



Acknowledgement of Country

At Bank Australia we respectfully acknowledge the Traditional Owners of all the lands on which we live and work, and we pay our respects to Elders past and present. We recognise their continued connection to the land, waters and culture and we acknowledge their sovereignty has never been ceded. Our head office is located on the land of the Wurundjeri people of the Kulin Nation.

**Bank Australia exists to inspire
and empower our customers to use
their money to create a world where
people and the planet thrive.**

Contents

1. Our business	8	4. Our community	48
2. Our customers	16	5. Our planet	56
3. Our people	36	Appendices	66

We share a belief with our customers that money can be used to create a world where people and the planet thrive.

That's why this report matters.

It demonstrates how we have worked to achieve the best possible outcomes for our customers and remained true to our purpose during the 2022 financial year.

We aim to report on the material issues and activities that matter most to our customers, our employees and other stakeholders.

By reading this report, we hope you'll get a clear picture of our performance and impact for the period 1 July 2021 to 30 June 2022. You'll find information and stories about:

- how we supported our customers and employees to thrive
- how we created positive impact for our communities
- our contribution towards a healthier planet
- our governance and financial performance.

If you have any thoughts on this report that you'd like to share, please email us on mail@bankaust.com.au or call us on 132 888 (+61 3 9854 4666).

Note: The images throughout this report feature Bank Australia customers and iconic Victorian landscapes



2022 in numbers

Total assets



\$9.7 billion

(\$8.5 billion in 2021)

Net profit after tax



\$34.4 million

(\$40.7 million in 2021)

Impact finance assets



14.4% (\$1.4 billion)

(12.8%, \$1.1 billion in 2021)

Employee engagement



72%

(75% in 2021*)

Our people



527

(456 in 2021)

Our customers



184,288

(176,210 in 2021)

Customer satisfaction



87.5%

(87.4% in 2021)

* Note: Methodology changed in 2022



Message from Judith, our Chair, and Damien, our Managing Director

Welcome to the 2022 Impact Report.
On behalf of the Bank Australia Board
and our whole team, thank you for your
continued support.

Over the past year Bank Australia demonstrated its resilience as we continued to grow our bank, and support our customers through another year of the Covid-19 pandemic. This year was one of rapidly changing circumstances affecting our society, our customers and our business. This included further Covid-19 lockdowns and other restrictions, through to wider economic recovery as society opened up, and higher inflation leading to an increasing interest rate environment. We have navigated these challenges and continued to deliver value to our customer owners and create positive impact for people and the planet.

Each year we aim to capture the key successes, challenges and milestones in our Impact Report. We hope that by reading this report, you get a clear sense of the actions we've taken to support our customers and an understanding of the positive impact created this year.

Our bank continued to grow soundly

In 2022 we continued to successfully deliver on our strategy and grow strongly. Our employees have continued to deliver value and support to our customers, and we thank them for the efforts.

We experienced strong growth across lending, deposits and total assets. Loans grew by 16.9%, well above budgeted growth of 9.7%. Deposits grew by 12.2%, compared to budgeted growth of 7.0%. Pleasingly our growth was well above overall banking system growth of 7.6% for loans and 9.0% for deposits. We ended the year with asset growth of \$1.1 billion, an increase of 14.1%, taking total assets to \$9.7 billion in 2022.

Over 21,000 new customers joined Bank Australia in 2022, which was less than the record customer growth result achieved in 2021. Overall, we grew our total customer base by 4.5% to over 184,000 customers.

The majority of new customers were from our socially aware target market, who now make up 51.6% of our customer base and represent 58.1% of total banking value. Pleasingly the number of customers who use Bank Australia as their main financial institution grew strongly this year.

Net profit for the year was \$34.4 million, down from \$40.7 million in 2021. The lower profit in 2022 resulted from increased investment in recruitment, employee experience and wellbeing initiatives, and major technology projects to improve customer experience.

Our financial position remains strong and resilient as we enter a period of rising interest rates, a slowing property market and rising labour and supplier costs.

Clean money in action

Our clean money promise to customers is that we will help them use their money to create a world where people and planet thrive. Our impact finance business is one of the ways we do this. In 2022 we continued to grow our portfolio of impact assets to \$1.4 billion, up from \$1.1 billion in 2021. This represents 14.4% of total assets and brings us closer to our 2025 goal of 20%.

This year we continued to expand our retail impact lending activity as we launched additional clean energy home loan products to support customers to build high energy efficiency homes. We also grew our support of affordable housing programs, helping more people enter home ownership through the Victorian Homebuyer Fund and the national First Home Guarantee scheme.

We committed to stronger climate action

Our customers continue to identify climate change as the issue they are most concerned about. This year we focussed on strengthening our commitment to acting on climate change by developing a new climate action strategy. Our strategy sets out our ambitions for the coming decade across key areas such as decarbonisation, regenerative products and services, the protection of nature, climate justice, and climate risk.

The headline commitment of our strategy is a target to achieve net zero emissions across our operations, and lending and investment portfolios by 2035.

This is the most ambitious net zero target of any bank in the country and makes Bank Australia one of the most ambitious banks in this area globally. Our targets are bold, and our strategy is clear on our ambitions. We don't yet have all the answers on how we're going to achieve them, but we're developing action plans and we're committed to being transparent about our progress over the coming years.

We're investing in customer and employee experience

This year we've focussed on employee experience, wellbeing and development opportunities. We've continued to embed our leadership capability framework, we've updated and expanded our range of employee benefits and leave policies, and we've invested in upgrading our branches and offices to provide more contemporary spaces with a focus on health and wellbeing.

We've made progress towards increasing our service capacity through significant recruitment of new employees in our contact centre and lending hubs. Despite our investment in uplifting our capacity, we've seen service levels for customers impacted by a combination of unplanned leave as Covid-19 spread widely through the community, increased staff turnover and a tight recruitment market as employers compete for talent. We recognise the impact this has had on customers and restoring our service levels to meet customer expectations is a key focus.

This year we commenced major projects to upgrade our loan origination and customer relationship management systems as part of our transformation program. These initiatives will enable significant customer experience improvements for borrowers and support enhanced service for customers across our digital, phone and face-to-face services.

We've faced some challenges

In the first half of the financial year our customers experienced a number of digital banking outages that took our internet banking and mobile app offline for extended periods. The frequency and duration of these outages was not up to the standard we or our customers expect. Following a thorough review of these outages, we implemented a plan in partnership with our banking technology provider to upgrade our systems to ensure greater reliability and minimise disruption to our customers. Pleasingly as this work has progressed over the second half of the financial year, digital service availability has been maintained at 99.8%.

This year we have also seen the sophistication and frequency of scams targeting our customers increase significantly. Continuing to educate and support customers about fraud and security risk remains a key part of our fraud prevention program. We continue to enhance our cybersecurity and fraud prevention programs with additional resources, capability and new technology to protect our customers, their funds, and the integrity of our banking systems.

Positive impact for people and the planet

We believe in using the business of banking to create a positive impact for people and the planet.

As a snapshot of the positive impact Bank Australia made in 2022, we have:

- continued to embed the Salvana property into our conservation reserve program, conducting a cultural heritage survey, further tree plantings and fence repairs
- supported a further 22 customer organisations with grants totalling over \$400,000 through our community customer grants program
- seen our customers help raise over \$300,000 to buy back land in the Daintree rainforest and return it to the Traditional Owners to manage and protect it from development through the HalfCut campaign
- taken the first steps in developing a new First Nations reconciliation strategy.

Leadership and Board renewal

This year we saw a number of changes to our leadership team and our Board. After 27 years of service, our Chief Development Officer, Rowan Dowland, retired from the bank in November 2021. Rowan left behind a legacy of innovation and success as a driving force behind the bank's strategy and its focus on sustainability, impact and profit for purpose. Following Rowan's retirement, we took the opportunity to reshape the Executive team, creating two new positions and appointing our first Chief Impact Officer, Sasha Courville, and our first Chief Transformation Officer, Scott Wall. Sasha and Scott bring significant experience and expertise to the bank across social and environmental impact, and technology strategy and business transformation respectively. Sasha and Scott will play key roles in delivering on our 2025 strategy aspirations.

We also welcomed Anthony Healy to the Board as an Independent Director in December 2021. Anthony brings to the Board significant banking experience having held senior executive roles in major Australian and international banks throughout his career. This year we also bid farewell to Greg Camm following his retirement as a Director after nine years as a member of the Board. On behalf of the Board, we thank Greg for his contribution to Bank Australia.

We're prepared for the year ahead

Through the resilience we've built in our bank, we are well positioned to meet the emerging challenges and headwinds that come our way.

Our priorities for 2023 are clear:

- continue our transformation program to drive improvements in customer and employee experience
- make progress towards our climate action strategy ambitions, and develop impact strategies across our other impact focus areas of affordable and accessible housing, First Nations economic empowerment and reconciliation, and nature and biodiversity
- continue to manage costs and ensure that our bank remains well capitalised
- remain vigilant on cybersecurity, and educate and support our customers about the growing risk of scams and fraud
- continue to attract new customers and grow our bank
- continue to comply with all regulatory requirements.

Thank you for choosing to be part of the Bank Australia community. It's with your support that we are and will continue to be **the bank Australia needs**.



Judith Downes,
Chair



Damien Walsh,
Managing Director

1. Our business



Our business

Here's how it works

How we're set up

- Bank Australia Limited (ACN 087 651 607) is a 100% customer owned bank with each customer owning one share in the bank.
- We're a mutually owned authorised deposit-taking institution (ADI) and an unlisted public company.

How we operate

- We are governed by a Board of Directors who are all based in Australia.
- Our day-to-day operations are led by an Executive team and carried out by our 527 employees.
- We serve more than 184,000 customers, on whose behalf we manage \$9.7 billion in assets (at 30 June 2022).
- We are primarily a retail bank, with a growing impact finance and commercial loan portfolio.
- Our responsible banking policy guides how we invest our customers' money and how we support social and environmental issues.

What we do

- We accept deposits from and lend money to customers to help them achieve their goals.
- We offer depositors fair and competitive interest rates on their savings, and we promise to only lend their money in line with our responsible banking policy.
- We lend our borrowers money to buy homes and cars, to make renovations, and for a range of other purposes. We currently have \$7.0 billion in home loans that have helped thousands of customers buy their own homes or investment properties.
- Our impact finance portfolio includes \$1.4 billion in assets that create positive impact for people and the planet.

What customer owned banking means

- Customer owned or mutual banks evolved from the Australian credit union movement and are guided by the International Cooperative Principles. Customer owned banks exist to benefit their customers, not to deliver profits to external investors.
- As bank owners, our customers share in the prosperity that we create. We create value for our customers through the impact we make, competitive rates and fees and service improvements. We retain most of the profit we make as capital to ensure the bank remains strong and use a portion to create positive social and environmental change through the Bank Australia impact fund.
- As owners of the bank, each customer has an equal vote in the governance of their bank (appendix 3), including electing Directors and approving total Director remuneration.
- We listen to our customers through a range of mechanisms, such as the annual general meeting, complaints and compliments, social media, customer research and involvement in our communications and campaigns.

Case study

The company we keep

Who we choose to partner with, the organisations that we join as members and the certifications we seek are integral to building trust in our brand and our continued growth as a purpose-driven responsible bank.

We were the first Australian bank to join the Global Alliance for Banking on Values (GABV). The GABV is an international network of banking institutions that use the business of banking to create social and environmental good. We engage with GABV members around the world to collaborate on how we can all deliver on our purpose as values-based banks in ways that increase awareness of the importance of 'banking on values'.

We're a certified B Corporation, proudly joining a community of over 4,000 organisations committed to having a positive impact on the world. Certified B Corporations are businesses that meet high standards of verified social and environmental performance, public transparency, and legal accountability to balance profit and purpose.

We're active in banking and mutual sector industry forums as a member of the Customer Owned Banking Association (COBA), the Australian Banking Association (ABA) and the Business Council of Cooperatives and Mutuals (BCCM).

We're certified carbon neutral under the Australian Government's Climate Active program. This means our work in reducing and offsetting our operational carbon emissions has been assessed and verified earning us the right to use the Climate Active certification mark.

We also work with many partners who share our values, such as Greening Australia, Trust for Nature, Seed Mob, HalfCut, Ocean Impact Organisation, Australian Progress, Human Rights Watch and The Big Issue. These partnerships help us raise awareness of social and environmental issues and support shared goals.



Our strategy, purpose and values

We remain focussed on our purpose and aspiration for 2025

Our purpose and aspiration drive all aspects of the bank's activities.

To meet our aspiration of being Australia's most trusted bank and a leading purpose-driven business, we are focussed on being:

- a good bank with the people, technology and capabilities needed to serve our customers
- a force for good to increase the positive impact we have on people and the planet through the business of banking.

Purpose

To inspire and empower our customers to use their money to create a world where people and the planet thrive.

Aspiration

To be Australia's most trusted bank and leading purpose-driven business.

Brand

We are the bank Australia needs.

Values

We live up to our values that have been developed in partnership with customers and staff.



Honesty
and Integrity



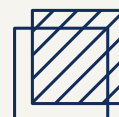
Care and
Empathy



Belonging
and Community



Future and
Generational
Thinking



Authenticity
and Transparency



Our strategy

We aim to serve socially aware people and values-aligned organisations with banking products that are purpose driven and generate a positive impact on people, planet and prosperity. We believe that the impact of Bank Australia, its customers and partners and our aligned service offering puts us in a unique position in the Australian banking sector and will enable us to grow as more Australians become aware of the impact we can make together.

We are focussed on a strategy of responsible values-based banking for a socially aware target market where the opportunity is significant and growing. We serve our customers primarily through digital channels (app and internet banking) and remote channels (our contact centre), supported by a small branch network and third party brokers.

Our competitive positioning is based on continuing to develop our leadership position by:

- supporting our customers to use their money to create a world where people and the planet thrive
- maintaining focus on our target market of socially aware people and building trust with our customers
- providing a convenient product and service range, which is differentiated according to its brand and focussed on positive impact.

We continue our focus on maturing our capabilities to allow us to increase our impact, and continue to develop unique customer and employee value

propositions. As we achieve our 2025 strategy, this will enable us to improve the performance of our bank, and the measurable impact we have.

Refining our impact focus areas

For many years we have engaged with our customers to understand the issues that they are most concerned about and better understand the action we can take on their behalf. This year we commenced work to refine our focus on the areas and issues where we can have the greatest impact and influence as a responsible values-based bank.

Through this work we developed criteria to help us prioritise our impact focus areas. These criteria included customer prioritisation and research, stakeholder and community expectations, the maturity of the impact issue, our ability to address the issue, and our commercial track record in addressing the issue.

As a result of this prioritisation, we identified four key impact focus areas:

- climate action
- affordable and accessible housing
- nature and biodiversity
- First Nations economic empowerment and reconciliation.

Over the coming year we will further develop clear impact strategies for each topic.



Our goals and key performance indicators

Measuring our progress

Achieving our purpose and aspiration requires a focus on performance measures that reflect the outcomes we seek. These performance measures help develop our strategic thinking and ensure we align our actions and decision-making with our purpose and aspiration. The table below outlines our progress this year and towards our goals for 2025.

Measures	Key performance indicator	2022 target	2022 actual	2025 target
Workforce	Employee engagement	>73%	72% ¹	>80%
Customer	Customer satisfaction	>85%	87.5%	>85%
Purpose	B Corporation accreditation score	104.2	104.2 ²	120
	Impact finance assets	>14%	14.4%	>20%
Growth	Net customer growth	14,000	8,078	>226K (total)
	Customers from target market	>51%	51.6%	>60%
	Retention of target market customers	>90%	93.0%	>93%
	Assets	\$8.7b	\$9.7b	\$10.2b
Brand	Awareness	>40%	40.2%	>45%
Trust	Overall trust	>90%	95.2%	>90%

¹ We changed employee engagement survey providers and methodology in 2022 (see page 37 and 80 for more information)

² B Corporation accreditation score is valid for three years. Bank Australia will recertify in 2024

Our 2022 financials



Total assets

\$9.7 billion

(\$8.5 billion in 2021)



Loan growth

16.9%

(13.7% in 2021)



Deposit growth

12.2%

(11.5% in 2021)



Net profit after tax

\$34.4 million

(\$40.7 million in 2021)



Total impact finance assets

\$1.4 billion

(\$1.1 billion in 2021)



Customer owned reserves

\$667 million

(\$602 million in 2021)



Costs as a percentage of income

70.1%

(63.5% in 2021)



Capital adequacy ratio (capital held against risk weighted assets)

15.4%

(15.1% in 2021)



Total liquidity as a percentage of on balance sheet liabilities

14.5%

(16.6% in 2021)



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

0.2%

(0.3% in 2021)

Our financial performance remained strong in 2022 as we experienced another year of solid growth across the bank.

Our financial performance

For much of the year a strong property market drove growth in our lending business. Interest rates began to rise at the end of the year, and are expected to continue to increase in the year ahead as we leave behind a period of extremely low rates. As a consequence, we expect that the combination of rising rates and a slowing property market may have some moderating effect on lending growth in 2023.

Throughout the year, we experienced continued high demand for loans and steady inflows of deposits growing by 16.9% and 12.2% respectively, well above the banking system growth of 7.6% for loans and 9.0% for deposits. This growth was driven by a number of factors including our brand, competitive pricing, participation in the Victorian Homebuyer Fund and our broker network.

While loans and deposits grew strongly, 21,490 new customers joined the bank in 2022 which was lower than the record we achieved in 2021. Customer growth was impacted by a reduced spend on advertising and marketing during the first half of the financial year while Victoria and New South Wales experienced further Covid-19 lockdowns.

Our total assets grew to \$9.7 billion, an increase of 14.1%. Overall net interest income was \$156 million, an increase of 12.3% on the previous year. We recorded a net profit of \$34.4 million, down from \$40.7 million in FY21. The lower profit in FY22 resulted from increased investment in recruitment and employee experience, wellbeing and development initiatives. We also increased our investment in major technology projects such as loan origination and customer relationship system upgrades. This is part of our multi-year program to uplift both customer and employee experience. Total customer owners' funds grew to \$667 million.

In comparison to the previous two years, the impact of the pandemic on our customers' ability to meet their loan repayments was much less pronounced. We continued to provide a range of assistance measures to ensure short and long term support for affected customers, including deferral of payments, waiving of fees and charges, reduction in interest rates and consolidation of debt.

Given the economic outlook and the potential future impacts of Covid-19 on the lending portfolio, we hold impairment provisions of \$10.4 million against future expected credit losses (2021: \$9.5 million). Bad debts of \$0.2 million were written off in the financial year (2021: \$0.5 million). We continue to monitor the lending portfolio and provisioning levels closely as the economic outlook deteriorates and Covid-19 pandemic continues to evolve.

While not immune to the effects of these unprecedented circumstances, our bank's financial resilience is unquestionably strong due to a well-funded balance sheet, strong capitalisation, and a prudent approach to risk management.

For more information on our financial performance, please refer to our [2022 Financial Report](#).

2. Our customers



Meeting our customers' needs and expectations

Our aspiration is to be the most trusted bank in Australia. We aim to build trust through meeting our customers' banking needs and exceeding their expectations of our products and services. This year we experienced a number of challenges that meant our service performance wasn't up to the level our customers expect.

Serving our customers

In 2022, we experienced major increases in call volumes to our contact centre, and contact through email and social media channels continued to grow rapidly. This continued the trend we saw in 2021. At the same time, like many other businesses, our customer service capacity was affected by absences due to Covid-19 and challenges in recruitment to fill newly created roles.

As a result, the average time taken to answer calls in our contact centre deteriorated significantly and our target to answer 80% of customers' calls within 40 seconds was not achieved. This year, only 18% of calls were answered within 40 seconds, compared to 41% in 2021. The average speed to answer calls increased to 9 minutes and 24 seconds, a significant deterioration from 3 minutes 28 seconds in 2021 and 51 seconds in 2020.

Email continues to grow in importance for both existing customers as well as prospective customers. In 2022 the volume of incoming emails from customers grew substantially, which resulted in us increasing our service level target from replying to all emails within 48 hours to 7 days.

We know that this performance is below expectations and we are committed to making the necessary investments in increasing employee numbers and improving technology to ensure that we are keeping pace with customer demand and expectations.

Over the last two years we have recruited a record number of staff into our contact centre to support customers. This has helped us navigate recent challenges, but we know we need to do more to be available when our customers need us.

Despite the challenges described above, our customer satisfaction score remained steady at 87.5% (87.4% in 2021). Overall, we are pleased that when our customers did interact with us, they remained largely satisfied with the bank and the service they received from our team. Our net promoter score result this year was +42.2 down slightly from +42.4 in 2021.

In 2023, we will prioritise action to improve our service levels through:

- continued recruitment of new customer service staff
- increasing features of internet banking and mobile app to enable customers to self-serve in areas such as temporary transfer limit increases
- expanding our capacity to manage complex support needs through a dedicated team of specialist consultants
- investing in technology to improve customer experience including a new lending system and continued roll-out of an improved customer relationship management system.

Building customer trust

Our aspiration is to be the most trusted bank in Australia. In Roy Morgan Research's most trusted brands in Australia list, we were ranked the 39th most trusted brand in 2022 (down from 35 in 2021). In the banking sector, we were ranked the 4th most trusted bank in Australia, up from 5th in 2021 and 6th in 2020.



Evolving our service and distribution channels

The way our customers bank is changing

The way customers want to access products and services has been changing over time. While we are continuing to grow our customer base around the country, customer visits to branches are decreasing in preference to online banking.

Considering these changing preferences, we've continued to assess the long-term viability of our branch network to make sure we're using our customers' funds in the most responsible and sustainable way. This includes investing in services and systems that will continue to support the way people want to bank now and into the future.

This year we made the difficult decision to close our Morwell and Castlemaine branches due to declining branch use. We also decided to close our Glen Waverley branch after our lease was terminated by the landlord. Importantly we were able to make these changes without any planned redundancies.

We moved our Kew branch into a new space next door to our old branch as a consequence of moving our head office to Collingwood. The new Kew branch provides a contemporary banking experience for our customers and a modern workplace for our staff.

While our branch footprint has changed in recent years, we have continued to employ more people in customer service roles in our contact centre and lending hubs to support our customers no matter where they live through digital and remote channels.

We've also committed to expanding our operations in regional areas, including the Latrobe Valley, as we convert the former Morwell branch into additional office space for our growing team. This will help us expand our lending and credit assessment capacity, and see us increase the total number of roles based in Morwell to support our customers around Australia. As an established member of the Latrobe Valley business community, we're proud to be making this investment in Morwell.

Growing the bank Australia needs

Following two years of record customer growth, new customer acquisition slowed in 2022 with 21,490 customers joining Bank Australia this year (27,691 in 2021), with an average of 1,790 people joining each month. Net customer growth for the year was 8,078, taking our total customer base to over 184,000 customers.

Following high customer growth in recent years, we experienced capacity constraints in our customer-facing teams which affected our service levels. At the same time, customer growth slowed this year as we spent less on advertising and marketing over the course of the year due to Covid-19 lockdowns. We also experienced higher attrition levels from the closure of dormant accounts. There was also an increase in accounts being closed for fraudulent or suspicious behaviour (up 106% on the previous year) and in closure of overdrawn accounts (up 86%). Overall 13,412 customers left the bank in 2022. Despite this, customer retention remained steady at 92.4% (92.6% in 2021).

The average age of our customer base continued to decrease to 48, while the average age of new customers was 36. Continuing to attract younger customers is important for the future of the bank, as younger generations are seeking out and offering their support to purpose-driven businesses that align with their personal values. Our research shows that 79% of new customers chose to bank with us because of our approach to responsible banking.

Helping improve our customers' financial wellbeing is core to our purpose. Research found that 72.8% of our customers were satisfied with their overall financial situation, although this decreased from 75.4% in 2021. Among these customers, 10.6% of people rated their satisfaction with their financial situation at 10 out of 10, and a further 12.9% rated their satisfaction with their financial situation at 9 out of 10. The overall decline in perceptions of financial wellbeing was driven largely by rising inflation and interest rates. In response we are ramping up support for customers experiencing hardship or vulnerability, and highlighting services available for those who need them.

Case study

Clean money 2022 – 'What happens next is up to you'



This year we continued to promote our clean money message to our target market of socially aware Australians through a new creative campaign that asked people to connect with what their money might be doing without their knowledge. The campaign features a video narrated by Australian musician and Bank Australia customer Jack River and highlights how banks can use their customers' money in ways that may clash with their personal values. The campaign aims to challenge people to find out more about how their money is being used, and inspire them to take action to use the power of their money to create positive change.

We're committed to offering responsible products

Our customers expect to be supported by everyday banking products with features that contribute to a more sustainable future for people and the planet.

This is the reason we:

- offer a family pause and an eco-pause with our home loans
- offer a range of clean energy home loan options
- offset carbon emissions from the cars we finance and offer discounted pricing for customers purchasing a low-emissions vehicle
- invest people's everyday cash into impact finance assets and other loans in a responsible way.





We offer fair and competitive rates and fees

As a customer owned bank we pursue profit with purpose.

Our approach to pricing aims to ensure our overall package of banking products remains competitive when compared to other banks.

Following two years of record lows, interest rates began to rise in Australia towards the end of the financial year. As we shift to an environment of increasing rates, the very low rates experienced by borrowers have started to rise, while savers who have faced tough conditions are now seeing the value of their deposits start to grow. We understand that for many borrowers, this will be the first time that they have experienced rising interest rates

and we're committed to having support options available for any customers that experience difficulty as rates continue to go up. The rising interest rate environment does however bring more positive news for depositors who have struggled in recent years, particularly those who rely on interest on their savings for income. Increasing rates will bring some welcome relief for savers who will start to see the value of their deposits grow.

As always, our focus and commitment is on ensuring that we achieve a fair balance between the interest rates we offer depositors and borrowers, while protecting the long-term sustainability and profitability of our bank.

Impact finance

Our customers care how their money is invested. Our impact finance activity is how we use our customers' money to create positive impact. Our impact finance assets include loans for people, planet or prosperity, as well as investments from our liquidity portfolio in green bonds and sustainability bonds.

What is impact finance?

Impact finance is one way we contribute to a world where people and the planet thrive – through the people, businesses and projects that we lend to and invest in, including:

Specialist Disability Accommodation

We fund the construction of Specialist Disability Accommodation (SDA) ranging from mortgages for individuals living with a disability through to commercial-scale developments.

Community housing purchase and development

We provide commercial development finance to community housing providers so they can purchase and build more secure and affordable housing for lower income Australians.

Sustainably designed property development

We fund developers who are building properties designed with sustainability in mind. This includes developments that achieve high Nationwide House Energy Rating Scheme (NatHERS) ratings.

Not-for-profits

We lend to not-for-profit organisations to help fund the important work they do through financing new buildings, and providing credit cards and working capital.

Green and sustainable investments

We invest in bonds and other investments to manage our liquidity. We focus on investments that are consistent with our values wherever we can, and we are an investor in green, social and sustainability bonds in Australia.



A woman with long dark hair, wearing an orange short-sleeved shirt and blue jeans, is walking through a field of tall, golden-brown grass. She is seen from the side, looking towards the horizon. The background shows a line of trees and hills under a clear, light blue sky. The lighting suggests it is late afternoon or early morning.

This year, our impact finance assets grew to \$1.4 billion, an increase of \$310.2 million from 2021 and representing 14.4% of total assets.



Our climate financing target

In 2022, we launched our new climate action strategy (see page 96). Our ambition is to be financing \$1.5 billion of loans and investments for clean energy transition and conservation by 2025.

At 30 June 2022, we were funding \$791.6 million of clean energy transition and conservation loans and investments. This includes funding for green homes, electric vehicles, development of new green property, onsite renewables and green bonds.

We know our customers care deeply about climate action, and we're committed to offering regenerative products and services that grow our funding in areas that help address the climate crisis.



Helping to make home ownership more accessible

Bank Australia participates in the Australian Government's First Home Guarantee and the Victorian Government's Victorian Homebuyer Fund. These schemes help first home buyers and low- and middle-income households buy their own homes.

We partner with Indigenous Business Australia (IBA) to support First Nations people on their home ownership journey. We believe this is an important step in helping to build a fairer and more inclusive society. Our ongoing partnership with IBA supports First Nations households build financial independence and wealth.

Case study

Victorian Homebuyer Fund

The Victorian Homebuyer Fund is helping eligible people buy their first homes. The Victorian Government contributes 25% of a 30% deposit for the new home and the borrower only needs to save 5%. This means that people who have previously been unable to can buy their first home.

Aboriginal and Torres Strait Islander homebuyers are eligible to start with a deposit of 3.5% and receive government support up to 35%.

In each case the government takes a share of the property equivalent to the share they provide and this can be paid back to the government at any time or on sale of the property.

And participants who receive funding through the Victorian Homebuyer Fund don't have to pay Lender's Mortgage Insurance either, which is another saving.

Bank Australia was a foundation banking partner for the scheme and was closely involved in its design and implementation.

"Being a single mum with three kids and finally getting a home of my own – I couldn't have done it without the help of Bank Australia and the Victorian Homebuyer Fund."

Chelsea, Victorian Homebuyer Fund participant



"It's a very welcome and happy ending for our journey of struggle. I'm very happy to have a home here in Melbourne, it's really a great feeling."

Arti, Victorian Homebuyer Fund participant





Helping customers live more sustainably

Since launching our clean energy home loan in January 2020, we've now helped finance greener homes across Australia with more than 320 households building highly rated energy efficient homes or making significant green upgrades to their property.

In 2022 we extended our green mortgage product to provide greater discounts for newer homes that are both energy efficient and generating their own renewable power. The Eco Plus clean energy home loan is incentivising newer homes that have a NatHERS rating of 7.5 stars or higher plus a solar system. Backed by investment of \$30m from the Clean Energy Finance Corporation (CEFC), eligible homes can access a discount of 0.30% p.a. for up to five years on their home loan interest rate.

You can read more about our impact finance portfolio in Appendix 7.

Case study

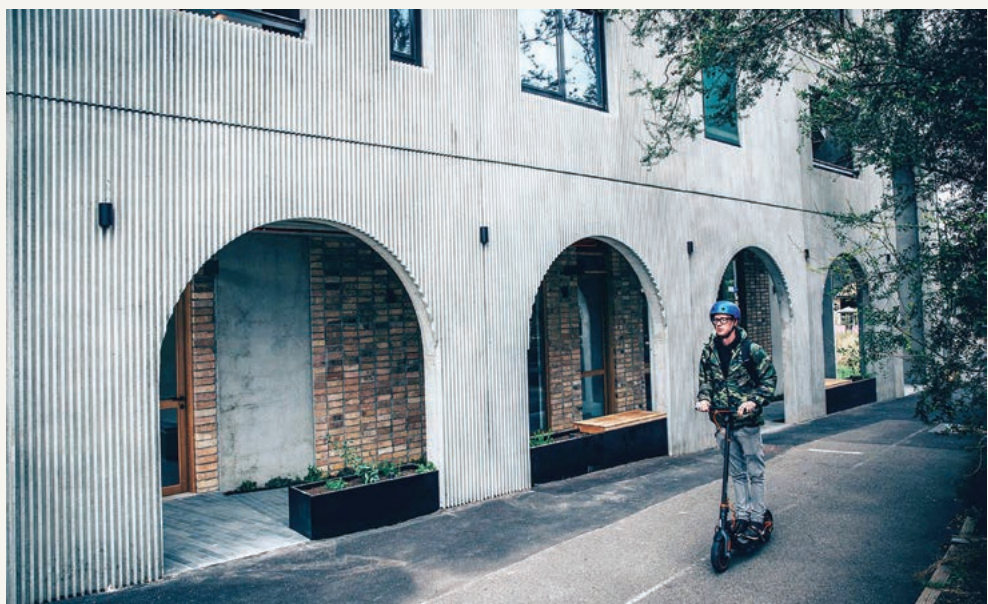
Funding sustainable housing developments

Nightingale Anstey is a 54 unit development of sustainably designed and built new homes that prioritise the wellbeing of people and the planet over developer profits. Bank Australia was proud to provide commercial finance for the construction of the Nightingale Anstey development in Brunswick, Victoria.

The homes in Nightingale Anstey:

- have an average NatHERS rating of 8.4 stars
- are all electric, and zero carbon via onsite solar and certified GreenPower
- are car free and right next to public transport with ample shared bike parking
- don't have (or need) air conditioning
- have shared facilities, including laundry, social spaces and productive gardens
- have access to a shared guest house for visitors.

Nightingale Anstey also contains several small footprint apartments, known as Teilhaus, designed to make living in a small space with access to shared facilities possible. These apartments are only available for first home buyers to help them enter the housing market. Nightingale has brought to life its vision for creating medium-density housing in a way that makes our cities more sustainable.





Protecting our customers from fraud and scams

The risk of people experiencing fraud is sadly increasing in Australia and around the world. That's why we spend considerable time and resources monitoring and notifying our customers of any suspicious transactions on their account. Scammers continue to find new and sophisticated ways to defraud people.

We continue to invest in fraud and scam awareness training for our employees with the goal of increasing our team's ability to immediately recognise, act on and escalate concerns about potential fraud and scam activity. This year we also expanded our financial intelligence team to ensure we have greater capacity to monitor and protect our customers' funds.

We have continued our customer education efforts in an attempt to improve their awareness and recognition of fraud. This included information on fraud being updated regularly across our website, social media and email channels.

We took the following actions to help our customers avoid becoming the victim of fraud or scams:

- monitored trends and identified new types of fraud scams
- published fraud and scam articles, alerts and the Australian Government's Stay Smart Online updates on our website, social media channels, and customer e-newsletters
- improved our fraud monitoring activities, to inform customers more quickly of suspicious activities on their accounts
- maintained our enhanced anti-money laundering systems and technology
- collaborated with industry bodies and government agencies such as the ABA, COBA and the Australian Competition and Consumer Commission (ACCC).

In 2023 we will:

- continue to implement fraud mitigation systems and technology
- continue to focus on customer and employee education and fraud awareness.

Case study

Educating customers on scams and fraud risk

Helping our customers stay informed about scams and fraud risk is a responsibility we take seriously. This year we saw a number of new scams emerge.

Fake investment scams

Scammers are tricking people into sending money for fake investment opportunities, often by creating fake brochures with the branding of legitimate banks or investment firms. These offers are often circulated online through social media or other websites offering high returns or requiring large upfront investment amounts. Be wary of offers that are 'too good to be true' and contact the organisation supposedly making the offer directly using contact details from their verified website.

WhatsApp/Messenger scams

Scammers target people via online messaging apps claiming to be a relative in need of money, or a bank employee. They will give a story as to why they aren't contacting you from their usual account or phone number, and another story to explain why they want you to send funds to a third person. Please be wary of who you are speaking to online. Never send any money to someone you do not know personally and trust, or to a new account unless you are able to confirm the owner of the account.

Remote access

According to the Australian Securities and Investments Commission (ASIC) scammers stole more than \$7.2 million from Australians by gaining access to home computers in 2021, an increase of 184% compared on the previous year. Remote access scams are one of the largest growing scam types. Scammers pretend to be from well-known organisations such as mobile providers, online retailers, banks, government organisations, police, and computer and IT support organisations. They create a sense of urgency to make you give them access to your computer via remote access software.

Disaster-related scams

Following the severe flooding in parts of New South Wales and Queensland, we received reports of scam activity in relation to flood support and relief. Unfortunately scammers quite often take advantage of people during devastating natural disasters, claiming to represent charity organisations and pressuring victims into donating to fake relief efforts. Be wary of all approaches you did not initiate, especially if you are asked for personal details.

Keep up to date with scam alerts on our [website](#).



Supporting customers experiencing financial difficulty

Supporting customers experiencing financial difficulty is one of our highest priorities.

While we only provide loans to customers who we believe are able to repay the funds without facing financial stress or hardship, we know that circumstances can change, especially during the pandemic.

This year, the impact of the pandemic on our customers was significantly less than the previous two years. In 2022, we varied 140 loan accounts with 47% of these being Covid-19 related. This represents a 64% decrease on the previous year's total of 383 loan accounts varied. While lockdowns continued to affect customers in the first half of the financial year, the progressive reopening of the economy saw many customers return to a more secure financial footing.

The customer support and recovery team assisted 30 customers (\$9.5m) with loan restructures during the year. Restructuring assistance included additional deferrals, reduced repayments, loan term extensions or debt consolidation.

In 2022, loan arrears greater than 30 days decreased from 0.34% of all loans to 0.18% of all loans. This decrease confirmed we have maintained our commitment to our customers and our approach to responsible lending.



Listening to our customers

An accessible and efficient complaints process is an important feature of a customer owned bank. Listening to and responding to customers' concerns and complaints helps us to continually improve our bank. That's why in recent years we've focussed on building a stronger complaints management system.

At the same time, ASIC has updated the requirements for how financial institutions should deal with complaints under their internal dispute resolution process, with the aim of building consumer trust and ensuring fair and timely management of complaints. These changes include the requirement to record all complaints received, a reduction in maximum response timeframes and having an effective system for recording information about complaints.

This year, the number of complaints we recorded increased to 1,704, a significant increase compared with 715 in 2021. This increase has been partly driven

by the increased ASIC reporting requirements, which include capturing complaints made via social media and improved complaint recording systems. Of the complaints we received this year, the most frequently raised issues were contact centre wait times (see page 17), fees and charges, and general service delays in lending assessments, payment investigations and fraud investigations.

Our total customer complaints as a percentage of total customers remains low at 0.9%, up from 0.4% in 2021. We acted quickly to address customer complaints with 89.6% of complaints being resolved in less than 21 days, an improvement on the previous year's result of 85%.

Of total complaints, 3.8% (down from 7.6% in 2021) were referred to the Australian Financial Complaints Authority (AFCA) which speaks to the efficiency and efficacy of our resolution process.

We continue to upgrade our complaints management process and systems which will enable further improvements to resolving complaints fairly and quickly.

Customers are increasingly using digital banking

The rate of change in digital banking continues to accelerate. Changes to work and leisure patterns during the Covid-19 pandemic resulted in more people becoming comfortable with banking online.

As our customer base has grown, we have seen an increase in the number of times they transact with us. In the past year, the percentage of customers transacting more than 10 times a month has jumped from 54% to 57%.

Customers using our mobile app



97,961

(up 8% from 90,803 in 2021)

Customers using digital wallet



56,766

(up 36% from 41,666 in 2021)

Customers using PayID



42,041

(up 34% from 31,443 in 2021)

Customers using cheques



10,561

(down 20% from 13,265 in 2021)

ATM withdrawals



71,845

(down 5% from 75,696 in 2021)

In branch transactions¹



107,705

(down 16% from 127,000 in 2021)

¹ Teller transactions only



Open banking

Open banking is an important element of the Consumer Data Right legislation passed by the Australian Government in 2017. It gives customers the right to share their financial data with accredited third parties, which include other banks or any business that meets the accreditation standards of the ACCC.

The aim of open banking is to empower customers to use their data to make better informed decisions on the best products and services to suit their individual needs.

Since August 2021, we've made our product reference data (interest rates, fees and charges, and eligibility criteria) freely available to all parties who can now retrieve detailed information about the banking products we currently offer.

In 2022, customers were able to access personal financial data on the specific banking products they use. During the 2022 calendar year, we will expand our services for customers to seamlessly manage joint accounts sharing through their existing online services with Bank Australia.

New customers' digital banking use in 2022

97%

registered for internet banking

(97% in 2021)

77%

downloaded the app

(83% in 2021)

39%

activated their digital wallet (ApplePay, GooglePay, SamsungPay)

(36% in 2021)

99%

provided their email address

(99% in 2021)

95%

opted to receive e-statements

(97% in 2021)

Working with trusted partners

Mortgage brokers

Working with mortgage brokers continues to be an important part of our growth story as more customers choose to seek advice from a broker when taking out a home loan. We ensure our broker network strongly reflects our values when promoting our brand and products. Our broker relationship team works closely with our broker partners to continue to build awareness of Bank Australia's brand and to ensure the brokers are equipped to offer their clients home loan options that align with their values.

This year, we expanded our network to around 1,500 active brokers who generated \$1.3 billion in new home loans (up from \$1.0 billion in 2021).

We apply one common commission structure across all products. Our commission payments are 0.6% plus GST (upfront commission) and 0.15% plus GST (trail commission) for brokers who are part of an aggregator, and 0.5% plus GST (upfront commission) and 0.15% plus GST (trail commission) for brokers holding their own Australian Credit License (ACL) and a direct relationship with the bank.

Upfront commission payments are based on the settled value of the loan, less offset and redraw balance, and trail commission payments are assessed on the closing balance of the loan, less offset balance, each month. Trail commissions are paid for the duration of the loan.

Our insurance partner – Allianz

Working with Allianz Australia Limited, a leading provider of insurance in Australia, we provide insurance to our customers to help meet their general insurance needs. Under our agreement, we earn a commission on sales based on the gross written premium of products our customers purchase. Allianz also provides us with a contribution towards paying the salary of a sales leader position within the bank as well as a marketing allowance to support the promotion and sales of insurance.



Depending on the performance of the insurance portfolio, we receive a percentage of the underwriting profits (if any) each year.

This year parts of Australia experienced a number of major flooding events, particularly in northern New South Wales and south-eastern Queensland. While thankfully the majority of our customers in these areas were spared the worst of the flooding, a small number of our customers experienced damage to their homes. Working with Allianz to support our customers during and after a disaster is an important part of this partnership.

3. Our people



We know that an engaged and high-performing workforce is essential to achieving our purpose, aspiration and strategic goals, and to meeting the needs of our customers and other stakeholders.

Our annual employee engagement survey measures overall levels of engagement. 88% of our employees completed the survey in October 2021. The survey results identified an overall engagement score of 72%. This year we used a new survey provider (Kincentric) to run the survey for us. This means the methodology for our engagement score has changed from previous years, which affects our ability to directly compare results. What remained the same was that results showed that we are a purpose-led organisation with clear direction, our employees feel a sense of belonging and are proud to work at Bank Australia.

The engagement survey results show that our employees have remained positively engaged throughout the challenges of the pandemic over the past year. Based on Kincentric's engagement model, our employee engagement score of 72% was well above the Australian average of 61%, and places us in Kincentric's top quartile of employer results.

Our survey results also showed that we've maintained our strong position in areas like our purpose, strategic direction, importance of values, and our demonstrated commitment to our values. While the survey highlighted many positive areas, it also highlighted some areas for improvement in the year ahead. Building future capabilities and developing more effective and efficient ways of working were the two areas that stood out for improvement.

As we've continued to grow our business we encountered the need to update and expand a number of our offices. This year we undertook a program of property upgrades to enable our people to work together in contemporary workspaces that encourage collaboration and help strengthen our culture.

We have invested in upgrading our offices in Bendigo and Moe to make space for our growing teams in these regions, and we've committed to expanding our Morwell office to bring more specialist roles into our lending and operations teams in the Latrobe Valley.

We've also undertaken a significant program to relocate our head office from Kew to a new building in Collingwood. As we have brought people back into the office this year it was clear that we had outgrown our existing office space. Our new office at 54 Wellington Street Collingwood enables us to bring our entire head office team together in a contemporary and sustainable office space. In fact, our head office is in one of Australia's most sustainable office buildings with a 6-star Green 'Design and As Built' rating and a 5-star NABERS rating. It also has a platinum WELL rating, the highest level of certification under the International WELL Building Institute's rating scheme. The WELL rating takes into account 10 key categories across air quality, water, nourishment, light, movement, thermal comfort, sound, materials, mind and community to provide a positive environment for human health and wellbeing.

Supporting our people through Covid-19

As we worked through the impacts of the Covid-19 pandemic on our employees, we've evolved our approach to hybrid working and workplace flexibility. This year we adopted a new hybrid work policy that brings together minimum core office days for all employees while continuing to enable work from home options for our people, subject to role requirements.

As Covid-19 began to spread throughout the community, we continued to evolve our pandemic plans to protect our employees and manage the disruption to our services caused by unplanned leave. Encouraging our staff to get vaccinated and maintaining Covid-safe working and hygiene practices have been central to our efforts this year. We also continued to provide pandemic leave for our people with a total 290 days of pandemic leave approved in 2022.

The pandemic continued to create significant challenges for our frontline branch employees who have consistently risen to these challenges and served our customers with compassion and commitment.

Volunteer leave

Our people are highly committed to our values, our purpose and to supporting their local communities. We encourage our employees to support their community by offering one day of paid volunteer leave each year. The ability for employees to use their volunteer leave was limited due to lockdowns caused by the pandemic, and very few of our people took leave to work as volunteers in the past year.



Developing our people

With our focus on customer growth and system and process improvements, we increased our recruitment of people with specialist skills and experience across the bank.

We've expanded our team to 527 people (from 456 in 2021), or 487 full-time equivalents (FTE).

We created new roles that increased our capability in key operational areas including customer service, business transformation, project management and financial intelligence.

We offer and will continue to offer flexible working arrangements to support our employees to balance their personal and professional lives. Approximately 11% of our employees work part time.

In 2022 employee turnover as measured by voluntary separations as a percentage of total FTE increased to 18.3% (2021: 15.6%). The increase in employee turnover was driven by a number of factors including increased labour force mobility as the economy emerged from Covid-19 restrictions, increased competition for talent in regions where we operate, and changes to our operational footprint.

Leadership capability framework

In 2022 we continued to embed the leadership capability framework launched in 2021. The framework has provided leaders the opportunity to learn more about their own leadership style and how their leadership contributes to success at Bank Australia.

Under the framework we have identified a range of capabilities that we aim to foster among our leaders at different stages of their development. In 2022, 75 of our leaders participated in education sessions on the leadership capability framework. A group of leaders completed a 180 degree assessment to help inform Bank Australia's current leadership profile.

We continued to invest in supporting leaders to participate in the Values-based Leadership Program run by the GABV. This year 12 employees completed the program bringing the total number of leaders to have completed the program to more than 30 since it began in 2019.

Over the past year we also introduced a program for leaders called coaching circles. This program provides a series of small group sessions to give leaders the opportunity to connect, learn and develop together, with a common purpose to:

- build a peer network of leaders
- provide an opportunity for leaders to share and discuss their experiences
- explore the role of the leader at Bank Australia
- support their ongoing development and journey as leaders.

The coaching circles program has been a successful one, and will be offered to a wider cohort of leaders in the coming year.



Learning and development

Investing in our people is essential for our success as a purpose-driven bank. We run a quarterly schedule of compliance training so employees can better balance training with the demands of their day-to-day roles. This helped us achieve a 99.4% completion rate across all compliance modules throughout the business this year. Our compliance training includes but is not limited to cybersecurity, anti-money laundering, counter-terrorism financing, protecting customers experiencing vulnerability, disability awareness and inclusion, modern slavery legislation and social media.

Boost, our self-paced online learning platform, with training content on topics ranging from soft skills to professional and leadership development, continues to be available to all employees, after successfully launching in 2021.

This year we also delivered:

- new starter induction training to 73 employees
- cybersecurity training to 100% of our employees
- training to upskill employees and improve their confidence and ability to provide support to customers experiencing vulnerability or hardship.

Manager specific versions of workplace health and safety, and bullying, harassment and discrimination training continue to be offered. These provide targeted learning to improve skills and knowledge, and increase our ability to provide leadership in these areas.

This year 12 employees completed resilience skills training, a successful program we commenced in 2021.

Sadly, employee trips to the Bank Australia conservation reserve were again cancelled due to the Covid-19 pandemic, however we will reinstate these trips in 2023.

In 2023, we plan to:

- have the Executive team undertake an abridged version of the coaching circles program
- encourage more senior people leaders to participate in the coaching circles
- implement Indigenous cultural awareness training for our employees and Directors.

Strengthening our recruitment processes

Ensuring that we have fair, transparent and robust recruitment practices is critical to ensuring that we have the appropriately skilled and values-aligned employees we need to achieve our purpose and support our customers.

In 2022, we refreshed our suite of recruitment policies and procedures. This work more clearly defines the steps recruiting managers must take to ensure they undertake fair and transparent recruitment when filling vacant roles. Important components of this work involved conducting unconscious bias training for managers, ensuring gender balance on interview panels and applying consistent candidate scoring against key selection criteria.

Workforce equality, diversity and inclusion

A workplace culture that promotes equality, diversity and inclusion is critical for our continued growth and success. It is important that our workforce represents the varied cultures and life experiences of our customers, as well as greater society, and for our employees to champion our efforts to be a more diverse, inclusive and accessible bank.

We're working to ensure gender equality

In 2022, we continued to employ more female staff (319, or 61%) than male staff (207, or 39%). This is in comparison to 64% and 36% for females and males respectively in 2021.

We're committed to pay equity across our workforce and do not discriminate based on gender, background or identity. Every year, we assess for potential gender gaps in remuneration. This assessment accounts for factors such as performance, skill set and experience, tenure at the bank and differences in roles.

We also submit an annual report to the Workplace Gender Equality Agency (WGEA) in accordance with the requirements of the Workplace Gender Equality Act 2012. More information about our employees can be found in Appendix 5 on page 80.

Supporting a diverse workforce and inclusive workplace

We continue to work on building a more diverse and inclusive organisation. This year we updated and expanded a number of our policies to make our workplace more inclusive and supportive for our employees.

Paid parental leave

We increased the paid parental leave entitlement for eligible employees from 12 to 14 weeks and extended paid parental leave to all employees, regardless of gender or carer status, and we removed the requirement

to identify as primary or secondary carer. We also extended our paid parental leave to include stillbirths.

We also changed our policy to pay employer superannuation contributions for any period of unpaid parental leave within the eligible statutory period.

Miscarriage leave

We recognise the impact a miscarriage can have on both parents so we introduced two weeks' paid leave for miscarriages, including for partners.

Gender transition leave

We recognise the importance of providing a supportive environment for our employees undertaking gender transition. An employee with 12 months or more continuous service (other than casual employees) and who is undergoing gender transition is eligible for up to 10 days (pro-rata for part-time employees) of paid gender transition leave and up to one year of unpaid gender transition leave.

Traineeships and internships aligned to our values

We continued our financial services traineeship program, offering places for people including refugees and people seeking asylum, and people living with a disability. This year we were proud to provide four trainees and two interns with a start to their careers. We continue to offer traineeship places for Aboriginal and Torres Strait Islander peoples, however these positions were not filled in 2022.





Our approach to remuneration

We pay our people fairly for the work they do, and we don't pay bonuses or sales-based commissions to any of our employees, including Executives.

We benchmark remuneration for the Managing Director position against independent market data. The ratio of our Managing Director's wage to the median wage at the bank in 2022 was 11.4:1. In 2021 the ratio was 11.7:1, and in 2020 it was 11:1. We believe this is low compared with the ratio of other private sector businesses and reflects our approach to responsible remuneration management.

Our approach to bonuses and commissions

We want our people to focus on acting in the best interest of our customers. This is why we don't provide financial incentives to drive sales. Instead, we pay our employees fair salaries that reflect their position, qualifications, experience and overall performance. We continue our policy of not paying any sales-based commissions or bonuses to our Executives or any other employees. We do make small discretionary recognition payments to frontline employees for their contributions to providing quality service.

We continue to see the benefits of our policy of not paying bonuses and commissions. Offering bonuses to drive sales increases the risk of unethical behaviour that may negatively impact customers.

We outline the remuneration received by our employees in appendix 5 on page 80.

Banking Executive Accountability Regime

The Banking Executive Accountability Regime (BEAR) came into effect for small to medium-sized banks on 1 July 2019. Consistent with the recommendations of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, the BEAR increases the accountability of Executives and Directors for their behaviour, decision-making and the banking cultures they oversee.

We have continued to meet our obligations under the BEAR.

Creating regional employment opportunities

Today we employ even greater numbers of regional Victorians. Around 45% of our employees work in regional Victoria, across our branches, our Bendigo office and our contact centre and processing centres in the Latrobe Valley. 10% of our total employees work in the contact centre in Moe.

Case study

Meet Scott Wall, our Chief Transformation Officer

In June 2022, Scott Wall joined Bank Australia as our first Chief Transformation Officer. With significant experience in senior technology and transformation roles in Australia and the United Kingdom, Scott has taken on responsibility for leading our business transformation program with a focus on our technology platforms to improve customer and employee experience. He will also oversee project management, change management, transformation strategy execution, operational excellence, and enterprise data and architecture.

Scott joins us after six years at BankVic, a fellow B Corp and mutual bank, where he was most recently Chief Information Officer. Prior to his time at BankVic, Scott held senior technology and transformation roles with ANZ, Barclays Bank, SkyTalk, Deutsche Bank and Bankers Trust.

On joining Bank Australia Scott said that he was excited to be joining a leading B Corp and purpose-driven bank.

“Bank Australia has been a great leader in raising the awareness of purpose-driven, responsible banking for many years and has seen such strong growth as a result of that leadership.”



“I’m excited to join Bank Australia at this point in its evolution and I’m looking forward to helping the bank take its next big leap forward in its business transformation program.”



Our transformation program

The Australian banking sector is seeing rapid and increasing changes in customer behaviour including demand for digital banking.

Both traditional banks and new entrants in the banking industry are taking a technology-led approach to meeting the needs of their customers.

In 2022 we continued to focus on implementing our transformation program, with a focus on customer and employee experience improvements supported by technology, data and cybersecurity. We also appointed a Chief Transformation Officer to join our Executive team and lead the delivery of our transformation program.

We recognise the need to develop a digitally savvy workforce with stronger technology capabilities across digital customer service channels, data management and analysis, and cybersecurity.

Our transformation program also identifies the need to develop people who can innovate and lead a purpose-driven business, while continuing to build a values-based, inclusive and diverse workplace culture.

The transformation program is designed to roll out over the next few years to 2025 and will require significant investment. The program will be supported by strong governance, risk management and enhanced execution capability.



4. Our community



Our impact fund

We believe the business of banking should inspire and empower people to use money as a force for good.

The Bank Australia impact fund supports customers and projects that address issues our customers care about and that have a positive impact for people and the planet. Each year, we commit up to 4% of our after-tax profit to the impact fund.

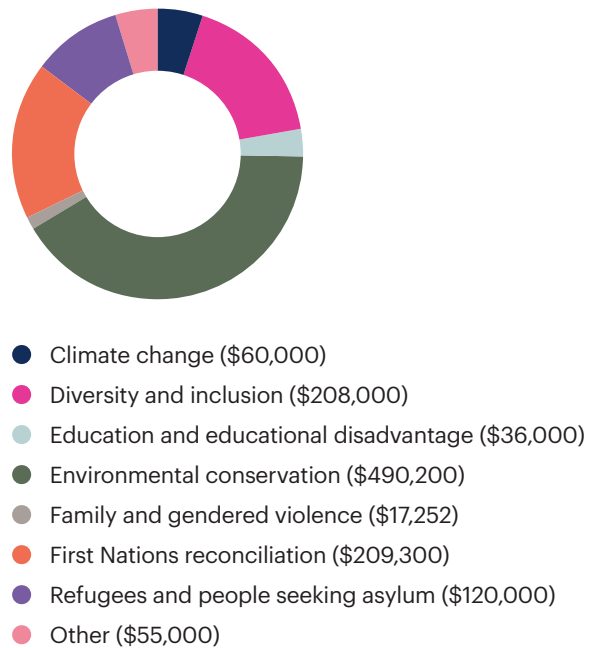
In 2022, we spent \$1.2 million from the impact fund out of a total available of \$1.6 million based on 4% of our 2021 net profit after tax. This year our funding was split across projects that benefit people (54%) and the planet (46%). The remaining funds not spent during 2022 will be carried over in the impact fund to be spent in future years.

The Bank Australia conservation reserve (appendix 10) is the largest impact fund project with funding of \$397,200 in 2022.

In 2022, we also funded a number of partnerships with not-for-profit and civil society organisations through our impact fund, including:

- Seed Mob – supporting First Nations-led climate justice advocacy
- BCCM – supporting the Bunya Fund, Australia's first co-operative development fund
- The Big Issue¹ – vendor uniform sponsor and vendor support program
- Human Rights Watch – supporting advocacy and research work in Australia.

Impact fund programs by funding category



¹ Bank Australia's Chief People Officer, Sonya Clancy is the current Chair of the The Big Issue. Our partnership with The Big Issue commenced in 2016 and predates Ms Clancy joining the bank in 2018.



Community customer grants

Our community customer grant program provides funds to customer-led projects and initiatives. In 2022 we continued to offer up to \$20,000 per grant, totalling \$400,000 in available funding.

This year, 22 customers received grants for projects that address a range of priority issues important to our customers. These issues include climate action, reconciliation and supporting First Nations communities, animal welfare and supporting independence and opportunity for people with disability.

Successful applications are selected through a rigorous process with input from employees across the bank, a Director of the bank and a customer representative. For the full list of recipients, please see appendix 6 on page 83.

Case study

Meet some of our 2022 community customer grant recipients

Balaangala community group

Balaangala community group provides a culturally safe space for First Nations people to have their voices heard, share their knowledge and experiences, and provide opportunities for non-First Nations people to deepen their understanding of the impact of colonisation. Through guest speakers at key events, a facilitated yarning circle and First Nations speakers talking with staff and students in schools, they are able to help foster real conversations and reconciliation.

Environment Victoria

Environment Victoria is working with local residents to organise Latrobe Valley Futures, a community event to celebrate the potential of a future beyond coal and show the extent of community buy-in for the energy transition. The event will be held in the Latrobe Valley in Spring 2022.

For Change Co.

For Change Co.'s 'home.plate' program provides paid education, training and employment for young people at risk of homelessness. Trainees within the program move through three modules of training across For Change Co.'s social enterprises. Graduates of the program then transition into further employment or education within their chosen fields with the support of For Change Co.'s industry partners.

The Forktree Project

The Forktree Project is a rewilding project returning a degraded former pastoral property to nature through habitat restoration. It is extending its work to combat climate change and biodiversity loss through the establishment of a rare seed orchard and native nursery and is contributing to greater awareness through sustainability education.



Reconciliation

The conclusion of our most recent Reconciliation Action Plan (RAP) in July 2021 has given us the opportunity to review, renew and strengthen our reconciliation commitments.



The pursuit of our first Stretch RAP gave us many important learnings, including the need for increased capacity to guide our efforts in this space. We have committed to a dedicated consultant and a dedicated continuing role within our impact team to support our reconciliation efforts, including the development of a renewed reconciliation strategy.

As this strategy takes shape, we are developing a set of interim targets and priority areas for the year ahead, including greater staff and customer engagement. Alongside this, our broader efforts continue in this space, including our deeper engagement with Barengi Gadjin Land Council on the conservation reserve.

With momentum continuing to build across Australia around the urgency and importance of reconciliation, we're taking this time to ensure we're positioned to make thoughtful and meaningful contributions and to empower our customers to do the same.



Case study

Supporting First Nations led climate justice and advocacy

Seed Mob is Australia's first and only First Nations, youth-led climate organisation. Seed's vision is for First Nations people to lead climate solutions and build strong, resilient and sustainable communities. With Aboriginal and Torres Strait Islander people on the frontlines of climate change impacts and fossil fuel extraction, Seed helps to mobilise these communities across the country to hold governments, fossil fuel companies and other decision makers accountable.

Seed also provides platforms for young First Nations people to take action and build their skills, confidence and networks to lead action on climate justice campaigns.

In 2022 we were proud to partner with Seed, providing support for its climate justice and advocacy program from the Bank Australia impact fund.

Case study

Saving the Daintree rainforest, one block (and beard) at a time



Since 2020 Bank Australia has proudly partnered with HalfCut on its Save the Daintree campaign.

The annual HalfCut campaign calls on people to cut (or braid or colour) half of their beard, hair or eyebrow to signify that 50% of the world's forests have been destroyed, while raising money to buy back land in the Daintree and return it to its rightful First Nations owners and prevent further deforestation.



Over the past two years Bank Australia customers have helped raise more than \$450,000 that has contributed to helping HalfCut successfully buy back approximately 30 hectares of threatened land across 10 lots in the Daintree rainforest.

In April 2022, HalfCut officially handed ownership of these lots back to the Traditional Owners, the Eastern Kuku Yalanji people. The land handed back has been reincorporated into the Daintree National Park, now managed and protected by the Jabalbina Yalanji Aboriginal Corporation. We were proud to be joined at the handover ceremony by representatives of our conservation reserve partner, Barengi Gadjin Land Council to witness this important milestone.

The success of the HalfCut campaign in protecting the Daintree is another example of the power of collective action to create positive impact for the planet, and one that Bank Australia customers have made a major contribution towards.

Improving our supply chain

Our supply chain is an important aspect of being a responsible bank.

We believe the goods and services we purchase and suppliers we work with shouldn't harm people or the planet and our approach to procurement should support businesses and other organisations that align with our values and purpose.

Modern slavery risk and reporting

The introduction of the Modern Slavery Act 2018 has put an increased focus on the risks of modern slavery practices, such as human trafficking, forced labour and child labour in supply chains. We submitted our second modern slavery public statement summarising our performance, any risks that exist in our supply chain, the actions we have undertaken to assess and address those risks and the effectiveness of those actions.

During the year we continued to strengthen our approach to prevent harm and eliminate the risks of modern slavery. We reassessed all our high risk suppliers and identified four key areas of risk: stationery, information technology equipment, uniforms, cleaning and furniture. We partnered with ethically and sustainably sourced suppliers after careful assessment in these four key areas including:

- clothing supplier for all our bank uniforms and garments with minimal modern slavery risk
- cleaning supplier for our offices and branches with low modern slavery risk
- general office supplier for all our primary stationery and general information technology equipment who provides a greater degree of transparency and commitment to ethical sourcing including to the protection of human rights in their supply chain
- office furniture suppliers that manufacture and/or assemble within Australia.

We expanded the number of B Corps we worked with

As a certified B Corp we endeavour to partner with other B Corp certified organisations, as well as those who practice and prioritise positive social and environmental change. During the year Bank Australia secured supply contracts with six B Corp accredited businesses and we are striving to increase this number.

Over the next year, we will also focus our efforts on:

- implementing a contract management system or utilising an already implemented system should it suit our future requirements
- starting to review current vendors to identify B Corp and First Nations opportunities where possible.

5. Our planet



We're increasing our climate action ambitions

The science is clear. It tells us that, collectively, the world must make deep and rapid cuts to greenhouse gas emissions this decade to maintain an acceptable chance of avoiding the most catastrophic consequences of the climate crisis.

What's also clear is that our customers expect Bank Australia to be a leader in acting on climate change. Customers continue to rate climate action as the number one issue of concern that they want to see Bank Australia address on their behalf.

This year we launched our new climate action strategy that raises our ambition to decarbonise our operations and lending portfolio and become a net zero emissions bank by 2035. Our net zero target is the most ambitious of any bank in Australia, and one of the most ambitious of any bank in the world. As we work towards our climate vision we know there is a lot of work to do.

The (re)generation

Climate change is the challenge of our time. At Bank Australia, we've been listening, we know it's your number one concern and it's one we share. We're proud of the things we've achieved together but we know there's more to do – reducing emissions is just the first step.

We've been asking ourselves some big questions and taking stock. We've realised our role is supporting communities in Australia to respond to climate change in a way that's regenerative. We want to help Australians build the future we all deserve.

Our 2035 net zero target is the headline commitment in Bank Australia's new climate action strategy that sets out our ambitions for the coming decade across the key areas of decarbonisation, climate justice, customer action, regenerative finance, the protection of nature and climate risk.

We're committed to aligning with best practice on net zero for financial institutions as it emerges, including limiting reliance on carbon offsets.

In support of our pathway to net zero emissions, we're seeking validation of our 2030 interim emissions reduction targets across our scope 1, 2 and 3 emissions from the Science Based Targets initiative (SBTi) by the end of the 2022 calendar year. These science-based targets will apply to our operations, as well as our residential and commercial lending and corporate bond portfolios, which make up 82% of our lending and investment activities.

These targets are bold, and our strategy is clear on our ambitions. We don't yet have all the answers on how we're going to achieve them, but we're developing action plans and we're committed to being transparent about our progress. We do know that to achieve these targets, we need to work with our customers to collectively reduce our emissions, and this aligns well with our foundation as a customer owned bank.

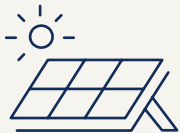
Our ambitions

Our climate action strategy outlines a set of ambitions that we aim to achieve across six key action pillars.



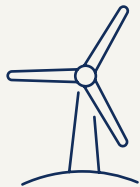
Decarbonisation

1. We will achieve net zero operations and portfolio by 2035
2. We will have a validated 2030 science-based emissions reduction target
3. We will explore directly investing in projects that draw down emissions



Customer action

1. We offer support and products to assist our customers to better understand and reduce their emissions



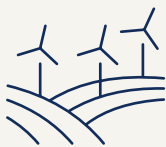
Regenerative products and services

1. We will be financing \$1.5 billion of clean energy transition and conservation by 2025



Protection of nature

1. We are a leading voice on corporate conservation innovation to draw down carbon from the atmosphere, while protecting and preparing our conservation reserve for a warmer climate



Climate justice

1. We are actively supporting the economy in the Latrobe Valley as it transitions from fossil fuels
2. We are seeking guidance and leadership from First Nations voices on climate action



Climate risk

1. We will assess, disclose and manage the risk posed to our business by a changing climate

Climate risk

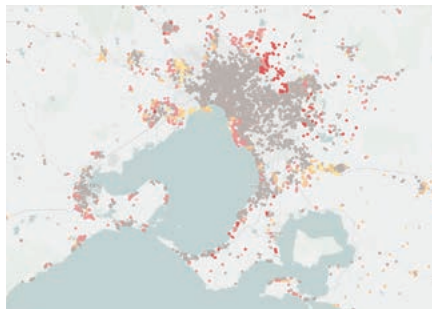
Climate change is here. As a bank, this means that we need to start analysing the risks climate change poses to our business using frameworks like the Taskforce on Climate-related Financial Disclosures (TCFD).

The largest share of our assets are residential mortgages so one of our first key steps is to understand the physical risks that a changing climate could have for the homes that we finance.

We have completed an initial assessment of the properties we fund against 12 natural hazards, and three future climate change scenarios to 2030, 2050

and 2100. This work indicated that the natural hazards most likely to affect our portfolio are bushfire, flash flooding and river flooding. This initial analysis gives our internal Climate Risk Working Group an important foundation to continue developing our strategies and risk management for the future. For further information on our approach to climate risk, please see appendix 9 on page 96.

The following heat maps show the capital cities in which we have the greatest share of property lending, according to the current risk level of the properties for bushfire, flash flood and river flood.



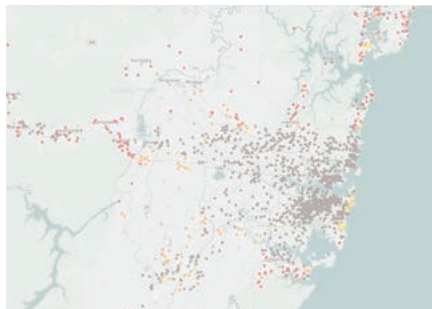
Melbourne – Bushfire



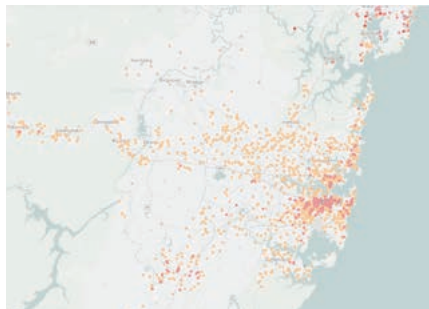
Melbourne – Flash flood



Melbourne – River flood



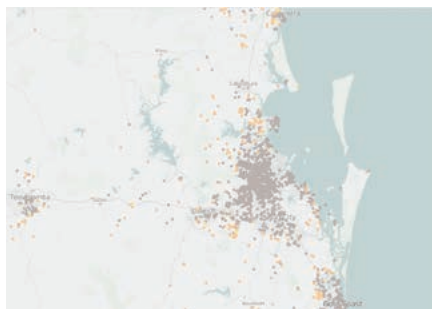
Sydney – Bushfire



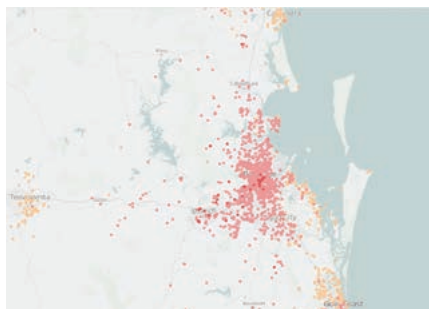
Sydney – Flash flood



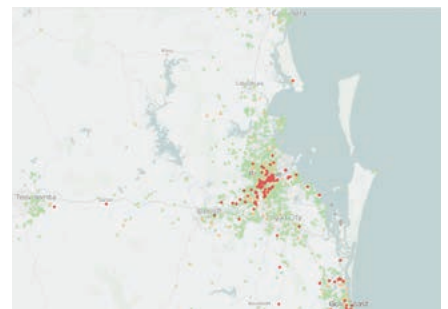
Sydney – River flood



Brisbane – Bushfire



Brisbane – Flash flood



Brisbane – River flood

● Very high risk ● High risk ● Medium risk ● Low risk ● Very low risk ● No risk

For our initial analysis, we relied on the methods from CoreLogic and its partners Munich Re. The heat maps above are based on numbers of properties currently exposed to each risk type.

This publication contains data, analytics, statistics, results and other information licensed to us by RP Data Pty Ltd trading as CoreLogic Asia Pacific (CoreLogic Data) © Copyright 2022. RP Data Pty Ltd trading as CoreLogic Asia Pacific (CoreLogic) and its licensors are the sole and exclusive owners of all rights, title and interest (including intellectual property rights) subsisting in the CoreLogic Data reproduced in this publication. All rights reserved.

The CoreLogic Data provided in this publication is of a general nature and should not be construed as specific advice or relied upon in lieu of appropriate professional advice. While CoreLogic uses commercially reasonable efforts to ensure the CoreLogic Data is current, CoreLogic does not warrant the accuracy, currency or completeness of the CoreLogic Data and to the full extent permitted by law excludes all loss or damage howsoever arising (including through negligence) in connection with the CoreLogic Data.

Case study

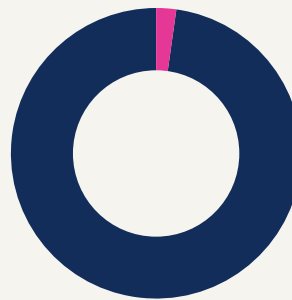
Our financed emissions

As part of our net zero target setting, we've been working to understand the emissions associated with the homes and buildings we fund. Most of our financed emissions come from the energy used in the homes where we have provided our customers with funds to build or buy the homes (see chart below). We also have emissions from commercial loans to real estate.

We're using the methods from the Partnership for Carbon Accounting Financials (PCAF) and the SBTi. At the moment, the data we have to estimate emissions is limited – we're working with the number of buildings we fund, and average data on home and building energy use. For more detail on our methods, please see appendix 9 on page 99.

As we work towards our net zero targets, we'll be collaborating with customers on how they can improve energy efficiency and use more renewable energy, as well as working to get better data to support customers to make decisions and help us track our progress over time.

Financed emissions by loan type (tonnes of carbon dioxide equivalent, tCO₂-e)



- Mortgages (77,548)
- Commercial loans (1,955)



Working together for the planet

We have worked with a number of partners and other stakeholders this year as part of our community action on the climate crisis. Some highlights include:

- partnering with Renew on their annual Sustainable House Day, allowing participants to learn from sustainable homes across Australia first-hand through virtual tours
- partnering with Ocean Impact Organisation on their PitchFest and ocean impact accelerator program, aiming to identify new and innovative ideas that have the potential to create positive impact for our oceans
- supporting the HalfCut campaign to raise funds to buy back and protect threatened land in the Daintree rainforest and return the land to the Traditional Owners (see case study on page 54).

Climate Active

We continue to be certified under the Australian Government's Climate Active initiative. Our emissions from our operations in 2022 were 766.5 tCO₂-e (up from 699.8 tCO₂-e in 2021). The increases in emissions were because of increases in travel as Covid-19 lockdowns have ended, including staff commute to our offices and branches, air travel and hotels. We offset these emissions using Gold Standard carbon offsets from WithOneSeed, a tree planting project in Timor Leste. For more information, please see appendix 9.

The work on our conservation reserve demonstrates our commitment to addressing our customers' priorities of climate action, and nature and biodiversity.

This year we began work to align the ecological, cultural and community priorities of our conservation reserve program with the inclusion of Salvana into the family of sites. This included a comprehensive study to better understand the varied history and uses of the land at Salvana, from the perspectives of First Nations peoples, neighbouring farmers, fire responders and ecologists. Consistent with best practice conservation, we began this work by engaging the Barengi Gadjin Land Council to conduct a cultural heritage survey of the land.

The broader study of Salvana gathered baseline data on:

- how species on site may be influenced by the changing climate, providing an early indication of the steps we can take to steward a more resilient landscape
- the recent history of fire, as well as an assessment of the natural wetlands and artificial dams on the site, helping us understand some important risk management, cultural and ecological priorities for the coming years
- significant biodiversity value with the site providing important habitat and connectivity for a range of native fauna, indicating ecosystems and activities to prioritise in future
- the type and extent of plant and animal pests on site and the effectiveness of various control activities, which will inform the approaches we take.

On the existing three sites (Minimay, Boorooopki and Ozenkadnook) we continued our efforts to reduce the negative impact of invasive plants and animals, restore biodiverse woodlands and monitor the results from climate-adjusted direct seeding and cultural burns.

As part of our broader fire risk reduction objectives across all sites, we worked closely alongside the Country Fire Authority, Barengi Gadjin Land Council and West Wimmera Shire Council to identify and reduce potential fire risks and improve fire truck access tracks. This work included collaborating with Barengi Gadjin Land Council on naming tracks in Wergaia language, and providing maps and sign posts to enable safer navigation around the sites during an emergency.

In the coming year, our efforts on the reserve will focus on strengthening relationships with our partners, Traditional Owners and neighbours, as well as exploring approaches to demonstrate low-cost monitoring of conservation value. We consider ourselves in the early stages of developing our relationship with Barengi Gadjin Land Council, and we have begun collaborating on ways to work together on our common priorities, with an eagerness to create space for their leadership to guide the project's priorities. We'll also be investing heavily in a large-scale monitoring and evaluation initiative, which will provide baseline data for Salvana. A review of the data for our other conservation sites will consider the results of our past work on the abundance of plant and animal species. In 2023 we will develop a new nature and biodiversity impact strategy to help guide our future activities in this area.

Case study

Highlights from our first year working on Salvana

Salvana is a 1,190 hectare property located between the two blocks of the Little Desert National Park in the West-Wimmera shire. This year we learnt more about the cultural and environmental value of this site.

Salvana boasts two wetlands, six Ecological Vegetation Communities and is home to approximately 129 plant species and 109 animal species.

Approximately 200 hectares have been revegetated and restored since 2015 with a further 200 hectares planned for 2022.

Salvana provides important habitat and connectivity values for a range of native fauna including the South Eastern Red-tailed Black Cockatoo (*Calyptorhynchus banksia*), Malleefowl (*Leipoa ocellata*) and Silky Mouse (*Pseudomys apodemoides*).

Salvana is also home to some very special plant species such as the Colourful Spider-orchid (*Caladenia colorata*), and the rare Slender Cup Flower (*Gnephosis drummondii*). Beautiful wildflowers such as *Caladenia carnea* and impressive grass trees (*Xanthorea major*) are also present at Salvana.



Case study

Highlighting the value of nature with Greening Australia

Since 1982 Greening Australia has worked to regenerate and restore nature. Their programs deliver large-scale landscape restoration across Australia, covering thousands of hectares of land and protecting hundreds of species of native plants and wildlife.

Bank Australia shares a vision with Greening Australia of creating a world where people and the planet thrive. That's why we purchased our conservation reserve on behalf of our customers, and since 2016 we've worked with Greening Australia and Trust for Nature to help manage and rehabilitate the land.

To celebrate Greening Australia's 40th anniversary we joined together to launch the Money Tree, a powerful and symbolic sculpture created as part of a national campaign to raise public awareness of the value of nature and the cost of not recognising this value.

The 300 kilogram sculpture, designed by Victorian artist Michael Moerkerk, stands at three metres tall and combines local recycled materials including bushfire-rescued timber, thousands of coins, and keys. Among the branches of the tree, viewers will see some of the many iconic Australian animals that Greening Australia is helping to protect, including a Greater Glider and a Red-tailed Black Cockatoo.



Image credit: Christopher Chan

Michael created 40 branches of the tree, one to represent each year of Greening Australia's history, which has seen the organisation take a leadership role in restoring Australia's unique landscapes and protecting biodiversity with science-led, on-ground solutions that benefit communities, economies and nature.

"As someone who values nature and has seen first-hand the devastating effects of climate change, living among drought and bushfire-affected communities, I am incredibly honoured to have helped Greening Australia and Bank Australia bring the Money Tree to life. By blending the stump of a reclaimed red gum and harmoniously intertwining it with recycled coins, the tree represents the connection between the environment and the economy. I hope it will inspire others to recognise the value of investing in restoring and protecting nature," Michael said.



Image credit: Christopher Chan

Appendices

1.	Our reporting approach	68
2.	Our approach to risk	72
3.	How we're governed	73
4.	Our customer profile	78
5.	Our people and culture	80
6.	Bank Australia impact fund	83
7.	Our lending and investments	87
8.	Our responsible banking commitments	93
9.	Climate action	96
10.	Bank Australia conservation reserve	101
11.	EY statement of assurance	104



Appendix 1:

Our reporting approach

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

Talking to our customers, our employees and other stakeholders helps us better understand what matters most to them and assess which current and emerging topics to include in this report.

These topics are then considered in terms of which ones Bank Australia could have the biggest impact on in line with the materiality principle of the Global Reporting Initiative (GRI) Standards.

We also align our report and group these topics with the B Corporation framework, which has five pillars:

B Corp pillar	Report chapter
Governance	Chapter 1: Our business and how the bank is run
Customers	Chapter 2: Our customers and how we serve them
Workers	Chapter 3: Our people and how we support them
Community	Chapter 4: Our community and how we strengthen it
Environment	Chapter 5: Our planet and how we work to protect it

See our website for a full list of the disclosures included in this report against [Global Reporting Initiative's \(GRI\) Standards](#).

Who has a say?

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

- our customers
- our employees
- our community customers (organisations that bank with us)
- our regulators: the ASIC and the Australian Prudential Regulation Authority (APRA)
- our Board of Directors
- our partners (organisations we work with or support)
- our sector: COBA, the GABV, the BCCM and the ABA.

Purpose of this report

We produce an Impact Report to be transparent with customers and stakeholders about how we are pursuing our purpose to inspire and empower our customers to use their money to create a world where people and the planet thrive.

The primary audiences for the Impact Report are customers (personal and organisational), employees, stakeholders and partners including Bank Australia impact fund partners, community organisations, large depositors, investors, impact finance business and organisation customers, government representatives and regulators and peers and organisations in our sector.



This report presents Bank Australia's performance for the period 1 July 2021 – 30 June 2022 (referred to as 2022 in the report), unless otherwise stated. It does not include the performance of third party organisations that provide services to Bank Australia and our customers.

Bank Australia also produces statutory financial accounts (the 2022 Financial Report) to support this report and as required by law.

In this 2022 Impact Report, the bank reports on:

- performance in delivering the bank's strategic plan and targets
- progress towards meeting the bank's public commitments
- the bank's responses to priority issues.

This selection of priority issues in this report are assured against the GRI Standard for Materiality (GRI 101: Foundation 2016). Selected non- financial disclosures are also assured (see appendix 11 for EY's assurance statement).

Reporting issues that matter

To make sure this report covers the issues that matter, we conduct a materiality process to select and prioritise issues. This process ensures our report is balanced, comprehensive and informed by the expectations and views of our stakeholders. In 2022 our materiality process was informed by ongoing, informal stakeholder engagement that ran for the duration of the year, and by a formal materiality process that occurred in May and June.

According to the GRI materiality principle, this type of report should cover aspects that:

- reflect the organisation's significant economic, environmental and/or social impacts, or
- substantively influence the assessments and decisions of stakeholders.

How we identified issues

We identified issues using a mix of data gathered from internal and external data sources (policy documents, customer and staff research, social media, industry reports, and written and verbal customer feedback) and semi-structured interviews with key Bank Australia staff across a range of departments and roles.

A mix of data sources and targeted interviews were used to gather information.

Data sources

Internal

- Strategic and Corporate Plan
- Risk Appetite Statement and register
- Bank's public commitments
- Bank policies
- Board and Committee minutes
- Monthly communications briefings to the Executive
- Bank's annual general meeting: questions raised, feedback and discussion
- Bank's social media
- Staff research: staff engagement
- Customer research: responsible banking and customer experience and satisfaction
- Conversations with staff in key roles across the business to identify key areas of focus for 2022.

External

- Participation in national and international conferences
- Media coverage and commentary
- Engagement with APRA, ASIC and the Reserve Bank of Australia
- Sustainability and impact reports of peers in our industry
- Stakeholder engagement with not-for-profit sector partners and customer organisations
- Participation in industry working groups (ABA, COBA, GABV).

Issue prioritisation and selection

We ran a workshop with Bank Australia's departmental heads and key subject matter experts in May 2022.

A list of 22 preliminary issues identified was circulated in advance of the workshop. Participants were asked to individually prioritise a shortlist of issues according to (a) those they felt were most important to stakeholders and (b) those where the bank could have the most impact. The issues that participants ranked most highly were discussed in detail at the workshop. As a result we redefined some priority issues and grouped some together to reflect the focus of 2022. Our assurance provider, EY, also attended this workshop to observe the discussion.

We then sought feedback from external stakeholders on our list of priority issues which helped us challenge and validate our internal rankings.

The Executive and Board Audit Committee reviewed and approved the final list of priority issues.

Priority issues for this report

We have grouped the priority issues in the table below in themes according to B Corp framework which is also how we have structured the report chapters. The issues are not presented in order of priority.

Themes	Issue	Definition	Page
Our business (governance)	Resilient bank	Our financial performance including profit and growth. Effective management of events that disrupt the business or threaten the bank's ongoing sustainability. Effective management of risk and compliance in an increasingly complex regulatory environment.	3, 5, 6, 7, 9, 14-15, 21, 30, 38, 41, 47, 55, 58-59, 72-77, 92, 100
	Leadership, governance and purpose-driven culture	Strong leadership and governance. Our approach to remuneration of executives, staff and partners. A positive culture with an emphasis on ethical behaviour and customer wellbeing. Delivering on purpose through the bank's culture.	9, 35, 37, 42, 44, 47, 73-77
Community	Directing funding to social and environmental projects	Directing lending and investment to projects with a positive impact for people, planet and prosperity, including lending to inclusive and accessible housing, clean energy transition, not-for-profits and for-purpose businesses, as well as investment in sustainable bonds.	3, 5, 9, 13, 15, 20, 22-28, 87-92
Customers	Living up to customer expectations	Our clean money promise, responsible products and thought leadership as a responsible bank. Responding to customer expectations that we use their money to create a world where people and the planet thrive. Offering rates and fees that are fair and supporting customers in an environment with higher interest rates and increased cost of living. Customer satisfaction with the bank, as measured through post purchase surveys and feedback. Ability of our growing bank to continue to meet the high standards expected from customers, including contact centre wait times, and avoid disruptions to services.	3, 5-6, 9, 13, 15, 17-21, 31-32, 38, 72, 78-79
	Fraud and cybersecurity	Prevention of fraud and providing support to customers who experience issues with fraud and cybersecurity, including raising customer awareness about fraud and cybersecurity issues.	7, 19, 29, 30, 32, 41, 47, 74, 80
	Technology, digital experience and Innovation	Our online and digital platforms delivering innovative and values-aligned digital experiences for our customers. Delivering flexibility and efficiency for customers through our remote access channels. Our technology and innovation capability and culture enabling the bank to meet customer needs and expectations.	5-7, 12, 15, 17-18, 29, 33-34, 45, 47, 72
Workers	Engaged and high performing workforce	Growing an engaged and high performing workforce that is values-aligned and delivers exceptional customer experience. Attracting and retaining staff to support business growth. Engaging our staff as measured through annual staff engagement surveys. Continuing to build a more diverse and inclusive organisation. Providing a safe and healthy work environment.	3, 13, 17, 37-44, 47, 52, 80-82, 93
Environment	Action on climate change	Implementing our climate action strategy, including our target to reach net zero emissions in our operations and portfolio by 2035. Climate justice, including seeking guidance and leadership from First Nations voices. Growing the links between our climate action and conservation work. Our approach to climate risk.	5, 7, 12, 25, 49-51, 53, 57-59, 62, 64, 84-85, 92-95, 96-100, 101

Appendix 2:

Our approach to risk

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

Our three lines of defence to manage risk

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

1. Each operational area across the bank manages its own risks and is the first line of defence against threats and vulnerabilities. We encourage all staff to adopt/embrace our risk culture and consider risks in everyday decision making.
2. A central risk and compliance team, led by our Chief Risk Officer, forms our second line of defence.

This team is responsible for:

- ensuring the risk framework is consistent with prudential and industry practice
- developing risk strategy and risk treatment plans
- overseeing risk management practices
- maintaining risk registers, incident and issue registers
- maintaining complaints and dispute registers
- monitoring compliance obligations
- coordinating how risk appetite applies in day-to-day business
- identifying emerging risks and articulating the risk profile of the bank.

3. An internal audit group provides our third line of defence, via independent assurance. Our internal auditor, KPMG, reports to the Audit Committee, which meets quarterly.

The Board's Risk Committee meets six times per year, sets risk appetite and considers our risk management framework, including risk monitoring and handling of incidents that threaten the bank's objectives.

Above the three lines – risk management and strategy setting

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

Risk incidents

When risk incidents arise they are managed as part of ongoing business operations. The risk team coordinates a review of each incident with the business to ensure that the bank has appropriate controls in place to prevent further occurrences and provide suitable remediation.

In 2022 we managed a number of incidents. The majority of these incidents did not materially impact our customers and were not deemed notifiable for regulators. However, there were two incidents that impacted many of our customers and accordingly, the bank notified our regulators – APRA and ASIC.

1. On 26 September 2021 we experienced a digital outage that impacted our customers between 9:30am – 6.00pm. During this period customers did not have access to internet banking or our banking app.
2. In December 2021, we identified an issue where package discounts were not correctly applied. A comprehensive review is currently being finalised to identify impacted customers and the remediation required.



Appendix 3:

How we're governed

Good corporate governance and sound risk management practices are a fundamental part of the culture and business of the bank. The key aspects of our corporate governance framework and risk management practices are set out below.

We are a mutual entity in accordance with section 51M of the Corporations Act 2001, a public unlisted company limited by shares, an APRA-regulated ADI and governed by a Board of Directors. The Board is accountable to our customers who own the bank. Customers elect the majority of Non-Executive Directors to the Board and vote on issues at our annual general meeting.

The Board is responsible for the governance of the bank and ensuring that the bank establishes and implements risk management frameworks and processes with the ultimate objective of creating a sound risk culture.

The Board:

- establishes corporate objectives
- develops, with management, the corporate culture, strategy and policy
- appoints the Managing Director and evaluates their performance
- provides oversight for Bank Australia's operations and ensures they align with our values
- ensures the appropriate control frameworks are in place, including the capital structure
- accepts responsibility for compliance with APRA prudential standards, the Australian Corporations Act and other regulatory and legislative requirements
- approves the budget
- sets risk appetite. All Directors are members of the Risk Committee.

The Board generally:

- meets eight times a year, plus the annual general meeting and annual Board planning (two days usually)

- has committees, which meet as follows: Risk (6), Audit (4), Governance & Remuneration (4), and Nominations (1)
- has limited Directors' tenure (via the bank's constitution) to 12 years. The average tenure of Non-Executive Directors at the end of this financial year is 5.5. years
- The Board is comprised of eight Directors. Four independent, Non-Executive Directors appointed by customers and there are three independent, Non-Executive Board-appointed Directors and our Managing Director (Damien Walsh).

Every three years of service, each customer-elected Director will be eligible for reappointment if they qualify and would like to stand for the position again. This appointment occurs through a customer vote at the annual general meeting.

Customers can vote for or against reappointment of specific Directors, and can vote for alternate candidates if other candidates have nominated and pass a due diligence process to stand for election. The Board may also reappoint Board-appointed Directors at its discretion.

Each candidate for the position of Director is expected to have the following mandatory competencies:

- a comprehensive understanding of the roles and responsibilities of a Director, including the regulations required in the financial sector
- the ability to understand retail banking risks, including risk identification and monitoring of risk mitigation
- experience in an organisation (or organisations) of comparable scale and complexity to Bank Australia
- a commitment to mutuality values, sustainability and responsible banking principles, including the ability to be seen as a role model for the Company's brand through their actions and behaviours
- the ability to evaluate, form conclusions and apply good judgement
- the ability to understand the Company's strategy

- the capacity and willingness to undertake continuous professional development and learning to acquire and update skills and knowledge relevant to the role of Director of the Company
- good financial literacy
- an understanding of their obligations as an Accountable Person under the BEAR, namely to:
 - act with honesty and integrity, and with due skill, care and diligence
 - deal with APRA in an open, constructive and co-operative way
 - take reasonable steps in conducting those responsibilities to prevent matters from arising that would adversely affect the prudential standing or prudential reputation of the Company.

All Directors meet with the Nominations Committee, who are primarily independent, prior to standing for election or being appointed and must demonstrate the mandatory competencies.

The Board seeks advice from external experts in areas where the current members of the Board recognise they would benefit from specific expertise. For example, the Board has consulted a cybersecurity expert since 2020 to provide the Board with support to assess and understand the cybersecurity framework of the bank.

The Board, led by the Chair, regularly considers the skills represented by the Directors to ensure that the mix of skills remains appropriate to achieve the bank's objectives. The Board consists of Directors with a broad range of experience, expertise and diversity in background and gender. The Board is subject to an annual review of its performance to ensure that it continuously identifies opportunities to improve its own performance.

Remuneration

The collective remuneration for the seven Non-Executive Directors of the Board (as approved by customers at the 2021 annual general meeting) is \$680,400 per year pro rata. This sum represents total Board remuneration for the Non-Executive Directors, including fees, superannuation and all relevant taxes payable by either the bank or these Directors.

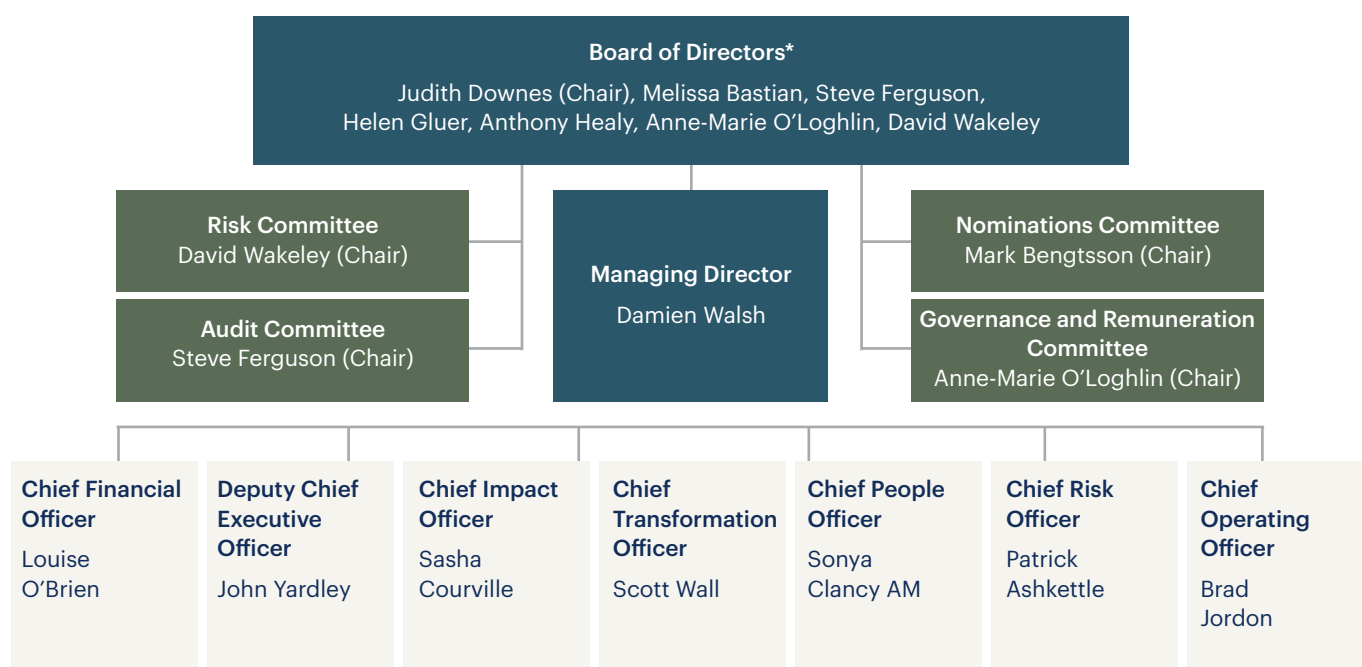
The base remuneration for a Director in 2022 was \$81,000 (inclusive of superannuation). The Chairs of the three Board Committees received a 20% loading, equating to an additional \$16,200, and taking their total remuneration to \$97,200 each (inclusive of superannuation). The Chair of the Board received an 80% loading, equating to an additional \$64,800, and taking their total remuneration to \$145,800 (inclusive of superannuation).

Each Director is expected to undertake professional development pertaining to their role at the bank and is provided a training allowance. The training must be approved by the Chair of the Board, or, in the case of the Chair, the training is approved by the Chair of the Governance and Remuneration Committee. The bank will pay up to \$9,927 each year to cover professional development costs for each Director. The training allowance cannot be converted to cash, and if unused, lapses after three years.

The bank's remuneration policy, which was developed by the Board on the advice of the Governance and Remuneration Committee, sets the framework for rewarding all Directors, officers and employees of the Group. The Remuneration Report (contained in the Directors' Report within the Statutory Financial Report) outlines the Executive remuneration structure, in addition to details about Non-Executive Directors' remuneration and other information specifically required under the Corporations Act 2001 (Cth).

Avoidance of conflicts of interest

In addition to their standing notices, Directors must declare any specific conflicts of interest arising from the business of a particular meeting.



*as at June 30 2022

Chair

The Chair, an independent Non-Executive Director, is responsible for the efficient conduct of the Board's meetings, setting the agenda, facilitating the work of the Board at its meetings and ensuring that the procedures and standards of the Board are observed.

Managing Director

The Managing Director is charged with the bank's day-to-day leadership and management, supported by a senior management team that oversees the bank's operations. Together, the Managing Director and the senior management team are responsible for embedding culture and sustainability principles within the business and delivering strategy and leadership, product development, commercial oversight, stakeholder engagement, community partnerships, and communications.

Our Statutory Financial Report includes a profile of each of our Directors.

The Board committees are:

- **Risk Committee.** The Board Risk Committee oversees the implementation and ongoing operation of the risk management framework, risk identification and control, and ensures the bank meets its prudential and statutory requirements in relation to the risk management framework. It fulfils the bank's obligations under Prudential Standard CPS 510 – Governance requiring a Board Risk Committee with specific responsibilities. The Risk Committee meets six times per year.
- **Audit Committee.** The Board Audit Committee helps the Board fulfil its corporate governance responsibilities relating to the oversight of the bank's reporting obligations, audit function, internal control and compliance framework, and promote an ethical culture of compliance throughout the organisation. It fulfils the bank's obligations under Prudential Standard CPS 510– Governance requiring a Board Audit Committee with specific responsibilities. The Audit Committee meets four times per year.

* Greg Camm retired as a Director on 20 July 2021. Rowan Dowland retired as Chief Development Officer in November 2021

- **Governance & Remuneration Committee.** The Board Governance and Remuneration Committee ensures the bank has a strong and effective governance framework for fulfilling the bank's remuneration responsibilities and constitutional matters, and advises the Board on related matters. It fulfils the bank's obligations under Prudential Standard CPS 510 – Governance requiring a Board Remuneration Committee with specific responsibilities. The Governance and Remuneration committee meets four times per year.
- **Nominations Committee.** The Nominations Committee is responsible for determining the appropriateness of candidates for Director elections and appointments. It oversees nominations submitted from eligible customers for Director elections, and interviews nominees to assess their fitness and propriety to be and act as a Director. The Nominations Committee consists of two independent members plus the Chair of the Board. If the Chair of the Board is standing for election, the Chair of the Governance and Remuneration Committee acts as the third member of the Nominations Committee. The Nominations Committee is formed and meets as needed.

External auditor

Ernst and Young (EY) has been appointed to conduct an audit of the Financial Report and to report to members in accordance with the requirements set out in the Corporations Act for the year under review. The audit report is provided at the end of the Financial Report.

A representative from EY attended the November 2021 annual general meeting to answer any questions from members on the conduct of the audit, the preparation and content of the auditor's report, accounting policies adopted in the preparation of the financial statements and EY's independence in relation to the conduct of the audit of the bank's financial statements. A representative from EY will attend the November 2022 annual general meeting to fulfil a similar role.

EY also performs non-financial assurance procedures over the materiality process and selected performance metrics disclosed in the Impact Report.

Internal audit

The bank's audit function provides independent, objective assurance and consulting services to the bank's operations. KPMG has been appointed to carry out this function for the bank. KPMG assesses whether the bank's framework of risk management, control and governance processes are adequate and functioning in a manner that supports various aims, including:

- the appropriate identification, reporting and management of risks
- the accuracy, reliability and relevance of financial, managerial and operating information
- that employees' actions comply with policies, standards, procedures and applicable laws and regulations.

How we're regulated

While not a listed company, the bank is committed to maintaining high standards of corporate governance, and actively applies a governance framework that reflects the majority of the Australian Stock Exchange Corporate Governance Principles and Recommendations.

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

According to regulatory requirements, we must manage a diversified liquidity portfolio consisting of securities issued by government and a number of ADIs, including the four major banks and regional banks.

This portfolio includes fixed term deposits, negotiated certificates of deposits, bank bills, bonds, covered bonds, mortgage-backed securities and floating rate notes, and is required by APRA for liquidity purposes. It is not possible to determine the exact purpose of every dollar invested in these APRA-regulated products.

The bank is also regulated by ASIC, which has responsibility for regulation under the Corporations Act 2001. ASIC is the country's integrated corporate, markets, financial services and consumer credit regulator. The bank is a Mutual Entity under Section 51M of the Corporations Act 2001.

The bank is also subject to oversight by various state, territory and Commonwealth regulators across its operations and workforce including the Department of Health, the Australian Taxation Office, the Fair Work Ombudsman, the WGEA, the Australian Transaction Reports and Analysis Centre, the Office of the Australian Information Commissioner and several work-health and safety regulators.

Compliance

The bank has a well-developed and implemented compliance framework supported by dedicated compliance managers. The focus of this function is to ensure ongoing compliance with all laws and regulatory requirements with particular attention to industry specific requirements.

Transparency in our share holdings

Bank Australia holds shares in related companies. In 2022 the bank was a shareholder in two major service suppliers:

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

Appendix 4: Our customer profile

Following two years of record customer growth, new customer acquisition slowed in 2022 with 21,490 customers joining Bank Australia this year.

Following high customer growth in recent years, we experienced capacity constraints in our customer facing teams which affected our service levels. At the same time, customer growth slowed this year as we spent less on advertising and marketing over the course of the year due to Covid-19 lockdowns. This year we also experienced higher attrition levels as newer customers who didn't commit to regular banking had dormant accounts closed due to inactivity.

The bank also experienced very strong loan growth which also contributed to strong customer acquisition numbers.

We are diversifying our customer base through a digital first focus and multi-channel approach, with strong growth across states and territories outside of Victoria – with New South Wales up 9.4%, Queensland up 7.2%, Australian Capital Territory up 6.7% and South Australia up 14.9%.

Customer numbers and demographics

	2022	2021	2020	2019	2018 ¹
Number of customers					
Total customers	184,288	176,210	160,437	146,400	143,244
New customers	21,490	27,691	26,796	19,199	15,162
Customers acquired through merger	0	0	0	0	7,842
Customers who left the bank ²	13,412	11,918	12,759	16,043	7,549
Net customer growth	8,078	15,773	14,037	3,156	15,455
Customer retention rate ³	92%	93%	91%	88%	94%
Customer locations					
Victoria	58.9%	60.4%	63.9%	66.2%	67%
New South Wales	16.2%	15.5%	14.1%	12.3%	11.6%
Queensland	10.5%	10.2%	9.6%	9.2%	8.9%
Australian Capital Territory	4.5%	4.4%	4.3%	3.9%	3.7%
South Australia	3.0%	2.7%	2.4%	2.2%	1.9%
Western Australia	2.9%	2.7%	2.3%	2.1%	1.9%
Tasmania	1.4%	1.3%	1.1%	0.9%	0.8%
Northern Territory	0.4%	0.4%	0.4%	0.3%	0.2%
Other	2.1%	2.4%	2.1%	2.9%	3.8%

	2022	2021	2020	2019	2018 ¹
Customer age					
Average age of customers (years)	48	49	49	50	51
Average age of new customers (years)	36	35	36	39	44
Customer satisfaction					
Customer satisfaction ⁴	88%	87%	90%	88%	91%
Net promoter score ⁴	42.2	42.4	45.4	44.6	46.8
Customer complaints ⁵	1704	715	914	383	228
Customer complaints as a share of total customers	0.9%	0.4%	0.6%	0.3%	0.2%
Brand awareness					
Brand awareness of our brand within target audience ⁶	40%	40%	31%	34%	26%
Financial wellbeing					
Customer satisfaction with overall financial situation ⁷	73%	75%	75%	71%	70%
Hardship					
Loans varied due to hardship ⁸	140	383	1,714	121	174
Serving our customers					
% calls answered within 40 seconds	18%	41%	–	–	–
Average time taken to answer calls in our contact centre ⁹	9 minutes 24 seconds	3 minutes 28 seconds	51 seconds	1 minute 30 seconds	–

Notes on our customer profile

- Our customer numbers for 2018 were restated in the 2019 Report due to a change in our customer definition. Within this change we included some accounts which were transitioning to dormancy. For example, the total number of customers reported in our 2018 Corporate Report was 135,786. By dormancy, we mean customers with no account activity for the past 12 months that have been transitioned to dormancy.
- The high figure for the number of customers leaving the bank in 2019 and 2020 was driven by a backlog of dormant customers whose accounts were not closed prior to 2019.
- Does not include customers who joined and left in the same financial year.
- We again worked with research agency Forethought to measure customer satisfaction late in the financial year. A representative sample of 2,241 customers were asked how satisfied they are with Bank Australia on a 10-point scale. Scores of 6+ (satisfied or extremely satisfied) are used to calculate overall satisfaction. Forethought also surveyed these 2,241 customers to determine the net promoter score, which is the likelihood that customers will recommend us to others. The lower net promoter score is likely due to higher wait times for calls and longer approval times for loan applications.
- Our approach to responding to customer complaints is discussed on page 32, including our increased focus on recording customer complaints in 2022. 89.6% of complaints were resolved within 21 days.

- We regularly conduct research to determine the awareness of our brand within our target audience. We define our target audience according to Roy Morgan's 2014 Helix Personas. The target market consists of those personas that index over 100 for social awareness. Personal customer records are updated quarterly with a Helix Code and the target percentage tabulated for existing and new customers. This research was last conducted in July 2021.
- Our customers' satisfaction with overall financial situation has decreased slightly. We believe that this is due to interest rate increases and cost of living pressures. However, satisfaction remains higher than prior to the Covid-19 pandemic. In response, the bank is ramping up support for customers experiencing vulnerability and highlighting hardship services available for those who need them.
- The number of loans deferred due to financial hardship decreased from the previous year as we saw most of the country return to a post Covid-19 environment. Of the 140 variations applied, 67 (48%) related to Covid-19 assistance. Our approach is discussed on page 31.
- The time taken to answer calls increased again this year. This is due to the challenges we face to resource our contact centre. We are focussed on recruiting staff to improve our service levels.

Appendix 5: Our people and culture

This appendix contains information and statistics about our people and our culture activities in 2022. All data was correct as at 30 June unless otherwise stated. For further information about our gender data please refer to WGEA reporting on the WGEA website <https://www.wgea.gov.au/>

Our workforce summary, 2018-2022

	2022	2021	2020	2019	2018
Total staff ^{1,2}	527	456	441	427	411
Female	319	290	285	292	281
Male	207	166	156	135	130
Non-specific	1	–	–	–	–
FTEs ³	487	417	400	386	367
Staff turnover rate ⁴ (continuing)	18.3%	15.6%	10.4%	12.7%	9.5%
Absentee rate ⁵	2.8%	2.4%	3.1%	2.7%	3.3%
Occupational health and safety hazards, incidents and injuries affecting staff ⁶	29	22	54	38	38
Occupational health and safety hazards, incidents and injuries affecting customers ⁶	4	23	7	6	–
Days lost to injury ⁷	109	11	54	12	30
Number of staff who took paid parental leave ⁸	30	26	17	21	22
Staff engagement survey score ⁹	72%	75%	70%	71%	67%

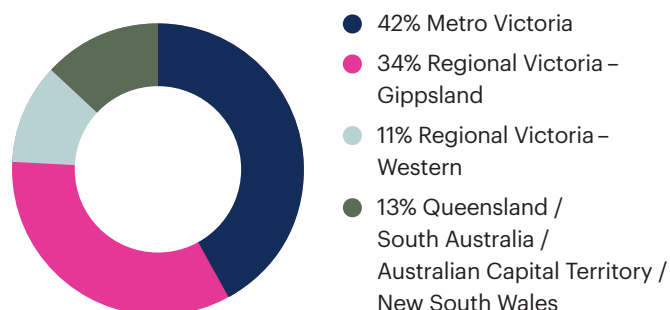
Notes on people and culture summary figures

- 1 Total staff figure includes employees on parental leave, extended sick leave, casual and fixed term contracts, trainees. Excludes Board Directors.
- 2 Most staff worked full time (83.7%) followed by those who worked part-time (11.0%), those on a contract (2.3%), trainees (0.6%) and casual staff (2.5%). These figures are broadly similar to those reported in 2021.
- 3 This excludes staff on parental leave, extended leave and Board Directors.
- 4 Includes voluntary separations, not dismissals or redundancies.
- 5 This is an annualised rate and includes staff on extended sick leave, unpaid sick & pandemic leave.
- 6 There were 29 hazards, occupational health and safety incidents and injuries affecting staff recorded. This included 20 incidents (69%) without injury, and 9 incidents with injury (31%). Common trends were difficult to identify as causation was varied including a vehicle accident, slips, trips, falls, and an overuse type injury. A number incidents involving customers and members of the public acting aggressively towards our staff were recorded however, no injuries were reported as a result of these interactions

There were four incidents affecting customers: three were related to personal customer medical issues and our staff called emergency services to ensure that each received appropriate care. The other was related to a laceration sustained outside the branch and staff provided first aid. In the 2020 report we began reporting separately for staff and customers/ members of the public and also restated the 2019 figure to align with that new reporting.

- 7 As reported in the 2020 Report, the higher than usual days lost to injury in 2020 was due to injuries that required extended leave. In 2022, there were 109 days lost due to a single injury that occurred the previous year.
- 8 Our parental leave figure refers to leave that is taken and paid by Bank Australia for primary carers and secondary carers. In November 2021, Bank Australia increased paid parental leave for all eligible employees to 14 weeks, regardless of primary/secondary carer status.
- 9 Our staff engagement is measured by surveying staff with a non-compulsory survey (88% participated in October 2021). The 72% was well above the Australian average of 61%, and places us in Kincentric's top quartile of employer results. The survey had 63 questions and the following six indices were measured:
 - engagement
 - demonstrated commitment of values
 - direction
 - importance of values
 - risk culture
 - cybersecurity.

Staff by location, 2022



Where our people work

In 2022, our people were split across our locations as illustrated below:

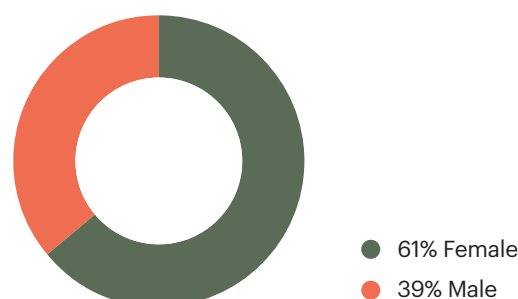
- 45% of our people are based in regional Victoria. This proportion reflects our commitment to creating jobs and opportunities in regional Australia
- 87% of our people are based in Victoria and 13% are based in other states.

Employee age, 2022

Age bracket	Number	% of total
<25 years	68	13%
25 years to 55 years	408	77%
>55 years	51	10%
Total	527	
Average Age		
Average age	39	

- Most of our people continue to be between the ages of 25 and 55 (slightly down from 78% last year).
- The average tenure of employees is 6.0 Years (down from 6.6 in 2021).

Employee gender split, 2022



Gender equity

In 2022, we continued to employ more female staff (319, or 61%) than male staff (207, or 39%). This is in comparison to 64% and 36% for females and males respectively in 2021.

These figures exclude Bank Australia's Board of Directors

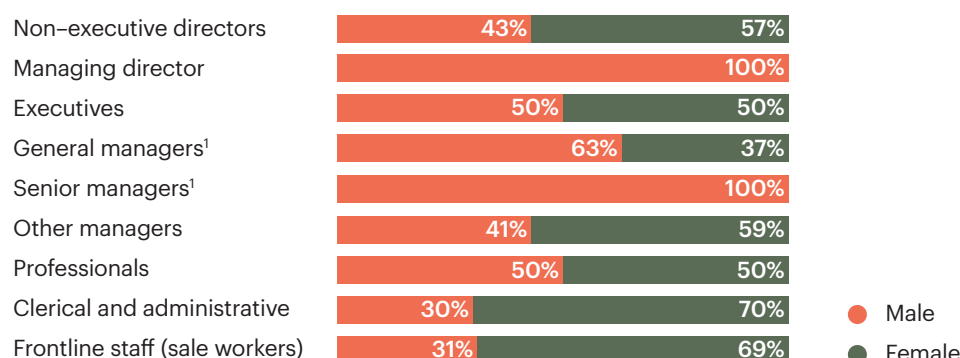
Salary packages, by gender, 2022

Role classification	Female salary package (average)	Male salary package (average)
Frontline and support staff	\$74,085	\$72,130
Middle management	\$137,162	\$145,367
Senior Management	\$302,086	\$308,448

Notes:

- Includes superannuation.
- Frontline and support staff are all those employed at grade 1 and 2 (including trainees).
- Middle management are all those employed at grades 3 and 4
- Senior management are all those employed at grades 5 and 6
- Consistent with previous years, Senior Management excludes the Managing Director
- Average base salary has been converted to FTE for part-time staff
- The differences between the average FTE salaries for females and males is attributable to a number of reasons relating to individual choices including years of service at the bank, level of experience and complexity of roles.
- Refer to page 42 for our approach to gender equality.

Employee gender split, by role classification, 2022 (as at 31 March 2022)^{1,2}



Role classification

We classify roles across the bank based on the WGEA classification of roles: frontline staff (this includes sales workers), clerical/administrative staff, professionals, other managers, senior managers, general managers and executives. The WGEA data presented on this page is accurate, as of 31 March 2022. To align to our WGEA reporting we have included all levels of the workforce in the *Staff by role classification* and *Employee gender split by role classification* charts. All other data excludes non-executive directors.

Staff, by role classification, 2022 (as at 31 March 2022)

Role	Number	% of total
Managing Director	1	<1
Executives	6	1%
General managers	19	4%
Senior managers ¹	1	<1
Other managers	82	16%
Professionals	98	19%
Clerical and administrative	177	35%
Frontline staff	122	24%
Total	506²	

Employee gender split by type of employment, 2022³

		FTE	% of total
Full-time staff	Female	243	57%
	Male	186	43%
Part-time staff	Female	32	89%
	Male	4	11%
Trainees	Female	1	25%
	Male	2	50%
	Non-binary	1	25%
Contract staff (full-time) ⁴	Female	5	45%
	Male	6	55%
Contract staff (part-time)	Female	1	100%
	Male	0	0%
Casual staff (head count)	Female	6	46%
	Male	7	54%

1 Categorisations updated to reflect Australian and New Zealand Standard Classification of Occupations (ANZSCO). As a result some staff previously categorised as Head of Business are recategorised as General Manager.

2 Percentage calculated based on headcount within each role category.

3 Note: These figures do not include non-executive (Board) directors.

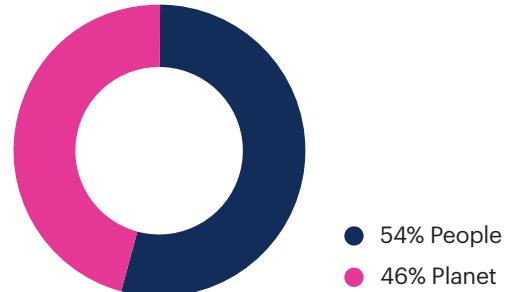
4 Prior to 2021, permanent staff on a secondment or temporary change to hours/roster were previously classified as 'Fixed Term'. We have now correctly reclassified these as 'Permanent' staff.

Appendix 6: Bank Australia impact fund

The bank allocates up to 4% of its after-tax profits to the Bank Australia impact fund. The fund supports a number of projects and partnerships that benefit people and the planet. Our largest social partnerships include Seed Mob, BCCM, The Big Issue¹, and Human Rights Watch. Our largest environmental project is the Bank Australia conservation reserve. We also run an open grant round each year for Bank Australia community customers who can apply for grants that benefit people or the planet. In 2021 we recognised the challenges COVID-19 created for many community sector organisations and communities so we doubled the size of the individual grant amount from \$10,000 to \$20,000. We continued with this amount in 2022.

In 2022, we disbursed \$1,195,752 from the impact fund (up from \$970,352 in 2021). This represented 2.9% of our after-tax profit (generated in 2021). We rolled over the remaining 1.1% the funding that was not allocated during 2022, which will be used to fund new projects in future years.

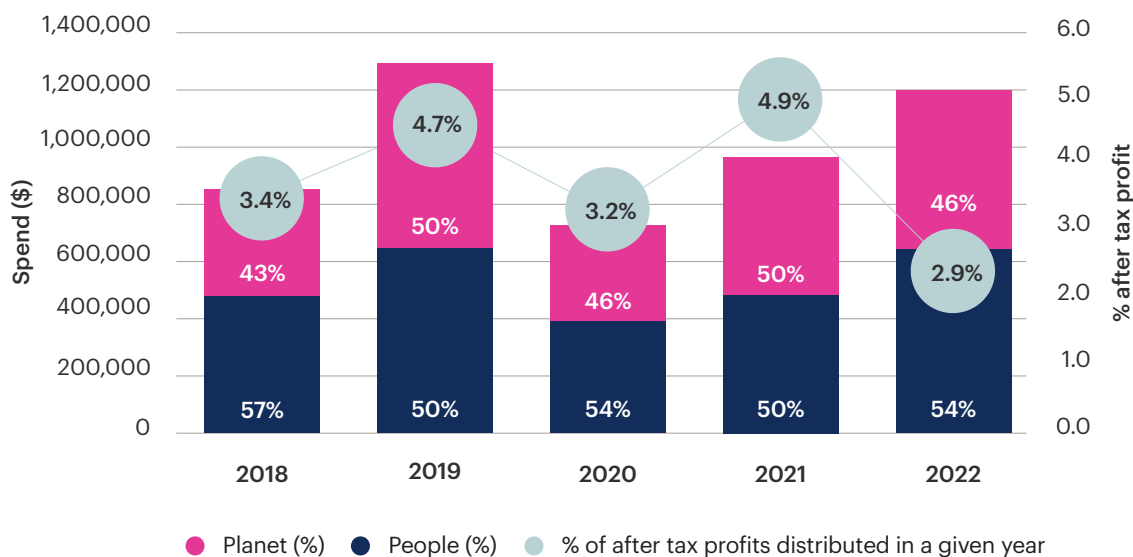
Funding for people and planet, 2022



The 2022 funding was split across programs that benefit people (54%) and programs that benefit the planet (46%). This is represented in the chart above.

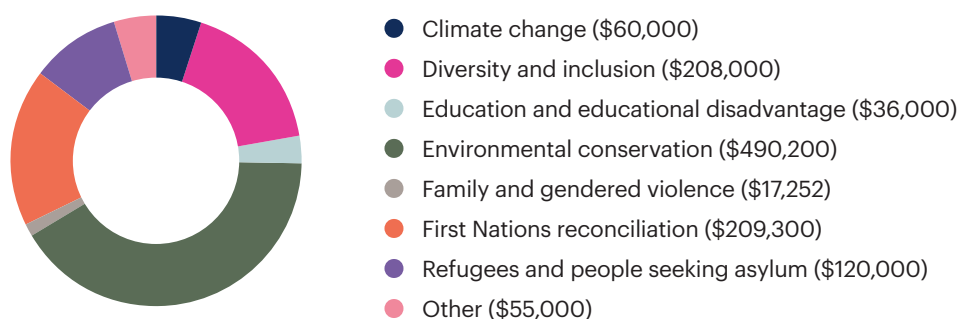
The bars in the chart below illustrate the total amount of funds allocated each year since 2018 as well as the proportion of funds allocated to people and the planet. The grey trend line illustrates the percentage of after-tax profit spent in a given year.

Funding for people and planet year on year comparison, 2018 – 2022



¹ Bank Australia's Chief People Officer, Sonya Clancy is the current Chair of the Big Issue. Our partnership with The Big Issue commenced in 2016 and predates Ms Clancy joining the bank in 2018.

Bank Australia impact fund programs, by funding category, 2022



Bank Australia impact fund projects, 2022

Impact area	Organisation	Program	Amount
Environmental			
Environmental conservation	Greening Australia/Trust for Nature	Bank Australia conservation reserve	\$397,200
Total			\$397,200
Social			
Other	The Bunya Fund (BCCM)	Co-operative and mutual enterprise sector fund supporting the next generation of co-operative and mutual social enterprises	\$55,000
Reconciliation and supporting First Nations communities	SEED Indigenous Youth Climate Network Ltd	Supporting First Nations climate justice and advocacy	\$150,000
Refugees and people seeking asylum	Human Rights Watch	Australian operations and research	\$25,000
Refugees and people seeking asylum	Human Rights Watch	Voices for Justice dinner	\$15,000
Diversity and inclusion	The Big Issue	Uniform partner and financial capability	\$88,000
Education and educational disadvantage	Zoe Support	Young mums education re-engagement program	\$25,000
Total			\$358,000

Impact area	Organisation	Program	Amount
Scholarships Social			
Reconciliation and supporting First Nations communities	Gippsland Community Leadership	First Nations leadership scholarship – Gippsland	\$6,000
Reconciliation and supporting First Nations communities	Housing Trust	Education, Employment and Training Scholarship – Tylah West	\$10,000
Education and educational disadvantage	Small Giants Academy	Master of Business Empathy 2022 Scholarship	\$11,000
Total			\$27,000

Community customer grants, 2022

Impact area	Organisation	Program	Amount
Environmental			
Climate change	Climate for Change	Climate Conversations Program	\$20,000
Climate change	Commune + Co Pty Ltd ta Cirque du Soil	CDS Hospitality Circular Economy Best Practice Guide	\$20,000
Climate change	Environment Victoria	Latrobe Valley Futures	\$20,000
Environmental conservation	Green my plate	Green my cup	\$10,000
Environmental conservation	Ocean Impact Organisation	The Ocean Impact Ideation Program	\$20,000
Environmental conservation	Reground	Equal Access to Recycling	\$15,000
Environmental conservation	The Forktree Project	The Forktree Project	\$20,000
Environmental conservation	Nature Conservation Council NSW	Community Organising Fellowship 2022	\$15,500
Social			
Reconciliation and supporting First Nations communities	Balaangala community group inc	Truth-telling – bringing First Nations and non-First Nations people together to share the truth of our shared history	\$3,300
Diversity and inclusion	Bower Reuse & Repair Centres	HomeKeeper	\$20,000
Refugees and people seeking asylum	Bridge for Asylum Seekers Incorporated	Asylum Seekers' Support Project – Fairfield	\$20,000
Diversity and inclusion	Cultivating Community	High Rise Community Bakery	\$20,000
Refugees and people seeking asylum	Ethni	Thriving Futures	\$20,000

Impact area	Organisation	Program	Amount
Diversity and inclusion	For Change Co.	home.plate	\$20,000
Refugees and people seeking asylum	Free To Ltd (t/a Free to Feed)	Free to Feed's Hospitality Taster	\$20,000
Diversity and inclusion	Kensington Neighbourhood House Inc	Kensington Study Support Program	\$20,000
Reconciliation and supporting First Nations	Northey Street City Farm	Wurriala-y bula winanga-li ngiyani (all of us sharing and listening/respecting/ understanding together)	\$20,000
Family And Gendered Violence	Project Respect	Art Therapy for women with diverse experiences in the sex industry	\$17,252
Reconciliation and supporting First Nations	Reconciliation Victoria	Aboriginal Gathering Places project	\$20,000
Refugees and people seeking asylum	Scarf Community Organisation	Building Scarf's capacity to get graduates into jobs	\$20,000
Homelessness	The Footpath Library Ltd	The Hub (Sydney) for people experiencing homelessness	\$20,000
Diversity and inclusion	Women of Colour Australia	WoC Mentorship Program	\$20,000
Total			\$401,052

Bank Australia impact fund donations, 2022

Impact area	Organisation	Amount
Environmental		
Environmental conservation	Goroke Rural Fire Brigade	\$2,500
Environmental conservation	Minimay Rural Fire Brigade	\$2,500
Environmental conservation	Neuarpuur Rural Fire Brigade	\$2,500
Environmental conservation	Ozenkadnook Rural Fire Brigade	\$2,500
Environmental conservation	Peronne Rural Fire Brigade	\$2,500
Total		\$12,500
Total spend from impact fund		\$1,195,752

Appendix 7:

Our lending and investments

This appendix contains information on our lending and investment activities for 2022 with a particular focus on our impact finance assets. For full reporting of our balance sheet, see our 2022 Financial Report.

Our lending portfolio

As at 30 June 2022

Lending portfolio	Total value	% of overall loan book
Total lending	\$7.4b	100%
Home loan lending	\$7.0b	95.3%
Lending to personal customers for car loans, personal loans and overdrafts	\$0.1b	0.9%
Commercial lending	\$0.3b	3.8%

Our Responsible Banking Policy guides all our lending, and our teams follow procedures to ensure we screen out any potential loans that don't comply with sectors excluded under our policy.

Commercial lending by sector

As at 30 June 2022

Sector	Total balance	% of overall loan book
Accommodation and food services	\$2.7m	0.8%
Administrative and support services	\$4.1m	1.2%
Agriculture, forestry and fishing	\$3.5m	1.1%
Arts and recreation services	\$2.4m	0.7%
Construction	\$7.6m	2.3%
Education and training	\$5.2m	1.6%
Electricity, gas, water and waste services	<\$0.1m	0.0%
Financial and insurance services	\$26.8m	8.1%
Health care and social assistance	\$9.2m	2.8%
Information media and telecommunications	\$0.2m	0.1%
Manufacturing	\$5.8m	1.8%
Other services	\$3.5m	1.1%
Professional, scientific and technical services	\$1.2m	0.4%

Sector	Total balance	% of overall loan book
Public administration and safety	\$0.2m	0.1%
Rental, hiring and real estate services	\$255.0m	76.7%
Retail trade	\$0.9m	0.3%
Transport, postal and warehousing	\$3.5m	1.1%
Wholesale trade	\$0.5m	0.2%
Total	\$332.4m	100.00%

Loans to excluded sectors

As at 30 June 2022

In 2021, we updated our responsible banking policy to expand the range of sectors that we don't fund. This included adding the screen: "We do not provide new loans to businesses whose primary purpose is to train horses or greyhounds for the purposes of racing and for gambling and entertainment".

We have two older loan accounts that are classified as horse or dog racing that pre-date our responsible banking policy. The balance on these loan accounts was \$0.

Impact finance assets

As at 30 June 2022

We're committed to lending and investing with a positive impact for people and the planet. Our impact finance business exists to grow these assets, and to measure and report back to our customers on the impact that our loans and investments are having.

We're a member of the GABV, and we use the GABV Scorecard as the basis for classifying our impact finance assets into three categories based on the primary impact they have: people, planet or prosperity.

Impact finance assets	2022	2021	2020	2019
Total balance	\$1,390.2m	\$1,080.2m	\$746.1m	\$610.7m
% of total assets	14.4%	12.8%	10.4%	9.6%

Our impact finance assets include loans for people, planet or prosperity, as well as investments from our liquidity portfolio in green bonds and sustainability bonds.



- 26% Green, social and sustainable bonds
- 10% Commercial impact loans
- 64% Retail impact loans

Impact finance lending	2022	2021	2020	2019
Impact finance lending				
Total balance	\$1,024.3m	\$756.0m	\$578.2m	\$487.1m
% of total loan portfolio	13.7%	11.9%	10.4%	9.3%
People lending				
Total balance	\$131.2m	\$148.3m	\$108.4m	\$115.4m
% of total loan portfolio	1.8%	2.3%	1.9%	2.2%
Planet lending				
Total balance	\$545.7m	\$488.8m	\$392.5m	\$324.7m
% of total loan portfolio	7.3%	7.7%	7.0%	6.2%
Prosperity lending				
Total balance	\$347.5m	\$119.0m	\$77.3m	\$47.0m
% of total loan portfolio	4.7%	1.9%	1.4%	0.9%

Lending for people

Our people lending includes:

- commercial loans to community housing providers to help them build affordable and social housing for people who need it
- commercial loans and individual loans for SDA suited to people with complex care needs
- commercial loans to not-for profit community organisations that have a social focus.

People lending highlights in 2022 were:

- A loan to an affordable housing provider tackling homelessness and housing affordability in regional and rural Victoria
- New funding for an SDA provider to develop new SDA residential property in Queensland.

Lending for planet

Our planet lending includes:

- commercial loans and home loans for sustainable housing developments
- commercial loans to make green upgrades to buildings
- commercial loans to not-for profit community organisations that have an environmental focus
- clean energy home loans
- home loans for construction (because we protect an equivalent amount of land on our conservation reserve)
- car loans (because we offset emissions associated with our loans), including discounted loans for low-emissions vehicles.

Planet lending highlights in 2022 were:

- A new loan for early support of a new carbon farming project in regional WA
- New funding for a green, community housing co-operative venture in Victoria
- Reaching 380 green residential homes currently funded in our retail impact portfolio, worth nearly \$170 million
- Allocated 172,528m² (the equivalent of more than eight football fields) of land on our conservation reserve to ensure an area is protected that's equal to the size of the building lots of all the construction loans we financed during the year.

Lending for prosperity

Our prosperity lending includes:

- home loans as part of affordable housing initiatives such as the First Home Loan Deposit Scheme, the Victorian Homebuyer Fund shared equity scheme, the Home Smart Shared Equity Scheme, and ACT Land Rent
- home loans as part of IBA's banking panel to support Aboriginal and Torres Strait Islander customers on their home ownership journeys.

Prosperity lending highlights in 2022 were:

- We were one of two approved lenders to support the Victorian Government's Victorian Homebuyer Fund shared equity scheme, which launched in October 2021. Since then, we have contributed to reducing affordability barriers for Victorians by funding nearly 400 homes.
- Through our banking panel partnership with IBA, our lending to support Aboriginal and Torres Strait Islander customers own their home increased nearly four-fold over the year.
- We continued to support first home buyers enter the housing market through the First Home Loan Deposit Scheme, helping 175 customers purchase their first home during the year.

A selection of our people, planet and prosperity loans have been used to underpin Bank Australia's sustainability bonds. We have issued \$360 million of sustainability bonds since our first bond in August 2018.

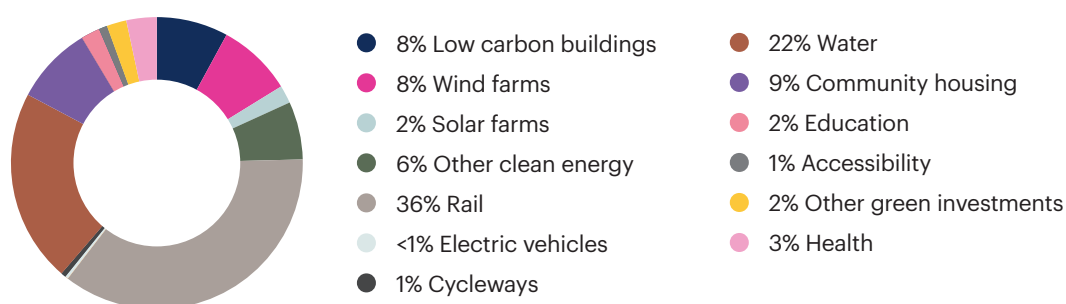
Our liquidity portfolio

We hold money in liquid investments to ensure we have access to a sufficient amount of money to meet our customers' needs, as well as the requirements of our regulator, APRA. These investments include bonds from other banks, Governments and other organisations.

When they are available, we prioritise green, social and sustainability bonds and we're working to increase the share of these in our total liquidity portfolio.

Green social and sustainability bond investments	2022	2021	2020	2019
Total value	\$365.9m	\$324.2m	\$168.9m	\$123.6m
% of total investment securities	19.1%	17.5%	12.3%	13.9%

The proceeds of our investments in green, social and sustainability bonds are allocated to the sectors below.



Measuring our impact

We're committed to measuring and reporting on the impact of our people, planet and prosperity assets.

As a member of the GABV since 2012, we've been on this journey for a while. Each year we complete the GABV Scorecard that tracks our share of people, planet and prosperity assets and compares us to other values-based banks around the world. We also map our impact finance assets to the United Nations Sustainable Development Goals (SDGs).

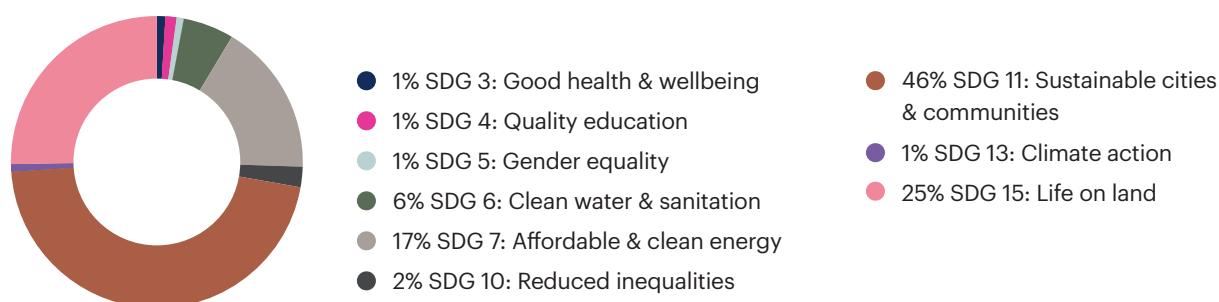
Sustainable Development Goals

The SDGs are 17 global goals set by the United Nations with a target date of 2030. They are described as a blueprint to achieve a better and more sustainable future for all, and each goal includes specific targets for the world to work towards.

In developing our impact finance strategy, we used the SDGs as a reference point and identified five key goals that aligned with both our capabilities and the positive impacts our customers want to see.



We map our impact finance portfolio against the 17 SDGs, reviewing the expected impact of all loans and investments against alignment with SDGs and their targets. The breakdown of our impact finance assets according to the primary SDG they are aligned to is shown below.



Examples of how we map our key areas of lending against their contribution to the SDGs are below.

Example lending area	SDG	Target	Rationale	Example indicators
Victorian Homebuyer Fund	11 Sustainable cities and communities	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums	With housing affordability a key barrier to home ownership, this shared equity scheme supports more Victorians to purchase their own home, with the Victorian Government contributing up to 25% of the purchase price in exchange for an equitable ownership share in the property –reducing the financial outlay and commitment required by the home buyer.	Homes funded within the program Number and % of lower and middle income households who own their own home Income tier mix of households participating in the program
Clean energy home loan	7 Affordable and clean energy	7.3 By 2030, double the global rate of improvement in energy efficiency	Homes in Australia are not generally built to high standards of energy efficiency. By providing an incentive to customers to build or buy green homes, or make ambitious green upgrades to their homes, this product contributes to the rate of improvement in energy efficiency.	Energy rating of homes financed Green upgrades made Carbon emissions saved

Loan impact assessment

We complete loan impact assessments for all new commercial impact loans, as well as for new retail impact programs.

Our impact finance team completes an assessment for each new commercial loan or retail program, considering how the business or the project aligns to the GABV's people-planet-prosperity framework and to the SDGs. To assess the expected impact of a loan, we draw on the Impact Management Platform's five dimensions of impact – what, who, how much, contribution and risk.

Appendix 8:

Our responsible banking commitments

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

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

We're a member of:

- the GABV – a global network of banks committed to advancing positive change in the banking sector
- the BCCM – the national peak body representing co-operative and mutual enterprises

- COBA – the industry advocate for Australia's customer owned banking sector
- the ABA – a main contributor of analysis, advice and advocacy for the banking industry and financial services

We are also certified by:

- B Lab which manages B Corporation accreditation and advocates for purpose-driven business across the world.

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

Progress against our public commitments on responsible banking, 2022

Commitment	Commitment description	Progress in 2022
Reconciliation	To promote understanding and close the gap between Indigenous and non-Indigenous Australians.	<p>The conclusion of our most recent RAP in July 2021 has given us the opportunity to review, renew and strengthen our reconciliation commitments.</p> <p>The pursuit of our first Stretch RAP gave us many important learnings, including the need for increased capacity to guide our efforts within this space. We have committed to a dedicated consultant and a dedicated continuing role within our Impact team to support our reconciliation efforts, including the development of a renewed reconciliation strategy.</p> <p>As this strategy takes shape, we are developing a set of interim targets and priority areas for the year ahead, including deeper staff and customer engagement.</p>
GABV	To operate in alignment with the agreed principles of values-based banking. This commitment is articulated as a shared mission to use finance to deliver sustainable economic, social and environmental development, with a focus on helping individuals fulfil their potential and build stronger communities.	<p>We continued to operate in alignment with values-based banking through our stated purpose.</p> <p>We ran the third year of our Values-based Leadership Program based on a model from the GABV. The program focused on developing emerging leaders from both banks and providing a common framework for what it means to be a leader in a values-based bank.</p> <p>Our Managing Director continued to serve on the GABV Board of Directors.</p>
Paris Pledge	To help global efforts to keep the warming of the earth to below 2 degrees Celsius.	Our new climate action strategy sets ambition at a level higher than the Paris Pledge. From 2023, we'll stop reporting specifically on the Paris Pledge commitment as we report on our climate action strategy more broadly.

Commitment	Commitment description	Progress in 2022
Carbon neutrality	To calculate and offset the carbon emissions generated through the operations of the bank.	We remained carbon neutral and achieved certification under Climate Active (see appendix 9).
Take2Pledge	To support the Victorian Government's collective climate action program to help global efforts to keep the warming of the earth to below 2 degrees Celsius.	The Victorian Government's Take2Pledge program has now closed so we won't report specifically on the Take2Pledge in future years. We'll continue reporting on our climate action strategy more broadly.
Responsible banking policy	<p>To follow the screening guidelines for what we do and don't fund as per our responsible banking policy</p> <p>We don't fund:</p> <ul style="list-style-type: none"> • the fossil fuel industry • the live animal export industry • intensive animal farming • industries using animals for cosmetic testing or harmful trade • the tobacco industry • the arms industry • gambling 	We continued to operate in line with our responsible banking policy in alignment with our purpose of empowering our customers to use their money to create a world where people and the planet thrive.
Bank Australia impact fund	To invest 4% of annual after-tax profits into projects that create positive social and environmental change.	In 2022, we disbursed \$1,195,752 from the impact fund (up from \$970,352 in 2021). Despite this increase, we fell short of our 4% commitment, with total spent representing 2.9% of our after-tax profit (generated in 2021). This was due to the growth and positive financial position of the bank in 2021. The remaining 1.1% will be carried over to future years.
Create and keep jobs in Australia	To create and keep all employment with Bank Australia in Australia, with a focus on generating employment in regional Australia.	<p>We're meeting our commitment. 45% of our staff work in regional Victoria across our branches, our offices in Bendigo and our Contact Centre and offices in the Latrobe Valley.</p> <p>Approximately 10% of our staff work in the contact centre in Moe. Having merged with Enterprise Credit Union (formerly the SEC Credit Union) in 1998, we're proud to continue our strong legacy of supporting the Latrobe Valley.</p>

Commitment	Commitment description	Progress in 2022
Adopt a science-based emissions reduction target	We will ensure our emissions are in line with global science-based methods	<p>In 2018, we used science based methods to set a target to reduce Scope 1 and 2 emissions reductions by 16% by 2025 on 2017 levels. We have consistently been achieving greater reductions than this since 2020, the first full year of our switch to 100% renewable electricity.</p> <p>In 2022, we started work on more ambitious science based targets using new methods for financial institutions and we submitted these to the SBTi for validation.</p>
RE100	We will switch our electricity supply to renewable sources.	We continued to run on 100% renewable electricity for the third full year running.
Responsible corporate engagement in climate policy	We will engage consistently and positively with policymakers on climate change.	We made this commitment in 2015 under the We Mean Business Coalition. The We Mean Business Coalition has since retired this as an active commitment so we won't report specifically on this in future years. We will continue to report on our climate action strategy including our advocacy efforts.
Report climate change information in mainstream reports as a fiduciary duty	We will include information on climate relevant topics in our impact report.	We made this commitment in 2015 under the We Mean Business Coalition. The We Mean Business Coalition has since retired this as an active commitment so we won't report specifically on this in future years. We will continue to report on our climate action strategy in our mainstream reports.

Appendix 9: Climate action

In 2022, we launched our new [climate action strategy](#), which includes our target to reach net zero emissions by 2035.

We continued to run on 100% renewable electricity, maintain our Climate Active certification and offset the emissions associated with our car loans – the details of how we did this are described in this appendix.

In this appendix, we disclose the emissions from our mortgage and commercial real estate portfolio for 2022, and we describe our approach to climate risk.

Renewable electricity

For the third full year running, we ran on 100% renewable electricity. Our electricity consumption is in line with our Scope 2 electricity consumption reported for our carbon neutral claim under Climate Active (using the operational control method to define our organisational boundary)

We use three methods of renewable electricity consumption, as per the RE100 Technical Criteria:

- direct consumption from on-site installations owned by Bank Australia (from solar panels at our head office and contact centre);

- direct procurement from a grid-connected generator (purchase of large-scale generation certificates, or LGCs, directly from the generator under a power purchase agreement); and
- unbundled energy attribute certificate purchase (purchase of large-scale generation certificates from our electricity retailers).

Our electricity consumption and renewable electricity use for 2022 is shown below.

Renewable electricity certificate details

Electricity source	MWh	% of total FY22 consumption
Behind the meter consumption of electricity generated	64	8.1%
LGCs purchased and retired (kWh) ¹	568	71.9%
Jurisdictional renewables (LGCs retired) ²	23	2.9%
Jurisdictional renewables (Large Scale Renewable Energy Target) (applied to Australian Capital Territory grid electricity)	5	0.6%
Large Scale Renewable Energy Target (applied to grid electricity only) ³	130	16.5%
Total renewable electricity consumption	790	100.0%

Notes:

1 Serial number of LGCs retired voluntarily: 103591-103637; 206714-206856; 111584-111603; 206101-206262; 92412-92606; and 103638.

2 As per Climate Active guidelines, jurisdictional renewables refer to states and territories that have renewable energy targets over and above the Large Scale Renewable Energy Target requirement. In 2022, this refers to our Australian Capital Territory electricity consumption.

3 All electricity retailers are required to retire LGCs to meet the federal renewable energy target in line with the renewable power percentage set by the Clean Energy Regulator. In 2022, the renewable power percentage was 18.6%; in 2021 it was 18.5%.

Greenhouse gas emissions – tonnes of carbon dioxide equivalent (tCO₂-e)¹

	2022	2021	2020	2019	2018	2021 to 2022 percentage change
Scope 1						
Land and sea transport ²	23.3	2.0	8.0	17.6	19.6	+1,065.0%
Gas consumption	43.6	47.8	57.7	52.3	49.5	-8.8%
Scope 1 subtotal	66.9	49.8	65.7	69.9	69.1	+34.3%
Scopes 2 + 3³						
Electricity consumption and distribution	0.0	0.0	0.0	982.0	1,056.8	+0.0%
Scope 2 + 3 subtotal	0.0	0.0	0.0	982.0	1,056.8	+0.0%
Scope 3⁴						
Land and sea transport ²	222.6	166.8	406.5	589.6	77.7	+33.5%
Employees working-from-home	224.7	248.7	12.9	–	–	-9.7%
Air transport	58.9	31.5	170.8	234.7	221.2	+87.0%
Hotel accommodation	38.8	15.8	86.2	98.5	89.4	+145.6%
Water	4.0	1.8	2.8	3.0	3.3	+122.2%
Waste	39.9	27.2	62.6	65.5	62.1	+46.7%
Printing & stationery	11.6	21.1	14.5	25.8	19.0	-45.0%
Paper	0.4	12.4	0.0	0.0	0.0	-96.8%
Postage	51.0	69.9	77.8	–	–	-27.0%
Base buildings	13.8	18.2	27.8	37.4	36.9	-24.2%
Key suppliers ⁵	30.5	32.6	32.8	57.6	–	-6.4%
Gas distribution	3.4	3.7	4.2	4.0	3.7	-8.1%
Fuel distribution ⁶	–	0.1	0.4	0.9	1.0	–
Scope 3 subtotal	699.6	649.8	899.3	1,117.0	514.3	+7.7%
TOTAL	766.5	699.8	965.1	2,169.0	1,640.2	+9.5%

Operational carbon offsets

Offset type	Registry	Serial numbers	Year retired	tCO ₂ -e
VER – WithOneSeed Timor Leste	The Gold Standard Environmental Registry	GS1-1-TL- GS4210-21-2020- 21820-4553-5652	2020-21	1,100
Total offsets purchased and retired				1,100
Total emissions				767
Surplus offsets banked for future years				333

Note:

- Our greenhouse gas emissions are defined in the Greenhouse Gas Protocol:
 - Scope 1: direct emissions that we own or control (for example, owned motor vehicles for which the business is responsible for running costs)
 - Scope 2: indirect emissions, including emissions from the generation of purchased electricity
 - Scope 3: other indirect emissions that are a consequence of our activities but have sources that we do not own or control (for example, air travel).
- Emissions associated with job needs and salary packaged cars have been categorised under scope 1 for the first time in 2022. This is consistent with operational control guidance as the business is responsible for vehicle running costs. This change has increased the year-on-year comparison for scope 1 emissions, and reduced the magnitude of year-on-year scope 3 increase.
- In line with best practice and guidelines from the Greenhouse Gas Protocol and Climate Active, we have reported our electricity emissions in 2022, 2021 and 2020 using the Market-based approach. Estimates for 2018 and 2019 use the Location-based approach which was the best methodology at the time. Bank Australia switched to 100% renewable electricity for the first full year in 2020, which was achieved for the third consecutive full year in 2022. This commitment remains unaffected by this change in reporting standards.
- Emissions increased by +66.7 tCO₂-e, or +9.5% between 2021 and 2022, primarily driven by a rise in scope 3 emissions (+49.8 tCO₂-e, or +7.7%), despite job needs and salary packaged vehicles being reported under scope 1 emissions for the first time in 2022 (see footnote 2). Scope 1 emissions rose by +17.1tCO₂-e, or +34.3%, reflecting the inclusion of job needs and salary packaged vehicles, despite a decline in emissions associated with gas consumption (-4.2 tCO₂-e, or -8.8%). The largest drivers for the rise in scope 3 emissions reflect a shift towards pre-pandemic activity for some emissions sources, including Land and sea transport (+55.8 tCO₂-e, or +33.5%); Air transport (+27.4 tCO₂-e, or +87.0%); and Hotel accommodation (+23.0 tCO₂-e, or +145.6%); which were partly offset by declines in emissions from employees working-from-home (-24.0 tCO₂-e, or -9.7%). A rise in emissions associated with Waste (+12.7 tCO₂-e, or +46.7%) reflects increased employee numbers and a rising proportion of working from the office. Declines in emissions associated with Postage (-18.9 tCO₂-e, or -27.0%) reflect structural changes in the way customers engage with the bank; whereas declines in emissions from Paper (-12.0 tCO₂-e, or -96.8%) reflect a larger share of paper being sourced from Climate Active certified sources. Decline in emissions associated with Printing (-9.5 tCO₂-e, or -45.0%) is largely reflective of a reduction in printing, as well as a change in methodology to align with Climate Active standard methods.
- Key supplier emissions include electricity emissions from two providers of our key banking services, Data Action and Cuscal. Bank Australia is also a part-owner in Data Action and Cuscal; our ownership share is used to estimate the proportion of the companies' total services we use.
- Emissions associated with fuel distribution are included in the respective estimates for scope 1 and scope 3 Land and sea transport emissions for the first time in 2022.



Offsetting the emissions associated with our car loans

Since 2004, we have been measuring and offsetting the emissions associated with each and every car loan we make, for the life of the loan. In 2022, the total emissions associated with our active car loans were 3,437 tCO₂-e, a decrease of 28.4% on the year before. This decrease was because of a reduction in the size of our car loan portfolio.

Offset type	Registry	Serial numbers	Year retired	tCO ₂ -e
VCU – Renewable energy in Maharashtra by Sispara, India	VCS	8457-21893201-21896700- VCS-VCU-997-VER-IN-1-1660- 01012019-31102019-0	2022-23	3,500
Total offsets purchased and retired				3,500
Total emissions from car loans ¹				3,437
Surplus offsets banked for future years				63

Notes:

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

Emissions from our mortgage and commercial real estate portfolio

As part of our net zero target setting, we've been working to understand the emissions associated with the homes and buildings we fund. Using the methods from PCAF and aligning to the SBTi, we have estimated the emissions for 2022 as follows.

Emission sources	Greenhouse gas emissions - tonnes CO ₂ -e		
	Mortgages	Commercial loans	Total
Natural gas	21,045	521	21,566
Electricity	56,503	1,434	57,937
Total emissions	77,548	1,955	79,503

To estimate these emissions, we have taken the number of properties we fund and the state they're located in, and multiplied them by average floor space and emissions estimates per state. These emissions estimates are from sources including: average household scope 1 and 2 energy consumption per state from the Australian Energy Regulator, average commercial building use from Energy Star and Sustainability Victoria, and emissions factors from the National Greenhouse Accounts Factors for emissions factors. According to PCAF's data quality scoring, these estimates have a data quality score of 5 (where 1 is best quality and 5 is lowest quality). We know that to track progress against our targets over time, we're going to need better data. We'll be investigating options in future for getting more property specific data, and working with our customers to provide them with data insights that can motivate action.

Climate finance target

Our climate action strategy has the ambition that we will be financing \$1.5 billion of clean energy transition and conservation by 2025.

As at 30 June 2022, we were financing \$791.6 million of clean energy transition and conservation. This includes:

- clean energy home loans, and other green homes with a NatHERS rating of 7 stars or higher
- residential mortgages where we funded construction and are protecting an equivalent amount of land on our conservation reserve (for homes built since 2015 to make sure they also have a good level of energy efficiency compared to the general market)
- loans for low-emissions vehicles
- loans for solar installations and energy efficiency upgrades
- loans for developing new green residential property
- loans for conservation projects
- investments in green bonds.

Our approach to climate risk

We reference the framework of the TCFD in mapping our approach to climate risk.

Progress in 2022	
Governance	Our Board endorsed our new climate action strategy, including our ambition that we will assess, disclose and manage the risk posed to our business by a changing climate.
Strategy	We've established a climate risk working group and engaged external provider CoreLogic to gain insights into one of our major areas of risk as a customer owned bank with a large mortgage portfolio – physical risk to the homes we finance.
Risk management	We have elevated the importance of climate risk in our climate risk register.
Metrics and targets	We have calculated and disclosed the emissions for our operations (as per our Climate Active certification) and our mortgage and commercial real estate portfolios (see appendix 9).

Appendix 10:

Bank Australia conservation reserve

We continue to work with our partners Greening Australia and Trust for Nature to manage the Bank Australia conservation reserve. Our reserve received funding of \$397,200 from the Bank Australia impact fund in 2022.

Action area	Objectives	Progress in 2022
Wildlife and land conservation	1.1, 1.2 By 2026, we will maintain or improve the quality of at least 600 hectares of our conservation reserve to support and increase the populations of up to five existing threatened plants and four existing threatened animals, which have been identified through baseline ecological monitoring.	In 2022, we conducted a comprehensive study at the Salvana site. This identified significant biodiversity value on the site, providing important habitat and connectivity for a range of native fauna, and indicating ecosystems and activities to prioritise in future. The study also indicated the type and extent of plant and animal pests on site and the effectiveness of various control activities, which will inform our approaches to pest control on the site in future.
	1.3 By 2026, we will extend and enhance the condition of existing revegetation across 200 hectares of previously degraded land in our reserve to provide habitat for at least five other wildlife species, which will be identified through baseline ecological monitoring.	In 2022, we planted an additional 190 hectares of land with predominantly mallee and stringybark seedlings, contributing to the biodiverse food sources and habitat for priority threatened species at the Salvana site.
Wildlife and land conservation	1.4 By 2020, social and Indigenous ecological knowledge will be integrated into the management of our reserve.	In 2022, we continued our engagement with Traditional Custodians on planning for Traditional Burns, and monitoring the ecological and cultural benefits of this practice.
	2.1, 2.3 By 2026, the current extent of our conservation reserve system will be revegetated with native species, and managed to maximise both habitat and biodiverse carbon storage.	In 2022, we committed to explore whether we can combine our expertise regenerating land on the conservation reserve with creating our own carbon offset projects at Salvana. This builds on previous efforts to sequester carbon through our restoration work on the conservation reserve.
	2.2 By 2026 our conservation reserve will provide critical habitat for up to five identified threatened wildlife species, based on 2050 climate models. The species will be identified through baseline ecological monitoring.	In 2022, we conducted a comprehensive study at the Salvana site, which included an identification of areas that currently experience the climate expected at Salvana in 2050 consistent with the climate futures modelling by the CSIRO. This study will inform potential future climate-adjusted seeding initiatives on the Salvana site. This builds on previous works carried out across the other reserve sites, including at the Ozenkadnook site where over 60 hectares of shrubs and ground cover plants were seeded to build the genetic resilience of the vegetation.
Climate change resilience		

Action area	Objectives	Progress in 2022
Engaging the community	3.1 By 2020, Indigenous land management practices and stories will be implemented and celebrated within our conservation reserve.	In 2022, we continued to support Traditional Custodians to access land to practice their ancient and effective management practices. Due to inclement weather, the Traditional Burn planned for May was postponed to 2023. We continued to monitor the ecological benefits of previous Traditional Burns carried out on-site, and listening to Traditional Custodians to identify new avenues for their engagement with the land.
	3.2 Each year we will run one project at our conservation reserve that ties in with an identified social priority of our customers other than conservation (for example, supporting people with a disability or refugee communities).	In 2022, we installed track signage across the Minimay, Boorookpi and Ozenkadnook sites, featuring words in local Wergaia language as approved by the Barengi Gadjin Land Council. This was the final stage of a multi-year project to bring fire access tracks to life while celebrating the beautiful Wergaia language.
	3.3 Each year until 2021 we will engage the local community, including children, with our conservation reserve.	In 2022, we invested in building relationships with new neighbours at the Salvana site, establishing rapport and discussing common goals and challenges. This builds on our efforts in previous years to strengthen relationships with the varied stakeholders, and enhance mutual understanding.
Demonstrating corporate environmental leadership	4.2 By 2021 Bank Australia will have partnerships with at least three research institutions and/ or conservation networks relating to the conservation reserve.	In 2022, we continued our support for the HalfCut campaign for the second consecutive year raising over \$450,000 in two years. We attended the official 'land back' ceremony at the Daintree, and supported two representatives of our conservation partners, the Barengi Gadjin Land Council, to also attend and build connections with the Jabalbina Aboriginal Corporation.
	4.1 At least once each year Bank Australia will inform a banking industry or corporate audience about the conservation reserve, such as through a conference, presentations, visit or publication.	In 2022, we presented at Greening Australia's 40th anniversary celebrations in Melbourne, and sponsored the commission of the 'Money Tree' by Wimmera artist Michael Moerkerk.

Action area	Objectives	Progress in 2022
Delivering value to Bank Australia and our customers	5.1 By 2021, 60% of Bank Australia's customers will be aware of our conservation reserve.	In 2022, we promoted the conservation reserve through our social media feature series, Wild Wednesdays, attracting strong engagement. Through our customer communications about the expansion of the reserve as well as our support for the HalfCut campaign, we engaged customers regularly through email and social media.
	5.2 Every year there will be a greater number of customers who identify our conservation reserve as being a factor in deciding to join Bank Australia.	In 2022, customers continue to cite the conservation reserve as one of the reasons they decided to switch their banking with us.
	5.3 Each year 10% of our staff will have visited our conservation reserve and be able to share their stories with customers.	In 2022, some of our on-site activities continued to be impacted by the uncertainties in relation to the pandemic, including staff trips. We intend to work with our partners to reintroduce meaningful staff trips to our agenda at a slow pace throughout 2023.

Appendix 11:

EY statement of assurance

Every year we engage an independent auditor to review our Impact Report as part of our commitment to transparency.

Involving an independent third party also improves confidence for our Board, senior management, staff, customers and readers over the accuracy and completeness of disclosed information.

The rigorous process also helps to improve our internal reporting processes year on year.

EY provided limited assurance over our materiality process and selected performance metrics disclosed in our 2022 Impact Report. This is the ninth report for which they have provided assurance for us. Details of the metrics that EY tested and the procedures they performed are given in the assurance statement in this appendix.

Each year we select several metrics to undergo assurance. We base this selection on our material issues and aim to rotate through these metrics depending on the focus of current initiatives, level of complexity of the data and potential or perceived risk.

Independent Limited Assurance Statement to the Management and Directors of Bank Australia

Our Conclusion

We were engaged by Bank Australia to undertake 'limited assurance' as defined by Australian Auditing Standards, hereafter referred to as a 'review', over the materiality process and Selected Performance Metrics included in its 2022 Impact Report ("Report") for the year ended 30 June 2022. Based on our review, nothing has come to our attention that causes us to believe that Bank Australia's approach to materiality was not consistent with the Global Reporting Initiative's (GRI) materiality principle and that the Selected Performance Metrics have not been prepared and presented fairly, in all material respects, in accordance with the Criteria defined below.

What our review covered

For the year ended 30 June 2022, we reviewed the following:

- Bank Australia's materiality process including the way Bank Australia identified material topics and the appropriate disclosure of these material topics in the Report
- Selected Performance Metrics, as shown in the table below:

Selected Performance Metrics	Report Section
We don't fund the arms industry	Appendix 8: Responsible Banking Commitments, p.94
We fund clean energy transition and conservation	Our Customers, p.25; Appendix 9: Climate Action, p.100
Customer Satisfaction	2022 in numbers, p.3; Our Business, p.13; Our Customers, p.17; Appendix 4: Our customer profile, p.79
Increase in number of customers using Bank Australia's app	Our Customers, p.33
Staff engagement	2022 in numbers, p.3; Our Business, p.13; Our people, p.37; Appendix 5: Our People and Culture, p.80
Financed emissions from mortgages and commercial real estate portfolio	Our Planet, p.60; Appendix 9: Climate Action, p.99
Scope 1, 2 and 3 emissions	Appendix 9: Climate Action, p.97

Criteria applied by Bank Australia

In preparing the materiality approach, Bank Australia applied the GRI principles for defining report content for materiality. In preparing the Selected Performance Metrics for review, Bank Australia applied Criteria as detailed in the Report, including those defined by management, the Climate Active Standard and Partnership for Carbon Accounting Financials (PCAF).

Key responsibilities

EY's responsibility and independence

Our responsibility was to express a limited assurance conclusion on Bank Australia's materiality process and Selected Performance Metrics.

We were also responsible for maintaining our independence and confirm that we have met the independence requirements of the APES 110 Code of Ethics for Professional Accountants and have the required competencies and experience to conduct this assurance engagement.

Bank Australia's responsibility

Bank Australia's management was responsible for selecting the Criteria; preparing and fairly presenting the materiality process and selected material topics; and fairly presenting the associated Selected Performance Metrics in accordance with the defined Criteria. This responsibility includes establishing and maintaining internal controls, adequate records and making estimates that are reasonable in the circumstances.

Our approach to conducting the review

We conducted this review in accordance with the *Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* (ASAE 3000), *Assurance Engagements on Greenhouse Gas*

Statements (ASAE 3410) and the terms of reference for this engagement as agreed with Bank Australia signed 17 May 2022.

Summary of review procedures performed

Our procedures included, but were not limited to:

- Conducting interviews with personnel to understand the business, reporting process and processes and systems for collecting and collating the underlying data for the Selected Performance Metrics
- Reviewing the approach for determining material topics which included a review of media coverage, peer reporting and documentation supporting the materiality process
- Reviewing the disclosure of material topics in the Report, assessing the prioritisation of the material topics for accuracy, and reviewing disclosures in line with the GRI
- Undertaking data analytics to check the reasonableness of the data supporting the Selected Performance Metrics
- Checking the Criteria has been reasonably applied and the reasonableness of assumptions supporting the Selected Performance Metrics
- Conducting detailed testing of underlying source information on a sample basis to check completeness & accuracy of data
- Performing recalculations of the Selected Performance Metrics to confirm quantities stated were replicable
- Checking the aggregation, transcription, and presentation of Selected Performance Metrics in the Report.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Limited Assurance

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

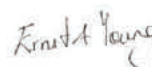
Use of our Assurance Statement

We disclaim any assumption of responsibility for any reliance on this assurance statement to any persons other than management and the Directors of Bank Australia, or for any purpose other than that for which it was prepared.

Our review included web-based information that was available via web links as of the date of this statement. We provide no assurance over changes to the content of this web-based information after the date of this assurance statement.



Terence Jeyaretnam FIEAust
Partner
Melbourne, Australia
29/09/2022



Ernst & Young

Glossary

Term	Description
arrears	The percentage of delinquent loans 30 days or more in arrears to the total loan portfolio. This includes delinquent loans greater than or equal to 90 days past due that are categorised as non-performing loans
Australian Credit Licence (ACL)	Authorisation to provide services as a credit provider in Australia. National legislation defines credit activity, including activity related to credit contracts, consumer leases, related mortgages and guarantees, and credit assistance services
authorised deposit-taking institution (ADI)	Corporations authorised under the <i>Banking Act 1959</i> (Cth), including banks, building societies and credit unions that must meet certain criteria
Australian Financial Services Licence	Authorisation to offer and provide consumers with specified financial products and services in accordance with ASIC compliance standards
Australian Prudential Regulation Authority (APRA)	An independent Commonwealth statutory authority that administers the <i>Banking Act 1959</i> (Cth) and sets prudential requirements for ADIs, including monitoring their lending activities
Australian Securities and Investments Commission (ASIC)	An independent Commonwealth statutory authority that protects consumers, investors and creditors by licensing and monitoring financial services organisations and their representatives. ASIC regulates mutual ADIs as companies under the <i>Corporations Act 2001</i> (Cth)
capital adequacy ratio	The percentage of a bank's adjusted capital compared to its risk-weighted assets, as per Prudential Standard APS110
cost to income ratio	The percentage relationship between operating expenses and effective gross income
Cuscal	An ADI regulated by APRA, which provides payment services to the majority of Australia's mutual ADIs
customer	An account holder. Customers also hold one share in Bank Australia
Global Reporting Initiative (GRI) Standards	The current version of global voluntary guidelines for companies to report their sustainability performance and workplace practices
incident (occupational health and safety related)	An occupational health and safety (OH&S) event that affects staff but does not result in physiological or psychological change. It includes when a person or process is impacted by a hazard (for example, when a person trips on a broken floor tile). It does not include near misses (for example, when a plywood sign falls from its mounting but does not hit a person). The total number of incidents includes injury numbers
impact finance	Finance that is mobilised to create measurable positive social and/or environmental impact, while delivering a return on investment
materiality	Materiality is the threshold at which issues become sufficiently important that they should be reported according to the GRI materiality principle
net profit after-tax	The amount of profit achieved after tax
other domestic banks	Locally owned banks, excluding those defined as major banks
return on average assets	The profit that a company generates for each dollar of average assets that it owns

Abbreviations

Term	Description
ABA	Australian Banking Association
ACCC	Australian Competition and Consumer Commission
ACL	Australian Credit Licence
ACN	Australian Company Number
ADI	Authorised deposit-taking institution
AFCA	Australian Financial Complaints Authority
APRA	Australian Prudential Regulation Authority
ASIC	Australian Securities and Investments Commission
BCCM	Business Council of Cooperatives and Mutuals
BEAR	Banking Executive Accountability Regime
COBA	Customer Owned Banking Association
EY	Ernst and Young
GABV	Global Alliance for Banking on Values
GRI	Global Reporting Initiative
GST	Goods and services tax

Term	Description
FTE	Full-time equivalent
km	Kilometres
kWh	Kilowatt hours
LGC	Large-scale generation certificate
MJ	Megajoules
NatHERS	Nationwide House Energy Rating Scheme
NDIS	National Disability Insurance Scheme
PCAF	Partnership for Carbon Accounting Financials
RAP	Reconciliation Action Plan
RBA	Reserve Bank of Australia
SBTi	Science Based Targets initiative
SDA	Specialist Disability Accommodation
SDG	Sustainable Development Goal
tCO₂-e	Tonnes of carbon dioxide equivalent
TCFD	Taskforce on Climate-related Financial Disclosures
WGEA	Workplace Gender Equality Agency



