Bank Australia Sustainability Bond 2025 Impact Report

August 2021 framework

Bank Australia

Bank Australia’s purpose is to inspire and empower our customers to use their money to create a world where people and the planet thrive.

Introduction

Bank Australia has an Australian Medium Term Note Programme with a sustainability bond component. Its August 2021 Sustainability Bond Framework has $450m of bonds on issue as at 30 June 2025.

There are 3 active issuances from November 2022 to February 2023. These bonds have a maturity of 3 or 4 years, with the latest bond maturity date in February 2027. The proceeds from these bonds are used to help achieve 3 of the United Nations Sustainable Development Goals (SDGs):

The proceeds from the sustainability bonds are used to finance and/or refinance loans in an eligible asset pool of $461.3m (as at 30 June 2025) including community housing, Specialist Disability Accommodation (SDA), loans to charities and not-for-profits, affordable housing mortgages, green mortgages and conservation reserve backed construction loans.

This Sustainability Bond Impact Report describes the impact associated with the pool of eligible assets as at 30 June 2025. The Use of Funds report is included as an Appendix.

Bank Australia's Sustainability Bond Framework was developed to align with international Sustainability Bond Guidelines. More information including the Sustainability Bond Framework, second-party opinion and assurance statements, and use of funds reports are available at bankaust.com.au/sustainabilitybond.

Case study:
Accessible by design: lessons from Bumble Bee

At Bank Australia, we believe everyone deserves access to safe, affordable housing that meets their needs, especially people living with complex care requirements. That's why we were the first bank in Australia to lend to organisations building Specialist Disability Accommodation (SDA). We continue to support both community housing providers and individuals through responsible lending that helps deliver inclusive, purpose-built homes under the National Disability Insurance Scheme (NDIS).

Bumble Bee is the name of an SDA development located in Glen Huntly, a well-established suburb in Melbourne's south-east. This three-level complex features 10 thoughtfully designed apartments, developed by the Coffee Club Investment Group (CCIG), one of Bank Australia's impact lending partners.

CCIG's mission is to create unique and inclusive property developments, with a strong focus on disability housing.

"Bumble Bee prioritises tenants above all else. Every detail of our design is shaped by inclusion, reflecting the true potential of SDA's under the NDIS. It's important to us that these apartments feel like long-term homes, places where people can live independently and feel safe. That's why we take the time to consult with each resident about their needs and what they want in their home," said Les Silverstone, Director of CCIG Capital.

What makes Bumble Bee special is its commitment to going above and beyond standard SDA requirements. For example, every apartment includes a second bedroom built for a caregiver or a family member. CCIG also works closely with residents to customise their homes, whether that means adding carpet, installing a bath, or including automatic apartment entry and balcony doors.

John, a resident of Bumble Bee, recently moved into his new home. He's settling in and enjoying the thoughtful features.

"Every detail of our design is shaped by inclusion, reflecting the true potential of SDA's under the NDIS."

"The attention to detail, like the height of the microwave and the adjustable countertop, shows a real focus on comfort that hasn't always been there in other SDAs I've looked at. Life here is quieter, less frenetic. It just makes things easier because you're not dealing with so many external factors," says John.

CCIG also understands that a good home is about more than just the building, it's about connection. That's why Bumble Bee is located close to local shops and well-serviced by public transport, including trains, trams, and buses. This makes it easier for residents to stay connected with their community and live more independently.

Bank Australia's Sustainability Bond asset pool includes a loan for Coffee Club Investment Group (CCIG), and other commercial loans that are delivering affordable and accessible housing opportunities for those in need.

Case study:
Karen's all-electric, solar powered home with a Clean Energy Home Loan

Karen is building an all-electric, energy efficient home for her family just outside Canberra on Ngarigo Country, with the property design achieving an impressive NatHERS rating of 8.8-stars. Motivated by rising energy costs and the desire for energy independence, she made the decision to go all-electric with solar power and battery storage. With self-generated energy in sight and getting Bank Australia's Clean Energy Home Loan, Karen said "I will have no energy bills for the life of the house, the upfront investment has future-proofed our family."

Karen designed the home to be north facing, with eaves that let in natural light and warmth during winter while blocking the harsh summer sun maximising passive solar benefits. "Orientation is everything," she said, "facing the living areas north and making sure the summer sun is blocked out goes a long way."

The home is also fully insulated for year-round comfort and energy efficiency.

Looking ahead, Karen is optimistic about the future of sustainable housing in Australia. "Passively designed houses are becoming more accepted in Australia, and anything that uses less energy is a good thing. We usually insulate the walls, ceiling, and floor of our homes, but often overlook the windows and doors. To properly seal a home, we need to insulate everything, including those parts. When the whole house is sealed, it becomes much more energy efficient."

In December 2024, Bank Australia updated the Clean Energy Home Loan criteria to require homes be all-electric, an important step toward our goal of reaching net zero emissions by 2035. At the same time, the Clean Energy Finance Corporation (CEFC) committed an additional $65 million to support Bank Australia's green lending program*. With over 85% of our total emissions coming from our home loan portfolio for the 2025 financial year, this change helps Bank Australia support customers like Karen while contributing towards our climate action goals.

"I will have no energy bills for the life of the house, the upfront investment has future-proofed our family."

In 2025 Bank Australia offered customers 2 reduced interest rate Clean Energy Home Loan options: New Build – for newly built, all-electric homes with a NatHERS rating of 7.5 stars or higher and rooftop solar; or Renovate for customers who have made eligible upgrades to an existing, all-electric home.

Karen is one of many Bank Australia customers choosing to build or upgrade their homes to be all-electric and more energy efficient, making them more sustainable for both people and the planet. When asked why she chose Bank Australia, Karen shared, "I love the integrity of Bank Australia, their values align with mine."

*Due to strong demand for our Clean Energy Home Loan Renovate product for existing homes, we paused new applications since the 28th of March 2025.

Bank Australia's eligible asset pool

The eligible asset pool contains commercial and retail loans that align to 3 SDGs. The table below shows how our eligible asset types link to SDGs and targets and describes the impact of loans in the eligible asset pool as at 30 June 2025.

Sustainable Development Goal (SDG)	SDG target	Eligible asset type	Balance as at 30 June 2025	Impact rationale	Impact of loans in the eligible asset pool as at 30 June 2025
	10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status	Commercial loan: charity loans	$75.8m	Charities and not-for-profits provide a range of vital services that target social, economic and political inclusion of diverse populations.	9 loans to charities and not-for-profits that provide a range of services, including: affordable housing services for rural populations, conservation and First Nations economic empowerment, education, disability support, and social support services for people from non-English speaking backgrounds. One of these loans is in support of an aged care provider to deliver more than 1,700 new high quality aged care beds, particularly in underserved regional areas.
		Commercial loan: specialist disability accommodation loans	$28.6m	People with complex care needs currently lack choice over where and how they live, and access to appropriate housing. Funding high quality housing suitable for people with complex care needs contributes to the empowerment and inclusion of people living with a disability.	5 loans to Specialist Disability Accommodation (SDA) providers to supply 60 homes for people with complex care needs. 22 of these homes are newly constructed or under construction.
		Residential mortgages: Indigenous Business Australia split loans	$2.7m	These residential mortgages are co-funded with Indigenous Business Australia, with the goal to support Aboriginal and Torres Strait Islander borrowers on their home ownership journeys.	6 residential mortgages to Aboriginal and Torres Strait Islander borrowers to support their home ownership journeys.

Bank Australia's eligible asset pool (continued)

Sustainable Development Goal (SDG)	SDG target	Eligible asset type	Balance as at 30 June 2025	Impact rationale	Impact of loans in the eligible asset pool as at 30 June 2025
	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums	Commercial loan: Community housing	$5.4m	Community housing providers build and operate social and affordable housing for people who can't access the private rental market.	3 loans to community housing providers in Victoria and New South Wales to provide affordable accomodation for people in need.
		Residential mortgages: Affordable housing schemes	$70.5m	Home ownership is increasingly out-of-reach for low- and moderate-income households in Australia; Government-supported affordable housing schemes help get people into home ownership and start building their financial futures.	259 residential mortgages to help people on low and moderate incomes buy their own homes.
	11.3 By 2030, enhance inclusive and sustainable urbanisation and capacity for participatory, integrated and sustainable human settlement planning and management in all countries	Residential mortgages: Green mortgages	$175.0m	These residential mortgages support the decarbonisation of the built environment, with energy efficient features: • 7 Stars or higher calculated using software accredited under the Nationwide House Energy Rating Scheme (NatHERS), OR • A one-star uplift in the property's star rating on the Residential Efficiency Scorecard, OR • Property upgrades, including installation of a solar PV system of at least 5kW or the minimum size required by the Climate Bonds Initiative standards for Australia.	391 residential mortgages for energy efficient homes, built or retrofitted to a high environmental standard, with: • 7.8 star average NatHERS rating • 1100kWh of total solar PV capacity across 194 installed systems • 230 other energy efficiency upgrades, including: hot water heat pumps, air conditioning systems, induction cooktops, ceiling fans, electric vehicle charging, thermal window and insulation upgrades, and other energy efficiency improvements.

Bank Australia's eligible asset pool (continued)

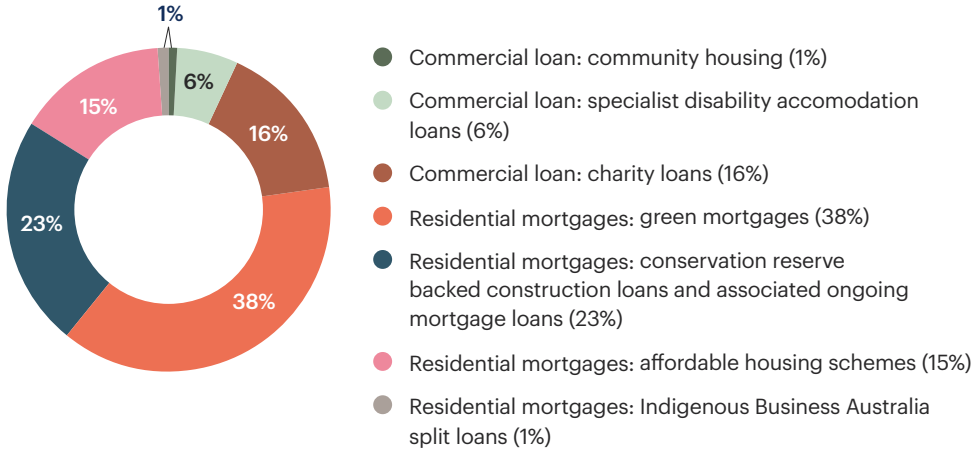
Sustainable Development Goal (SDG)	SDG target	Eligible asset type	Balance as at 30 June 2025	Impact rationale	Impact of loans in the eligible asset pool as at 30 June 2025
	15.1 By 2030, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements	Residential mortgages: Conservation reserve backed construction loans and associated ongoing mortgage loans	$103.5m	Conservation and restoration of ecosystems is essential for addressing the twin challenges of climate change and biodiversity loss. Bank Australia acted on this challenge in 2008 by purchasing the first of its conservation reserve properties, which have since expanded to 2,117 hectares. For all construction loans, Bank Australia protects land equivalent to the size of the building lot on its conservation reserve to balance out the environmental impact of construction.	159,222m^2 of land protected on the conservation reserve to balance out the impact of 256 construction loans in the eligible asset pool. In addition to the land protected on the conservation reserve, these 256 loans are for homes that are of a high environmental standard compared to the whole Australian market.

Appendix: Use of Funds Report

100% of the proceeds from the $450m of Sustainability Bonds issued were allocated to Eligible Assets as at 30 June 2025.

Sustainable Development Goal	Loan Category	Eligible Assets ($m)	Eligible Assets (%)	Allocation of Current Bond Proceeds ($m)
10. Reduced Inequalities	Commercial loan: Specialist disability accommodation loans Commercial loan: Charity loans Residential mortgages: Indigenous Business Australia split loans	$107.0	23%	$104.4
11. Sustainable Cities and Communities	Commercial loan: Community housing Residential mortgages: Green mortgages Residential mortgages: Affordable housing schemes	$250.8	54%	$244.7
15. Life on Land	Residential mortgages: Conservation reserve backed construction loans and associated ongoing mortgage loans	$103.5	22%	$100.9
Total		**$461.3**	**100%**	**$450.0**

Eligible Asset Pool



Value of Sustainability Bond Issue

Date of Bond Issuance	Bond Maturity Date	Face Value
24 November 2022	24 November 2025	$150,000,000
22 December 2022	24 November 2025	$75,000,000
22 February 2023	22 February 2027	$225,000,000
Total current		**$450,000,000**

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