ASJ

AUSTRALIAN SECURITISATION JOURNAL

Incorporating Australian and New Zealand Securitisation and Covered Bonds

>> Issue 22 • 2022

Finding the new equilibrium

Australian and New Zealand securitisation has maintained its pace even as market conditions change

Australian Securitisation Forum

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As we reach the mid-point of 2022, the Australian securitisation market continues the momentum built up in 2021. Primary market issuance has exceeded A$17 billion (US$13.3 billion) by early May. A notable feature of the Australian securitisation market so far in 2022 has been the continuing trend of new issuers successfully placing inaugural transactions with domestic investors.

Activity in the New Zealand securitisation market has also ticked along in the first half of 2022, with New Zealand dollar issues to date including prime residential mortgage-backed securities (RMBS) and nonmortgage asset-backed securities (ABS).

The peak of the COVID-19 pandemic in 2020 and 2021 posed challenges for society and economies. The Australian Securitisation Forum (ASF) acknowledges the success of the initiatives of the Australian government in establishing the Structured Finance Support Fund and the ancillary forbearance special purpose vehicle. These initiatives provided a valuable safety net for the Australian securitisation market. Both programmes continue to wind down in early 2022 following the normalisation of market conditions last year.

The nonbank sector has continued to dominate new primary market issuance, supplemented by some RMBS issuance by a few banks outside the big four. Rising interest rates have seen margins in the primary and secondary markets widen from the record low yields achieved in late 2021; the rising interest rate environment will no doubt remain a challenge for the remainder of this year and into 2023.

During the first half of 2022, the ASF has worked with industry to develop a guideline framework for environmental, social and governance (ESG) disclosure for Australian securitisers. ESG has become a significant investment consideration in Australia and internationally (see p20). The ASF guide, currently at initial version stage, seeks to provide a greater degree of standardisation and market harmonisation in relation to relevant ESG disclosure obligations for lenders, and RMBS and ABS assets (see p4).

After releasing a market guideline with respect to fallback language for BBSW-linked securities in 2021, the ASF has developed template language to reflect the principles of fallback guideline. Issuers may wish to adopt the language in new transaction documentation. The Reserve Bank of Australia has already announced it will require robust fallback language for BBSW-linked securities it will accept for repo purposes after December 2022. The ASF is participating in consultations that the Australian Securities Exchange, as the local benchmark administrator, is conducting on possible alternate risk-free interest-rate benchmarks for the Australian dollar debt market.

The ASF education programme was strongly supported during 2020 and 2021, and this trend is continuing in 2022. This reflects growth in the industry and members' commitment to continuing to support professional development of securitisation professionals.

The ASF will continue to offer courses in in-person and virtual formats. The ASF has also delivered a number of its courses in-house, tailored to meet specific needs. Details of upcoming courses are available on the ASF's website, www.securitisation.com.au.

ASF membership continues to broaden. We now have more than 170 Australian and New Zealand market participants as members. We are delighted to welcome the following new members that have joined the ASF since our last publication: Aquasia, Banjo Loans, BC Investment Management, Bendigo and Adelaide Bank, FairGo Finance, Narrow Road Capital and Neu Capital Australia.

Please enjoy this 22nd edition of the *ASJ* and I wish all market participants continuing success in 2022.

CHRIS DALTON
CHIEF EXECUTIVE OFFICER
AUSTRALIAN SECURITISATION FORUM

COLUMN

ASF TAKES ON INDUSTRY ESG LEADERSHIP

In November 2021, the Australian Securitisation Forum convened a working group to focus on development of environmental, social and governance standards in the Australian securitisation market. ***Richard Lovell****, who is a member of the working group as well as executive director and head of capital management at* ***Clean Energy Finance Corporation*** *in Sydney, updates on purpose and outcomes.*

The working group comprises issuers, investors and other market participants with a common goal of advancing the market's approach to environmental, social and governance (ESG) considerations. The timeliness of this initiative has been borne out by the continued rapid penetration of ESG concerns into all aspects of investors' and issuers' businesses.

The objective of the working group has been to issue for feedback a set of market guidelines to act as a reference point for developing ESG practice in securitisation, and to enhance transparency and comparability in Australia. It took into account international developments to put the Australian industry in the best possible position to attract support from international investors focused on ESG. The guidelines have their basis in a clutch of high-level principles.

EXTENT The market guidelines are intended to cover all ESG considerations in a securitisation context. As they stand, they reflect that in some respects the 'E' and the 'G' aspects of the securitisation market in Australia are more advanced than the 'S'.

STATUS ESG is a growing focus of all investors in the Australian market and is becoming increasingly important. The intention of the working group is that the market guidelines operate in a nonbinding manner, with applicability being at the discretion of market participants.

They are not intended to be mandatory in any sense and different market participants may elect how and when to apply the guidelines. Investors and others may have additional or different requirements, which they apply at their own discretion.

CONSISTENCY AND COMPARABILITY between market participants is desirable where practically achievable, especially in the case of data disclosure. However, approaches to ESG may create different outcomes in securitisations even within the same asset class. We expect consistency and comparability will increase over time, in line with market sophistication.

INCORPORATION OF EXISTING FRAMEWORKS The market guidelines allow issuers to take advantage of the work they are already doing. For instance, issuers that are disclosing their ESG approaches under Australian Securities Exchange or other listing requirements are able to incorporate this work by reference to avoid unnecessary duplication.

ADAPTABILITY Given the rapidly changing and expanding market focus on ESG globally, the market guidelines will be dynamic. There will be ongoing review via the working group to reflect changes and take on feedback. This will include regular engagement through information sharing, training and other approaches to allow sector participants to draw on expertise from within the industry.

INCORPORATION OF INDEPENDENT REFERENCE SOURCES Where possible, the guidelines have been structured to use independent and credible third-party reference sources and technical frameworks where claims are being made about ESG outcomes. This is to support the objectives of consistency, transparency and efficiency for all market participants.

For instance, issuers are encouraged clearly to disclose assumptions under which any claims of CO_2-e abatement are being made for green asset classes.

The output of the working group includes a description of the high-level principles of the market guidelines and a detailed set of recommendations for issuers of any transaction. This provides an ESG framework for all deals, including those where no specific claims are being made about ESG-positive outcomes.

There are also proposed disclosure recommendations for green mortgages, green auto asset-backed securities (ABS), and solar and home battery ABS. Frameworks for these asset classes have been created first as they are relevant for existing and prospective transactions where positive ESG claims are being made. Other asset classes – including positive social impact securitisations – will be added in response to market developments.

We look forward to an ongoing and productive discussion in the industry. Given the depth of expertise and passion shown from the working group, we expect the Australian market will continue to be a leader in ESG standards as it has been in other aspects of securitisation. ■

You can view the ASF ESG working group's draft market guidelines at **www.securitisation.com.au/market_guidelines**

FEATURE

AUSTRALIAN SECURITISATION FINDS ITS NEW EQUILIBRIUM

With record issuance and favourable pricing in 2021, the question heading into the new year was always whether the good times could last for Australian securitisation. A much more challenging geopolitical and economic backdrop brings challenges, but ongoing deal flow underlines the continuing functionality of the securitisation option for the issuers that depend on it.

BY LARA SONNENSCHEIN

Market participants began 2022 with a degree of confidence but awareness of a likely change in prevailing conditions. The consensus was that issuance should remain high this year but that pricing could not maintain pandemic-era lows. While spreads remained tight for much of 2021, largely attributable to a lack of competing supply in other asset classes, the Reserve Bank of Australia (RBA)'s decision to wind down the term funding facility (TFF) for local banks signalled challenges ahead.

When the RBA announced the end of new TFF drawdowns from mid-2021, authorised deposit-taking institutions (ADIs) provided with ultra-cheap funding at the onset of COVID-19 were always likely to return to conventional funding methods – in particular substantial issuance of wholesale term debt.

The return came more quickly than many expected. Market users speculated – and the big-four banks themselves largely agreed – that ADI wholesale funding requirements would likely not reach pre-pandemic levels for a matter of years. Instead, they were hitting new records within a few months: Q1 this year saw A$13.6 billion (US$10.2 billion) of domestic issuance by the big four (see chart 1) and even more in international markets.

Securitisers say they were prepared for the change in conditions, however. Peter Riedel, chief financial officer at Liberty Financial in Melbourne, tells *ASJ*: "The TFF conditions were a one-off and unlikely to recur. It was only a matter of time before bank issuance was going to re-emerge to fund growth and refinance TFF borrowings."

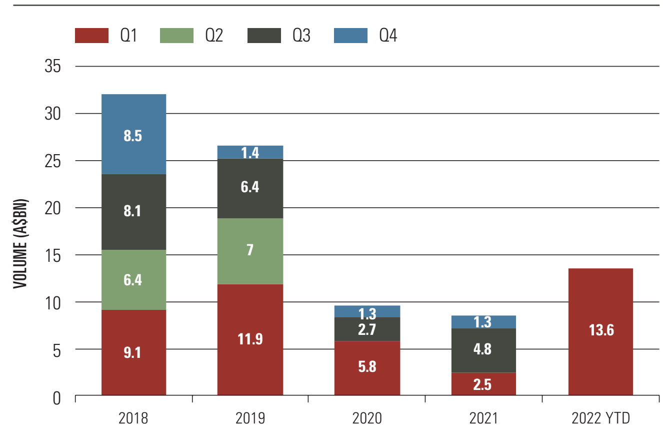
There could still have been a risk for the nonbanks that depend on securitisation for the bulk of their term funding. These issuers have coexisted with bank issuance before, of course – all the way up to the pandemic. But the growth in their supply of securitisation over the past two years might have left them overexposed in a funding environment with significantly more competition for the investor dollar.

The growth in issuance was not opportunistic, though. Andrew Marsden, Sydney-based chief treasury officer at Resimac, explains: "A lot of nonbank business models have come to maturity since 2020. There would have been a heightened level of nonbank issuer activity even without COVID-19. The issuance we have seen is not an unnatural dynamic."

Funding markets are not the only area with new questions for securitisers to answer in 2022. With rates rising for the first time in years – and a growing view, if not a base case, that the hiking cycle could be accelerated – the age-old issue of Australian household indebtedness is coming to the fore once again.

Australian asset performance surprised massively to the upside from the early months of the pandemic. But there is no

CHART 1. AUSTRALIAN BIG-FOUR BANK DOMESTIC COVERED-BOND, SENIOR-UNSECURED AND TIER-TWO ISSUANCE, 2018-22



SOURCE: KANGANEWS 6 MAY 2022

It wouldn't be possible if we hadn't stayed true to the same vision that's guided us over many years as we have grown into a leading consumer lender in Australia and New Zealand.

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"Coupled with a swing of the banking regulatory pendulum from very tight regulation to more normal conditions, higher rates could see the banks taking back market share. The impact on securitisation issuance volume is unclear, though it could mean the banks issuing more and thus the nonbank and ADI composition split changing over the next two or three years."

WILL FARRANT CREDIT SUISSE

doubt this performance received significant assistance: from the JobKeeper subsidy heading off the initially anticipated spike in unemployment and with all-time-low rates making payments affordable. Australian unemployment remains cyclically or even historically low, but if rates rise substantially pressure may start to bear on asset quality.

A Moody's Investors Service report published on 5 May predicts Australian mortgage delinquency will "increase modestly" over the course of 2022 as rates rise and house price growth slows.

Taken together, more challenging funding market conditions and questions about the outlook for asset quality suggest the Australian securitisation market is at an important juncture. Market participants remain relatively confident that local issuers are set up to manage the period ahead, though.

MARKET CONDITIONS

Australian securitisation supply held up well at the start of 2022 even after the year's biggest risk event so far – Russia's invasion of Ukraine in late February. This marked a significant change in market tone, not so much as a standalone geopolitical issue but for the way it forced energy prices upward and thus increased concern about inflation and even, in some jurisdictions, the potential for stagflation.

None of this has stopped securitisation supply. Australian dollar issuance was A$13.3 billion by the end of April – ahead of the year-on-year pace from 2021, which produced record volume overall (see chart 2).

However, extrapolating from this to predict year-end issuance could prove naïve, as data demonstrate first-quarter issuance is not an especially reliable predictor of total issuance come year-end. For example, last year's Q1 issuance was actually relatively low and the full-year total was driven by a spectacular second half. Even so, market participants seem relatively confident that – barring as-yet unknown external developments – supply should not dry up.

One positive signal is that March was actually the biggest issuance month so far this year. After a typically quiet January, Liberty was first off the block with a A$350 million asset-backed securities (ABS) transaction priced on 4 February. In total, there was A$4.4 billion of public deal volume across six transactions in February.

Russia's invasion of Ukraine further tempered deal flow as market participants grappled with the financial implications of war and the impact on debt markets. The last securitisation deal of the month priced on 24 February, the same day as the invasion began. A further six deals were in the market at the time and it would take another week before one priced.

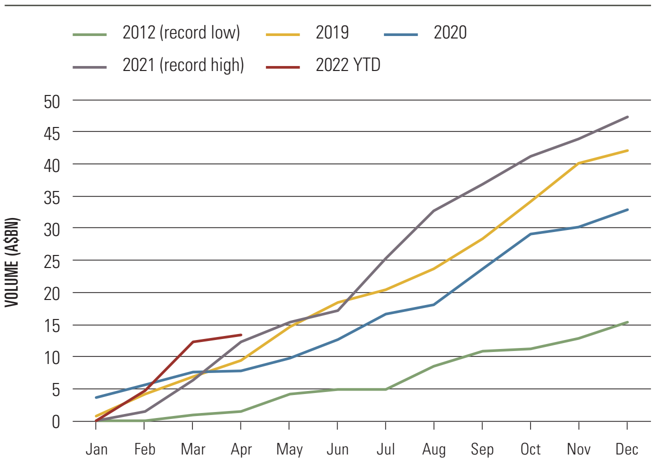
Firstmac was first back, pricing a residential mortgage-backed securities (RMBS) deal on 3 March. The key takeout from this transaction was that market users had rapidly concluded the humanitarian disaster in Eastern Europe was not going to spur an immediate debt market or liquidity crisis. In other words, while the longer-term impact of the conflict is significant it has not destroyed market functionality in the manner of the financial crisis or the onset of the pandemic.

Securitisation deals continued to print in Australia throughout March, though market participants say breadth of demand has undoubtedly taken a hit. National Australia Bank's Melbourne-based director, securitisation originations, Lionel Koe, says: "Overall, the absolute count of investors and their average ticket size significantly reduced in March, which confirms that a market dislocation was occurring."

Ultimately, stock was still being originated because assets needed to be securitised and funds allocated by the asset management community. Spreads have widened and the market has softened but issuers seem unlikely to be deterred from new securitisation supply as a result.

What market participants will be watching most closely is the ongoing impact of, and response to, inflation. The war

CHART 2. CUMULATIVE ANNUAL AUSTRALIAN DOLLAR SECURITISATION ISSUANCE



SOURCE: KANGANEWS 6 MAY 2022

"We have not yet developed a US dollar programme but we hope to issue in yen this year. The yen market is extremely deep and the size of potential capital to be allocated to Australian ABS by Japanese investors is material to our industry."

PETER RIEDEL LIBERTY FINANCIAL

has contributed to rising inflation expectations, driven by bloated commodity prices – particularly the cost of oil and gas. The Australian central bank has revised its dovish stance and increased the cash rate for the first time this cycle, in May, with the market pricing in multiple further rate hikes over the course of 2022.

The impact on the securitisation market remains to be seen, though there are several meaningful transmission mechanisms on the asset origination and funding sides. For instance, many believe a higher rates environment could favour banks over nonbanks when it comes to lending book growth.

Will Farrant, head of APAC securitised products at Credit Suisse in Sydney, argues lower rates were a key component of the competitive playing field for nonbank lenders. As rates rise, banks will likely have an enhanced cost of funds advantage over the nonbanks.

"This could suck some of the assets out of the nonbank world and into the bank sector," Farrant suggests. "Coupled with a swing of the banking regulatory pendulum from very tight regulation to more normal conditions, higher rates could see the banks taking back market share. The impact on securitisation issuance volume is unclear, though it could mean the banks issuing more and thus the nonbank and ADI composition split changing over the next two or three years."

RELATIVE VALUE

If nonbanks' call on wholesale issuance markets eases at the margin as a result of a changing competitive environment, it might not be ideal for these issuers' businesses but it could take some pressure off the funding side. Market participants acknowledge investors may be finding better returns in alternative products to nonbank securitisation.

This goes at least some way to explaining the narrower investor base in 2022: many fund managers are simply finding better value elsewhere. The nonbanks themselves believe relative value will come back to the Australian securitisation market well before issuers experience serious funding pressure, though.

Anthony Moir, treasurer at Pepper Money in Sydney, says: "As spreads normalise, we anticipate some of the larger offshore asset managers will begin to look at Australian secured product again – both bank and nonbank."

While some investors, particularly international senior note buyers, may have drifted away from the market, there are early signs other investors that had been priced out of the market by ultra-tight spreads in 2021 are coming back. For example, the Macquarie Puma Trust 2022-1, which priced at 104 basis points over BBSW in mid-March, saw 21 investors in its senior tranche – considerably more than the comparable series in July last year, which priced at 55 basis points over BBSW.

Justin Mineeff, Sydney-based head of securitisation at Commonwealth Bank of Australia, suggests that, as margins have widened, some investors are returning to the market because collateral quality and robust transaction structures continue to offer fundamental appeal. This has led to a changing mix of investors for the same risk profile.

Intermediaries are cautiously confident that wider margins and the evolving relative value story signal investor confidence is improving, particularly on the part of accounts absent from transactions over the past year or so.

Foreign investment may also begin to increase as relative value evolves. Koe says it may still be too early to know for sure but suggests: "Green shoots are emerging as transactions are re-priced. There is also evidence of increased reverse enquiry from investors. We have recently seen a handful of foreign investors out of Asia and Europe buying new issuance – a particularly positive sign given European investors have been naturally pensive due to the war."

Farrant is positive about the mezzanine and junior bid, which he suggests may be even better in 2022 than the last few years. Accounts that had only taken small exposures in the past have

"Green shoots are emerging as transactions are re-priced. There is also evidence of increased reverse enquiry from investors. We have recently seen a handful of foreign investors out of Asia and Europe buying new issuance – a particularly positive sign given European investors have been naturally pensive due to the war."

LIONEL KOE NATIONAL AUSTRALIA BANK

ESG as a source of liquidity

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) CONSIDERATIONS ARE GROWING IN IMPORTANCE ACROSS DEBT MARKETS, INCLUDING SECURITISATION. MARKET PARTICIPANTS EMPHASISE THE RATE AT WHICH INVESTOR DEMAND FOR ESG INFORMATION IS GROWING.

National Australia Bank highlights examples of international reverse enquiries coming through specifically for ESG-aligned product. Commonwealth Bank of Australia also says its investor clients are continually asking about the breadth of ESG opportunities.

The primary benefit for issuers in a pure funding sense is the availability of incremental liquidity for sustainable product. The A$330 million (US$258.2 million) green tranche Pepper Money included in its first residential mortgage-backed securities deal of the year – out of total volume of A$1 billion – attracted a new offshore bank to the investor mix, the issuer says.

On the flip side, regarding ESG as a fringe concern will likely lead to issuers being left behind. As well as specific demand, ESG obligations are growing within investor mandates and issuers that cannot meet disclosure requirements will likely find themselves excluded from a growing number of portfolios – even those without an explicit ESG label.

However, ESG issuance is still in its early stages in Australia as the market grapples with considerations such as classification, data capture and asset tracking. Certain types of collateral lend themselves more readily to data capture, such as auto loans versus residential mortgages. But market participants hope to see improvement in measurement capabilities across the board.

Most intermediaries anticipate a pickup in ESG-aligned securitisation issuance in 2022, even as the market continues to grapple with reporting and data issues.

There is also considerable interest in diversity of ESG issuance beyond the more traditional mainstays of household solar receivables. This extends to social securitisation, which some market users view as increasingly promising on the back of recent issuance in the UK and a potentially replicable borrower demographic for Australia.

There are hopes that Australia could see social issuance deal flow in the medium term and some issuers are actively engaged on what this could look like. Nonbanks seem like a particularly suitable fit for such issuance as their business models are in many cases premised on lending to borrowers who would otherwise be locked out of home ownership. Like other ESG issuance, there remains work to be done, particularly in defining and verifying assets as having a social benefit.

"I think we will see social deals going forward – in fact there already have been some in the private market," reveals Will Farrant, head of APAC securitised products at Credit Suisse.

Overall, with considerable outreach from issuers and investor appetite across a wide range of ESG opportunities, 2022 appears to be set for at least an uptick in ESG-aligned issuance. A proliferation of ESG issuance is only likely to build over several years, however, as new formats, technology and data capture develop alongside buy-side demand.

grown more familiar with the asset class and in many cases have deeper pools of funds to deploy. New investors are also emerging, Farrant continues – including international cash hunting for yield. Some of this bid is coming through even at the bottom of the capital structure.

Australian securitisation pricing typically lags movement in the major-bank senior curve whether spreads are drifting wider or coming back in, but the two sectors do not often diverge for long. On this basis, securitisation issuers can have a degree of confidence that investors will return to their market on a relative value basis in due course.

FOREIGN CURRENCIES

Another theme identified in 2021 as a likely pressure release valve for Australian securitisers as conditions turned was foreign-currency issuance. This type of supply has always been marginal for Australian issuers, but the supportive market conditions of last year led them to concentrate on domestic currency deal flow to an almost unprecedented extent.

In 2021, only A$1.3 billion equivalent of foreign-currency securitisation came to market from Australian issuers, comprising 2.5 per cent of total annual volume. Issuers had little need to deal with the cost or complexity of the cross-currency basis swap given the glut of liquidity available in Australian dollars, and even the largest programmatic issuers could fund their volume entirely in the Australian dollar market.

So far in 2022, the story has not changed as much as might have been expected – in fact, by the end of April no Australian securitiser had printed foreign-currency notes in 2022. But market users say the overall story remains the same, at least in the medium term: they highlight foreign-currency issuance and sustainability-themed deals (see box on this page) as key means by which issuers may be able to find incremental liquidity.

Resimac initially planned to incorporate a US dollar tranche in its first RMBS transaction of 2022 but erred on the side of caution given geopolitical tensions. The nonbank issued an all-Australian dollar deal in early March, choosing quick execution over diversification and delays in a precarious market.

"We are hopefully in a short-lived period where investors, issuers, and arrangers are re-establishing relative value. It is incumbent on us as issuers and arrangers to move in line with price expectations, but fundamentally we are encouraged that there is still decent interest in and demand for nonbank securitised product."

ANDREW MARSDEN RESIMAC

Resimac returned to US dollar issuance in May. Marsden explains that the US and Japanese options are attractive while exposure to offshore markets allows not only greater diversity but also deeper access to senior investors in different currencies. Resimac also aims to print in yen in 2022, with hopes of building programmatic issuance in Japan.

Investor diversity rather than cost of funds is the primary benefit of foreign-currency issuance, which means it remains the likely realm of Australia's largest securitisers. "Current basis movements make cross-currency transactions expensive, though we continue to monitor basis levels," explains Koe.

Pepper has two US dollar deals planned for this year. While most issuance will continue to be in domestic currency, Moir says: "The US remains an important part of Pepper's programme. We have not been there for a couple of years but are re-engaging with the market."

Meanwhile, Liberty's Riedel says: "We have not yet developed a US dollar programme but we hope to issue in yen this year. The yen market is extremely deep and the size of potential capital to be allocated to Australian ABS by Japanese investors is material to our industry."

Dealers concur with the view that US dollars and yen are the most likely targets for foreign-currency issuance this year. The US is the largest and most liquid market and will likely top the volume list, while sizeable interest from specific Japanese accounts should support deal flow – though the basis tends to be more volatile.

The euro option seems to have taken a back seat for now, despite historically being second to US dollars for foreign-currency issuance out of Australia. There has been no euro issuance since COVID-19: Pepper was the last to issue, in November 2019. Whether the Japanese market will overtake Europe for an extended period remains to be seen, but market sources say it is possible.

Australian securitisation market users have put considerable time and effort into educating Japanese investors about their receivables and the differences between ADIs and nonbanks. Where a few years ago Japanese investors were only interested in ADI issuance, time spent actively engaging Japanese investors has paid off. Nonbanks now say there has been a significant uptick in the number of Japanese investors actively contemplating or, at minimum, seeking to understand nonbank origination.

"There is an opportunity for demand and supply to connect much more frequently than in the past, with an immediate emergence in opportunities to bring local investors and strong Australian issuers together in Japan," says Riedel.

NEW EQUILIBRIUM

The Russia-Ukraine war and, more directly, looming further RBA rate hikes to curb inflationary pressure have somewhat complicated the 2022 story and outlook thus far. The pandemic continues, in particular China's zero COVID-19 strategy influencing supply and economic growth. These factors will affect global macroeconomic conditions and thus rates.

However, market participants say this year could still represent a resumption of normal service more than anything else, following two years of significant fiscal and monetary stimulus. Rate increases, even if they come faster than anticipated, could also signal a return to more typical long-term funding conditions.

How this plays out in the securitisation market remains to be seen, but market participants are reasonably confident 2022 will rival last year for total volume. Farrant, for instance, expects marginally less nonbank supply this year offset by around A$2-5 billion more issuance from the big-four banks.

How the nonbanks adjust to a change in conditions will prove interesting, too. Liam O'Connor, portfolio manager at First Sentier Investors, says: "Many market users got comfortable with policy interventions and built business models around them. The nonbanks have experienced large underwriting volume of late and I imagine this will unwind somewhat. As rates go higher they may write fewer mortgages – they may become less competitive in the prime space compared with volume-chasing bank lenders."

The nonbanks are still sanguine at this stage, saying they are well accustomed to a range of Australian economic environments as lenders and funders. Moir argues that only a significant change in the economic outlook would be enough to stop origination volume across the nonbank sector being higher than last year, and for public securitisation issuance to be at least in line, and likely higher.

Reflecting on current nonbank market sentiment, Marsden tells *ASJ*: "We are hopefully in a short-lived period where investors, issuers, and arrangers are re-establishing relative value. It is incumbent on us as issuers and arrangers to move in line with price expectations, but fundamentally we are encouraged that there is still decent interest in and demand for nonbank securitised product." ■

THINKTANK'S RESIDENTIAL ELECTION

*Over its 16-year history, **Thinktank** has built a reputation for its commercial mortgage funding solutions for SME and self-employed borrowers. It has also established itself as a programmatic issuer of commercial mortgage-backed securities. Thinktank's Sydney-based chief executive, **Jonathan Street**, chief financial officer, **Cullen Hughes**, and treasurer, **Ernest Biasi**, discuss the nonbank lender's 2021 debut in residential-mortgage securitisation, the COVID-19 crisis and the importance of digital enablement.*

Book performance was a major topic particularly during the first year of the pandemic, when an expected deterioration largely did not come to pass. How has the Thinktank book fared in its three key segments – commercial, residential and self-managed superannuation fund (SMSF) – over the past year?

◆ **STREET** The portfolio performed strongly in all three segments during 2021, with no impairments or losses resulting from any pandemic-affected loan. The 2021 lockdowns saw only a small rise in hardship incidence – in stark contrast to the lockdowns in 2020, when hardships increased driven by an element of fear and uncertainty.

Our key observation on 2021, apart from the impressive resilience of the SME and self-employed sector, was the significant and effective change in behaviour of borrowers between the lockdowns in 2020 and 2021.

Many assumed the type of borrowers Thinktank specialises in – SMEs and the self-employed – would have been the most exposed to pandemic risk. Why were they able to cope so well?

◆ **HUGHES** The pandemic revealed some interesting themes in the self-employed and SME sector. The first is that this sector is resilient and has can change behaviour in a way that affects their income and expenses. Self-employed people were able during the pandemic to pivot business models, move online, adapt practices, serve new niches and demonstrate that business operators are resourceful and determined in the face of unexpected stresses.

Performance varied based on various factors but industry classification was not necessarily the greatest driver. Business performance was in many cases heavily affected in certain industries to which Thinktank has historically had small exposures. But other industries had either mixed or strong performance after benefiting from new opportunities arising from the pandemic.

For industries that had mixed performance, geographic location was a more discernible driver. Businesses based in the suburbs performed well while those in recognised CBDs suffered.

The final key factors affecting performance were the reduction in interest rates and the mix of intervention measures taken by the government. These helped borrowers generally while indirectly supporting property values. The few borrowers that did have issues were able to sell and exit without loss.

Has Thinktank's origination approach changed based on the market and economic backdrop?

◆ **STREET** Our origination strategy has remained very consistent in recent years through our focus on building out scalable, long-term relationships among the largest and most respected aggregation groups in the third-party channel.

While we have extended our addressable market reach into relevant product adjacencies, our core business is still centred on servicing the mortgage finance needs of the self-employed and SME sector. This forms a large and critical part of the domestic economy and we have been supporting it successfully through cycles for nearly 20 years.

While we are known to adjust our credit risk appetite proactively based on current and forecast conditions, we see considerable further potential in the main sector we serve. However, we are comfortable to play a long game when required.

Thinktank has enjoyed strong business growth since its inception, and in particular since making its public securitisation debut in 2016 with a A$280 million (US$219.1 million) commercial mortgage-backed securities (CMBS) deal. What is the growth plan from this point forward?

◆ **STREET** We have established and prosecuted our business model based on steady, sustainable organic growth

"While we are known to adjust our credit risk appetite proactively based on current and forecast conditions, we see considerable further potential in the main sector we serve. However, we are comfortable to play a long game when required."

JONATHAN STREET THINKTANK

intrinsically supported by the quality relationships we have built among our principal stakeholders. The continuing involvement of the founders and early senior management in the business and a carefully considered expansion of the executive and leadership team have made this organic growth possible over time.

For our part, growth and success are primarily a function of respecting and investing in quality relationships internally and externally.

Digital transformation is a priority for Thinktank. What is the value of an enhanced digital operation?

◆ **HUGHES** It is generally accepted that successful digital enablement is a critical task for all contemporary financial services businesses. Thinktank has substantially progressed a digital roadmap that now extends to nearly every area of the business.

The central proposition begins with delivering relevant products and services to the market. We achieve genuine efficiencies and productivity gains through better technology and automation, enabling scale to be achieved more seamlessly, reducing operational risk, enhancing compliance competencies, and exponentially lifting data and reporting capabilities.

Lenders typically say digitisation allows more efficient origination and better risk pricing. Given the credit environment, does it become a case of growing smart rather than growing fast for Thinktank?

◆ **BIASI** There is no reason why the two propositions need to be mutually exclusive – although growing smart always ranks as a priority for us above just growing fast. As we see it, digital enablement offers greater potential for sustaining manageable growth by supporting enhanced visibility over origination and enabling us to tightly calibrate our underwriting practices to our prevailing credit risk appetite.

Data visibility is one of the fastest-evolving areas of our business and is materialising at a particularly pertinent time. With 40 years of combined experience in the SME and self-employed sector across our leadership, our expanding digital capability has us well placed to manage the present and emerging credit environment and associated economic conditions prudently.

A year ago, Thinktank was preparing to launch a new residential mortgage-backed securities (RMBS) programme to complement its CMBS offering. The company executed its inaugural RMBS deal in August 2021. How was that experience?

◆ **STREET** Thinktank's primary focus is to support and service the self-employed, SME and SMSF markets by offering innovative and competitive commercial and residential loan products. Last year, Thinktank established two new dedicated residential loan warehouses off the back of strong growth in residential origination, with a view to creating a standalone RMBS issuance platform that would sit adjacent to our CMBS platform.

Thinktank has been committed to maintaining a programmatic issuance profile in the capital markets, executing a small-ticket CMBS transaction each year dating back to 2016 after doing an initial private placement in 2014. In December 2021, we printed a record A$750 million CMBS.

We completed our inaugural RMBS transaction last August, with a A$500 million deal that was upsized and very well received by the market. We have welcomed new investors into the RMBS programme that had not previously participated in our CMBS deals and we enjoy continued participation from a long-term investor base that has supported Thinktank for many years.

The experience was good and, while it was an inaugural RMBS issue, investors were able to see Thinktank's long and successful track record in the CMBS space and analyse the transaction accordingly.

We followed the December RMBS transaction with a further A$500 million RMBS issue in April 2022 – with participation from 15 investors, including three new names to the Thinktank programme.

What does Thinktank's issuance profile look like now it has expanded its origination offering?

◆ **BIASI** Thinktank's residential origination portfolio has now surpassed its commercial portfolio – which is not surprising given the relative sizes of the residential and commercial mortgage markets. We expect to see solid growth in both segments in 2022.

Having now established a standalone residential programme, we aim to issue at least twice a year in RMBS format and annually under our CMBS programme. As we grow, we will explore other funding avenues – such as private placements and offshore issuance – to supplement our domestic offering. We intend to execute additional deals in 2022 in RMBS and CMBS formats, so the year is shaping up to be our largest yet on the issuance front – market conditions permitting.

Market participants expected funding conditions to be more challenging in 2022 – and that was before the emergence of geopolitical turmoil and significant cost-of-living pressures. How would Thinktank compare its experience in funding markets this year to last?

◆ **STREET** We completed our most recent RMBS in more challenging conditions than our two transactions last year. RMBS margins have adjusted materially as a result of global inflationary impact and uncertainty surrounding geopolitical events.

In volatile markets, investors are naturally more cautious and defensive. To improve execution certainty for the April deal, we worked closely with our longstanding investors and funding partners. We were pleased with the support for the deal, which was a key step in demonstrating that Thinktank can access markets through the cycle and has the support of a diverse range of investors under all market conditions. ■

COPUBLISHED FEATURE

BNY MELLON READY FOR ISSUERS' RENEWED FOREIGN-CURRENCY PUSH

Strong demand and attractive pricing for securitisation paper since mid-2020 made foreign-currency issuance from Australian-based borrowers a rare occurrence. Issuers are shifting their attention, however, and ***BNY Mellon*** *stands ready to assist as a global trustee and custodian business.*

As spreads on triple-A tranches widened in the second half of 2021 and the economic backdrop changed trajectory once more, securitisation issuers increased their focus on the potential reintroduction of foreign-currency denominated tranches into transactions.

At first glance this might seem counterintuitive. After all, virtually all of 2021's record A$48.8 billion (US$38.2 billion) equivalent Australian-origin securitisation issuance printed in Australian dollars (see chart), much of it at or close to record-low margins.

Significantly wider Australian dollar pricing in 2022 is undoubtedly a factor behind rejuvenated interest in foreign-currency issuance, though this phenomenon is hardly unique to the local market. Instead, it is the sheer lack of offshore flow since 2019 that is making Australian issuers eager to re-establish – or, in some cases, initiate – relationships with offshore-based investors to diversify funding sources.

Anthony Moir, Pepper Money's Sydney-based treasurer, says the level of local demand for securitisation has been significantly greater over the past two years than historic norms. Even so, he adds that Pepper considers foreign-currency issuance to be necessary to its funding programme given the scale of its issuance requirement.

Since 2018, Pepper has issued roughly A$4-5 billion per year from its various mortgage and auto programmes. It was a regular issuer in US dollars and, to a lesser extent, euros in the years prior to 2020, including printing A$1.8 billion equivalent across the two currencies in 2019 alone.

Moir says Pepper intends to issue at least one transaction with one or more foreign-currency tranches under its PRS programme this year.

Bluestone Mortgages, meanwhile, is increasing its capital markets exposure and seeking to establish a foreign-currency footing as a result, says Todd Lawler, the lender's Sydney-based managing director, funding partnerships. Bluestone printed its debut prime residential mortgage-backed securities (RMBS) transaction in July last year, with origination volume enhanced by a partnership with Athena.

Lawler explains that Bluestone has incorporated multiple compliance features in all its Australian and New Zealand dollar denominated RMBS transactions to attract international investors from various jurisdictions. The next phase of growth on the funding side includes issuing in foreign currencies to diversify sources of liquidity.

"The Australian market is relatively deep, but it has its limits," Lawler comments. "Bluestone's issuance pattern in the past is of issuance to a fairly small group of investors with a deal every 18 months or so. It was more than adequate to go with local investors under these circumstances."

Bluestone has been building its prime book since 2019, having previously specialised in near-prime and specialist lending. Its funding needs have evolved as a result.

"We need to engage with offshore investors on what they are looking for or require in a transaction. We then have to build structures that appeal to their mandates. Their drivers are not necessarily the same as those in the Australian dollar market."

TODD LAWLER BLUESTONE MORTGAGES

DIVERSIFICATION

Issuers say the largest impediment to including foreign currencies in securitisation transactions is the same as it always has been: the additional cost of the cross-currency swap, even when pricing outcomes between domestic and offshore markets are comparable.

However, like other issuers, Bluestone's decision to explore the issuance of foreign-currency tranches in future is driven by a desire to broaden its funding pool rather than purely to secure the cheapest all-in funding cost, says Milos Ilic-Miloradovic, treasurer at Bluestone in Sydney.

"Swap markets will be what they will be – they will shift from time to time. The litmus test for foreign-currency issuance is not that a deal must land at or tighter than Australian dollar levels. As long as it lands within a range, we consider the additional funding diversity created to be valuable," he says.

With the possible exception of taking advantage of potential reverse-enquiry opportunities, Bluestone is unlikely to debut foreign-currency issuance until the second half of 2023. Ilic-Miloradovic explains timing is dependent on origination growth and the lead time required to set up an offshore issuance programme. At this stage, the nonbank is considering all major currencies including euros, yen, sterling and US dollars.

INVESTOR RELATIONS

Compounding the fact securitisation issuers have had little need to secure funding offshore during COVID-19 is that in-person roadshows have been all but impossible for two years. Pepper may conduct a roadshow in the US in 2022, however. "We are re-engaging with investors as we have been absent from the US dollar market for a couple of years," Moir confirms.

Bluestone sees significant potential in garnering US dollar investor support. Lawler says a lot of the asset managers it already deals with have US dollar, euro or yen arms. While these firms may be small-ticket funds in Australian dollars, they can provide multiple times the level of liquidity to deals denominated in their currency of choice.

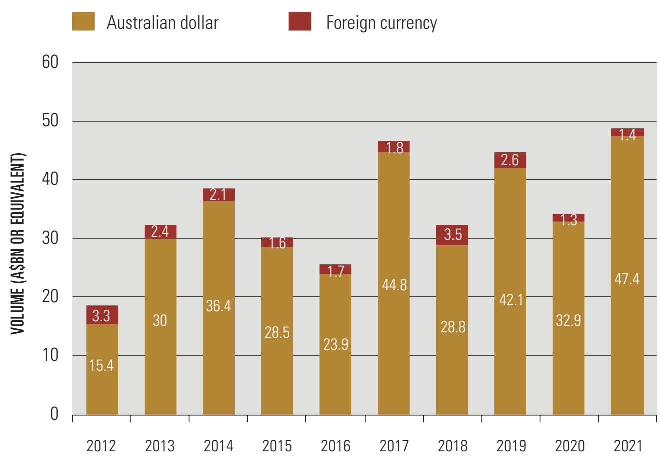
Lawler adds that ascertaining exactly what foreign-currency fund managers need from deal structures to confirm their participation in Bluestone's transactions will be a key starting point for the nonbank. As an example, he explains there was a period of time in the US dollar market when multiple funds needed longer weighted-average life (WAL) profiles in long amortising tranches than a typical Australian dollar fund. At other times they have sought shorter WAL.

"We need to engage with offshore investors on what they are looking for or require in a transaction. We then have to build structures that appeal to their mandates. Their drivers are not necessarily the same as those in the Australian dollar market," Lawler says.

Bluestone will be guided by a desire to offer structures that are consistent and easy for investors to understand as it navigates hedging the prepayment profile of the funding pool, whether via a balance-guaranteed swap or taking a straight-line amortisation, Lawler says.

Pepper's next US dollar deal is likely to be structured with a scheduled amortisation profile. Moir says this is to minimise cross-currency swap costs. He adds that a fully foreign-currency deal is a little way off and potentially not feasible from a cost perspective.

AUSTRALIAN SECURITISATION ISSUANCE



SOURCE: KANGANEWS 5 MAY 2022

DEAL PROCESS

The complexity of including foreign-currency tranches in the deal process can be resource intensive and underscores the importance of working with established and trusted counterparties. "Issuing in offshore jurisdictions does not involve simply applying a different currency and putting a swap on. There are different market conventions and due diligence requirements," says Ilic-Miloradovic.

Navigating the nuances of different jurisdictions is BNY Mellon's strong suit as a global trustee and custodian business, says Robert Wagstaff, head of market for Australia at BNY Mellon in Sydney. With its global presence, BNY Mellon can help close transactions smoothly. For example, Lawler says having the same trustee and custodian when dual settlement is required, such as in the 144A market, means problems can be more quickly solved when they arise.

BNY Mellon's global standing also means it is across regulatory developments around the world. For example, Wagstaff explains European Securities and Markets Authority (ESMA) reporting templates are receiving a lot of focus from UK investors at present. "Even though Australian issuers are generally not subject to local regulation, investors often want to receive information exactly in that format so they can digest it seamlessly," he comments.

Though there are some material differences from the Reserve Bank of Australia's corresponding template, Wagstaff says ESMA's reporting templates are constantly evolving. ■

ESG securitisation in Australia: ready for lift off?

Securitisation with a sustainable label has shown some promising signs of development in Australia but even its most ardent advocates would have a hard time claiming the asset class has truly taken flight. A group of market participants hosted by ASJ and ***National Australia Bank*** *acknowledge the particular challenges of aligning the securitisation asset class with the best sustainable finance practice – but also express confidence about the size and variety of the market in future.*

PARTICIPANTS
- **James Austin** Chief Financial Officer FIRSTMAC
- **Henry Cooke** Executive Director GRYPHON CAPITAL INVESTMENTS
- **Natasha Feder** Portfolio Manager and Structured Credit Analyst FIRST SENTIER INVESTORS
- **Lionel Koe** Director, Securitisation Originations NATIONAL AUSTRALIA BANK
- **Anthony Moir** Treasurer PEPPER MONEY
- **Michael Puli** Associate Director, Sustainable Finance S&P GLOBAL RATINGS
- **John Rohl** Chief Financial Officer BRIGHTE
- **Sarah Samson** Global Head of Securitisation Origination NATIONAL AUSTRALIA BANK

MODERATOR
- **Laurence Davison** Head of Content KANGANEWS

PROGRESS SO FAR

Davison *Should Australian securitisation market participants be happy with the progress made in developing environmental, social and governance (ESG) practice in the sector to date, or is it lagging?*

◆ **SAMSON** There has been a lot of progress but we are still just getting started. Although there has not been significant issuance yet, it is building in the background. The most pleasing piece of progress is the growth in the number of market participants that genuinely believe in the importance of ESG and do not just view it as a box to tick. They understand why it is important and also that there will be ramifications if they do not think about it.

◆ **KOE** One of the main challenges is that there are still fundamental barriers to bringing deals to market, a lot of which are data related and limit the pool of eligible collateral. National Australia Bank (NAB) issued Australia's first green residential mortgage-backed securities (RMBS) in 2018, and while there has been interest ever since then it has taken time for momentum to build. This momentum has really accelerated in the last 18 months, however – so much so that we are fielding a steady stream of reverse enquiry asking for green collateral.

The reality is that ESG is the biggest theme in global markets today. We will see a lot more transactions – it really is just getting started in this sector. All things considered, it is quite an exciting time to be in this space.

◆ **ROHL** Brighte completed its debut public deal in October 2020, and with NAB's help we were very successful. As a first-time issuer we were very pleased with the appetite for the deal, and a lot of it was attributable to overwhelming interest in the ESG aspect. We have certainly seen the demand from debt investors increasing.

What we hear is that investors would like to write bigger cheques but there is a paucity of green assets. We are excited about what happens from here, based on what we have already seen in capital markets as well as the social mandate that is really going to drive evolution.

◆ **MOIR** We are just at the start of the ESG journey and while the evolution is accelerating we have a lot further to go, particularly on data. I suspect that within a five-year timeframe the market will have developed so much that what is currently on offer will look basic in comparison. Actually I hope this is the outcome,

"ALTHOUGH THERE HAS NOT BEEN SIGNIFICANT ISSUANCE YET, IT IS BUILDING IN THE BACKGROUND. THE MOST PLEASING PIECE OF PROGRESS IS THE GROWTH IN THE NUMBER OF MARKET PARTICIPANTS THAT GENUINELY BELIEVE IN THE IMPORTANCE OF ESG AND DO NOT JUST VIEW IT AS A BOX TO TICK."

SARAH SAMSON NATIONAL AUSTRALIA BANK

Issuer-level considerations

THE FOUNDATIONAL CONCEPT OF SECURITISATION IS THAT CREDIT ANALYSIS FOCUSES ON ASSETS RATHER THAN ISSUER. BUT THIS IS NOT ENOUGH IN A WORLD WHERE ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) ASSESSMENT INCREASINGLY ANALYSES ISSUERS AS A WHOLE RATHER THAN INDIVIDUAL SECURITIES.

Davison *Securitisation has a specific challenge in the sense that investors traditionally look primarily at the collateral backing a deal whereas the ESG space requires much deeper understanding of the originator's credentials. How can the market align the two considerations?*

SAMSON An important point here is that it is not enough just to have an asset pool that ticks the boxes – it is also about the originator. This is why the issuer's rationale behind doing a green product is important. Some are further along the sustainability journey than others.

FEDER For us, green is only the starting point. When we assess ESG, it is not just a focus on 'E' or 'S' or 'G' – they are assessed together, and our minimum standards for each need to be met. One of the curiosities about the Australian market is that a lot of originators are private and quite small, which means they could struggle to meet our green criteria simply because of their structure and size. This poses some challenges.

Our process has always required an ESG assessment on every investment we make, and we tailored this assessment for securitisation before the industry even started thinking about it. On this basis, I have spent a lot of time trying to work out an internal approach that allows us to apply a standard corporate ESG analysis in the securitisation context.

In general, originators are starting to appreciate the concerns and take steps to try to alleviate some of the question marks we have had. This aspect is actually more of a black and white decision rather than shades of grey, simply because of the requirements of our investor base and what we need to produce.

SAMSON It could also be an opportunity for SPO [second-party opinion] providers and rating agencies. There is a servicer ranking concept, where they rank lenders on their ability to service. But there is also potentially a corporate ESG ranking that originators and servicers could seek, which would help investors to benchmark.

AUSTIN The 'S' and 'G' are also very important to Firstmac. To this end we have developed a baseline ESG report, which is heavily focused on the social and governance aspects. A lot of it is about creating a benchmark so we have a flag in the sand and can measure evolution over time.

In previous years, this may have meant a few slides in an investor presentation. But we have moved this to being a 20 page ESG report on what we are doing as a company. This will be produced each year, at a minimum. As for what to measure, it can be almost anything – so it will be an evolving piece. But it is a start.

"It is worth noting that the early days of corporate ESG reporting typically produced a lot of very nice statements and lovely pictures, and not much data. Fortunately, these reports are evolving into more meaningful and useful measures of ESG progress."

NATASHA FEDER FIRST SENTIER INVESTORS

Samson *A lot of Australian loan originators are private companies. In this case, how do investors track that they are actually following their own ESG commitments?*

FEDER It is an unusual situation in the unlisted bank and nonbank originator cohort. This is where some of the challenge is going to be, and a working group from the Australian Securitisation

because it is what we are trying to deliver when we set up ESG programmes.

I would ideally like to see a change from product being either green or not green to being able to outline the full ESG credentials of a portfolio and report on its own merits. This would be real progress from what is something of a one size fits all approach at the moment.

◆ **AUSTIN** Transactions to date have clearly demonstrated that there is a lot of investor demand for anything ESG-related. But I think we are still very much at the foundation stage, where data and measurement are very uncertain – particularly with mortgages and autos. As an industry, we have yet to set baselines on how we measure things and how we gather data. This will definitely evolve, because there is so much demand from investors.

◆ **COOKE** From an investor's perspective, we are absolutely feeling pressure on ESG and there is interest from everywhere. We get asked whether we are examining the ESG credentials of what we are investing in, whether what we are doing is good enough and how we are tracking it.

The market is evolving and we have put some systems in place to help us track and score. But securitisation is a complex beast involving many, many parties. We are not just analysing an individual loan: it is also necessary to look at the ESG credentials

Forum is aiming to encourage this group of unlisted originators to start putting in place more concrete reporting, including a way for us as investors to start measuring what is going on.

It is worth noting that the early days of corporate ESG reporting typically produced a lot of very nice statements and lovely pictures, and not much data. Fortunately, these reports are evolving into more meaningful and useful measures of ESG progress.

COOKE We set up a system to track the ESG performance of the originators we invest in. We sent them a questionnaire to fill out, and most have been fully forthcoming. Some responses came back with the information we asked for and a note that it is all on their website anyway, while others were happy to provide it directly to us.

What is interesting is that there is not a lot of difference in our scoring between public and private nonbanks, with the biggest difference being between banks and nonbanks.

Overall, we were pleased to find that issuers were very forthcoming. They obviously felt it was worth doing and are not trying to hide anything, which is very promising.

FEDER I second this – at least in the sense that some originators have been very good. The caveat is that the smaller names, including smaller banks, do not have the staff or expertise.

Samson *Will the market get to a point where, labelled or not, investors will not buy a company's issuance of any type if it does not meet a minimum ESG standard?*

FEDER We are already doing it. It is a firm-wide policy across debt, equity and unlisted assets. We have lists of uninvestable assets that are designated as such for ESG reasons.

COOKE Absolutely. It has also happened for other criteria away from ESG. There are some originators we will not invest in for various reasons that may be specific to us or more generic.

Samson *Will the bar get higher or more difficult for issuers over time?*

FEDER I do not know about higher, but more nuanced. There are more requirements, but I do not think it will become more difficult.

COOKE It depends how we define difficult. If we mean difficult in the sense of 'will it be hard work to respond and get the information out?' – possibly. If it is 'are issuers going to be asked more questions?' – absolutely. But it will become easier as the market evolves.

Davison *The Australian syndicated loan market has started to see some deployment of use-of-proceeds loans with sustainability-linked features attached. Is something similar possible in the securitisation space, as a means of tying together the collateral focus and growing interest in originators' ESG credentials?*

SAMSON It is possible and it would solve some of the data issues. It also speaks directly to the green-brown spectrum, so a transaction that links back to the corporate originator does not have to be 100 per cent green. It requires the originator to sign up to specific and meaningful KPIs. At the moment, this type of issuance would lend itself better to large, listed companies – though it is still a challenge there – because the KPIs have to be meaningful.

On the other hand, the whole theory of securitisation is that it is divorced from the originator. But I am sure securitisation structures can solve for this. The concept brings it back to the companies and their boards to sign up to meaningful KPIs.

KOE It is more holistic as well. It mitigates some of the risks we have discussed about use of proceeds where there is risk associated with collateral refinancing. Under a sustainability-linked structure, the issuer has a wider ability to ensure the covenanted KPIs are met than it does with a closed-pool securitisation. Such a structure also opens up the collateral pool.

FEDER I may be the cautious one here. Sustainability-linked loans and securitisation are not natural bedfellows due to the special-purpose vehicle structure of securitisations and the supposed de-linkage from the originator. I am interested to see how anyone tries to solve the multitude of problems associated with it.

of all the parties involved in a securitisation transaction in order to come up with an overall score.

At this stage in market evolution, it is difficult to define whether or not an organisation or product is green – because definitions and standards are evolving rapidly. But we can examine how they rank on a relative basis and encourage continual improvement.

There seems to be a sense that Australia is lagging relative to the rest of the world, but I disagree with this. I think securitisation is perhaps lagging or struggling relative to other asset classes that may find ESG somewhat easier in the current circumstances. But the expectation on us to be monitoring and looking at ESG is immense. Data is an issue, but generally the market is responding to it very quickly.

◆ **FEDER** For an investment manager with clients looking for green or social investments, it is very hard for us to put our hand on our heart and say any individual securitisation is genuinely a good product.

The particular challenge comes in the sense of the product being labelled correctly with available data, and that every party in the transaction is doing the right thing to satisfy this labelling. This aspect of the market is very much a work in progress. Although what we have seen so far is a great start, many pieces of this puzzle still need improvement.

For us, a green-labelled product needs to be green through and through. We want to assess all parties involved to ensure they tick the green box, and for this process to be repeated for the asset itself. Unfortunately, there is currently not enough information – across several categories – to be able to do this.

Davison *Bringing a labelled product to market clearly involves significant challenges even if – which is relatively rare in itself – one can assume the collateral will likely satisfy ESG standards. For a company like Brighte, what is the value in doing this work to get a certification on a pool that largely comprises solar assets anyway?*

◆ **ROHL** Brighte is a mission-led organisation and the company did a lot of early work to make sure we were aligned with all aspects of ESG as a core part of our DNA. This meant our early organisational structure 'overinvested' in the governance and risk assessment team. The social and sustainability mission filters through into everything we do.

Davison *How does the second-party opinion (SPO) process apply relative weight to collateral versus sponsor-level considerations when it comes to a prospective ESG securitisation transaction?*

◆ **PULI** It can depend on whether it is a use-of-proceeds (UOP) or sustainability-linked deal. UOP varies to some extent based on the framework being used, but we always focus on where the money is going. If it is a sustainability-linked deal, we get into a lot more detail on what the assets are trying to achieve.

The specific challenge with securitisation is the need to monitor a pool of assets for its whole life. The European Banking Authority has looked at this, and one of its recommendations is to move away from the special-purpose vehicle (SPV) and instead assess the originator. I think this could be a clearer way to go, at least initially until the type of green asset monitoring needed is available to assess specific SPVs.

CAPTURING DATA

Davison *Securitisation has always been a data-oriented sector, which should lend itself to the requirements of ESG-labelled issuance. But there are clearly ongoing challenges, particularly in the mortgage space – where the type and level of data needed to support a vibrant green RMBS space simply does not exist, or at best is not being captured. How is the data aspect evolving?*

◆ **PULI** Securitisation is less developed than other asset classes, but actually I do not think this is a bad place to be. Being on the leading edge can be tumultuous so I think being able to take a step back and explore what practices are being used across

> **"I SUSPECT THAT WITHIN A FIVE-YEAR TIMEFRAME THE MARKET WILL HAVE DEVELOPED SO MUCH THAT WHAT IS CURRENTLY ON OFFER WILL LOOK BASIC IN COMPARISON. ACTUALLY I HOPE THIS IS THE OUTCOME, BECAUSE IT IS WHAT WE ARE TRYING TO DELIVER WHEN WE SET UP ESG PROGRAMMES."**
> **ANTHONY MOIR** PEPPER MONEY

different instruments and think about how they can be adopted is beneficial.

When we are looking at different instruments and companies, it is through the lens of understanding that this is a transition period. Our SPO framework considers alignment to certain principles, as well as to what degree a company is advanced in these practices relative to others.

A lot of this comes down to data. Some companies are more advanced in embedding an ESG culture within their organisations, so we give them better marks for that. If they do not have this, they can still be aligned if they meet minimum requirements. But highlighting the extra steps some companies are taking is what we are trying to focus on.

Davison *Firstmac printed its first green RMBS in 2021 using proxy criteria for home emissions, as it is still building a pool of labelled green mortgages of sufficient scale to make a securitisation feasible. What gave Firstmac confidence it would get investor support for issuance while the data piece is still clearly a work in progress?*

◆ **AUSTIN** As a general rule, most investors are not very specific about requirements and are just keen to get products that are labelled green. In my experience – and I should say we have not worked with the provider at this discussion – SPOs have also been underwhelming. What we have seen does not look into any of the data or collateral criteria.

We described our transaction as a combination of light green and dark green. The light green part refers to building standards in New South Wales, Victoria and Tasmania that effectively qualify any house built since 2005 – which is pretty pathetic, to be frank. The dark green is just getting started, but we defined it as a house with a NatHERS [Nationwide House Energy Rating Scheme] measure of seven or above.

The problem with NatHERS ratings is they are very difficult to get. The data is all there, but it is with CSIRO [Commonwealth Scientific and Industrial Research Organisation] – which will not release it, on privacy grounds. I believe this is the key to a flourishing industry. We are recording NatHERS, but we can effectively only get it on new builds. We are recording the score, whether it is brown or green, for all new construction – but this is as far as it goes.

Of course we will need to label certain tranches as green to meet investor mandates. But I believe something we should all be getting to as an industry is reporting where every asset is on the spectrum, whether dirty brown or shining green. This means recording the data for every asset.

If CSIRO would release the data it would be a big help. But there are things we can do ourselves. In autos, every single vehicle has a CO_2 tailpipe emission that is quite easy to obtain.

We will do our first auto transaction in July and release the CO_2 on every vehicle – not to paint it as green but because providing this information is important, we believe. We will probably still include standalone tranches or deals to satisfy particular mandates.

Davison *Does the answer to the question of asset scale in the mortgage space require a solution for emissions data on existing homes – not just new builds?*

◆ **AUSTIN** We have to solve for the CSIRO release since this is where the data is kept. There are a few initiatives going on, including some private enterprises trying to partner with CSIRO. I just don't have any visibility of whether this will go anywhere, though. At the moment it is snagged on privacy concerns.

While the data release is essential to have mortgages flourishing, the latest proposed update to Climate Bonds Initiative (CBI) standards – which involves a combination of solar, postcode, number of bedrooms, gas, pools and the like – is a good approach.

We take a view that something is only green if it is improving carbon emissions. A house that is already built does not achieve much, but if we are offering discounted lending for a borrower to raise their home's NatHERS score to seven from 6.5, we – and they – have achieved something. It is similar in autos, though I guess the market will evolve so that only electric vehicles (EVs) and, perhaps, hybrids are considered green.

◆ **MOIR** Coming back to what I said before, really the data aspect has not evolved – and we need it to. Data capture, and the analytics to understand and drive it, are the most critical components. Here, I would say we are still in the same place as we were a few years ago.

◆ **KOE** The information is there, but unfortunately it is not readily available due to privacy concerns. A number of institutions are working to get access to the data and this, if successful, would

"DATA IS VERY IMPORTANT. TO TAKE A SIMPLE EXAMPLE, IT COULD BE THAT ALL THE GREEN LOANS IN AN RMBS POOL GET PREPAID AND IT BECOMES A BROWN POOL OVER TIME THROUGH NATURAL SELECTION. THIS IS SOMETHING WE WANT TO BE ABLE TO MONITOR, BECAUSE IT WILL ULTIMATELY AFFECT THE SECURITY'S VALUE AND RISK."

HENRY COOKE GRYPHON CAPITAL INVESTMENTS

Social securitisation offers opportunities but hurdles to clear

IN SOME WAYS, SOCIAL RESIDENTIAL MORTGAGE SECURITISATION COULD IN THEORY BE AN EASIER PRODUCT FOR WHICH TO FIND QUALIFYING ASSETS THAN GREEN. BUT ITS CHALLENGES ARE JUST AS SIGNIFICANT, IF NOT GREATER.

Davison *What is the potential for social securitisation and on what basis might it be offered?*

SAMSON It is very plausible. Kensington Mortgages did a deal in the UK that National Australia Bank was part of. Like green mortgages, ensuring standards are set at an appropriate level is key. If deal parties can demonstrate they are putting someone in a significantly better financial position – for instance that they would not otherwise be able to buy a home – there is definitely a place for social securitisation.

Davison *What are the considerations on social securitisation from a second-party opinion (SPO) perspective?*

PULI Social securitisation is less developed, which means we have a close focus on definitions. Some originators use very high-level definitions and we have to bear down on exactly what they mean when they say they are providing a social good. For example, this could mean exploring their definition of affordable housing.

Davison *Will social securitisation in Australia be defined by affordable housing or by the nature of borrowers?*

SAMSON I think it will be both. The Kensington transaction was focused on the borrower. Kensington provided a mortgage that these borrowers could not get from anywhere else. But affordable housing social securitisation is definitely a possibility as well.

On the Kensington deal specifically, there was some focus on the definition of who qualifies for the lending product. But I think it would be difficult to argue that someone refinancing a million dollar property is socially disadvantaged. This is why I say social securitisation has to show how originators are actually helping people in a way that not many others would be willing to.

Austin *Would a qualifying loan have to be at a discounted rate so it is not considered to be nonconforming?*

SAMSON Not necessarily. One of the criteria under the Social Bond Principles is that the borrower cannot access mainstream financing. But there is clearly a lot of crossover between nonconforming and the type of loan that could qualify for social funding.

KOE Within the breakdown of prime and nonconforming loans, we can filter and exclude certain attributes such as credit impairment, large loan sizes and investment loans. This process helps define what the boundaries of social securitisation look like.

SAMSON The pricing discount piece is one argument. The other side is that the nonconforming market is very small and its borrowers would not be able to seek finance from a bank. Maybe eventually we get to a place where the rate has to reduce over time as borrowers trend toward mainstream. But we are at the start of this journey.

The most important thing at the moment is the integrity of the criteria used to demonstrate that originators are helping borrowers. As I say, there is a huge overlap between nonconforming and social lending – in many ways the latter is a subset. Originators are helping these borrowers in a way that banks will not.

Davison *If the investors here were soft sounded on a social securitisation transaction, what kinds of issues would they want to know about first?*

COOKE It would be about the definitions – whether it is bringing something additional to the table for borrowers. We are struggling with definitions at the moment and they need to evolve. Fundamentally, borrowers have to be ready, willing and able to pay their loan. Social securitisation has to fit in with this – and the definitions today are lacking.

FEDER For us, it is absolutely critical that the borrower is assessed as a viable lending option for the originator. The social concept is nice but we would be more concerned about the origination being done properly – which is a component of the 'S' part of environmental, social and governance. The definition of social securitisation remains a curious concept for us.

"Within the breakdown of prime and nonconforming loans, we can filter and exclude certain attributes such as credit impairment, large loan sizes and investment loans. This process helps define what the boundaries of social securitisation looks like."

LIONEL KOE NATIONAL AUSTRALIA BANK

significantly increase access to eligible and compliant collateral in the market.

There is certainly potential for issuers to disclose a lot more data, subject to bolstering existing data capture processes. Issuers and the industry are beginning to capture this, which is encouraging and will be a positive development for the sector and investors.

I envisage that, over time, issuers may be able to report on the thermal efficiency of a house and its offsets, and CO_2 emissions in the case of cars. When it comes to mortgages, I am confident that, with the growing traction in ESG, the industry will be able to obtain a redacted version of data needed to facilitate future green RMBS issuance.

Until then, however, we are limited to certain states and geographic concentrations. Very extensive data mining would be needed to see green RMBS flourish in the absence of some other means of getting data.

I think the auto sector will be interesting, with leading manufacturers already terminating internal combustion engine (ICE) vehicles in favour of hybrids or pure EVs. Stock is limited in Australia at the moment but in time I believe growth will be strong.

POOL EVOLUTION

Davison *The market seems – hopefully – to be close to entering a phase of rapid evolution when it comes to the quantity and nature of available data. If this proves to be the case, what happens to securities that were 'good enough' when investors bought them but where standards have subsequently evolved? More generally, what are investors' hopes on the delivery of the kind of data that has been discussed?*

◆ **COOKE** When we look at ratings, we also consider where they might move to in future and incorporate this in our analysis. I see the same happening with ESG criteria, where we would look at whether the trend is positive, neutral or negative.

Data is very important to this. To take a simple example, it could be that all the green loans in an RMBS pool get prepaid and it becomes a brown pool over time through natural selection. This is something we want to be able to monitor, because it will ultimately affect the security's value and risk. This will develop over time.

We have been struggling with similar issues in the UK, but it now has energy performance certificate (EPC) ratings – which involve someone going to a house that has already been built and assessing how good it is from an emissions perspective. The data is coming.

◆ **KOE** As an industry, we started with CBI criteria for green RMBS – which always had the notion that the target end goal was zero emissions by 2050 and that the criteria will be tightened periodically over time to get there. We always knew the market would continue to develop to these benchmarks.

◆ **SAMSON** Doing so will require corporates, from the top to the bottom, to be completely aligned – because otherwise they are not going to pass the test for a lot of investors.

I think the SPO providers are going to play a critical role, alongside investors, in being very clear about the standards they require and holding themselves to these standards to make sure there is consistency. Users can rely on the rating agencies if they are credible. I think this is where we will end up with SPO providers, too.

Davison *How helpful is this sort of third-party information in the securitisation market? Let's say an investor is offered an RMBS pool in which 80 per cent of the loans have an EPC rating: would this be sufficient due diligence or is it more complicated?*

◆ **COOKE** It depends. Some form of certificate is very useful information, and we can look at the pool to assess whether there is enough of this type of coverage and whether it is improving or getting worse. In some assessments this is an acceptable level – it can be as simple as that. But it is only one aspect of a transaction.

Davison *What would be an acceptable attachment point for investors when it comes to the quality of data available on home loans?*

◆ **FEDER** I would start with Utopia and move backwards. The age of a building alone is a woeful criterion, but how much better can we get if CSIRO does not hand over its data? To be honest, at the moment we are happy to wait it out. There is no need for us to rush in and buy something just because it has a green RMBS label.

The interesting thing about the EPC or a NatHERS rating is that it is the starting point for the pool, but it leaves open the question of how things evolve from there. The loans refinanced out of an RMBS pool may be the good ones, or on the other hand borrowers might upgrade their homes without mortgage lenders being aware of it. The pool could upgrade itself, in other words – but how will we know this, as investors?

There are data features the industry is yet to grapple with. How do we know when someone has put in water tanks or installed solar panels? Do we only find out once they have refinanced and got a cheaper mortgage elsewhere?

Davison *How can securitisation structures account for these challenges?*

◆ **KOE** Green notes need to be backed by at least an equal quantum of green receivables and we always ensure there is a sufficient overcollateralisation buffer of green assets relative to the liabilities.

To the extent we are finding different prepayment rates on certain mortgages, data reporting is integral. I think issuers have

done a good job in reporting this on a monthly basis so investors can readily identify the quantum of green receivables relative to green notes.

Certain issuers are already providing subsidised or lower rates to borrowers for green mortgages, and it will be interesting to see if new builds will provide a greater take-up for this product.

Ultimately, it comes down to pricing as well, including whether the market develops to a stage where we can see a pricing gap between green and nongreen tranches. At the moment it is pretty flat, so we will need to manage and monitor market development.

◆ **FEDER** At present the problem is that once the pool is out there it becomes the investor's problem. If the pool loses its green assets, whatever they happen to be, it is up to the investor to make a decision – and, depending on mandates or our house view, we might end up needing to exit such assets.

This would be time consuming and expensive, which is not in the best interest of our clients – who are, ultimately, the end investors.

◆ **KOE** This is a fair point, and it is something we have always considered. The first NAB green RMBS deal was 1.5 times overcollateralised and only the senior note was certified green. Even under stressed prepayment rates, there would be a healthy buffer of green overcollateralisation.

Structurally, the senior notes benefited from a sequential principal waterfall that inherently built on existing overcollaterlisation until the pro rata tests were met, and thereafter overcollateralisation would be maintained – all things being equal.

◆ **SAMSON** It is still an issue, though, because we cannot track everything accurately – for instance the point that homes might be upgraded when there is not an established method to capture the benefit of this.

It might be a while away, but I am sure there is some sort of technological solution to these issues. Perhaps lenders could encourage borrowers to self-report through a portal, for instance. I am sure it will be solved eventually, but I think it is a while away and we need to do our best in the interim.

Davison *Is there a role for SPO providers here? The comparison would be a conventional credit rating, which does not begin and end when a deal gets priced. Can providers play a role in ongoing monitoring of data and reflect this in the content of SPOs?*

◆ **PULI** Our SPO is a point in time so we have a look for attributes when we rate. I think part of the hesitation on our side is the potential browning of assets, and from a data perspective we rely a lot on companies and their collection mechanisms.

Regarding tracking, perhaps having smart meters or the like tied into assets could be useful in the long term. The other element is that some certifications expire after five years, so the question we are grappling with is to what degree to bake in a certificate that only lasts for part of a 30-year mortgage.

This challenge can be tackled by defining green characteristics that will be less likely to expire. For example, there are taxonomies, like CBI, that provide criteria that take into consideration the tenor of the instrument and thus avoid green qualities expiring during the life of the note.

◆ **KOE** Alternatively, the market could evolve to tracking at originator level instead of the SPV and assets in the pool. This would enable the issuer more effectively to manage and maintain covenanted asset coverage ratios. It would be great to see the domestic market evolve further, including adopting a sustainability-linked style of issuance.

◆ **MOIR** We are focusing on capturing data and developing the analytics to support and report, and on how we can do so in an efficient way.

◆ **AUSTIN** Indeed: data is difficult. We are collecting it on home construction but this is a small percentage of loans. How we

"IT IS DIFFICULT TO FORECAST THE NEXT TWO YEARS BUT IT IS EASIER TO LOOK AT THE NEXT SEVEN. THIS IS THE TRAJECTORY WE ARE MOST EXCITED ABOUT. THE MORE ASSETS A HOUSHOLD NEEDS, THE BIGGER THE TICKET SIZE AND THE LONGER THEY NEED TO PAY OFF THOSE ASSETS."

JOHN ROHL BRIGHTE

get to the nirvana of a rating on every single asset comes back to CSIRO. We are – or we should be – already there with autos because the CO_2 tailpipe is available. But in green it is very difficult.

ASSET GROWTH

Davison *What is the growth potential in naturally green-aligned assets like household solar and energy storage? What does the growth trajectory mean for funding needs?*

◆ **ROHL** In Australia, the latest data suggest 3.5 million homes have solar and a million of those have a really small amount. There are about 10 million homes in total, meanwhile, and probably eight million of those are solar eligible. This means five or six million homes will need solar. There has been continued growth, apart from this last year – which was badly affected by rain and COVID-19.

The adoption rate continues to be driven by economics, and engagement with sustainability in the home is moving from the early adopter to the mass market. It is the same with EVs: early adopters bought A$100,000 (US$75,000) cars but we are now seeing the first wave of A$40,000 cars.

There is also the affordability drive. A home in 2030 that has sustainable assets is likely to save anywhere between A$3,000 and A$5,000 per year.

Ultimately, this means 5-6 million homes will likely introduce solar and EV, which is A$30,000-100,000 worth of equipment that needs to move to capex from opex. This is A$500 billion that needs to be spent.

The pace will be the interesting thing, and batteries have been an interesting case study. Our market has a 10 per cent battery attachment rate versus 90 per cent in the EU. The EU has higher expenses and energy usage so there is more of an imperative, but we will get there.

It is difficult to forecast the next two years but it is easier to look at the next seven. A million cars are sold every year and by 2030 ICE manufacturing will be close to zero. This is the trajectory we are most excited about. The more assets a household needs, the bigger the ticket size and the longer they need to pay off those assets. These types of trends tend to push into loan product, and therefore the share of sustainability assets that needs to be securitised is likely to increase.

◆ **AUSTIN** Last year, EVs comprised 2 per cent of all cars sold in Australia. This is still pretty low, but it is gaining traction. Hybrids are a little more popular – they comprise around 5 per cent of sales. There is an open question as to whether hybrids are green, though. High petrol prices now may hasten the uptake of EVs and new models are becoming cheaper.

The other thing I will say is on homes and new construction. To really crack this for new origination it is the large national builders that we need to get engaged. There is a gap between a 40 basis point mortgage discount for a green home versus the cost of upgrading the home so it achieves a seven NatHERs rating.

Of course, there are all the benefits that come with a home being more energy efficient and having lower cooling and fuel costs in future. However, it really comes down to the upfront decision of whether we collectively can convince builders to focus on emissions efficiency when they just want to sell a lot of product.

It is a real challenge, especially bearing in mind that the 40 basis points is pretty much coming out of the loan originator's pocket. There are a lot of relationship benefits from investors but there is certainly no cost of funds benefit from issuing green at this point.

◆ **MOIR** We are a leading originator of EV loans but trying to get to scale in the product is very difficult, mainly because of the low availability of stock. But we view it as a promising programme for us at some stage in the future.

"THERE ARE COMPANIES SPECIFICALLY BUILDING GREEN HOMES BUT IT IS ALL ABOUT MOVING PRODUCT FOR THE VOLUME-DRIVEN, MASS BUILDERS. THEY WILL WEIGH UP THE INCENTIVES AVAILABLE TO THEM AND THE COST OF DELIVERING ENERGY EFFICIENCY. WE NEED A GREATER INCENTIVE TO CHANGE THIS EQUATION."

JAMES AUSTIN FIRSTMAC

"SECURITISATION IS LESS DEVELOPED THAN OTHER ASSET CLASSES, BUT ACTUALLY I DO NOT THINK THIS IS A BAD PLACE TO BE. BEING ON THE LEADING EDGE CAN BE TUMULTUOUS SO I THINK BEING ABLE TO TAKE A STEP BACK AND EXPLORE WHAT PRACTICES ARE BEING USED ACROSS DIFFERENT INSTRUMENTS AND THINK ABOUT HOW THEY CAN BE ADOPTED IS BENEFICIAL."

MICHAEL PULI S&P GLOBAL RATINGS

When it comes to housing and mortgages, Pepper Money and Firstmac are looking at the definition of a green asset in a similar way. We want to contribute to improving the energy efficiency of the home. Rather than just capturing data on the status of the of the house itself, our main goal is to capture data, assess the house and offer incentives to up-scale energy efficiency.

Davison *Picking up on the point about engaging home builders, does this imperative suggest the green mortgage product is not hitting the right target – in the sense that all the financial incentive goes to the home buyer not the home builder?*

◆ **AUSTIN** The decision is being taken by mass builders – it is not driven by the individual at this point. Yes, there are companies specifically building green homes but it is all about moving product for the volume-driven, mass builders. They will weigh up the incentives available to them and the cost of delivering energy efficiency. We need a greater incentive to change this equation.

If an individual wants to conduct an accredited NatHERs assessment, it means quite a reasonable sum that is possibly equivalent to a full home evaluation – around A$200-400. Mass builders' surveyors will do an evaluation as a freebie. It is all about the cost equation.

Even though we try to promote to the borrower to look at the benefits over time, it still comes back to the builder.

◆ **SAMSON** Linked to this – although more so for the borrower – I believe some of the European regulators have been looking at risk weights for green mortgages. The idea is that banks could hold slightly less capital for green assets. It would be another big incentive and would flow through to securitisation and APS 120 as well, so potentially we as a bank could offer cheaper funding for green loans.

Davison *Markets have been challenging for any type of issuance since February. We often talk about the idea of securities with strong ESG credentials nowadays – whether or not they are labelled – being able to unlock incremental liquidity. What role do market participants believe ESG credentials have in adding liquidity to a market that has not got as much of it as it did as recently as a year ago?*

◆ **FEDER** I do not think it will. However, high-quality ESG originators and servicers – even those that do not necessarily have green-labelled assets – should theoretically find it easier to continue issuing because they are a better quality originator and servicer.

◆ **AUSTIN** I agree. What I would add to this is the experience from the green deal we did last year, which was more so after the deal. It is not about price – the relationship benefits and the wider funding that can flow if we are able to deliver ESG assets is significant. This is the driving goal – broader funding, as opposed to getting better pricing.

◆ **ROHL** From our perspective, we saw first-time investors into the securitisation market because of our origination. I do not think this answers the wider liquidity question, but it is an example of increased demand at the margin. It also demonstrates that liquidity can come from different parts of the portfolio allocation that would not otherwise have been involved in the securitisation asset class.

◆ **PULI** From a ratings perspective, what I am hearing a lot from different stakeholders is essentially that they are trying to build the experience to get ESG-aligned product out the door because they know it is the future. They know they will have to do it, so getting the experience now is of vital importance to them. Also, green labels open the door to diversification of investors. As mentioned already, this may lead to better financing conditions for the issuer.

◆ **SAMSON** I absolutely agree with Natasha Feder – we want higher quality issuers to do better, and everyone else can strive to meet their higher standards. But I also believe there is a bit more liquidity out there for those that are able to deliver labelled product. We get reverse enquiry quite often for specifically green product and no interest in anything else.

◆ **KOE** We are not talking about the pool of dark green investors here – it is more the traditional fund managers that now have an increasing allocation to ESG within their investment mandates.

These fund managers are already very familiar with and regularly invest in securitisation transactions. However, ESG has become a growing focus of investment mandates and this is driving incremental liquidity and demand. This phenomenon is expected to become more prominent and, if it does, it will be an important development for the market. ■

AIMING FOR SCALE: EQUITY TRUSTEES LEADS ON TECHNOLOGY OFFERING

***Equity Trustees** plans to scale its debt capital and securitisation services, deploying its mix of trustee and agency solutions to a wide range of clients. The firm believes its automation technology and high-touch customer interaction sets it apart from the competition, giving it an edge when it comes to more complex transactions.*

Equity Trustees entered the debt capital and securitisation trustee market five years ago, adding competition into a space traditionally dominated by a relatively small cohort of established players. While new to fixed income, the firm has experience on its side as the second-largest Australian-headquartered trustee company active in the domestic debt market.

As Australia's debt capital and securitisation market has grown and matured over recent years, Equity Trustees saw an opportunity to build a platform and offer services with which it is highly familiar globally to a new market.

Kelvyn Ee, senior manager corporate trust and securitisation at Equity Trustees in Sydney, says the firm's mix of customisable solutions and accessible customer service lends itself to complex transactions. In particular, he explains the use of automation software with in-built data checks streamlines operational processes and reduces human error – a unique selling point for prospective users.

"Our waterfall models are locked down in the system to minimise the risk of accidental changes. Meanwhile, all amendments are made in a secure manner by an independent specialist modeller," Ee explains.

Equity Trustees uses a software solution tailored to individual client needs. Manual spreadsheet data entry can introduce errors that compound over time, leading to incorrect payments and investor reports. The problem can be more pronounced in complex structures.

"We work closely with our clients to provide a tailored solution based on their needs," Ee notes. "Our clients like the fact we will use whatever output their systems create, then we do the hard yards of the re-mapping into our required templates."

THE QUIETEST PEOPLE

Equity Trustees entered the asset-backed securities market in 2019 after a lengthy consultation process with industry and prospective clients. At the heart of its offering is the fact it combines being large enough to provide the full range of trustee services its clients need with a sufficiently specialist focus to be flexible in its core service offering.

An ability to listen and adapt to industry needs is also an important factor, according to James Connell, general manager, corporate trust and securitisation at Equity Trustees in Sydney. "When we first meet somebody, whether or not they are a client, we try to be the quietest people in the room – we try to listen more than we speak," he says.

Connell adds that Equity Trustees first tries to understand the prospective client's business and needs before pitching any potential solutions. "If we listen actively, people will tell us a lot more than if we go in with a barrage of statements."

Equity Trustees' debt capital market services include note and bond trustee, issuing, calculation and paying agent, registrar, security trustee, and process agent. In addition, for securitisation, the company can act as issuer trustee, security trustee, standby servicer, document custodian, trust manager, and trust accountant and custodian.

Connell says the firm can offer a high level of customer interaction to clients that might be new entrants to the securitisation market, and those exploring more complex

"Our waterfall models are locked down in the system to minimise the risk of accidental changes. Meanwhile, all amendments are made in a secure manner by an independent modeller."

KELVYN EE EQUITY TRUSTEES

Equity Trustees

"What differentiates Equity Trustees is its service levels. We value long-term relationships and Equity Trustees established a strong relationship quickly. The service levels have been great and we have regular dialogue."

BRIDGET KEATING SCOTTISH PACIFIC BUSINESS FINANCE

structures. "If they need anything, they do not hesitate to give us a call," he adds. "Part of our offering is that we provide a hands-on service. There is no chance our clients will get lost or feel like they are not our top priority."

PROMISES IN PRACTICE

Equity Trustees played a key role in establishing Scottish Pacific Business Finance's mortgage-backed securitisation warehouse in 2022, following the success of another facility Equity Trustees established in 2019 for the nonbank lender's equipment financing business.

The newly established warehouse funds loans made to SME borrowers – a new product for ScotPac and an important step in its strategy to offer customers a wider range of financing solutions.

Equity Trustees' role is to act as issuer, trustee and security trustee, trust manager and backup servicer for the ScotPac warehouse facility. It is able to offer its services in traditional securitisation and debt capital markets transactions, such as those for residential mortgage-backed securities. But it can also provide solutions for more complex financial transactions.

Bridget Keating, Sydney-based treasurer at ScotPac, says Equity Trustees played a vital role in building out the monthly cash-flow waterfall and modelling the trust. "It is seamless from our end – Equity Trustees does a lot of the background operations, particularly in the initial setup of the warehouse," she explains. "Equity Trustees opened the new trust bank account and completed all the administration work involved in registering the trust. Things are always done to the timeframes we are working to and with minimal fuss."

ScotPac first approached Equity Trustees in 2019 after putting out an RFP to the market's best-known players. Equity Trustees laid out its service offering and proved competitive on price, so ScotPac decided to award the contract and diversify its trustee service providers, explains Keating.

"What differentiates Equity Trustees is its service levels," she notes. "We value long-term relationships and Equity Trustees established a strong relationship quickly. The service levels have been great and we have regular dialogue. The relationship differentiates Equity Trustees from the larger players in the market."

ScotPac plans to be a regular issuer in the public securitisation market, seeking to term out accumulated collateral from it warehouse facilities following an initial ramp-up phase in the lending book.

Keating says some changes to the warehouses have been required, particularly as the business has grown and its product suite has expanded. "We have never had any issues getting changes incorporated," she adds. "Even if this has required a change to the model, this has been seamless as well." ■

Equity Trustees in Brief

EQUITY TRUSTEES WAS ESTABLISHED IN 1888 AND IS LISTED ON THE AUSTRALIAN SECURITIES EXCHANGE. IT IS AUSTRALIA'S LEADING INDEPENDENT TRUSTEE COMPANY, WITH MORE THAN A$144 BILLION (US$100.8 BILLION) IN FUNDS UNDER MANAGEMENT AS AT 30 JUNE 2021.

It has provided corporate trust services in Australia for more than 20 years, making it one of the longest-serving providers in the domestic market. It is now a leading specialist in this unique and complex area of service.

The current chair of the Equity Trustees board is Reserve Bank of Australia board member Carol Schwartz AO, and the managing director is Mick O'Brien, who has led the company for the past six years.

For any enquiries related to debt capital markets and securitisation services, please contact James Connell, general manager, corporate trust and securitisation.

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"When we first meet somebody, whether or not they are a client, we try to be the quietest people in the room – we try to listen more than we speak. If we listen actively, people will tell us a lot more than if we go in with a barrage of statements."

JAMES CONNELL EQUITY TRUSTEES

DEBT CAPITAL MARKETS AND SECURITISATION SERVICES

WHY CHOOSE EQUITY TRUSTEES

Equity Trustees is Australia's leading specialist trustee, with a growing business focused on debt capital markets and securitisation services. With 35 years of specialist experience in Australian and global markets, our key people bring together legal and finance industry expertise in debt capital market transactions, ABS, structured/secured lending structures, funds management, administration and compliance for retail and wholesale funds.

SERVICES

Equity Trustees provides a full range of trustee services for banks, financiers, originators, lenders, borrowers, international investment managers and sponsors, for example:

- Note trustee
- Security trustee/agent
- Facility agent
- Issuing, calculation, paying agent and registrar
- Trustee and custodian for direct property funds
- Escrow agent
- Document custodian
- Trustee, security trustee and trust manager for securitisation and master trust structures.

DEBT CAPITAL MARKETS & SECURITISATION TRANSACTIONS

An expert, independent trustee and agent in all types of DCM and securitisation transactions provides peace of mind to noteholders and relieves the issuer of the administrative burden of communicating with noteholders. Furthermore, if there are events leading to a default, a specialised independent trustee will work through the process to ensure that the noteholders' best interests are protected and that any enforcement is carried out properly.

- Equity Trustees is an independent specialised fiduciary with more than 130 years' experience as a trustee
- Equity Trustees is not a financier and will not be conflicted when acting as an agent or trustee
- Equity Trustees' DCM & Securitisation team is based in Sydney
- Equity Trustees' parent company (EQT Holdings Limited) is listed on the ASX. The current Chair of the EQT Board is Carol Schwartz AO
- Equity Trustees has a well-resourced, efficient back and middle office infrastructure to administer trustee and agency roles.

For more information visit www.eqt.com.au and click on Corporate Trustee Services.

AUSTRALIAN AND NEW ZEALAND SECURITISATION ISSUER PROFILES

The Australian Securitisation Forum is pleased to share key facts and information on member firms active as issuers in the securitisation market, and on emerging issuer member firms.

Pages 35-57: profiles of issuers active in the public securitisation market

Pages 58-60: profiles of new and emerging issuers

ALLIED CREDIT

AUSTRALIAN ADI	NO
SECURITISATION PROGRAMME NAME	ALLIED CREDIT ABS

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	ABS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	18%
NUMBER OF SECURITISATIONS ISSUED	2
TOTAL VOLUME ISSUED	A$400M
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$261M

Allied Credit is a privately owned finance company established in 2010 to take advantage of demand from vehicle and equipment manufacturers, distributors and dealership groups for branded retail and floorplan finance products. Allied Credit has grown to become the retail and wholesale finance business partner of choice for an increasing array of leading brands and dealer groups in the automotive, motorcycling, marine and recreation finance industry.

By combining Allied Credit's experience and expertise with leading, iconic brands, the company has created proven finance solutions for vehicle and equipment businesses, their dealer networks and their customers. These brands include Subaru, Hyundai, Ford, Polestar, Kawasaki, Triumph, Vespa, Piaggio, Moto Guzzi, Aprilia, Mercury Power and Suzuki Motorcycles. Receivables are funded via several securitisation warehouses aligned with the individual businesses.

Allied Credit brought its second term ABS transaction to market in September 2021. It employs around 270 staff with offices in Sydney, Perth and Melbourne, and a salesforce across the country.

◆ PLEASE CONTACT:

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ANZ BANKING GROUP

AUSTRALIAN ADI	YES
SECURITISATION PROGRAMME NAME	KINGFISHER

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	PRIME RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	1.3%
NUMBER OF SECURITISATIONS ISSUED	6
TOTAL VOLUME ISSUED	A$8BN EQUIVALENT*
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	57% DOMESTIC 43% OFFSHORE
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$1.3BN EQUIVALENT

* Excluding internal securitisations. Reported values are based on initial amounts securitised at the time of each securitisation. As at 24 March 2022.

ANZ Banking Group is one of the four major banking groups headquartered in Australia. ANZ provides a broad range of banking and financial products and services to retail, small business, corporate and institutional clients in Australia, New Zealand and the Asia-Pacific region.

The bank began its Australian operations in 1835, its New Zealand operations in 1840 and has been active in Asia since the 1960s.

ANZ's strategy is focused on improving the financial wellbeing of customers, having the right people who listen, learn and adapt, putting the best tools and insights into their hands, and focusing on the few things that add value to customers and doing them right the first time.

ANZ's purpose is to shape a world where people and communities thrive. Its strong governance framework provides a solid structure for effective and responsible decision making. Further details on ANZ's strategy, purpose, governance framework and financial reports can be found in the shareholder centre on the ANZ website.

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AUSTRALIAN FINANCE GROUP

AUSTRALIAN ADI	NO
SECURITISATION PROGRAMME NAME	AFG

USE OF SECURITISATION

TYPES OF SECURITISATION ISSUED	PRIME RMBS, NONCONFORMING RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	ND
NUMBER OF SECURITISATIONS ISSUED	14
TOTAL VOLUME ISSUED	A$6.5BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$3.3BN

Australian Finance Group (AFG) is one of Australia's leading financial-solutions companies.

Founded in 1994, AFG has grown to become one of the largest aggregators in Australia with a loan book of more than A$170 billion. AFG listed on the ASX in 2015 and has more than 3,500 brokers across Australia, distributing more than 5,500 finance products supplied by AFG's panel of more than 70 lenders.

AFG is a technology-focused business with industry-leading platforms that provide lenders and brokers with a world class offering, through which they can grow their businesses, manage risks, and deliver streamlined and sophisticated solutions to their customers.

AFG commenced manufacturing its own home loans in 2007 with a focus on providing excellent value for consumers and a rapid, reliable and personal experience for its broker partners. The AFG Securities portfolio comprises more than A$3.4 billion in high-quality residential assets, delivering an arrears performance consistently better than industry average.

AFG Securities maintains a diversified funding programme based on strong, trusted partnerships. The company is a regular issuer in the securitisation market. As an aggregator and funder in its own right, AFG has privileged insights that support its proprietary lending programme and can provide funders and investors with a deeper understanding of the Australian market and developing trends.

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AUSWIDE BANK

AUSTRALIAN ADI	YES
SECURITISATION PROGRAMME NAME	ABA TRUST

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	PRIME RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	31%
NUMBER OF SECURITISATIONS ISSUED	13
TOTAL VOLUME ISSUED	A$3.7BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$95M

Auswide Bank is an Australian, regulated authorised deposit-taking institution (ADI) with its head office in Bundaberg and a corporate office in Brisbane.

Auswide has Australian credit and financial services licences issued by the Australian Securities and Investments Commission. The bank is prudentially supervised by the Australian Prudential Regulation Authority and customer deposits are guaranteed within the limits of the Financial Claims Scheme. Auswide is listed on the ASX with the code ABA.

Auswide helps Australians with personal and business banking products and services. This includes home and business finance, consumer credit, deposits, foreign exchange, insurance and a range of banking services.

An omni-channel distribution strategy – via branches, strategic relationships, and online and digital channels – creates growth opportunities and diversifies risk. The bank's branch network covers 17 locations from Townsville in north Queensland to Brisbane in the south east. The bank has played an essential role in supporting these communities for more than 50 years.

Partnerships include relationships with third-party introducers and other advocates including mortgage aggregators, peer-to-peer lenders, deposit brokers and platforms, and organisations such as National Seniors Australia and Queensland Rugby League. The bank is investing in digital banking services and origination to support growth, create efficiencies and improve customer experience.

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AVANTI FINANCE

AVANTI | FINANCE

AUSTRALIAN ADI	NO
SECURITISATION PROGRAMME NAME	AVANTI RMBS

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	30%
NUMBER OF SECURITISATIONS ISSUED	4
TOTAL VOLUME ISSUED	NZ$1BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	NZ$520M

Avanti Finance has been active in New Zealand for more than 30 years, providing a range of consumer and business loan solutions. The company has a history of strong growth in mortgage and motor vehicle lending, and these sectors are the pillars of future growth.

Avanti recently won the Most Preferred Non-Bank Lender award from *Mortgage Express* for the fourth year running.

Through the acquisition of Branded Financial Services in 2019, Avanti also operates in the Australian market, offering first-tier motor vehicle financing. Avanti also provides personal loans, SME lending and insurance premium funding in New Zealand through its Avanti and Bexhill brands.

Avanti embraces corporate social responsibility and community involvement through sustainable resource-management initiatives and support for projects that are beneficial to the community, region or country as a whole.

Avanti is a regular issuer of RMBS, with its fourth structure – the largest nonbank RMBS in the New Zealand market at NZ$350 million – closing in 2021. Avanti will further enhance its investor offering by establishing a motor vehicle ABS programme in the near future.

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BANK OF QUEENSLAND*

AUSTRALIAN ADI	YES
SECURITISATION PROGRAMME NAMES	REDS (RMBS), REDS EHP (ABS), SMHL (RMBS), REDS MHP (ABS)**

USE OF SECURITISATION

TYPES OF SECURITISATION ISSUED	PRIME RMBS, ABS
SECURITISATION FUNDING AS A PERCENTAGE OF TOTAL FUNDING	9%
NUMBER OF SECURITISATIONS ISSUED	94
TOTAL VOLUME ISSUED	A$77.4BN EQUIVALENT
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	73% DOMESTIC 27% OFFSHORE
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$7.9BN EQUIVALENT

* Data includes both BOQ and ME Bank. All data as at 28 February 2022 unless otherwise stated.

** REDS 2022-1 MHP transaction settled in March 2022.

Bank of Queensland (BOQ) is a public company, incorporated with limited liability under the laws of Australia. BOQ is domiciled in Australia, is listed on the ASX and is regulated by the Australian Prudential Regulation Authority as an authorised deposit-taking institution (ADI). At 28 February 2022, BOQ had total assets of A$89 billion.

The completion of the ME Bank acquisition on 1 July 2021 has delivered several strategic and financial benefits for the BOQ group. During H1 2022 the first phase of the integration proceeded well, including:

- Returning ME Bank to growth.
- Hand-back of the ME Bank ADI licence on 28 February 2022 and consolidation of ME Bank and BOQ on to a single ADI, a key foundational activity for several synergies.
- Ongoing execution of the technology integration roadmap alongside the broader transformation programme.
- Shared-service functions and supply chain and property consolidation is underway.
- Harmonisation of policies and ways of working.

BOQ has diversified access and capacity available through a range of term funding instruments, including domestic and offshore unsecured funding programmes, four triple-A rated securitisation programmes and a A$6 billion triple-A rated covered-bond programme.

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BASECORP FINANCE

AUSTRALIAN ADI	NO
SECURITISATION PROGRAMME NAME	BASECORP RMBS

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	34%
NUMBER OF SECURITISATIONS ISSUED	2
TOTAL VOLUME ISSUED	NZ$500M
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	NZ$353M

Basecorp Finance is a nonbank mortgage lender, operating since 1997 and headquartered in Hamilton, New Zealand. Today, Basecorp has a loan book of more than NZ$1 billion and is one of the leading nonbanks owned and operating in New Zealand.

Basecorp's core product offering is primarily long-term, and some short-term, first-ranking residential mortgages to consumer and nonconsumer clients. Basecorp's purpose is to finance "everyday Kiwis into residential housing" and it has a small but highly experienced team of 15 with a proven track record in managing credit risk through many economic cycles.

Basecorp originates more than 90 per cent of loans through adviser channels, and has successfully established a strong reputation of being transparent and fair within these channels.

In 2021, Basecorp issued two RMBS transactions and aims to return to the market annually as it continues to build strong relationships with investors. Warehouse and securitisation funding provide a major contribution to Basecorp's overall funding need.

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BC INVESTMENT GROUP

AUSTRALIAN ADI	NO
SECURITISATION PROGRAMME NAME	RUBY

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	56%
NUMBER OF SECURITISATIONS ISSUED	4
TOTAL VOLUME ISSUED	A$1.6BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$1.3BN

Established in 2015, BC Investment Group commenced business as a nonresident mortgage lender and has since diversified to offer a wide range of financial products and services to more than 7,400 customers. These include mortgage lending, asset management, tax and accounting.

Headquartered in Hong Kong, BC Invest has expanded with offices in several countries, including Australia, the UK, Singapore, Greater China, Malaysia, New Zealand and Vietnam.

Since inception, BC Invest has originated more than A$3.2 billion in mortgage loans within Australia. BC Invest is planning substantially to increase and diversify its lending activities in the two key geographies of Australia and the UK.

BC Invest's growth strategy is a blend of organic growth and diversification in existing markets, entry into new markets and development of new products, and through new strategic partnerships and acquisitions. Most recently, BC Invest acquired 53% of Mortgageport Management.

BC Invest continues to invest in technology throughout the business, assisting in scalability while enhancing risk-management capabilities. A strong focus on credit continues to deliver strong arrears performance well below that of SPIN.

BC Invest has several warehouse facilities covering a broad range of loan products servicing foreign and domestic borrowers. The warehouse funding platform is supported by a range of offshore and domestic banks as well as large domestic and offshore institutional investors. The funding platform is underpinned by its Ruby RMBS programme, which saw circa A$1.6 billion in issuance from four deals in the 16 months to 30 April 2022. Additional funding flexibility is provided through BC Invest's wholesale and recently established retail credit fund.

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BLUESTONE GROUP

AUSTRALIAN ADI	NO
SECURITISATION PROGRAMME NAMES	PRIME (AU), SAPPHIRE, PRIME (NZ), EMERALD

USE OF SECURITISATION

TYPES OF SECURITISATION ISSUED	RMBS, REVERSE MORTGAGE
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION*	49%
NUMBER OF SECURITISATIONS ISSUED*	33
TOTAL VOLUME ISSUED*	A$9.9BN
OUTSTANDING VOLUME OF SECURITISED ISSUES*	A$2.5BN

* As at 28 February 2022.

Founded in 2000, Bluestone Group is a well-diversified originator of prime, near-prime and specialist residential home loans in Australia and New Zealand. In March 2018, Cerberus Capital Management completed a transaction to purchase Bluestone, bringing significant capital, operational and credit expertise.

Bluestone manages more than A$13 billion in its mortgage portfolio across Australia and New Zealand. It has completed 33 public securitisations since 2002. In 2019, Bluestone commenced issuance of CRD IV-compliant securitisations, broadening the range of international investors able to participate in its programmes.

Bluestone leverages an established distribution network to deliver genuine value for partners and customers. It has strategically focused to incorporate a greater proportion of lower credit-risk assets, expand its product set and broaden investor relationships.

Bluestone undertook a significant number of strategic initiatives in 2019, including a complete redesign of its product set as well as internal structural changes that saw its S&P Global Ratings servicer rating upgraded to "strong", representing the highest rating an RMBS issuer can achieve. In 2021, Bluestone completed inaugural issuance from each of its Australian and New Zealand prime RMBS programmes.

Bluestone has more than 300 employees across Australia, New Zealand and the Philippines.

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BRIGHTE

AUSTRALIAN ADI	NO
SECURITISATION PROGRAMME NAME	BRIGHTE GREEN TRUST

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	GREEN CERTIFIED ABS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	85%
NUMBER OF SECURITISATIONS ISSUED	2
TOTAL VOLUME ISSUED	A$375M
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$245M

Brighte is an Australian-owned, innovative and customer-focused fintech connecting Australian homeowners with solar, battery and home improvement businesses by providing digital payment solutions at the point of sale.

Delivering on a promise to bring forward the benefits of clean energy for Australian families, Brighte has so far facilitated the installation of more than 600MW of clean energy and processed more than A$1 billion in finance applications, helping more than 100,000 households and reducing CO_2 emissions by more than 800 million tonnes each year.

Since 2015, Brighte has provided Australians with an affordable way to make their homes more comfortable and sustainable through its national network of more than 2,000 partners.

Brighte offers customers a buy-now, pay-later product, the Brighte 0% Interest Payment Plan, as well as the Brighte Green Loan and the Brighte Personal Loan, which can be used to finance solar, battery and home improvement purchases of A$1,000-30,000.

One in every 10 new residential solar installations in Australia choose Brighte for their purchase, resulting in the financing of more than 600MW of residential solar capacity to date.

In October 2020, Brighte issued Australia's first 100 per cent green certified ABS. In October 2021, Brighte followed this milestone with a second Brighte Green Trust that saw the senior classes of notes receive a Aaa rating from Moody's Investors Service.

In 2020, Brighte was named the sixth-fastest growing from technology company by Deloitte's *Tech Fast 50 Australia* list and made its debut one year later on the LinkedIn *Top 25 Startups* list.

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BRIGHTEN HOME LOANS

AUSTRALIAN ADI	NO
SECURITISATION PROGRAMME NAME	SOLARIS

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	RMBS
NUMBER OF SECURITISATIONS ISSUED	1
TOTAL VOLUME ISSUED	A$365M
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC

Brighten Home Loans is an Australian-owned and regulated full-service nonbank lender with offices in Sydney, Melbourne, Brisbane, Hong Kong and Shanghai. Brighten was founded and commenced lending in 2017.

It has an innovative product offering, including prime and near-prime, nonresident and construction loans, and has grown its AUM to more than A$1.3 billion and its team to more than 80 finance professionals. Brighten has established a strong foothold with an expansive broker and aggregator network that provides more than 11,000 brokers Australia-wide with access to Brighten's offering.

Brighten has well-established funding arrangements with multiple warehouse financiers, a public RMBS programme and a wholesale credit fund to provide further funding diversification. Brighten continues to grow its funding arrangements commensurate with growth in the loan book in the last 12 months and will continue to expand its Solaris nonresident RMBS programme as well as future prime and nonconforming RMBS issuance. The strength and diversity of its funding is underpinned by high-quality assets which consistently perform well inside industry averages.

Corporate governance, corporate social responsibility and environmental sustainability are the key pillars of Brighten's culture. Brighten has been named an Inclusive Employer 2021-22 by Diversity Council Australia as well as a Pay Equity Ambassador of the Workplace Gender Equality Agency in recognition of the company's commitment to closing the gender pay gap. In July 2021, Brighten became a member of Responsible Investment Association Australasia and a Plant-a-Tree Program partner for carbon neutral.

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COLUMBUS CAPITAL

AUSTRALIAN ADI	NO
SECURITISATION PROGRAMME NAMES	TRITON, TRITON SMSF, VERMILION

USE OF SECURITISATION

TYPES OF SECURITISATION ISSUED	PRIME RMBS, NONRESIDENT RMBS, SMSF RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	72%
NUMBER OF SECURITISATIONS ISSUED	22
TOTAL VOLUME ISSUED	A$13.5BN EQUIVALENT
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	98% DOMESTIC 2% OFFSHORE
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$7.4BN EQUIVALENT

Since incorporating in 2006, Columbus Capital (ColCap) has gone from strength to strength. In 2012, it acquired the Origin MMS business from ANZ Banking Group, enabling the provision of white-labelled loan products to mortgage managers. As part of the white-label arrangement, Origin MMS provides mortgage managers with back office loan processing support and underwriting.

ColCap's product offering ranges from standard owner-occupier and investment home loans to highly customised products for niche segments of the market, including to nonresidents and self-managed superannuation funds. In October 2018, ColCap acquired Homestar Finance. This was a natural evolution to expand into the retail market while supporting the continued growth of the longstanding online lender, which has been in the Australian market since 2004.

ColCap is spearheading continued growth in the nonbank lending market, with more than A$10 billion in loans under management. It uses securitisation funding through its Triton programme for prime loans, its Vermilion programme for nonresident loans and the Triton SMSF programme for self-managed superannuation fund loans.

ColCap also offers third-party servicing capabilities covering home-loan, consumer finance and commercial ABS products.

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COMMONWEALTH BANK OF AUSTRALIA

AUSTRALIAN ADI	YES
SECURITISATION PROGRAMME NAME	MEDALLION

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	PRIME RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	4%
NUMBER OF SECURITISATIONS ISSUED	30
TOTAL VOLUME ISSUED	A$74.8BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$8.6BN

Commonwealth Bank of Australia (CBA) is one of Australia's leading providers of financial services, operating predominantly in Australia and New Zealand, with a small presence in Europe, North America and Asia. CBA's products and services include retail, private, business and institutional banking.

The bank's approach to wholesale funding is to remain diversified across markets and to maintain a degree of flexibility on transaction timing. CBA's long-term wholesale funding is complemented by securitisation issuance through the Medallion programme.

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DEFENCE BANK

Defence Bank

AUSTRALIAN ADI	YES
SECURITISATION PROGRAMME NAME	SALUTE

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	PRIME RMBS
NUMBER OF SECURITISATIONS ISSUED	1
TOTAL VOLUME ISSUED	A$300M
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$213M

Defence Bank is one of Australia's larger member-owned banks, serving the Australian Defence Force and the broader Australian community, including staff in the Commonwealth Department of Defence (Defence) and Department of Veterans' Affairs (DVA). Defence Bank has operated for more than 45 years. It has more than 70,000 members, more than A$3.1 billion in assets and 33 branches.

For more than 10 years, Defence Bank has worked with Defence and DVA to facilitate home ownership as one of only three incumbent Defence Home Ownership Assistance Scheme panel members. Defence Bank has also been appointed by the National Housing Finance and Investment Corporation to the panel of residential-mortgage lenders to offer guarantees under the Federal government's First Home Loan Deposit Scheme.

Defence Bank's product range includes home and investment mortgage loans, personal loans, credit cards, car loans, at call and term deposits, and more.

Defence Bank is rated BBB with a stable outlook by S&P Global Ratings and Baa1 with a stable outlook by Moody's Investors Service.

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ECLIPX GROUP

eclipx GROUP

AUSTRALIAN ADI	NO
SECURITISATION PROGRAMME NAMES	FP TURBO, FP IGNITION

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	AUTO ABS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	62%
NUMBER OF SECURITISATIONS ISSUED	AUSTRALIA: 6 NEW ZEALAND: 2
TOTAL VOLUME ISSUED	A$1.9BN NZ$474M
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$348.2M NZ$63.5M

Eclipx Group is an ASX-listed established leader in vehicle fleet leasing, fleet management, heavy commercial vehicle commissioning and management, salary packaging, and novated leasing. It supports businesses of all sizes to access funds, acquire, commission and effectively manage company vehicles. Eclipx Group also helps everyday Australians maximise their salary by administering salary packaging benefits and making their dream car a reality through novated leasing.

The business has more than 35 years of experience with unique credit insights through economic cycles. At 31 March 2022, Eclipx had A$1.9 billion equivalent of assets under management or financed across Australia and New Zealand.

Eclipx has been a regular ABS issuer in Australia and New Zealand since 2010. It also maintains a highly diversified funding strategy including warehouse facilities, ABS, third-party funding arrangements, corporate debt and cash to arrange finance for its customers through its brands FleetPartners, FleetPlus and FleetChoice.

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FIRSTMAC

AUSTRALIAN ADI	NO
SECURITISATION PROGRAMME NAMES	FIRSTMAC MORTGAGE FUNDING TRUST – PRIME AND EAGLE SERIES

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	PRIME RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	78.8%
NUMBER OF SECURITISATIONS ISSUED	55
TOTAL VOLUME ISSUED	A$38.6BN EQUIVALENT
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	93.4% DOMESTIC 6.6% OFFSHORE
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$12.9BN EQUIVALENT

Firstmac epitomises the successful impact nonbank lenders have had on the Australian home-loan market over the past two decades. Firstmac entered the market believing it could provide a better customer experience and this belief remains central to the company's culture.

Firstmac's focus is on innovation to provide home loans better tailored to customer needs, combined with enhanced online access to loan information and functionality – always offered at the best price possible.

Firstmac has established itself as one of the leading prime home-loan lenders in the Australian market. It has funded more than A$70 billion in home loans and currently manages a portfolio in excess of A$15 billion. Mortgages are available through independent brokers throughout Australia, and direct to customers by way of Firstmac's online retail brand, www.loans.com.au. Firstmac also provides motor vehicle financing and a managed investment fund offering.

Firstmac predominantly funds its lending through securitisation, with average annual issuance of more than A$3.5 billion over the past five years. Firstmac RMBS transactions display benchmark loan-portfolio performance, underpinned by high quality borrower creditworthiness and loan securities, with 92% of all loan collateral having less than 80% loan-to-value ratio. In 2021 Firstmac established its Eagle series with the inaugural Eagle No.1 RMBS transaction. The Eagle Series comprises specific prime loan assets that would not normally be included in Firstmac's standard Prime series issuance.

The Firstmac group is privately owned. It is headquartered in Brisbane with offices in Sydney and Melbourne.

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GREAT SOUTHERN BANK

AUSTRALIAN ADI	YES
SECURITISATION PROGRAMME NAME	HARVEY

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	PRIME RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	49%
NUMBER OF SECURITISATIONS ISSUED	12
TOTAL VOLUME ISSUED	A$7.4BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$1.3BN

Credit Union Australia has changed its name to Great Southern Bank but it remains customer-owned and firmly focused on its purpose of helping all Australians own their own homes. For more than 75 years, the organisation has put its customers first. Today it looks after the financial needs of more than 381,000 Australians.

The story began in 1946, when it saw an opportunity to give Australians a fairer deal, challenging the banking status quo at the time by providing responsible and affordable lending. Through a series of mergers with like-minded credit unions and community groups, the powerful force that is Great Southern Bank was created.

Great Southern Bank welcomed another 33,000 customers in 2021. Its customer advocacy measures are tracked by its net promoter score, which remains more than 10% ahead of the nearest big-four bank.

Great Southern Bank is an authorised deposit-taking institution under the *Banking Act*, and has a financial-services licence and a credit licence granted by the Australian Securities and Investments Commission.

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HUMMGROUP

AUSTRALIAN ADI	NO
SECURITISATION PROGRAMME NAMES	FLEXI ABS, FLEXICOMMERCIAL ABS, HUMM ABS, Q CARD TRUST

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	ABS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	57%
NUMBER OF SECURITISATIONS ISSUED	28
TOTAL VOLUME ISSUED	A$6.1BN EQUIVALENT
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	>75% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$1.8BN EQUIVALENT

Hummgroup (formerly flexigroup) is an Australian company listed on the ASX since 2006 with operations spanning more than 30 years. Hummgroup provides finance products and payment solutions to consumers and businesses through a network of retail and business partners. This includes revolving credit as well as buy-now, pay-later and SME lending, serving a broad footprint of millennial spenders, young families and SMEs.

With operations in Australia, New Zealand, Ireland, and recent expansion to Canada and the UK, hummgroup plays an important role facilitating payments including home improvement, solar energy, health, IT, electrical appliances, travel and trade equipment. In addition to its 90,000 retail and commercial partners, hummgroup has more than 2.75 million customers, leading to A$2.7 billion of annual transaction volume.

In Australia, hummgroup has been a regular ABS issuer under its Flexi ABS, humm ABS and flexicommercial ABS programmes. In 2016, it was the first Australian corporate to issue green ABS to fund its solar energy financing and has since issued more than A$616 million in green ABS across six transactions.

In New Zealand, hummgroup is a frequent issuer under its Q Card Trust programme, the first revolving master trust programme to be established in Australasia. Since 2014, more than NZ$1.6 billion of ABS has been issued under the programme.

On 18 February 2022, hummgroup announced it had entered into a binding, definitive agreement with Latitude Group Holdings to sell its consumer finance business (HCF) for aggregate consideration of A$335 million. The sale of HCF to Latitude remains subject to shareholder and regulatory approvals.

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IMB BANK

AUSTRALIAN ADI	YES
SECURITISATION PROGRAMME NAME	ILLAWARRA

USE OF SECURITISATION

TYPES OF SECURITISATION ISSUED	PRIME RMBS, SMALL-TICKET CMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	52%
NUMBER OF SECURITISATIONS ISSUED	7 RMBS, 3 CMBS
TOTAL VOLUME ISSUED	A$3.6BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$86M

Established in 1880, IMB Bank has been helping people achieve their financial goals for 141 years.

With A$7 billion in assets and more than 207,000 members across Australia, IMB is a proud, growing mutual bank that places its members' financial needs at the centre of its banking experience, and works with communities to help them thrive. Maintaining highly competitive banking products and services, IMB's sustainability is built around exceptional customer service, through person-to-person interactions and via its innovative range of digital banking solutions, reflected in industry-leading member satisfaction.

As a mutual bank, IMB's role in communities is vital. It proudly supports civic, business, sporting and cultural programmes, and the IMB Bank Community Foundation has provided in excess of A$10.5 million to more than 750 not-for-profit groups since 1999.

IMB is regulated by the Australian Prudential Regulation Authority and is a member of the Customer Owned Banking Association, an independent organisation representing mutual banks, building societies and credit unions.

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ING BANK AUSTRALIA

ING
How banking can be

AUSTRALIAN ADI	YES
SECURITISATION PROGRAMME NAME	IDOL

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	PRIME RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	8%
NUMBER OF SECURITISATIONS ISSUED	12
TOTAL VOLUME ISSUED	A$11.9BN EQUIVALENT
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	99% DOMESTIC 1% OFFSHORE
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$1.5BN EQUIVALENT

ING – the trading name of ING Bank Australia Limited – is part of ING Group: a Dutch multinational banking and financial services corporation headquartered in Amsterdam. ING changed the way Australians bank 21 years ago by launching the country's first branchless bank. ING now offers Australians award winning home loans, transactional banking, superannuation, credit cards, personal lending, insurance and wholesale banking services.

ING is Australia's most recommended bank[1] and was awarded Mozo's Home Lender Bank of the Year in 2021. It was also awarded Best Customer Experience in the 2021 RFI Australian Lending Awards.

ING has more than two million active customers and is the main financial institution for approximately half of these. The bank's residential mortgage business exceeds A$54 billion and it continues to grow its retail deposit and wholesale lending businesses.

1. According to RFi XPRT Survey (August 2021 – January 2022) (n=31,955). MFI is defined as the bank that the consumer says is their main financial institution.

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LATITUDE FINANCIAL SERVICES

LATITUDE

AUSTRALIAN ADI	NO
SECURITISATION PROGRAMME NAMES	LATITUDE AUSTRALIA CREDIT CARD MASTER TRUST, LATITUDE AUSTRALIA PERSONAL LOANS SERIES, LATITUDE NEW ZEALAND CREDIT CARD MASTER TRUST

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	ABS
NUMBER OF SECURITISATIONS ISSUED	7
TOTAL VOLUME ISSUED	A$4.4BN EQUIVALENT
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$2.7BN

Latitude Financial Services is a leading digital payments, instalments and consumer lending business in Australia and New Zealand, with more than 2.8 million customer accounts and A$6.4 billion of receivables as at 31 December 2021. The company offers products including interest-free instalment plans through its large network of retail partners, personal loans, credit cards and insurance.

The business employs approximately 1,400 staff and services its customers through more than 5,500 merchant partners and 5,800 accredited brokers across Australia and New Zealand. In the second half of 2021, Latitude expanded its operations into Asia and North America.

Since acquiring the business from GE in 2015, Latitude has established itself as a disruptor in payments and lending, combining the risk management processes and longstanding customer relationships fostered under its GE heritage with substantial investment to create a unified brand and experience for its partners and customers, with upgraded technology, an established funding platform and ongoing customer innovation.

The company offers financing solutions for retail partners, managing credit applications and authorisation, billing, remittance and customer service processing. Its products include LatitudePay, Gem Visa, GO MasterCard and 28 Degrees Platinum MasterCard.

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LA TROBE FINANCIAL

AUSTRALIAN ADI	NO
SECURITISATION PROGRAMME NAME	LA TROBE FINANCIAL CAPITAL MARKETS

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	26%
NUMBER OF SECURITISATIONS ISSUED	13
TOTAL VOLUME ISSUED	A$9.2BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$4BN

Established in 1952 and with A$13 billion of AUM, La Trobe Financial is one of Australia's leading credit asset managers. La Trobe Financial has been a proven and trusted investment partner for institutional and retail investors, operating Australia's largest retail credit fund with A$7.4 billion in AUM and 74,000 investors. This has attracted majority shareholder interest from leading global investment firms, including Blackstone and, more recently, Brookfield.

La Trobe Financial has the most diversified funding programme of all nonbank lenders operating in Australia, comprising a combination of bank term investment mandates, warehouses, a retail credit fund and public RMBS funding. La Trobe Financial has capacity to fund in excess of 12 months of originations at any point in time.

La Trobe Financial has issued A$9.2 billion of RMBS to a range of Australian and international investors. At the height of the pandemic, in May 2020, La Trobe Financial successfully reopened the global RMBS markets for nonbanks with a A$1.25 billion RMBS deal with no direct government support.

Critical to the success of La Trobe Financial is its combination of quality assets – which continue to improve over time with a broader market footprint – and highly disciplined management by credit analysts and portfolio managers. Dedicated credit analysts observe conservative maximum loan-to-value ratio (LVR) constraints of 80% and a weighted average LVR of 67%, resulting in significant levels of prime credit.

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LIBERTY FINANCIAL

AUSTRALIAN ADI	NO
SECURITISATION PROGRAMME NAME	LIBERTY

USE OF SECURITISATION

TYPES OF SECURITISATION ISSUED	ABS, SME, PRIME RMBS, NONCONFORMING RMBS
SIZE OF LOAN BOOK	A$12.5BN
NUMBER OF SECURITISATIONS ISSUED	71
TOTAL VOLUME ISSUED	>A$36BN EQUIVALENT
GEOGRAPHIC DISTRIBUTION OF LOAN BOOK	AUSTRALIA 98% NEW ZEALAND 2%
OUTSTANDING VOLUME OF TERM SECURITISED ISSUES	A$7.7BN
OUSTANDING VOLUME OF SENIOR UNSECURED NOTES	A$1.1BN EQUIVALENT

Liberty Financial is a mainstream speciality-finance group that champions free thinking. Since 1997, Liberty has helped more than 600,000 customers "get and stay financial". Liberty provides a wide range of products and services comprising home, car, commercial, self-managed superannuation fund and personal loans, and investment and deposit products. It offers products through mortgage and motor vehicle finance brokers, financial planners and direct to consumers, and distributes products and services through three company-owned networks in Australia and New Zealand.

Liberty provides solutions to a wide range of customers, from people who could be serviced by mainstream providers to those who need or are searching for a customised solution. Since its formation in 1997, Liberty has consistently applied technological advances to pursue multiple markets through its customised risk management and operational practices.

Liberty is Australia's only investment-grade rated nonbank issuer, at BBB- with a positive outlook from S&P Global Ratings. It is a publicly listed company and the founding shareholders who established the business in 1997 are still the majority shareholders to this day. Liberty has established and maintains a flexible, durable and diversified funding programme, and is the only nonbank with a senior-unsecured funding programme.

Liberty's term securitisation programme offers fixed-income securities in prime and nonconforming RMBS, auto ABS and SME formats. It has raised more than A$38 billion in domestic and international capital markets across 82 transactions. Liberty has an unblemished capital markets track record whereby its rated notes have never been charged off, downgraded or placed on negative watch.

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LOANWORKS LENDING

AUSTRALIAN ADI	NO
SECURITISATION PROGRAMME NAME	BLACKWATTLE

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	PRIME RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	50%
NUMBER OF SECURITISATIONS ISSUED	2
TOTAL VOLUME ISSUED	A$600M
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$474M

Loanworks Lending is a leading provider of origination software, outsourced services and lending products to the Australian mortgage market. Loanworks' lending is conducted by Sintex Consolidated, an independent nonbank financial institution operating under the Loanworks brand. Since its inception in 2003, Sintex has originated small-ticket commercial mortgage loans and in 2012 expanded origination activities to include residential mortgage loans.

Lending strategy is centred on the simple, certain delivery of vanilla prime residential and commercial mortgage lending products distributed primarily via accredited mortgage managers and brokers. All credit underwriting, loan administration, servicing, and special servicing functions are completed in-house.

Loanworks is delighted to have entered the wholesale securitisation market – completing its inaugural Blackwattle RMBS transaction in May 2021, followed by a second Blackwattle RMBS transaction in November 2021. Based on a foundation of simple products, conservative lending policies and a prudent approach to loan portfolio management, Loanworks anticipates Blackwattle will be a frequent and regular ongoing issuer.

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MACQUARIE GROUP

AUSTRALIAN ADI	YES
SECURITISATION PROGRAMME NAMES	PUMA, SMART

USE OF SECURITISATION – PUMA PROGRAMME

TYPE OF SECURITISATION ISSUED	PRIME RMBS
NUMBER OF SECURITISATIONS ISSUED	65
TOTAL VOLUME ISSUED	A$64.8BN
CURRENCIES ON ISSUE	AUD
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$8.9BN

USE OF SECURITISATION – SMART PROGRAMME

TYPE OF SECURITISATION ISSUED	ABS
NUMBER OF SECURITISATIONS ISSUED	36
TOTAL VOLUME ISSUED	A$29.4BN EQUIVALENT
CURRENCIES ON ISSUE	AUD, USD, EUR, GBP
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$2BN EQUIVALENT

Macquarie Group is a global financial group with offices in 33 markets. Founded in 1969, Macquarie employs 18,133 people globally, including staff employed in operationally segregated subsidiaries. The group had total assets of A$399.2 billion and total equity of A$28.8 billion as at 31 March 2022.

Macquarie Group is listed in Australia and is regulated by the Australian Prudential Regulation Authority as a non-operating holding company of Macquarie Bank, an authorised deposit-taking institution. Macquarie's diversity of operations, combined with a strong capital position and robust risk-management framework, has contributed to Macquarie's 53-year record of unbroken profitability.

Macquarie's banking and financial services group comprises its retail banking and financial services businesses, providing a diverse range of personal banking, wealth management, and business banking products and services to retail clients, advisers, brokers and business clients. At 31 March 2022, the group had total deposits of A$98 billion, a loan portfolio of A$110.2 billion and funds on platform of A$118.6 billion.

Macquarie Bank is a pioneer of the Australian RMBS and ABS market. It maintains good arrears performance in line with the market by making all credit decisions, as well as servicing and arrears management, in-house.

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METRO FINANCE

AUSTRALIAN ADI	NO
SECURITISATION PROGRAMME NAME	METRO FINANCE

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	ABS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	68%
NUMBER OF SECURITISATIONS ISSUED	7
TOTAL VOLUME ISSUED	A$2.9BN EQUIVALENT
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	80% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$1.6BN EQUIVALENT

Metro Finance was established in 2011 as a first-tier, prime Australian commercial auto and equipment lender. It targets high-quality SME borrowers that operate in low-volatility industries and are seeking to purchase small-ticket auto and equipment assets. Metro Finance originates its lending through the commercial auto and equipment broker and aggregator industry. Its network of accredited brokers provides it with a large footprint of origination partners around Australia, though predominantly concentrated on the eastern seaboard.

Metro Finance competes directly with the major banks in the prime commercial auto and equipment space. It differentiates itself from competitors via a high-service model that relies on an advanced-technology platform, product innovation, high-quality customer service and quick application turnaround times.

Metro Finance's product offering includes commercial finance agreements, finance leases and novated leasing. It also has a green loan offering for electric and hybrid vehicles. The loan portfolio is well-diversified and highly granular. Risk is diversified across geographical regions, borrower industries and asset types. Metro Finance continues to focus on expanding its product offering to drive growth and diversify its loan book. It plans to enter the consumer loan market during the course of 2022.

Metro Finance uses a securitisation funding model. All loans are originated into warehouses and periodically termed out with ABS bond issuance to domestic and offshore debt capital market investors. It currently has three warehouses and has completed seven ABS transactions. Funders and investors cover Australia, Europe, Asia and North America. Metro Finance issued its first ABS deal in 2018 and plans to be an annual issuer.

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MONEYME

AUSTRALIAN ADI	NO
SECURITISATION PROGRAMME NAME*	SOCIETYONE PL

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	ABS
NUMBER OF SECURITISATIONS ISSUED*	1
TOTAL VOLUME ISSUED*	A$182M
TOTAL DOMESTIC VS OFFSHORE ISSUANCE*	100% DOMESTIC

* Refers to issuance by SocietyOne, acquired by MoneyMe in March 2022.

MONEYME is a leading consumer finance disruptor delivering innovative, digital-first experiences for 'generation now'.

ASX listed in 2019, MONEYME funds the ambitions of everyday Australians through a diversified range of digital finance products, including personal loans, revolving lines of credit and secured vehicle financing.

MONEYME's proprietary technology platform Horizon leverages AI and big-data analytics to originate loans and credit with market-leading speed, allowing approvals in minutes with funds disbursed, or credit limits available, immediately on approval.

Following MONEYME's success of new product innovation, customer growth and acquisition of SocietyOne in March 2022, its loan book has grown to A$1.3 billion, with an average Equifax score of 695 at 31 March 2022. MONEYME's continued high growth in the consumer credit space is supported by five warehouse funding facilities along with one ABS issued by SocietyOne.

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MORTGAGE HOUSE

AUSTRALIAN ADI	NO
SECURITISATION PROGRAMME NAME	MORTGAGE HOUSE CAPITAL MORTGAGE TRUST

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	RMBS
NUMBER OF SECURITISATIONS ISSUED	5
TOTAL VOLUME ISSUED	A$2.4BN EQUIVALENT
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	85% DOMESTIC 15% OFFSHORE
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$1.6BN EQUIVALENT

Mortgage House is one of Australia's leading, growing, independent retail nonbank lenders, with 25,000 customers and more than A$4.7 billion of funds under management. This comprises residential mortgage loans in its own funding programmes, white-label arrangements and loans through third parties. In 2021, Mortgage House originated A$2.2 billion of residential mortgage loans.

Mortgage House was established in 1986, initially as a broker to various banks and lending institutions for the origination of residential mortgage loans. In 1998, Mortgage House extended its operations to include mortgage manager and originator responsibilities through white labelling agreements with major financial institutions. By 2004, it had originated A$2 billion of residential mortgage loans.

In 2007, Mortgage House launched its own funding programme. It is now a full-service residential mortgage loan company incorporating origination, servicing and funding.

Between 2015 and 2022, Mortgage House originated more than A$4.5 billion of residential mortgage loans into its own funding programme and, as at 31 December 2021, had in excess of A$1.6 billion of RMBS outstanding. In May 2019, Mortgage House completed its first RMBS transaction, Mortgage House RMBS Series 2019-1. Most recently, it completed the A$600 million Mortgage House RMBS Series 2021-2 and A$500 million Mortgage House RMBS Series 2022-1. Both were compliant with risk retention requirements for offshore investors.

Mortgage House's operations are based in North Sydney, where it has approximately 70 staff.

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MTF FINANCE

AUSTRALIAN ADI	NO
SECURITISATION PROGRAMME NAME	MTF

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	ABS
NUMBER OF SECURITISATIONS ISSUED	6
TOTAL VOLUME ISSUED	NZ$1.3BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	NZ$415M

MTF Finance was formed in 1970 to enable selected New Zealand dealers to finance sales of motor vehicles to the public. Since opening its doors, MTF has grown into one of New Zealand's largest and most trusted motor vehicle financiers, with a network of more than 150 dealers and 46 MTF franchises operating in all major centres from Kaitaia to Invercargill.

MTF's dedicated finance originators are experts, offering a range of competitive finance and insurance products to help Kiwis do more, whether they need a new vehicle, a caravan to get away for the weekend or plant and equipment to keep a business running.

MTF's originators are 100% locally owned and operated. They are proud to be strongly connected to their communities, with a reputation for providing customers with service and advice that is tailored from start to finish. Having a local understanding means they always treat customers with respect and empathy.

MTF has been helping local dealers and franchise business owners to be part of the landscape of New Zealand and thrive for 50 years. Each of MTF's originators participates in the company's profit in proportion to the volume of origination written. Their success reflects a compelling financial interest in the quality of business originated and ensures the ongoing success of MTF.

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MYSTATE BANK

AUSTRALIAN ADI	YES
SECURITISATION PROGRAMME NAME	CONQUEST

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	PRIME RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	52%
NUMBER OF SECURITISATIONS ISSUED	8
TOTAL VOLUME ISSUED	A$2.7BN EQUIVALENT
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	95.3% DOMESTIC 4.7% OFFSHORE
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$896M EQUIVALENT

MyState Bank is a wholly owned subsidiary of MyState Limited, a national diversified financial services group headquartered in Tasmania. MyState Bank offers banking, lending and insurance services across Australia with a customer-centric culture.

MyState Bank's loan portfolio of more than A$6.4 billion is sourced directly through its branch network in Tasmania as well as Australia-wide through the bank's digital presence and broker network. MyState Bank also sources deposits through branch and digital channels.

MyState Bank is an authorised deposit taking institution and is regulated by the Australian Prudential Regulation Authority. MyState Limited has a clear, organic revenue growth strategy centred on maintaining excellent asset quality, disciplined deposit and lending margin management, continuing to invest in strengthening risk management capability, investing in modern digital platforms and building a national distribution capability to provide further revenue diversity.

The business continues to invest to deliver new digital services with greater responsiveness and speed of service, simplifying processes, anticipating and meeting customers' evolving needs and producing superior customer outcomes while pursuing further operational efficiencies.

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NATIONAL AUSTRALIA BANK

AUSTRALIAN ADI	YES
SECURITISATION PROGRAMME NAME	NATIONAL RMBS

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	PRIME RMBS
NUMBER OF SECURITISATIONS ISSUED	7
TOTAL VOLUME ISSUED	APPROX A$19.6BN EQUIV. (EXCLUDES RETAINED DEALS)
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$1.9BN EQUIVALENT
TOTAL CROSS-BORDER TRANCHES ISSUED	7

National Australia Bank (NAB) is a major financial services organisation in Australia and New Zealand. For almost 160 years, NAB has been helping customers with their money. NAB has more than 30,000 people serving nine million customers at more than 900 locations in Australia, New Zealand and around the world.

As Australia's largest business bank, NAB works with small, medium and large businesses. NAB is there from the beginning to support them through every stage of the business lifecycle.

NAB funds some of the most important infrastructure in communities – including schools, hospitals and roads – in a way that is responsible, inclusive and innovative.

NAB knows that to be Australia's leading bank, trusted by customers for exceptional service, it needs to be good with money and just as good with people, too.

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NOW FINANCE

AUSTRALIAN ADI	NO
SECURITISATION PROGRAMME NAME	NOW

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	CONSUMER RECEIVABLES
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	42%
NUMBER OF SECURITISATIONS ISSUED	2
TOTAL VOLUME ISSUED	A$400M
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$185.7M

NOW Finance is a nonbank lender specialising in Australian consumer loans. The business has developed multiple distribution channels, a state of the art technology platform and a differentiated product offering, allowing it successfully to grow market share. Since the inception of its lending programme in 2013, the business has originated close to A$1 billion of consumer loans to more than 40,000 customers.

The secured and unsecured personal loan products are distributed through a national network of accredited finance brokers as well as direct to consumers via an online portal and an Australia-based customer care centre.

Fundamental to the success of NOW Finance has been the development of a unique business platform, which includes:

- Technology-led innovation, enabling operational effectiveness and a superior customer experience.
- Simplicity of product design, which means easy-to-understand loans.
- Robust risk assessment and management, which underpins the high quality of the loan book.
- A strong compliance culture and oversight, which has been paramount from the start.
- A scalable, institutional grade funding model, which has evolved to ensure targeted growth can be achieved and funding costs optimised.
- An experienced management team, which has guided the development and execution of a compelling growth strategy.

NOW Finance is a private company headquartered in Melbourne, which currently employs 92 staff in Melbourne, Sydney, Brisbane and Perth.

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PEOPLE'S CHOICE CREDIT UNION

AUSTRALIAN ADI	YES
SECURITISATION PROGRAMME NAME	LIGHT

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	PRIME RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	65%
NUMBER OF SECURITISATIONS ISSUED	9
TOTAL VOLUME ISSUED	A$4.3BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$1.4BN

Australian Central Credit Union, trading as People's Choice Credit Union, is Australia's largest credit union, with total assets of A$10.3 billion to 31 December 2021. Since its formation in 1949, an absolute focus on members has underpinned the organisation's growth to become one of Australia's most trusted financial services providers and a leader in the mutual sector.

South Australia (SA) has been home to People's Choice's head office and core operations since its establishment. With a strong community presence, loyal members and a growing balance sheet, People's Choice has built on the foundations laid in SA and has expanded its member base throughout the country. Today, People's Choice serves approximately 390,000 members through its national digital presence, branches and advice centres in SA, Victoria and Northern Territory, and its broker network.

People's Choice prides itself on its strong community orientation. In 2020/21 it generated A$2.3 million for a range of community-based ventures, which is eight times the national average pre-tax profit contribution to the community (source: Giving Large). People's Choice is certified carbon neutral and working toward B Corp certification.

People's Choice is an authorised deposit-taking institution, is subject to prudential supervision under Australia's *Banking Act* and is regulated by the Australian Prudential Regulation Authority.

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PEPPER MONEY

AUSTRALIAN ADI	NO
SECURITISATION PROGRAMME NAMES	PEPPER RESIDENTIAL SECURITIES (PRS), PEPPER PRIME, PEPPER I-PRIME, SPARKZ

USE OF SECURITISATION

TYPES OF SECURITISATION ISSUED	RMBS, ABS
NUMBER OF SECURITISATIONS ISSUED[1]	47
TOTAL VOLUME ISSUED[1]	A$28.1BN EQUIVALENT
TOTAL DOMESTIC VS OFFSHORE ISSUANCE[2]	100% DOMESTIC

1. As at 31 December 2021, Australian platform issuance only.
2. For the 12 months ended 31 December 2021.

Pepper Money is one of the largest nonbank lenders in the Australian mortgage and asset finance markets. Pepper commenced business in Australia in 2001 as a provider of home loans to consumers who fall just outside the lending criteria of traditional bank and nonbank lenders, otherwise known in Australia as the nonconforming or specialist mortgage market. Pepper has subsequently broadened its Australian business activities to include the origination of prime residential mortgages, commercial real estate loans, auto and equipment finance, third-party loan servicing and broker servicing, as well as expanding into residential mortgages in New Zealand.

Pepper's business model provides a diversified base of revenue generated at multiple points across the customer relationship and includes loan origination, lending, loan servicing and broker administration.

Pepper has issued more than A$28 billion in bonds across 47 securitisations from 2003 to 2021 in domestic and international capital markets, and has a 100% track record of calling each deal at the first available call date. Pepper's approach to securitised debt funding is to be a frequent issuer to a globally diversified investor base across asset classes. As part of this strategy, Pepper issues a variety of tenors, currencies and repayment formats.

Pepper believes in a proactive engagement model with its global investor base, providing all investors the opportunity to understand its corporate strategy, deal-related specifics, the approach to issuance pipeline and any new asset classes or platforms coming to market.

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PLENTI

AUSTRALIAN ADI	NO
SECURITISATION PROGRAMME NAMES	PLENTI AUTO ABS, PLENTI PL-GREEN ABS

USE OF SECURITISATION

TYPES OF SECURITISATION ISSUED	PRIME AUTO ABS, PERSONAL LOANS – RENEWABLE ENERGY LOANS ABS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	82% (INCLUDING WAREHOUSES)
NUMBER OF SECURITISATIONS ISSUED	2
TOTAL VOLUME ISSUED	A$586M
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$470M

Plenti is a fintech lender, providing faster, fairer loans through smart technology and outstanding customer service. Plenti's proprietary technology delivers award winning automotive, renewable energy and personal loans to help creditworthy borrowers bring their big ideas to life.

Since establishment in 2014, Plenti has grown to become one of Australia's leading fintech lenders with a current loan book of A$1.3 billion. Its strong growth has been supported by diversified loan products, distribution channels and funding, and is underpinned by exceptional credit performance and continual innovation.

Plenti benefits from diversified funding sources that include warehouse facilities supported by large domestic and international financiers. It has issued two ABS transactions so far – one auto and one personal loans/green ABS – and is committed to continuing to be a programmatic issuer in the Australian securitisation market over time.

Plenti listed on the ASX in September 2020.

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P&N GROUP

AUSTRALIAN ADI	YES
SECURITISATION PROGRAMME NAME	PINNACLE

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	PRIME RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	31.5%
NUMBER OF SECURITISATIONS ISSUED	3
TOTAL VOLUME ISSUED	A$1BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$425M

P&N Group is one of Australia's largest customer-owned banking organisations. P&N Bank and bcu are divisions of the group, which operates under the operating and holding company of Police & Nurses Limited.

As part of the group's multi-brand model, P&N Bank trades in Western Australia and bcu in New South Wales and south-east Queensland, sharing group services located across all three states.

Both customer-owned banking brands value the strong heritage established in their respective regions over many decades and offer a genuine banking alternative for people who value competitive and convenient banking products, outstanding customer service and a local, community focus.

P&N Bank and bcu strive to create exceptional member experiences for their existing 167,000 members, while educating more Australians about the benefits of customer-owned banking.

Police & Nurses Limited is an authorised deposit taking institution, regulated to the same high standards as the major banks by the Australian Prudential Regulation Authority, the Australian Securities and Investments Commission, the Australian Transaction Reports and Analysis Centre, and the Australian Competition and Consumer Commission.

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PROSPA

AUSTRALIAN ADI	NO
SECURITISATION PROGRAMME NAME	PROSPAROUS

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	ABS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	39%
NUMBER OF SECURITISATIONS ISSUED	1
TOTAL VOLUME ISSUED	A$200M
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$200M

Prospa is a financial technology business that offers credit and payment solutions to small businesses in Australia and New Zealand – a market traditionally underserved by major banks. Founded in 2012, the company uses big-data analytics, engineering and predictive modelling to help optimise cash flow for small businesses.

Prospa has grown to become Australia's and New Zealand's leading online lender to small businesses[1], lending more than A$2.1 billion and currently serving more than 13,200 customers while boasting a net promoter score of more than 80[2].

Prospa has committed funding lines from diverse domestic and international senior and mezzanine funders. It has pioneered securitisation in the SME lending space. In 2015, it established its first warehouse securitisation trust structure, the first securitisation of small business loans in Australia. In 2018, Prospa entered the rated ABS market with a privately placed deal with a capped investment-grade rating, the first of its kind. In New Zealand, Prospa established its first trust series warehouse facility in 2019, the first securitisation of the asset class in the country. In September 2021, Prospa issued its first public ABS, a A$200 million deal supported by Australian small business loans and lines of credit. Prospa intends to be a regular issuer of ABS and explore opportunities to strengthen and optimise its funding platform in Australia and New Zealand.

1. Prospa is the number-one ranked online small business lender in Australia and New Zealand in the nonbank financial services category on independent review site TrustPilot, with a TrustScore of 4.9 and more than 6,200 reviews in Australia, and a TrustScore of 4.9 and more than 800 reviews in New Zealand as at 31 December 2021.
2. Average for the period 1 April 2021 to 30 June 2021.

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REDZED LENDING SOLUTIONS

AUSTRALIAN ADI	NO
SECURITISATION PROGRAMME NAME	REDZED

USE OF SECURITISATION

TYPES OF SECURITISATION ISSUED	RMBS, CMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	79%
NUMBER OF SECURITISATIONS ISSUED	13
TOTAL VOLUME ISSUED	A$4.7BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$2.4BN

RedZed Lending Solutions is a national lender to Australia's self-employed. Established in 2006 and with 120 employees, RedZed is a privately held company that focuses on delivering residential and commercial mortgages to empower more than 2.1 million self-employed Australians.

RedZed has originated A$5.7 billion of residential and commercial finance secured by real property and equipment assets, and has in excess of A$3 billion in AUM. More than 90% of its customer base comprises self-employed borrowers that have been under-served by banks. More than 60% of these borrowers have been operating their businesses for more than five years.

RedZed primarily sources its competitively priced funds from the term and warehouse markets domestically and offshore. Since inception, RedZed has been a regular issuer of more than A$4.7 billion of term debt market securities to Australian and offshore investors. RedZed complies with risk retention requirements in its securitisation structures and has called all its transactions at the first available call option date.

RedZed has a prominent brand presence in Australia as the major partner of the Melbourne Storm, the 2020 Australian National Rugby League champions, as well as the principal partner of the Hobart Hurricanes – a member of the Australian Big Bash cricket competition.

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RESIMAC

AUSTRALIAN ADI	NO
SECURITISATION PROGRAMME NAMES	PREMIER, BASTILLE, AVOCA, VERSAILLES

USE OF SECURITISATION

TYPES OF SECURITISATION ISSUED	RMBS, NIM BOND
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	100%
NUMBER OF SECURITISATIONS ISSUED	62
TOTAL VOLUME ISSUED	A$40BN EQUIVALENT
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	65% DOMESTIC 35% OFFSHORE
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$9BN EQUIVALENT

Resimac Group is a leading nonbank residential mortgage lender and multichannel distribution business. Resimac operates under a fully integrated business model comprising originating, servicing and funding prime and nonconforming residential mortgages, and SME and consumer-finance assets in Australia and New Zealand. Resimac has more than 250 staff operating across Australia, New Zealand and the Philippines, more than 50,000 customers and AUM in excess of A$14 billion.

Resimac has issued more than A$40 billion in bonds in global fixed-income markets. The group has access to a diversified funding platform with multiple warehouse lines provided by domestic and offshore banks for short-term funding, in addition to a global securitisation programme to fund its assets over the longer term.

Resimac's asset-servicing credentials are recognised by a "strong" servicer ranking from S&P Global Ratings.

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SHIFT

shift

AUSTRALIAN ADI	NO
SECURITISATION PROGRAMME NAME	SHIFT ABS

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	ABS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	~94%
NUMBER OF SECURITISATIONS ISSUED	1
TOTAL VOLUME ISSUED	A$150M
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$150M

Shift (formerly GetCapital) is one of Australia's fastest-growing financial technology companies, changing the way Australian businesses access finance. Enabled by streaming data, Shift provides credit and payments platforms that help businesses trade, pay and access funds.

Shift provides secured and unsecured SME lending solutions through a unique proposition that allows for product innovation, dynamic limit setting and enhanced credit modelling. Lending decisions are powered by a proprietary data and decisioning engine, and are bespoke to each customer.

Since 2014, Shift has lent more than A$1.4 billion to businesses. Shift's on-demand finance platforms have serviced more than 70,000 brokers, merchants and businesses. A rapidly growing network makes Shift's product offering and data services increasingly available across a broad range of partner channels, with process automation, web-based services and APIs creating a fully digital and seamless business finance experience.

Shift achieved its first triple-A rating on a privately placed ABS transaction in early 2021 and intends to become a regular issuer in the Australian market.

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SUNCORP GROUP

SUNCORP

AUSTRALIAN ADI	YES
SECURITISATION PROGRAMME NAME	APOLLO

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	PRIME RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	11.2%
NUMBER OF SECURITISATIONS ISSUED	23
TOTAL VOLUME ISSUED	A$26.5BN EQUIVALENT
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	81% DOMESTIC 19% OFFSHORE
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$1.7BN EQUIVALENT

As at 31 December 2021, Australian platform issuance only.

Suncorp Group is an ASX-listed company and financial services provider in Australia and New Zealand offering insurance and banking products and services to customers through some of Australia's and New Zealand's most recognisable brands. With a heritage dating back to 1902, Suncorp employs more than 13,000 people.

Suncorp has three core businesses. Insurance (Australia) delivers home and contents, motor, caravan, compulsory third-party, workers compensation, commercial and health insurance through a suite of leading insurance brands. Suncorp's insurance products help millions of people protect what is special to them.

Suncorp New Zealand delivers consumer, commercial and life insurance products via intermediaries in New Zealand through its own brands and partnerships, and offers secured general insurance, vehicle financing and simple life products to New Zealand consumers through its joint ventures.

Suncorp Bank provides home and business loans, everyday deposit and savings accounts, credit cards and merchant facilities. It supports families, individuals, businesses and farmers plan for their future by providing solutions to their banking needs.

Suncorp is a purpose-led organisation. Building futures and protecting what matters sits at the core of everything it does. Suncorp's people bring this to life for their customers and the communities they live and work in. This purpose positions Suncorp to be successful over the long term.

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THINKTANK

Thinktank..

AUSTRALIAN ADI	NO
SECURITISATION PROGRAMME NAME	THINK TANK

USE OF SECURITISATION

TYPES OF SECURITISATION ISSUED	CMBS, RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	58%
NUMBER OF SECURITISATIONS ISSUED	9
TOTAL VOLUME ISSUED	A$3.7BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$2.2BN

Thinktank is an independent nonbank financial institution specialising in the provision of commercial property mortgage finance up to A$4 million and residential property mortgage finance up to A$2 million in the Australian self-employed and SME sector. Commencing operations in 2006, Thinktank is a programmatic issuer supported by a national distribution network and offices in Sydney, Melbourne and Brisbane.

The company's most recent RMBS issue, of A$500 million, was completed in April 2022 and comprised a portfolio of ordinary residential security properties predominantly located in Sydney, Melbourne and Brisbane with an average loan size of A$677,000 and weighted average loan-to-value ratio (LVR) of 69.2%.

This transaction followed a A$750 million CMBS, completed in December 2021, containing mortgages secured predominantly by commercial property with an average loan size of A$635,000 and a weighted average LVR of 63.8%

Thinktank plans to maintain separate RMBS and CMBS programmes, with multiple intrayear issuance planned on the back of ongoing incremental growth in its core SME and self-employed borrower markets. Thinktank currently experiences monthly origination exceeding A$200 million across its range of commercial, residential and SMSF loan products.

Thinktank's asset quality and performance is notable for conservative LVR, low arrears and negligible loss history. Under the continued guidance of the company's founders, growth in the loan portfolio has been measured and is strongly supported by long-term domestic and offshore institutional stakeholders.

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UDC FINANCE

UDC
New Zealand's Finance Company

AUSTRALIAN ADI	NO
SECURITISATION PROGRAMME NAME	UDC ENDEAVOUR

USE OF SECURITISATION

TYPES OF SECURITISATION ISSUED	AUTO ABS, EQUIPMENT ABS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	11%
NUMBER OF SECURITISATIONS ISSUED	1
TOTAL VOLUME ISSUED	NZ$400M EQUIVALENT
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	55% DOMESTIC 45% OFFSHORE
OUTSTANDING VOLUME OF SECURITISED ISSUES	NZ$325M EQUIVALENT

UDC Finance is New Zealand's largest nonbank lender and has been active in supporting New Zealand's productive sector for more than 80 years.

UDC has built its reputation on helping its customers grow and prosper by providing equipment and motor vehicle finance to a wide range of New Zealand businesses and consumers. UDC currently has more than 92,500 active borrowers and NZ$3.5 billion of lending. A major part of this success is an established network of finance specialists throughout the country, whose invaluable industry knowledge has helped build successful relationships over many years.

UDC has established a diversified funding programme including New Zealand's largest warehouse facilities, ABS, corporate debt and cash to support its customer lending.

UDC intends to be a regular issuer of ABS from its warehouse facilities, offering both auto- and equipment-backed ABS. UDC debuted as an auto ABS issuer in October 2021, with a New Zealand market record NZ$400 million transaction.

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WESTPAC BANKING CORPORATION

AUSTRALIAN ADI	YES
SECURITISATION PROGRAMME NAMES	WST, CRUSADE RMBS, CRUSADE ABS

USE OF SECURITISATION – WST AND CRUSADE RMBS

TYPE OF SECURITISATION ISSUED	RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION[1]	2%
NUMBER OF SECURITISATIONS ISSUED	45
TOTAL VOLUME ISSUED	A$85.5BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES[2]	A$5.6BN

1. Includes RMBS and ABS. As at 31 March 2022. Residual maturity basis.
2. Based on issues currently outstanding as at 28 February 2022.

USE OF SECURITISATION – CRUSADE ABS

TYPE OF SECURITISATION ISSUED	ABS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION[1]	2%
NUMBER OF SECURITISATIONS ISSUED	10
TOTAL VOLUME ISSUED[2]	A$10.3BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES[3]	A$700M

1. Includes RMBS and ABS. As at 31 March 2022. Residual maturity basis.
2. 100% Crusade ABS.
3. Based on issues currently outstanding as at 28 February 2022.

Westpac Banking Corporation is Australia's second-largest banking organisation and one of the largest in New Zealand. Through its unique portfolio of brands, Westpac provides a broad range of banking and financial services including retail, business and institutional banking.

At 31 March 2022, Westpac had total assets of A$965 billion. Westpac's ordinary shares and certain other securities are quoted on the ASX and, at 31 March 2022, the bank's market capitalisation was A$85 billion.

Westpac's wholesale funding activities are focused on diversity and flexibility. Diversity is assessed from several perspectives including currency, product type and maturity term, as well as investor type and geographic location. Securitisation forms an important part of this strategy, adding valuable diversity to the group's funding franchise.

Westpac has resumed normal funding activities following the closure of the term funding facility in June 2021. The group's annual term funding volume has returned to approximately A$30-35 billion equivalent, including AT1 and tier-two capital securities.

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ZIP CO

AUSTRALIAN ADI	NO
SECURITISATION PROGRAMME NAME	ZIP MASTER TRUST SERIES

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	BUY-NOW, PAY-LATER
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	69%
NUMBER OF SECURITISATIONS ISSUED	4
TOTAL VOLUME ISSUED	A$2BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$1.5BN

Zip Co is a leading player in the digital retail finance and payments industry. Zip provides point-of-sale credit and payment services across the retail, home, health and wellness, auto, travel and entertainment sectors. It is the owner of Pocketbook, a leading personal-finance management app. Pocketbook has more than 850,000 users, whom it allows to budget and save by automatically categorising spending and providing smart alerts.

Zip offers customers an interest-free digital wallet via two products: up to A$2,000 with Zip Pay, and up to A$50,000 with Zip Money.

Zip has more than 9.9 million customers and is available in more than 81,000 locations. Customers simply sign into their Zip digital wallet, either online or in store, and authenticate the transaction to complete the purchase, or Tap&Zip everywhere that accepts Visa.

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ANGLE

AUSTRALIAN ADI	NO
TYPES OF LENDING	AUTO AND ASSET FINANCE
SIZE OF LENDING BOOK	A$1.8BN
YEAR OF ESTABLISHMENT	ANGLE FINANCE 2020 ANGLE AUTO FINANCE 2021

Angle is a nonbank lender specialising in secured asset and automotive financing under two platforms: Angle Finance and Angle Auto Finance. Investments in technology deliver better customer experience and digitise customer acquisition while strong introducer partnerships underpin business growth.

Angle Finance focuses on commercial lending to corporates, SMEs and government entities, servicing more than 30,000 customers across Australia. The portfolio comprises loans and leases on commercial vehicles and equipment across a range of industries. It has more than A$650 million of secured receivables.

Angle Auto Finance recently acquired Westpac's dealer finance and novated leasing businesses including retail, wholesale dealer and introducer networks along with a dealer floorplan portfolio of circa A$1 billion. The business provides vehicle financing to SMEs and consumers with a portfolio balance of A$1.2 billion.

Angle is owned by Cerberus Capital Management, a global leader in alternative investing with US$55 billion in AUM.

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ATHENA HOME LOANS

AUSTRALIAN ADI	ATHENA MORTGAGE
TYPE OF LENDING	PRIME RESIDENTIAL MORTGAGES
SIZE OF LENDING BLOCK	A$3.2BN
YEAR OF ESTABLISHMENT	2019

Athena is a super-prime, cloud native, end-to-end, nonbank mortgage lender with a national footprint. Launched in February 2019, Athena has originated more than A$4 billion of mortgages in three years and is currently managing a portfolio in excess of A$3.2 billion.

Athena has had zero loan losses and successfully navigated COVID-19 with market-leading low payment deferrals and hardships.

Athena's funding programme is comprised of warehousing with long-term senior and mezzanine investors, two rated private-placement RMBS transactions, and two active whole-loan-sale partnerships. Athena is developing public, term RMBS capability and expects to be an active domestic and offshore issuer in the near future.

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AUSTRALIAN UNITY

AUSTRALIAN ADI	NO
TYPE OF LENDING	MORTGAGE LOANS
SIZE OF LENDING BLOCK	A$996M
YEAR OF ESTABLISHMENT	1840

Australian Unity group was established in 1840 to meet the wellbeing needs of everyday people from all walks of life. For more than 180 years, Australian Unity has been motivated by good, driven by a singular goal: to enhance the wellbeing of Australians.

Australian Unity Bank offers a range of banking products and services to support Australians to achieve financial wellbeing. A good bank benefits everyone, whether it is customers or the community, and as mutual organisations banks have greater flexibility to reinvest profits into benefiting their customers. This means Australian Unity can offer competitive interest rates and personalised service.

Australian Unity is proud to have partnered with Indigenous Business Australia to support Indigenous Australians with their financial wellbeing and economic independence. This partnership aligns two of its key visions – to support real wellbeing, which includes standard of living and financial wellbeing, and commitment to Reconciliation.

Australian Unity Bank established its securitisation programme through the Kookaburra master trust. In May 2021, it concluded its first self-securitisation transaction, of A$150 million – subsequently increased to A$225 million.

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CREDABL

AUSTRALIAN ADI	NO
TYPES OF LENDING	EQUIPMENT, COMMERCIAL, BUSINESS, AUTO AND RESIDENTIAL MORTGAGES
SIZE OF LENDING BOOK	>A$500M
YEAR OF ESTABLISHMENT	2016

Credabl is a leading independent lender for medical professionals, providing doctors, dentists and vets with loans designed for their tools-of-trade needs. The business has originated more than A$2 billion. For almost three decades, the Credabl team has been developing and innovating healthcare finance, culminating in lending standards that reflect the collective learning of the team over time.

Credabl is niche-focused, engaging with clients digitally and providing strong relationship lending services. The business seeks to set the benchmark for service and innovation in its market. Through simplified, customised and digitised solutions, Credabl ensures clients receive the financial attention they deserve in their personal and professional lives.

Credabl has a national footprint and its loan book increased by approximately 50% in 2021. It was able to service this booming growth by rapidly expanding its funding platform, which has been well supported by a number of investors, including domestic and international banks, and superannuation and fixed income funds.

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HARMONEY

AUSTRALIAN ADI	NO
TYPE OF LENDING	UNSECURED CONSUMER
SIZE OF LENDING BOOK AS OF 31 DEC 2021	NZ$557M
YEAR OF ESTABLISHMENT	2013

Harmoney is one of the leading online direct personal lenders operating across Australia and New Zealand, providing customers with unsecured personal loans that are easy to access, competitively priced using risk-adjusted interest rates, and accessed 100% online.

Harmoney has originated more than NZ$2 billion in personal loans, and has served more than 47,000 borrowers in Australia and New Zealand. It had grown its total loan book to NZ$557 million as at 31 December 2021.

The company's proprietary digital lending platform, Stellare, facilitates its personalised loan product with applications processed and loans typically funded within 24 hours of acceptance by the customer.

Harmoney has warehouse funding facilities with three of the Australasian big-four banks.

In October 2021, Harmoney issued its first asset-backed securitisation, which was publicly rated by Moody's Investors Service.

The company is headquartered in Auckland. Harmoney established an office in Sydney in 2017 to support its expansion into Australia and currently employs more than 60 full-time employees across its Australian and New Zealand operations.

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JUDO BANK

AUSTRALIAN ADI	YES
TYPE OF LENDING	SME
SIZE OF LENDING BOOK	A$5.3BN
YEAR OF ESTABLISHMENT	2016

Judo Bank is a pure-play, purpose-built SME business lender that is committed to the craft of relationship banking – banking as it used to be, banking as it should be. Built from the ground up by deeply experienced and highly credentialled business banking professionals, Judo is a genuine alternative for SMEs looking to secure the funding they need, and the service they deserve.

From initial seed funding in 2016, Judo received a full banking licence from the Australian Prudential Regulation Authority in April 2019 and, after five successful private capital raisings, listed on the ASX in 2021. Since launch, driven by its dedicated relationship-focused approach to SME banking, Judo has expanded significantly to now have 13 offices nationally and a lending book in excess of A$5.3 billion with deposits of A$3.6 billion as at March 2022.

Judo expects warehouse securitisation funding capacity to increase materially in 2022, providing funding flexibility and a platform for future public term securitisations.

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ONDECK

AUSTRALIAN ADI	NO
TYPE OF LENDING	UNSECURED SME
SIZE OF LENDING BOOK	ND
YEAR OF ESTABLISHMENT	2015

OnDeck is a leader in online lending to small businesses. Since launching in 2015, its focus has always been on supporting small businesses with access to fast, efficient unsecured finance. OnDeck does things smarter – like its KOALA Score™ credit assessment model, which uses innovative technology and thousands of data points to assess loan applications and repayment capacity more accurately in real time. It does things faster – like Lightning Loans, which can be decisioned in minutes and offer unsecured funding of up to A$150,000 in as little as two hours.

Globally, OnDeck has provided in excess of US$13 billion in loans to more than 110,000 business customers across many different industries. OnDeck Australia is locally owned and managed with headquarters in Sydney. The company has a five star rating from Trust Pilot.

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PRIME CAPITAL

AUSTRALIAN ADI	NO
TYPE OF LENDING	COMMERCIAL MORTGAGE
SIZE OF LENDING BOOK	A$400M
PROPORTION OF SECURITISATION PORTFOLIO IN COVID-19 PAYMENT RELIEF AT 16 DEC 2020	0%
YEAR OF ESTABLISHMENT	1997

Summing up the Prime Capital business story through key data and information on the book, asset performance and corporate outcomes:

YEARS OF OPERATION	25
BDMs' AVERAGE INDUSTRY EXPERIENCE	19 YEARS
LANGUAGES TEAM SPEAKS	12
AGGREGATOR PANELS	8
FUNDING	A$3BN
AVERAGE LOAN SIZE	A$1M
WEIGHTED-AVERAGE LOAN-LEVEL LVR	61%
TYPICAL MONTHLY ARREARS RATE	1%
LOSSES OF PRINCIPAL OR INTEREST SINCE INCEPTION	0%
APPLICATIONS FROM BROKERS IN PAST 12 MONTHS	1,029
VARIABLE-RATE COMPONENT OF LOAN BOOK	100%
LOAN LOCATION	METRO: 85% NONMENTRO: 15%
NPS SCORE	+74
NUMBER OF MPA TOP 100 BROKERS USING PRIME CAPITAL	71

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TOYOTA FINANCE AUSTRALIA

AUSTRALIAN ADI	NA
TYPES OF LENDING	BAILMENT 10% TERM LOANS 76% TERM PURCHASE 2% FINANCE LEASES 4% OPERATING LEASES 7%
SIZE OF LENDING BLOCK	A$21BN
YEAR OF ESTABLISHMENT	1982

Established in 1982, Toyota Finance Australia (TFA) is a leading provider of automotive finance and insurance. TFA is a part of the Toyota group, which has operated for more than 80 years and is a global leader in mobility. The global Toyota group has an annual average turnover of ¥28.9 trillion and consolidated vehicle sales averaging 8.7 million units.

In January 2019, Australian Alliance Automotive Finance, a wholly owned subsidiary of TFA, entered a strategic alliance with Mazda Australia and has since continued to contribute to the growth of TFA's loan book. In June 2021, Toyota Australia launched its Kinto car-sharing and rental service.

TFA focuses on funding diversity and liquidity, and continues to look for new sources and types of funding as part of its diversification strategy and to keep up with changes in investor preferences.

TFA has access to funding at levels competitive with Toyota's global credit curve. TFA's bonds and commercial paper are rated by S&P Global Ratings at A+/stable /A-1+, and by Moody's Investors Service at A1/-stable/P-1. TFA's ratings are equalised with TMC. TFA is a frequent, benchmark-size issuer.

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