers to meet and get to know each other, the contributions they make to society and what they expect from their bank. We look forward to introducing you to more customers over the next year.

I would like to thank all customers, Directors, management and staff for their contribution to and support of Bank Australia over the past 12 months.



**Judith Downes**  
Chairman

# Our aspiration



Bank Australia's aspiration is to be regarded as Australia's leading responsible bank and have the predominant market share of the socially aware consumer segment.

To achieve this aspiration, Bank Australia's Strategic Plan is based on three foundations:

- Our core business is retail banking.
- We are in business for our customers, who own the bank.
- By living our values, we will achieve our vision.

The non-negotiable elements of our bank are:

- responsible banking
- customer ownership
- create and protect value for customer owners.

Bank Australia is responsible to:

- our customers – enhancing our customers' financial wellbeing and creating shared value
- communities – building an equitable and humane society
- the environment – protecting natural capital and promoting sustainable development.

## Our vision and values

Bank Australia is committed to customer ownership and to operating in accordance with the international principles for cooperative financial institutions.

- **Our vision** – to be Australia's leading customer owned responsible bank
- **Our purpose** – to create mutual prosperity for our customers in the form of positive economic, personal, social, environmental and cultural outcomes
- **Our values** – Bank Australia will:
  - treat our customers with dignity and respect
  - value, encourage and support our employees
  - operate ethically and with integrity
  - apply prudent financial and business practices
  - be economically, environmentally and socially responsible
- **Our brand** – customer owned responsible bank.

## Our profile



Bank Australia is Australia's first customer owned responsible bank.

mecu Limited, trading as Bank Australia, is a mutually owned unlisted public company limited by shares and is registered with the Australian Securities and Investments Commission (ASIC) and regulated by the Australian Prudential Regulation Authority (APRA). Bank Australia holds an Australian financial service licence (AFSL) and an Australian credit licence (ACL), and is an authorised deposit-taking institution (ADI).

Our customers' deposits are covered by the Australian Government's guarantee on deposits. International rating agency Standard & Poor's has issued the bank an investment grade BBB+/Stable/A-2 credit rating.

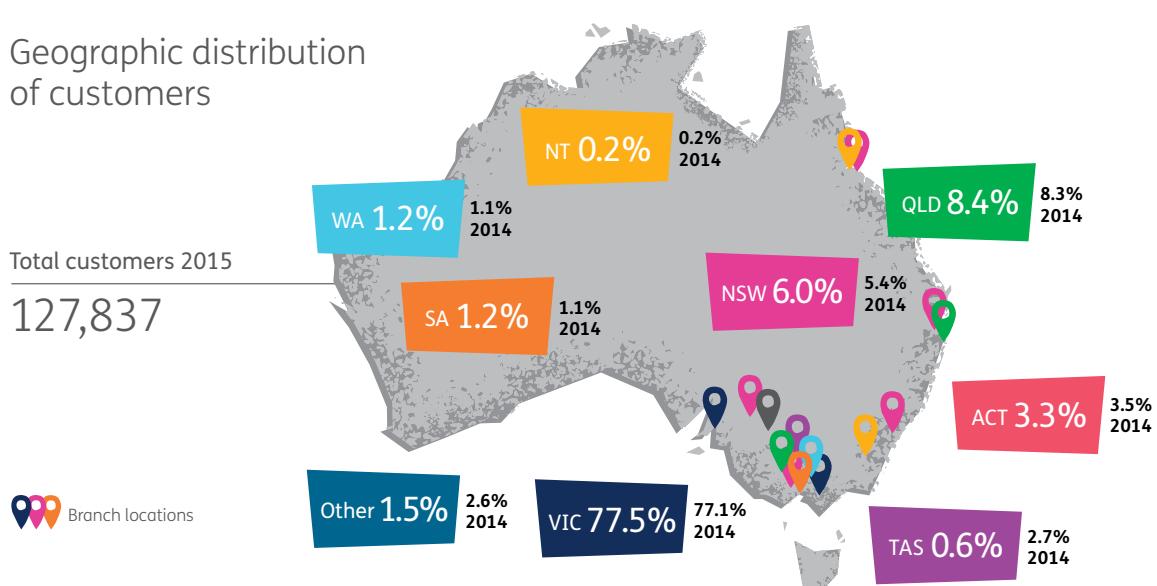
Bank Australia's core business is retail banking. We also have agreements with other organisations to provide financial, insurance and ancillary products and services to our customers.

This year the bank started exploring third party origination and in the 2016 financial year we will use a select group of brokers to expand the distribution of our mortgage products.

## Our footprint

Bank Australia operates in Australia and is headquartered in Melbourne, Victoria. We have 24 branches across Australia, and provide our customers with access to 3,099 RediATMs across Australia. Our national lending and contact centres are based in Gippsland, Victoria and our contracts processing team is based in Bendigo.

Geographic distribution  
of customers



During the 2015 reporting period, we closed one administration office and relocated two branches:

- **West End, Brisbane office closure** – The bank decided to close the West End office to improve cost efficiency in line with the responsible use of customer funds. The closure took effect 22 June 2015 and did not reduce branch access for customers.
- **Fitzroy, Melbourne branch relocation** – The bank relocated the Fitzroy branch to 280 Brunswick Street from 143–145 Brunswick Street, effective 1 August 2014.
- **Eastland, Melbourne branch relocation** – The bank relocated the Eastland branch because of a shopping centre refurbishment, effective 10 November 2014.

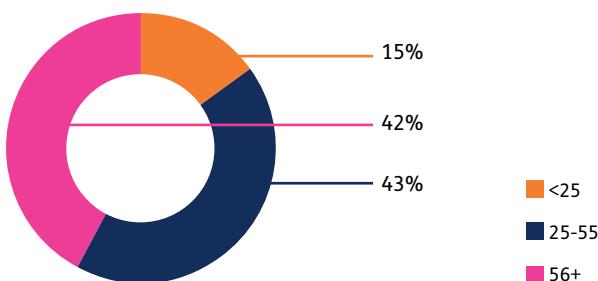
### Customer acquisition

Bank Australia attracted a record 10,130 new customers in 2015 (2014: 5,461) which contributed to the bank's strong growth. It also halted an increase in the average age of customers that had been occurring over the past few years.

At June 2015, Bank Australia had 127,837 customers. During the year 8,412 accounts were closed for reasons including fees and charges (28%), deceased customers (12%) and other (25%). The remaining 35% of customers did not provide a reason for leaving.

In 2015 Bank Australia continued to attract a diverse range of customers. The average age of customers is 50 years, while the average age of new customers is 36 years.

### Customer age distribution 2015



### Geographic distribution of customers

A large proportion of our customers live in Victoria (78%) followed by Queensland (8%), New South Wales (6%) and the Australian Capital Territory (3%). This distribution was consistent with previous years.

State	2015	%	2014	%	2013	%
VIC	99,071	77.5	100,029	77.1	96,732	77.1
NSW	7,722	6.0	7,053	5.4	6,684	5.3
QLD	10,731	8.4	10,745	8.3	10,761	8.6
ACT	4,272	3.3	4,554	3.5	4,444	3.5
SA	1,531	1.2	1,448	1.1	1,376	1.1
WA	1,563	1.2	1,467	1.1	1,343	1.1
TAS	800	0.6	729	0.6	697	0.6
NT	286	0.2	270	0.2	263	0.2
Other	1,861	1.5	3,447	2.7	3,112	2.5
<b>Total</b>	<b>127,837</b>	<b>100</b>	<b>129,742*</b>	<b>100</b>	<b>125,412</b>	<b>100</b>

\* The figure for 2014 incorrectly included 4,135 customers. The figure was found to be incorrect when we completed the Swan Hill database integration after publishing the 2014 Corporate Report. The 2014 figure has been amended.

## Customer and product mix

Personal deposits and loans grew strongly and above system in 2015, rising 12.6% and 10.7% respectively. Ninety-five per cent of the bank's customers are personal customers. They also account for the largest proportion of our deposit (80%) and loan (92%) balances.

Our commercial and community sector markets have grown by 20% since 2012. These markets now hold 20% of our deposit base and 8% of our loans.

Total growth in deposits and loans grew 10.3% and 9.8% respectively.

	2015	2014	2013	2012	Annual change (%)
<b>Personal</b>					
Customers (no.)	121,386	127,406	119,123	123,085	-4.7
Deposits (\$m)	2,424.84	2,153.37	1,947.12	1,845.32	12.6
Loans (\$m)	2,452.60	2,216.42	2,146.03	2,073.10	10.7
<b>Commercial and community sector</b>					
Customers (no.)	6,451	6,481	6,297	6,417	-0.5
Deposits (\$m)	600.73	589.37	658.75	634.56	1.9
Loans (\$m)	212.02	210.51	186.26	176.90	0.7

## Attracting socially aware customers

The bank's Strategic Plan focuses on attracting professionals, socially aware people, community and public sector organisations and small business.

Roy Morgan research defines socially aware customers as consumers who are community minded, socially active and have a strong sense of social responsibility. The company uses population tracking research called Helix Personas (released in 2014), which identifies the strongest socially aware segments as Leading Lifestyles and Metrotechs. Roy Morgan estimates there are 7.1 million people in these segments representing 37.2% of the Australian population.

Our goal is to have socially aware customers represent 50% of our total customer base by 2020. At the end of June 2015, the target market represented 38.05% of the bank's customer base.

## CASE STUDY – Bank Australia

On 17 August 2015, **bankmecu** changed its name to Bank Australia. The change of name formed part of the Board's Strategic Plan and its aspiration to be Australia's leading responsible bank. The decision to change the banks name followed a year-long process of research and customer consultation.

Research with current and prospective customers found the name **bankmecu** did not effectively communicate our brand – customer owned responsible banking – nor was it a memorable or appealing name for prospective customers. Of several names developed and tested, Bank Australia was the strongest name that fitted with the bank's existing brand.

The bank has obtained regulatory approval to use the name and has secured trademarks for the Bank Australia logo.

Bank Australia is a strong and unambiguous name that will take forward the best traditions of customer owned responsible banking – a bank with a strong sense of purpose that cares about customers and helps build a strong, fair nation and a healthy planet. The name respects the proud heritage of all the financial cooperatives that make up the bank today, as well as the hundreds of thousands of people who have been customers and owners of the bank since its inception 58 years ago.

Management determined the name change was also an opportunity to implement other projects to ensure the bank had the internal capabilities, as well as products and services to deliver a contemporary banking experience to customers. These projects included:

- simplifying the bank's product range
- streamlining the fee model to ensure its competitiveness (see Case Study – New approach to access fees, page 28)
- reviewing the process for customers joining the bank to make it simple and easy
- designing a new staff uniform and developing a new induction program for new staff
- developing and implementing a training program for staff to help them understand and be confident to talk about responsible banking with customers.

At the same time, the bank had already embarked on a large digital transformation project, which included developing a new corporate website for Bank Australia and new mobile phone apps.

Central to the rebrand project was a program of staff engagement and training. Staff were surveyed twice during the project and pleasingly 93% said they would be proud to represent the bank and 90% said the training helped them feel informed about the new brand.

The rebrand is a strategic long term investment in the bank's future. We invested \$1.32 million in this project.

The bank has changed only its trading name. The bank will retain the company name **mecu Limited** in the short to medium term. At a future date, the Board is likely to propose changing our company name to Bank Australia Limited and will ask customers to consider and vote on this proposal at a General Meeting.

## People



People



Planet

Prosperity

We work to create positive social outcomes for our customers, staff and the communities in which we operate.

We engage with our stakeholders to identify and respond to economic, environmental and social issues that matter to them. We responded to identified issues through the following areas of focus:

- Bank Australia Impact Fund
- Reconciliation Action Plan
- Community sector banking
- Financial inclusion
- Appropriate Board and management policies.

### Bank Australia Impact Fund (previously Community Investment Program)

The Bank Australia Impact Fund makes investments on behalf of our customers that contribute to the mutual prosperity of people, our communities and the planet. We regularly ask our customers about the social, economic and environmental issues that are important to them and then examine how we can positively affect those issues.

Each year Bank Australia invests up to 4% of after-tax profits towards these initiatives. Over the years, we have invested in the areas of science, education, community housing, Aboriginal and Torres Strait Islander community leadership and the environment.

In 2015 we invested \$744,183 in programs across community resilience, the environment, housing and international development. This figure represented 3.1% of the bank's after-tax profit in the same period. Our Conservation Reserve remains our single largest investment. We also invested in projects to support the bank's Reconciliation Action Plan, including the CSIRO Science Pathways for Indigenous Communities program.

From 2015 investments will transition to a new approach which will ensure we invest in significant projects that generate clear and measurable social and environmental outcomes while still meeting the expectations of our owners and key stakeholders.

## Tackling financial exclusion

Bank Australia understands all people need access to low-cost, convenient and effective financial products and services. Those without this access can suffer financial exclusion. They can include low income families, the unemployed, the elderly, people with disabilities, Aboriginal and Torres Strait Islander communities, rural and remote communities. The bank takes several approaches to address financial exclusion:

- **Financial Inclusion Policy.** We aim to increase financial inclusion and to improve access to banking for disadvantaged groups. We established an internal working group to ensure the bank's policy leads to effective outcomes for customers experiencing disadvantage. To improve understanding, the group engaged with the Customer Owned Banking Association, the Australian Bankers' Association, Foresters Community Finance, Uniting Care Kildonan and Good Shepherd Microfinance. The group considered the financial inclusion policy and how this policy could be changed to increase financial inclusion in areas such as everyday banking, insurance and personal lending. Recommendations will be made this financial year.
- **Foresters Community Finance.** In 2014 we entered into a partnership with Foresters Community Finance, Australia's leading Community Development Finance Institution. Now we can refer customers applying for small personal loans who do not meet our lending guidelines to Foresters. This partnership builds on our 2013 merger with Fitzroy and Carlton Community Credit Cooperative Limited, which helped us expand our capacity and learn from more than 30 years of experience helping people who face financial exclusion. This referral service continued to operate from our Fitzroy Branch in 2015 and we hope to expand into other communities in the years ahead.
- **Low income insurance.** We work with Allianz Australia Insurance Limited to provide a home-contents insurance product for low income individuals and families. The package is available for customers who receive New Start, pension or Youth Allowance payments. Again it is being offered from our Fitzroy Branch with a view to expanding into other communities in the years ahead.

## Lending to benefit people

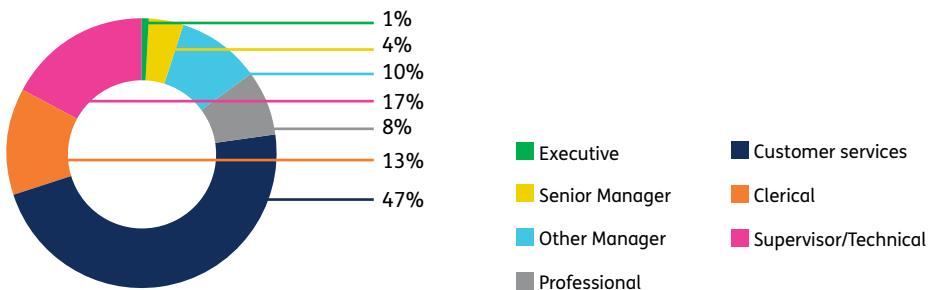
Bank Australia makes loans to benefit people and social outcomes. These loans can finance social empowerment enterprises or projects in areas such as education, health care, social inclusion, arts and culture, or special needs housing. Bank Australia has expertise in commercial lending for the affordable housing, community and disability sectors. These loans accounted for 4.5% of our total loan portfolio and around 57% of our commercial loan portfolio in 2015. This portfolio increased \$6.9 million or 6% in 2015.

## Developing a skilled workforce and engaged internal culture

A skilled and engaged workforce is vital to delivering the high quality banking services our customers expect.

Bank Australia had 335 employees filling 304.2 full time equivalent (FTE) roles at 30 June 2015. This figure does not include Directors or those on workers compensation. Almost half our staff were in customer services (47.2%), followed by supervisor or technical level staff (16.7%) and clerical staff (13.4%). Almost 90% of staff members were based in Victoria.

## Workforce by employment category



Bank Australia complies with the *Workplace Gender Equality Act 2012* and we use the employment categories determined by the Workplace Gender Equality Agency (WGEA) report.

Our workforce was predominantly female, with 234 females of the total 335 employees. Most staff worked full time (77.1%) with others working part time (18.8%), casually (0.6%) and on contract (3.3%). All but two of our part time staff were female.

The staff turnover rate was 14.3% in 2015, up from 9.8% in 2014. This increase reflects the bank's changing approach to performance management, which has seen a higher number of staff being informally counselled leading to resignations in some cases.

The profile of employees finalising their employment with the bank was broadly consistent with the bank's demographics. The majority of staff who left were female, and a majority were from metropolitan Melbourne. Employees aged 31–50 years old accounted for 44.8% of staff turnover, followed by those 51 years or older (31.3%) and then those aged 18–30 years (23.9%).

We did not measure staff satisfaction and engagement levels this reporting period because we are developing a new People and Culture Strategy. However, as part of the rebranding project this year, we surveyed staff to gauge their level of understanding and engagement with the future direction of the bank. The result was highly positive (see Case Study – Bank Australia , page 9).

### Staff training and hours

Our annual staff performance review identifies professional and personal development needs and opportunities for staff, which are addressed through on-the-job and external training. We invested \$525,481 in employee training and development in 2015, or \$1,727 per FTE. On average, each FTE staff member received 70.1 hours of training and development, up from 67.8 hours in 2014. These increases largely reflected organisation-wide brand awareness training, and leadership and product training programs.

As part of the bank's new People and Culture Strategy, the learning and development budget has been doubled for the next reporting period, to reinforce our commitment to capability development. We will also create a workplace health and wellbeing program next year as part of the strategy.

### Staff remuneration

Bank Australia reviews salaries annually using external benchmarks to ensure they are competitive with banking industry standards. The Managing Director reviews the executive team salaries against an agreed set of performance outcomes and then makes recommendations to the Board via the Governance Committee.

All staff are eligible for a salary increase following their annual review, depending on individual performance and budget constraints. Staff at clerical and customer service levels can receive a bonus payment, which is determined through the performance review process and is subject to budget constraints. No other staff are eligible for bonus payments.

Average salaries ranged from \$55,779 a year for customer services staff, to \$405,888 for executive staff. Average salaries by region varied from \$60,699 for staff in Gippsland to \$90,223 for staff in metropolitan Melbourne. Overall, roles in Melbourne are more frequently at higher levels of seniority as head office is located in Melbourne.

Bank Australia's policy is to ensure gender pay equity. Analysis indicates salaries for males appear to be higher than for females when viewed by category and region, although the average salary for females in the senior manager and clerical categories is higher than that of males. The seemingly higher salaries for males reflects a larger number of males at higher classifications within each grade, who generally have longer tenure or more years of experience than their female counterparts. However, we started a Gender Pay Gap project, to better understand what drives these differences. We will complete the project in the 2016 reporting year.

### Average Salary by Employment Category

Employment category	Employees (no.)	Average salary (\$)	Average package* (\$)
<b>Executive</b>	<b>5</b>	<b>\$405,888</b>	<b>\$450,535</b>
Male	5	\$405,888	\$450,535
<b>Senior manager</b>	<b>13</b>	<b>\$158,523</b>	<b>\$175,960</b>
Female	5	\$161,522	\$179,288
Male	8	\$156,649	\$173,880
<b>Other manager</b>	<b>32</b>	<b>\$92,307</b>	<b>\$102,460</b>
Female	15	\$89,534	\$99,383
Male	17	\$94,753	\$105,175
<b>Professional</b>	<b>26</b>	<b>\$83,049</b>	<b>\$92,184</b>
Female	15	\$81,502	\$90,467
Male	11	\$85,160	\$94,527
<b>Other</b>	<b>56</b>	<b>\$66,333</b>	<b>\$73,629</b>
Female	40	\$65,766	\$73,000
Male	16	\$67,749	\$75,201
<b>Customer services</b>	<b>158</b>	<b>\$55,779</b>	<b>\$61,914</b>
Female	127	\$54,580	\$60,583
Male	31	\$60,690	\$67,365
<b>Clerical</b>	<b>45</b>	<b>\$58,534</b>	<b>\$64,972</b>
Female	32	\$60,089	\$66,698
Male	13	\$54,708	\$60,725

\* Package includes salary and superannuation. Executive remuneration figures include car allowance where applicable.

## Average salary by region

Category	Employees (no.)	Average salary (\$)	Average package* (\$)
<b>Interstate</b>	<b>37</b>	<b>\$67,663</b>	<b>\$75,104</b>
Female	22	\$62,578	\$69,460
Male	15	\$75,121	\$83,383
<b>Metropolitan Victoria</b>	<b>121</b>	<b>\$90,223</b>	<b>\$100,147</b>
Female	76	\$71,612	\$79,489
Male	45	\$121,655	\$135,036
<b>Regional Victoria – Gippsland</b>	<b>103</b>	<b>\$60,699</b>	<b>\$67,375</b>
Female	82	\$58,763	\$65,226
Male	21	\$68,258	\$75,766
<b>Regional Victoria – Western</b>	<b>74</b>	<b>\$63,413</b>	<b>\$70,388</b>
Female	54	\$59,639	\$66,199
Male	20	\$73,603	\$81,698

\* Package includes salary and superannuation. Executive remuneration figures include car allowance where applicable.

Board remuneration is reported under Governance and in item 5 of the Statutory Accounts.

## Other people indicators

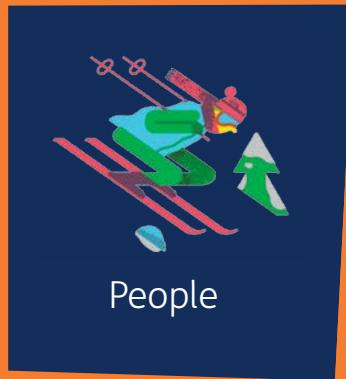
- **Parental leave.** Eight employees started parental leave, comprising six females and two males. Nine staff on parental leave returned to work out of 10 due to return and one extended their parental leave for a further 12 months, representing a return to work rate of 100%. This result is higher than the rate in 2014, when 94% of employees returned to work after parental leave. Further, 56% of these staff were still with us 12 months later.
- **Absentee rate.** Our absentee rate was 3.9%, up from 3.6% in 2014. The highest proportions of absence were recorded in Metropolitan Melbourne and Gippsland.
- **Occupational health and safety (OHS).** We recorded 15 OHS incidents with eight staff sustaining injuries. Only two injuries resulted in lost days, totalling 5.4 days, an increase from 2.43 days in 2014.

We intend to commence a more comprehensive review of workforce analytics in the 2016 reporting period, so we can provide further details on these areas.

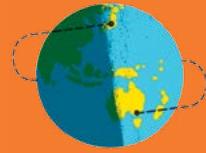
## Staff recognition program

Bank Australia has a recognition program that acknowledges and rewards staff who demonstrate their commitment to sustainable development. Our Superstar Awards are funded by Allianz Australia Insurance Limited. The eight winners, who were nominated by their peers, visited the Conservation Reserve and attended the Wimmera Biodiversity Seminar in September 2015. This recognition program reinforces the bank's commitment to sustainable development and contributes to developing capable people and a culture aligned with the bank's values.

## Planet



People



Planet



Prosperity

We work to create a healthier planet by supporting the environment that supports us.

We engage with our stakeholders to identify and respond to economic, environmental and social issues that matter to them. We responded to identified environmental issues through the following areas of focus:

- Minimising our environmental impact
- Sourcing resources responsibly
- Lending to benefit the planet

### Minimising our environmental impact

Bank Australia is minimising its impact on the environment, in line with our Environment Policy.

Results to date include:

- Total greenhouse emissions decreased by 6.6% in 2015 to 1,670 tonnes. Emissions per FTE staff member also fell by 3.4%. Total greenhouse emissions have fallen by 18.1% and by 15.5% per FTE since 2010.
- Since 2011, total offsets purchased exceeded emissions.
- Electricity consumption fell 3.6% in 2015, while costs rose 5.1%.
- Gas consumption fell 16.9% in 2015, and costs fell 28.3%.
- Transport by car rose 2.4% and transport by air fell 5.5% in 2015, however overall costs increased slightly due to higher air travel costs.
- Water consumption and costs rose 33.4% and 33.2% respectively in 2015, reflecting several factors: we included usage at our relocated premises in Fitzroy (water was not billed at the previous location), we included usage for an entire year at our Swan Hill branch (compared with a partial year the previous year) and we recorded a small increase in water usage across most branches. We will investigate our increased water consumption in the coming year.
- Total waste remained the same in 2015.

The Bank will review its Environment Policy and set new targets in 2016.

## Greenhouse gas emissions

Bank Australia greenhouse gas emissions are defined as scope 1 (direct emissions), scope 2 (indirect emissions) and scope 3 (other indirect emissions) as per the Greenhouse Gas Protocol. Each year, we measure our performance against policy targets:

- Reduce carbon emissions per FTE by 10% by 2015 relative to 2010 levels. Target achieved.
- Offset all scope 1 and scope 2 emissions by 30 June 2011. Target achieved.
- Add at least one new scope 3 emission source each year for three years. Target set and achieved in 2013.

	2015	2014	2013	2012	2011	2010	Annual change (%)	Change 2010 to 2015 (%)
<b>Emissions (tonnes)</b>								
Scope 1 – Direct	79.26	145.06	106.51	91.46	102.94	139.96	-45.36	-43.37
Scope 2 – Indirect*	1,183.75	1,243.47	1,340.40	1,429.65	1,643.81	1,996.63	-4.80	-40.71
Scope 3 – Other indirect	407.23	399.22	435.23	546.66	548.2	47.91	2.01	749.99
<b>Total</b>	<b>1,670.25</b>	<b>1,787.75</b>	1,882.14	2,067.77	2,272.79	2,039.02	-6.57	-18.09
Emissions per FTE	5.49	5.68	6.19	6.97	7.39	6.50	-3.35	-15.53
<b>Offsets (tonnes)</b>								
<b>Total offsets</b>	<b>1671.29</b>	<b>1,793.28</b>	1,883.49	2,068.49	2,273.20	1,991.11	-6.80	-16.06
Offsets per FTE	5.49	5.69	6.19	6.98	7.40	6.35	-3.50	-13.50

\* We improved our calculation methodology for car travel in 2011 and further in 2014, which rearranged the scope 1 and scope 3 emission mix. We added 'Radiative forcing' to the air travel emission method in 2011.

We purchased carbon offsets that support local Australian projects.. These offsets included 50% Forestry Protection – Tasmania (Verified Carbon Standard)and 50% Savanah Burning – Traditional Land Management Practices – Northern Territory Carbon Farming Initiative (CFI). Altogether, these offsets cost \$26,673 (1620 tonnes). Print Media Group (our print supplier) offset 51.29 tonnes of carbon dioxide on our behalf for printed materials.

## Energy

Bank Australia monitors energy consumption (electricity and gas) at our owned and leased locations wherever possible. We exceeded our target to increase energy efficiency by 5%, decreasing our electricity consumption by 12.8% per m<sup>2</sup> relative to 2010. We consumed less electricity in 2015 by reducing consumption at many of our larger branches and by downsizing our premises in Canberra and Fitzroy. We also realised a full year's benefits from our Swan Hill Solar Panels. But despite these savings, electricity costs rose by 5.1% in 2015.

We doubled the capacity of our solar panel system at our Kew head office, providing 20kWh of solar power. The new system represents a saving of an additional 16.5 tonnes of carbon dioxide. We also installed a Fronius Solar TV monitoring display into the Kew branch in June 2015, so we can now track and report electricity generation to customers.

	2015	2014	2013	2012	2011	2010	Annual change 2010 to (%)	Change 2010 to 2015 (%)
<b>Electricity consumption (kWh)</b>	<b>1,045,535</b>	1,084,539	1,177,996	1,233,254	1,394,905	1,517,882	-3.6	-31.1
<b>kWh/FTE</b>	<b>3,437</b>	3,443	3,873	4,160	4,538	4,842	-0.2	-29.0
<b>kWh/m<sup>2</sup></b>	<b>150</b>	147	160	181	158	172	2.0	-12.8
<b>CO<sub>2</sub></b>	<b>1,184</b>	1,408	1,518	1,614	1,841	1,997	-15.9	-40.7
<b>CO<sub>2</sub>/m<sup>2</sup></b>	<b>0.17</b>	0.17	0.21	0.24	0.21	0.23	0.0	-26.1
<b>\$ (NET)</b>	<b>244,431</b>	232,514	303,417	301,191	295,878	268,354	5.1	-8.9

A major upgrade at our Bendigo premises resulted in lower gas consumption and cost in 2015.

	2015	2014	2013	2012	2011	2010	Annual change 2010 to (%)	Change 2010 to 2015 (%)
<b>Gas consumption (MJ)*</b>	<b>1,228,823</b>	1,477,854	1,663,403	1,347,355	1,556,537	1,216,974	-16.9	1.0
<b>MJ/FTE</b>	<b>4,039</b>	4,692	5,468	4,545	5,064	3,882	-13.9	4.1
<b>MJ/m<sup>2</sup></b>	<b>439.26</b>	478.97	539.12	436.68	504.47	394.42	-8.3	11.4
<b>CO<sub>2</sub></b>	<b>67.93</b>	82.05	92.25	74.82	86.36	67.89	-17.2	0.1
<b>CO<sub>2</sub>/m<sup>2</sup></b>	<b>0.02</b>	0.03	0.03	0.02	0.03	0.02	-33.3	0.0
<b>\$ (NET)</b>	<b>17,128</b>	23,905	24,318	17,017	18,586	16,576	-28.3	3.3

\* Includes gas consumption at Kew, Canberra, Bendigo, Kyneton and Mildura only.

## Transport

Bank Australia employees use motor vehicles and air travel for business purposes. We did not meet our goal of reducing carbon emissions from motor vehicles per FTE by 5% by 2015, relative to 2010. Carbon emissions from motor vehicles per FTE increased by 4.3% between 2010 and 2015, with overall emissions from motor vehicles increasing by 2.9%. Carbon emissions per FTE remained the same as last year.

The total distance travelled by motor vehicles increased by 5.7 % between 2010 and 2015 and car travel increased 9.0% per FTE during the same period. The increase since 2010 can be attributed largely to not including business use mileage from packaged cars before 2011. That is, before 2011 only pool cars and personal cars used for business purposes were included in the calculation. The increase also reflected our expanding business operations.

Costs associated with business related car travel fell by 12.4% in 2015.

	2015	2014	2013	2012	2011	2010	Annual change 2010 to (%)	Change 2010 to 2015 (%)
<b>Distance travelled (km)</b>	<b>372,689</b>	363,852	369,143	385,801	431,139	352,432	2.4	5.7
<b>km/FTE</b>	<b>1,225</b>	1,155	1,214	1,301	1,403	1,124	6.1	9.0
<b>CO<sub>2</sub> (tonnes)</b>	<b>74.17</b>	74.37	69.70	73.34	117.36	72.07	-0.3	2.9
<b>CO<sub>2</sub> (tonnes)/FTE</b>	<b>0.24</b>	0.24	0.23	0.25	0.38	0.23	0.0	4.3
<b>Total cost (\$)</b>	<b>52,051</b>	59,412	55,057	71,142	-	-	-12.4	-

Business related air travel fell, due to fewer overseas business trips during the year, although costs rose by 8.6% in 2015. Carbon dioxide emissions also fell by 19.3% in line with reduced travel.

	2015	2014	2013	2012	2011	2010	Annual change 2010 to (%)	Change 2010 to 2015 (%)
<b>Distance travelled (km)</b>	<b>337,823</b>	357,488	441,765	517,141	497,630	369,639	-5.5	-8.6
<b>km/FTE</b>	<b>1,111</b>	1,135	1,452	1,744	1,619	1,179	-2.1	-5.8
<b>CO<sub>2</sub> (tonnes)</b>	<b>75.99</b>	94.17	118.10	173.79	174.12	147.65	-19.3	-48.5
<b>Total cost (\$)</b>	<b>129,787</b>	119,490	123,516	153,632	-	-	8.6	-

## Water

Bank Australia achieved its goal of reducing water consumption per FTE by 5% by 2015, relative to 2010 levels. Despite this achievement, we used 33.4% more water in 2015 and our costs rose by 33.2% due in part to including water consumption at our new Fitzroy premises. We used 288,718 litres of rainwater in 2015, bringing our total to 2.1 million litres since we installed rainwater tanks at our Kew premises in March 2008.

	2015	2014	2013	2012	2011	2010	Annual change 2010 to (%)	Change 2015 (%)
<b>Water consumption (m<sup>3</sup>)*</b>	<b>1,587</b>	1,189	1,437	2,811	1,232	1,745	33.4	-9.1
<b>m<sup>3</sup>/FTE</b>	<b>5.22</b>	3.78	4.73	9.48	4.01	5.57	38.2	-6.3
<b>m<sup>3</sup>/m<sup>2</sup></b>	<b>0.32</b>	0.27	0.31	0.60	-	-	18.5	-
<b>\$ (NET)</b>	<b>4,498</b>	3,378	5,019	6,197	2,690	2,663	33.2	68.9

\* Includes water consumption at Kew, Moe, Morwell, Kensington, Traralgon, Bendigo, Ballarat, Maryborough, Echuca, Kyneton, Swan Hill, Castlemaine and Fitzroy.

## Waste

We calculate waste based on bin capacity per FTE from a sample and then extrapolate the figures across the business for all FTEs. We sampled branches in Ballarat, Bendigo, Castlemaine, Kew, Mildura, Moe, Morwell and Traralgon, which accounted for 228.53 FTEs.

	2015	2014	2013	2012	2011	2010
<b>TOTAL Landfill (tonnes)</b>	43.61	43.78	38.54	42.05	28.92	24.04
<b>Landfill/FTE (tonnes)</b>	0.14	0.14	0.13	0.14	0.09	0.08
<b>TOTAL Recycled (tonnes)</b>	24.91	24.38	21.45	19.56	19.97	26.88
<b>Recycled/FTE (tonnes)</b>	0.08	0.08	0.07	0.07	0.06	0.09

A change in methodology accounted for a 13.6% rise in total waste in 2014. We changed the way waste is calculated to provide a less subjective assessment of how much waste we generate. Rather than basing calculations on staff estimates of waste in the bins before monthly collection, we now base them on total bin capacity. But despite the rise in total waste, waste per FTE was stable for both landfill and recycled waste. This trend continued in 2015.

In addition, during 2015:

- we recycled 59.50kg of toner cartridges through Close the Loop
- we recycled one battery box through the Cleanaway Battery Recycling Program
- we recycled mobile phones through Mobile Muster
- we donated IT equipment to community organisations or recycled/refurbished equipment through Computerbank, a not-for-profit, volunteer community group based in West Melbourne.

Waste to landfill generated 52.33 tonnes of greenhouse gas emissions, which we offset as part of our commitment to be carbon neutral.

## Sourcing resources responsibly

Bank Australia's approach to responsible banking extends to our supply chain, including suppliers of office equipment and supplies, printed materials, branch fit-outs and office refurbishments. When sourcing physical products from suppliers, we seek options that are made from recycled material, are recyclable or have other environmental or social credentials. Wherever possible we preference local suppliers.

We encourage our suppliers to adopt more sustainable business practices and our Procurement Policy requires assessing the sustainability performance of large suppliers as part of any tender process. In 2015, we incorporated these criteria into a large tender to supply new uniforms, tenders for relocating the Eastland and Fitzroy branches as well as procuring Reviewsnap (a web based People and Culture performance review system).

In 2015 the bank purchased a Global Supplier Accreditation Software (GSA) Program to better select and monitor suppliers and to reduce supply chain risk. We will implement the program in 2016.

### Branch fit-outs and office refurbishments

In 2015 we closed an office in Brisbane's West End and relocated two branches in Melbourne (Fitzroy and Eastland), which involved refurbishing each site. We re-used or recycled items where possible.

### Paper and stationery

Paper and stationery are among our largest consumables. Bank Australia has a centralised stationery ordering system and we endeavour to purchase recycled products where possible:

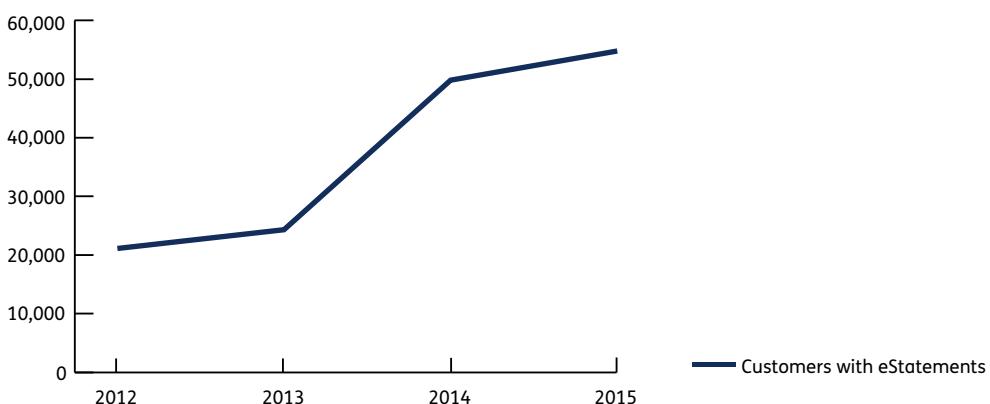
- 10.9% of purchased paper in 2015 had 100% recycled content, compared with 20.1% in 2014
- 87.2% of purchased paper in 2015 had 80% recycled content, compared with 78.3% in 2014
- 0% of purchased paper in 2015 had 10% recycled content, compared with 1.4% in 2014
- 1.9% of purchased paper in 2015 had no recycled content, compared with 0.13% in 2014
- 25% of purchased stationery had recycled content in 2015, compared with 62.9% in 2014

The % of recycled paper and stationery we used in 2015 was lower because a supplier provided unapproved products. The supplier rectified its error and we will take steps to ensure unapproved products are not available for staff to purchase in the future.

### eStatement take up

The number of customers receiving eStatements increased by 10% in 2015 to 54,766 (after more than doubling in 2014). eStatements saved the bank an estimated \$700,771 on paper and postage costs and 852,419 sheets of paper. The bank also moved paper statements to quarterly from July 2015 (except for customers with a continuing credit facility) which will save approximately \$300,000 per year. Customers can request a monthly paper statement at no cost.

### Customers with eStatements



## Lending to benefit the planet

Bank Australia makes some loans for environmental purposes and benefit. This includes finance for environmental protection or enhancement enterprises, as well as projects in areas such as renewable energy, energy efficiency or retrofits, 'green' oriented housing or buildings, waste or pollution reduction, water efficiency and access, or sustainable agriculture. These loans accounted for 6.1% of our total loan portfolio.

Bank Australia also provides environmental offsets for some of its lending products:

- We offset the loss of biodiversity for all construction loans by protecting land equal to the building lot in the Conservation Reserve. We financed 167 new home construction loans in 2015, valued at \$58.5 million. In 2015 Bank Australia offset 93,415m<sup>2</sup> in the Conservation Reserve (an increase of 7.7% on the area offset in 2014) bringing the total area offset since 1 December 2007 to 572,963m<sup>2</sup>.
- We offset the carbon dioxide emissions from all vehicles purchased for the life of the car loan. We financed 906 car loans in 2015, valued at \$18.7 million. Bank Australia offset 9,100 tonnes of carbon dioxide in 2015 into the Conservation Reserve (66,899 tonnes of carbon equivalents since 1 January 2008). This is equivalent to taking 16,725 cars off the road for a year.

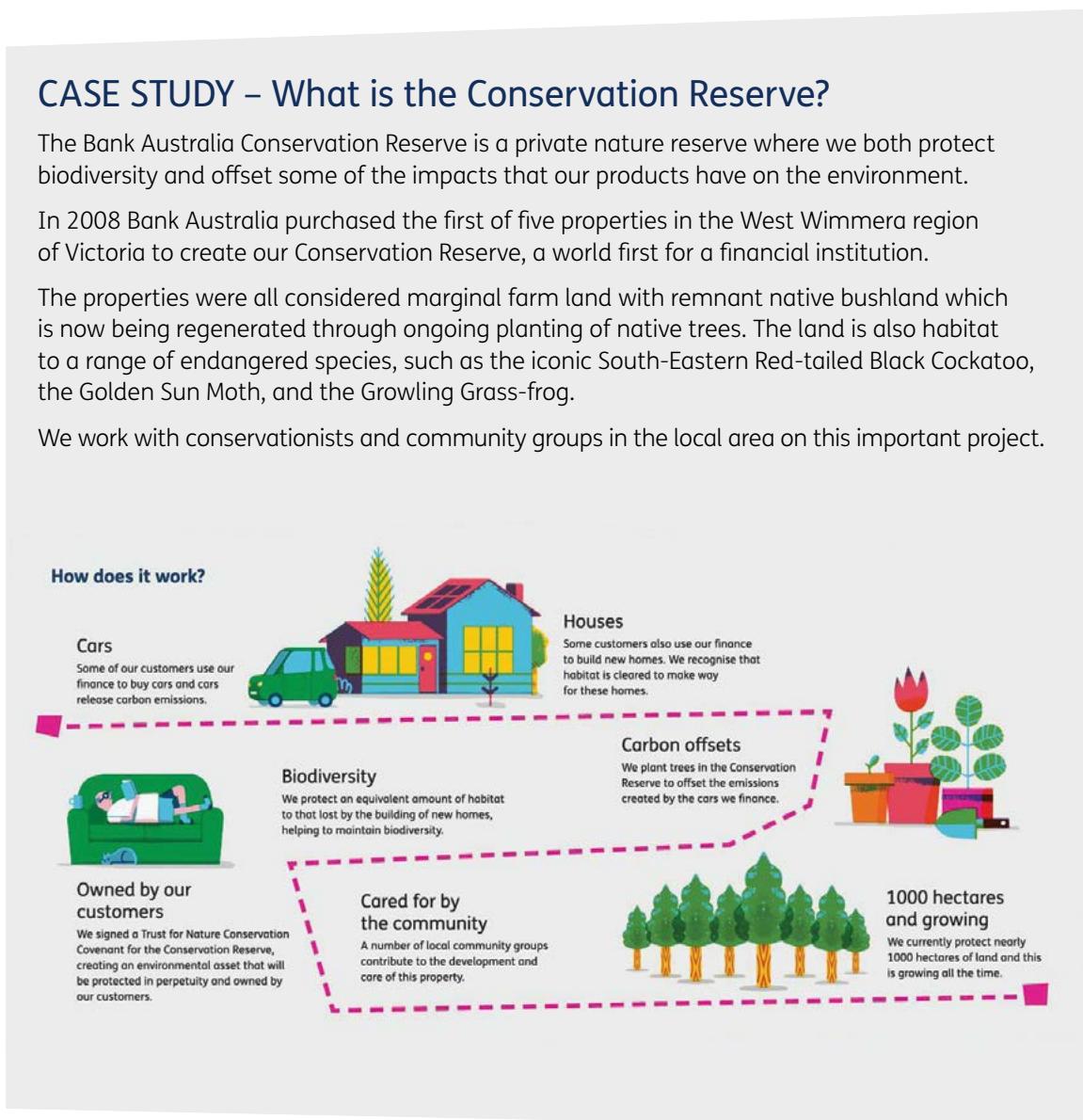
### CASE STUDY – What is the Conservation Reserve?

The Bank Australia Conservation Reserve is a private nature reserve where we both protect biodiversity and offset some of the impacts that our products have on the environment.

In 2008 Bank Australia purchased the first of five properties in the West Wimmera region of Victoria to create our Conservation Reserve, a world first for a financial institution.

The properties were all considered marginal farm land with remnant native bushland which is now being regenerated through ongoing planting of native trees. The land is also habitat to a range of endangered species, such as the iconic South-Eastern Red-tailed Black Cockatoo, the Golden Sun Moth, and the Growling Grass-frog.

We work with conservationists and community groups in the local area on this important project.



## Prosperity



We work to create prosperity for our customers and we invest their money responsibly.

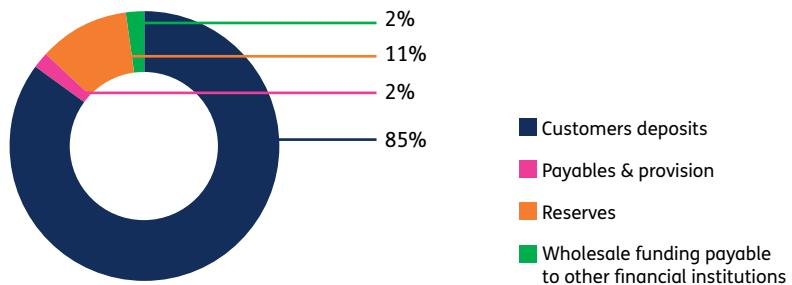
We engage with our stakeholders to identify and respond to economic, environmental and social issues that matter to them. We responded to identified economic issues through the following areas of focus:

- Sourcing and distributing customer funds responsibly
- Prudent financial management
- Customer benefit
- Responsible banking products
- Lending for prosperity

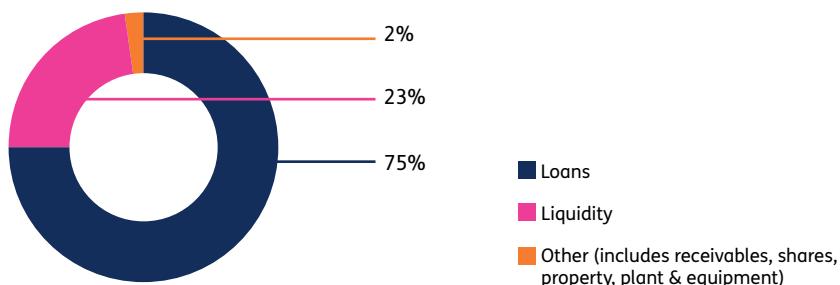
### Sourcing and distributing customer funds responsibly

Bank Australia held \$3,025.6 million in customer funds (deposits) in 2015. We lent 88% of these funds to other customers, in accordance with our Responsible Investment and Lending Policy. The policy ensures we will not knowingly and directly use customers' funds for any purpose that is irresponsible, unethical or detrimental to the community or the environment. We invested the remainder of customer funds in the Australian money market, which ensured we exceeded APRA's liquidity requirements for iADIs.

#### Funding sources



## Funding distribution



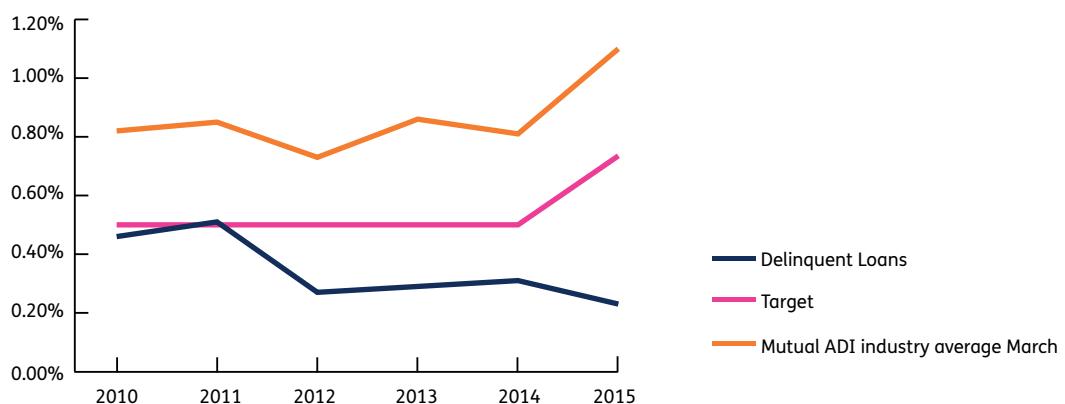
Bank Australia is a shareholder in its two major service providers. These are Cuscal, which provides wholesale and transactional banking services; and Data Action, which supplies core banking and data network facilities. We sold our equity investments in MyState Financial, an ADI based in Tasmania, during the year. All equity investments are subject to the bank's Responsible Investment and Lending Policy.

## Credit quality

Bank Australia's responsible banking approach to credit and conservative lending guidelines meant our credit quality remained above banking industry results. Credit quality calculates delinquent loans 30 days or more in arrears as a percentage of our total loan portfolio. The bank's rate was 0.23% in 2015, less than the mutual banking industry average of 1.10%. It remains considerably lower than figures achieved in 2010 (0.46%) and 2011 (0.51%).

The rate improved in 2015 falling from 0.31% in 2014. Many customers have made efforts to pay down mortgages, so we reported fewer mortgages in arrears by more than 30 days.

### Bank Australia credit quality



Note: Mutual ADI average provided in the CUFSS Quarterly Report.

In line with legislative requirements for recovering bad debts, Bank Australia helped customers manage credit responsibly and supported customers experiencing financial hardship. Our Credit Integrity team varied 102 loan accounts to assist customers in 2015, up 0.99% from 101 in 2014.

## Financial Performance

During the year the bank continued to invest in digital technology and branding as part of a longer-term market positioning strategy to reward existing customers and attract the bank's next generation of customers. These investments will support an ongoing focus on simplifying and enhancing customer experience across the bank. As a result of these additional investments, the cost to income ratio was higher than budget.

The interest rate environment in 2015 was a challenging one where a lower official cash rate affected the bank's net interest margin.

Overall, higher expenditure and a lower interest margin ratio resulted in after-tax profit being below budget.

Key performance indicator	Domestic bank industry average @ March 2015	Budget	2015	2014	2013	2012	2011	Annual change %
Cost to income ratio (%)	<b>55.9</b>	61.7	<b>64.3</b>	59.7	58.3	57.7	56.7	7.7
Return on average assets (%)	<b>0.8</b>	0.7	<b>0.7</b>	0.8	0.9	1.0	1.1	-12.5
Asset to staff ratio (\$m)	–	>10.6	<b>11.8</b>	10.3	10.0	9.6	8.5	14.6
Net profit before tax (\$m)	–	34.5	<b>32.5</b>	34.8	35.7	37.0	37.9	-6.6
Net profit after tax (\$m)	–	25.0	<b>24.0</b>	25.5	26.3	27.0	27.5	-5.9
Return on equity (%)	<b>11.2</b>	6.6	<b>6.1</b>	7.1	7.8	9.1	10.1	-14.1

Note: Industry averages are provided in the APRA Quarterly Report Table 6e Other domestic banks' performance ratios.

See our Statement of Cash Flows – Annual Report & Note 29 – Reconciliation of Cash Flows from Operating Activities for more information.

## Total assets

Bank Australia's net assets grew by 10.8% to \$3,577.4 million in 2015, driven by growth in deposits (10.3%) and loans (9.8%). In both instances, growth was above the budget target of 8%.

Our growth rates were above system growth for the Australian banking sector (6.9% deposits and 7.0% loans).

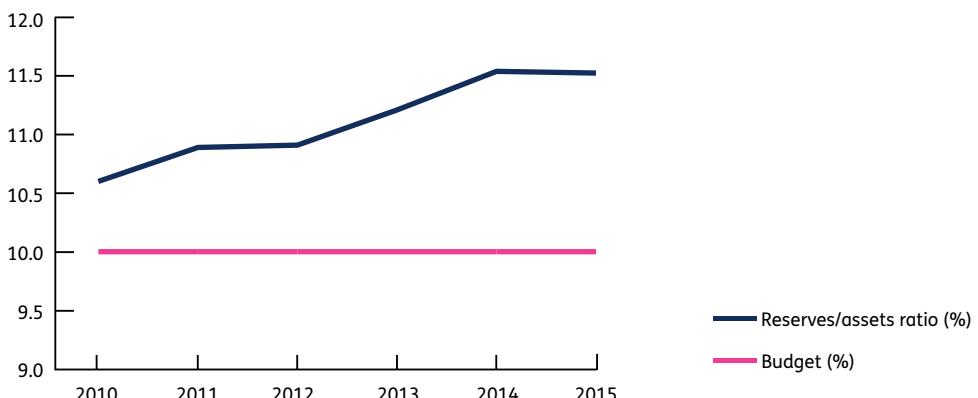
Balance sheet	2015 (\$m)	2014 (\$m)	2013 (\$m)	2012 (\$m)	2011 (\$m)	Annual change (%)
<b>What we own</b>						
Property, plant and equipment	22.1	21.0	21.5	18.7	19.9	5.3
Cash and investments	830.0	722.6	662.4	566.3	449.5	14.9
Loans to customers (net of provision)	2,663.2	2,426.0	2,307.6	2,210.1	2,114.8	9.8
Other assets	62.1	60.5	52.9	41.4	40.6	2.6
<b>Total assets</b>	<b>3,577.4</b>	<b>3,230.1</b>	<b>3,044.4</b>	<b>2,836.5</b>	<b>2,624.8</b>	<b>10.8</b>
<b>What we owe</b>						
Customers deposits	3,025.6	2,743.3	2,608.1	2,471.0	2,231.8	10.3
Amounts payable and provisions	139.8	109.6	90.5	53.9	105.2	27.6
<b>Total liabilities</b>	<b>3,165.4</b>	<b>2,852.9</b>	<b>2,698.5</b>	<b>2,524.9</b>	<b>2,337.0</b>	<b>11.0</b>
<b>Leaving customer owned funds</b>						
General reserves	406.5	372.7	341.4	307.5	282.4	9.1
Asset revaluation reserve	5.5	4.5	4.5	4.0	5.4	22.2
	<b>412.0</b>	<b>377.2</b>	<b>345.9</b>	<b>311.6</b>	<b>287.8</b>	<b>9.2</b>

## Financial strength

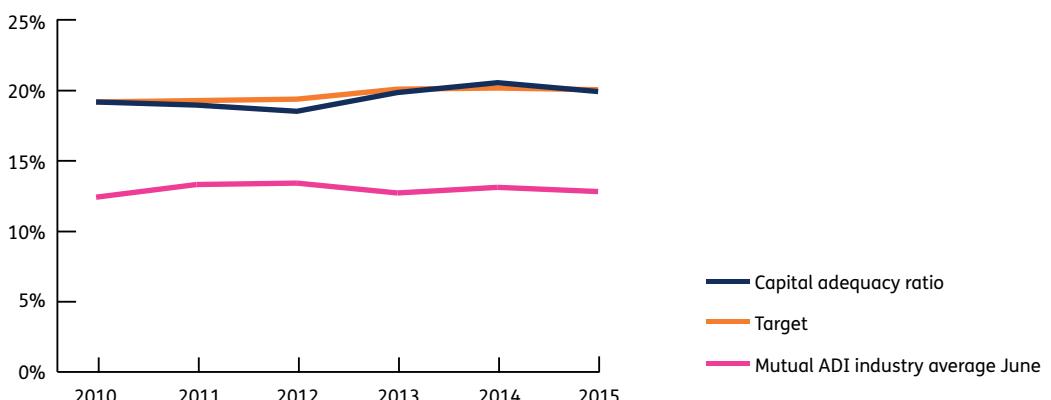
Bank Australia's profits belong to our customers and are retained as capital reserves which add to the strength and security of the bank. Overall, our capital reserves rose 9.2% to \$412.0 million in 2015.

Strong reserves and capital adequacy ratios (2015: 19.74%) demonstrate our financial strength. We exceeded the domestic banking industry average capital adequacy ratio, which was 12.8% in March 2015.

### Bank Australia reserves/asset ratio



### Bank Australia capital adequacy ratio

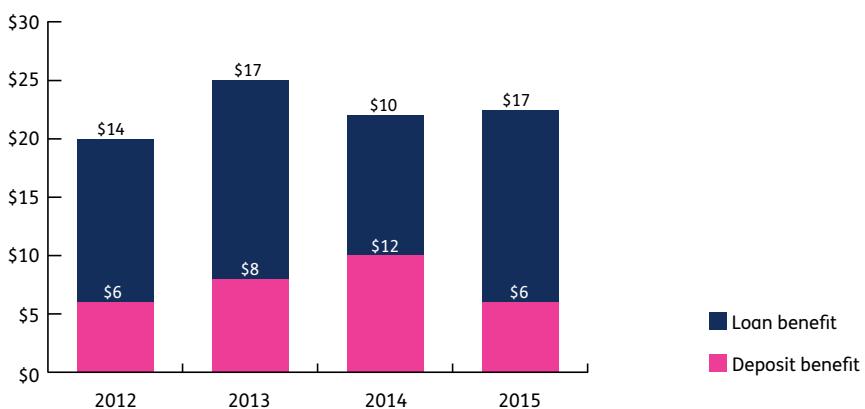


Note: Mutual ADI average provided in the APRA Quarterly Report.

## Annual customer benefit

Maintaining competitive pricing is essential to create prosperity for our customers. Each year, we commission Canstar, an independent financial services research group, to quantify the benefit our customers receive in the form of competitive interest rates and fees. Specifically, Canstar compares pricing on our deposits, loans and transactions at 30 June 2015 with the average of the four major banks. It valued the bank's customer benefit for 2015 at \$23.49 million. Borrowers were \$17.25 million better off and depositors were \$6.24 million better off. This return was on top of the wealth we created for customers by growing our capital reserves. This represents a 4% increase compared with last year.

Annual customer benefit (\$m)



## Transaction fees and exemptions

As required by the Reserve Bank of Australia, Australian Securities and Investment Commission and the Customer Owned Banking Code of Practice, Bank Australia's fees reflect the actual cost of providing the product or service. We also subsidise these costs. In 2015 it cost approximately \$5.8 million to provide payment access services. Customers paid approximately \$4.8 million towards these costs through transaction fees.

## CASE STUDY – New approach to access fees

For the first time in a decade, the bank reviewed the way it charges transaction fees in 2015. Our aim is to ensure a simple, fair and competitive approach that rewards customers based on the level of banking they do with us, reflecting cooperative ownership principles. The new fee structure also exempts customers with a Pension Access Account or those under 25 from paying transaction fees.

Under the previous transaction rewards model, 62% of customers paid fees. Contrary to the aim of rewarding customers who do more of their banking with us, the rewards model saw these customers paying additional transaction fees. Only customers who conducted less banking or had inactive accounts avoided paying fees.

Recognising that no-one likes paying fees, the project team set out to develop a model that would be competitive with other financial institutions while rewarding customers for supporting the bank and exempting those least able to pay fees.

We tested a flat fee model with unlimited transactions with customers and prospective customers with the help of an independent research company. The research showed 84% of all respondents preferred a monthly account fee to a rewards based fee model.

The Board approved the new approach to charging fees in April 2015. It comprises a flat \$5 fee for unlimited transactions on Access Accounts, with exemptions for:

- customers aged less than 25 years
- eligible customers with a Pensioner Access Account
- those who deposit \$2,000 or more a month into their Access Account
- those with more than \$50,000 in loans and/or deposits with the bank.

Other changes included:

- removing the \$1.65 per month fee for a VISA Debit card
- introducing a flat \$8 monthly fee for Commercial Accounts for unlimited transactions

Under this new model introduced in May 2015, more than 65% of customers would not pay any monthly transaction fees.

As expected, but regrettably, the change prompted some customers to close their accounts. We received 1,101 negative comments about the fee change and 793 positive comments through our branches during May 2015.

## Responsible banking products

Bank Australia's products and services are structured to be economically, socially and environmentally responsible wherever possible. Our product development process is guided by the bank's policies including:

- Responsible Investment and Lending Policy
- Financial Inclusion Policy
- Environment Policy
- Product Development Process Procedure
- Procurement Policy.

In addition to car loan carbon offsets and new home construction biodiversity offsets, Bank Australia products offer several other socially and environmentally responsible features including:

- **Young driver safety rebate.** We offer a rebate of \$200 for car loan borrowers aged 25 and under who complete an advanced driving course.
- **Environmental loan repayment pause.** This home loan feature encourages customers to install energy and water efficient appliances within the home. We approved eight repayment pauses in 2015, valued at \$45,537.
- **Family loan repayment pause.** This home loan feature allows customers to pause payments when a new child enters a family. We approved 36 repayment pauses in 2015, with an average deferment in repayments of \$6,074.
- **Bank Australia Super.** We provide access for our customers to Perpetual Wholesale Ethical SRI Fund, an investment option that aims to provide long term capital growth and income by investing in shares of socially responsible companies.

During 2015, we reviewed all products and removed those that were dated or little used. We renamed and redesigned some accounts to make them easier to understand and use. We also redefined deposit products to better distinguish transaction, savings and investment accounts.

## Lending for prosperity

Bank Australia provides finance to enhance prosperity, which includes lending to organisations or projects that deliver activities such as microfinance for micro-enterprises, or financial inclusion. Bank Australia is currently involved in two such initiatives:

- The ACT Land Rent Scheme helps lower income households to build new homes by allowing them to rent rather than buy land. By building on rented land, people can take out smaller loans to cover construction, making it more affordable. The bank advanced 67 loans valued at \$19.1 million in 2015, an increase in value of 105% from 2014.
- Bank Australia partnered with Horizon Housing Solutions to provide affordable housing finance. Under the arrangement, Horizon provides eligible low income households with a no interest loan for 25% of the land purchase price. Bank Australia provides a standard home loan for the balance of the land purchase and construction costs, less any customer contribution. Eligible customers repay the loan to Horizon only after they sell the property. The scheme is in its early stages, and we financed two loans late in the 2015 financial year.

Bank Australia also partnered with the South Australian Government's initiative HomeStart Finance and Adelaide City Council to provide finance under a shared equity arrangement. Under the scheme, Adelaide City Council provided customers a shared equity loan to purchase an apartment, which is repaid only when the apartment is sold. The balance of the purchase price is financed by HomeStart or Bank Australia with eligibility restricted to borrowers with a limited income. Currently, we are not financing any new loans because all available apartments have been sold.

# Customer service and engagement



Providing high levels of customer service and engaging with customers on issues of importance to them are key to Bank Australia's customer owned responsible approach to banking.

## Digital banking

With more customers wanting to conduct more of their banking online, our investment in digital banking is essential. In 2015 Bank Australia made a significant investment in digital banking to develop a new internet banking platform and smart phone applications. Customers have provided a large amount of feedback about the functionality and layout of internet banking. A number of changes have already been made in response to this feedback and an ongoing program of developments to the platform is now in progress. We also developed a new corporate website, on-boarding and internet lending platform to improve the customer experience. All platforms are mobile friendly, ensuring a similar customer experience across multiple devices. Digital banking will be an ongoing area of investment for the bank.

## Customer relationships

Bank Australia uses two key indicators to gauge the strength of customer relationships:

- **Average customer value.** This indicator presents total loans and total deposits per customer. Average customer value rose \$5,603 this year to \$49,926. In the past five years, average customer value grew by 63.3%.
- **Share of wallet.** This indicator measures how much of a customer's banking is conducted with Bank Australia. This figure will be collected later in the year when we conduct our 2015 customer insights survey. In 2014 we captured 29% of our customers' banking business, up 2% from the previous year and up 9% since 2010. Growth was driven by more customers using the bank for small and large loans, although these increases were partially offset by a falling share of deposits.

## Customer service performance

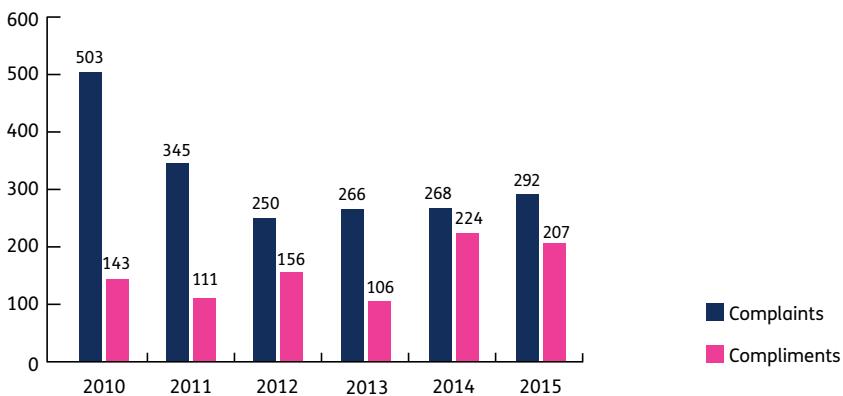
Bank Australia uses a number of measures to monitor our customer service performance:

- **National Contact Centre performance.** On average, the National Contact Centre answered 21,468 telephone calls per month, or 1,016 each day. Staff answered 83.2% of calls within 40 seconds, exceeding our service standard of 80%.
- **Ease of doing business.** 82% of customers who purchased a new product said the ease of doing business with Bank Australia was either excellent or good. 6% thought it was poor or very poor. This result related to more complex products. We are considering how to address the matters these customers raised.

- **Complaints.** The bank maintains a register of complaints that we use to identify trends and take action to prevent systemic issues arising. Complaints are also reported to the Board. We received 292 complaints in 2015, up from the 268 received the previous year. Complaints related to products and services (37.6%), fees and charges (33.9%), lending (14.7%), and other (13.8%). Staff addressed all customer concerns individually, to ensure customers were clearly informed of the change and their options to avoid incurring fees and charges in the future (see Case Study – New approach to access fees, page 28).
- **Compliments.** We received 207 compliments in 2015, with the bank's responsible approach receiving 106 compliments.
- **Fee model feedback.** This year we maintained a separate register of feedback from customers made to our branches about the new fee model. We received 1,101 negative comments and 793 positive comments between May and July 2015.
- **Feedback.** Customers use social media and bankmecu Central (the Central platform is no longer in use) to offer their views and suggestions for improvement. We received suggestions about internet banking (45), general matters (42), cards (7) and statements (5).

Note: Official complaints and compliments exclude positive and negative comments staff received during May and July through our branches.

### Customer feedback



Note: These figures do not include the feedback our branch staff received about the new fee model, which we recorded separately.

### Customer satisfaction

Due to the rebranding process the bank postponed its 2015 customer insights survey, which will be conducted in 2016. This decision affects our ability to report on some areas, so for this report we used information from our Customer First survey distributed to new customers or those applying for a new product.

We survey new customers to learn more about their experience of joining Bank Australia and what attracted them to the bank. In 2015 we received 826 responses, representing approximately 12.7% of new customers. In addition, the bank surveys existing customers who purchase new products, receiving 1,644 responses.

The results showed:

- 90.3% of new and existing customers reported they were satisfied with their recent experience
- the bank recorded a Net Promoter Score of +50.59 (calculated as the percentage of promoters less the percentage of detractors)
- 82.1% of new customers and existing customers conducting new business indicated the ease of doing business with the bank was 'excellent' or 'good'
- 23.5% of new customers came to the bank via a comparison rate site such as Ratecity or Mozo
- 24.2% of new customers were recommended by another person

- 30.2% of new customers were attracted to the bank's responsible approach to banking
  - 25.5% of new customers switched because of the interest rate
  - 15% of new customers switched because of the bank's values
  - 32.9% of existing customers switched to a new product for the interest rate
  - 15.8% of existing customers switched to a new product for a more responsible approach to banking
  - 13.6% of existing customers switched to a new product for the values of the organisation

	New customers	Existing customers
Primary reason for switching	% of total	% of total
Fees and charges	4.03%	6.09%
<b>Interest rate</b>	<b>25.46%</b>	<b>32.97%</b>
Dissatisfied with the product at previous financial institution	2.56%	2.87%
Dissatisfied with the service at previous financial institution	6.78%	10.39%
Declined for further/additional product	1.10%	0.72%
Branch or service centre locations	2.20%	1.08%
<b>Values of organisation</b>	<b>15.02%</b>	<b>13.62%</b>
<b>I support a more responsible approach to banking</b>	<b>30.22%</b>	<b>15.77%</b>
Maturity of product	0.18%	0.36%
Other	12.45%	16.13%
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

Source: Customer First Survey 2015.

New customers were asked to describe the bank in three words, producing the following word cloud highlighting the strongest words:



Existing customers were asked the same question and generated a word cloud that focused on service attributes:



## Engaging customers

Bank Australia is committed to seeking and understanding the needs and expectations of our customers. We do this in several ways:

- **Customer First Survey.** We survey customers who purchase a new product each month: 16.5% of the 14,998 survey recipients provided a response.
- **Customer Insights Survey.** Each year, we survey customers to ensure we're meeting their expectations. We did not conduct the survey this year due to a period of intense customer communication about business changes but we will conduct this survey again in the new year.
- **Annual General Meeting (AGM).** Our AGM is an opportunity to connect with customers on important governance matters, and to celebrate the bank's achievements. At the 2014 AGM, 1% of our 118,300 customers (eligible to vote at October 2014) voted.
- **Central.** We launched Central in August 2013, to give customers more information about our activities and to encourage them to engage with us and each other. Regular fortnightly communication included request for comments on a range of issues and bank initiatives. Central generated an average of 58 comments from customers each month. Central eNews was sent to 48,000 customers, with an average of 9,067 reading it each month. The Central website was shut down with the launch of Bank Australia and our new website. Customers can now view and add comments to our news articles through the Bank Australia website.
- **Facebook and Twitter.** We engage with some customers via social media platforms through posting information about corporate initiatives and responding to questions and issues of interest to customers. By monitoring social media, we can tailor content that is of most interest to customers who are using these platforms.
- **OurSay.org.** We conducted two online forums in 2015 to involve customers in the bank's strategic decision making. Customers could raise ideas or questions and then vote on what they thought was most important. These two online forums were part of a wider four part series of forums that we started in 2014.

In July 2014, we asked customers to provide input into the priority areas for the Bank Australia Impact Fund. Participants raised 44 ideas, cast 620 votes and posted 43 comments. The top five suggestions focused on renewable energy and environmental initiatives, domestic violence education and prevention, and a study to ensure Melbourne retains its liveability standards and pushes the envelope for sustainable and accessible infrastructure. Watch our Managing Director respond directly to the top three ideas in this video: <http://oursay.org/bankmecu/invest>

In November 2014, we asked our customers what they would like to ask the Board and management in the lead up to the 2014 AGM. Participants raised 15 ideas, cast 106 votes and posted two comments. The top three suggestions focused on investing in the professional development of people working in the community sector, interest rates and divestment from banks who lend to the fossil fuel industry. Watch our Managing Director respond directly to the top five ideas in this video: <http://oursay.org/bankmecu/agm>

# About our report



This Corporate Report presents Bank Australia's performance against its Strategic Plan for the period 1 July 2014 to 30 June 2015, unless otherwise stated. It is guided by the International Integrated Reporting Council (IIRC) Integrated Reporting Framework and Global Reporting Initiative version 4 (GRI G4). Bank Australia also provides statutory accounts data to support this Corporate Report, as required by law.

This report incorporates the activities of **mecu Limited** (trading as Bank Australia) and its subsidiaries. It does not include the performance of third party organisations that provide services to Bank Australia and its customers. During the reporting period Bank Australia traded as **bankmecu**. The bank changed its trading name from **bankmecu** to Bank Australia on 17 August.

## Stakeholder engagement

Stakeholder feedback is the starting point for Bank Australia's planning and reporting processes. It is fundamental to how we create, protect and distribute value for our customers. We conduct stakeholder engagement in line with our Stakeholder Engagement Policy and this activity is reported to the Board monthly via executive reports. Key stakeholder activity during 2015 included:

Stakeholder	Activity	Frequency
All stakeholders	<ul style="list-style-type: none"><li>Communication on various topics via Central*</li><li>Social media</li><li>Feedback via mail@bankaust.com.au</li></ul>	<p>Weekly Ad hoc Ad hoc</p>
Customers	<ul style="list-style-type: none"><li>Our Say forum (1 January 2014 – 31 December 2014)</li><li>Annual General Meeting</li><li>Customer First Survey – post purchase survey</li><li>Voluntary feedback – complaints and compliments</li><li>Branch visits by Directors and senior management</li></ul>	<p>Quarterly Annually Monthly Ad hoc Quarterly</p>
Employees	<ul style="list-style-type: none"><li>Managing Director update report</li><li>Rebrand survey</li><li>Rebrand road shows</li><li>Staff performance reviews</li></ul>	<p>Monthly Once off Once off Annually</p>
Community sector customers and communities of interest	<ul style="list-style-type: none"><li>Managers across the business report to their General Manager, Managing Director and Board each month on community activities and issues relevant to operations</li></ul>	Monthly

Stakeholder	Activity	Frequency
Suppliers	<ul style="list-style-type: none"> <li>• Responsible managers meet with major suppliers and contractors as necessary</li> <li>• Supplier Request for Proposal questionnaire</li> </ul>	Ad hoc
Government and regulators	<ul style="list-style-type: none"> <li>• Directors and management meet with government and regulator representatives to: <ul style="list-style-type: none"> <li>- maintain their knowledge of compliance with prudential standards</li> <li>- remain abreast of emerging relevant economic, social and environmental issues</li> <li>- identify both risks and opportunities for the bank</li> </ul> </li> </ul>	Ad hoc
Industry groups	<ul style="list-style-type: none"> <li>• Directors and management hold positions on mutual industry and community sector committees and boards relevant to Bank Australia's operations</li> </ul>	Ad hoc

## Materiality assessment

In May 2015 senior management and other key staff came together for our annual materiality assessment, an essential element to the bank's Strategic Planning and reporting processes. Specifically, we reviewed and prioritised existing and new material issues identified via stakeholder engagement activities, our annual risk assessment, customer complaints and compliments. This step was guided by the GRI G4 Principles for Defining Report Content and Integrated Reporting Principles.

Senior management used the AccountAbility 5-part materiality test to determine the factors that were most important for the long term sustainability of Bank Australia's operations. This process involved balancing the feedback from stakeholders against the bank's future needs to maintain a responsible approach to customer owned banking and performance.

Senior management prioritised material topics under each goal of the Strategic Plan to demonstrate the direct relevance to the business. The Board considers material issues as they are reported throughout the year and factors them into the annual review of the current Strategic Plan. Issues of material importance are outlined below, mapped against our Strategic Plan and stakeholder interest, and our response is provided within this report.

## Material topics identified in 2015

### Our winning aspiration

Material Topic	Stakeholder/s													
	Board	Employees	Customers	Potential customers	Communities of interest	Our Environment	Regulators	Media	Key suppliers	Competitors	Other suppliers	Government	Investors	Customer owned banking sector
Managing change with customers and staff <a href="#">Relevant report section: Case Study Bank Australia</a>	✓	✓	✓	✓										
Reputation – being aligned with customer owned responsible banking <a href="#">Relevant report section: Case Study Bank Australia</a>	✓	✓	✓	✓	✓	✓	✓						✓	
Attracting socially aware people <a href="#">Relevant report section: Attracting socially aware customers</a>	✓	✓	✓	✓	✓	✓								
Increasing brand knowledge from current low levels <a href="#">Relevant report section: Case Study Bank Australia</a>	✓	✓	✓	✓	✓				✓				✓	

### Where we do business

Material Topic	Stakeholder/s													
	Board	Employees	Customers	Potential customers	Communities of interest	Our Environment	Regulators	Media	Key suppliers	Competitors	Other suppliers	Government	Investors	Customer owned banking sector
Remaining an Australian based and customer owned enterprise <a href="#">Relevant report section: Our profile</a> <a href="#">Relevant report section: Case Study Bank Australia</a>	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	
Serving niche markets across Australia <a href="#">Relevant report section: Our profile</a>	✓	✓	✓	✓					✓	✓				✓
Increasing third party relationships/introducing brokers <a href="#">Relevant report section: Our profile</a>	✓	✓	✓	✓					✓	✓			✓	

## How we create value

Material Topic	Stakeholder/s													
	Board	Employees	Customers	Potential customers	Communities of interest	Our Environment	Regulators	Media	Key suppliers	Competitors	Other suppliers	Government	Investors	Customer owned banking sector
Sourcing and distributing customer funds responsibly <a href="#">Relevant report section: Sourcing and distributing customer funds responsibly</a>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Delivering better interest rates and fees that benefit customers – value distribution <a href="#">Relevant report section: Annual customer benefit.</a> <a href="#">Relevant report section: Case Study New approach to access fees</a>	✓		✓	✓	✓				✓	✓		✓	✓	
Keeping operating costs low <a href="#">Relevant report section: Financial performance</a>	✓	✓	✓	✓			✓		✓			✓		
Achieving scale through organic growth and merger <a href="#">Relevant report section: Our footprint</a>	✓	✓	✓	✓			✓	✓	✓	✓		✓	✓	
Participating in key economic, social and environmental issues <a href="#">Relevant report section: People</a> <a href="#">Relevant report section: Planet</a> <a href="#">Relevant report section: Prosperity</a>	✓	✓	✓	✓	✓	✓								
Ensuring business operations tread lightly on the planet <a href="#">Relevant report section: Planet</a>	✓	✓	✓	✓	✓	✓			✓	✓				

## Capabilities we must have

Material Topic	Stakeholder/s	Board	Employees	Customers	Potential customers	Communities of interest	Our Environment	Regulators	Media	Key suppliers	Competitors	Other suppliers	Government	Investors	Customer owned banking sector
Developing a skilled workforce, and an equitable and engaged internal culture <a href="#">Relevant report section: Developing a skilled workforce and engaged internal culture</a>	✓	✓	✓	✓											
Developing responsible banking products and services that achieve positive impact for people, society and the environment <a href="#">Relevant report section: Responsible banking products</a>	✓	✓	✓	✓	✓	✓	✓	✓	✓						
Facilitating access to digital banking <a href="#">Relevant report section: Digital banking</a>	✓	✓	✓	✓											
Engaging customers <a href="#">Relevant report section: Engaging customers</a>	✓	✓	✓	✓	✓										
Maintaining customer service levels during change/growth period <a href="#">Relevant report section: customer service performance</a>	✓	✓	✓	✓									✓		
Monitoring customer activity <a href="#">Relevant report section: Customer relationships</a>	✓	✓	✓	✓				✓	✓	✓	✓	✓		✓	

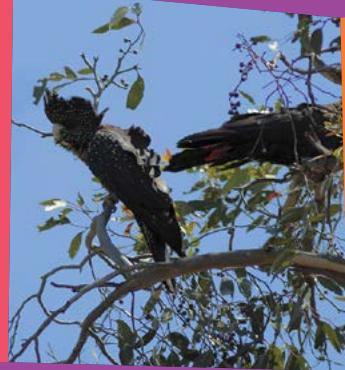
## The management systems we need

Material Topic	Stakeholder/s													
	Board	Employees	Customers	Potential customers	Communities of interest	Our Environment	Regulators	Media	Key suppliers	Competitors	Other suppliers	Government	Investors	Customer owned banking sector
Governance <a href="#">Relevant report section: Governance</a>	✓	✓	✓	✓			✓						✓	
Regulatory compliance <a href="#">Relevant report section: Regulatory compliance</a>	✓	✓	✓	✓			✓		✓		✓		✓	
Risk management <a href="#">Relevant report section: Management systems</a>	✓	✓	✓	✓	✓		✓	✓				✓		
Transparent, accountable and complete public reporting of performance <a href="#">Relevant report section: About our report</a>	✓	✓	✓	✓	✓		✓	✓				✓	✓	
Performance monitoring and management <a href="#">Relevant report section: Management systems</a>	✓	✓	✓	✓			✓	✓					✓	

## GRI G4 Aspect and Impact Identification

The GRI G4 Aspect and Impact determination is the third step in the process. Senior management determined GRI Aspects and Impact Indicators relevant to the material topics and noted their Aspect Boundary (see GRI table).

# Governance



We are governed by a Board of Directors. The Board is accountable to customers who own the bank. Customers elect Directors to the Board and vote on issues at our AGM.

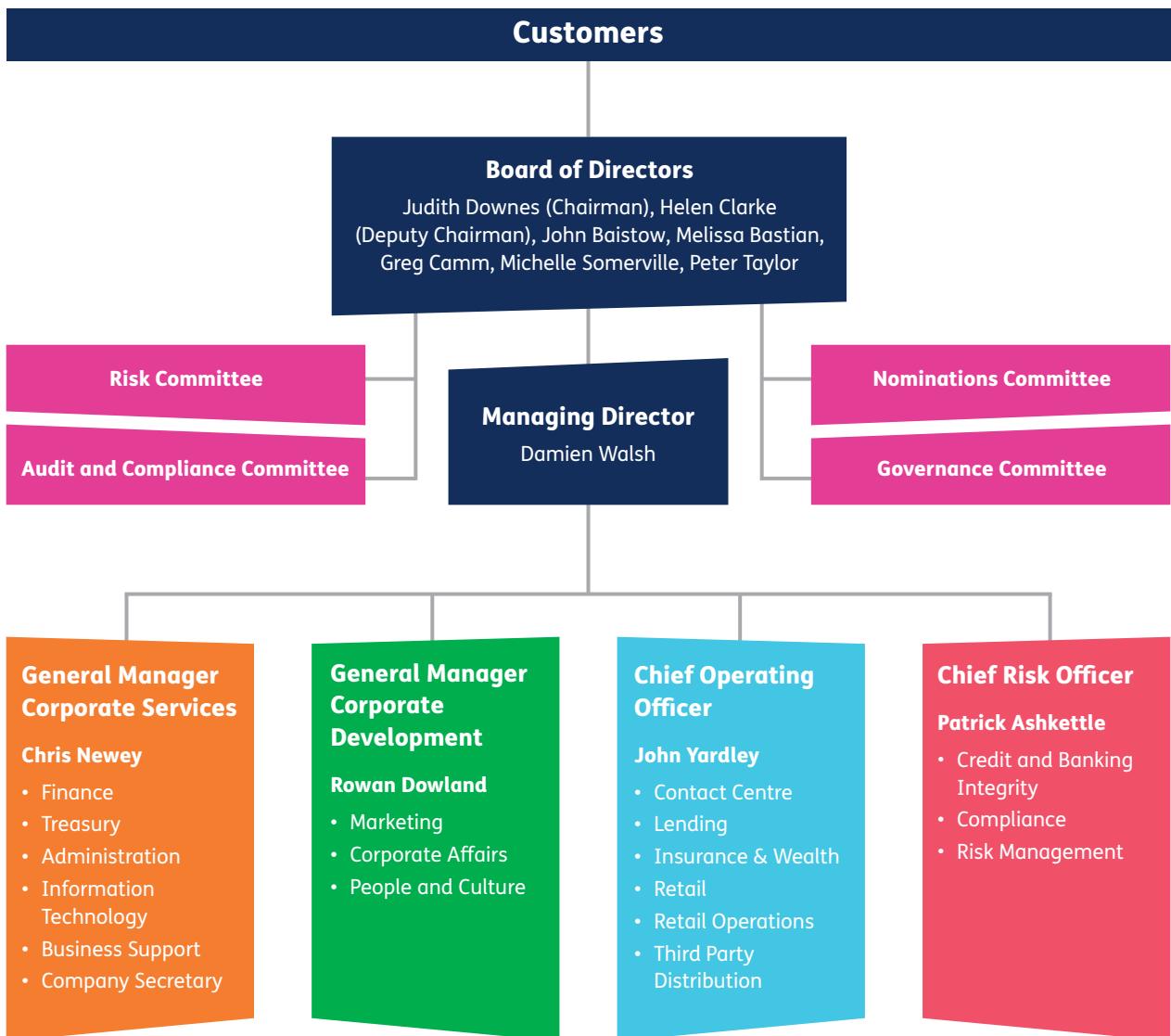
The Board:

- establishes corporate objectives
- develops, with management, the corporate strategy and policy
- appoints the Managing Director and evaluates his/her performance
- supervises Bank Australia's operations and ensures operations align with values
- accepts responsibility for compliance with APRA prudential standards, Australian corporations law and other regulations
- approves the budget.

The Board comprises eight Directors. It has a formal renewal program that provides for an appropriate level of expertise as well as diversity, commercial experience and fresh perspective. The renewal program recognises the importance of preserving and building on the bank's history, values and culture. Customers have elected five independent, non-executive Directors. The Board has appointed three Directors, two of whom are non-executive with the third being the Managing Director. The Chairman of the Board is independent and a non-executive officer; Judith Downes is the current Chairman. The Managing Director, Damien Walsh, is an executive Director.

The Managing Director is charged with the bank's day-to-day leadership and management, and is 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 sustainability principles within the business and delivering strategy and leadership, product development, overall management, 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 2014 AGM is \$555,450 per year pro rata. This sum represents total Board remuneration for the nonexecutive Directors including fees, concessions and other benefits as well as all relevant taxes payable by either the bank or these Directors.



# Managing risk



Bank Australia works to minimise and manage exposure to risk by maintaining high levels of awareness, analysing reliable information and implementing effective controls. Each operational area across the bank manages its own risks. This approach creates a first line of defence and encourages a risk culture that involves all staff. A central risk and compliance team, led by our Chief Risk Officer, creates a 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 disputes registers
- monitoring compliance obligations, and
- coordinating how risk appetite applies in day-to-day business activities.

Internal audit provides our third line of defence, via an independent assurance function.

Our internal auditors, KPMG report to the Audit and Compliance Committee, which meets quarterly.

The Board's Risk Committee meets monthly and considers all aspects of our risk framework, including risk appetite and risk monitoring. Our tolerances for credit risk, capital and liquidity risk are well above those set by APRA, reflecting our responsible banking practices and sensitivity to risk.

## Risk management framework

Bank Australia's manages risks within a framework of six major categories:

1. **Financial Risk.** This category covers risks directly associated with the bank meeting its financial obligations as and when they fall due.
2. **Credit Risk.** This category covers the risk of financial loss if a customer fails to meet contractual obligations to repay a debt, and it arises principally from loans and advances to customers.
3. **Governance Risk.** This category covers the rules, processes, policies, and regulations outlining and defining the bank's capacity, operational management and administration. It includes risk management and compliance risk.
4. **Development Risk.** This category covers all risks associated with promoting and communicating products and services to existing and potential customers.
5. **Operational Risk.** This category covers the risk of loss from inadequate or failed internal processes, people and systems, or from external events.
6. **Strategic Risk.** This category covers the potential loss that might arise from pursuing an unsuccessful corporate strategy.

Each risk is allocated key risk indicators and tolerance levels, which are monitored to ensure the risk remains within acceptable levels. The bank has a Risk Appetite Statement to help identify and manage risks.

## Top 10 risks

We identify key risks at least annually. The top 10 risks in 2015 were:

1. credit risk
2. liquidity risk
3. strategic risk
4. change risk
5. organised crime risk
6. technology risk
7. competition risk
8. cyber risk
9. economic risk
10. key person risk.

## Key risk incidents and how we managed them

There were no significant risk incidents during the past 12 months. We addressed minor fraud incidents and computer system downtime incidents as part of business as usual, improving controls when considered appropriate.

## Regulatory compliance

Bank Australia holds an Australian Financial Services Licence (AFSL), which allows it to deal in or advise on deposit and payment products, superannuation and general insurance products. We also hold an Australian Credit Licence (ACL) to engage in credit activities. We are registered under the *Corporations Act 2001* (Cth).

Several Commonwealth agencies monitor and enforce the bank's compliance with various laws and regulations, including the Australian Prudential Regulation Authority (APRA), the Australian Securities and Investments Commission (ASIC), the Australian Competition and Consumer Commission (ACCC), the Australian Taxation Office (ATO), the Australian Transaction Reports and Analysis Centre (AUSTRAC) and the Office of the Australian Information Commissioner. An independent auditor, EY, conducts an external audit of our financial accounts. Internal audit is outsourced to KPMG.

Bank Australia sources its supplies in the Australian market through providers who demonstrate ongoing compliance with all relevant Australian laws and regulations. Major suppliers must state any noncompliance in all new tender applications and report breaches as they occur.

The results of Bank Australia's compliance efforts are summarised below:

- **Breaches of banking requirements.** The bank did not record any breaches of banking requirements that required reporting to Australian Securities and Investments Commission.
- **Fraud and fraud write offs.** The bank is committed to protecting customers' wealth from fraud. We invest in preventative and detective measures, train staff and promote general awareness for customers. Further, our investigations staff participate in specialist fraud groups and workshops to ensure they are across market trends and emerging practices. Consistent with industry trends, fraud losses increased 18% on average for the past five years, with card skimming and email hacking accounting for 90% of losses. Despite higher fraud activity, losses were within acceptable limits as benchmarked against with industry performance and well below 1% of net profit after tax.

- **Customer privacy.** The bank's Privacy Policy complies with the *Privacy Act 1988* (Cth) and the Australian Privacy Principles. The policy outlines how and when we collect, store and distribute personal information. There was one incident in 2015, when a customer received another customer's personal information. This incident was caused by staff error and the customers affected by the incident were advised immediately and offered the opportunity to refer the matter to the Office of the Australian Information Commissioner. Customer ID takeover and data theft are increasing as industry challenges and threaten data privacy. Along with our technology and service partners, we are investing in stronger security measures to provide suitable control and protection.

# Glossary

<b>Asset to staff ratio</b>	Total assets per full time equivalent staff member
<b>Australian Competition and Consumer Commission (ACCC)</b>	An independent Commonwealth statutory authority that administers the <i>Competition and Consumer Act 2010</i> (Cth) and promotes competition and fair trade in the marketplace to benefit consumers, business and the community
<b>Australian Credit Licence (ACL)</b>	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.
<b>Authorised deposit-taking institution (ADI)</b>	Corporations authorised under the <i>Banking Act 1959</i> (Cth) including banks, building societies and credit unions that must meet certain criteria
<b>Australian Financial Services Licence (AFSL)</b>	Authorisation to offer and provide consumers with specified financial products and services in accordance with ASIC compliance standards
<b>Australian Prudential Regulation Authority (APRA)</b>	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
<b>Australian Securities and Investments Commission (ASIC)</b>	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).
<b>Australian Transaction Reports and Analysis Centre (AUSTRAC)</b>	An independent Commonwealth statutory authority that oversees Australian businesses' compliance with their requirements under the <i>AntiMoney Laundering and Counter-Terrorism Financing Act 2006</i> (Cth) and the <i>Financial Transaction Reports Act 1988</i> (Cth)
<b>Average customer value</b>	Total loans and total deposits held per customer
<b>Capital adequacy ratio</b>	The percentage of a bank's adjusted capital compared to its risk weighted assets, as per Prudential Standard APS110
<b>Cost to income ratio</b>	The percentage relationship between operating expenses and effective gross income
<b>Credit quality</b>	The percentage of delinquent loans 30 days or more in arrears to the total loan portfolio
<b>CUFSS</b>	The Australian mutual banking industry self-funded and operated 'emergency' liquidity support scheme. It is certified by APRA under section 11CB of the <i>Banking Act 1959</i> (Cth).
<b>Cuscal</b>	An ADI regulated by APRA, which provides payment services to the majority of Australia's mutual ADIs
<b>Customer</b>	An account holder. Customers can also hold a member share.

<b>Global Reporting Initiative (GRI G4)</b>	The current version of global voluntary guidelines for companies to report their sustainability performance and workplace practices
<b>Incident (OHS)</b>	An OH&S event that affects staff but does not result in physiological or psychological change. This 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). It is important to note that the total number of incidents includes injury numbers.
<b>Materiality</b>	Economic, social and environmental topics that cross a threshold in affecting the ability to meet the needs of the present without compromising the needs of future generations. Material topics affect the longevity of an organisation and its stakeholders.
<b>Net profit after tax</b>	The amount of profit achieved after required taxation has been paid
<b>Net Promoter Score</b>	A measure of customer loyalty and the likelihood of a customer recommending an organisation to others. It is calculated as the percentage of promoters less the percentage of detractors.
<b>Office of the Australian Information Commissioner</b>	An independent Commonwealth statutory authority that oversees Australian businesses' compliance with the <i>Privacy Act 1988</i> (Cth) and the <i>Freedom of Information Act 1982</i> (Cth)
<b>Return on average assets</b>	The profit a company generates for each dollar of assets it owns
<b>Return on equity</b>	The profit a company generates for each dollar of equity it invests
<b>Share of wallet</b>	The percentage of customers' total banking value
<b>Sustainable development</b>	Systematic and balanced business strategies that satisfy the economic, social and environmental performance expectations of stakeholders, while protecting, sustaining and enhancing the financial, human and natural resources needed for future development

## Abbreviations

ACCC	Australian Competition and Consumer Commission
ACL	Australian credit licence
ADI	Authorised deposit-taking institution
AFSL	Australian financial services licence
APRA	Australian Prudential Regulation Authority
ASIC	Australian Securities and Investment Commission
ATO	Australian Taxation Office
AUSTRAC	Australian Transaction Reports and Analysis Centre
FTE	Full time equivalent
GRI G4	Global Reporting Initiative version 4
kg	Kilograms
km	Kilometres
kWh	Kilowatt hours
MJ	Megajoules
RBA	Reserve Bank of Australia

# Global Reporting Initiative Index

Bank Australia's Corporate Report is prepared in accordance with the Global Reporting Initiative (GRI) G4 Guidelines.

GRI G4 Criteria are addressed throughout the report and referenced in the table below. Additional information as required is provided in the table below.

A third party review of the adherence to GRI G4 reporting framework found that Bank Australia satisfies the in accordance 'core' requirements, including incorporating indicators from the GRI G4 Financial Services Sector Disclosures.

## General Standard Disclosures

Disclosure	Reference/Response
<b>Strategy and Analysis</b>	
G4-1	a. Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.
G4-2	a. Provide a description of key impacts, risks, and opportunities.
<b>Organisational Profile</b>	
G4-3	a. Report the name of the organization.
G4-4	a. Report the primary brands, products, and services.
G4-5	a. Report the location of the organization's headquarters.
G4-6	a. Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.
G4-7	a. Report the nature of ownership and legal form.
G4-8	a. Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).

Disclosure	Reference/Response
G4-9	<p>a. Report the scale of the organization.</p> <p>Our footprint Sourcing and distributing customer funds responsibly Total assets Developing a skilled workforce and engaged internal culture Statutory Financial Accounts</p>
G4-10	<p>a. Report the total number of employees by employment contract and gender.</p> <p>b. Report the total number of permanent employees by employment type and gender.</p> <p>c. Report the total workforce by employees and supervised workers and by gender.</p> <p>d. Report the total workforce by region and gender.</p> <p>e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors.</p> <p>f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).</p> <p>Developing a skilled workforce and engaged internal culture Additional response: Casual female = 1, Casual male = 1, TOTAL 2 Contract female = 5, Contract male = 6, TOTAL 11 Full time female = 167, Full time Male = 92, TOTAL 259 Part time female = 61, Part time male = 2, TOTAL 63 TOTAL female = 234, TOTAL male = 101, GRAND TOTAL 335 No employees are self employed.</p>
G4-11	<p>a. Report the percentage of total employees covered by collective bargaining agreements.</p> <p>None.</p>
G4-12	<p>a. Describe the organization's supply chain.</p> <p>Sourcing resources responsibly</p>
G4-13	<p>a. Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.</p> <p>Our profile Additional response: All suppliers are from Australian markets – no significant change.</p>
G4-14	<p>a. Report whether and how the precautionary approach or principle is addressed by the organization.</p> <p>Additional response: The precautionary approach is embedded at all levels of our business. A key point of differentiation for Bank Australia is our responsible approach to banking, which includes a responsibility to protect natural capital and promote sustainable development. We have a strategic plan, with supporting policies and procedures in place, to ensure we minimise our impact on the planet and build resilience within the communities where we operate.</p>
G4-15	<p>a. List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.</p> <p>Customer Owned Banking Code of Practice Global Alliance for Banking on Values United Nations Global Compact Reconciliation Australia's Reconciliation Action Plan program</p>

<b>Disclosure</b>		<b>Reference/Response</b>
G4-16	<p>a. List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization:</p> <ul style="list-style-type: none"> <li>• Holds a position on the governance body</li> <li>• Participates in projects or committees</li> <li>• Provides substantive funding beyond routine membership dues</li> <li>• Views membership as strategic</li> </ul>	<p>Statutory Financial Accounts: 1. Directors Customer Owned Banking Association Australian Banking Association Australian Mutuals Institute Business Council of Cooperatives and Mutuals</p>
<b>Identified Material Aspects and Boundaries</b>		
G4-17	<p>a. List all entities included in the organization's consolidated financial statements or equivalent documents.</p> <p>b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.</p>	Statutory Financial Accounts: Note 30 Controlled Entities
G4-18	<p>a. Explain the process for defining the report content and the Aspect Boundaries.</p> <p>b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.</p>	Materiality assessment
G4-19	a. List all the material Aspects identified in the process for defining report content.	Materiality assessment GRI G4 Table (this table)
G4-20	a. For each material Aspect, report the Aspect Boundary within the organization.	Materiality assessment GRI G4 Table (this table)
G4-21	a. For each material Aspect, report the Aspect Boundary outside the organization.	Materiality assessment GRI G4 Table (this table)
G4-22	a. Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	Additional response: Any re-statements are contained throughout the report.
G4-23	a. Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	Additional response: There have been no significant changes from previous reporting periods in the Scope and Aspect Boundaries.
<b>Stakeholder Engagement</b>		
G4-24	a. Provide a list of stakeholder groups engaged by the organization.	Stakeholder engagement
G4-25	a. Report the basis for identification and selection of stakeholders with whom to engage.	Stakeholder engagement
G4-26	a. Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	<p>Stakeholder engagement</p> <p>Additional response: All stakeholder engagement activities inform strategic planning and subsequently this report. No engagement was undertaken specifically as part of the report preparation process</p>

<b>Disclosure</b>		<b>Reference/Response</b>
G4-27	a. Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	Materiality assessment
<b>Report Profile</b>		
G4-28	a. Reporting period (such as fiscal or calendar year) for information provided.	Our profile
G4-29	a. Date of most recent previous report (if any).	Additional response: Bank Australia's previous Corporate Report was made available in October 2014 for the period 1 July 2014 to 30 June 2015 under the trading name bankmecu.
G4-30	a. Reporting cycle (such as annual, biennial).	Additional response: The reporting cycle is annual.
G4-31	a. Provide the contact point for questions regarding the report or its contents.	Additional response: mail@bankaust.com.au or phone 132 888
G4-32	a. Report the 'in accordance' option the organization has chosen.  b. Report the GRI Content Index for the chosen option.  c. Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.	GRI G4 Table (this table)  Independent Assurance Statement  Additional response: In accordance – CORE.
G4-33	a. Report the organization's policy and current practice with regard to seeking external assurance for the report.  b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided.  c. Report the relationship between the organization and the assurance providers.  d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	Independent Assurance Statement
<b>Governance</b>		
G4-34	a. Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	Governance

Disclosure	Reference/Response	
G4-36	a. Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	Governance
G4-38	a. Report the composition of the highest governance body and its committees.	Governance
G4-39	a. Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).	Governance
G4-41	a. Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders.	Governance Statutory Financial Accounts: 1. Directors, Statutory Financial Accounts: Note 23 Key management and personnel disclosures  Additional response: All Directors are required to declare any possible conflicts of interest so the Board can take appropriate action to deal with such conflict. The Board defines 'independence' in accordance with its Governance Policy and the Australian Stock Exchange (ASX) Corporate Governance Council's Principles of Good Corporate Governance and Best Practice.
G4-42	a. Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	Our aspiration Governance
G4-44	a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment.  b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.	Additional response: As part of its approach to corporate governance, the Board of Bank Australia undertook a board performance review in 2014. That Review was based on the Board Dimensions methodology developed by Cameron Ralph Navigator.
G4-45	a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes.  b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.	Stakeholder engagement Materiality assessment Our aspiration Governance Managing risk

<b>Disclosure</b>		<b>Reference/Response</b>
G4-46	a. Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	Our aspiration Governance Managing risk
G4-47	a. Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	Governance Managing risk
G4-48	a. Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	Materiality assessment  Additional response: The Board reviews and signs off on the annual Corporate Report before it is released.
G4-51	a. Report the remuneration policies for the highest governance body and senior executives.  b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.	Governance  Statutory Financial Accounts: 5. Remuneration Report
G4-52	a. Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	Additional response: The Board has delegated the Board Governance Committee to fulfill responsibilities of the Board Remuneration Committee as required by Prudential Standard CPS510 Governance.  The Governance Committee may refer to market comparisons and industry benchmarks for compensation and enlist the guidance of independent external consultants in determining remuneration. In the 2015 financial year the Governance Committee received information from Hay Group.
<b>Ethics and Integrity</b>		
G4-56	a. Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	Our aspiration  Our vision and values  Additional response: The Staff Charter establishes an ethical framework for the decisions, actions and behaviour of staff. The Charter provides a set of guidelines and rules. It explains the principles covering appropriate conduct in a variety of contexts and outlines the minimum standards of behaviour expected of the Bank's staff.  All new staff members are required to sign the Staff Charter acknowledging they have understood it and agree to comply with it. The Manager Human Resources is responsible for developing and implementing the Staff Charter.

## Specific Standard Disclosures

Disclosure		Reference/Response	Aspect Boundary
<b>Economic</b>			
<b>Economic Performance</b>			
G4-DMA	Generic Disclosures on Management Approach.	Our aspiration Financial performance Total assets Case Study: New approach to access fees	Within and outside
G4-EC1	Direct economic value generated and distributed.	Our footprint Financial performance Total assets Developing a skilled workforce and engaged internal culture People Statutory Financial Accounts: Note 5 – Profit before income tax expense	Within and outside
G4-EC4	Financial assistance received from government	Additional response: No financial assistance received from the Government	Within and outside
<b>Indirect Economic Impacts</b>			
G4-DMA	Generic Disclosures on Management Approach.	Our aspiration People	Outside
G4-EC8	Significant indirect economic impacts, including the extent of impacts.	Sourcing and distributing customer funds responsibly Case Study: New approach to access fees People	Outside
<b>Procurement Practices</b>			
G4-DMA	Generic Disclosures on Management Approach.	Our aspiration Sourcing resources responsibly	Outside
G4-EC9		Additional response: All suppliers are 100% sourced within the Australian market except for 1 US Based Supplier, which was procured using the Bank Australia supplier questionnaire.	Outside

Disclosure		Reference/Response	Aspect Boundary
<b>Environmental</b>			
<b>Energy</b>			
G4-DMA	Generic Disclosures on Management Approach.	<p>Our aspiration</p> <p>Minimising our environmental impact</p> <p>Additional response: Information is not provided on the evaluation of the management approach or any results of evaluation undertaken. Bank Australia will endeavour to add this information in future.</p>	Within and outside
G4-EN3	Energy consumption within the organisation.	Minimising our environmental impact	Within and outside
<b>Water</b>			
G4-DMA	Generic Disclosures on Management Approach.	<p>Our aspiration</p> <p>Minimising our environmental impact</p>	Outside
G4-EN8	Total water withdrawal by source.	Minimising our environmental impact	Outside
<b>Biodiversity</b>			
G4-DMA	Generic Disclosures on Management Approach.	<p>Our aspiration</p> <p>Responsible banking products</p> <p>Additional response: Bank Australia recognises there are negative impacts associated with providing finance to consumers. For every square metre of land cleared to make way for a new home we finance, we purchase and protect one square metre of land.</p>	Outside
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	<p>Responsible banking products</p> <p>Additional response: Bank Australia Conservation Reserve</p> <p>Bank Australia partners with Landcare Australia for project management and Trust for Nature for Conservation advice on habitat conservation.</p>	Outside
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Responsible banking products	Outside
G4-EN13	Habitats protected or restored.	<p>Responsible banking products</p> <p>Additional response: Bank Australia Conservation Reserve</p> <p>Bank Australia partners with Landcare Australia for project management and Trust for Nature for Conservation advice on habitat conservation.</p>	Outside

Disclosure		Reference/Response	Aspect Boundary
<b>Emissions</b>			
G4-DMA	Generic Disclosures on Management Approach.	Our aspiration Minimising  Additional response: Information is not provided on the evaluation of the management approach or any results of evaluation undertaken. Bank Australia will endeavour to add this information in future.	Outside
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1).	Minimising our environmental impact	Outside
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2).	Minimising our environmental impact	Outside
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3).	Minimising our environmental impact	Outside
<b>Effluents and Waste</b>			
G4-DMA	Generic Disclosures on Management Approach.	Our aspiration Minimising our environmental impact  Additional response: Bank Australia does not produce large quantities of waste. However, in line with the precautionary approach, Bank Australia monitors waste and ensures waste minimisation where possible.	Outside
G4-EN23	Total weight of waste by type and disposal method.	Minimising our environmental impact	Outside
<b>Products and Services</b>			
G4-DMA	Generic Disclosures on Management Approach.	Our aspiration Responsible banking products	Outside
G4-EN27	Extent of impact mitigation of environmental impacts of products and services.	Responsible banking products  Additional response: Bank Australia Conservation Reserve  Bank Australia partners with Landcare Australia for project management and Trust for Nature for Conservation advice on habitat conservation.	Outside
<b>Transport</b>			
G4-DMA	Generic Disclosures on Management Approach.	Our aspiration Minimising our environmental impact  Additional response: In line with the precautionary approach, Bank Australia monitors transport across the business and promotes phone conferencing where possible.	Outside

Disclosure		Reference/Response	Aspect Boundary
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce.	Minimising our environmental impact	Outside
<b>Supplier Environmental Assessment</b>			
G4-DMA	Generic Disclosures on Management Approach.	Our aspiration Sourcing resources responsibly	Outside
G4-EN32	Percentage of new suppliers that were screened using environmental criteria.	Our aspiration Sourcing resources responsibly	Outside
<b>Social Labor Practices and Decent Work</b>			
<b>Employment</b>			
G4-DMA	Generic Disclosures on Management Approach.	Our aspiration Developing a skilled workforce and engaged internal culture  Additional response: In line with our responsible approach to banking we have a strategic plan, with supporting policies and procedures in place, to ensure we provide a fair and decent workplace.	Within
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region.	Developing a skilled workforce and engaged internal culture	Within
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	Developing a skilled workforce and engaged internal culture  Additional response: All benefits are available to all staff members.	Within
G4-LA3	Return to work and retention rates after parental leave, by gender.	Developing a skilled workforce and engaged internal culture	Within
<b>Occupational Health and Safety</b>			
G4-DMA	Generic Disclosures on Management Approach.	Our aspiration Developing a skilled workforce and engaged internal culture  Additional response: Bank Australia has a low number of injuries and incidents reported. However, line with our responsible approach to banking we have a strategic plan, with supporting policies and procedures in place, to ensure we provide adequate health and safety conditions for our staff.	Within

Disclosure	Reference/Response	Aspect Boundary
G4-LA5 Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Additional response: The Bank has in place an OH&S Committee designed to represent all staff in consultation with management on matters relating to health, safety and welfare of staff.	Within
G4-LA6 Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	Developing a skilled workforce and engaged internal culture  Additional response: Injuries/Incidents are recorded in our OH&S Register, as per policy and procedure. Absenteeism is recorded in our Human Resources Information System (Chris21).  Incident: Western Vic females 5, males 1 Total females 2, Total males 0 Injury: Gippsland females 1, males 0 Metro Vic females 1, males 2 Western Vic females 4, males 0 Total females 6, Total males 2	Within
<b>Training and Education</b>		
G4-DMA Generic Disclosures on Management Approach.	Our strategic plan  Materiality assessment  Developing a skilled workforce and engaged internal culture  Case Study: Bank Australia	Within
G4-LA9 Average hours of training per year per employee by gender, and by employee category.	Developing a skilled workforce and engaged internal culture  Additional response: The average hours of training are not broken down into gender and employment category.	Within
G4-LA11 Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	Additional response: 100% of employees received regular performance review which incorporates a development component.	Within
<b>Diversity and Equal Opportunity</b>		
G4-DMA Generic Disclosures on Management Approach.	Our aspiration  Developing a skilled workforce and engaged internal culture  Additional response: In line with our responsible approach to banking we have a strategic plan, with supporting policies and procedures in place, to ensure we provide a diverse and equitable workplace.	Within

<b>Disclosure</b>	<b>Reference/Response</b>	<b>Aspect Boundary</b>
G4-LA12  Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Developing a skilled workforce and engaged internal culture  Governance  Additional response: 7 Directors Gender: females = 43%, males = 57% Age: Under 30 = 0%, 31-50 = 29%, 50+ = 71%  Bank Australia's Reconciliation Action Plan	Within
<b>Equal Remuneration for Women and Men</b>		
G4-DMA  Generic Disclosures on Management Approach.	Our aspiration  Developing a skilled workforce and engaged internal culture  Additional response:  In line with our responsible approach to banking we have a strategic plan, with supporting policies and procedures in place, to ensure we provide equal remuneration for women and men.	Within
G4-LA13  Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Developing a skilled workforce and engaged internal culture	Within
<b>Human Rights</b>		
<b>Non-Discrimination</b>		
G4-DMA  Generic Disclosures on Management Approach.	Our aspiration  Developing a skilled workforce and engaged internal culture  Additional response:  In line with our responsible approach to banking we have a strategic plan, with supporting policies and procedures in place, to ensure human rights are upheld.	Within
G4-HR3  Total number of incidents of discrimination and corrective actions taken.	Nil	Within
<b>Society</b>		
<b>Local Communities</b>		
G4-DMA  Generic Disclosures on Management Approach.	Our aspiration  Materiality assessment  People  Additional response:  In line with our responsible approach to banking we have a strategic plan, with supporting policies and procedures in place, to ensure we contribute to building resilience within the communities where operate.	Outside

Disclosure		Reference/Response	Aspect Boundary
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	People	Outside
FS-13	Access points in low-populated or economically disadvantaged areas by type.	People Digital banking	Outside
FS-14	Initiatives to improve access to financial services for disadvantaged people.	People Digital banking	Outside
<b>Public Policy</b>			
G4-DMA	Generic Disclosures on Management Approach.	Additional response: Financial and in-kind contributions for political purposes may influence or corrupt political process. In line with Bank Australia's responsible approach to banking, it is important to be transparent and demonstrate integrity in political dealings and relationships.	Outside
G4-SO6	Total value of political contributions by country and recipient/beneficiary.	Additional response: Bank Australia does not participate in direct political lobbying nor does it provide political party contributions. However, Bank Australia advocates through the key industry association COBA and the ABA as a member organisation.  Bank Australia also supports some non-government organisations which do have a lobbying and advocacy role through the Bank Australia Impact Fund.	Outside
<b>Compliance</b>			
G4-DMA	Generic Disclosures on Management Approach.	Our aspiration Regulatory compliance	Within
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Regulatory compliance	Within
<b>Supplier Assessment for Impacts on Society</b>			
G4-DMA	Generic Disclosures on Management Approach.	Our aspiration Sourcing resources responsibly	
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society.	Sourcing resources responsibly	Outside

Disclosure		Reference/Response	Aspect Boundary
<b>Product Responsibility</b>			
<b>Product and Service Labelling</b>			
G4-DMA	Generic Disclosures on Management Approach.	Our aspiration Regulatory compliance	Outside
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements.	Sourcing and distributing customer funds responsibly Responsible banking products Regulatory compliance Additional response: The Bank complies with the ASIC principles of good disclosure and with all other regulatory requirements relating to the promotion and sale of financial services and products.	Outside
G4-PR5	Results of surveys measuring customer satisfaction.	Customer satisfaction	Outside
<b>Customer Privacy</b>			
G4-DMA	Generic Disclosures on Management Approach.	Our aspiration Regulatory compliance	Within
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Regulatory compliance	Within
<b>Specific Standard Disclosures – Product Responsibility</b>			
G4-DMA	Generic Disclosures on Management Approach.	Our aspiration Sourcing and distributing customer funds responsibly Responsible banking products Managing risk	Outside
FS-6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/Large) and by sector.	Responsible banking products Statutory Financial Accounts: Note 11 – Concentration of Loans & Geographic areas & Note 19 - Concentration of Deposits & Geographic	Outside
FS-7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	Responsible banking products	Outside
FS-8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	Responsible banking products	Outside

Disclosure		Reference/Response	Aspect Boundary
<b>Specific Standard Disclosures – Active Ownership</b>			
G4-DMA	Generic Disclosures on Management Approach.	Our aspiration Sourcing and distributing customer funds responsibly	Outside
FS-10	Percentage and number of companies held in the institutions portfolio with which the reporting organisation has interacted on environmental or social issues.	Sourcing and distributing customer funds responsibly Statutory Financial Accounts: Note 14 – Other investments at Fair Value	Outside
FS-11	Percentage of assets subject to positive and negative environmental or social screening.	Sourcing and distributing customer funds responsibly Statutory Financial Accounts: Note 14 – Other investments at Fair Value	Outside

## **Feedback**

To provide feedback or ask questions regarding the content of the Corporate Report, email [mail@bankaust.com.au](mailto:mail@bankaust.com.au) or phone 132 888.

If you would like to know more please contact us anytime:



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