

Certified Ethical Investment Wholesale Short Term Deposits (STDs) at the Bank

Product information

Teachers Mutual Bank Limited ('the Bank') Wholesale Short Term Deposits (STDs).
STD funding is comprised of:

- Negotiable Certificates of Deposit (NCDs)
- Wholesale term deposits
- Wholesale overnight deposits (11AM cash – at call).

Coverage

Certification covers all new Wholesale STDs sold/issued by the Bank to any of the Bank's wholesale counterparties from August 20th 2019.

About RIAA Certification

Wholesale STDs have been certified as ethical investment by RIAA according to the strict operational and disclosure practices required under the Responsible Investment Certification Program. See www.responsibleinvestment.org for details.

Certified ethical criteria

Wholesale STDs are certified as ethical investment because these products are subject to ethical exclusion criteria that applies across 14 categories. That is, a wholesale counterparty who purchases these short term instruments is guaranteed that their funds are not lent to the following categories;

1. Ethical lending exclusions

'Various lending opportunities are disqualified from the Bank's lending origination business. Such exclusions are where the primary purpose of the entity or business is alcohol, armaments, correctional facilities, cryptocurrency, deforestation or gross environmental degradation, gambling, military activities, political activities, pornography, slavery, tobacco or uranium'.

2. Fossil fuel and climate change exclusions

'Various lending opportunities are disqualified from the Bank'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; or
- 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.
- The Bank will not directly invest in any large scale greenhouse gas polluting (i.e. fossil fuel exploration, extraction, production and use) activities or companies.'

Use of proceeds

Proceeds of the Bank's wholesale funding are used to fund the Bank's balance sheet and are primarily used to fund mortgages. The Bank's balance sheet funds our four brands; Teachers Mutual Bank, Firefighters Mutual Bank, UniBank and Health Professionals Bank.

About STDs

The tenor of these deposits is primarily between, and held for 30 days to 1 year. Issuance can be daily, and a typical week may see individual depositors transact numerous times with the Bank (this does not include any secondary market activity).

Wholesale funding at the Bank

The Bank's \$1 billion Debt Issuance Programme (DIP) for wholesale investors is also a Certified Ethical Investment by RIAA.

Issuance against the DIP is recorded in the balance sheet as 'Floating rate notes issued'. Wholesale STDs are reported as 'Wholesale deposits' and 'Negotiable certificates of deposit issued'.

	2018 \$'000		2017 \$'000	
	Consolidated	Parent	Consolidated	Parent
Negotiable certificates of deposit issued	355,947	355,947	328,739	328,739
Floating rate notes issued	200,603	200,603	270,707	270,707
Wholesale deposits	114,329	114,329	80,815	80,815
Total wholesale sector funding	670,879	670,879	680,261	680,261

Source: Annual Report 2018

Combined, this means that all wholesale sector funding issued by the Bank is Certified Ethical Investment by RIAA.

About RIAA

The Responsible Investment Association Australasia (RIAA) champions responsible investing and a sustainable financial system in Australia and New Zealand. RIAA is dedicated to ensuring capital is aligned with achieving a healthy society, environment and economy. With over 240 members managing more than \$9 trillion in assets globally, RIAA is the largest and most active network of people and organisations engaged in responsible, ethical and impact investing across Australia and New Zealand. More info: <https://responsibleinvestment.org/>