ASJ

AUSTRALIAN SECURITISATION JOURNAL

Incorporating Australian Securitisation & Covered Bonds

>> *Issue 03 • 2013*

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Thank you

Pepper Australia Group would like to thank our investors and key advisors on the successful completion of Pepper Residential Securities Trust No.9 ("PRS9").

Pepper Residential Securities Trust No.9 ("PRS9")

A$300,000,000
Non-Conforming Residential Mortgage-Backed Securities Issue - May 2012

A$72,000,000	Class A1 Notes	AAA(sf)/AAAsf
A$138,000,000	Class A2 Notes	AAA(sf)/AAAsf
A$38,400,000	Class A3 Notes	AAA(sf)/AAAsf
A$13,500,000	Class B Notes	AA(sf)/NRsf
A$12,600,000	Class C Notes	A(sf)/NRsf
A$9,600,000	Class D Notes	BBB(sf)/NRsf
A$6,000,000	Class E Notes	BB(sf)/NRsf
A$2,400,000	Class F Notes	B(sf)/NRsf
A$7,500,000	Class G Notes	Not Rated

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Chairman
Tim Hughes
Deputy Chairmen
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Treasurer
Chris Green
Chief Executive Officer
Chris Dalton
Chief Operating Officer
Alex Sell
asf@securitisation.com.au
+61 2 8243 3900
www.securitisation.com.au

ASJ PUBLISHED BY

KangaNews
www.kanganews.com
+61 2 8256 5555
Managing Director
Samantha Swiss
sswiss@kanganews.com
Editor
Laurence Davison
ldavison@kanganews.com
Senior Staff Writer
Sonia Han
shan@kanganews.com
Staff Writer
Chelsea Wallis
cwallis@kanganews.com
Contributing Editor
Kimberley Gaskin
kgaskin@kanganews.com
Project Manager
Brydie Wright
bwright@kanganews.com
Subscriptions Manager
Jennie Wright
jwright@kanganews.com
Design Consultants
Hobra Design
www.hobradesign.com

Depósito Legal: B-36961-2011
Printed in Spain by CEVAGRAF, SCCL

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CANBERRA, 7 SEPTEMBER 2012

It is great to have the opportunity again this year to introduce the latest edition of the *Australian Securitisation Journal* (ASJ). The *ASJ* is a quality publication and I'm always pleased to be able to contribute to the range of industry perspectives on the outlook for funding markets, particularly for securitisation and covered bonds.

Of course, financial markets remain volatile against the backdrop of continued uncertainty in the global economy, with Europe in particular presenting substantial tail risks. Australia is increasingly seen as a safe haven for global investors. There aren't many places in the world you get the best combination of solid growth, low unemployment, record investment, contained inflation, triple-A rated public finances, a strong banking system and a resilient housing market providing top-quality collateral. Indeed, the OECD has confirmed that Australia walks tall on the global stage – we're expected to outperform every single major advanced economy over the next two years.

Strong covered bond performance in the secondary markets has been encouraging since the first issuances in late 2011. Spreads have narrowed significantly, as investors have become more comfortable with the new structure and more confident of secondary market liquidity.

I was particularly encouraged by the first regional bank covered bond issuance, by Suncorp Bank in May. The A$1.6 billion inaugural deal was well received, signalling potential for additional covered bond issuance from smaller authorised deposit-taking institutions, either through direct or aggregated structures. I'd like to see a few mutual credit unions and building societies get there soon.

> *«Australia is increasingly seen as a safe haven for global investors...Indeed, the OECD has confirmed that Australia walks tall on the global stage – we're expected to outperform every single major advanced economy over the next two years.»*

Of course, securitisation markets continue to face challenges, with concerns over Europe and credit markets in general dampening issuance and affecting margins. While the volume of issuance is lower so far in 2012 relative to last year, there are still a number of positives to be taken from market developments over the last few months.

It has been encouraging to see more diversity in the market, with some new structures and strong volumes in auto and equipment lease receivable transactions. Some prime residential mortgage-backed securities (RMBS) deals have also successfully targeted offshore investors, which will hopefully create longer-term opportunities.

The Australian Office of Financial Management investment continues to provide significant support for the RMBS market, and the standout success of the programme is something I'm really proud of because it is so important for diversity of funding and the vitality of competition in the banking sector.

Thanks again to Chris Dalton, chief executive officer of the Australian Securitisation Forum, and his colleagues. I hope you enjoy this edition of the *ASJ*.

THE HON. WAYNE SWAN MP
DEPUTY PRIME MINISTER AND TREASURER OF AUSTRALIA

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WELCOME TO THE THIRD EDITION OF THE *ASJ*

After a quiet start to 2012 the Australian securitisation market has seen a variety of residential and asset-backed issues, notwithstanding the challenging conditions that generally have prevailed in credit markets during 2012. The positive attribute of the market has been the diversity of the issuer base, which includes major and regional banks, and non-bank issuers.

Throughout 2012 Australian covered bonds have continued to be issued in a variety of currencies, further establishing this asset class with both local and global investors. An Australian Securitisation Forum (ASF) working group comprising the five current issuers of Australian covered bonds has been meeting throughout this year to develop a standard for the reporting of bond and cover pool information to investors. The intention is to have an Australian standard adopted that has a high degree of consistency and uniformity to facilitate investor review of the issuer's monthly reports (see p34).

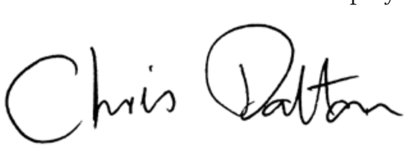
The recovery of the Australian securitisation market since 2008 has been characterised by domestic issuance in Australian dollars, with a small number of residential mortgage-backed securities (RMBS) tranches and some asset-backed securities (ABS) denominated in US dollars, sterling and Japanese yen. Several market and regulatory factors indicate the domestic investor base will be the mainstay for issuers of Australian securitisation.

Recognising the importance of the health and capacity of the Australian debt capital market, the ASF has sponsored an in-depth and cross-industry sector review of policy factors that contribute to the lower allocation to fixed income than is typical in many capital markets of Australia's peers. While securitisation will benefit from an active, deeper and more liquid capital market, the ASF believes such an outcome will benefit a more efficient funding of Australia's economic growth. The ASF, among others, believes a more active and larger domestic bond market will be a necessary foundation for the further development of Australia's retirement income sector. The ageing of Australia's retiree population over the next decade is expected to increase the demand for financial securities that provide capital stability and income generation. We look forward to working with our members to promote the findings and recommendations of this research to market and policy officials.

The announcement by the Australian Prudential Regulation Authority of its intention to develop a new prudential standard for securitisation has also galvanised contributions from ASF members to put forward industry views. The ASF is keen for a new standard to provide principles that recognise the various roles banks can play in an Australian securitisation context, and that the standard should be of a form to suit securitisation by regulated banks in the coming years.

We continue to add to the resources to the ASF website, www.securitisation.com.au. The addition of individual RMBS and ABS transaction information will provide a central reference point of deal activity in the Australian securitisation market. We greatly appreciate Macquarie Bank's debt market analysis team for providing this information.

Finally, the ASF welcomes Andrew Jinks to its National Committee. Andrew is a partner at Clayton Utz and has a long and respected history in advising clients in Australia's securitisation and debt capital markets. We also welcome Sarah Hofman of RBS following her election as the second Deputy Chairman of the ASF. Pat Tuttle continues in his role as a deputy chairman.



CHRIS DALTON
CEO, AUSTRALIAN SECURITISATION FORUM

ASF NEWS AND PROGRESS UPDATE

A flurry of residential mortgage-backed securities (RMBS) issuance in the two months prior to publication gives the ***Australian Securitisation Forum*** *(ASF) confidence that things may well be improving in RMBS and broader global debt capital markets. The ASF has continued its work engaging with all major market participants – both at home and abroad – to foster the continued wellbeing of the Australian structured finance markets.*

Issuance from Suncorp Bank, ME Bank, AMP Bank, Pepper, FirstMac, Resimac, and ING Bank (Australia), as well as the major banks, renews the ASF's confidence that RMBS is a valuable product.

Asset-backed securities (ABS) issuance has been strong too, with issuance from FlexiGroup, Macquarie Bank's SMART, Bank of Queensland's EHP, Liberty Financial and BMW Finance. Santander UK has also issued in the Australian market with a Kangaroo deal, which augurs well for flow and liquidity in the cross-currency basis swap market.

MARKET STANDARDS AND PRACTICES

Considerable work continues in relation to the standards produced by the ASF. These include pre- and post-issuance disclosure for RMBS, ABS and, shortly, covered bonds. The ASF is working closely with key regulators in a bid to align its standards with their expectations and requirements.

Australian Securities Exchange (ASX) listing of Australian dollar RMBS, ABS and covered bonds has also received some attention, with a working group formed to discuss how the ASX's debt listings regime might be enhanced to make it more affordable, more useful and more widely recognised by issuers and investors alike.

REGULATORY

The cycle of regulatory consultations continues unabated. The International Organization of Securities Commissions is the most recent and most significant to investigate what more both the organisation and the market can do to restore investor confidence in securitisation.

The ASF has supported most of the recommendations but cautioned that standardisation and transparency are secondary to underlying economic confidence, as well as to countervailing headwinds.

For example, the ASF notes with some concern initiatives in Europe that have the effect of preferring European or EEA + G8 collateral (but not Australian). These include the regulatory capital regime relating to Solvency II and CRD IV, as well as the central bank repo arrangements. We have therefore urged regulators and national governments to look at these issues, which will override any benefits arising from transparency and standardisation.

The Foreign Account Tax Compliance Act (FATCA) has attracted some of our members' attention insofar as it

Education

The Australian Securitisation Forum (ASF) has witnessed a repeat of last year's strong education offering, one of our three core missions. The first was the covered bonds workshop, which has seen almost 100 students pass through. The ASF will be reviewing this course at its November anniversary to confirm not only that it is current in terms of data and regulation and market practice, but also that it is delivered in the most useful way possible.

The ASF Education Faculty has also been hard at work finalising the ASF's new Applied Securitisation programme. Please let us know if you would like to have any of these advanced-level modules delivered in-house.

The ASF's Diploma of Securitisation has completed its journey and will revert to a non-diploma offering. This is due to significantly heightened costs arising from the new regulatory regime applied mid-year. The ASF has surveyed past and present course attendees. Approximately one third of respondents say they would like to see the diploma maintained, while two thirds are indifferent. We will review this in coming years as circumstances unfold.

Taking the ASF's Securitisation Fundamentals course online is a current education work in progress. This is being undertaken by Salmat in Melbourne, but the ASF will own the course. We will seek to distribute it to markets – especially offshore – that would not have the benefit of the in-person course – which we will be retaining.

Events

This year has seen a reduction in evening series, mostly due to a lack of compelling subjects. However, the Australian Securitisation Forum (ASF) did have excellent evenings with Challenger's Dominic Stevens on retirement savings, annuities and the role of residential mortgage-backed securities and a jointly-hosted AAA-ASF event at Ashurst on the all-important fixed income allocation debate. If you have suggestions on suitable topics please let us know. And thank you, too, to our members – mostly our legal colleagues – for providing venues.

The fixed income research project is in full swing, with initial recommendations and findings being presented by Deloitte Access Economics at the ASF's annual conference in October. We hope the findings will assist the economy, the financial system, retirees, superannuants and other stakeholders establish a more vibrant, better-allocated fixed income market. In turn, we expect that increased allocations to fixed income will include enhanced allocations to securitised product and covered bonds. We would like to thank all those who have committed time so far to this extremely important journey for our industry.

threatens to include in its scope of application certain special-purpose vehicle (SPV) structures. The ASF is working with the Department of Treasury in Canberra to ascertain what, if any, derogation can be given – similar to those already afforded under the intergovernmental agreement to implement FATCA.

The various consultations and rewrites of APS120 have meant the ASF has spent a lot of time working with the Australian Prudential Regulation Authority (APRA). The more contentious issues, such as the holding of 10 per cent subordinated notes regulatory capital deduction, have meant the industry has devoted significant resources working through market-based, prudentially-sound solutions to APRA proposals.

The ASF has also built support in the official community in relation to the role of master trusts in broadening the product arsenal available for issuers. The association has been lobbying for master trusts in order to facilitate the bullet securities many investors prefer – or indeed are compelled by mandates to invest in – due to the absence of extension risk. Issuers would also benefit by being able to hedge non-Australian dollar issuance less expensively.

GOVERNMENT AND INDUSTRY LIAISON

In addition to master trusts, which the ASF has canvassed around Canberra, the ASF has been testing the thinking among parliamentarians in relation to a post-Australian Office of Financial Management RMBS investment world. The Senate Economics References Committee, as well as the two main political parties, remain committed to fostering competition, diversity and innovation in lending markets. Preferences vary as to how that might be achieved by way of securitisation, but the ASF intends to maintain dialogue.

INVESTOR OUTREACH

One aspect of ASF activity that has taken off in recent years is our investor outreach. This means different things in various markets. At home, we hold quarterly luncheons in Sydney and Melbourne. This mostly relates to sharing market insights, as well as gleaning feedback on our market standards and practices work, particularly in the area of disclosure and reporting. We have made great strides with our covered bond issuers in producing a standardised set of monthly investor reports (see template on p34). This work had its genesis in these investor meetings held between the ASF and Australian real-money investors.

In well-established markets such as Europe, Hong Kong and Singapore we provide performance updates for local investors, even if they are presently not buying due to broader global macro concerns or because of swap costs that price Australian issuers out of euro deals. Then there are emerging markets – from an Australian issuer point of view – such as Japan and Taipei. Here, we not only highlight the stellar performance of our products, but we also educate investors about the underlying mortgage collateral, the macroeconomic environment in Australia, and of course the perennial questions about our property market.

The US is promising to be a strong investor market for Australian issuers, particularly if master trusts are launched. Indeed, the 2a-7 market has found two of our members tapping significant accounts. We hope to see this continue, particularly as the cross-currency basis swap is currently supportive.

However, maintaining a growing presence in these markets requires ongoing investor engagement, as well as staying on top of the regulatory issues that abound in the US. We therefore continue to leverage our relationships with Mayer Brown and the American Securitization Forum.

Specific issues we are working on or maintaining a watching brief on include the commodity pool proposals, FATCA, the Volcker Rule and related conflicts of interest rules flowing from Dodd-Frank, and, of course, the risk retention – that is, 'skin in the game' – requirements, since these could disadvantage Australian issuers if not drafted appropriately. ■

FOR FURTHER INFORMATION PLEASE CONTACT:
Alex Sell
Chief Operating Officer
+ 61 2 8243 3900
asell@securitisation.com.au
Australian Securitisation Forum

FAR HORIZONS

With covered bonds sucking up appetite once reserved for securitised assets and domestic fund managers still slow to buy, a number of Australian asset-backed issuers are more strongly focused on cultivating international investors.

BY KIMBERLEY GASKIN

The Australian residential mortgage-backed securities (RMBS) market reawakened in August after a period of near dormancy in 2012. And at the beginning of September it came alive with a A$1 billion (US$1.02 billion) transaction from Suncorp Bank (Suncorp)'s Apollo programme. Parties connected with the deal were most enthused by the participation of 15 fund managers, who made up well over half of the 22 investors who bought the deal.

The transaction provided a new pricing benchmark and, with any luck, renewed hope to Australian issuers sidelined in part by minimal market participation from local real-money investors. "The deal shows there is some life returning to the domestic market," suggests Mary Ploughman, executive director, securitisation at Resimac in Sydney, which has issued A$500 million equivalent into the domestic and US market in 2012 to early September. "Our experience has been that the lower tranches are easier to sell than the super-senior part of the structure," she adds.

COVERED BONDS ARRIVE

Despite the recent positive signs, a year-on-year comparison of Australian securitisation activity is sobering reading. Over full-year 2011, A$27.5 billion equivalent was issued by Australian borrowers, comprising A$24.5 billion of AUD paper and A$2.9 billion equivalent in offshore tranches. By late in the third quarter of 2012, A$10.3 billion had been issued, including A$1.9 billion equivalent offshore (see chart on this page).

The data reflects the drastic effect a new asset class can have on a market. With A$12.2 billion issued by Australian banks in the domestic covered bond market since the first deal early this year, the RMBS market has been well and truly cannibalised. Ploughman confirms: "Many real-money investors are putting covered bonds and RMBS in the same pool, and they view covered bonds as more liquid – although this may not have been tested. As a result, their structured allocation is being filled with covered bonds and there is less capacity domestically for RMBS."

This preference has kept RMBS levels wide while driving in covered bond spreads. Suncorp's A$930 million class A1 notes priced at 155 basis points over the one-month bank bill swap rate (BBSW), while the same issuer's A$500 million covered bond deal in May priced at 105 basis points over BBSW – for more than a year of additional tenor.

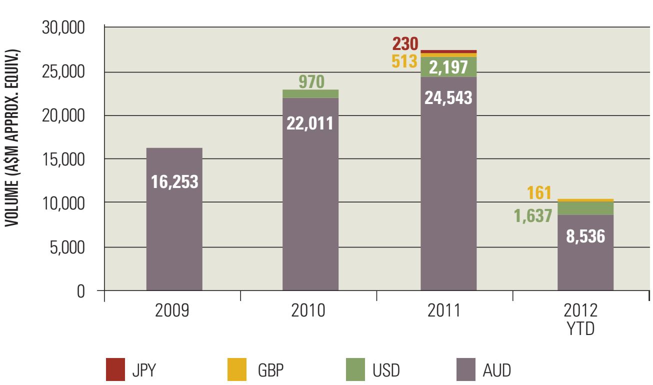
"These kinds of levels will persist for some time and will require issuers to look closely at RMBS structures," acknowledges Paul Garvey, general manager, treasury and funding at ME Bank in Melbourne. "We are seeing more interest [in RMBS] from fund managers, but it may also take more offshore interest to really encourage domestic investors and start to bring spreads in."

OFFSHORE RATIO SOARS

Spreading a wider net offshore is a key goal of many Australian securitisers. While remaining a relatively small aggregate volume, the quantity of Australian securitisation offerings denominated in offshore currencies has remained firm even as the domestic market has stalled. Just under 20 per cent of total issuance has flowed offshore in 2012, compared with 10.5 percent in full-year 2011.

ME Bank issued a US dollar RMBS tranche in April 2012, and Garvey says the

AUSTRALIAN SECURITISATION ISSUANCE BY CURRENCY



SOURCE: KANGANEWS SEPTEMBER 10 2012

"We are seeing more interest in RMBS from fund managers, but it may also take more offshore interest to encourage domestic investors and start to bring spreads in."

PAUL GARVEY ME BANK

Swap slowdown narrows offshore angles

NEW CREDIT ADJUSTMENTS ARE INCREASING THE COSTS OF CROSS-CURRENCY SWAP PROVISION. FOR ISSUERS OF PRODUCTS WITH EXTENSION RISK, THOSE ADJUSTMENTS ARE ESPECIALLY PUNITIVE.

"Changes to rating criteria, regulatory requirements and bank ratings have reduced the capacity and increased the cost of cross-currency swaps needed for offshore issuance, particularly of residential mortgage-backed securities [RMBS]. We are spending more time working with swap providers to access offshore markets cost effectively," says David Ziegler, division director, group treasury at Macquarie Bank.

The final regulatory judgement on capital required to be held by banks against counterparty credit risk in derivative transactions has yet to unfold. However, even beyond the regulatory impetus the internal processes at banks are already reshaping the issuer experience in offshore markets.

Some banks are highly focused on changing their modelling of volatility in derivative transactions and the credit quality of counterparties. Others, however, are further back on the starting grid – and as a result costs for the provision of swap instruments are splintering across the intermediary universe.

For borrowers, while reducing extension risk via securitisation structures like master trusts could at least bring swap costs back into line with those levied on bullet maturity bonds (see feature on p16), the availability of those structures to Australian issuers is uncertain.

Meanwhile, Ziegler adds that providing cross-currency swaps to securitisers is particularly problematic for some banks. "A number of intermediaries now have lower issuer ratings and heightened concerns regarding prepayment risk, which means it is more expensive for them to provide swaps," he explains.

Issuers have already seen two major effects. The first is a big dislocation in pricing on cross-currency swaps. One borrower says he has seen bids from 15 basis points to north of 100 basis points, compared with 3-4 basis points prior to the financial crisis. An associated problem is the lack of transparency around the individual components making up the price of the cross-currency swap.

The second effect is a significant shrinking in the universe of swap providers, with several international banks almost ceasing activity in this arena. The trend may end up creating a derivative market dominated by domestic banks, given the Australian banks, with their AA- ratings, are better positioned to quote on providing cross-currency swaps than a large segment of the offshore bank sector. This means the big four may be able to be more aggressive in their bids to issuers. "It's now a game for highly-rated banks, as the lower-rated banks face punitive costs," says James Shaw, head of securitisation at Bank of Queensland.

Swap cost is a key element in an issuer's decision to award a foreign currency mandate. But issuers also point out that distribution is critical, and those banks that are positioned to provide the swap at a decent price are not necessarily especially good at selling asset-backed securities.

"The cost is critical but it's not the only driver for awarding a mandate. We need execution risk to be well managed when we go to a market like sterling, so we will be focused on choosing syndicate members that can provide the swap at a reasonable price and the distribution we need," says Shaw.

While appetite for Australian assets offshore is robust, without a competitive swap market strong and viable alternatives to the domestic market may be less likely to emerge. "The appetite is there from international investors. However, we also need competitive derivative pricing, as the landed cost of offshore issuance is one of the key factors when considering alternatives to the domestic market," says Ziegler.

decision to go offshore was driven by the dearth of real-money interest domestically. "Through reverse enquiry there was considerable fund manager interest offshore. US fund managers were so keen we ended up increasing the deal to US$1 billion from US$750 million, to meet the demand."

Speaking of Resimac's A$500 million equivalent RMBS issue in June, Ploughman says: "We primarily went to the US because of our concern over our ability to fill the senior tranche domestically. We realised we needed to cultivate a non-Australian investor base to get the funding we needed at a reasonable price."

The market for auto and equipment asset-backed securities (ABS) offshore has remained robust throughout the financial crisis. The much shorter-dated nature of standard non-mortgage ABS is a critical differentiation, especially given the extra cost that prepayment risk on longer-dated pass-through securitisations adds to cross-currency swap provision (see box above).

As James Shaw, head of securitisation at Bank of Queensland in Brisbane, explains: "The prepayment risk is very low on asset-backed securities. For example, we did some modelling on a recent triple-A rated transaction and, even if we moved the conditional prepayment risk [CPR] to zero – that is, with no prepayments – the triple-A investors in our REDS EHP deal 2012-1E only waited one to two months extra to get all their cash back. We have found that even if we stress the CPR in the deal, it doesn't move the weighted average life [WAL] very much."

Harmonising cross-border risk retention rules

AS AUSTRALIAN ISSUERS LOOK BEYOND A CONSTRAINED LOCAL MARKET FOR SECURITISATION ISSUANCE OPPORTUNITIES, THE SPECTRE OF MISMATCHED RULES IS STILL UNRESOLVED.

Despite a regulatory debate that has now been ongoing for over three years, there seems little obvious sign of a reconciliation of securitisation's classic catch 22. The contrasting demands of regulators are that securitisers not be granted capital relief for deal structures that do not allow genuine risk transfer, while at the same time requiring that issuers show the integrity of their lending origination by retaining the infamous 'skin in the game'.

Australian issuers are getting deals away in international markets, and for some the continuing regulatory chaos has been manageable.

James Shaw, head of securitisation at Bank of Queensland, says the issuer was untroubled by different rules around risk retention when undertaking its £100 million (US$159.2 million) placement in June 2012 because the bank held onto 12.5 per cent of the trade – well in excess of the 5 per cent retention requirement under the second European Capital Requirements Directive (CRD II)."We also included an innovative feature around taking excess spread up to 33 basis points of the initial amount," says Shaw. "This form of subordination meant we were fully aligned with investors."

For most, however, the lack of cross-border harmonisation remains a problem to be solved. "It is difficult because it's still such a moveable feast," says Mary Ploughman, executive director at Resimac.

While CRD II came into effect in 2011, the US regulatory approach is still evolving. In March 2011 US agencies and regulators, in response to the Dodd-Frank Act, proposed rules that require the sponsor of a securitisation deal to retain credit risk equal to at least 5 per cent of the aggregate credit risk of the assets backing that transaction.

Australia responds

The International Organization of Securities Commissions' (IOSCO)'s Task Force on Unregulated Markets and Products (TFUMP) is in the process of analysing the various regulatory and industry initiatives across different geographies.

In August 2012 the Australian Securitisation Forum (ASF) responded to IOSCO's latest consultation, urging international coordination of jurisdictional implementation, while supporting IOSCO's efforts to identify and address material differences in relevant risk retention initiatives. "The adoption of different risk retention requirements will inhibit the recovery of the global securitisation market. In practice, it appears that Australian securitisers may be required to comply with both local and international requirements if they wish to issue asset- and mortgage-backed transactions on a cross-border basis," notes the ASF. "Such differences in retention rules are likely to give rise to confusion among market participants, leading to increased costs, which in turn will impede, rather than assist, cross-border capital flows."

The ASF believes global regulators should acknowledge the liquidity implications of needing to comply with multiple and varying risk retention requirements, and should focus efforts on preserving securitisation as a global funding tool for future economic growth.

In some respects, the comparison of the position on risk retention rules within some jurisdictions is premature given rules in Australia and the US are yet to be finalised.

However, the ASF wants IOSCO to encourage local regulators to adopt appropriate regulatory responses and mechanisms to address the issue of alignment of interests in securitisation. The industry body notes: "To facilitate a functioning global securitisation market our members strongly favour a mutual recognition and acceptance process with respect to risk retention between jurisdictions. This could permit each jurisdiction to accept as equivalent other jurisdictions' risk retention rules, provided such rules have been deemed equivalent through an IOSCO review protocol."

While IOSCO is still in 'wait-and-see' mode on risk retention, the ASF is looking for a more proactive approach. "We encourage IOSCO to acknowledge the potential significant differences between jurisdictions and to adopt a policy recommendation which seeks a more meaningful resolution of the mismatch issues. We would strongly endorse a conclusion from the TFUMP project that regulators immediately commence discussion of a mutual recognition approach to risk retention."

US OPPORTUNITIES

Australian issuers believe US investors in particular are hunting for non-US assets given the lack of alternatives available, particularly the silence of government-sponsored enterprises, Fannie Mae and Freddie Mac. Both Resimac and ME Bank have structured short-dated, floating rate hard-bullet notes to appeal to US money market investors buying under rule 2a-7.

"The structure we used allows us to re-issue into the US market at the maturity of the note, so we will be looking at that market again," confirms Ploughman.

Garvey says appetite for ME Bank's trade was strong from US money market funds, which resulted in an upsized deal and shaped the whole deal experience. "We ended up with some quite large ticket sizes," he reveals. "We will definitely look at doing another transaction in the US in the future."

“We primarily went to the US because of our concern over our ability to fill the senior tranche domestically.”

MARY PLOUGHMAN RESIMAC

Appetite for Australian deals is not limited to short maturities, though. While Resimac structured its deal to the short-end buyers, Ploughman says the issuer also marketed to a broader group. “Plenty of investors would have bought a three-year transaction,” she notes.

David Ziegler, Sydney-based division director, group treasury at Macquarie Bank, points out that a broad spectrum of investors participate in US SMART ABS. In March Macquarie’s SMART Series 2012-1US Trust priced US$500 million as part of a A$531 million equivalent transaction, with WALs across the US notes ranging from 0.41 years through to 3.76 years. In June SMART Series 2012-2US Trust priced US$500 million as part of a A$566.3 million equivalent deal, with weighted average lives across the notes ranging from 0.41 years to 3.88 years.

“Investors in SMART issues range from banks and money market funds focused on the shorter tranches, to insurance companies, pension funds and investment managers focused on the longer-dated notes,” says Ziegler.

A key challenge in terms of the US investor base is the limited number of funds with mandates that extend to offshore assets. “While the market is deep, with big global players, many local investors and fund managers are more cautious towards ABS backed by offshore assets,” notes Ziegler. “However, with our regular issuance and investor marketing programme, Macquarie Bank continues to attract new investors in each deal we do, building our distribution and brand presence in the US.”

Another issue for Australian borrowers to navigate is the different expectations of US investors compared with domestic accounts. “The average life of an auto book is two to 2.5 years, but for the US market we need to create standard money market one-, two- and three-year tranches. A single 2-2.5 year tranche would not meet US investor requirements,” explains Ziegler.

A STERLING EXPERIENCE

The sterling market has also been on the radar for Australian issuers. In June 2012 BoQ issued a £100 million (US$159.2 million) tranche, while in 2011 Capital Finance Australia placed GBP notes as part of two deals, totaling £220 million, and Macquarie Leasing sold a £110 million tranche.

A favourable basis swap played a crucial role in the issuance and structuring decisions for both issuers. Says BoQ’s Shaw: “Because the WAL on the REDS EHP bonds was shorter than on RMBS and the CPR was stable, it worked well with the basis swap,”

For Steven Mixter, head of securitisation at Capital Finance’s parent, Lloyds Bank (Lloyds) in Sydney, the opportunity to access the UK market was contingent on pricing being comparable to a domestic deal. Mixter says Lloyds is keen to access European investors via Capital Finance, but the euro market remains tough on a pricing front. “The issue is the cost of swapping EUR into AUD – it is prohibitive right now. The drawback is that the pool of GBP investors is more limited than the pool of EUR investors.”

This limitation has affected the size of deals executed in sterling. However, Mixter sees potential for more sterling transactions given interest in the market is growing. “Many euro buyers are accessing borrowers that can’t issue in euros via the sterling market, and we are also starting to see offshore US buyers based in London participating. Furthermore, with liquidity schemes provided in the UK being so cheap, UK banks are issuing less and thus increasing European investor interest in Aussie product.”

ASIAN INTEREST

To date, putative Asian demand for Australian securitisation has only flowered once in terms of issuance currency: Bendigo and Adelaide Bank included a ¥20 billion (US$254 million) tranche in a 2011 RMBS.

Asian participation in AUD-denominated deals also remains relatively low, issuers acknowledge, and opportunities to issue cost-effectively into Asian local currency markets are few and far between. And while issuers say they are looking at all markets, expectations of more yen issuance are muted. “Japanese investors are showing an increasing interest in AUD paper, but they will take some time to get comfortable with the asset class, particularly the duration and prepayment risk in Aussie RMBS,” says Ziegler.

The market may develop slowly over time, but issuers question just when they should jump in. “We are encouraged to see Asia-based investors in securitisation transactions, but to date we have not seen the capacity in Japan to target a specific deal,” confirms Ziegler.

Accessing offshore markets is also not as straightforward as identifying demand. As well as the swap issue, the lack of cross-border harmonisation of regulations continues to create headaches (see box on p14). ■

“The issue is the cost of swapping EUR into AUD – it is prohibitive right now. The drawback is that the pool of GBP investors is more limited than the pool of EUR investors.”

STEVEN MIXTER LLOYDS BANK

ISSUERS WEIGH MASTER TRUST POTENTIAL

The success of master trusts as the basis for securitisation issuance from international borrowers in the US market suggests the structures could also help Australian issuers' forays to global markets. But the jury remains out on the value of master trusts, given the resources required to set them up and the volume of assets that need to be set aside to sustain them.

BY LAURENCE DAVISON

In theory, a master trust provides a compelling value proposition, offering borrowers a half-way house between covered bonds – in which recourse to the borrower effectively precludes their use by smaller banks – and standard pass-through asset-backed securities.

While the latter continue to be a valued funding tool for a range of borrowers, the evidence is growing that extension risk is reducing the universe of participating investors, especially in international markets. Swapping back foreign currency proceeds of a transaction with uncertain maturity dates is also increasingly challenging, and puts that kind of issuance on an uneven economic playing field versus bullet securities.

It is not impossible to structure bullets in conventional securitisations. For instance, in April 2012 ME Bank structured a pass-through residential mortgage-backed securities (RMBS) issue to incorporate a US$420 million, one-year hard-bullet tranche – which one of its leads described as "in effect a proxy master trust".

However, the deal had to be structured to incorporate features necessary to support the bullet. In particular, the transaction has the ability to issue two additional tranches should there be a shortfall in the redemption fund at the time of the class A1 notes' maturity.

ME Bank says it was worth bearing the cost to gain access to USD investors. But the appetite of issuers to bear such expense is limited, especially in the context of a cross-currency swap market that has for some time precluded economic foreign-currency issuance at tenors longer than a year.

Borrowers confirm that demand for Australian assets exists in offshore markets, but pricing economics do not stack up for the kind of product that can be offered. According to Simon Lewis, head of funding at Suncorp Bank in Brisbane: "There have been some transactions from Australian issuers in the US. But the traditional investor in Europe or the UK isn't there anymore for a traditional pass-through structure. They would be there if we were able to issue fixed rate securities."

MASTER TRUST STRUCTURE

The master trust format makes it possible to issue bullet securities in a more straightforward and repeatable manner. The master trust is a revolving pool of assets to which the sponsor can add in order to support cash outflows to investors in the event of prepayment rate changes. The structures also tend to feature substantial seller shares, and liquidity and credit reserves, to support issuance.

The potential of master trusts to issue investor-friendly notes is clearly illustrated by the deal that brought the second-ever Kangaroo RMBS tranche to Australia. Fosse Master Issuer 2012-1, an transaction originated by Santander UK, features 11 tranches denominated in sterling, euros, yen, US dollars and Australian dollars, with total volume at issuance of the equivalent of over US$3 billion.

"Master trusts would provide issuers with another funding source and, in particular, facilitate the securitisation of asset classes with revolving features which existing structures either do not allow or are not conducive to," says Eva Zileli, Melbourne-based senior manager, group treasury at National Australia Bank.

The structure could also facilitate more cost-effective repatriation of funds raised offshore, according to Rod Ellwood, senior manager, group funding at ANZ Banking Group in Melbourne. "Offshore bullet RMBS could be issued without the costly, balance-guaranteed swaps that are usually required for issues of pass-through RMBS into offshore markets. This should translate into cost savings for issuance through master trusts."

> *"Provided the regulator's support is obtained, we expect to see master trusts being developed in Australia over time."*
>
> **EVA ZILELI** NATIONAL AUSTRALIA BANK

The potential value of master trusts is also not lost on smaller banks. "We've looked at them closely," reveals James Shaw, head of securitisation at Bank of Queensland in Brisbane. "We think master trusts represent a new way of funding the bank and potentially engaging with investors who have particular requirements around factors like weighted average life [WAL] and bullet maturities."

And ME Bank's Melbourne-based general manager, funding and financial markets, Paul Garvey, adds: "Master trusts would be a very good thing for the market to implement. The structure allows you to vary bond tenders a lot more than traditional bond structures, and the revolving structure is good for repeated funding. They also provide another term funding option."

ISSUER BASE

However, the way master trusts work could restrict their usage to the biggest asset books of the largest balance sheet lenders. To facilitate the issuance of hard bullets and other investor-friendly note styles, master trusts require overcollateralisation – albeit not to the same extent as covered bond pools – and the encumbrance of assets well beyond the volume of securitisation issued. Some intermediaries suggest issuance might equal just 20-30 per cent of the assets encumbered.

This is a potential hindrance even in the minds of borrowers who believe master trusts could provide cost-efficient funding. One such bank executive says: "Encumbered assets is an issue in terms of the cost of funding the balance sheet component of a master trust. You can't do an RMBS or raise other funds, or repo with the reserve bank, against encumbered assets. The cost of funding a bullet, master trust RMBS would not be cheap – especially for regional banks."

"Offshore bullet RMBS could be issued without the costly, balance-guaranteed swaps that are usually required for issuers of pass-through RMBS into offshore markets."

ROD ELLWOOD ANZ BANKING GROUP

This issue also acts against the chances of master trusts being set up to securitise non-residential mortgage assets by Australian financial institutions. In Australia there simply may not be asset books of sufficient size to justify the use of master trusts for anything other than residential mortgages. None of the big four banks, for instance, have credit card asset books of over A$10 billion (US$10.2 billion) – in the low single figures as a percentage of the scale of their mortgage books.

REGULATION AND CAPITAL

There are also regulatory complications. The most recent form of the Australian Prudential Regulation Authority (APRA)'s APS120 standard, which covers securitisation by authorised deposit-taking institutions (ADIs), contains a chapter laying out what ADIs need to do in order to claim capital relief on securitisations with revolving structures and early amortisation clauses.

The regulator is reluctant to be drawn on whether ADIs could, in practice, structure a master trust under the current rules in such a way as to obtain capital relief for any or all of its issuance. Asked whether the January 2012 form of APS120 could allow capital relief to be granted to a master trust securitisation, an APRA spokesperson says: "It is difficult to give guidance on any theoretical situation as there are a number of factors that need to be considered and each situation is individual."

In this context, another funding executive comments: "Because of the cost and resources involved in putting master trusts together, I don't expect anyone will be willing to commit to spending six months on the complicated infrastructure for master trusts until we have approval from APRA."

Whatever the eventual regulatory outcome, there is substantial doubt that issuance out of master trusts would ever qualify for capital relief – given the requirement to top up pools and the likely large size of seller shares enabling bullet issuance.

The subset of issuers that is most interested in capital relief from securitisation – smaller ADIs – certainly does not have a great deal of confidence that master trusts and capital relief will be natural bedfellows. "It is theoretically possible but very difficult," admits Shaw. "It is hard enough to get capital relief on a standalone RMBS deal nowadays, let alone a master trust. The whole purpose of master trusts involves having a reasonably large seller note in order to control the prepayment speeds and WALs of various tranches."

In the current market environment, the prospects of selling or otherwise funding seller notes seem remote. Steven Mixter, head of securitisation at Lloyds Bank in Sydney, does not believe there is a high likelihood of risk transfer of the notes supporting the more investor-friendly parts of a master trust structure. "The benefits of master trusts lie primarily as a funding tool," he confirms. "Capital relief could be achieved but ultimately a master trust would not dramatically change the dynamics of subordinated notes."

FUTURE HOPES

However, there are still hopes that the high up-front costs of building a master trust could also be recovered. "Even if you get the bonds away at same spread as standalone RMBS, because there is only one setup cost you can spread that cost over multiple issues," says Shaw. "With the master trust structure, potentially you can get asset-backed securities or RMBS away at a more attractive level than standalone, because of the ability to spread the establishment cost and to issue bullet bonds."

And Zileli concludes: "Having been through the process of developing the covered bond programme, there is a good level of knowledge internally on revolving trusts. Provided the regulator's support is obtained, we expect to see master trusts being developed in Australia over time." ■

A longer version of this article appears in the October edition of KangaNews *magazine*.

MOODY'S
INVESTORS SERVICE

AUSTRALIAN RESIDENTIAL MORTGAGE DELINQUENCIES PLATEAU BUT REGIONAL DISPARITY REMAINS

Over the next 12 months ***Moody's Investors Service*** *(Moody's) expects residential mortgage delinquencies in Australia to hold steady, for a number of reasons.* ***Arthur Karabatsos****, vice president and senior analyst in the structured finance group at Moody's in Sydney, explains that the rating agency expects the country's current 5.2 per cent unemployment rate to oscillate in the low- to mid-5 per cent range, partly because the large pipeline of investment in the mining industry will keep the economy growing solidly in the coming years and help keep delinquencies stable at both national and regional levels.*

The Bureau of Resources and Energy Economics estimates that mining projects amounting to A$260 billion (US$266 billion), or 18 per cent of GDP, are under development throughout the country. Although direct mining employment constitutes only 2 per cent of total employment, the benefits of the mining investment boom are spilling over into other areas: employment in professional services has grown almost 5 per cent this year, reflecting strong demand for engineers and those engaging in scientific research to meet the needs of the mining industry.

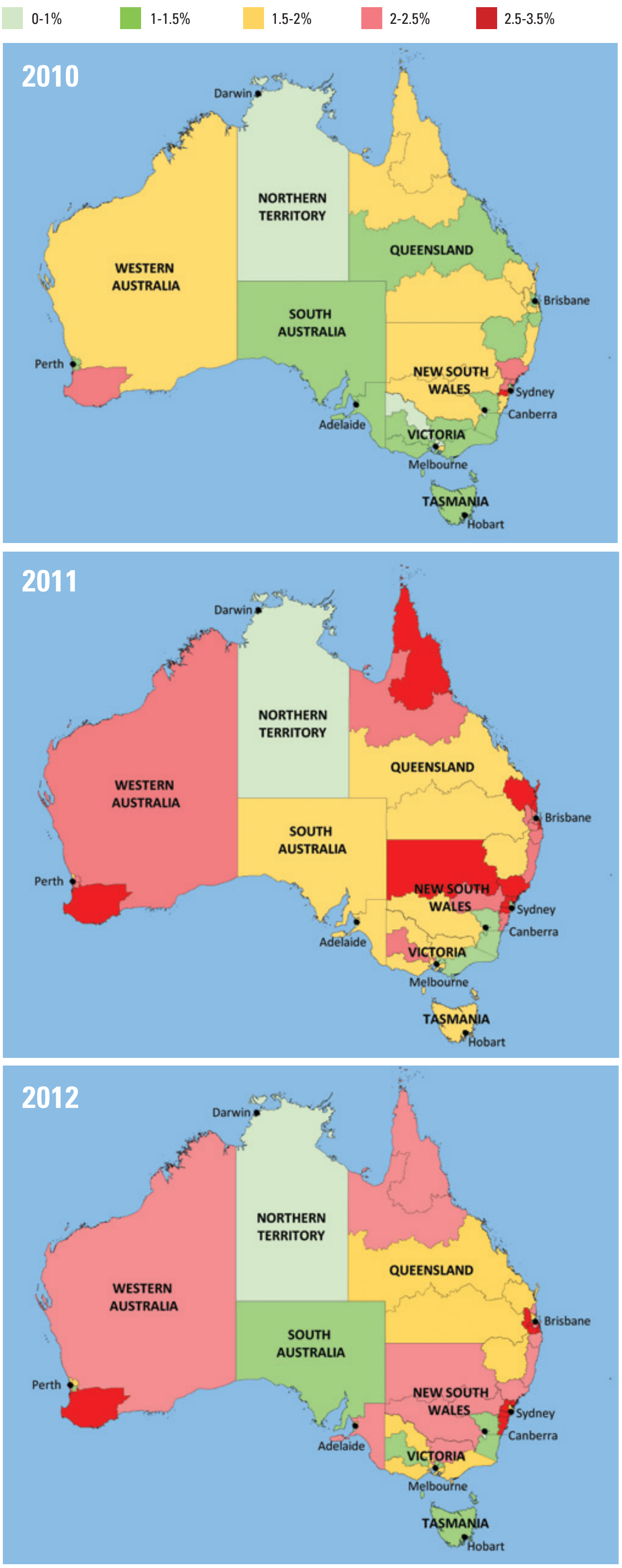
The Reserve Bank of Australia (RBA) estimates that the investment boom will peak in two to three years. The Australian economy will continue to grow subsequently, because the current mining investments will lead to increased production and exports capacity of mineral resources.

To help lower mortgage payments, the central bank can lower the official interest rate of 3.5 per cent, which is high by world standards. In addition, the government, with a debt level of 23 per cent of GDP – which is low relative to other developed economies – has room to introduce fiscal stimulus to help lower unemployment in the event of any external global shocks.

30-PLUS DELINQUENCIES HOLDING STEADY

The national 30-plus delinquency rate for residential mortgages levelled at 1.82 per cent[1] for the 12 months ending May 31 2012, down from the peak of 1.89 per cent in June 2011, which was up from 1.36 per cent in March 2010. The heat maps in Exhibit 1 depict regional residential mortgage delinquency rates since 2010.

EXHIBIT 1 AUSTRALIA: REGIONAL RESIDENTIAL MORTGAGE DELINQUENCIES, 2010-2012



SOURCE: MOODY'S INVESTORS SERVICE

We measure a region's delinquency rate by dividing the balance of all 30-plus delinquent loans by the balance of all loans in the region, including delinquent loans. We then categorise performance as very poor, poor, satisfactory, good or very good, as the table in Exhibit 2 shows.

EXHIBIT 2 AUSTRALIA: PERFORMANCE CATEGORIES FOR 30-PLUS DELINQUENCIES

PERFORMANCE	30-PLUS DELINQUENCIES
VERY POOR	2.5% OR GREATER
POOR	2% – 2.5%
SATISFACTORY	1.5% – 2%
GOOD	1% – 1.5%
VERY GOOD	0% – 1%

SOURCE: MOODY'S INVESTORS SERVICE

DELINQUENCIES IN MINING STATES DECLINE THE MOST

Mortgage delinquencies in the mining states of Western Australia, the Northern Territory and Queensland have declined the most in the last 12 months (see Exhibit 3). The 30-plus delinquency rate in Queensland has declined, but for two straight years it has been one of the nation's two highest, along with the rate for New South Wales.

In both states, 2 per cent of residential mortgages are 30-plus delinquent. However, Queensland – unlike New South Wales – is benefiting from the country's mining boom. In New South Wales, mortgage delinquencies fell only slightly; in Victoria, the rate has remained constant; while in South Australia, it has increased slightly.

Western Australia – Australia's largest mining state – had the third-highest residential mortgage delinquency rate in the last 12 months, at 1.8 per cent. The delinquency rate in Victoria is 1.5 per cent, while in South Australia it is 1.6 per cent.

EXHIBIT 3 AUSTRALIA: 30-PLUS DELINQUENCIES BY STATE, 2010-2012

	30-PLUS DELINQUENCIES			
STATE	2010	2011	2012	CHANGE FROM 2011
WESTERN AUSTRALIA (WA)	1.4%	2.1%	1.8%	-0.3%
NORTHERN TERRITORY (NT)	0.6%	0.9%	0.7%	-0.2%
QUEENSLAND (QLD)	1.4%	2.2%	2.0%	-0.2%
TASMANIA (TAS)	1.1%	1.6%	1.5%	-0.1%
NEW SOUTH WALES (NSW)	1.7%	2.1%	2.0%	-0.1%
VICTORIA (VIC)	1.1%	1.5%	1.5%	+0.0%
SOUTH AUSTRALIA (SA)	1.0%	1.5%	1.6%	+0.1%

SOURCE: MOODY'S INVESTORS SERVICE

TOURISM ALSO HAS AN IMPACT

Not only are both Queensland and Western Australia major beneficiaries of the mining boom, but they also contain regions that depend highly on and benefit considerably from tourism.[2] We list these regions, along with their delinquency rates, in Exhibit 4.

EXHIBIT 4 AUSTRALIA: 30-PLUS DELINQUENCIES BY TOURIST REGION

30-PLUS DELINQUENCIES IN TOURIST REGIONS				
STATE	**REGION**	**2010**	**2011**	**2012**
QLD	GOLD COAST	1.57%	3.11%	2.86%
WA	LOWER WESTERN WA	2.00%	2.78%	2.57%
QLD	SUNSHINE COAST	1.84%	2.68%	2.48%
NSW	RICHMOND-TWEED	1.37%	2.20%	2.35%
QLD	FAR NORTH	1.56%	2.59%	2.27%
NSW	MID-NORTH COAST	1.86%	2.22%	2.27%
	NATIONAL WEIGHTED AVERAGE	**1.36%**	**1.89%**	**1.82%**

SOURCE: MOODY'S INVESTORS SERVICE

Tourist regions in Australia are still faring poorly or very poorly, largely due to the decline in domestic tourism. Because of the strong Australian dollar, more Australians are choosing to travel overseas. According to the Australian Bureau of Statistics (ABS), Australians made a record eight million short-term trips overseas in 2011-12, up from 7.4 million in 2010-11, and more than double the number a decade ago, when the Australian dollar was only half as strong against the US dollar. Before the global financial crisis, more foreign tourists were visiting Australia than Australians were going overseas. The opposite is now true.

The delinquency rate in New South Wales is high because the state includes five of the nine worst-performing regions (see Exhibit 5). These five regions surround Sydney, the state capital.

EXHIBIT 5 AUSTRALIA: 30-PLUS DELINQUENCIES FOR REGIONS PERFORMING "VERY POORLY"

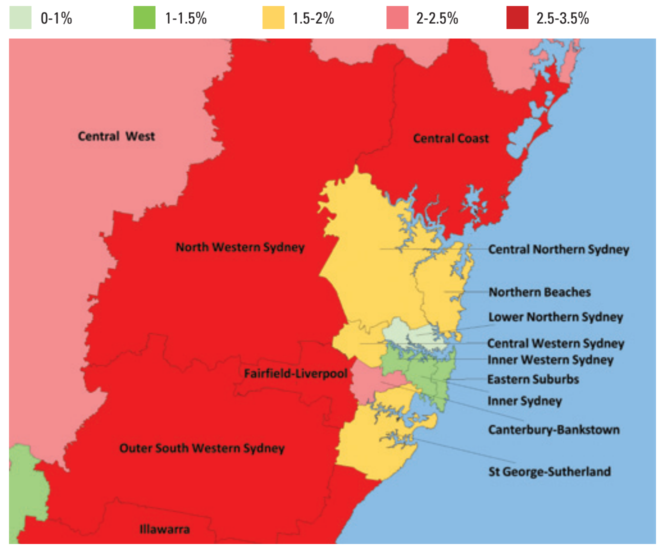
STATE	REGION	2010	2011	2012
NSW	OUTER SOUTH-WESTERN SYDNEY	2.55%	2.85%	3.19%
NSW	CENTRAL COAST	2.33%	3.14%	3.02%
QLD	WEST MORETON	1.78%	2.22%	3.00%
NSW	NORTHWESTERN SYDNEY	2.37%	2.97%	2.91%
QLD	GOLD COAST	1.57%	3.11%	2.86%
NSW	FAIRFIELD-LIVERPOOL	2.77%	3.15%	2.62%
WA	LOWER WESTERN WA	2.00%	2.78%	2.57%
NSW	ILLAWARRA	1.82%	2.19%	2.55%
QLD	IPSWICH CITY	1.39%	2.37%	2.53%
	NATIONAL WEIGHTED AVERAGE	**1.36%**	**1.89%**	**1.82%**

SOURCE: MOODY'S INVESTORS SERVICE

The only two regions to perform very poorly for three straight years have been around Sydney. One, outer south-western Sydney, is also this year's worst-performing region. The other was last year's worst performer, Fairfield-Liverpool, which is about 30 kilometres from Sydney's central business district.

The heat map for Sydney also reveals a higher proportion of defaults are in regions that are further away from the city centre (see Exhibit 6).

EXHIBIT 6 AUSTRALIA: 30-PLUS DELINQUENCIES IN REGIONS SURROUNDING SYDNEY, 2012



SOURCE: MOODY'S INVESTORS SERVICE

AMOUNT OF BORROWER EQUITY MATTERS MORE THAN DECLINE IN HOUSE PRICES

Many market commentators focus on house price declines to explain or predict mortgage delinquencies. But our analysis shows that the amount of a borrower's equity in the home is an overriding factor. Exhibit 7 lists regions in Sydney in order of increasing equity and therefore decreasing loan-to-value (LTV) ratios. The colour-coded horizontal bars show the house-price movements in each region, and reflect delinquency rates in the following categories: very poor, poor, satisfactory, good or very good.

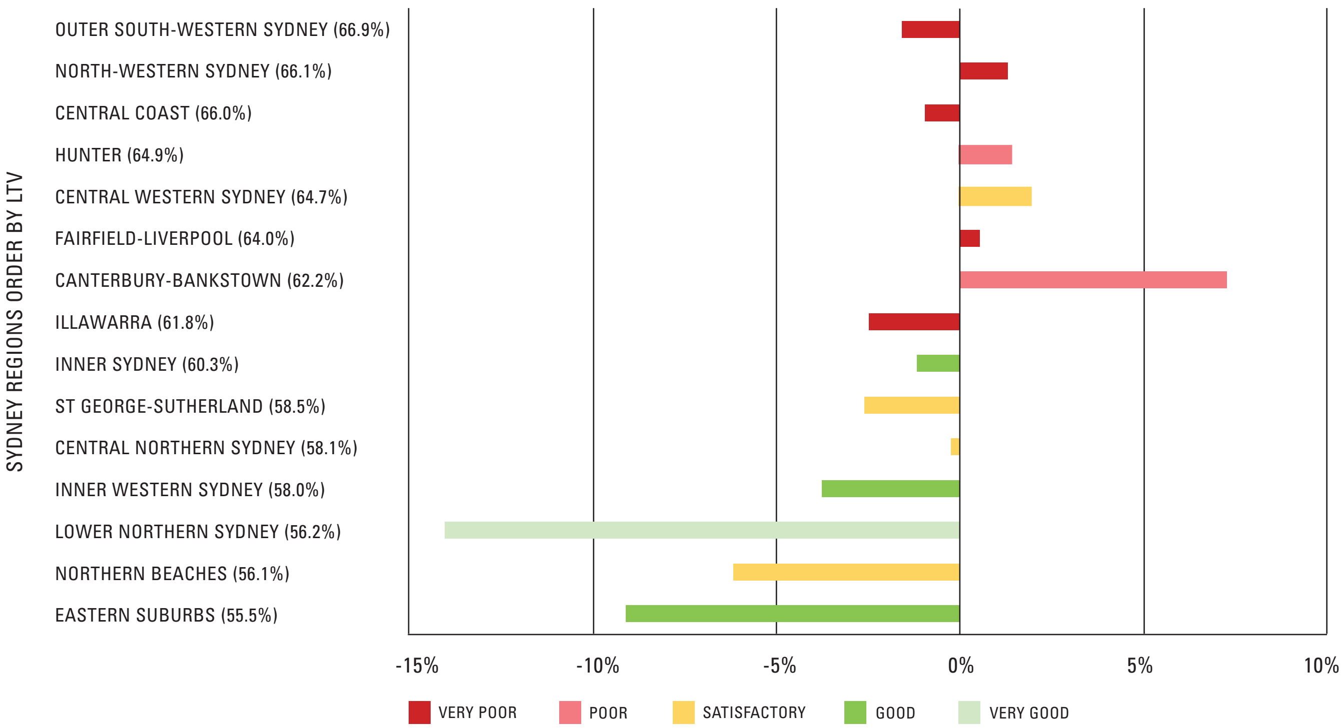
Exhibit 7 also shows that in the regions where borrowers have more equity – the regions at the lower end of the y-axis – the delinquency rate is lower, despite larger house price declines. For example, the more affluent region of lower northern Sydney – where equity levels are high, with the LTV ratio at 56.2 per cent – the mortgage delinquency rate is the second-lowest in the country, at 0.8 per cent, despite house prices falling by 14 per cent.

In sharp contrast is outer south-western Sydney, the country's worst-performing region, where borrowers are less affluent and have less equity in their homes as well as the second-highest LTV in Australia, of 66.9 per cent. The delinquency rate in this region is the highest in Australia, at 3.19 per cent, despite house prices falling only marginally, by 1.57 per cent.

LONG-TERM UNEMPLOYMENT LEADS TO MORE DELINQUENCIES

By aligning our regional definitions with those from the ABS, we are easily able to overlay its unemployment and jobs data to gain further insight. Regions with poor or very poor delinquency rates have on average had a higher long-term

EXHIBIT 7 SYDNEY REGION LOAN-TO-VALUE VERSUS HOUSE PRICE MOVEMENTS MAY 2011-MAY 2012 (COLOUR CODED BY DELINQUENCY PERFORMANCE)



SOURCE: SOURCE: MOODY'S INVESTORS SERVICE, USING RP DATA

unemployment rate of 5.95 per cent, versus the national average of 5.37 per cent.

In addition, these regions have larger proportions of low-skilled, lower-income workers working in sectors such as manufacturing (10.3 per cent versus the national average of 8.3 per cent), transport (6.1 per cent versus 5.1 per cent), and construction (10.4 per cent versus 9.1 per cent). In an economic downturn, these workers are more likely to become unemployed or underemployed.

Conversely, regions with very good or good delinquency rates have on average lower long-term unemployment rates of 4.7 per cent versus the national average of 5.37 per cent. They also have larger proportions of professional workers (10.0 per cent versus the national average of 7.7 per cent) and jobs in education (8.6 per cent versus 7.6 per cent). Employees in these two sectors have better skills, higher wages and – in the case of the education industry – better job security.

Job security in the Australian Capital Territory and the Northern Territory is skewed by the large number of government jobs, which constitute 31 per cent of the market in the former and 16.4 per cent in the latter, versus the national average of 6.5 per cent. The Northern Territory also benefits from the mining boom, which has helped make it the best-performing region: mining provides 3.4 per cent of the region's jobs, versus the national average of 2 per cent.

Exhibit 8 lists the regions with very good performance in 2012. ■

EXHIBIT 8 30-PLUS DAY DELINQUENCIES IN REGIONS WITH "VERY GOOD" PERFORMANCE

30-PLUS DELINQUENCIES IN TOURIST REGIONS

STATE	REGION	2010	2011	2012
QLD	BRISBANE CITY INNER RING	0.60%	1.27%	0.96%
WA	CENTRAL METROPOLITAN	0.39%	1.29%	0.88%
ACT	AUSTRALIAN CAPITAL TERRITORY	0.57%	1.00%	0.84%
NSW	LOWER NORTHERN SYDNEY	0.54%	0.59%	0.80%
NT	NORTHERN TERRITORY	0.57%	0.92%	0.69%
	NATIONAL WEIGHTED AVERAGE	**1.36%**	**1.89%**	**1.82%**

SOURCE: MOODY'S INVESTORS SERVICE

(1) This number differs from the number in our Moody's Prime RMBS Delinquencies Index because data in this report also includes deals Moody's does not rate.

(2) See Economic Importance of Tourism in Australia's Regions Phase 2: Large tourism-dependent regions August 2011.

◆ FOR FURTHER INFORMATION PLEASE CONTACT:

Arthur Karabatsos
Vice President, Senior Analyst Structured Finance Group
Moody's Investors Service
+61 2 9270 8160
arthur.karabatsos@moodys.com

Q+A

VIEW FROM OFFSHORE

***Henry Cooke**, European Head of ABS at **Threadneedle Asset Management** in London, and **Francisco Paez**, director, **Metlife** in Morristown, New Jersey, discuss their approach to investing in global asset-backed and covered bond product. They highlight the reasons behind their appetite for Australian product.*

What kind of funds do you manage, and how does securitisation fit into those portfolios? Are you active buyers of covered bonds?

◆ COOKE A lot of the money we manage is from general business insurance. My team focuses on asset-backed securities and covered bonds, but Threadneedle manages about £28.5 billion (US$45.4 billion) of fixed income assets. Globally, we have £1.8 billion of funds under management for asset-backed securities (ABS) – which does not include covered bonds.

Our main currencies of investment are USD, EUR, GBP and AUD. If you had asked me a year ago about my appetite generally for covered bonds, I would not have had a very positive response. However, looking at the issuance so far from Australian banks and the other banks in the new breed of covered bond issuers – across a range of currencies – I would say they have really improved clarity in that market.

I think the Australian banks benefited from timing in terms of their entry into the covered bond sector. They started issuing this product at a time when, globally, a lot more transparency was being introduced into the asset class. Back when German issuers dominated the market with their Pfandbriefe, it was very difficult for investors to obtain information on what was in the cover pools. And the product traded very tight – it was more of a rates than a credit product. Nowadays, covered bonds are moving towards being a credit product. Combined with the excellent visibility given on the assets within the cover pools, this has made the Australian covered bonds a very attractive investment.

Although our main currencies of investment are the four mentioned above, I would have jumped at the chance to buy some of the privately-placed covered bonds in NOK issued by the Australian banks earlier this year. However, I understand those were mainly reverse-enquiry trades. I would definitely look at buying on the secondary market if the opportunity arose.

◆ PAEZ On June 30 2012 we had around US$366 billion of fixed maturity securities, of which approximately US$74 billion – or 20 per cent – was in structured securities.

The role that securitisation plays in the overall portfolio is one of diversification. We find good-quality assets in this sector and the variety of tenor and credit profile we see can satisfy the needs of several of our portfolios – both in the US and internationally.

Regarding covered bonds, we have invested in this product in the past. As you know, there is no covered bond legislation in the US, so it's not an active market here. It's a pretty active market in Europe, and Australia is starting to be active with the passage of legislation late last year.

We consider covered bonds as another asset sector alternative, so we look at them in terms of their relative value versus competing assets. At the end of the day, the question is whether the credit characteristics of a covered bond transaction justifies the lower yield versus the corporate bonds of the sponsoring bank.

In this regard, one concern we have had in certain jurisdictions is that the information made available on a covered bond, specifically information on the cover pool, is not as transparent as the information we see in a residential mortgage-backed securities [RMBS] transaction, for example.

But given that the cover pool is the main reason these covered bonds get a higher rating and are paying a lower yield due to their strong collateral, we feel there should be very robust disclosure on the cover pool.

Secondly, because of the nature of the covered bond market, we often see deals come to market very quickly, which doesn't allow us sufficient time for a thorough credit assessment of the cover pool – on which the higher rating and lower yield hinge.

Regarding Australian covered bonds, I have looked at some of the deals that have come to market. Generally speaking, issuers in Australia have shown willingness to provide better disclosure. Nevertheless, I would say that the disclosure on covered bonds is not as consistently robust as we have seen on the RMBS front. From that perspective, and considering that we have often seen covered bonds come with spreads that are lower than those on RMBS for a very equivalent type of risk, the covered bond asset class has not been as attractive a proposition for us.

> *"Covered bonds are moving towards being a credit product. Combined with the excellent visibility given on the assets within the cover pools, this has made the Australian covered bonds a very attractive investment."*
>
> **HENRY COOKE** THREADNEEDLE ASSET MANAGEMENT

Do you invest across a range of securitisation products?

◆ **COOKE** Our starting point is looking at the overall macro environment. Our view on this defines the risk we want to take. Right now, we think housing markets are generally under a lot of pressure and will remain that way for the forseeable future. At the same time, we believe the senior tranches of RMBS can withstand a downturn in housing prices and consumer behaviour. As a result, at the moment, in general, we are more focused on prime RMBS and the senior tranches.

As soon as we see the overall macro environment changing for the positive, we will look for the best return and therefore be more open to investing in lower-rated or mezzanine tranches.

With regard to other ABS, there are some fantastic opportunities out there, while others look more negative. For example, the secondary commercial property market in the UK needs huge capex in order for borrowers to keep going as viable entities, so we are not that keen on this sector. Recently, we have sold a lot of commercial mortgage-backed securities [CMBS] with this exposure, even though they were offering an attractive yield.

Taking this to Australia, we look at Aussie ABS – particularly SME loans and non-conforming mortgages, and we have recently bought some ABS backed by SME loans at a senior level that have been issued on a private placement basis.

When looking at alternative ABS we employ the same strategy as with RMBS in terms of making an effort to investigate the underlying asset pools thoroughly. With this in mind, we like to meet with the people who are running the product – those originating and underwriting the loans – rather than with investor relations people who generally tend to tell investors what they think we want to hear.

◆ **PAEZ** When I think about our structured finance portfolio here in the US, we have the gamut of securitisation investments. We have a large RMBS portfolio, we invest in CMBS, and within the ABS sector we have auto loan-backed ABS, credit card-backed ABS, collateralised loan obligations, and student loan-backed ABS, all the way through to the more esoteric ABS types such as container-backed ABS.

Although the majority of the assets come from within the US, we also make similar investments internationally. When it comes to Australia we have invested primarily in RMBS and auto loan ABS.

Are you active buyers of mezzanine and subordinated securitisation tranches, and what constraints do you have in this sector?

◆ **COOKE** My previous answer gives our broad investment approach. However, recently we have bought some mezzanine tranches in Australia, for example. So we are open to investments further down the structure – as long as we can pick and choose and really understand each individual deal. And also as long as there is sufficient credit enhancement. Within the sector there are some real gems – which offer very seasoned loans, strong credit enhancement and will survive any reasonable stress scenario.

◆ **PAEZ** As a general rule, and particularly in USD, there's no reason we wouldn't look at subordinated and mezzanine tranches in many of the structured finance sectors in which we invest. Investing in these tranches is a function of our credit assessment of those bonds, the relative value given the credit assessment, and any specific portfolio needs we may have.

Having said this, individual portfolios may have limitations in their guidelines, which could be based on ratings or the capital structure.

We have not invested in any of these tranches in Australia – mainly because the mezzanine market is not tremendously active.

How does credit enhancement in Australia differ from other jurisdictions?

◆ **COOKE** It is very well structured. And a big difference is the lenders' mortgage insurance (LMI) offered in Australia.

Also, we find that in many cases credit enhancement has naturally built up over time via loans that are well seasoned and which can easily be refinanced elsewhere, with a fast prepayment history so also with a relatively short duration. These factors mean that the tranche would probably still be rated triple-A, even without LMI. Coupled with LMI, it means these securities are likely to be able to withstand a dreadful house price decline. So even if there is a bubble in Australia, some securities will be able to withstand even a relatively large correction in the housing market.

Do you have a tenor preference in securitised product?

◆ COOKE Due to the general insurance money we manage, our sweet spot is a three-year weighted average life.

◆ PAEZ We have a variety of products on the liability side that we try to match. This gives us flexibility in terms of the tenors we seek. In USD we have needs anywhere from short term all the way to 10-plus years.

For AUD, we have more specific needs in this currency, which are five-year or 10-year fixed rate needs. We don't see a lot in that tenor coming out of Australia, but we have worked with some of the sponsors to try to originate that type of product. We have been moderately successful with this – via public deals rather than private placements.

Do you have a preference for standard pass-through securitisations or for issuance structured to have a fixed maturity, such as out of master trusts? Are you prepared to give up margin for your favoured structure?

◆ COOKE In theory, the master trust structure enables issuers to broaden their investor base, as bullet securities appeal to a wider range of investors. However, master trust structures are unbelievably complicated for an issuer to put in place, and as a result there are not many – even in other jurisdictions – that have developed models to be able to issue under this structure. And it is generally only those institutions with a big mortgage book that have done so.

In general, RMBS issued with a master trust structure trade at lower yields than standalone structures and they are also generally more liquid. How much investors are willing to pay for this increased liquidity, though, is a matter of debate because we all discovered during the global financial crisis that liquidity can disappear when you need it most.

We also find that securities issued under master trust structures offer better price performance for investors in the secondary market.

In Australia there is a very strong domestic investor base that seems perfectly happy with standalone RMBS. So although introducing a master trust structure would probably bring in some offshore investors, I don't think they will come in just because there is a master trust structure on offer.

◆ PAEZ There is a very high potential for Australian issuers to tap investor needs around the globe by using master trusts. With a master trust structure you can have a fixed amortisation schedule and a fixed maturity, and swapping into other currencies becomes easier and certainly much less expensive than with a pass-through type of structure. That would allow issuers from Australia to gain investors around the globe.

We certainly have quite an appetite in USD for those types of transactions, so I think that master trusts are a means to attaining that goal.

In AUD, as discussed, our needs are mostly on the five-year or 10-year fixed range, and that's not a product you typically see in the market. This is also a function of the nature of the collateral, but once you enter a master trust type of model it becomes really easy to issue the bonds that specific investors need out of the master trust.

To give you an example, we recently had discussions with an Australian bank about the potential of issuing a USD tranche within a transaction they were considering. When they did the maths, the cost of the swap made it prohibitively expensive for the borrower to issue in USD at competitive rates. The issuer would likely not have had this problem had they been issuing under a master trust structure.

"Considering that we have often seen covered bonds come with spreads that are lower than those on RMBS for a very equivalent type of risk, the covered bond asset class has not been as attractive a proposition for us."

FRANCISCO PAEZ METLIFE

Do you think a master trust structure from Australian issuers might improve the issue of lack of liquidity in Australian ABS?

◆ PAEZ There is an issue with liquidity in general in the Australian market and investors therefore demand a higher yield. I think master trusts, especially if issuers come regularly to market, could substantially improve that issue of liquidity. And with more liquidity there would be lower spreads.

In other markets would you be prepared to pay a premium for the liquidity benefit of master trusts?

◆ PAEZ In the US the main asset class that uses the master trust structure is credit card ABS. That is really the only model that is used for this type of ABS, and here it is a tremendously liquid product so it commands a high premium – or a very low yield – versus most of the other structured finance asset classes.

There is an advantage to higher liquidity and the market recognises that.

What role does offshore-origin ABS play in your portfolios?

"There is an issue with liquidity in general in the Australian market and investors therefore demand a higher yield. Master trusts, especially if issuers come regularly to market, could substantially improve that issue of liquidity."

FRANCISCO PAEZ METLIFE

◆ **COOKE** We look at investments on a relative value basis. There was a time when we could buy Australian RMBS issuance in Europe and swap it back to AUD at very attractive rates compared with where AUD domestic RMBS were being issued. Right now, though, we see domestic Australian market deals as offering more value.

Our main driver is fundamental value – what we are trying to find is alpha. And to find it we do a lot of work assessing the economic fundamentals and then the systems and processes of the issuers in different jurisdictions. This is more important to us than diversification.

◆ **PAEZ** We do look at structured finance deals from non-US issuers, for a couple of reasons. From a US portfolio perspective they are a source of diversification and relative value, and it gives us more options to compare, globally, where to put our dollars to work. And a jurisdiction like Australia that has a good track record and performance provides us with an alternative to put dollars to work.

In addition, we are a global company and we have portfolios around the world that also have needs for diversification and relative value. For those portfolios, non-US investments may be even more important. Many markets outside the US may have fewer diversification opportunities, so global structured finance transactions can play an important role from that perspective.

Are you interested in – or active buyers of – foreign currency securitisation?

◆ **PAEZ** By and large our US portfolios invest in USD. We do have the ability from time to time to invest in other currencies, but that is a relatively small part of what we do. As a result, any Australian securitisation we look at for our US portfolios would have to be denominated in USD for the time being.

A couple of Australian issuers are active in USD – such as Macquarie Bank with its SMART programme. We always take a look at these deals, and if there are more Australian issuers that want to issue in USD, we would potentially have significant appetite for those deals.

For our international portfolios denominated in AUD, to the extent we can meet the tenor and other needs for those portfolios,we will be looking at AUD-denominated transactions.

Do you have a preference for particular kinds of originators of offshore securitisations, for instance for deals from 'national champion' banks?

◆ **COOKE** We will not invest in the product of any issuer unless we know about their business and how they originate and underwrite mortgages. And in many cases, once we have done our thorough investigation, we do not invest in national champion banks. For example, we do not own any of the RMBS issued by one of the UK national champion banks. We have found their data handling to be worrying, and their attitude towards investors – and supplying them with transparent information – to be appalling.

We will literally go through each mortgage in a pool, loan by loan, in forming our investment view. This is far more important than an originator being one of the biggest banks in a country – national champion is not a safe haven in my book.

◆ **PAEZ** We pay attention to the securitisation sponsor. With a national bank – such as one of the big four in Australia – there are positive arguments for them given their size and relevance in the market. However, there are also regional players that have good processes in place, good infrastructure and good underwriting capabilities.

At the end of the day it's a function of our level of comfort with the sponsor. We have visited a number of the regional banks in Australia, as well as most of the big four, and we've done due diligence of their underwriting and collections. We have found a number with which we would be comfortable.

How comfortable are you with the creditworthiness of Australian securitisation – especially in relation to your outlook on the Australian housing market?

◆ **COOKE** Do we believe the Australian housing market is robust and will only go up? Absolutely not. There is definitely a housing bubble, but we don't know when it will burst. And of course this differs from state to state.

So, for us, transparency is everything. We are not particularly wary of the bubble because we believe there are still some very good investments. And, with the right analysis, we are able to choose those securities we think will survive a housing price correction.

◆ **PAEZ** We look at housing prices in Australia and they seem to be expensive on an international basis. Having said that, looking at the dynamics causing those price levels, they don't seem to be as influenced by undisciplined or cheap financing as we have seen in other jurisdictions. From that perspective, we don't see it as speculative as we saw it in other countries before the financial crisis.

I expect that, if there is a level of economic contraction for whatever reason, it would undoubtedly affect housing prices. However, I wouldn't expect the magnitude of that reduction in housing prices to be anywhere near as disruptive as it was in the US, for instance. And I wouldn't expect it to be disruptive to the majority of the RMBS or covered bond market in Australia.

How would your summarise the risk-return dynamics of Australian-origin securitisation?

◆ *COOKE* We think Australian RMBS offers very good value, and the rest of the world is about to wake up to that fact and buy in. This is in some ways unfortunate for investors like Threadneedle that already have a footprint in this market – because the ease of being involved in Australian RMBS will only get more difficult as lots of other players start participating. I'm especially expecting US-based investors to dip their toes in this market.

◆ *PAEZ* I would say that Australia has had a positive and strong performance of securitisations, particularly on the prime RMBS side – which compares favourably to other strong jurisdictions such as the UK and the Netherlands. So Australia is right there with other strong historical performers.

Also, in Australia you have very strong underwriting – so the quality of loans going into RMBS transactions seems to be pretty sound. And, as I've mentioned, there are a number of strong sponsors in Australia – that not only have good processes and infrastructure in place but also have the financial wherewithal to issue sizeable transactions.

All these are positive factors that put Australia on par with other strong jurisdictions.

The one limitation I see with Australia – as mentioned – is lack of liquidity. I don't see most Australian issuers being consistent in terms of coming to market and maintaining their platforms actively. I think that puts negative pressure on Australian product. However, this is a relatively easy fix: issuers just need to be mindful of their RMBS franchise and to make sure they come to market and provide the supply of product investors need.

From a relative value standpoint, what we have seen from Australian transactions coming to this market is that oftentimes they haven't been as attractive as some other jurisdictions have been. For example, compared with the UK prime RMBS market.

Having said that, over the last three months there has been a tremendous rally in prices of European product so spreads have been trending tighter. That will make Australian product more competitive.

What kind of premium, if any, do you expect from Australian securitisation deals over and above those originated in your home market?

◆ *COOKE* Because there is a robust domestic investor base, it is not really possible for international investors to demand a premium for buying Australian RMBS. And anyway, presumably the decision to invest in Australian RMBS is based to some extent on the fact that it is trading at a premium to RMBS in your home market, or because the currency basis gives a premium to your home market securities. Therefore, I would not expect to see a premium versus my home jurisdiction.

◆ *PAEZ* You have to take everything in context. I think AUD product can play an important diversification role for US investors, given the limited supply of alternatives we see in this market. There is certainly value to that.

However, the big issue is liquidity – from that perspective investors will demand a premium for that lack of liquidity. Again, this is a fairly easy problem for issuers to solve – either by issuing more frequently or by issuing via master trust structures.

Issuers will find receptive potential investors in the US. The UK banks have been tremendously successful in tapping the US market. However, there is just a handful of issuers out of the UK, so there is a lot of room for issuers in similar jurisdictions, like Australia, to do the same thing.

With our strong focus on international structured finance for diversification purposes, we would be in a position to put a significant amount of dollars to work if we were to see those opportunities coming to this market. The Australian story is very positive, so issuers from this jurisdiction have significant potential to develop this market further and to tap the pockets of more investors around the globe. I hope they take advantage of this diversification opportunity. ■

"We think Australian RMBS offers very good value, and the rest of the world is about to wake up to that fact and buy in. I'm especially expecting US-based investors to dip their toes in this market."

HENRY COOKE THREADNEEDLE ASSET MANAGEMENT

National Australia Bank

A PRESENT AND FUTURE VIEW OF AUSTRALIAN SECURITISATION

National Australia Bank (NAB) has a proud track record of arranging and lead managing some of Australia's most innovative securitisation transactions. Two Melbourne-based NAB executives – John Barry, head of securitisation, and Arkady Lippa, head of balance sheet solutions – talk to ASJ about how they see the market developing and the key areas of focus for NAB as it helps facilitate client funding.

MARKET DYNAMICS

Despite a recent pickup in deal flow, Australian securitisation issuance volume has been down in aggregate so far in 2012 – in fact until August it was below even levels from 2008. Is the market really as challenged as these figures might suggest?

◆ BARRY There are several reasons for the lack of supply. One of the key ones is lack of supply from the major banks, who have preferred to do a substantial proportion of their issuance in covered bond format. Credit growth is also slow, which has made some of the smaller authorised deposit-taking institutions (ADIs) less active, at the same time as deposit growth being quite strong.

Through all these factors RMBS spreads have remained quite wide, so clearly conditions have not been optimal for increased issuance.

Having said that, we have seen some encouraging signs since August. There is increased participation in deals from real money investors, including some names we have not seen in books for over a year coming in with reasonable-sized bids. Offshore interest is also picking up, with the focus of that broadening from just the US to Europe and, in particular, the UK and Japan.

That demand has come through in both primary and secondary form – investors have been looking for stock in the secondary market because of the lack of primary flow. It has also been very positive to see the reduced level of participation in deals by the Australian Office of Financial Management (AOFM) (see chart on p32), including being scaled out of some recent deals completely.

◆ LIPPA We have seen spreads in other products – covered bonds and senior unsecured – tighten quite significantly through 2012, while RMBS stayed flat until mid-September before showing its first signs of tightening. I believe we are starting to see movement towards more normal and stable pricing relativities between these products, which is a positive development.

◆ **BARRY** The relative value play is a noticeable trend. Covered bonds have outperformed this year on the back of a big rally in their spreads, which has left senior unsecured and, even more so, RMBS looking quite cheap to some investors. Certainly the spreads more than compensate investors for the risk.

To what extent has the emergence of covered bonds in the Australian market competed away demand for prime RMBS in particular? Have covered bonds been a major driver of a reduced aggregate need to issue securitised product?

◆ **BARRY** Covered bonds have definitely affected RMBS supply, particularly from the major banks. However, RMBS is still an important funding tool, even for the majors, as they continue to be keen to access different markets and match fund securitised portfolios. I think the volatile situation experienced in the latter part of 2011 is still front-of-mind for many banks, and with covered bond issuance capped at 8 per cent of balance sheet there is a clear need to diversify funding sources.

On the investor side there are some crossover buyers between securitisation and covered bonds. The amount of covered supply in the early months of the year – I believe Australia accounts for 17 per cent of global covered bond issuance in 2012 – obviously had an impact on appetite for RMBS.

◆ **LIPPA** Longer-term, once banks start getting closer to their covered bond issuance caps ongoing deal flow will reduce. It will become a more mature market with an established investor base, which will find its natural relative value relationship with RMBS like it has in other jurisdictions such as the UK.

"Offshore interest is picking up, with the focus of that broadening from just the US to Europe and, in particular, the UK and Japan."

JOHN BARRY NATIONAL AUSTRALIA BANK

While RMBS spreads started to tighten towards the end of Q3 2012 they had not matched the tightening seen in the covered bond market. How do you assess relative value of the RMBS asset class versus other securities, and why has the relative value argument apparently not attracted more investment to the sector?

◆ **BARRY** Covered bonds are a more liquid instrument and have appeal to a broader group of investors, especially in offshore jurisdictions where they qualify as tier one liquid assets under banking sector regulations and still deliver attractive returns. The broader and deeper nature of the covered bond market means there will always be a pricing differential between that asset class and RMBS.

By mid-September the differential between covered bonds and RMBS in Australia was significant: in excess of 70 basis points across various tenors. RMBS has to look attractive to those investors who don't require the liquidity of covered bonds under that kind of relativity (see table on p32).

◆ **LIPPA** Senior unsecured might be an even more appropriate reference point for RMBS pricing, given both are types of single-recourse instrument. While there is the better liquidity argument around senior unsecured, similar to covered bonds, RMBS still represents great value relative to three-year senior unsecured given RMBS has been offering spreads over 40 basis points wider.

You mentioned the declining role of the AOFM in recent deals, but how do you assess the role of the AOFM in Australian RMBS going forward?

◆ **LIPPA** The way the AOFM operates and its mandate do not tend to change unless there are explicit moves to do so. Therefore, for now, we assume it will continue to operate under the current framework. In the context of the market, the AOFM's role continues to morph towards being akin to another balance sheet-type investor, albeit one that can partially mitigate execution risk by offering cornerstone positions and which will not invest if it doesn't have to. That will stretch its mandated investment volume over a longer period of time and provide ongoing support to issuers. They take a lot of comfort in being able to rely on the AOFM to manage execution risk through its bid for class A as well as class AB tranches.

◆ **BARRY** One of the key issues with the AOFM is what will happen once its remaining RMBS allocation – of around A$4 billion (US$4.1 billion) – is exhausted. There is some uncertainty associated with that, although the rate at which the mandate is being used in present market conditions – which are of course subject to change – suggests that the AOFM might have funds available for some time.

OTHER ASSET CLASSES

There has been a relatively encouraging level of nonconforming deal flow. Where is the demand for these deals coming from, and what potential is there for further supply?

◆ **BARRY** The demand is coming from real money accounts. In some cases it is actually easier to clear most of the capital structure on nonconforming deals than it is to clear all tranches in prime deals. Since we helped to re-open the market with a deal for Pepper in late 2010 we have seen a consistent group of investors, both domestic and offshore, involved in these deals. Those investors have also been participating in transactions across the full capital structure.

"There is some ambiguity around what qualifies as significant risk transfer. But when – and if – that is clarified, securitisation will continue to be a technology that can be used to achieve capital relief."

ARKADY LIPPA NATIONAL AUSTRALIA BANK

Obviously, interest is in part driven by the ability to pick up yield – nonconforming books have more of an ability to 'meet the market' in that regard. But with some investors the lack of mortgage insurance in nonconforming transaction pools removes an aspect of possible ambiguity when it comes to rating downgrade risk.

The credit performance of the nonconforming sector has been very strong and risk-adjusted returns are attractive. There has been some consolidation in the nonconforming lender sector, as there has been in the non-bank sector more generally, but the lenders that remain active in the market have adapted their business models and are well-supported by both their banks – through warehouse funding – and by institutional investors. We foresee pretty consistent supply in non-conforming RMBS.

The non-mortgage asset-backed securities (ABS) market has been quite robust for Australian issuers, both at home and abroad. Is that simply a factor of desire for strong instruments with short tenors?

◆ **LIPPA** I think there have been multiple reasons for that robustness. In the US market in particular ABS tends to price tighter than RMBS, so the fact that it is quite significantly wider in Australia – particularly when tenor is taken into account – means it is a fantastic relative value investment. It also delivers diversification across investment portfolios.

The shorter tenor of ABS is an attraction for some investors, as is the fact that extension risk is pretty much non-existent in some ABS and relatively minor in all of it.

◆ **BARRY** The performance of auto- and equipment-based ABS, for example, hasn't missed a beat since the onset of the financial crisis. The asset class also has not had to work through the same reputational issues as RMBS, particularly in the US. We have continued to see very solid demand locally and offshore, allowing some Australian issuers to tap the US and, more recently, the UK market. Both of those issuance options are very attractive from a cost and volume perspective.

Looking at offshore developments, another sector that is interesting in an Australian context is the credit card ABS market. It is very well established in the US, and we have also seen increasing quantities of UK- and Canadian-origin credit card deals denominated in US dollars. US investor appetite for high-quality consumer exposures, and for diversification, means those deals have been very well received. The Australian market is asking whether there is potential to do more on the credit card side – especially in combination with the master trust discussion.

◆ **LIPPA** Historically the Australian banking regulator has not favoured the kind of structure being used for credit card transactions in the US. I think that will continue to be a barrier, and though I don't think it means credit card deals cannot be done in Australia they may have to be done in a format that differs from what US investors are used to.

◆ **BARRY** The issue is around the concern of the Australian Prudential Regulation Authority (APRA) about depositor protection. If there is an insolvency event there is a question around the priority of the allocation of collections. That means applying a US-style deal structure – in which collections go to ABS investors in priority to deposit holders in case the receivable is split between the ABS-issuing entity and the originating bank balance sheet – would not necessarily sit well with the Australian regulator.

Credit card books at Australian banks are much smaller than mortgage books, though. Would there be enough assets to support economic securitisation?

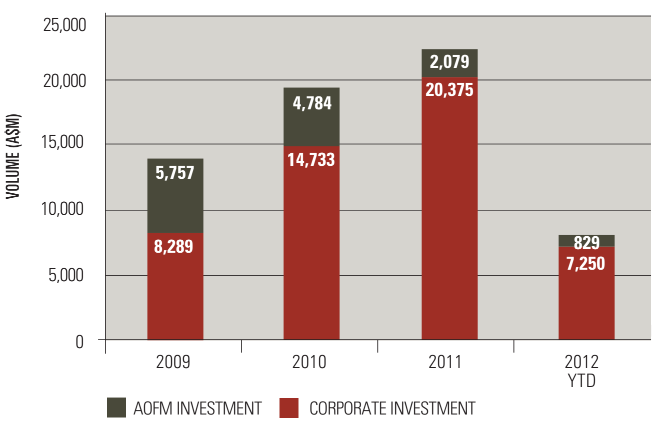
◆ **LIPPA** I think it would work for the major banks. There are a small number of other potential issuers as well, who may not face the same regulatory issues, but primarily it will be a product for the larger banks.

DEMAND FACTORS

The relatively low level of participation in RMBS deals by real money investors has been much commented on. What could be the keys to attracting domestic institutional investors back to the market?

CO-PUBLISHED FEATURE

AUSTRALIAN RMBS ISSUANCE



SOURCE: NATIONAL AUSTRALIA BANK SEPTEMBER 18 2012

COMPARISON OF BANK FUNDING TOOLS

PRODUCT	SPREAD (BP)	BENCHMARK	COMMENT
COVERED BOND	60-65	3M BBSW	MULTIPLE PRICE POINTS, AAA RATED, LIQUID
SENIOR UNSECURED	85-90	3M BBSW	MULTIPLE PRICE POINTS, AA- RATED, LIQUID
RMBS	c140	1M BBSW	USUALLY CIRCA 3YR, AAA RATED, SECONDARY MARKET USUALLY MORE BROKERED IN NATURE

SOURCE: NATIONAL AUSTRALIA BANK SEPTEMBER 18 2012

◆ **BARRY** At a macro level the answer lies in initiatives that promote greater asset allocations to fixed income and defensive assets, including RMBS. That is an important agenda, and one which NAB is trying its best to drive through multiple channels as well.

In the micro realm ultimately investor participation, within a given investment mandate, will come down to perception of relative value. There have been a number of industry initiatives aimed at things like increasing transparency in product disclosure, for instance, which it is hoped will help improve appetite for securitised product.

Technical supply and demand factors are also important, especially when we start to look at international investor interest as well. For example, UK prime RMBS spreads have rallied quite significantly, which makes Australian comparatives look good to some of the investors. The Bank of England's funding for lending scheme will also likely limit domestic supply in the UK, which leads investors to look abroad – and the Australian market is one of the first ones they look at.

"Historically, the Australian banking regulator has not favoured the kind of structure being used for credit card transactions in the US. Though I don't think it means credit card deals cannot be done in Australia, they may have to be done in a format that differs from what US investors are used to."

ARKADY LIPPA

Does that mean you have higher hopes for UK issuance than for other offshore currencies? There have been some successes in selling Australian securitisation to offshore investors, especially shorter-dated paper into the US, but these have tended to be sporadic.

◆ **LIPPA** We are quite optimistic on the US, UK and – following an investor road trip we conducted in mid-September – also Japan. It is hard to rank them, if for no other reason than that the swap market adds another challenge. The yen basis, for instance, is extremely wide. It all comes back once again to relative value: in some jurisdictions investors are happy with significantly tighter spreads because they compare favourably to what else is available.

STRUCTURES AND CAPITAL

How helpful would it be for Australian borrowers to be able to offer master trust structures to global investors?

◆ **LIPPA** Our view on master trusts is very positive – not necessarily in the UK format, but generally. They would certainly facilitate programmatic issuance of securitised products into domestic and particularly offshore markets, which is exactly what UK master trust issuers have been able to achieve.

◆ **BARRY** We have had feedback from Japanese investors, for instance, about their preference for bullet or controlled amortisation structures. Those investors are currently buying UK deals and they are very familiar with things like controlled amortisation product. By contrast, Australian product introduces factors like extension risk around variable pre-payment speeds, which is also coupled with higher cross currency swap costs. Being able to offer securities issued via master trusts would give Australian issuers a more level playing field internationally and would help deal with some of the inequalities in the swap market for securitisation issuance.

◆ **LIPPA** There have been a number of Australian-origin deals that have incorporated either bullet or controlled amortisation tranches. But, by definition, in a closed pool structure those account for a relatively small proportion of the total capital structure and are always dependent on being able to place the larger pass-through tranche simultaneously. Master trusts would improve the issuers' ability to pick and choose what they issue and when.

The master trust structure traditionally requires large seller shares, however. How big is the set of Australian issuers for whom funding that share would make enough sense to be worth setting up a master trust?

◆ **LIPPA** A UK-style master trust with a significant and fluctuating seller share would definitely work for the Australian major and regional banks – without a doubt. The seller share makes it harder, although not impossible, for the non-banks to support issuance in a master trust format. It is therefore unlikely that they would be the primary target for this structure, but there are some potential solutions for that sector.

Are there any signs of progress in the long-running catch 22 that is the combination of regulatory desire for risk transfer in securitisation with rules demanding issuers keep skin in the game?

◆ **LIPPA** An approach a number of banks have adopted to date is the use of a representative pool to achieve risk retention. That works under CRD 2 in Europe and, potentially, under Dodd-Frank – as and when that gets passed. That doesn't contradict APRA's requirements around selling down 100 per cent of the capital structure in order to achieve capital relief. At the moment that appears to be the only solution, but it certainly works for ADI issuers.

◆ **BARRY** The industry as a whole is promoting 'passporting' or mutual recognition between jurisdictions. We certainly want to see mutual recognition of what Australia finally adopts as its risk-retention standards.

"Being able to offer securities issued via master trusts would give Australian issuers a more level playing field internationally and would help deal with some of the inequalities in the swap market for securitisation issuance."

JOHN BARRY

Is it realistic to think RMBS will be anything other than a funding tool in future, given regulatory issues and the challenges in placing subordinated notes?

◆ **LIPPA** I believe it will continue to be more than just a funding tool for those issuers who value and seek regulatory capital relief. APRA has always stated that securitisation can be a risk-transfer mechanism as long as it can be demonstrated that the transfer has taken place. There is currently some ambiguity around what qualifies as significant risk transfer, which is required to be demonstrated in order to achieve regulatory capital relief. But when – and if – that gets clarified, even if that means issuers continue to have to sell down 100 per cent of the capital structure of deals, I believe securitisation will continue to be a technology that can be used to achieve capital relief.

THE FUTURE

How optimistic are you that securitisation deal flow will continue to improve for Australian issuers – both domestically and offshore – during the coming months? How healthy is the transaction pipeline for the balance of the year?

◆ **BARRY** Based on the pipeline we are aware of and the success of late Q3 deals, and barring any market events, we are confident of a pick-up in supply. We don't expect to end 2012 at quite the level of issuance we saw in 2011, but I believe we will see increased volume in the second half of the year. We are looking at a busy end to the year.

In terms of offshore investors, we think there is a lot of scope for development. There is an investment of time needed to build relationships with potential buyers in places like Japan, but we are starting to see signs of more participation and willingness to explore and become more educated about the market and the product out of that community.

We have focused a lot of efforts on the US dollar market and will continue to do so, and we are confident of seeing longer-tenor deals into that market and likely sterling as well. Overall, we are quite optimistic on offshore developments.

What other developments do you hope or expect to see in the Australian structured finance markets in the course of the next 12 months?

◆ **BARRY** We hope to see less uncertainty on things like APS120, master trusts and the future of the AOFM programme. We also hope to see more ABS volume.

On the macro level, we would like to see a cogent set of recommendations aimed at expanding domestic asset allocation to fixed income. ■

COVERED BOND TEMPLATE

STANDARDISING COVERED BOND REPORTING

*The **Australian Securitisation Forum** (ASF) has been working with the five current issuers of Australian covered bonds to develop a standard for the reporting of bond and cover pool information to investors.*

Legislation allowing Australian banks to issue covered bonds was passed by the federal parliament in October 2011. Since then, the big four banks – ANZ Banking Group, Commonwealth Bank of Australia, National Australia Bank and Westpac Banking Corporation – as well as one regional bank – Suncorp Bank (Suncorp) – have issued covered bonds.

While Suncorp's covered bond, issued in May 2012, was denominated in Australian dollars, the four majors have issued these products in a variety of currencies and markets. By August 7 2012 a total of just over US$39 billion equivalent had been issued by Australian banks in covered bond format, according to data from *KangaNews*. The biggest currency of issuance has been the AUD (US$12.2 billion equivalent), followed by EUR (US$10.9 billion equivalent) and then USD (US$9.8 billion). Other currencies of issuance are NOK, CHF, GBP and one small issuance in HKD.

In an attempt to develop an Australian standard for reporting bond and cover pool information for investors that has a high degree of consistency and uniformity, the ASF has worked with the existing covered bond issuers to develop the template shown on these pages. The idea is to facilitate investor review of the issuers' monthly reports.

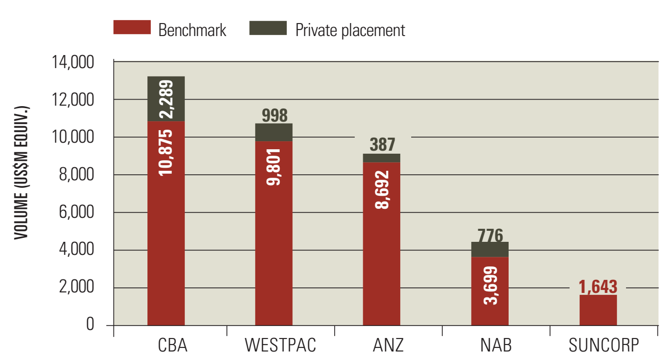
LEGEND
AGREED MINIMUM AUSTRALIAN STANDARD REPORTING ITEM AND FORMAT

DATES
DATE OF THE REPORT
DETERMINATION DATE
TRUST PAYMENT DATE OR PAYMENT DATE

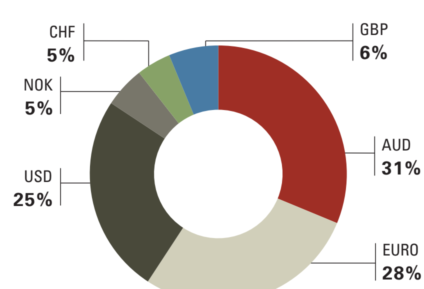
PARTIES
ISSUER
COVERED BOND GUARANTOR
SECURITY TRUSTEE
SERVICER
COVERED BOND SWAP PROVIDER
TRUST MANAGER
BOND TRUSTEE (OFFSHORE TRUSTEE)
ASSET MONITOR
COVER POOL MONITOR

RATINGS
BANK SHORT-TERM RATING
BANK LONG-TERM RATING
COVERED BOND RATING
BANK RATING OUTLOOK

AUSTRALIAN BANKS' COVERED BOND ISSUANCE



AUSTRALIAN BANKS' COVERED BOND ISSUANCE BY CURRENCY



SOURCE: KANGANEWS SEPTEMBER 7 2012

COMPLIANCE TESTS

ASSET COVERAGE TEST
ISSUER EVENT OF DEFAULT
COVERED BOND GUARANTOR EOD
PREMATURITY TEST

ASSET COVERAGE TESTS

Calculation of adjusted aggregate receivable amount

A: LOWER OF AGGREGATED LVR ADJUSTED RECEIVABLE AMOUNT OR AGGREGATE ASSET PERCENTAGE ADJUSTED RECEIVABLE BALANCE +
B: AGGREGATE AMOUNT OF ANY PROCEEDS OF ANY TERM ADVANCES WHICH HAVE NOT BEEN APPLIED +
C: AGGREGATE PRINCIPAL BALANCE OF ANY SUBSTITUTION ASSETS AND AUTHORISED INVESTMENTS +
D: AGGREGATE RECEIVABLE PRINCIPAL RECEIPTS STANDING TO THE CREDIT OF GIC ACCOUNT +
E: THE SUM OF BALANCE OF THE PRE-MATURITY LEDGER AND REMAINING AVAIABLE PRINCIPAL RECEIPTS HELD IN THE GIC ACCOUNT +
Z: NEGATIVE CARRY ADJUSTMENT
ADJUSTED AGGREGATE RECEIVABLE AMOUNT
ADJUSTED AGGREGATE MORTGAGE LOAN AMOUNT
ADJUSTED AGGREGATE LOAN AMOUNT
AUD EQUIVALENT OF AGGREGATE PRINCIPAL AMOUNT OF OUTSTANDING COVERED BONDS
ACT SATISFIED
ASSET PERCENTAGE
CURRENT OVERCOLLATERALISATION PERCENTAGE
CONTRACTUAL OVERCOLLATERALISATION AT REPORTING DATE
RATING AGENCY REQUIRED OVERCOLLATERALISATION (FOR EACH CRA)
TOTAL OVERCOLLATERALISATION AT REPORTING DATE

BOND ISSUANCE

ISSUE DATE
PRINCIPAL BALANCE
AUD EQUIVALENT
FX RATE
COUPON FREQUENCY
COUPON RATE
ISIN
LISTING
NOTE TYPE
EXPECTED MATURITY DATE
FINAL MATURITY DATE
CURRENCY

PREPAYMENTS

PREPAYMENT HISTORY (CPR)
PREPAYMENT HISTORY (SMM)

POOL SUMMARY

PORTFOLIO CUT OFF DATE
AUD CURRENT PRINCIPAL BALANCE
NUMBER OF LOANS (CONSOLIDATED)
NUMBER OF LOANS (UNCONSOLIDATED)
AVERAGE LOAN SIZE
MAXIMUM HOUSING LOAN BALANCE
WEIGHTED AVERAGE LOAN INTEREST RATE
WEIGHTED AVERAGE CURRENT LVR
WEIGHTED AVERAGE INDEXED LVR
WEIGHTED AVERAGE SEASONING (MONTHS)
WEIGHTED AVERAGE REMAINING TERM (MONTHS)

MORTGAGE POOL

MORTGAGE POOL BY CONSOLIDATED CURRENT LVR
UP TO 40% THEN 5% INCREMENTS
MORTGAGE POOL BY CONSOLIDATED CURRENT INDEXED LVR
UP TO 40% THEN 5% INCREMENTS
MORTGAGE POOL BY MORTGAGE LOAN INTEREST RATE
UP TO 5% THEN 25BP INCREMENTS, > 8.50%
MORTGAGE POOL BY INTEREST OPTION
FIXED 1 YEAR INCREMENTS, > 5 YEAR, VARIABLE
MORTGAGE POOL BY CONSOLIDATED LOAN BALANCE
UP TO A$100K, A$100K INCREMENTS TO A$1M, A$250K INCREMENTS TO A$2M, >A$2M
MORTGAGE POOL BY GEOGRAPHIC DISTRIBUTION
MORTGAGE POOL BY PAYMENT TYPE
P&I, INTEREST ONLY
MORTGAGE POOL BY DOCUMENTATION TYPE
FULL, LOW & NO DOC
MORTGAGE POOL BY REMAINING INTEREST ONLY PERIOD
UP TO 1YR, 1-YEAR INCREMENTS TO 10YR, >10YR
MORTGAGE POOL BY OCCUPANCY STATUS OWNER OCCUPIED, LIMITED RECOURSE INVESTMENT, FULL RECOURSE INVESTMENT, OWNER OCCUPIED
MORTGAGE POOL BY LOAN PURPOSE
VARIOUS CATEGORIES
MORTGAGE POOL BY LOAN SEASONING
UP TO 3M, VARIOUS INCREMENTS TO 120M, >120M
MORTGAGE POOL BY REMAINING TENOR
UP TO 1YR, VARIOUS INCREMENTS TO 30YRS, 30YR+
MORTGAGE POOL BY DELINQUENCIES
CURRENT, 30-DAY INCREMENTS TO 180 DAYS, >180 DAYS
MORTGAGE POOL BY REMAINING TERM ON FIXED RATE PERIOD
UP TO 0M, VARIOUS INCREMENTS TO 60M, 60M+
MORTGAGE POOL BY PAYMENT FREQUENCY
WEEKLY, FORTNIGHTLY, MONTHLY, OTHER
MORTGAGE POOL BY MORTGAGE INSURER
NONE, GENWORTH, QBE LMI

CONTACT & DISCLAIMER

DISCLAIMER AND CONTACT INFORMATION

TERMINOLOGY

INCLUDE DESCRIPTION OF INDEXATION METHOD AND FREQUENCY

ALE PROPERTY GROUP

AUSTRALIAN ADI	NO
ISSUER NAME	ALE FINANCE COMPANY
SECURITISATION PROGRAMME NAMES	ALE FINANCE SERIES 2006-1 ALE FINANCE SERIES 2011-1

USE OF SECURITISATION

TYPES OF SECURITISATION ISSUED	CMBS – INCLUDING FRNs AND CAPITAL INDEXED BONDS (CIBs)
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	100%: A$290M
NUMBER OF SECURITISATIONS ISSUED	3
TOTAL VOLUME ISSUED	A$865M
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$290M COMPRISING: **CIB** (CLASS AA): A$130M ISSUED MAY 2006,SCHEDULED MATURITY NOV 2023; **CMBS** (CLASS AB): A$146M ISSUED MAY 2011, SCHEDULED MATURITY MAY 2016; **CMBS** (CLASS B): A$14M ISSUED MAY 2011, SCHEDULED MATURITY MAY 2016

ASSET SPECIFICS

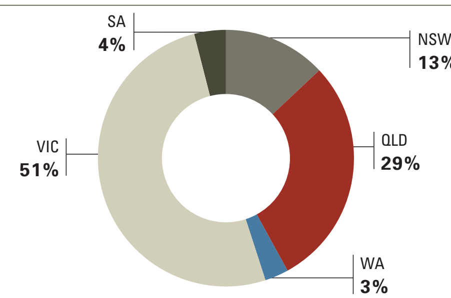
SUMMARY PORTFOLIO STATISTICS

PROPERTY TYPE	87 FREEHOLD PUB PROPERTIES
WEIGHTED AVERAGE LVR (JUNE 2011)	CIB – SUPER SENIOR: 13% CMBS – SENIOR: 34%
LEASE DETAILS	100% LEASED TO ALH (75% OWNED BY WOOLWORTHS)
WEIGHTED AVERAGE LEASE EXPIRY	16.3 YEARS

TYPE OF COLLATERAL

FIRST MORTGAGE PROPERTY SECURITY	A$733.3M
SALE PROCEEDS COLLATERAL	A$30M
DEBT SERVICE RESERVE	A$8.3M
WHOLE OF BUSINESS SECURITY	VERY SIGNIFICANT – SEE COMMENTARY
DELINQUENCY & LOSS EXPERIENCE	NIL

GEOGRAPHIC BREAKDOWN OF COMMERCIAL PROPERTY BOOK



SOURCE: ALE PROPERTY GROUP AUGUST 2012

About ALE Property Group

ALE Property Group (ALE) was established in 2003. It is the largest freehold owner of pub properties in Australia. The properties enjoy long-term leases to Australian Leisure and Hospitality (ALH) with an average remaining term of more than 17 years. ALH is a 75% per cent-owned subsidiary of Woolworths Limited. Pubs include the Young and Jackson in Melbourne, Breakfast Creek Hotel in Brisbane and the Crows Nest Hotel in Sydney. ALE is also the best-performing A-REIT in terms of total security holder returns since its 2003 listing on the Australian Securities Exchange (ASX).

Securitisation and funding strategy

Securitisation is used by ALE for the secured debt component of its funding. ASX-listed debt is used for unsecured funding and ASX-listed shares are used for equity funding. ALE has tapped the CMBS market three times over the past eight years. ALE's securitisation is one of the Australian market's limited number of whole-of-business securitisations. The capital-indexed bond and CMBS holders in a coordinated sale are entitled to recover any shortfalls from property sales from ALH's business assets (goodwill, fittings and licences) at ALE's locations.

It is also the only Australian securitisation to include a super-senior CIB tranche. The CIB was issued in May 2006 with a term of 17.5 years and it remains in place after the CMBS issue in 2011. ■

FOR FURTHER INFORMATION PLEASE CONTACT:

Andrew Wilkinson
Managing Director
+ 61 2 8231 8518

Andrew Slade
Capital Manager
+ 61 2 8231 8528

www.alegroup.com.au

AMP BANK

AUSTRALIAN ADI	YES
SECURITISATION PROGRAMME NAME	PROGRESS TRUST

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	PRIME RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	25%
NUMBER OF SECURITISATIONS ISSUED	14
TOTAL VOLUME ISSUED	A$12.5BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE LEVELS	72% DOMESTIC 28% OFFSHORE
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$3.1BN AND US$267M

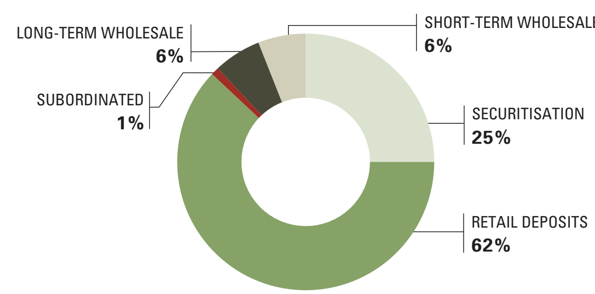
All data as at June 30 2012

ASSET SPECIFICS

WEIGHTED AVERAGE LVR	FOR DATA ON EACH PROGRESS TRUST LVR GO TO: WWW.AMP.COM.AU/SECURITISATION
AMP BANK ARREAR S PERFORMANCE VS SPIN (1)	1.01% VS 1.75%
LIFE TO DATE RMBS LOSSES	ZERO
LMI PROVIDERS	GENWORTH, QBE

(1) Source: Standard & Poor's April 30 2012

FUNDING MIX



SOURCE: AMP BANK JUNE 30 2012

About AMP and AMP Bank

AMP is Australia and New Zealand's leading independent wealth management company, with a retail banking business in Australia and a growing international investment management business.

AMP has a compelling set of advantages:

- Scale and efficiency.
- Market-leading positions in financial advice and key product categories.
- A large and diverse customer base.
- A leading, broad distribution footprint.
- High-quality, award-winning products, platforms and investment capabilities.
- A trusted brand.

AMP's three operational business units are AMP Financial Services (AFS), AMP SMSF and AMP Capital. AMP SMSF forms part of AFS's wealth management reported results.

AMP Bank is a wholly-owned subsidiary of AMP, and part of AFS. It is an authorised deposit-taking institution operating as a specialised home loan lender and loan servicer, catering to the owner-occupier and investor markets by providing loans for the purchase and refinance of residential property. AMP Bank interacts with customers through financial planners, mortgage brokers and managers, and directly through call centre and internet channels.

AMP Bank continued to grow in H1 12, with deposits increasing by 20% to A$8.6 billion and the mortgage book growing by 8% to A$12 billion. Its competitive home loans drove mortgage growth of 1.4% each month, outpacing market growth of 0.5% per month.

AMP Bank won the Bank of the Year 2012 award in *Your Mortgage* magazine's annual Mortgage of the Year Awards.

Funding strategy and securitisation

AMP Bank's funding strategy is to ensure a diverse funding mix including retail and wholesale deposits, short-term and long-term debt issues and securitisation (see chart). Securitisation of residential mortgages has been integral to AMP Bank's capital, liquidity and funding management.

AMP Bank regularly issues RMBS in the domestic and global securitisation markets both to source funding and to gain regulatory capital relief. AMP has consistently provided quality collateral through best practice origination, credit underwriting, servicing and collections procedures. ■

FOR FURTHER INFORMATION PLEASE CONTACT:

David Rowe
Group Treasurer
+61 2 9257 5762
david_rowe@amp.com.au

Kevin Stephenson
Bank Treasurer
+61 2 9257 7520
kevin_stephenson@amp.com.au

Gwenneth O'Shea
Head of Securitisation
+61 2 9257 5823
gwenneth_oshea@ampbanking.com.au

www.amp.com.au/securitisation

BANK OF QUEENSLAND

AUSTRALIAN ADI	YES
SECURITISATION PROGRAMME NAMES	REDS (RMBS) REDS EHP (ABS)

USE OF SECURITISATION

TYPES OF SECURITISATION ISSUED	RMBS, ABS
NUMBER OF SECURITISATIONS ISSUED	28
TOTAL VOLUME ISSUED	APPROX. A$16BN (RMBS & ABS)
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	APPROX. A$14.2BN DOMESTIC AND A$1.8BN EQUIVALENT OFFSHORE (RMBS IN EURO; ABS IN EURO AND STERLING)
OUTSTANDING VOLUME OF SECURITISED ISSUES	APPROX. A$3.8BN (RMBS AND ABS)

ASSET SPECIFICS (RMBS)

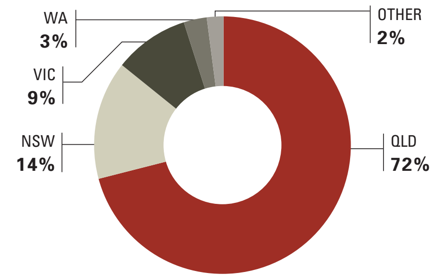
WEIGHTED AVERAGE LVR	52%
AVERAGE HOUSING LOAN BALANCE	~A$180,000
WEIGHTED AVERAGE SEASONING	5.3 YEARS
LMI PROVIDERS	GENWORTH, QBE

ASSET SPECIFICS (ABS)

AVERAGE CONTRACT SIZE	~$35,000
WEIGHTED AVERAGE SEASONING	2.1 YEARS
EQUIPMENT TYPE	MOTOR VEHICLES – 81% TRUCKS & BUSES – 19%

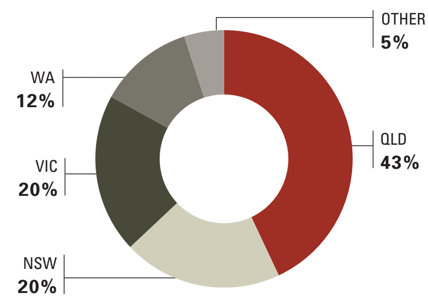
All data as at July 31 2012

GEOGRAPHIC BREAKDOWN: REDS RMBS



SOURCE: BANK OF QUEENSLAND JULY 31 2012

GEOGRAPHIC BREAKDOWN: REDS EHP



SOURCE: BANK OF QUEENSLAND JULY 31 2012

About Bank of Queensland

Bank of Queensland (BoQ) is a public company incorporated with limited liability under the laws of Australia. The bank is domiciled in Australia, listed on the Australian Securities Exchange, is regulated by the Australian Prudential Regulation Authority as an authorised deposit-taking institution, and had total assets under management of A$40.1 billion as at February 29 2012.

BoQ operates a widespread network of 262 retail branches throughout Australia. A total of 52 branches are owned and operated by the bank, while 210 are owner-managed using BoQ's innovative owner-managed branch model. The bank's loans under management total A$33.8 billion, of which residential property loans account for A$24.9 billion, SME and commercial loans account for A$5.2 billion, and leasing accounts for A$3.7 billion – reflecting the bank's focus on well-secured housing and SME lending.

Securitisation and funding strategy

BoQ's funding philosophy has been first and foremost to grow sticky retail deposits, then tap a diverse range of wholesale funding sources. Assets under management are funded by retail deposits (57%), short-term wholesale funding (12%), long-term wholesale funding (15%) and securitisation (16%).

BoQ's diversified funding philosophy is complemented through its RMBS and ABS public issues under the REDS programme and its REDS RMBS warehouse facilities. The bank has been a regular issuer in the capital markets under the REDS programme since 1998, having issued over A$12 billion of RMBS through 20 separate public bond issues and one private placement and over A$3.9* billion of ABS (via REDS EHP) through seven* separate public bond issues – including Series 2012-E REDS EHP Trust which settled on June 6 2012. BoQ is an experienced servicer and the REDS programme has consistently delivered strong collateral pools. It continues to evolve and be responsive to investor needs, while the bank's strategy remains to issue structures which are attractive to investors. ■

* Includes Series 2012-1E REDS EHP Trust which settled 6 June 2012

FOR FURTHER INFORMATION PLEASE CONTACT:

Tim Ledingham
Treasurer
+61 7 3212 3342
tim.ledingham@boq.com.au

James Shaw
Head of Funding
+61 7 3212 3835
james.shaw@boq.com.au

www.boq.com.au

CAPITAL FINANCE AUSTRALIA

AUSTRALIAN ADI	NO
SECURITISATION PROGRAMME NAME	BELLA TRUST

USE OF SECURITISATION

TYPES OF SECURITISATION ISSUED	AUTO AND EQUIPMENT RECEIVABLES ABS
NUMBER OF SECURITISATIONS ISSUED	7
TOTAL VOLUME ISSUED	A$4.2BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	94% DOMESTIC, 6% OFFSHORE
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$2.2BN

About Capital Finance Australia

Capital Finance Australia (CFAL) is one of Australia's leading asset finance companies, providing asset funding to all types of businesses and individuals. Its focus is on partnering with customers and offering the right asset finance solutions for their unique needs.
CFAL is a wholly-owned subsidiary of Lloyds International (ultimate parent: Lloyds Banking Group plc).
CFAL provides finance via four major channels:

- Motor dealers (motor vehicle wholesale funding for dealers and retail finance for individuals through those dealers).
- Finance brokers (motor and equipment finance for businesses).
- Vendors (equipment finance for businesses).
- Corporate asset finance (high-value and specialist assets for large corporate and government clients).

Securitisation and funding strategy

Securitisation is a key funding tool for Lloyds Banking Group, with £36.2 billion of outstanding public issues as at June 30 2012. The Bella Trust forms a key component of funding Lloyds Banking Group's Australian businesses and CFAL expects to remain a frequent issuer via this programme.

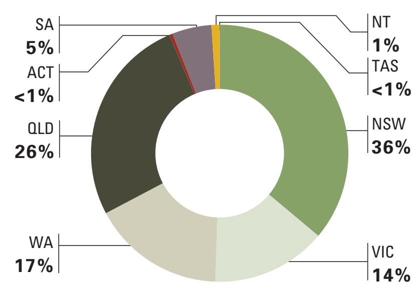
Delinquency and loss experience

For detailed investor reporting please go to:
www.lloydsbankinggroup.com/investors/debt_investors.asp ■

ASSET SPECIFICS

CONTRACTS BY FINANCE TYPE	BELLA 2011-1	BELLA 2011-3
TERM PURCHASE	9.39%	7.83%
SECURED LOAN	59.93%	63.97%
CHATTEL MORTGAGE	30.68%	28.20%
TYPE OF COLLATERAL		
NEW	63.55%	61.56%
USED	36.45%	38.44%

GEOGRAPHIC BREAKDOWN OF ASSETS BELLA TRUST 2011-3



SOURCE: CAPITAL FINANCE AUSTRALIA AUGUST 2012

◆ FOR FURTHER INFORMATION PLEASE CONTACT:

Steven Mixter
Head of Securitisation
Lloyds Bank Corporate Markets
+61 2 8070 4368
steven.mixter@lloydsinternational.com.au

www.capitalfinance.com.au

CITI AUSTRALIA

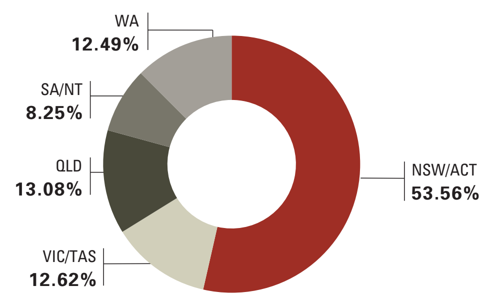
AUSTRALIAN ADI	YES
SECURITISATION PROGRAMME NAME	SECURITISED AUSTRALIAN MORTGAGE TRUST (SAMT)

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	RMBS
NUMBER OF SECURITISATIONS ISSUED	30
TOTAL VOLUME ISSUED*	A$10.97BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$2.91BN

*Includes all RMBS issued by Citibank Australia, including deals issued under the Compass programme which has now ceased.

GEOGRAPHIC DISTRIBUTION: SAMT 2011-1



SOURCE: CITI AUSTRALIA AUGUST 2012

About Citi Australia

As part of one of the world's largest financial services companies with a presence in more than 160 countries, Citi Australia has provided financial services to Australian consumers, corporates, institutions and governments for more than 30 years. Recognised for its innovative range of global products and services, today Citi Australia counts more than a million Australians and 1,000 local corporate and institutional investors as clients.

Citi Australia has two major business divisions – the Global Consumer Group and the Institutional Clients Group. Citibank is the brand name for the consumer banking business. The business provides products and services to affluent and aspiring affluent consumers in Australia with global banking needs. It offers a full suite of products including mortgages, transaction and savings accounts, credit and debit cards, insurance and wealth management.

Citi Australia, through the Institutional Clients Group, is a major market player in Australia's equities, fixed income, foreign exchange, commodities and futures markets, and has been for more than two decades. The business provides corporate and investment banking services, capital markets capabilities and global transaction services. It is one of the few investment banking firms in Australia with a full range of services and the ability to tap capital and expertise around the world.

Securitisation strategy

Citi Australia has issued 12 RMBS deals in the domestic market off the Securitised Australian Mortgage Trust (SAMT) programme, which debuted in 1995. The most recent market transaction was a A$760 million, three-tranche deal issued in April 2011. The two top tranches of the transaction, which account for A$691 million of total volume, were assigned triple-A ratings by Standard & Poor's and Moody's Investors Service. Citi Australia's previous deal in the Australian RMBS market was a A$500 million transaction priced in May 2008. The issuer also placed A$1 billion the previous year and A$1.5 billion in 2006. ■

FOR FURTHER INFORMATION PLEASE CONTACT:

Charles Finkelstein
Country Treasurer
Citi Australia
charles.finkelstein@citi.com

www.citi.com.au

COMMONWEALTH BANK OF AUSTRALIA

CommonwealthBank

AUSTRALIAN ADI	YES
SECURITISATION PROGRAMME NAME	MEDALLION TRUST

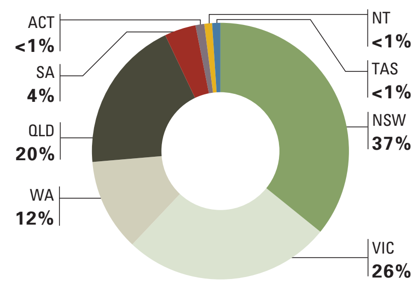
USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	3%
NUMBER OF SECURITISATIONS ISSUED	13
TOTAL VOLUME ISSUED	A$36BN
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$6.5BN

ASSET SPECIFICS

WEIGHTED AVERAGE LVR OF CURRENT AMORTISED DEALS	50%
ARREARS PERFORMANCE VS SPIN	30+ ARREARS: 1.36% VS SPIN 1.73%; 90+ ARREARS: 0.59%
LMI PROVIDERS	GENWORTH, QBE

GEOGRAPHIC BREAKDOWN OF MEDALLION POOL*



SOURCE: COMMONWEALTH BANK OF AUSTRALIA JUNE 2012

*Average of recent Medallion deals

About Commonwealth Bank of Australia

Commonwealth Bank of Australia (CBA) is Australia's leading provider of integrated financial services including retail banking, premium banking, business banking, institutional banking, funds management, superannuation, insurance, and investment and sharebroking products and services. Australia's largest bank and second-largest listed company on the Australian Securities Exchange, CBA is:

- Market leader in household deposits with over 30% market share.
- Market leader in home lending with over 26% market share.
- Market leader, via FirstChoice, in employer superannuation with 11% market share.

The bank has a large distribution footprint, with over 13 million customers.

Securitisation and funding strategy

CBA's funding strategy builds from the leading market share it maintains in retail deposits in the Australian market. Of its approximately A$580 billion of funding, 62% currently comes from this source. The bank's approach to wholesale funding is to remain diversified across markets and to maintain a degree of flexibility in terms of timing of transactions. The proportional mix between short-term and long-term funding in wholesale markets is approximately 48/52.

Wholesale funding is complemented by securitisation issues through the Medallion programme. After an inactive period across the Australian market following the onset of the global financial crisis through to 2010, CBA led the market with the largest Australian dollar securitisation deal on record in March 2011, issuing A$3 billion through the Medallion programme. This was followed in July 2012 with a further A$1 billion issued. ■

FOR FURTHER INFORMATION PLEASE CONTACT:

Lyn Cobley
Group Treasurer
+61 2 9118 1300
lyn.cobley@cba.com.au

Simon Maidment
Head of Group Funding and Execution
+61 2 9118 1339
simon.maidment@cba.com.au

www.commbank.com.au/groupfunding

COMMUNITY CPS AUSTRALIA

AUSTRALIAN ADI	YES
SECURITISATION PROGRAMME NAME	BARTON TRUST

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	100%
NUMBER OF PUBLIC SECURITISATIONS ISSUED	1
TOTAL VOLUME ISSUED	A$300M
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$225.2M

About Community CPS Australia

Community CPS Australia (Community CPS) is one of Australia's largest and most influential credit unions, with more than 184,000 members, 580 employees and 48 branches across South Australia (SA), the Australian Capital Territory (ACT), New South Wales (NSW) and Western Australia (WA).

Community CPS was formed in 2006 as a result of a merger between CPS Credit Union in SA and CPS Credit Union Cooperative in the ACT. In November 2008 the firm merged with United Credit Union in WA and now operates in WA as United Community. In January 2010 the firm merged with Companion Credit Union in NSW and now operates in the Hunter region as Companion Credit Union. In June 2011 the firm merged with Wagga Mutual Credit Union and now operates as Wagga Mutual in the Wagga Wagga region of NSW.

Community CPS offers a diverse range of financial services including savings accounts, loans, term deposits, insurance, financial planning, and tax and accounting. Community CPS does not use brokers and originates solely through direct channels, predominantly through Community CPS branches. It does not originate low-doc or no-doc loans.

Securitisation and funding strategy

The board maintains a formal funding plan focused on ensuring a flexible, durable and cost-effective funding strategy is implemented. The guidelines for implementation of the funding plan are based on current market best practice and address funding mix, maturity and diversity.

The current funding strategy retains deposits as the primary source of funding but supplements them with a mix of funding sources from wholesale markets. The medium-term objective is gradually to reduce retail deposits to less than 80% of total debt funding, with the residual to be drawn from a range of wholesale funding options with a mix of maturity terms and sourced from a variety of different markets, as well as products and providers within those markets. The funding plan identifies the most suitable wholesale options as a combination of warehouse securitisation facilities, term RMBS securitisation and industry borrowing structures.

The Barton Trust programme was launched in April 2011 to pursue the funding plan's objectives. Its first transaction received strong support from real money investors plus Australian Office of Financial Management participation ■

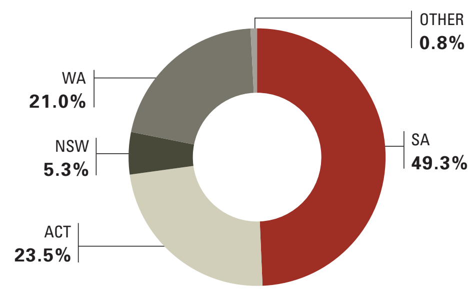
ASSET SPECIFICS

WEIGHTED AVERAGE LVR	58.87%
ARREARS PERFORMANCE VS SPIN	SEE TABLE BELOW
LMI CLAIMS INFORMATION	NONE
LMI PROVIDERS	QBE (92.7%), GENWORTH (7.3%)
LOSS EXPERIENCE	NONE

ARREARS PERFORMANCE VS SPIN (%)

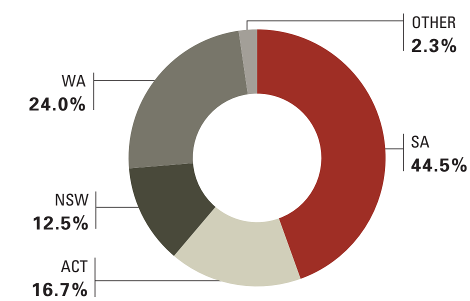
	APR 11	JUL 11	OCT 11	JAN 12	APR 12	JUL 12
31-60 DAYS	0.05	0.00	0.00	0.10	0.30	0.20
61-90 DAYS	0.10	0.00	0.00	0.00	0.00	0.00
> 90 DAYS	0.00	0.00	0.10	0.00	0.10	0.20

GEOGRAPHIC BREAKDOWN: BARTON TRUST



SOURCE: COMMUNITY CPS AUSTRALIA AUGUST 2012

GEOGRAPHIC BREAKDOWN OF MORTGAGE BOOK



SOURCE: COMMUNITY CPS AUSTRALIA AUGUST 2012

◆ FOR FURTHER INFORMATION PLEASE CONTACT:

Tony MacGillivray
Treasury Manager
+61 8 8205 8853

www.communitycps.com.au

CREDIT UNION AUSTRALIA

AUSTRALIAN AUTHORISED DEPOSIT-TAKING INSTITUTION	YES
COMPANY'S SECURITISATION PROGRAMME NAME	HARVEY TRUST

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	53%
NUMBER OF SECURITISATIONS ISSUED	8
TOTAL VOLUME ISSUED	A$4BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE LEVELS	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$1.1BN

About Credit Union Australia

Credit Union Australia (CUA) has a long and proud history providing banking and financial services to Australians, growing out of several small Queensland-based credit unions in the 1940s, with just 180 members.

Since then, through the amalgamation of more than 160 credit unions, CUA has become Australia's largest customer-owned financial institution with more than 400,000 customers, in excess of 900 employees and A$9 billion in assets under management. The firm has nationwide representation through more than 70 branches in Queensland, New South Wales, Victoria and Western Australia.

CUA is an authorised deposit-taking institution and is regulated by the Australian Prudential Regulation Authority

Securitisation and funding strategy

Although CUA is a predominately deposit-funded institution, securitisation is a key wholesale funding mechanism used to diversify its funding base. Since first issuing RMBS in 2002, CUA has been a regular issuer and it is the firm's objective to continue to issue to maintain its presence in securitisation markets.

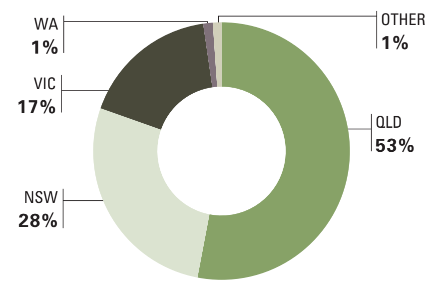
Mortgage pools have universally performed well, with low loan-to-value ratios and extremely low arrears in comparison with other issuers. ■

ASSET SPECIFICS

SUMMARY PORTFOLIO STATISTICS

WEIGHTED AVERAGE LVR	64.5%
ARREARS PERFORMANCE VS SPIN	OVER 90 DAYS 0.17%
LMI CLAIMS INFORMATION	NONE
LMI PROVIDERS USED	HLIC 0.3%, PMI 53.9%, GENWORTH 29.3%, QBE 16.5%

GEOGRAPHIC BREAKDOWN OF MORTGAGE BOOK



SOURCE: CREDIT UNION AUSTRALIA AUGUST 2012

◆ FOR FURTHER INFORMATION PLEASE CONTACT:

Len Stone
Treasurer
+61 7 3360 5262
leonard.stone@cua.com.au

www.cua.com.au

FLEETPARTNERS

AUSTRALIAN ADI	NO
SECURITISATION PROGRAMME NAMES	FP TURBO TRUST 2007-1 (AUSTRALIA); FP IGNITION TRUST 2011-1 (NEW ZEALAND)

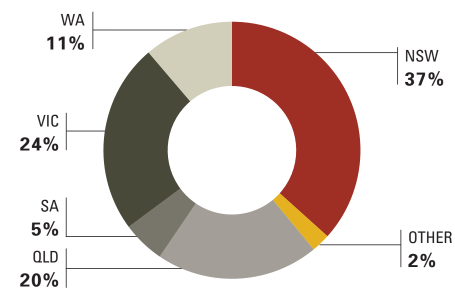
USE OF SECURITISATION

TYPES OF SECURITISATION ISSUED	MOTOR VEHICLE, NOVATED, FINANCE AND OPERATING LEASE-BACKED
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	100%
NUMBER OF ABS TRANSACTIONS ISSUED	2
TOTAL VOLUME ISSUED	A$1.1BN EQUIVALENT
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	76.1% AUD; 23.9% NZD
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$1.1BN EQUIVALENT

ASSET SPECIFICS (AUD ABS)

CONTRACT S BY LEASE TYPE	NOVATED 20%, FINANCE 6%, OPERATING 74%
TYPE OF COLLATERAL	NEW 86%, USED 14%
WEIGHTED AVERAGE LIFE	26 MONTHS

GEOGRAPHIC BREAKDOWN OF ASSETS (AUD ABS)



SOURCE: FLEETPARTNERS AUGUST 2012

About FleetPartners

FleetPartners provides fleet leasing products to the corporate business market. FleetPartners' market share positions it as one of the top three leasing companies in Australia and New Zealand. The company is based in Richmond, Victoria with sales offices throughout Australasia. Approximately 50,000 drivers in Australia and New Zealand drive vehicles supported by FleetPartners' fleet leasing and management services.

FleetPartners dates back to the 1980s, during which period ANZ formed two joint venture businesses to provide fleet leasing products to the corporate business market. In 1996 the two joint ventures were merged into a single legal entity and began trading under the brand name FleetPartners.

In November 2006 the business was acquired by a private equity group led by a former and now current FleetPartners chief executive officer, Nick Johnson. Current shareholders include entities controlled, managed or advised by Government of Singapore Investment Corporation, Ironbridge Capital and the senior management team of FleetPartners.

Securitisation and funding strategy

FleetPartners aims to be a frequent and regular issuer of Australian dollar-denominated ABS for all lease types. In October 2011 the firm debuted as a securitised issuer in the New Zealand market via its subsidiary, Fleet Holding (NZ), in the country's first non-mortgage asset-backed deal since the financial crisis. ■

FOR FURTHER INFORMATION PLEASE CONTACT:

Andrew Demura
Group Treasurer
+61 3 8416 5486
andrew.demura@fleetpartners.com.au
www.fleetpartners.com.au

FLEXIGROUP

FLEXIGROUP

AUSTRALIAN ADI	NO
SECURITISATION PROGRAMME NAME	FLEXI ABS TRUST

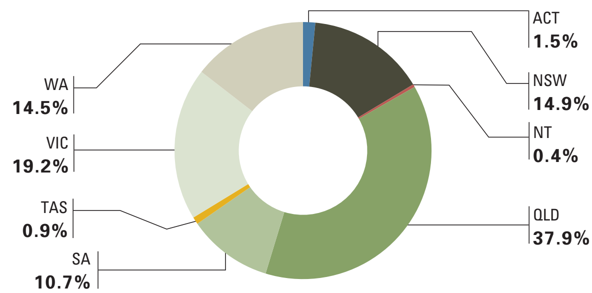
USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	ABS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	38%
NUMBER OF SECURITISATIONS ISSUED	3
TOTAL VOLUME ISSUED	A$424M
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	94% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$285M

ASSET SPECIFICS

SUMMARY SECURITISED PORTFOLIO STATISTICS	
NUMBER OF CONTRACTS	148,000
AVERAGE CONTRACT SIZE	A$1,920
CONTRACTS BY FINANCE TYPE	
NO-INTEREST PAYMENT PLANS	100%

GEOGRAPHIC BREAKDOWN OF ASSETS



SOURCE: FLEXIGROUP AUGUST 2012

About FlexiGroup

An ASX200 Australian public company, FlexiGroup is a leading provider of vendor and retail point-of-sale finance and telecommunication services.

FlexiGroup's diversified business streams offer a broad set of products and services that can adapt to the specific needs of vendor partners from small-ticket, highly transactional activities through to larger commercial transactions. Broadly, these products and services include lease, interest-free, mobile broadband, cheque guarantee and lay-by.

The company operates within a diverse range of commercial and consumer industries including IT and electrical, telecommunications, home improvement, solar systems, medical, furnishings, and travel.

Throughout its history FlexiGroup has diversified – through acquisition, product innovation and funding diversity – to deliver strong volume and profit growth while maintaining stable credit quality. The company remains focused on preserving its unique, fast-paced culture with a team of talented people who challenge themselves to make it easy for customers, retailers, funders and shareholders to interact with all levels of the business.

Securitisation and funding strategy

FlexiGroup has pursued a simple and conservative funding strategy, based around its goals to:

- Grow and maintain a diversity of funding sources.
- Maintain strong, open relationships with all funding partners.
- Maintain adequate committed facilities to accommodate the group's continued strong growth.
- Match fund for term and rate to minimise risk.

Having completed issuances in each year since its 2010 financial year, FlexiGroup sees securitisation as an important part of its ongoing funding strategy. ■

FOR FURTHER INFORMATION PLEASE CONTACT:

Ross Horsburgh
Head of Treasury and Commercial Risk
+61 2 8905 2057
ross.horsburgh@flexigroup.com.au

June McFadyen
Treasurer
+61 2 8905 2059
june.mcfadyen@flexigroup.com.au

www.flexigroup.com.au

HERITAGE BANK

AUSTRALIAN ADI	YES
SECURITISATION PROGRAMME NAME	HBS TRUST

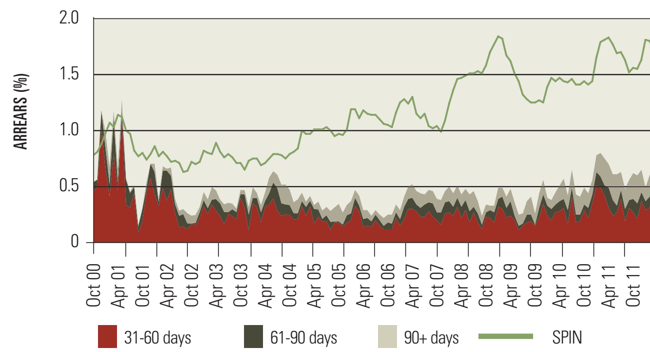
USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	PRIME RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	APPROX. 51%
NUMBER OF SECURITISATIONS ISSUED	10 PUBLIC DEALS: 7 AUD AND 3 EUR (6 REDEEMED), 3 AUD WAREHOUSE ARRANGEMENTS, 1 AUD INTERNAL SECURITISATION ARRANGEMENT, 1 PRIVATE DEAL
TOTAL VOLUME ISSUED (PUBLIC)	APPROX. A$5.7BN EQUIVALENT
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	DOMESTIC: APPROX. 57% OFFSHORE: APPROX. 43%
TOTAL OUTSTANDING VOLUME (PUBLIC)	APPROX. A$1BN EQUIVALENT

ASSET SPECIFICS

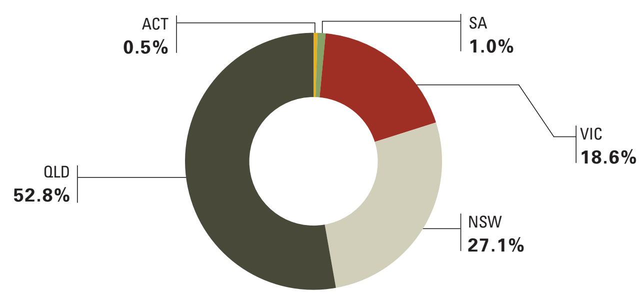
WEIGHTED AVERAGE LVR	59.83%
LMI PROVIDERS	PERMANENT LMI (CAPTIVE), GENWORTH, QBE

HERITAGE SECURITISED LOANS ARREARS VS SPIN



SOURCE: HERITAGE BANK AUGUST 2012

GEOGRAPHIC BREAKDOWN OF ASSETS



SOURCE: HERITAGE BANK AUGUST 2012

About Heritage Bank

Heritage Bank (Heritage) is Australia's largest mutual bank, with approximately A$8.2 billion in total consolidated assets as at June 30 2012. The mutual business structure is an integral component of Heritage's operating philosophy.

The bank is a public company, limited by shares and guarantee, that operates as a mutual organisation. Heritage is an authorised deposit-taking institution (ADI) and as such is regulated by the Australian Prudential Regulation Authority. Heritage's head office is in Toowoomba, Queensland.

Heritage offers its members a variety of retail banking products and services via a network of branches and mini-branches in south-east Queensland, as well as through mortgage-broking intermediary offices across Australia. Heritage has a prudent risk appetite and does not originate low-doc or no-doc loans.

Heritage has a track record of robust financial performance over many years and, in the absence of shareholders pressuring for short-term outcomes, can focus on long-term objectives when making business decisions.

Securitisation and funding strategy

As a growth mutual Heritage relies on the funding and capital management benefits associated with securitisation. Accordingly, Heritage has been an active issuer in the mortgage-backed securitisation markets since 2001, when it completed its first public deal.

Since that time Heritage has sponsored 10 public Australian dollar- and euro-denominated issues under the HBS Trust banner.

Transactions are typified by low-risk collateral, as evidenced by the extremely low arrears levels experienced within underlying mortgage pools. Heritage's strategy is to build a sustainable funding base across a diversity of channels while maintaining a strong, low-risk franchise in traditional mortgage-backed securitisation markets. In addition to its traditional retail deposit base and securitisation activities, Heritage has access to a diversity of wholesale funding options through a multi-faceted wholesale debt programme. Heritage has also accessed capital markets via two Australian Securities Exchange-listed retail bonds, the first mutual ADI to do so. ■

FOR FURTHER INFORMATION PLEASE CONTACT:

Paul Williams Chief Treasury and Business Strategy Officer
Rob Staskiewicz Senior Structured Finance Analyst
Stuart Murray Senior Structured Finance Analyst
Heritage Treasury +61 7 4694 9500
www.heritage.com.au

IMB

IMB BANKING & FINANCIAL SERVICES

AUSTRALIAN ADI	YES
SECURITISATION PROGRAMME NAME	ILLAWARRA TRUST

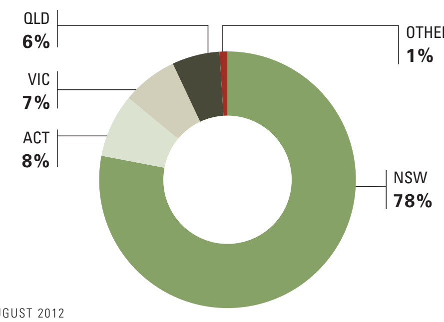
USE OF SECURITISATION

TYPES OF SECURITISATION ISSUED	RMBS/CMBS (SMALL-TICKET)
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	100%
NUMBER OF SECURITISATIONS ISSUED	RMBS: 5; CMBS: 3
TOTAL VOLUME ISSUED	A$3BN
CURRENT FUNDING TOTAL	A$970M
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$970M

ASSET SPECIFICS (RMBS)

WEIGHTED AVERAGE LVR	62.6%
ARREARS PERFORMANCE VS SPIN	90+ DAYS: 0.10% VS SPIN 0.75%
LMI CLAIMS INFORMATION	5 CLAIMS MADE OUT OF 14,900 SECURITISED LOANS
LMI PROVIDERS	GENWORTH, QBE

GEOGRAPHIC BREAKDOWN OF MORTGAGE BOOK



SOURCE: IMB AUGUST 2012

About IMB

IMB is one of Australia's largest building societies, with assets of more than A$4.7 billion and over 180,000 members. Established in 1880, it is also the longest-standing building society in New South Wales (NSW).

IMB offers full-service, face-to-face and internet and mobile banking facilities including home and personal lending, savings and transaction accounts, term deposits, business banking, financial planning, and a wide range of insurance products.

IMB has 43 branches throughout the Illawarra region south of Sydney, Sydney itself, the NSW south coast, the Australian Capital Territory and Melbourne. These branches are supported by an effective mobile lending team and ATM network. IMB also provides commercial loans through broker groups across Australia.

IMB is regulated by the Australian Prudential Regulation Authority, the Australian Securities and Investments Commission, and is a member of ABACUS, an independent organisation representing building societies and credit unions.

Securitisation and funding strategy

IMB is predominantly funded by retail deposits but also has a diverse wholesale funding capability, including the use of securitisation, to diversify its funding base. IMB is a regular issuer under its Illawarra Trust programme and in August 2011 launched a A$200 million CMBS issue, the third small-ticket CMBS deal completed by IMB. ■

FOR FURTHER INFORMATION PLEASE CONTACT:

Mark Workman
Treasurer
+61 2 4298 0172

Ian Witheridge
Senior Manager, Finance
+61 2 4298 0256

www.imb.com.au

ING BANK (AUSTRALIA)

ING DIRECT

AUSTRALIAN ADI	YES
SECURITISATION PROGRAMME NAME	IDOL TRUST

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	RMBS
WHOLE SALE FUNDING VOLUME	A$18.7BN
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	14.6%
NUMBER OF SECURITISATIONS ISSUED	4
TOTAL VOLUME ISSUED	A$3.2BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$2.6BN

About ING Bank (Australia)

ING DIRECT – the trading name of ING Bank (Australia) – is a branchless retail bank. It offers customer-focused products in retail mortgages, transactional banking, retail savings, specialised commercial property markets and soon to launch retail superannuation. With more than A$26 billion in deposits, A$38 billion in mortgages and 1.4 million customers in Australia, it is the fifth-largest home lender in the country.

ING DIRECT launched in Australia in 1999, has its headquarters in Sydney, and has more than 950 staff across the nation. ING DIRECT is wholly owned by ING Group, a global financial institution offering banking, investments, life insurance and retirement services. ING Group serves more than 85 million private, corporate and institutional clients in more than 40 countries. ING Group has more than 94,000 staff.

Securitisation and funding strategy

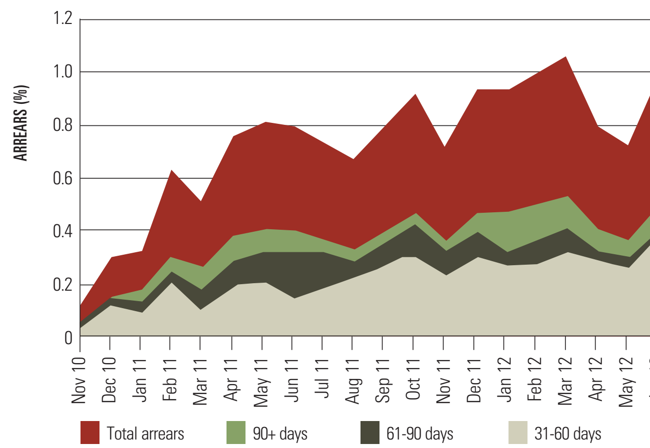
Securitisation is becoming a key part of ING Bank (Australia)'s long-term funding mix to complement its unsecured medium-term note programme.

ING Bank (Australia) has issued four times under the IDOL programme, starting with IDOL 2010-1 in October 2010. Total issuance under the programme has reached A$3.2 billion, of which the Australian Office of Financial Management (AOFM) has invested A$850 million. ■

ASSET SPECIFICS (IDOL TRUST SERIES)

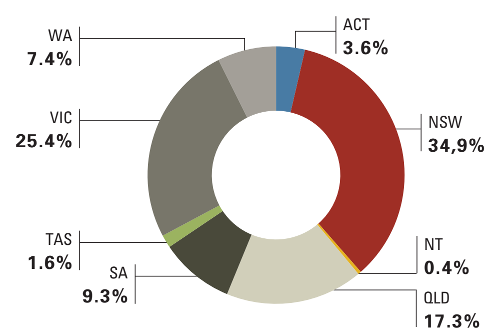
WEIGHTED AVERAGE LVR	65.7%
LMI CLAIMS INFORMATION	NO CLAIMS TO DATE
LMI PROVIDERS	GENWORTH, QBE

IDOL TRUST ARREARS LEVELS



SOURCE: ING BANK (AUSTRALIA) AUGUST 2012

GEOGRAPHIC BREAKDOWN OF IDOL SERIES MORTGAGE POOL



SOURCE: ING BANK (AUSTRALIA) AUGUST 2012

◆ FOR FURTHER INFORMATION PLEASE CONTACT:

Peter Casey
Deputy Treasurer, Asset & Liability Management
+61 2 9018 5132
peter.casey@ingbank.com.au

www.ingdirect.com.au

INVESTEC BANK (AUSTRALIA)

AUSTRALIAN AD1	YES
SECURITISATION PROGRAMME NAME	IMPALA TRUST

USE OF SECURITISATION*

TYPE OF SECURITISATION ISSUED	ABS
WHOLESALE FUNDING TOTAL	A$2.44BN**
NUMBER OF SECURITISATIONS ISSUED	3
TOTAL VOLUME ISSUED	A$688.03M
TOTAL DOMESTIC VS OFFSHORE ISSUANCE LEVELS	100% DOMESTIC (ONLY REFERENCES SECURITISATION)
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$439.23M

* As at Sep 20 2012 except for wholesale funding, which is as at March 31 2012
** Excludes securitisation, but includes warehouse funding and bank programme issuance

About Investec Group and Investec Bank (Australia)

Investec Group (Investec) is an international specialist bank and asset manager that provides a diverse range of financial products and services to a select client base.

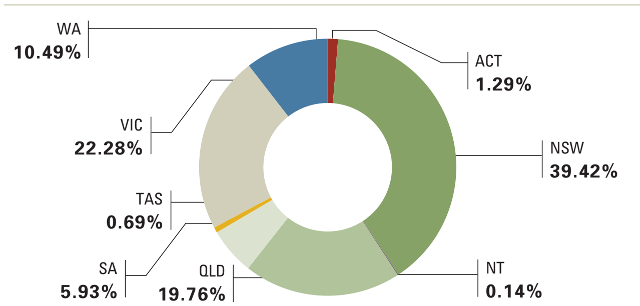
Dual listed in London and Johannesburg, Investec was added to the FTSE 100 in March 2010. As at March 31 2012 the group had 7,781 full time employees, £3.34 billion market capitalisation, £51.6 billion total assets, £96.8 billion funds under management, £17.8 billion total loans, and £25.3 billion total deposits. There are 33 offices across five continents, with three principal markets: the UK, South Africa and Australia.

Investec Bank (Australia)'s first Australian branch was established in Sydney in 1997 and it now has more than 500 employees. Capabilities include a full suite of transactional banking products, capital markets activities, corporate finance and advisory, property investments and funds management.

Securitisation and funding strategy

Investec Bank (Australia)'s core funding and liquidity philosophy, which reflects that of the wider Investec Group, is to maintain prudent liquidity resources at all times. Treasury aims to fund the bank in the most optimal manner. ■

GEOGRAPHIC BREAKDOWN OF ASSETS (IMPALA 2012-1)



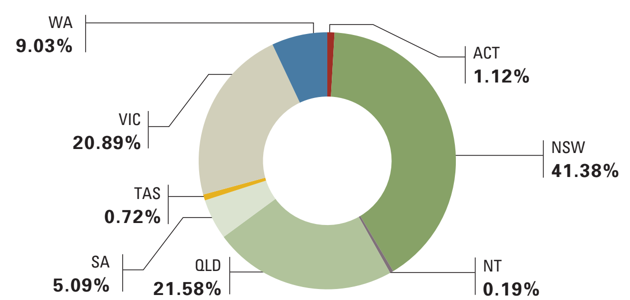
SOURCE: INVESTEC BANK (AUSTRALIA) AUGUST 2012

ASSET SPECIFICS*

SUMMARY SECURITISED PORTFOLIO STATISTICS	IMPALA ss2010-1	IMPALA ss2011-1	IMPALA ss2012-1
POOL BALANCE	A$84.70M	A$131.95M	A$229.93M
NUMBER OF CONTRACTS	3,012	3,263	4,196
AVERAGE CONTRACT SIZE	A$27,693	A$40,054	A$54,797
CONTRACTS BY FINANCE TYPE (%)			
LEASE (FINANCE LEASE)	71.86	62.36	21.02
CHATTEL MORTGAGE	15.18	25.26	65.35
ASSET LEASE	11.15	9.29	9.60
BUSINESS LOANS	0.00	2.00	4.03
RENTAL	1.81	1.09	0.00
TYPE OF COLLATERAL (%)*			
MOTOR VEHICLE	44.96	36.98	51.88
COMPUTERS	0.99	2.00	3.91
MEDICAL EQUIPMENT	31.18	26.60	15.25
DENTAL EQUIPMENT	22.19	17.09	12.51
OFFICE EQUIPMENT / FURNITURE	0.62	0.84	1.31
FIXTURES AND FIT OUT	0.00	14.50	10.22
BUSINESS LOANS	0.00	1.19	4.04
OTHER ASSETS	0.07	0.81	0.88
DELINQUENCY & LOSS EXPERIENCE	NO LOSSES SUFFERED BY RATED NOTEHOLDERS		

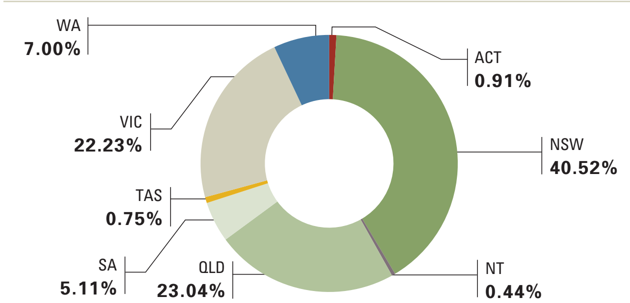
*As at July 31 2012, except Impala ss2012-1 which is at at Sep 20 2012

GEOGRAPHIC BREAKDOWN OF ASSETS (IMPALA 2011-1)



SOURCE: INVESTEC BANK (AUSTRALIA) AUGUST 2012

GEOGRAPHIC BREAKDOWN OF ASSETS (IMPALA 2010-1)



SOURCE: INVESTEC BANK (AUSTRALIA) AUGUST 2012

◆ FOR FURTHER INFORMATION PLEASE CONTACT:

Dean You Lee
Treasurer, Investec Bank (Australia)
+61 2 9293 2421
dean.youlee@investec.com.au

www.investec.com.au

LIBERTY FINANCIAL

LIBERTY FINANCIAL

AUSTRALIAN ADI	NO
SECURITISATION PROGRAMME NAME	LIBERTY

USE OF SECURITISATION

TYPES OF SECURITISATION ISSUED	ABS, CMBS, RMBS
NUMBER OF SECURITISATIONS ISSUED	26
TOTAL VOLUME ISSUED	A$11BN+
CURRENCIES ISSUED	AUD, EUR, NZD, USD
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$2.91BN

LMI CLAIMS INFORMATION (ABS, CMBS, RMBS)

CLAIMS MADE TO DATE	ZERO
CLAIMS PAID TO DATE	ZERO
LMI PROVIDERS	GENWORTH, QBE

About Liberty Financial

Liberty Financial (Liberty) is a leading diversified financial services company that offers a broad range of credit and retail investment products across Australia and New Zealand. Liberty's credit expertise spans residential and commercial mortgages, auto and equipment loans, and invoice receivables finance.

Liberty remains one of few issuers worldwide that has not experienced any charge-offs, outlook warnings or downgrades to any security ever issued from any of its programmes.

Securitisation and funding strategy

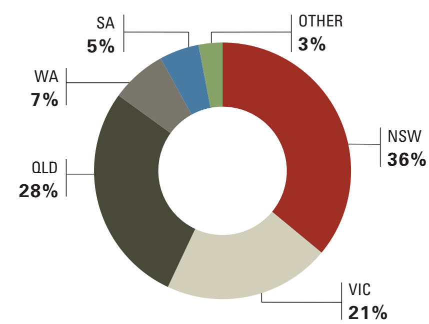
Liberty has been an active participant in the securitisation markets for more than 13 years and has successfully completed 26 transactions totalling more than A$11 billion. Notably, Liberty has issued eight securitisation transactions over the last five years to enhance and expand its lending activities.

Liberty has supported its funding programme with a rigorous approach to servicing, and has received favourable servicer ratings from Standard & Poor's across a broad range of assets. The firm remains committed to maintaining a sound financial base to underpin its funding activities, of which securitisation will remain an important component.

Since inception Liberty has been able to generate stable profitability. As a result, equity capital has increased to more than A$270 million. In addition to securitisation, Liberty accesses wholesale facilities, CP markets and a growing retail investor base.

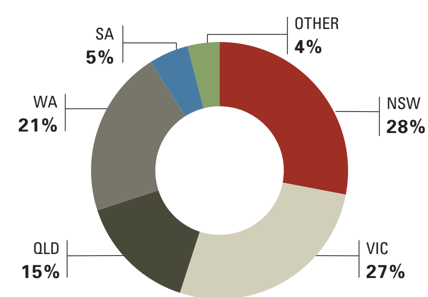
Liberty is supported by its banking partners: Commonwealth Bank of Australia, Credit Suisse, Deutsche Bank, National Australia Bank and Westpac Banking Corporation. ■

GEOGRAPHIC BREAKDOWN: ABS



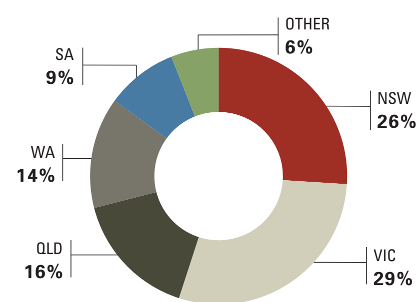
SOURCE: LIBERTY FINANCIAL AUGUST 2012

GEOGRAPHIC BREAKDOWN: CMBS



SOURCE: LIBERTY FINANCIAL AUGUST 2012

GEOGRAPHIC BREAKDOWN: RMBS



SOURCE: LIBERTY FINANCIAL AUGUST 2012

◆ FOR FURTHER INFORMATION PLEASE CONTACT:

Peter Riedel
Chief Financial Officer
+61 3 8635 8888
priedel@liberty.com.au

www.liberty.com.au

MACQUARIE GROUP

MACQUARIE

AUSTRALIAN ADI	YES
SECURITISATION PROGRAMME NAMES	SMART, PUMA, MEF

Macquarie Securitisation Limited (manager of the PUMA RMBS programme) and Macquarie Securities Management Pty Limited (manager of the SMART auto and equipment lease programme) are wholly-owned subsidiaries of Macquarie Bank, which is a regulated ADI and part of Macquarie Group.

About Macquarie Group

Macquarie Group (Macquarie) is a global provider of banking, financial, advisory, investment and funds management services. Macquarie acts on behalf of institutions, corporate and retail clients, and counterparties around the world. Founded in 1969, Macquarie operates in more than 70 office locations in 28 countries. It employs more than 14,200 staff and had assets under management of A$327 billion as at March 31 2012.

Macquarie is listed on the Australian Securities Exchange and is regulated by the Australian Prudential Regulation Authority as a non-operating holding company of an authorised deposit-taking institution, Macquarie Bank.

Securitisation and funding strategy

Macquarie has been a leading participant in the securitisation market since 1991. It uses securitisation primarily to provide funding diversification. Issuance activity is a function of the level of business activity and group liquidity requirements. Macquarie mainly uses securitisation to fund consumer and small-ticket commercial receivables originated and managed by the group.

Macquarie-sponsored securitisation programmes have been regular issuers in the US, European, Asian and Australian capital markets since 1993. The firm has two strong issuance platforms: PUMA – which is used to fund Australian, insured residential mortgages – and SMART – which is used to fund Australian auto and equipment leases. A third platform, established in 2011 – MEF – is used to fund US equipment lease receivables. Smaller asset portfolios are securitised on an *ad hoc* basis.

Macquarie's Canadian mortgage business also participates in the Canadian mortgage bond programme and is an issuer of NHA mortgage-backed securities.

Macquarie generally retains some credit exposure to collateral through residual interests and reputational risk through management and servicing of collateral. ■

Smart programme

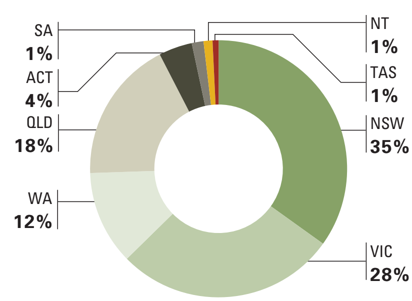
USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	ABS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	61% (MACQUARIE LEASING PORTFOLIO)
NUMBER OF SECURITISATIONS ISSUED	15
TOTAL VOLUME ISSUED	A$11.0BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	A$5.3BN DOMESTIC A$5.7BN EQUIV. OFFSHORE
OUTSTANDING VOLUME OF SECURITISED ISSUES	9 ISSUES: A$3.7BN A$1.1BN DOMESTIC A$2.6BN EQUIV. OFFSHORE

ASSET SPECIFICS (ABS)

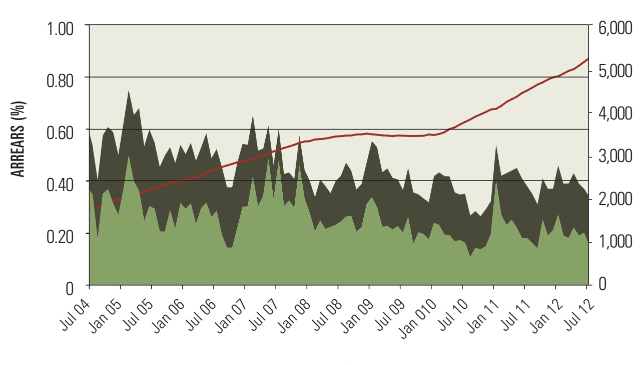
PORTFOLIO SIZE	A$3.7BN
MOTOR VEHICLE BREAKDOWN (%)	
CARS	78
TRUCKS < 1T	14
HEAVY HAULAGE	3
TRAILERS	2
OTHER	3
PORTFOLIO BY FINANCE PRODUCT (%)	
NOVATED	61
CHP	18
CHATTEL MORTGAGE	20
FINANCE LEASE	1

GEOGRAPHIC BREAKDOWN OF LEASING BOOK



SOURCE: MACQUARIE GROUP AUGUST 2012

ARREARS PERFORMANCE



SOURCE: MACQUARIE GROUP AUGUST 2012

Puma programme

USE OF SECURITISATION

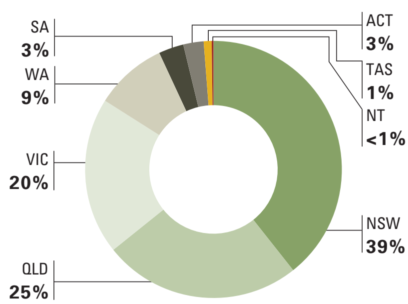
TYPE OF SECURITISATION ISSUED	RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	67% OF AUSTRALIAN MORTGAGE BOOK IS FUNDED THROUGH SECURITISATION
NUMBER OF SECURITISATIONS ISSUED	49
TOTAL VOLUME ISSUED	A$6.2BN
TOTAL OUTSTANDINGS DOMESTIC VS OFFSHORE	A$5.6BN DOMESTIC A$600M OFFSHORE
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$6.2BN VIA 22 ISSUES

CURRENCY	TOTAL ISSUANCE (M)	OUTSTANDINGS (M)
USD	10,500	362
EUR	400	188
AUD	24,927	5,544

ASSET SPECIFICS

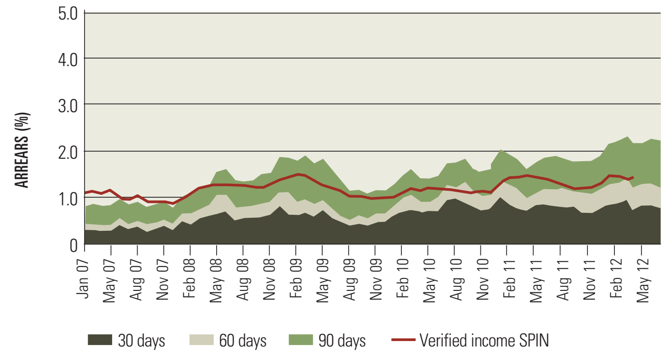
MORTGAGE PORTFOLIO SIZE	A$10.9BN
WEIGHTED AVERAGE CURRENT LVR	67.3%
LMI PROVIDERS	GENWORTH (70.6%), QBE (27.9%), OTHER (1.5%)

GEOGRAPHIC BREAKDOWN OF MORTGAGE BOOK



SOURCE: MACQUARIE GROUP AUGUST 2012

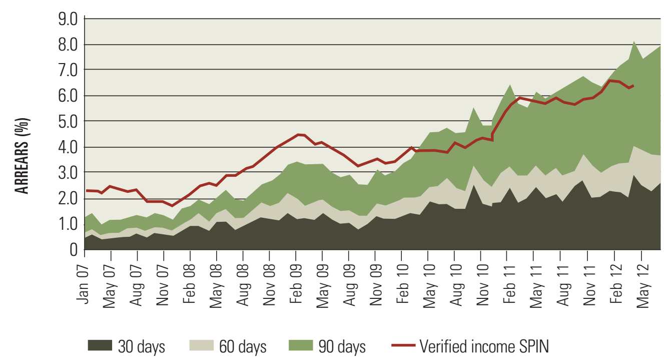
ARREARS PERFORMANCE VS SPIN: PUMA FULL-DOC LOANS*



* Publicly securitised full-doc transactions

SOURCE: MACQUARIE GROUP AUGUST 2012

ARREARS PERFORMANCE VS SPIN: PUMA LOW-DOC LOANS*



* Publicly securitised low-doc transactions

SOURCE: MACQUARIE GROUP AUGUST 2012

FOR FURTHER INFORMATION PLEASE CONTACT:

David Ziegler
Division Director, Group Treasury
+61 2 8237 8069
david.ziegler@macquarie.com

www.macquarie.com

ME BANK

AUSTRALIAN ADI	YES
SECURITISATION PROGRAMME NAMES	MAXIS LOANS SECURITISATION FUND, SMHL GLOBAL FUND, SMHL SECURITISATION FUND, SMHL TRUST, SMHL SERIES SECURITISATION FUND

USE OF SECURITISATION

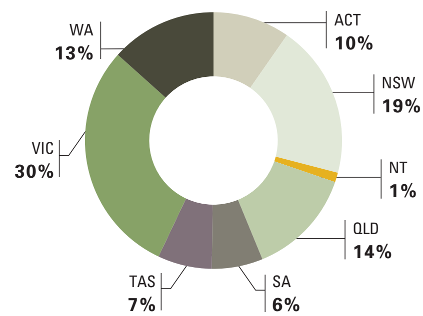
TYPE OF SECURITISATION ISSUED	RMBS
WHOLESALE FUNDING VOLUME	A$13BN
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	57%
NUMBER OF SECURITISATIONS ISSUED	47
TOTAL VOLUME ISSUED	A$39.5BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	A$20.77BN, US$10.43BN, €2.2BN
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$6.6BN, US$1.1BN, €317M

All data as at 30 June 2012 unless stated otherwise.

ASSET SPECIFICS

CURRENT WEIGHTED AVERAGE LVR	63%
ARREARS PERFORMANCE	1% (30+ DAYS)
LMI CLAIMS INFORMATION	A$2.95M OF CLAIMS OVER ALL SECURITISATION ISSUES WITH NO LOSSES CHARGED OFF ON NOTES
LMI PROVIDER	GENWORTH

GEOGRAPHIC BREAKDOWN OF MORTGAGE BOOK



SOURCE: ME BANK JUNE 30 2012

About ME Bank

ME Bank is owned by 32 industry superannuation funds and provides low-cost home loans and banking products to its membership base. ME Bank was created in 1999, although its origins date back to September 1994 when, as an initiative of the Australian Council of Trade Unions, National Mutual launched Super Member Home Loans.

ME Bank's goal has always been to give industry super fund members better value banking and better service, with a no-nonsense approach to borrowing and with products that are simple, straightforward and offer value for money to working Australians.

Securitisation and funding strategy

ME Bank has been an active RMBS issuer in the past and will continue to support the market through continued issuance of high-quality RMBS transactions under the SMHL securitisation programme.

Through ME Bank's subsidiary, ME Portfolio Management (MEPM), the SMHL programme has issued more than A$36 billion of public term issuance since its inaugural transaction in 1995, while ME Bank's Maxis programme has issued more than A$3 billion. In addition, MEPM is the manager of the A$800 million Mustang ABCP programme.

FOR FURTHER INFORMATION PLEASE CONTACT:

Paul Garvey
General Manager, Treasury and Financial Markets
+61 3 9708 3202
paul.garvey@mebank.com.au

www.mebank.com.au

MYSTATE FINANCIAL

AUSTRALIAN ADI	YES
SECURITISATION PROGRAMME NAMES	CONQUEST TRUST CONQUEST SECURITIES

USE OF SECURITISATION

TYPES OF SECURITISATION ISSUED	RMBS, ABCP
WHOLESALE FUNDING VOLUME	A$583.7M
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	67.48%
NUMBER OF SECURITISATIONS ISSUED	3
TOTAL VOLUME ISSUED	A$690.12M*
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$393.89M

*Includes the joint securitisation undertaken by MyState Financial and Queenslanders Credit Union in 2007

About MyState Financial

MyState Financial (MyState) is a wholly-owned subsidiary of MyState Limited, which is a non-operating holding company approved by the Australian Prudential Regulation Authority and listed on the Australian Securities Exchange. MyState is the culmination of numerous credit unions coming together since 1959.

MyState Limited also wholly owns another subsidiary, Tasmanian Perpetual Trustees – a trustees company, product issuer of managed investment funds and provider of mortgage finance for personal, business and commercial purposes. It also owns The Rock Building Society, an authorised deposit-taking institution (ADI) based in central Queensland.

MyState is an ADI operating predominantly in Tasmania and provides services to 120,000 customers. It has branches in 12 locations and employs approximately 300 staff.

MyState offers personal and mortgage lending, overdrafts, credit cards, term deposits and transactional accounts, insurance, and risk insurance. More recently, MyState expanded its operations to include business banking, agribusiness and a complete set of wealth management offerings – including MyState's own online portfolio management service.

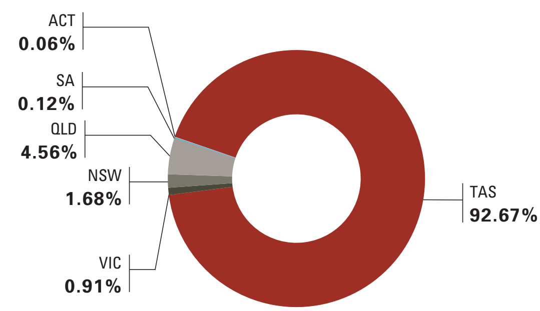
Securitisation and funding strategy

MyState looks to use securitisation to fund approximately 20-25% of its funding portfolio through RMBS and asset-backed commercial paper issuance. ■

LMI CLAIMS INFORMATION

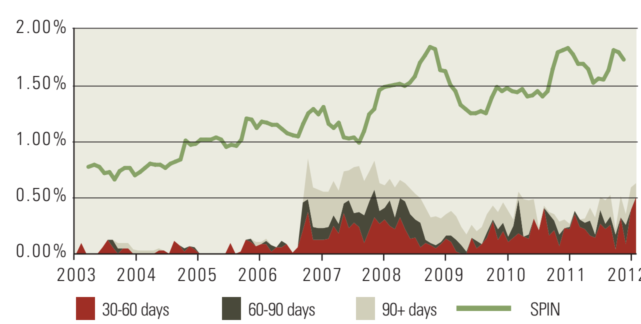
CLAIMS MADE TO DATE	A$179K
CLAIMS PAID TO DATE	A$179K
LMI PROVIDER	GENWORTH

GEOGRAPHIC BREAKDOWN OF MORTGAGE BOOK



SOURCE: MYSTATE FINANCIAL AUGUST 2012

CONQUEST ARREARS PERFORMANCE VS SPIN



SOURCE: MYSTATE FINANCIAL AUGUST 2012

FOR FURTHER INFORMATION PLEASE CONTACT:

William McShane
Treasurer
+61 3 6215 9554
www.mystate.com.au

NATIONAL AUSTRALIA BANK

National Australia Bank

AUSTRALIAN ADI	YES
SECURITISATION PROGRAMME NAME	NATIONAL RMBS TRUST

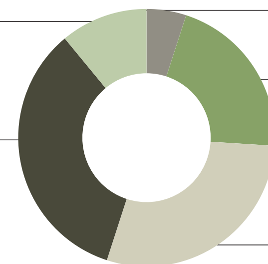
USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	RMBS
OUTSTANDING SECURITISATIONS ISSUED	4 EXTERNAL, 3 RETAINED
TOTAL VOLUME ISSUED	APPROX. A$22.8BN (INCLUDES RETAINED RMBS)
TOTAL DOMESTIC ISSUES	4
TOTAL CROSS-BORDER TRANCHES	3

ASSET SPECIFICS

ARREARS PERFORMANCE VS SPIN	ARREARS HAVE HISTORICALLY TRACKED AROUND SPIN
LMI PROVIDERS	GENWORTH, QBE

GEOPGRAPHIC BREAKDOWN OF MORTGAGE BOOK



SOURCE: NATIONAL AUSTRALIA BANK AUGUST 2012

About National Australia Bank

National Australia Bank Limited (NAB) is a public company incorporated in Australia with limited liability. NAB is regulated by the Australian Prudential Regulation Authority as an authorised deposit-taking institution and is listed on the Australian Securities Exchange.

NAB is the holding company for the NAB Group, as well as being the main operating company. NAB has four wholly-owned main operating subsidiaries: Bank of New Zealand, MLC, Clydesdale Bank and Great Western Bank.

The NAB Group is an international financial services group, providing a comprehensive and integrated range of financial products and services. The principal activities of the NAB Group are banking services, credit and access card facilities, leasing, housing and general finance, international banking, investment banking, wealth management, funds management, life insurance, and custodian, trustee and nominee services.

Strong international relationships combined with the local market knowledge of over 40,000 employees in more than 1,800 branches and service centres help NAB deliver efficient results worldwide.

Wholesale funding strategy

NAB's term wholesale funding strategy is to maintain access to global debt capital markets in order to maximise issuance opportunities and deliver the bank's annual wholesale funding target.

Key elements of the strategy include ensuring a well-diversified portfolio in terms of currency, markets and investor base.

NAB has been active in the RMBS market since 2001 and remains focused on its secured funding capability, which is considered an important funding tool. ■

FOR FURTHER INFORMATION PLEASE CONTACT:

Eva Zileli
Senior Manager, Secured Funding
+61 3 8634 8219
eva.zileli@nab.com.au

John Barry
Head of Securitisation Australasia
+61 3 8641 4185
john.l.barry@nab.com.au

www.nab.com.au

PEOPLE'S CHOICE CREDIT UNION

AUSTRALIAN ADI	YES
SECURITISATION PROGRAMME NAME	LIGHT TRUST

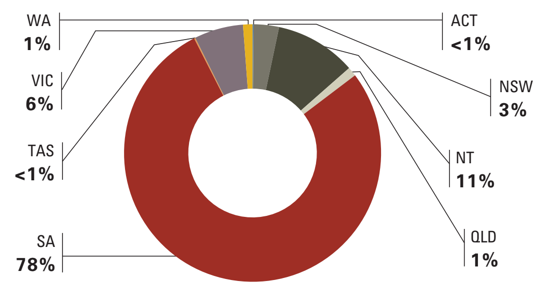
USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	40.78%
NUMBER OF SECURITISATIONS ISSUED	3
TOTAL VOLUME ISSUED	A$1.14BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$551M

ASSET SPECIFICS

WEIGHTED AVERAGE LVR	62.76%
ARREARS PERFORMANCE VS SPIN	0.28%
LMI CLAIMS INFORMATION	NONE
LMI PROVIDER	QBE

GEOGRAPHIC BREAKDOWN OF MORTGAGE BOOK



SOURCE: AUSTRALIAN CENTRAL CREDIT UNION (TRADING AS PEOPLE'S CHOICE CREDIT UNION) AUGUST 2012

About People's Choice Credit Union

On December 1 2009 Australian Central Credit Union (ACCU) merged with Savings and Loans Credit Union (S&L). The merger created Australia's second-largest credit union by total assets – with more than A$7 billion of assets under advice and management – and the largest in South Australia (SA). On June 27 2011 the members voted in favour of changing the trading name of the credit union to People's Choice Credit Union (People's Choice).

People's Choice has approximately 350,000 members serviced through over 65 branches in South Australia, Northern Territory, Victoria, Western Australia and New South Wales. ACCU, trading as 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.

In June 2012 Standard & Poor's assigned a BBB+/A 2 credit rating to ACCU (trading as People's Choice).

Securitisation and funding strategy

Securitisation forms an important component within a diverse range of strategies contributing towards the funding base of People's Choice. It supports the firm's continued growth and maintenance of a balanced funding platform.

People's Choice has been a regular issuer through the Light Trust securitisation programmes with issues completed in July 2007 (A$350 million), July 2009 (A$263 million) and November 2010 (A$530 million). Light Trust RMBS issues have been well supported by a range of investors, with the last two issues attracting the support of the Australian Office of Financial Management.

These transactions continue to highlight the high quality and low risk of underlying assets, with low arrears levels driven by solid lending policies and practices. The strategy of People's Choice in relation to RMBS is to issue on a regular basis, maintaining a presence within the RMBS market and renewal through its warehousing facilities. ■

FOR FURTHER INFORMATION PLEASE CONTACT:

John Messent
Senior Manager Treasury
+61 8 8305 1718
jmessent@peopleschoicecu.com.au

Heather Gale
Manager Wholesale Treasury
+61 8 8305 1829
hgale@peopleschoicecu.com.au

www.peopleschoicecu.com.au

PEPPER

AUSTRALIAN ADI	NO
SECURITISATION PROGRAMME NAME	PEPPER RESIDENTIAL SECURITIES (PRS)

USE OF SECURITISATION

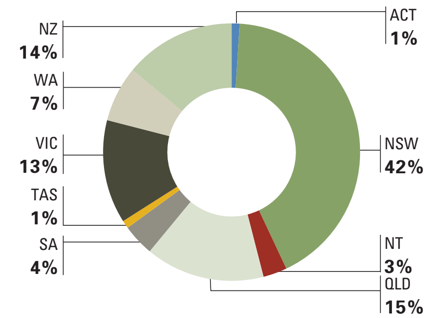
TYPE OF SECURITISATION ISSUED	RMBS
NUMBER OF SECURITISATIONS ISSUED	9
TOTAL VOLUME ISSUED	A$2.7BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	ALL PRS PROGRAMME ISSUANCE TO DATE HAS BEEN IN AUD*
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$455M WITH A FURTHER A$3.6BN OUTSTANDING ACROSS VARIOUS WAREHOUSE TRUSTS

* Historically, the PRS deals have been supported by both Australian domestic and international fixed income investors with as much as 40% of securities within any individual issue being acquired by a combination of European, US and Asian-based fixed income investors.

ASSET SPECIFICS

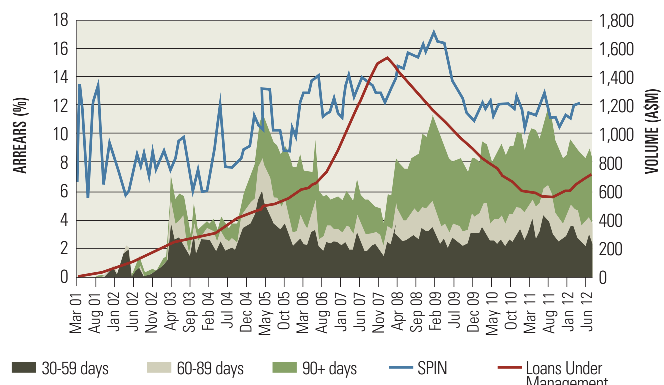
WEIGHTED AVERAGE LVR	TYPICALLY 71-75% FOR PRS ISSUES
LMI INFORMATION	PEPPER'S PORTFOLIO ACQUIRED FROM GE IS PRIMARILY INSURED BY GENWORTH AND QBE.

GEOGRAPHIC BREAKDOWN OF MORTGAGE BOOK



SOURCE: PEPPER AUGUST 2012

PEPPER-ORIGINATED CUMULATIVE ARREARS HISTORY



SOURCE: PEPPER AUGUST 2012

About Pepper

Established in 2001, Pepper is a leading Australian non-bank financial institution, asset manager and corporate real estate advisory firm. Pepper has been a leading non-conforming residential mortgage lender for over a decade, and a highly-rated third-party servicer and asset manager across a range of asset classes.

In May 2011 Pepper acquired GE Capital's mortgage lending business in Australia and New Zealand and in June 2012 it acquired GE's Irish mortgage portfolio and servicing platform. In May 2012 Pepper entered the auto and equipment leasing market with the acquisition of a Suncorp portfolio and will commence origination of Pepper-branded auto loans and equipment leases in late 2012. In July 2012 Pepper acquired the Grant Samuel Property Group, now renamed Pepper Property – which launched it into the corporate real estate advisory business.

Pepper is a wholly-owned subsidiary of Pepper Group (Singapore).

Securitisation and funding strategy

Pepper relies on wholesale warehouse financing facilities to fund its lending activities. These are provided by Commonwealth Bank of Australia, National Australia Bank and Westpac Banking Corporation and managed and serviced by Pepper through various Pepper Mortgage Warehouse Trusts.

Pepper relies almost entirely on securitisation for long-term funding purposes. Pepper has completed nine RMBS issues in the Australian market for a total value of over A$2.7 billion, via its proprietary PRS programme. Since commencement of the financial crisis in 2007, Pepper has successfully exercised or refinanced all call options under its PRS programme, including PRS4 (A$60 million) in November 2008, PRS5 (A$80 million) in July 2010, PRS 6 (A$120 million) in December 2011 and PRS 7 (A$49 million) in March 2012.

In March 2012 Pepper completed its Pepper Residential Securities Trust No. 9 deal – a A$300 million RMBS that was sold entirely to real-money investors without bank balance sheet or Australian Office of Financial Management support. ■

FOR FURTHER INFORMATION PLEASE CONTACT:

Patrick Tuttle
Managing Director and CEO
+61 2 9463 4612
ptuttle@pepperhomeloans.com.au

Todd Lawler
Group Treasurer
+61 2 8913 3009
tlawler@pepperhomeloans.com.au

www.pepperhomeloans.com.au

POLICE & NURSES CREDIT SOCIETY

POLICE&NURSES
MUTUAL BANKING

AUSTRALIAN ADI	YES
SECURITISATION PROGRAMME NAME	PINNACLE TRUST SERIES

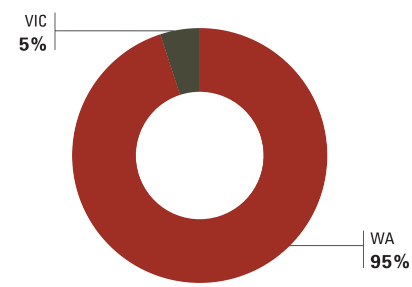
USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	25%
NUMBER OF SECURITISATIONS ISSUED	1
TOTAL VOLUME ISSUED	A$275M
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$168M

ASSET SPECIFICS

WEIGHTED AVERAGE LVR	59.70%
ARREARS PERFORMANCE VS SPIN	0.52% (30+ DAYS)
LMI CLAIMS INFORMATION	1 CLAIM TO DATE, FULLY PAID
LMI PROVIDERS	GENWORTH (16.9%), QBE (83.1%)

GEOGRAPHIC BREAKDOWN OF MORTGAGE BOOK



SOURCE: POLICE & NURSES CREDIT SOCIETY AUGUST 2012

About Police & Nurses Credit Society

Police & Nurses Credit Society (PNCS) is a 100 per cent member-owned mutual with over 100,000 members. PNCS is the largest home-grown authorised deposit-taking institution in Western Australia (WA), with A$2.8 billion of assets under management. PNCS was formed in 1990 through a merger of two WA credit unions – Police Credit and Nurses Credit.

PNCS offers a full suite of retail products for its customers, with a member-first philosophy. The society operates with strict underwriting criteria, which require full documentation and a maximum loan-to-value ratio of 95 per cent on all residential loans.

PNCS's balance sheet is reflective of the society's conservative strategy: more than 90 per cent of all loans are prime residential mortgage loans.

Securitisation and funding strategy

PNCS has used securitisation as a wholesale funding tool since 1995 and expects securitisation to be a key component to its funding strategy in the future. Currently PNCS operates two separate warehouse facilities. It is from these warehouse facilities that public deals will be sourced. Proceeds from term RMBS transactions are used to:

- Maintain capacity in warehouses, thus allowing new originations.
- Decrease reliance on the highly competitive market for deposits.

The Australian Office of Financial Management was a cornerstone investor in PNCS's first public residential mortgage-backed securities transaction launched in November 2010. ■

FOR FURTHER INFORMATION PLEASE CONTACT:

Phil Webster
Manager Treasury
+61 8 92197561
phil.webster@pncs.com.au

www.pncs.com.au

RESIMAC

AUSTRALIAN ADI	NO
SECURITISATION PROGRAMME NAMES	RESIMAC PREMIER, RESIMAC BASTILLE, RESIMAC NIM

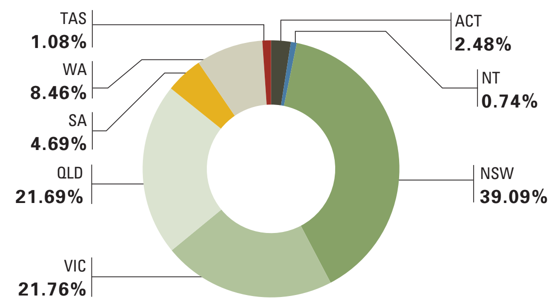
USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	RMBS, NIM BOND
WHOLESALE FUNDING VOLUME FY11	A$2.8BN
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	80%
NUMBER OF SECURITISATIONS ISSUED	23
TOTAL VOLUME ISSUED	A$13.2BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	45% DOMESTIC 55% OFFSHORE
CURRENCY BREAKDOWN OF OUTSTANDINGS	81% AUD, 11% USD, 8% EUR

ASSET SPECIFICS (RMBS)

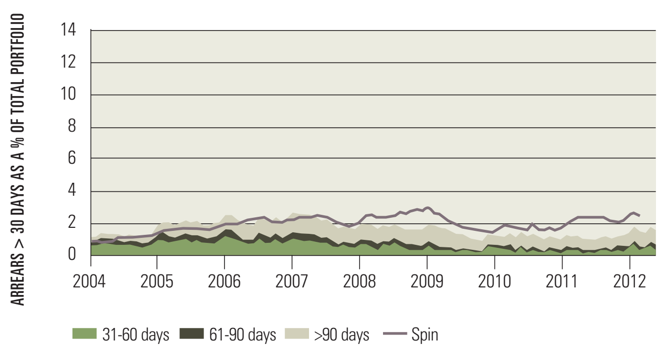
FULL-DOC LOANS	79.84%
LOW-DOC LOANS	20.16%
LMI PROVIDERS	GENWORTH, QBE

GEOGRAPHIC BREAKDOWN OF MORTGAGE BOOK



SOURCE: RESIMAC AUGUST 2012

RESIMAC PRIME PORTFOLIO HISTORICAL ARREARS



SOURCE: RESIMAC AUGUST 2012

About Resimac

Resimac was formed as a non-bank lender in 1985. It offers a suite of prime and specialist lending products tailored to the residential market and sourced from a distribution network of aggregators, mortgage managers and retail channels.

Originally created to service and securitise residential loans for HomeFund as a New South Wales state government housing programme under the name of Fanmac, Resimac has evolved to become a wholesale lender providing many Australian borrowers with a lending alternative to the banking sector.

Resimac was the first Australian RMBS issuer, debuting in the market in 1988. Since then it has completed over A$13 billion equivalent through 23 domestic and offshore RMBS issues. Resimac is Australian-owned and headquartered in Sydney. It is supported by key strategic partners including Barclays Capital, Deutsche Bank, National Australia Bank, Perpetual Trustee Company and Westpac Banking Corporation.

Securitisation and funding strategy

Resimac, as a non-bank financial institution, uses the securitisation markets for the medium-term funding of its business, while using warehousing for short-term funding. The funding strategy is to continue to securitise on a regular basis. Resimac views the support of investors as key to its funding strategy. The firm has therefore met all calls on issued transactions and, where possible, restructured transactions to support rating levels in an environment of constantly changing ratings criteria.

During 2011 Resimac successfully launched a securitisation programme for its specialist lending business. Resimac will issue on a regular basis to support the funding of this business.

Resimac's issuance programme in 2012 included an offshore tranche with US 144A compliance enabling the firm to source a broader range of investors. The programme continues to be supported by the Australian Office of Financial Management (AOFM). This investment support from the AOFM has facilitated Resimac's continued lending throughout the financial crisis. ■

◆ FOR FURTHER INFORMATION PLEASE CONTACT:

Mary Ploughman
Executive Director, Securitisation
+61 2 9248 0308
mary.ploughman@resimac.com.au

www.resimac.com.au

SUNCORP BANK

SUNCORP BANK

AUSTRALIAN ADI	YES
SECURITISATION PROGRAMME NAME	APOLLO

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	19%
NUMBER OF SECURITISATIONS ISSUED	18
TOTAL VOLUME ISSUED	A$20.1BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	A$15.1BN; US$825M; €2.309BN DOMESTIC: 75.22% OFFSHORE: 24.78% (BASED ON NOTES ONLY)
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$4.485BN €346.4M

About Suncorp Group

Suncorp Group is a unique, diversified financial services group with well-known businesses in general insurance, banking and life. Suncorp Group is a top 25 Australian Securities Exchange-listed company with assets of A$96 billion. It has around 15,000 employees and relationships with approximately nine million customers.

Suncorp Bank (Suncorp) is Australia's fifth-largest listed bank. From a Queensland base, Suncorp has expanded its banking operations throughout Australia, recently opening 21 new branches across Western Australia and New South Wales. As Australia's largest regional bank, Suncorp services over a million customers across its personal, business and agribusiness portfolios. The bank offers a strong suite of products including home, personal and business loans, savings, transaction and term deposit accounts, margin lending, credit cards, and foreign currency services.

Securitisation and funding strategy

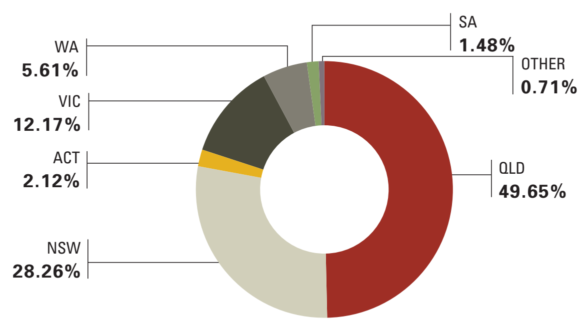
Since 1999 Suncorp has been a regular issuer of prime RMBS through its APOLLO securitisation programme. Securitisation is an important part of the wholesale funding package for Suncorp – although it represents a modest 9 per cent of overall funding for the balance sheet. Suncorp will continue to issue RMBS as part of the suite of available funding tools.

APOLLO has completed 18 public securitisation trusts since 1999, with four of these transactions supported by the Australian Office of Financial Management. ■

ASSET SPECIFICS

WEIGHTED AVERAGE LVR – APOLLO SERIES 2012-1 TRUST	63.08%
ARREARS PERFORMANCE VS SPIN – MARCH 2012	SPIN 1.73% VS APOLLO AT 1.28%
LMI CLAIMS INFORMATION	CLAIMS AS % OF TOTAL ISSUE SIZE: 0.01
LMI PROVIDER	QBE LMI

GEOGRAPHIC DISTRIBUTION: APOLLO 2012-1



SOURCE: SUNCORP BANK AUGUST 2012

◆ FOR FURTHER INFORMATION PLEASE CONTACT:

Simon Lewis
Head of Funding
+61 7 3362 4037
simon.lewis@suncorp.com.au

Andrew Power
Team Leader Long-Term Wholesale Funding
+61 7 3362 4016
andrew.power@suncorp.com.au

Maddalena Gowing
Securitisation Specialist
+61 7 3362 4038
maddalena.gowing@suncorp.com.au

www.suncorp.com.au

WESTPAC BANKING CORPORATION

Westpac GROUP

AUSTRALIAN ADI	YES
SECURITISATION PROGRAMME NAMES	WESTPAC SECURITISATION TRUST (WST), CRUSADE

USE OF SECURITISATION

TYPES OF SECURITISATION ISSUED	RMBS, ABS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	5%
NUMBER OF SECURITISATIONS ISSUED	RMBS: 37 ABS: 3
TOTAL VOLUME ISSUED	WST (RMBS): APPROX. A$27.3BN CRUSADE (RMBS): APPROX. A$39.6BN CRUSADE (ABS): APPROX. A$2.1BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	BASED ON ISSUES CURRENTLY OUTSTANDING: A$19.4BN US$10.5BN €4.6BN
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$8.2BN US$2BN €0.9BN

About Westpac Banking Corporation

Westpac Banking Corporation (Westpac) is one of the four major banking organisations in Australia and one of the largest banking organisations in New Zealand. The bank provides a broad range of banking and financial services in these markets including retail, business and institutional banking, and wealth management services.

Westpac has branches, affiliates and controlled entities throughout Australia, New Zealand and the Pacific region, and maintains branches and offices in some of the key financial centres around the world. The bank was founded in 1817 and was the first bank established in Australia. In 1850 it was incorporated as the Bank of New South Wales by an act of the New South Wales parliament. In 1982 the bank changed its name to Westpac Banking Corporation following its merger with the Commercial Bank of Australia. On August 23 2002 Westpac was registered as a public company limited by shares under the Australian Corporations Act.

As at March 31 2012, Westpac had total assets of A$653.9 billion. Westpac's ordinary shares and certain other securities are quoted on the Australian Securities Exchange and, as at August 3 2012, its market capitalisation was A$71.8 billion.

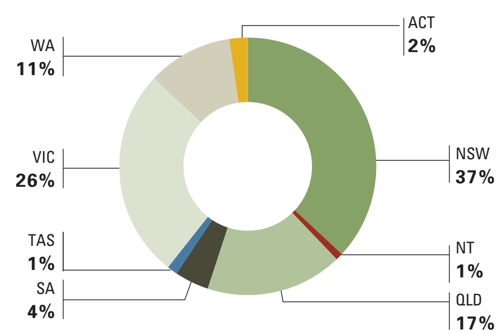
Securitisation and funding strategy

Westpac seeks to maintain a diverse funding base and to ensure that it has capacity and flexibility to access a wide range of funding markets, debt investors and products. Securitisation is one of the funding tools Westpac uses to continue to diversify its funding base. ■

ASSET SPECIFICS (RMBS)

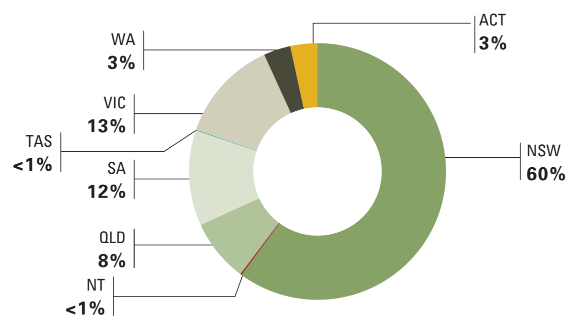
WEIGHTED AVERAGE LVR	WST: 56.49% CRUSADE: 59.54%
ARREARS PERFORMANCE VS SPIN	WST HAS HISTORICALLY TRACKED BELOW SPIN, WHICH IS CURRENTLY 1.62%. WST ARREARS 30+ DAYS ARE 0.66% CRUSADE ARREARS 30+ DAYS ARE 1.80%
LMI PROVIDERS	GENWORTH, HLIC, WLMI, PMI

GEOGRAPHIC BREAKDOWN OF MORTGAGE BOOK (WST)



SOURCE: WESTPAC BANKING CORPORATION AUGUST 2012

GEOGRAPHIC BREAKDOWN OF MORTGAGE BOOK (CRUSADE)



SOURCE: WESTPAC BANKING CORPORATION AUGUST 2012

◆ FOR FURTHER INFORMATION PLEASE CONTACT:

Guy Volpicella
Head of Structured Funding and Capital
+61 2 8254 9261
gvolpicella@westpac.com.au

www.westpac.com.au

WIDE BAY AUSTRALIA

AUSTRALIAN ADI	YES
SECURITISATION PROGRAMME NAME	WB TRUST

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	88%
NUMBER OF SECURITISATIONS ISSUED	10
TOTAL VOLUME ISSUED	MORE THAN A$3BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$168M

About Wide Bay Australia

Wide Bay Australia (Wide Bay) is the largest financial institution in Australia based north of Brisbane, with assets in excess of A$2.7 billion. With its head office in Bundaberg, Wide Bay has a retail branch network consisting of 41 branches in Queensland – extending from Robina on the Gold Coast to Cairns. It also has a branch in both Sydney and Melbourne and a lending agency in Adelaide. Approximately 80 per cent of loans originate through retail branches using Wide Bay's own lending consultants.

Wide Bay helps Australians achieve home ownership and continue building their wealth. For investors, the firm provides financial opportunities that offer attractive and secure returns. It offers an extensive range of loans, savings and investments, insurance, foreign exchange, and banking services.

Wide Bay's innovative business is based on a foundation of strength, consistent growth and profitability. The years ahead will herald an exciting new era for the group with further national growth and expansion planned.

Securitisation and funding strategy

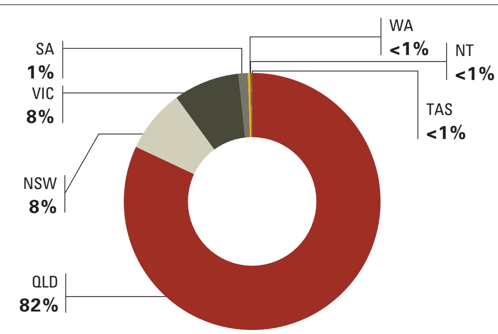
In 1997 Wide Bay was one of the first financial institutions in Australia to use securitisation as a liquidity management tool. Wide Bay has now issued 10 public RMBS issues, with WB Trust 2010-1 being the latest issue.

Wide Bay has continued to use RMBS as a funding tool, with approximately 28 per cent of its funding derived from RMBS securitisation programmes. ■

ASSET SPECIFICS: WB TRUST 2010-1

WEIGHTED AVERAGE LVR	61.91%
LMI CLAIMS INFORMATION	NIL
LMI PROVIDER	GENWORTH

GEOGRAPHIC BREAKDOWN OF MORTGAGE BOOK



SOURCE: WIDE BAY AUSTRALIA AUGUST 2012

◆ FOR FURTHER INFORMATION PLEASE CONTACT:

Dale Hancock
Manager, Structured Finance, Products and Interstate Operations
+61 7 4150 4025
dhancock@widebayaust.com.au

www.widebayaust.com.au

AUSTRALIAN SECURITISATION DEALS PRICED JAN 1 – SEP 20 2012

ISSUE DATE	SPONSOR ABD POOL NAME	CURRENCY	NOTE CLASS	TRANCHE VOLUME	TRANCHE TYPE	BOOKRUNNER(S)	S&P	MOODY'S	FITCH
14 MAR 12	MACQUARIE LEASING	USD	A1	100,000,000	SENIOR	JPM, MB, RBS		P-1	F-1+
14 MAR 12	SMART SERIES 2012-1 US TRUST	USD	A-2a	65,000,000	SENIOR	JPM, MB, RBS	AAA	Aaa	AAA
14 MAR 12		USD	A-2b	80,000,000	SENIOR	JPM, MB, RBS	AAA	Aaa	AAA
14 MAR 12		USD	A-3A	60,000,000	SENIOR	JPM, MB, RBS	AAA	Aaa	AAA
14 MAR 12		USD	A-3b	105,000,000	SENIOR	JPM, MB, RBS	AAA	Aaa	AAA
14 MAR 12		USD	A-4A	90,000,000	SENIOR	JPM, MB, RBS	AAA	Aaa	AAA
14 MAR 12		AUD	B	10,630,000	SUBORDINATE	JPM, MB, RBS	AA	AA2	AA
14 MAR 12		AUD	C	14,617,000	SUBORDINATE	JPM, MB, RBS	A	A2	A
14 MAR 12		AUD	D	13,287,000	SUBORDINATE	JPM, MB, RBS	BBB	Baa2	BBB
14 MAR 12		AUD	E	11,959,000	SUBORDINATE	JPM, MB, RBS	BB	Ba2	BB
14 MAR 12		AUD	SELLER NOTES	7,973,000	SUBORDINATE	JPM, MB, RBS	NR	NR	NR
12 APR 12	ING BANK AUSTRALIA	AUD	A1	744,000,000	SENIOR	ANZ, MB, NAB	AAA	Aaa	
12 APR 12	IDOL TRUST SERIES 2012-1	AUD	AB	16,000,000	SUBORDINATE	ANZ, MB, NAB	AAA	Aaa	
12 APR 12		AUD	AC	20,000,000	SUBORDINATE	ANZ, MB, NAB	AAA	NR	
12 APR 12		AUD	B	20,000,000	SUBORDINATE	ANZ, MB, NAB	AA-	NR	
23 APR 12	ME BANK	USD	A1	420,000,000	SENIOR	CS, NAB	A-1+	P-1	
23 APR 12	SMHL SERIES SECURITISATION FUND	AUD	A2	50,000,000	SENIOR	ANZ, CBA, NAB	AAA	Aaa	
23 APR 12	2012-1	AUD	A3	477,500,000	SENIOR	ANZ, CBA, NAB	AAA	Aaa	
23 APR 12		AUD	AB	46,000,000	SENIOR	ANZ, CBA, NAB	AAA	NR	
23 APR 12		AUD	B	25,000,000	SUBORDINATE	ANZ, CBA, NAB	AA-	NR	
10 MAY 12	PEPPER	AUD	A1	72,000,000	SENIOR	CBA, NAB	AAA		AAA
10 MAY 12	PEPPER RESIDENTIAL SECURITIES	AUD	A2	138,000,000	SENIOR	CBA, NAB	AAA		AAA
10 MAY 12	TRUST NO. 9	AUD	A3	38,400,000	SENIOR	CBA, NAB	AAA		AAA
10 MAY 12		AUD	B	13,500,000	SUBORDINATE	CBA, NAB	AA		NR
10 MAY 12		AUD	C	12,600,000	SUBORDINATE	CBA, NAB	A		NR
10 MAY 12		AUD	D	9,600,000	SUBORDINATE	CBA, NAB	BBB		NR
10 MAY 12		AUD	E	6,000,000	SUBORDINATE	CBA, NAB	BB		NR
10 MAY 12		AUD	F	2,400,000	SUBORDINATE	CBA, NAB	B		NR
10 MAY 12		AUD	G	7,500,000	SUBORDINATE	CBA, NAB	NR		NR
22 MAY 12	WESTPAC BANKING CORPORATION	AUD	A	1,058,000,000	SENIOR	WIB	AAA	Aaa	
22 MAY 12	SERIES 2012-1 WST TRUST	AUD	B	39,100,000	SUBORDINATE	WIB	AAA	Aa1	
22 MAY 12		AUD	C	52,900,000	SUBORDINATE	WIB	NR	NR	
23 MAY 12	SANTANDER UK: FOSSE MASTER ISSUE 2012-1	AUD	2A1	150,000,000	SENIOR	BARCAP, MB, NAB	AAA	Aaa	
29 MAY 12	AMP BANK	AUD	A	602,750,000	SENIOR	DB, WIB	AAA		AAA
29 MAY 12	PROGRESS 2012-1 TRUST	AUD	AB	31,280,000	SENIOR	DB, WIB	AAA		AAA
29 MAY 12		AUD	B1	14,340,000	SENIOR	DB, WIB	AA-		NR
29 MAY 12		AUD	B2	1,630,000	SUBORDINATE	DB, WIB	AA-		NR
6 JUN 12	BANK OF QUEENSLAND	AUD	A1	112,000,000	SENIOR	ANZ, MB		P-1	F-1+
6 JUN 12	SERIES 2012-1E REDS EHP TRUST	AUD	A2A	313,040,000	SENIOR	ANZ, MB		Aaa	AAA
6 JUN 12		GBP	A2G	100,000,000	SENIOR	LLOYDS, MB		Aaa	AAA
6 JUN 12		AUD	B	26,250,000	SENIOR	ANZ, MB		Aa2	AA
6 JUN 12		AUD	C	21,000,000	SUBORDINATE	ANZ, MB		A2	A
6 JUN 12		AUD	D	20,120,000	SUBORDINATE	ANZ, MB		Baa2	BBB
6 JUN 12		AUD	E	18,380,000	SUBORDINATE	ANZ, MB		Ba1	BB
6 JUN 12		AUD	SELLER NOTES	28,000,000	SUBORDINATE	ANZ, MB		NR	NR
14 JUN 12	RESIMAC	USD	A1A	250,000,000	SENIOR	JPM, NAB	A-1+		F-1+
14 JUN 12	PREMIER SERIES 2012-1	AUD	A2	198,000,000	SENIOR	JPM, NAB	AAA		AAA
14 JUN 12		AUD	AB	25,000,000	SENIOR	JPM, NAB	AAA		AAA
14 JUN 12		AUD	B1	17,500,000	SUBORDINATE	JPM, NAB	AA-		NR
14 JUN 12		AUD	B2	2,500,000	SUBORDINATE	JPM, NAB	NR		NR
14 JUN 12	MACQUARIE LEASING	USD	A1	100,000,000	SENIOR	JPM, MB, RBS		P-1	F-1+
14 JUN 12	SMART SERIES 2012-2 US TRUST	USD	A2A	32,000,000	SENIOR	JPM, MB, RBS		Aaa	AAA
14 JUN 12		USD	A2B	133,000,000	SENIOR	JPM, MB, RBS		Aaa	AAA
14 JUN 12		USD	A3A	66,000,000	SENIOR	JPM, MB, RBS		Aaa	AAA
14 JUN 12		USD	A3B	91,000,000	SENIOR	JPM, MB, RBS		Aaa	AAA
14 JUN 12		USD	A4A	27,000,000	SENIOR	JPM, MB, RBS		Aaa	AAA
14 JUN 12		USD	A4B	51,000,000	SENIOR	JPM, MB, RBS		Aaa	AAA
14 JUN 12		AUD	B	11,350,000	SUBORDINATE	JPM, MB, RBS		Aa2	AA
14 JUN 12		AUD	C	15,610,000	SUBORDINATE	JPM, MB, RBS		A2	A
14 JUN 12		AUD	D	14,190,000	SUBORDINATE	JPM, MB, RBS		Baa2	BBB
14 JUN 12		AUD	E	12,770,000	SUBORDINATE	JPM, MB, RBS		Ba2	BB
14 JUN 12		AUD	SELLER NOTES	8,510,000	SUBORDINATE	JPM, MB, RBS		NR	NR
5 JUL 12	LIBERTY FINANCIAL	AUD	A1	87,300,000	SENIOR	DB, NAB	AAA		
5 JUL 12	SERIES 2012-1 TRUST	AUD	A2	60,000,000	SENIOR	DB, NAB	AAA		
5 JUL 12		AUD	A3	60,000,000	SUBORDINATE	DB, NAB	AAA		
5 JUL 12		AUD	A4	60,000,000	SUBORDINATE	DB, NAB	AAA		
5 JUL 12		AUD	B	9,600,000	SUBORDINATE	DB, NAB	AA		
5 JUL 12		AUD	C	8,100,000	SUBORDINATE	DB, NAB	A		
5 JUL 12		AUD	D	5,700,000	SUBORDINATE	DB, NAB	BBB		
5 JUL 12		AUD	E	3,600,000	SUBORDINATE	DB, NAB	BB		
5 JUL 12		AUD	F	5,700,000	SUBORDINATE	DB, NAB	NR		
9 AUG 12	FIRSTMAC	AUD	A1	144,500,000	SENIOR	ANZ, WIB	AAA		AAA
9 AUG 12	FIRSTMAC MORTGAGE FUNDING TRUST	AUD	A2	131,100,000	SENIOR	ANZ, WIB	AAA		AAA
9 AUG 12	SERIES 2012-1	AUD	AB	13,400,000	SENIOR	ANZ, WIB	AAA		AAA
9 AUG 12		AUD	B1	9,250,000	SUBORDINATE	ANZ, WIB	AA-		NR
9 AUG 12		AUD	B2	1,750,000	SUBORDINATE	ANZ, WIB	NR		NR

>>CONTINUED ON P64

ISSUE DATE	SPONSOR AND POOL NAME	CURRENCY	NOTE CLASS	TRANCHE VOLUME	TRANCHE TYPE	BOOKRUNNER(S)	S&P	MOODY'S	FITCH
9 AUG 12	FLEXIGROUP	AUD	A1	89,250,000	SENIOR	CBA, NAB		P-1	F-1
9 AUG 12	FLEXI ABS TRUST 2012-1	AUD	A2	102,000,000	SENIOR	CBA, NAB		Aaa	AAA
9 AUG 12		AUD	B	28,050,000	SUBORDINATE	CBA, NAB		Aa2	AA
9 AUG 12		AUD	C	11,470,000	SUBORDINATE	CBA, NAB		A2	A
9 AUG 12		AUD	D	6,380,000	SUBORDINATE	CBA, NAB		Baa2	BBB
9 AUG 12		AUD	E	5,100,000	SUBORDINATE	CBA, NAB		Ba2	BB
9 AUG 12		AUD	F	12,750,000	SUBORDINATE	CBA, NAB		NR	NR
21 AUG 12	COMMONWEALTH BANK OF AUSTRALIA	AUD	A	920,000,000	SENIOR	CBA	AAA		AAA
21 AUG 12	MEDALLION TRUST SERIES 2012-1	AUD	B	60,000,000	SUBORDINATE	CBA	AA-		AA
21 AUG 12		AUD	C	20,000,000	SUBORDINATE	CBA	NR		NR
22 AUG 12	FIRSTMAC	AUD	A1	30,000,000	SENIOR	ANZ	AAA		
22 AUG 12	FIRSTMAC MORTGAGE FUNDING TRUST	AUD	A2	32,700,000	SENIOR	ANZ	AAA		
22 AUG 12	SERIES 2012-2	AUD	AB	12,300,000	SENIOR	ANZ	AAA		
22 AUG 12		AUD	B1	4,600,000	SUBORDINATE	ANZ	AA-		
22 AUG 12		AUD	B2	400,000	SUBORDINATE	ANZ	NR		
24 AUG 12	MACQUARIE LEASING	AUD	A1	60,000,000	SENIOR	ANZ, MB			F1+SF
24 AUG 12	SMART ABS SERIES 2012-3EQ TRUST	AUD	A2	133,700,000	SENIOR	ANZ, MB			AAA
24 AUG 12		AUD	B	6,550,000	SUBORDINATE	ANZ, MB			AAA
24 AUG 12		AUD	SELLER NOTE	49,750,000	SUBORDINATE	ANZ, MB			NR
30 AUG 12	AMP BANK	AUD	A	742,200,000	SENIOR	ANZ, DB, NAB	AAA		AAA
30 AUG 12	PROGRESS 2012-2 TRUST	AUD	AB	36,150,000	SENIOR	ANZ, DB, NAB	AAA		AAA
30 AUG 12		AUD	B1	20,050,000	SUBORDINATE	ANZ, DB, NAB	AA-		NR
30 AUG 12		AUD	B2	1,600,000	SUBORDINATE	ANZ, DB, NAB	AA-		NR
12 SEP 12	SUNCORP METWAY	AUD	A1	930,000,000	SENIOR	ANZ, JPM, MB, RBS	AAA		AAA
12 SEP 12	APOLLO 2012-1	AUD	AB	52,000,000	SENIOR	ANZ, JPM, MB, RBS	AAA		AAA
12 SEP 12		AUD	B	18,000,000	SENIOR	ANZ, JPM, MB, RBS	AA-		NR
20 SEP 12	INVESTEC BANK AUSTRALIA	AUD	A1	50,000,000	SENIOR	ANZ	A-1+		
20 SEP 12	IMPALA TRUST NO 1 SUB-SERIES 2012-1	AUD	A2	163,000,000	SENIOR	ANZ	AAA		
20 SEP 12		AUD	B	4,200,000	SUBORDINATE	ANZ	AA		
20 SEP 12		AUD	C	3,800,000	SUBORDINATE	ANZ	A		
20 SEP 12		AUD	D	3,130,000	SUBORDINATE	ANZ	BBB		
20 SEP 12		AUD	E	1,800,000	SUBORDINATE	ANZ	BB		
20 SEP 12		AUD	F	1,600,000	SUBORDINATE	ANZ	B		
20 SEP 12		AUD	SELLER NOTES	5,000,000	SUBORDINATE	ANZ	NR		
25 SEP 12	ME BANK	AUD	A1	664,000,000	SENIOR	CS, MB, NAB, WIB	AAA		AAA
25 SEP 12	SMHL SECURITISATION FUND 2012-1	AUD	A2	80,000,000	SENIOR	CS, MB, NAB, WIB	AAA		AAA
25 SEP 12		AUD	AB	41,600,000	SENIOR	CS, MB, NAB, WIB	AAA		AAA
25 SEP 12		AUD	B1	10,400,000	SUBORDINATE	CS, MB, NAB, WIB	AA-		NR
25 SEP 12		AUD	B2	4,000,000	SUBORDINATE	CS, MB, NAB, WIB	AA-		NR

SOURCE: KANGANEWS SEPTEMBER 25 2012

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Passion to Perform

Secured Funding – RMBS

AMP Bank	Liberty Funding	AMP Bank
Progress 2012-1 Trust Prime RMBS AUD 650 million	Liberty Series 2012-1 Non-conforming RMBS AUD 300 million	Progress 2012-2 Trust Prime RMBS AUD 800 million
Joint Arranger Joint Lead Manager Joint Bookrunner	Joint Arranger Joint Lead Manager Joint Bookrunner	Sole Arranger Joint Lead Manager Joint Bookrunner
May 2012	July 2012	August 2012

Secured Funding – Covered Bonds

National Australia Bank	Westpac Banking Corporation	Commonwealth Bank of Australia	Suncorp Metway
EUR 1.0 billion USD 1.25 billion	EUR 1.75 billion	EUR 1.5 billion CHF 875 million	AUD 1.6 billion
Joint Arranger Joint Lead Manager Joint Bookrunner	Joint Lead Manager Joint Bookrunner	Joint Lead Manager Joint Bookrunner	Joint Arranger Joint Lead Manager Joint Bookrunner
January/June 2012	February 2012	March/May 2012	June 2012

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