

Teachers Mutual Bank issues \$100m ethical bond - an Australian banking first

Teachers Mutual Bank Ltd (TMBL) issued A\$100 million of three-year notes, the first ethical bond from a mutual bank in Australia.

TMBL became the first Australian financial institution to have its entire wholesale debt issuance programme ethically certified by the Responsible Investment Association of Australia (RIAA) in August 2015, and became a formally recognised Certified Ethical Bank.

The issuance of A\$100m three-year notes was at 140 basis points over the three-month bank bill swap rate (BBSW), at the tight end of 140-145 basis points over BBSW price guidance.

The bonds were placed domestically to 39 accounts. Fund managers made up 41 per cent, authorised deposit-taking institutions (ADIs) at 38 per cent and middle-market accounts at 21 per cent.

"This is the first certified ethical investment wholesale cash product in Australia, and the certification attracted wider investor interest in the bank than we have seen before. A number of ethical themed funds, participated for the first time, although their contribution was not a major proportion of the book. There was no price premium for the ethical aspect of the debt" said Glenn Sargeant, CFO at Teachers Mutual Bank.

"The whole premise of our business is to act responsibly and ethically within our mandates. In the end, all of our funding activities should be ethical anyway. Its not just about how we complete our funding objectives but also how we conduct our business".

As a member-owned bank, Teachers Mutual Bank has always had a strong ethical banking and sustainability record. We understand the long-term impact our business has on the economy and communities in which we operate, and recognise we have an obligation to be responsible in the way we lend and invest".

"RIAA is pleased to support this landmark issuance in the Australian market by Teachers Mutual Bank, at a time of increasing movement of capital towards responsible and ethical investments. Having been Certified by RIAA, investors can be sure that the bond is true to label, delivering on its commitments, after having completed a rigorous assessment and verification process. It's pleasing to see again that an ethical approach to responsible finance can deliver a win-win for investors and the environment." said Simon O'Connor CEO of RIAA.

\$500 million ethical investment certification

TMBL's \$500 million Debt Issuance Programme has been certified by the RIAA (The Responsible Investment Association of Australasia) on the basis that Teachers Mutual Banks' Policy is *'the exclusion of lending to, or investing in, large scale greenhouse gas pollution from fossil fuel exploration, extraction, production and use'*.

- It is the first certified ethical investment wholesale cash product in Australia.
- It is the first certified ethical investment wholesale cash product that is based on fossil fuel lending and investing exclusion.
- TMBL is the only bank in Australia with a certified ethical investment wholesale cash product, the proceeds of which are used to fund the balance sheet.
- TMBL is the first Australian bank to have a wholesale debt issuance programme certified on the basis that the proceeds exclude *'lending to, or investing in, large scale greenhouse gas pollution from fossil fuel exploration, extraction, production and use'*.

Certified Ethical Bank

Through achieving Certification, TMBL is recognised as a certified ethical bank. Teachers Mutual Bank Ltd has been certified by RIAA according to the strict disclosure practices required under the Responsible Investment Certification Program. See www.responsibleinvestment.org for details.

The RIAA certification is of TMBL's \$500m Debt Issuance Programme (DIP) for wholesale investors. The cash proceeds raised are used to fund TMBL's balance sheet. Under the \$500m Debt Issuance Programme, TMBL may issue debt securities, that are issued in series, and each series may comprise one or more tranches. These may vary in number, timing and tenor. By certifying the \$500 million Debt Issuance Programme, each individual issuance of notes or tranches is certified.

About the RIAA's Responsible Investment Certification Program

The Responsible Investment Certification Program (the Program) is managed by the RIAA, and the **Certification Symbol is a registered trade mark** owned by RIAA.

To be certified, an organisation or individual must meet the **strict disclosure practices** required in each licence category. Once certified, the organisation or individual are licensed to use the Certification Symbol.

TMBL is a **Certification Symbol Licensee** which proves its **'responsible investment credentials can be trusted'**

The Program, and the Certification Symbol form the most comprehensive market initiative for responsible investment in Australasia to date.

The Certification Symbol acts as a navigational tool **to help investors easily identify certified responsible investment products and services** Through the Program, investors can access detailed

information about how each Licensee takes environmental, social, governance or ethical issues into account. The Symbol indicates to investors that an organisation or individual has met the strict disclosure practices required in their licence category.

In this way, the Certification Symbol also serves to promote consistent, standardised disclosure and education about responsible investment.

For Certification, Teachers Mutual Bank Ltd was required to:

1. Apply a systematic responsible investment methodology in selecting, realising and retaining investments; and
2. Describe in detail our responsible investment methodology and explain the specific processes, management systems and reporting frameworks followed for their responsible investment product or products; and
3. Disclose current, past performance results and a full list of stock holdings or investments; and
4. Have had our responsible investment methodology and processes independently verified.

About the Responsible Investment Association of Australia (RIAA)

The RIAA is the peak industry body representing responsible and ethical investors across Australia and New Zealand.

RIAA has over 160 members who manage more than \$1 trillion in assets under management, including super funds, fund managers, consultants, researchers, brokers, impact investors, property managers, community banks, community trusts, religious groups, financial advisers and individuals.

About Teachers Mutual Bank Ltd

Established in 1966, Teachers Mutual Bank Ltd is one of Australia's leading member-owned banks dedicated to providing financial products and services nationally to teachers, their families and employees in the education sector.

After a successful merger with Western Australia's UniCredit last year, Teachers Mutual Bank now has over **177,000 members and more than \$5.5 billion in assets** and continues to deliver strong financial results year-on-year.

Teachers Mutual Bank Ltd Policy

Lending Risk Policy; *'Various lending opportunities are disqualified from TMB's lending origination business. Such exclusions are where:*

- *The purpose would be to finance large scale greenhouse gas pollution from fossil fuel exploration, extraction, production and use*
- *The purpose would be to directly lend to, buy equity or debt in any large scale greenhouse polluting activities from fossil fuel exploration, extraction, production and use.'*

Treasury Credit Risk Management Policy; *'TMB will not directly invest in any large scale greenhouse gas polluting (i.e. fossil fuel exploration, extraction, production and use) activities or companies.'*