

ASU

AUSTRALIAN SECURITISATION JOURNAL

Incorporating Australian
Securitisation & Covered Bonds

>> Issue 09 • 2016

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PRS 4

Deal Size - \$A300m
Date Called - Oct 2008

PRS 5

Deal Size - \$A400m
Date Called - Aug 2010

PRS 6

Deal Size - \$A600m
Date Called - Dec 2011

PRS 7

Deal Size - A\$200m
Date Called - Mar 2012

PRS 8

Deal Size - A\$260m
Date Called - Jan 2014

PRS 9

Deal Size - \$A300m
Date Issued - May 2012

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PRS 10

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Prime 2013-1

Deal Size - A\$500m
Date Issued - Aug 2013

PRS 11

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PRS 12

Deal Size - \$A500m
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PRS 13

Deal Size - A\$400m
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Date Issued Jun 2015

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FROM THE CHIEF EXECUTIVE

It is pleasing to note that activity in the Australian primary securitisation market has continued to build in 2015. Major banks, smaller financial institutions and nonbanks continue to use securitisation as a vital source of funding of their mortgage, consumer and small-business lending books, and the Australian market has continued its trend of increased issuance since the 2008 financial crisis.

The vast majority of residential mortgage-backed securities (RMBS) and other asset-backed securities (ABS) continue to be issued in Australian dollars, largely due to the uneconomic cost of incorporating currency swaps into most transactions.

Typically, new issues in 2015 have been heavily oversubscribed with a mixture of financial-institution and real-money investors participating. With record-low interest rates there has been strong interest in the higher-yielding, subordinated tranches of new issues.

Increased frequency of new issues and strong investor interest are positive markers for the market. We expect the market to move to the next stage of its evolution in 2016 following the finalisation of new prudential regulations and central bank repo-eligibility criteria for Australian securitisations.

The implementation of the Reserve Bank of Australia (RBA)'s new repo-eligibility criteria for RMBS and ABS came into effect from July 2015. The new rules require issuers to provide an expanded and more standardised set of information to the RBA and other qualified market participants. RMBS issuers that wish their securities to be repo eligible with the central bank now need to provide detailed loan-level information. We are pleased with the collaborative discussions we have had with the RBA to agree the final form of the reporting requirements, which strike an appropriate balance between the interests of greater transparency and the protection of consumers' interests.

Another significant development in 2015 has been the release of the final draft of the new prudential standard governing the roles played by Australia's regulated financial institutions as issuers, investors or transaction counterparties in the RMBS and ABS markets. The Australian prudential regulator has pursued its objective of providing a prudential framework that supports a large and simple securitisation market. The industry looks forward to the regulatory standard facilitating more efficient transaction structures that encourage issues of securities with term and currency characteristics that appeal to both local and international investors.

In mid-2015 the Australian Office of Financial Management (AOFM) commenced a programme to divest the portfolio of prime RMBS it acquired as part of the government's successful initiative to support the primary securitisation market between 2008 and 2012. To date the AOFM has undertaken this through a series of transparent auctions. The amount sold through the auctions has not been significant, partly due to the AOFM seeking to attain fair value for its holdings through a disciplined auction process. The AOFM plans to conduct further auctions throughout 2016.

Finally, the Australian Securitisation Forum (ASF)'s national committee has had, as intended by its constitution, a substantial refresh of its composition following the 2015 annual general meeting. A number of members completed serving the maximum of two successive terms and have stepped down from their leadership positions with the ASF.

I would like in particular to thank Tim Hughes, our immediate past chairman, for his contribution to the ASF. Tim not only provided forward-looking leadership to the ASF but he was also an active issuer of RMBS and covered bonds in his capacity as treasurer of Suncorp Bank. The ASF would also like to thank and recognise the substantial contributions of Rob Camilleri, Sofie Sullivan, Guy Volpicella and Eva Zileli.

We welcome the new members of the national committee. The main focus of the ASF in 2016 will remain on its core and long-standing objectives. These are primarily to provide the Australian market with a platform to discuss market and regulatory matters, advocate on behalf of members, provide a comprehensive suite of professional development programmes, improve market standards and practices and to promote the market to global investors and policymakers.

I look forward to an exciting 2016 for the Australian and global securitisation markets.



CHRIS DALTON
CHIEF EXECUTIVE, AUSTRALIAN SECURITISATION FORUM

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FROM THE DEPARTING CHAIRMAN

as many of you now know, I have departed my role as treasurer of Suncorp Bank, deciding that I ought to have some time for reflection on what is important to me. Then, perhaps, having decided where the balance of my priorities lies, I might return to the shores of securitisation and financial markets. As my son said to me: “Dad, it’s your gap year – just 412 years late!”

So it is with this personal backdrop in mind that I thought I would share with you my perceptions on the past four years in which I have chaired and served on the Australian Securitisation Forum (ASF) national committee.

It may be obvious to many of you, but it is worth acknowledging that we are blessed in having a securitisation industry in Australia that comprises as many intelligent, irreverent and energetic individuals as it does. When one looks around at some of the larger industries and markets in the world of finance, our relative size goes a long way to explaining why we are able to remain so collegiate and effective.

Of course, we have had to face challenges both in terms of the brand damage caused to the global product by those that misused it and the many regulatory headwinds that ensued, often with so much zeal that at times we were at risk of going backwards.

It is pleasing to see, then, that the Basel committee and much of the EU has taken a much more enlightened and practical approach to securitisation in recent months. They recognise, as we have, that one of the qualities of securitisation is its ability to ‘play the ball, not the man’, such that the collateral is the focus of attention rather than the vagaries of a broader balance sheet.

I would like to acknowledge in this light the two immediate past ASF chairmen, Stuart Fuller and Phil Vernon. Phil and then Stuart began the Herculean task of resuscitating the Australian securitisation market in the wake of the crisis. Stuart also brought us covered bonds after a decade-long slog with so many others. Greg Medcraft was also part of that era but our thanks go to him chiefly in the light of his work to get securitisation back on its feet globally in his role chairing the International Organization of Securities Commissions.

We are on a journey, make no mistake. Recent announcements both in Europe and at the IOSCO/Basel level now give us arguably the first opportunity post-crisis to be confident about the long-term viability of securitisation in funding the world’s economies.

Turning back to home, but on the same theme, I note that many of the grand global plans that grab the headlines would probably not materialise were it not for a credible industry standing behind them. In Australia, we are blessed to have such passionate and generous people that ensure our industry is well-run, sufficiently unified, and ready for the next challenge. I look at the numerous events that bring us together to hear about and develop innovative products, regulatory responses, and much more.

Looking to the future, we now have a New Zealand subcommittee of the ASF. This acknowledges that the New Zealand market is poised for a surge in its significance to the financial system. It also acknowledges that, despite our rivalry, there is a fundamental willingness to combine forces rather than compete. We wish inaugural chair, Simon O’Connell, and the rest of the subcommittee all the best.

Further afield, we see China developing its securitisation market. The speed and the nature of it means little can be assumed. The different legal and security environments, and the varied funding and investing needs of market participants, means we should look to help, to learn, and, in due course, to benefit from its enormous potential.

It has been a fantastic four years as chairman of the ASF. I am very humbled that someone who has not had a background in securitisation should be elected to the role by his peers.

I would like to acknowledge the support of the many who have served on the national committee during this time. To all who have given their time to participate in the many subcommittees and working groups, a big thank you. It is your time and effort that gives the Australian securitisation industry its great reputation both at home and abroad.

I thank the ASF executive – Chris, Alex and Lynsey – and wish Chris Green every success as the next chairman.



TIM HUGHES



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ASF IN REVIEW

*Judging from the levels of discussion and from the array of work that the **Australian Securitisation Forum** (ASF) has undertaken in the past six months, we feel not only energised as we near the end of the calendar year but also very appreciative that we have such an engaged industry.*

BY ALEX SELL, CHIEF OPERATING OFFICER, ASF

Without engagement we would lead isolated lives, unable to prosecute our industry's case credibly. Instead, while we might occasionally wish our lives were a little quieter, we spend much time trying to help the broad church of our industry to reach a palatable consensus.

Take the Reserve Bank of Australia (RBA) eligible-securities reporting regime for residential mortgage-backed securities (RMBS). Over the years, myriad originators of securitised collateral have developed different ways of calculating, capturing and presenting collateral-pool performance to RMBS investors. There have been many longstanding investors that became accustomed to the basis upon which investor reports were prepared.

As a result, there was little consensus on what was 'right'. However, for the most part, the industry has managed to settle on definitions acceptable to it for the purposes of reporting under the RBA framework.

Borrower privacy concerns loomed large, however. The natural tension is clear: maximal transparency versus the

right of borrowers not to be reidentified by the data, even if indirectly by way of inexpensive, easily accessible triangulation of property sales data and marketing databases. The potential both legally and reputationally has been front of mind for those seeking ongoing eligibility status for their RMBS.

Solutions have included aggregating more data to pool level so that investors can get most of the data they might want, issuer-originators able to exercise good faith and all reasonable measures in their bid to protect borrowers' identities and financial status, and third parties serving the whole market superior analytics and data.

The nondisclosure agreement (NDA) the ASF instructed counsel to prepare serves as a means for ASF members as programme sponsors to present to permitted users a standardised deed that is acceptable to them and consistent with the RBA's expectations about access.

By being standardised, it clearly lends itself to swifter execution than myriad agreements circulating around the market. By being acceptable to the RBA, it provides confidence that it is consistent with the RBA securitisation-system agreement and, in turn, acknowledges the gamut of statutory- and common-law and fiduciary duties to which those releasing borrower information are bound. This includes ensuring that data are to be used for a pre-agreed, proper purpose and that re-identification of borrowers through triangulation is expressly prohibited.

Aside from the privacy dimension, issuers have also been troubled by loan-level information being publicly available – especially for their self-securitisations. The RBA as the potential holder of such securitisations will receive reporting at loan level, but permitted users will only see it a pool level. Permitted users are never likely to be holders of this paper so beyond curiosity their interest is not considered compelling. And, given that for some issuers self-securitisations dwarf their public term securitisations, it is obvious that open slather may very well facilitate their competitors to trawl through, target and potentially reprice parts of their residential mortgage books.

FUTURE WORK

The ASF's immediate work plan is likely to include bedding in the RBA reporting items that have only recently settled. These are debt serviceability and external credit-bureau credit scores, which, are subject to all kinds of vagaries in terms of their use and application. The first of these items will be held over for 12 months pending further study. The second is off the table indefinitely.

The ASF will also host a directory for industry – in practice, "permitted users" – to identify the NDA contact point at each programme sponsor to begin the deed-execution process.

We are also embarking upon a perennial item of interest, brought to the fore this time by the RBA reporting process. We trust that on this occasion, with the momentum and



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importance of the RBA reporting regime, we will settle on an industry standard for a conditional prepayment rate (CPR) and weighted-average life (WAL) methodology. The objective of this work, apart from the obvious of like-for-like comparability between tranches, is to deliver simplicity and utility.

It is not intended that this standard be slavishly followed on every trade or on every occasion. Instead, it is intended to provide a common language of understanding in terms of the basis upon which reported CPRs and WALs have been prepared.

PRUDENTIAL REGULATION

Turning away from reporting, we will of course be re-engaging with the APS120 consultation process as the Australian Prudential Regulation Authority (APRA) unveils its vision for a simple and prudentially sound securitisation product in Australia.

Contained within this, we will work hard to ensure the master-trust structure contemplated by APRA will work from both an economic and an international-investor perspective. We have long held that we should be able to get the right structure. We will put our faith in some of the universal tenets of prudential regulation that, where no regulatory capital relief is sought and where date-based calls signal nothing extraordinary given banks' other funding instruments, prudential soundness remains intact. Indeed, it is enhanced where banks are able to improve their funding tenor, diversification, and offshore investor base.

EU CMU

This takes us neatly to the European story, which is finally close to landing in a place that many had pleaded for five years ago. That is, a framework for securitisation that is consistent, predictable, economic and measured in how it balances competing prudential priorities.

The EU is in the final throws of its long journey with the release of its Capital Markets Union (CMU) white paper. This is a substantial and ambitious proposal, underpinned by a number of discrete measures.

For securitisation, this means twin proposals that are self-reinforcing. The first aspect speaks to product design in a bid to get simpler, more standardised, and more comparable securitisation on foot. In turn, the prudential dimension speaks to banks, insurers and other prudentially-regulated entities in the EU – as holders of securitised paper.

Here, preferential treatment is contemplated for those structures that meet the “standardised and transparent securitisation” label. This includes risk weights as well as liquidity-coverage-ratio treatment. Basel and the International Organization of Securities Commissions (IOSCO) have a parallel process in train, which we are confident will do everything to ensure consistency so that those outside the EU do not get the thin end of the wedge.

ECB AND BoE REPO ELIGIBILITY

For some years now, the ASF has sought reciprocity between the RBA and the world's central banks. The European Central Bank (ECB) and Bank of England (BoE) permit non-EU issuers and collateral to be pledged in their repo systems – but only by those from G8 nations. This is odd in a world where trade barriers are consistently being torn down. The ASF is supporting a number of measures to make this happen.

DERIVATIVES REFORM

G20 OTC derivative reform is now at a rather more serious stage of its agenda. Regulators have as their starting point the imposition of margin and collateral for all financial end users over a particular outstanding notional swap exposure.

Swaps employed in securitisations are sufficiently bespoke as to not be capable of being centrally cleared. IOSCO and the Basel committee have determined that in these circumstances counterparties must exchange initial and variation margin as well as collateral to reflect the risk of swap-counterparty default. Together with our overseas peers, we have set out plainly the case for securitisation special-purpose vehicles (SPVs) not to be brought in scope.

The case we have made is this: swap counterparties already enjoy very senior, collateralised protection when facing securitisation SPVs. We also point to the practical difficulty that SPVs face given their closed-pool nature and the basis upon which they are rated, such that no unknown, uncertain liabilities can exist.

Our other major fear is that even if most trusts are exempted due to a size threshold, the banks facing them as swap counterparties might not. Regulators might very well ignore collateral protections by deciding to levy additional regulatory capital to reflect the non-margined status of the trade. This will increase the costs of swaps, making securitisation more expensive and, in turn, less useful as a lending-market contestability tool.

ASF PROFESSIONAL DEVELOPMENT

First of all, a big thank you to those who attended and those that delivered the ASF's fabulous professional development training content in 2015. We continue to be delighted with the support of those that in prior years journeyed through the ASF's highly-respected suite of training courses, to now be lecturers themselves. We have had a slew of new authors and presenters come through the ASF Faculty in the past six months, including many that went 'on the road' to Auckland for our second foray into that market, in August.

Watch out in 2016 for the “ASF – the new APS120” workshop which will reflect, once settled, the new prudential landscape. Also, ASF Trust Management. This will be targeted principally at operations staff who need to know about the securitisation product in a trust-management setting. ■

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NEW ZEALAND PARTICIPANTS LINK UP WITH ASF

A group of New Zealand securitisation market participants have come together to launch a local subcommittee of the Australian Securitisation Forum (ASF) – an initiative they believe has the potential to drive growth in the securitisation market, including cutting costs and expanding opportunities for issuers.

An initial approach to the ASF by interested parties earlier this year met with a very encouraging response as well as practical assistance from the team at ASF. Formal approval of the New Zealand subcommittee was granted by the ASF committee in September.

Simon O'Connell, Auckland-based director, structured finance at Westpac Institutional Bank and a founding chairman of the subcommittee, says: "The establishment of an industry body in New Zealand was well overdue given the importance of securitisation as a source of funding for participants in New Zealand's financial sector."

The focus for the New Zealand ASF subcommittee will be to increase investor and issuer awareness of the opportunities available in the securitisation sector, work to minimise transaction costs and complexity, and provide a coordinated approach to assist with the development of the legal and regulatory framework around securitisation.

In O'Connell's view, the initiative should help provide impetus to a market which has seen encouraging signs of late. "The market here is well established but there is potential for a great deal more growth," he says. "By simplifying the process we believe securitisation can become a viable funding option for an even broader range of issuers in New Zealand."

The New Zealand market has been active in recent years, and in 2014 three rated transactions priced in quick succession. Last year's crop included Resimac's NZ\$150 million (US\$102 million) Versailles Trust Series 2014-1, which reignited the New Zealand public market for residential mortgage-backed securities (RMBS) as the first such offer in four years, and Fisher & Paykel Finance's NZ\$283 million Q Card receivables securitisation. The Q-card transaction was the first term securitisation of a credit card-type

product in the Australasian market for more than a decade, and had a successful NZ\$50 million follow-on issue in July 2015.

Another sign of healthy appetite for the asset class in New Zealand is that investor demand, which was previously confined to the most highly-rated tranches, is now being seen for lower-rated notes and most tranches have been oversubscribed in recent transactions. Market participants put this down to increasing familiarity with the product as well as growth in the pool of funds available. This is largely driven by the development of New Zealand's voluntary long-term savings scheme, KiwiSaver, which has underpinned demand for fixed income.

Another key focus for the committee is to promote consistency between the New Zealand and Australian markets wherever possible. Mary Ploughman, Sydney-based head of capital markets at Resimac, sits on both the New Zealand subcommittee and the ASF national committee. As an issuer in both markets her experience will be invaluable in achieving this goal.

"The establishment of an industry body in New Zealand was well overdue given the importance of securitisation as a source of funding for participants in New Zealand's financial sector."

SIMON O'CONNELL WESTPAC INSTITUTIONAL BANK

The New Zealand subcommittee held its inaugural meeting on October 22 and the new group will represent the interests of ASF members who participate in the New Zealand securitisation and covered-bond markets, regardless of where they are based.

The initial meeting established the group as an official subcommittee of the ASF, and a follow-on meeting will take place later in the year to establish a formal programme of activity for 2016.

Beyond Ploughman and O'Connell, the subcommittee includes Bell Gully partner, Murray King, Motor Trade Finances' treasury manager, Jason Hughes, Mark Jephson, Guardian Trust's senior relationship manager, corporate trusts, Paul Jamieson, treasurer at Fisher & Paykel Finance, and Chapman Tripp partner, Ross Pennington. ■

◆ FOR MORE INFORMATION ON THE ASF NEW ZEALAND SUBCOMMITTEE, PLEASE CONTACT:

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PROGRESSIVE THINKING

The Australian Securitisation Forum (ASF)'s Women in Securitisation subcommittee, chaired by Resimac's head of capital markets, Mary Ploughman, offers networking opportunities to women in the securitisation industry in order to raise awareness of issues which affect their professional advancement.

The subcommittee organises a number of networking events each year, allowing market participants an opportunity to meet in a relaxed setting. On October 20, the subcommittee hosted the first-ever industry-wide cocktail lunch, at the Establishment in Sydney. This featured a talk from journalist, author and media personality, Gretel Killeen.



“We believe gender-balanced industries perform better. These industries are proven to be more profitable, more successful and more rewarding to work in.”

MARY PLOUGHMAN



“Ask yourself if the paradigm you’re working within is one which you’ve chosen for yourself, because as a woman you’ll be consistently tested regarding your ability to survive in it.”

GRETIL KILLEEN



“Women today are riding the waves of so many decades of women before us who bravely spoke out, and now we must continue this legacy. We can’t just sit in silence and expect change. Rest assured, if we want equality for women we will have to speak up for it.”

GRETIL KILLEEN

RMBS MOVE UNLOCKS NEW DEMAND

Following a re-examination of the role of mortgage insurance by rating agencies, ANZ says concerns are reducing around anticipated difficulties in selling the more junior tranches of prime residential mortgage-backed securities (RMBS).

Market participants note the extent to which new pockets of demand for bespoke product are growing. Australian RMBS have historically benefited from the additional credit support of lenders' mortgage insurance (LMI) but this is a sector which has faced challenges in recent years. Most recently, a change in criteria used for assessing LMI by Standard & Poor's Ratings Services (S&P), in August 2014, saw the onus to provide additional credit-enhancing subordination at each ratings level transferred to issuers.

This reduced reliance on external credit support from LMI means that, where some issuers used to be able to structure RMBS in dual-tranche format – a triple-A rated A note and a double-A-minus rated, LMI-dependent B note – under the new structure more complex tranching of junior notes is likely to occur.

OLD TO NEW

Demand for junior tranches in 'old-style' deals was rarely a concern, explains Graham Metcalf, global head of structured capital markets at ANZ in Sydney. The traditional structure produced a B note which was of sufficient volume and yield to attract a small but loyal group of large institutional fund managers.

"The mezzanine note produced in the traditional, two-tranche structure may have been in the order of around 8 per cent of the total issue size, or A\$24 million [US\$17.4 million] in a typical A\$300 million deal," Metcalf says.

At this volume the B note would have been worthy of the attention of larger institutional fund managers. Metcalf continues: "These investors may have taken comfort from the B note's high-investment-grade rating. But the volume on offer also warranted a willingness to devote resources, skill and experience to analysing the risk."

However, under new structures the lowest-rated tranche of a similar-sized transaction might typically be less than 0.5 per cent of the total deal – or A\$1.2 million – and likely not of sufficient volume to pique the interest of traditional mezzanine investors.

Fiona Gaal, associate director at ANZ in Sydney, reveals that this was the case in the market's very first 'new-style' prime RMBS, a A\$300 million five-tranche deal for Wide Bay Australia – now Auswide Bank – issued in October 2014.

JUNIOR NOTE TECHNICALS

In the Wide Bay transaction, on which ANZ acted as sole arranger, investors were offered A\$270 million of class A, A\$19.5 million of class AB, A\$8.1 million of class B, A\$1.2 million of class C and A\$1.2 million of class D notes.

As well as their small size, Gaal says of the D notes: "They were also unrated, which is additionally problematic for some investors. We knew the notes needed to be placed outside the traditional mezzanine buyer base, but in order to find investors we needed to ascertain their requirements around yield and repayment profile."

Metcalf explains that junior-note investors rely on the underlying mortgage pool performing well enough to enable more senior tranches to be paid down, on the LMI insurer to pay any claims made by the trust, and on the issuer exercising the clean-up call option.

Specifically, the Wide Bay transaction included an overcollateralisation reserve ledger, which Metcalf reveals is seeded by excess income of A\$25,000 on each payment date up to a maximum of A\$1.2 million from November 2017.

"Amounts in the overcollateralisation reserve ledger will be applied to the D notes on the relevant payment dates," Metcalf continues. "This gives investors some confidence in the likely repayment profile of the note."

MARKET CONFIDENCE

Gaal reveals that in the end ANZ was able to identify 10 potential investors – including small credit funds, securities houses which distribute to high-net worth and self-managed superannuation fund (SMSF) clients, and family offices – for Wide Bay's D note. "These investors were not constrained by credit ratings, were willing to carry out the credit work on the lowest-rated note and were seeking yield in a low-yield environment," she adds.

FIIG Securities was one such institution which saw an opportunity for its investors. Its Sydney-based head of credit structuring, Tony Perkins, reveals: "Even though S&P changed its criteria, mortgage insurance and the underlying cash flows which are available to service the D note offered a credit profile FIIG Securities was comfortable with at an attractive margin to bank bills."

In fact, Perkins argues that strong competition for unrated notes has caused a contraction in margins which has left end investors well rewarded, and suggests that junior RMBS notes are fertile ground for its clients. "It is challenging to find quality fixed-income investments for high-net-worth and SMSF clients with a floating-rate yield that is 5 per cent or more above term-deposit rates," he confirms. ■

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THE BIG PICTURE

Jacqui Fox, Melbourne-based head of securitisation originations, investment-grade originations at National Australia Bank, talks to ASJ about the most important factors shaping the Australian securitisation market as 2015 draws to a close.

◆ **By the middle of October, Australian securitisation volume for 2015 has almost reached 2014's full-year levels. Which fundamental factors are driving supply and are they likely to remain?**

On the supply side, 2015 has been another year of good issuance volume from across the various issuer segments. We have seen approximately an 85:15 split between residential mortgage-backed securities (RMBS) and other asset-backed securities (ABS), which is fairly consistent with recent years.



"I am hopeful we now have an increased probability of Australian RMBS and ABS being accepted by offshore regulatory bodies for treatment that would be constructive to offshore investor demand."

JACQUI FOX NATIONAL AUSTRALIA BANK

From the issuer perspective, treasurers across corporate Australia continue to see securitisation as a viable secured-funding product that meets their defined financing objectives.

On the whole, we expect supply fundamentals to remain relatively constant with some likely increased ABS supply given some of the M&A activity this year and, on the RMBS side, perhaps a small supply diversion to covered-bond issuance.

◆ **How do you see demand shaping up?**

We believe there is strong acceptance of securitisation as a credit product among the investor community, which has a very sound understanding of underlying collateral risks and broader industry and macroeconomic influences, the structural features of transactions and how risk-minimisation is achieved via the structures referable to the tranche of debt on offer.

Against this backdrop, demand for product is relative across all asset classes and influenced by allocation decisions and limits. In this regard, in 2015 we have seen relatively good support across a wide array of investor names both domestically and in other jurisdictions. We continue to see new names emerge, which is good.

Demand has also been supported by a strong bank balance-sheet bid as collateral holdings for the Reserve Bank of

Australia (RBA) committed-liquidity facility have been built. We expect this to reach a more steady state rather than being in accumulation going forward.

◆ **Do you think the Australian Office of Financial Management (AOFM)'s RMBS divestment programme and the RBA's data-reporting requirements have aided transparency?**

These have assisted transparency and, in respect of the RBA's data-reporting requirements, they have brought about consistency in reporting which on the whole is a good thing for the market. Positive effects are already emerging in the form of modelling services provided by third parties, and I am hopeful we now have an increased probability of Australian RMBS and ABS being accepted by offshore regulatory bodies for treatment that would be constructive to offshore investor demand.

◆ **How is local and offshore investor demand for Australian securitisation product holding up against a more volatile recent backdrop?**

Generally speaking, securitisation fared reasonably well during this recent period although spreads clearly widened. June, July and August experienced relatively low securitisation issuance volumes which assisted in the dispersion of September's roughly A\$4.75 billion (US\$3.5 billion) supply. The bank balance-sheet bid assisted during this period but there were certainly fund managers still at play, albeit they were showing some

signs of fatigue during late September and early October.

One of the challenges in September was the absence of senior-unsecured issuance by major banks, due to blackout periods. Five-year senior-unsecured spreads tend to be a good proxy for major-bank RMBS, against which other issues can also be benchmarked. Senior-unsecured issuance has since revived and should set the stage for some late-year securitisation supply.

◆ **Which is the key development you are hoping for in 2016 and how do you envisage it will drive the securitisation market forward?**

As an industry, finalisation of the local regulatory standard would be welcome, including a roadmap for master trusts – which should ease the path to foreign-currency issuance for large securitisers in particular. I would like to see more offshore issuance, as continuing to grow and supply an international investor base is important for future growth and equilibrium in domestic supply and demand.

Seeing Australian RMBS and ABS treated favourably in other countries' repo-eligibility and liquidity-coverage-ratio regimes would also be very welcome, as this would support further international investment interest. ■



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INNOVATION OPENS DOORS

Commonwealth Bank of Australia (CommBank) takes every opportunity to innovate in the securitisation market to bring its clients optimal outcomes. CommBank's securitisation specialists share some of the ways the team is driving the market forward.

“It's not about undertaking a radical change,” says Rob Verlander, head of debt markets securitisation at CommBank in Sydney. “Rather it's about being in tune with the market to accelerate its evolution.”

A case in point is the A\$240.1 million (US\$174.5 million) transaction that closed in November 2014 for the state of Victoria's Local Government Funding Vehicle (LGFV). It was Australia's first collective vehicle for funding local authorities. The transaction was a vanilla bond, but it used elements of technology more commonly seen in the securitisation market. “The innovation here was connecting the LGFV with a securitisation context,” Verlander says. The complexity required the skill set that sits within the securitisation sector, such as understanding how to engage with rating agencies to structure cash flows that demand a high credit rating.

SECURITISATION TECHNIQUES FOR VANILLA BONDS

The LGFV is a special-purpose vehicle established by the Municipal Association of Victoria, a legislated peak body for the state of Victoria's 79 councils. According to Sophie Gilder, director, debt markets securitisation at CommBank in Sydney, while the LGFV deal was dependent on the creditworthiness of the councils themselves – most have high own-name credit profiles – there were certain issues which had to be overcome to access the full range of investors. For example, considering what might happen in the event of a council payment default.

“Because there was no precedent we could not point to history,” Gilder explains. “Borrowing from securitisation, we included a one-year liquidity facility in the transaction. This ensured potential investors knew timely payments would be made to bondholders ahead of the likely state-government support appearing.”

Gilder sees other ways CommBank can apply its pioneering visions to issuance in capital markets. “These techniques are useful where individual borrowers lack the scale to independently access debt capital markets,” she comments. “The borrowing entities need to happily coexist with others in the same vehicle. So they need to be a homogeneous group with similar requirements in terms of

tenor, and they need to be relatively similar in terms of credit quality.”

This would most obviously apply to councils in other states – and there is ongoing dialogue on the subject, Gilder adds. “The LGFV was established with the intent to be a programmatic issuer and future issuance is available to existing and additional councils when required,” she says.

STRUCTURING TO ATTRACT A WIDER RANGE OF INVESTORS

Pepper Group (Pepper)'s latest nonconforming residential mortgage-backed securities transaction – Pepper Residential Securities Trust No. 15 (PRS 15) – offers another illustration of CommBank designing specific elements of deals to appeal to the widest possible audience. PRS 15 has 1.0-year and 2.2-year weighted-average-life tranches denominated in Australian dollars, framed to channel interest from particular buyers.

“This approach creates greater price tension and increases competition for the product, thereby generating the potential for more volume to be bid into the book,” Verlander says. “Pepper has used this approach in international markets and it is increasingly being used in Australia as market appetite evolves.”

RESEARCH SKILLED

The research function is also key. Tally Dewan, Sydney-based securitisation strategist at CommBank, says the bank's research has a role to play in supporting both demand and supply. She explains: “When a deal is brought to market via the origination team I put together an investor guide. Research is independent of origination within the business and client feedback is that, as an independent guide, our documents are a particularly useful barometer.”

The research also appeals to buy-side clients, with investors using it as a way to independently verify their own analysis. “Feedback shows that CommBank's innovative approach is highly valued in terms of trading strategies and relative value,” Dewan says. “We provide research, thematic background and market analysis which investors value even after they have bought a deal.”

CommBank's innovation vision extends to a dedicated space to introduce customers and staff to its innovation processes. The “Innovation Lab” allows visitors to explore the bank's latest products and enables clients to connect one end of their business with the other through data. Here Verlander notes similarities between the lab's intended purpose and securitised product.

“Securitisation deals are based on the analysis of vast amounts of data,” he explains. “In structuring a deal to meet rating-agency requirements, a lead manager must evaluate large volumes of data to optimise a client's issuance into the marketplace. Likewise, the Innovation Lab offers deep insights through the extensive data the bank generates across all its varied activities. This data can be used to provide clients with innovative solutions.” ■

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IDOL 2015-1 Trust
RMBS
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 **RedZed**
Lending Solutions

RedZed Trust Series 2015-1
RMBS
A\$250 million
Joint Lead Manager

September 2015



Medallion Trust Series 2015-2
RMBS
A\$2,000 million
Arranger & Lead Manager

September 2015



SMHL Series
Securitisation Fund 2015-1
RMBS
A\$1,500 million
Joint Lead Manager

July 2015

 **FLEXIGROUP**

Flexi ABS Trust 2015-2
ABS
A\$285 million
Arranger, Joint Lead Manager & Swap Provider

June 2015

 **pepper**

Pepper Residential Securities Trust No. 14
RMBS
A\$550 million
Joint Lead Manager & Cross Currency Swap Provider

June 2015

 **La Trobe**
financial

La Trobe Financial Capital Markets Trust 2015-1
RMBS
A\$250 million
Arranger & Sole Lead Manager

May 2015



Liberty Series 2015-1 Trust
RMBS
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SHAPE SHIFTING

*Changes are afoot which could reshape the landscape of securitisation issuance in Australia. Two key executives from **Macquarie Bank** talk to ASJ about the likely impact of heightened regulatory oversight of lending standards, acquisition activity and the nascent emergence of disruptors in the lending market.*

PARTICIPANTS

- ◆ **Kevin Lee** Division Director, Debt Origination and Structuring
- ◆ **Stephen Maher** Division Director, Head of Debt Markets Analysis

Let's start with established lenders by reviewing the macroprudential tools being deployed by the Australian

Prudential Regulation Authority (APRA). Can you run through the changes?

◆ **MAHER** Over the last 6-12 months APRA, with support from both the Australian Securities and Investments Commission and the Reserve Bank of Australia (RBA), has provided prescriptive guidance to the authorised deposit-taking institution (ADI) sector with respect to prudent lending practices in the housing space.

This guidance reflects growing concerns as to whether or not financial risks are growing within the residential mortgage lending space, and appropriate ways to mitigate these risks.

In particular, APRA has been very focused on the appropriate level of lending to investors and is now actively seeking to moderate lending growth

in this area by providing guidance to ADIs. This guidance has come through in several forms. There is a notional limit of 10 per cent annual growth in exposure to investor lending and an "appropriate haircut" on the income contribution from rent when assessing loan serviceability.

APRA now requires "appropriate application" of interest-rate floors, interest-rate buffers, income variability and minimum reasonable-income assumptions when assessing loan serviceability for both owner-occupier and investor borrowers. It has also noted that excessive rates of growth to specific risk areas such as interest-only, jumbo or high-LVR loans will draw additional regulatory scrutiny.

How do you see this influencing the shape of securitisation issuance activity going forward?

◆ **LEE** I think these developments raise a few interesting potential scenarios. In the short term we may see a number of

residential mortgage-backed securities (RMBS) deals with higher proportions of investor loans – whether issued in the public or private-placement markets – as some ADIs look to rebalance their mortgage loan books in light of APRA's macroprudential initiatives.

From an investor's perspective, this creates an opportunity as buyers may be able to invest in higher-yielding securities which are still backed by prime residential mortgages with which they are comfortable from a credit perspective.

◆ **MAHER** This type of 'single-risk' issuance also offers the prospect of better linking RMBS market pricing with the underlying collateral type – helping issuers engage in risk-based pricing for their loan offering.

◆ **LEE** Looking further ahead, over the medium term we may see the nonbank sector look to 'fill the gap' to some extent, by servicing the investor home-loan market that may become less actively covered by ADIs. Having said this, we must remember that the size of the nonbank lending market is much smaller than the ADI space and therefore the outright volumes may not be excessive.

◆ **MAHER** This evolution is also happening at a time when our securitisation markets are moving towards greater information disclosure around the assets backing securitisations, most notably in the form of the RBA's reporting requirements for RMBS and asset-backed securities' repo eligibility. Investors could become more receptive to considering less 'vanilla' transactions because they have access to more detailed pool data to analyse the potential risks.



"Marketplace lenders have focused on providing small-ticket consumer and SME loans, which have a profile suitable for efficient securitisation. As these new players tend to be nonbanks with smaller balance sheets, it is easy to see how securitisation can play a powerful funding role."

KEVIN LEE



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We should remember that the reporting requirements for RBA repo eligibility focus on what needs to be disclosed to the RBA itself rather than to other third parties. There is no fundamental obligation on issuers to provide the same level of detail to investors – indeed there are very good reasons why issuers should provide less detail, for instance in order to protect customer privacy.

But the market may drive greater disclosure, through offering better pricing for issues where risks are more effectively disclosed.



“As with any new market, there will be fits and starts as issuers and investors migrate to a mutually satisfactory funding model. It is important to remember that securitisation investors generally provide debt funding and not equity capital.”

STEPHEN MAHER

Another change dynamic we have seen in the Australian lending market is significant M&A activity. How, if at all, do you expect this activity to shape securitisation issuance over the medium and longer term?

◆ **LEE** Securitisation can play a key role in this space over the medium to longer term as it provides a potential outlet to help refinance a portion of the acquisition funding involved in M&A deals. The extent to which it is used will depend on the types of businesses or assets being acquired.

Acquisitions involving asset classes with an established track record – such as residential mortgages, auto- and equipment-finance receivables and consumer loans – are the easiest to securitise. But any asset class with well-diversified exposures and a good track record of stable cash flows can potentially make use of securitisation.

◆ **MAHER** It is also worth differentiating between new businesses entering the securitisation market and existing

businesses using securitisation for the first time. Businesses with an established track record will always face lower securitisation funding entry hurdles than start-up businesses.

Successful securitisation not only depends on assets which aggregate to produce stable, relatively predictable cash flows but also on the underwriting and portfolio-management experience of the originator.

Looking further ahead, what impact can nontraditional lending models – like peer-to-peer and marketplace

lending – have on the Australian market? Can disruptors capture meaningful market share, and if so over what timescale?

◆ **LEE** There has been a growing focus on this space here in Australia as we follow developments internationally, particularly in the US and Europe. What is significant with the offshore experience is that these nontraditional lending models are beginning to access securitisation markets as they continue to grow. As to the size of the market share they can capture, I think it is too early to say. But the potential is substantial.

The offshore experience has also shown that these disruptors are not necessarily always in competition with traditional lenders. They can in some cases form origination alliances, which offer an alternative distribution network to that offered by traditional lenders, or help originate a product that a traditional lender may otherwise consider to be unprofitable when using its existing infrastructure.

◆ **MAHER** Further, as with any new market, there will be fits and starts as issuers and investors migrate to a mutually satisfactory funding model.

There can be a lot of excitement surrounding new ventures, such as internet-facilitated peer-to-peer lending, but it is important to remember that securitisation investors generally provide debt funding and not equity capital. This means returns will be lower than equity. At the end of the day, investors still need to consider the end credit risk and the return they receive for financing that risk.

◆ **LEE** In general, marketplace lenders have focused on providing small-ticket consumer and SME loans, which have a profile suitable for efficient securitisation. As these new players tend to be nonbanks with smaller balance sheets, it is easy to see how securitisation can

play a powerful funding role.

It will be interesting to see how these players balance their funding between true peer-to-peer models – individual investors electing to fund individual loans – and wholesale platforms including warehouse facilities and securitisation.

If we see this sector develop in Australia in the same way as it has offshore, it will add further diversity to our securitisation market. ■

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TOWARDS A BROADER INDUSTRY

While prime-residential mortgage backed securities (RMBS) issuance continues to take centre stage in the Australian securitisation market, the prospects for a significant increase in issuance outside this sector are promising. Market users say robust investor demand and increasing issuer interest are both in evidence.

BY SAMANTHA MENZIES

The Australian securitisation market is, in large part, a prime RMBS market. Year after year, prime RMBS makes up three-quarters or more of annual issuance in Australian dollars, with volume driven by jumbo securitisations by major banks. Issuance in this sector reached record post-crisis levels in 2014, when more than A\$30 billion (US\$21.8 billion) of new prime RMBS priced.

By contrast, other securitisation asset classes remain a relative sideshow in Australia. So far, no more than A\$7 billion has priced in any given year across the commercial mortgage-backed securities, nonconforming RMBS and non-mortgage asset-backed securities (ABS) sectors, according to *KangaNews* data (see chart on this page).

However, demand for non-mainstream securitisation asset classes has been sufficient to provide relatively regular issuance opportunities to the likes of La Trobe Financial (La Trobe), RedZed Lending Solutions (RedZed), Liberty Financial (Liberty) and Pepper Group, among others.

So far this decade, deal flow has been solid rather than spectacular. Non-mortgage ABS tends to provide the bulk of volume – thanks to large auto- and equipment-backed programmes run by the likes of Bank of Queensland, Macquarie Bank and Westpac Banking Corporation’s subsidiary, St. George Bank – while nonconforming RMBS saw the most consistent deal flow of 2014 (see chart on facing page).

Market participants tend to agree that prospects for a significant increase in securitisation issuance depend on a repeatable cycle, whereby consistent willingness on the part of the buy side to fund these deals encourages lenders to push for market share – and therefore become more frequent issuers of securitisation transactions.

ROBUST DEMAND

The good news is that issuers with recent market experience say demand is solid – and may in fact somewhat exceed contemporary primary-market supply. Both RedZed and Liberty say their 2015 deals were primarily driven by investor demand, which held up despite mid-year volatility. Market sources suggest that these deals are representative of solid appetite for securitisation product overall – a trend which can be expected to continue, in varying degrees, across the various securitisation asset classes outside prime RMBS.

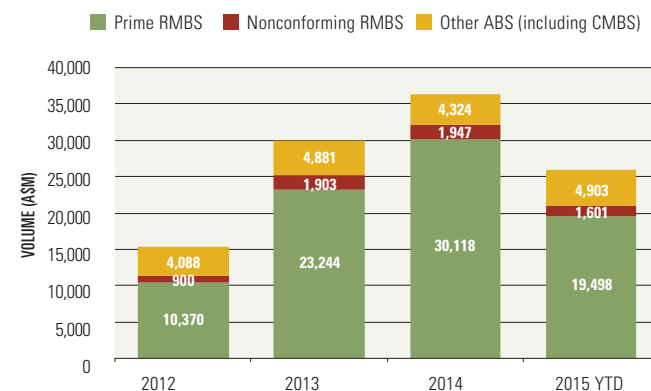
At the time of RedZed’s second nonconforming RMBS, which priced total volume of A\$250 million in mid-September, the company’s Melbourne-based managing director, Evan Dwyer, told *KangaNews* the deal attracted a three-times oversubscribed book. “The investors which were in our 2014 transaction came on board again, which gave us a vote of confidence. We also managed to attract five new investors. We now have the depth, spread and history of relationships required to support regular issuance,” he said.

Dwyer added that the deal outcome is even more favourable for the issuer than its previous transaction in 2014, despite a wider headline margin. “We achieved lower credit enhancement, particularly for the A1 tranche at 40 per cent, which flowed into a cheaper structure overall,” he said.

Meanwhile, Peter Riedel, chief financial officer at Liberty in Melbourne said following pricing of the firm’s A\$300 million commercial mortgage-backed securities (CMBS) deal on September 17 that the issuer’s decision to return to this market was also driven by investor demand.

“We are in regular contact with investors in order to find out what deals suit them, while our SME deals offer something which can’t be found elsewhere. Transactions with commercial collateral as security are perceived as higher risk and consequently offer investors higher returns. This brings a diversification opportunity for investors given the market is principally comprised of prime RMBS issuance,” he explained.

AUSTRALIAN DOLLAR SECURITISATION ISSUANCE BY SECTOR



SOURCE: KANGANEWS OCTOBER 28 2015

Investor support appears to be broader than it has been for some time, despite the static issuance levels. Graham Metcalf, global head of structured capital markets at ANZ in Sydney, explains that the potential investor base for non-prime-RMBS securitisation is the Australian

institutional funds-management sector – which theoretically has the ability to allocate to a wide range of fixed-income asset classes. The prime RMBS investors which are absent from alternative asset classes tend to be bank liquidity books – which bring a large bid but have highly restricted mandates.

Metcalf adds: “Whether individual fund managers participate in a securitisation issue will depend on available funds, views on asset allocation and the relative value on offer. Balance sheets are generally limited to prime RMBS and ABS rather than non-prime RMBS or CMBS.”

Haan Ti, Sydney-based director, structured finance at Westpac Institutional Bank, suggests the investor base looking at a wider range of ABS has grown significantly over the past few years, but some asset classes have attracted more investor attention than others.

Auto and equipment ABS continue to attract the strongest investor demand, according to market participants. “Diversification, and the shorter-tenor nature of these transactions, tend to appeal to investors,” reveals Jacqui Fox, head of securitisation originations, investment-grade originations at National Australia Bank (NAB) in Melbourne.

The universe of potential investors is smaller for nonconforming and small-ticket CMBS transactions. While nonconforming RMBS has been in fairly regular supply, CMBS has been far scarcer. Fox explains that nonconforming RMBS tends to be fairly well bid with a number of domestic investors across the capital structure “now having a strong

“New issuers would be welcome in the securitisation market – they would help create depth and diversification opportunities for investors. There is a requirement, however, for issuers to have robust structures – and this requires investment and expertise.”

MARY PLOUGHMAN RESIMAC



understanding of the various lenders in this space and the underlying loan characteristics of this asset class”.

Interestingly, market sources agree that deals in the past 18 months have enjoyed demand right through the capital structure – and in fact the most senior tranches are usually the hardest to place. Mezzanine and junior notes have become more strongly oversubscribed.

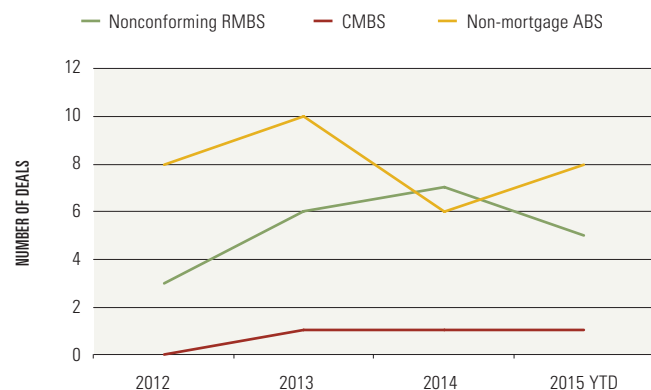
Even so, Cullen Hughes, director, debt markets securitisation at Commonwealth Bank in Sydney, is quick to point out that although the relative bid for lower-rated tranches may be greater, the biggest volume of demand is clearly still for senior notes.

One segment of investors which has expressed potential interest in, in particular, lower-rated notes of securitisation transactions is mid-market buyers and self-managed superannuation funds (SMSFs). But market participants are divided about whether this provides a substantial bid at present.

For instance, Fox says she sees a substantial bid in this area – and is hopeful that continued education and awareness of both the nature of structured credit and its underlying collateral characteristics will help demand to continue to grow over time. By contrast, Ti argues that minimum investment sizes and strong competition for notes are generally prohibitive for mid-market and SMSF investors.

Hughes suggests that increased supply could promote distribution diversity. “There has been growing interest among investors looking for increased yield in lower-rated tranches. Competition for mezzanine bonds is high and the fact that larger investors have the ability to invest in multiple tranches is a key benefit in securing allocations,” he comments.

AUSTRALIAN NON-PRIME RMBS SECURITISATION DEAL QUANTITIES



SOURCE: KANGANNEWS OCTOBER 28 2015

SUPPLY FACTORS

As a result of the latent demand many market participants see, most believe further growth of the non-prime-RMBS sector depends on lender originations. Riedel says it is not hard for companies like Liberty to fund, and adds: “The opportunity for growth is there, but the fact that there are fewer deals in ABS and CMBS format is relevant. If there were more deals being priced it would initiate more demand for the sector.”

Whether the success of new issuers will draw other lenders to the public securitisation market, and therefore increase supply, is as yet unknown. One positive sign is the fact that most recent debutants have returned for at least one follow-one transaction (see table on p25).

Well-trodden path to market

WHEN A LENDER DECIDES PUBLIC SECURITISATION IS A VIABLE FUNDING OPTION ITS ROUTE TO MARKET SHOULD BE RELATIVELY STRAIGHTFORWARD, INTERMEDIARIES SAY – PROVIDED IT HAS DONE ITS GROUNDWORK.

Haan Ti, director, structured finance at Westpac Institutional Bank, comments: “These days, it is relatively easy for a new issuer to come to market, helped by the fact that there are many investors that can look at more esoteric asset classes.”

From a structuring perspective, there are plenty of recent precedents for various asset classes – including auto, equipment, consumer, nonconforming mortgage, small-ticket commercial mortgage-backed securities and even residual-value transactions, Ti says. He adds that the process of term funding out of warehouses is also straightforward.

Jacqui Fox, National Australia Bank’s head of securitisation originations, investment-grade originations, explains that specific challenges are likely to come down to issuer profiles. “For some prospective issuers it may be a case of building sufficient asset-performance history. For others it may be a function of updating technology platforms or alternative means of financing of their lending or origination activities.”

Intermediaries explain that bringing a new issuer to market is ultimately a process of preparation,

with key work streams that potential issuers need to focus on initially being systems and reporting requirements, ability to access historical data, having clearly documented credit and servicing policies and procedures, and clear origination channels.

Most debut securitisers will have worked through similar processes in the past, though. “The public-market task is not much different from what a warehouse financier would also be assessing when putting in place financing. In theory, a large proportion of the groundwork will already have been undertaken for warehouse-to-capital-markets deals,” Fox explains.

She adds: “Ensuring that the lender is aware of the aspects which will influence the success of an inaugural issue, outside of any market-specific issues, is also essential. So is the process of bringing a deal to market – such as the ratings process and the length of historical performance information, as well as the type of repayment information and the type of post-deal reporting information needed.”

Graham Metcalf, global head of structured capital markets at ANZ, says new issuers need to be willing

to invest resources when establishing programmes, in order to ensure their systems can handle the data and reporting requirement which come with securitisation funding.

“Banks and investors which fund securitisation trusts are relying on the performance of the underlying pool of assets and, accordingly, the data requirements are substantial,” he explains. “Investor engagement and structuring is shared with the intermediaries which bring the issuer to market. A good arranger will be fully aware of the most appropriate structure for any new issue and the range of investors to which the new issue should be marketed.”

Aside from structuring work, the process of investor engagement is also vital for a new issuer to become ‘securitisation-ready’. “Investor engagement and cornerstone investor participation in senior and mezzanine notes are key,” suggests Cullen Hughes, director, debt markets securitisation at Commonwealth Bank. “Potential issuers need to look at the long-term picture and have the goal of establishing a repeat issuance programme, growing their investor base with each deal,” he adds.

There are also a number of examples of programmes with longstanding, successful track records in Australia. Fox cites Liberty as a programmatic issuer of RMBS, auto ABS and small-ticket CMBS – and a recent debutant in the senior-unsecured market – as “a good funding evolution story for other lenders”. She adds: “Other more recent emerging capital-markets issuers, such as RedZed and La Trobe, have also shown the acceptance by investors of new securitisation issuers – subject of course to the lender’s strategy, the collateral securing debt and other factors being acceptable to the buy side.”

The deals placed by issuers like these are clearly representative of a strengthening market for nonconforming RMBS, ABS and CMBS issuance. However, Hughes points out that even to the extent that there is a larger range of lenders in these sectors, there is not a single, homogenous story of

funding preferences among them. “Seeing other first-time issuers in the market may factor into their thinking but will probably not be a major driver as each business has different priorities,” he explains. Hughes adds that the priority level of securitisation in a finance company’s funding plan is dependent on its cost and the ability to access other forms of funding.

Ti also points out that, while the process for new issuers to come to market is considered relatively straightforward, these issuers still face the main hurdle of origination volume. “Many potential issuers don’t currently have the scale of originations to justify establishing a securitisation programme for repeat public issuance,” he says.

Market users say some entities which would be able to access securitised funding should they so choose are opting to

fund their lending outside securitisation. Lenders with smaller finance-receivable loans tend to fund through the bank market, while larger portfolios are often funded by structured warehouse facilities.

Hughes suggests there are a number of finance companies with portfolios of sufficient scale to consider securitisation, but many are funded through bank debt or intercompany loans. Less frequently, companies will access retail funding through managed-investment schemes or debentures. "Some of these finance companies have private, bilateral securitisation facilities with banks but have not accessed the securitisation capital markets in Australia," Hughes confirms.

Even some larger lenders have access to significant non-securitisation sources of funding – such as from their parent entities. Classic examples, Fox says, are GE Capital and Esanda. Prior to the sale of its Australasian lending books, GE Capital's local businesses were largely funded through various of the parent's debt programmes – including large-scale Australian dollar senior-unsecured bond issuance.

Fox says securitisation may become a more active source of funds for the divested Australasian asset books. "The GE Capital assets and future assets originated by the purchasers will be funded by alternative means, which may very well include ABS," she says. "Likewise, the auto assets of Esanda have historically been funded by [its former owner] ANZ Banking Group directly, but I expect these will likely be funded in the future at some time through ABS, or at the very least new originations through this channel will be."

While these are two larger examples, there are also numerous examples of other smaller lenders which fund various asset classes on their balance sheets using the borrowing options which are available to them, Fox explains. "This naturally includes

building societies, credit unions and banks in the main but also includes non-banks and other institutions. Wesfarmers, for example, acquired the Coles credit-card portfolio that had historically been financed by GE Capital, which coincided with a Wesfarmers domestic corporate bond issue," she adds.

In fact, even those most active in the securitisation market occasionally look elsewhere for sources of funding. For example, Liberty's first transaction of the year was a A\$100 million debut senior-unsecured domestic deal, which priced in March.

Where market users agree is that the process of accessing the securitisation market is relatively simple for first-time issuers, in part because the route to market is a relatively well-trodden one (see box on facing page).

DEBUT AUSTRALIAN ISSUERS OF NON-PRIME-RMBS SECURITISATION SINCE 2011

ISSUER	FIRST NON-PRIME-RMBS SECURITISATION YEAR	TOTAL AUD DEALS PRICED
FlexiGroup	2011	7
IMB	2011	1
Investec Bank Australia	2011	4
Bluestone Group	2013	2
BPI No.1*	2013	1
Volkswagen Financial Services Australia	2013	2
La Trobe Financial	2014	2
RedZed Lending Solutions	2014	2
Think Tank Group	2014	1

* Wesfarmers-owned funding vehicle for Bunnings Group

SOURCE: KANGANEWS OCTOBER 28 2015

NEAR-TERM FLOW

Looking to the future, market sources are particularly hopeful about the potential for a higher level of non-mortgage ABS issuance. The GE Capital and Esanda book sales will undoubtedly help on this front, by providing two large, ready-made suppliers of ABS.

Fox says she also sees value for investors in nonconforming RMBS, particularly in the way deals are structured to take account of performance risk. "I see this segment of RMBS continuing to grow steadily. I also anticipate we will see further diversification into credit-card and personal-loan issuance over time, and the recently announced sale of Esanda to Macquarie should see further supply of auto ABS in the future," Fox says.

"Transactions with commercial collateral as security are perceived as higher risk and consequently offer investors higher returns. This brings a diversification opportunity for investors given the market is principally comprised of prime RMBS issuance."

PETER RIEDEL LIBERTY FINANCIAL



Metcalfe is equally hopeful that ABS issuance will prosper. "Ideally we will see a combination of large, frequent-issuer auto- and equipment-finance programmes and other smaller, but interesting, programmes in consumer finance," Metcalfe comments. "ANZ has been very involved in building the non-RMBS securitisation market in Australia and we are looking for more growth in this sector."

Issuers say they would like to see greater breadth of supply. "New issuers would be welcome in the securitisation market – they would help create depth and diversification opportunities for investors. There is a requirement, however, for issuers to have robust structures – and this requires investment and expertise," says Mary Ploughman, Sydney-based head of capital markets at Resimac. ■

HERE FOR THE LONG HAUL

Pepper Group (Pepper) has been on a significant growth trajectory in recent years. Pepper's Sydney-based group chief operating officer, **David Holmes**, and group treasurer, **Todd Lawler**, share top-level perspectives behind the company's long-term global strategy and outline the standards behind its loan origination and servicing.

Jhe Pepper business has grown in recent years, including through the addition of loan pools not originated by Pepper.

What does this mean in terms of consistency of servicing? How do you retrospectively apply servicing standards to loans originated elsewhere?

◆ **HOLMES** We adopt a consistent approach to servicing and a customer-service-orientated relationship throughout the lifecycle of a loan, regardless of where it originates. We only distinguish between products to the extent that each one represents another customer with a home loan who has the same needs and requirements as any other. We deliver the same service whether we are dealing with a customer-service or a collections environment.

◆ **LAWLER** This also applies to loans we service on behalf of third parties.

What does the extra diversity of the Pepper book mean when it comes to allocating mortgages and other loans to warehouses?

◆ **LAWLER** We have different warehouses by asset class, both in Australia and overseas. If we were to acquire a third-party book it would typically have its own bespoke warehouse.

Can you give some detail on how Pepper is funded? What proportion of loans are warehouse-funded and what proportion have been termed out in securitisation markets? Other than equity, are any other forms of funding used or being considered?

◆ **LAWLER** The proportions change on a daily basis given that we originate into warehouses and periodically complete term securitisations. In general, we like to ensure we have plenty of warehouse headroom – which enables us to maintain some flexibility as to when we come to market. As a frequent issuer, however, we will be in the markets in one form or another several times each year. We like to ensure we have more than a year's origination capacity in available warehouse limits at any time.

Pepper has multiple warehouses with multiple banks, both overseas and locally in Australia. Overall, we

consider many forms of funding, with the ultimate decision driven by the appropriate balance of cost of funds and sustainable liquidity.

We may from time to time consider whole-loan sales or other private transactions as an alternative source of funding away from traditional public securitisations. This offers us a broader and more diverse investor base. We are constantly looking at other ways to fund ourselves but, having said this, for the foreseeable future warehousing and capital markets will be the major component of our funding.

The Australian Prudential Regulation Authority has hinted at closer regulatory oversight of authorised deposit-taking institution (ADI)-provided warehouses – based on its desire to ensure that warehouses are recycled frequently and not used as a *de facto* term-funding source. As a nonbank, has Pepper seen the warehouse provision it gets from ADIs change, and has Pepper itself changed the way it uses warehouses?

◆ **LAWLER** Not particularly, but we are in constant discussion with our banks around the possible effect of potential developments on the Pepper business. Our warehouses are not structured particularly aggressively, so we believe we have ways to address the outcome wherever regulations land. Ultimately it comes down to assessing the cost for the banks and the extent to which this cost might be passed through to us.

As a public company, we have more flexibility with how we choose to use the bank warehouses. But at the moment we do not foresee any major changes.



“While I have no issues with investor loans from a credit perspective – history tells us they perform very well – we are not looking to step into this space from the perspective of issuance via our Pepper Residential Securities programme and warehouse.”

DAVID HOLMES

More broadly, it has been suggested that tougher regulation of areas of the lending market such as investor and high loan-to-value loans provided by banks could increase the opportunity set for nonbanks. What is Pepper's take on the Australian opportunity set and its likely trajectory?

◆ **HOLMES** As a nonbank we have noted the extent to which banks are pulling back on investor loans. While I have no issues with investor loans from a credit perspective – history tells us they perform very well – we are not looking to step into this space from the perspective of issuance via our Pepper Residential Securities (PRS) programme and warehouse. Being mindful of our funding requirements, we don't believe it would be prudent to do this.

Hypothetically, if Pepper saw a lot of organic growth in its opportunity set how confident are you that it could be successfully funded? Offshore securitisation markets have been a tough ask for Australian issuers in recent months – if this doesn't change what do you see as the capacity limits for Pepper domestically?

◆ **LAWLER** The bottom line is there is plenty of capital globally to fund any origination that Pepper would want to do. The question is around the cost of doing so.

The reason for the broad lack of Australian-origin issuance into overseas markets is because there has been an additional cost element to it – including currency hedging and offshore regulatory compliance. At present it is more cost effective to issue

locally, but offshore funding is still a viable option and one we have used on a number of occasions.

How active is Pepper in terms of marketing its Australian dollar issuance to new investors – at home and offshore? What are the opportunities and challenges here?

◆ **LAWLER** We view it as important to maintain regular contact with our investor base and to continually grow it both locally and overseas. By the very nature of the size of our capital market there is a smaller group of investors in Australia, and this is not expected to change any time soon. As well as carrying out the standard roadshow meetings for live deals we spend a lot of time with investors in a nondeal schedule, to walk them through what we do and how we do it.

We work hard to ensure that investors understand what Pepper does, and that we have standards and quality in our origination and servicing. It is imperative that we achieve clarity around this messaging, and we continue to do this in both deal and nondeal timeframes.

◆ **HOLMES** Investors like the consistency Pepper offers. When we deliver a pool of assets for a deal it looks very much like previous ones, with no surprises and therefore with no major changes for investors to work through.

It is much easier to keep investors in the fold if we deliver what we say we are going to deliver. This – and a consistent dialogue around the direction of the business, what the future looks like and how we can keep moving forward in a conservative manner – is a major strength for Pepper.

What do you expect Pepper's growth to mean for issuance frequency? Do you anticipate conducting public securitisations out of a range of different programmes, adding volume to the PRS programme or a combination of both – and why?

◆ **LAWLER** We are and will continue to be a regular issuer in multiple markets. Over time we will also develop additional funding programmes, both in Australia and overseas. In due course we will certainly have auto asset-backed securities and UK mortgage programmes, for example.

The challenge for Pepper over the longer term will be to coordinate our programmes with a global eye, so investors can have a measured and controlled response to each of our deals throughout their execution.

What effects might more Pepper issuance have on demand? Do different investors participate in your prime and nonconforming transactions, and what might the impact of additional programmes be?

◆ **LAWLER** Investor mandates can be quite complex. Some investors can participate anywhere in the capital stack without restriction, while others are limited to senior or mezzanine notes. There are some investors which have restrictions around participation in senior notes depending on the collateral in the pool, while others simply require the notes to be triple-A rated.

It is therefore imperative for us to have a thorough understanding of which investors have preferences for certain tenors and margins, and to be able to come up with structures which meet global demand. ■

“We work hard to ensure that investors understand what Pepper does, and that we have standards and quality in our origination and servicing. It is imperative that we achieve clarity around this messaging.”

TODD LAWLER



TXS TO STREAMLINE SECURITISER EXPERIENCE

In an environment in which integrity of data and detailed reporting is becoming ever more important, a relatively new entrant to the Australian market says it can simplify and enhance users' securitisation processes. TXS, as the German market leader for covered-bond and securitisation software, believes SAP Funding Management can assist many Australian users.



JOHANNES PEETERS

SAP Funding Management's purpose is ambitious – but, its creator says, also extremely valuable. The product is an end-to-end software solution for securitisation and other asset-backed funding products, designed to cover the entire transaction lifecycle including structuring, processing and reporting (see graphic on facing page).



FRANK ZEIDLER

PRODUCT SPECIFICS

It offers benefits for residential mortgage-backed securities (RMBS) and asset-backed securities (ABS), but is not limited to mainstream product. It is also prepared to meet the requirements of Australian covered-bond product.

Johannes Peeters, Head of Australia and Asia-Pacific markets at TXS in Hamburg, explains: “SAP Funding Management handles multiple asset classes including, but not limited to, mortgages, leases, consumer loans and credit-card receivables. It is also a reporting tool – for example, the RBA [Reserve Bank of Australia] reporting requirements for repo-eligible RMBS can be handled by the system.”

The software's functionality has been designed to have the potential to radically streamline the securitisation process. Peeters says many institutions currently use multiple systems, including spreadsheets and databases, to run structured-finance processes. Not only is this inefficient, but it is also becoming increasingly inadequate in a world in which internal and external auditors, regulators and investors are all

increasingly concerned about the risk inherent in relying on such legacy systems.

“SAP Funding Management is very much a one-stop, real-time solution, eliminating the need for multiple systems,” Peeters says. “It is audit compliant and driven by automated processing with little need for manual intervention. It also has the ability to archive transaction data that can be recalled at any point in time.”

In an environment in which the provision of useful data is becoming a greater focus of many if not most participants in the securitisation market, Peeters says SAP Funding Management can also help further engagement with investors among others. The software can generate and produce a variety of reports based on the data available, which can be used by a wide range of stakeholders. This can include investor, payments, rating-agency and prudential or regulatory reporting.

Peeters adds: “SAP Funding Management employs the concept of calculated key figures. Once these are set up, they can be used throughout the system for triggers, concentration limits and of course reporting purposes. Using key figures is an easy way to set up new reports.”

GLOBAL REPUTATION

Although SAP Funding Management has only recently established a footprint in the Australian market – one client, a regular securitiser, has adopted the product – its local ambitions are backed by a track record of widespread use in its home market, Germany, and previous successful international rollout.

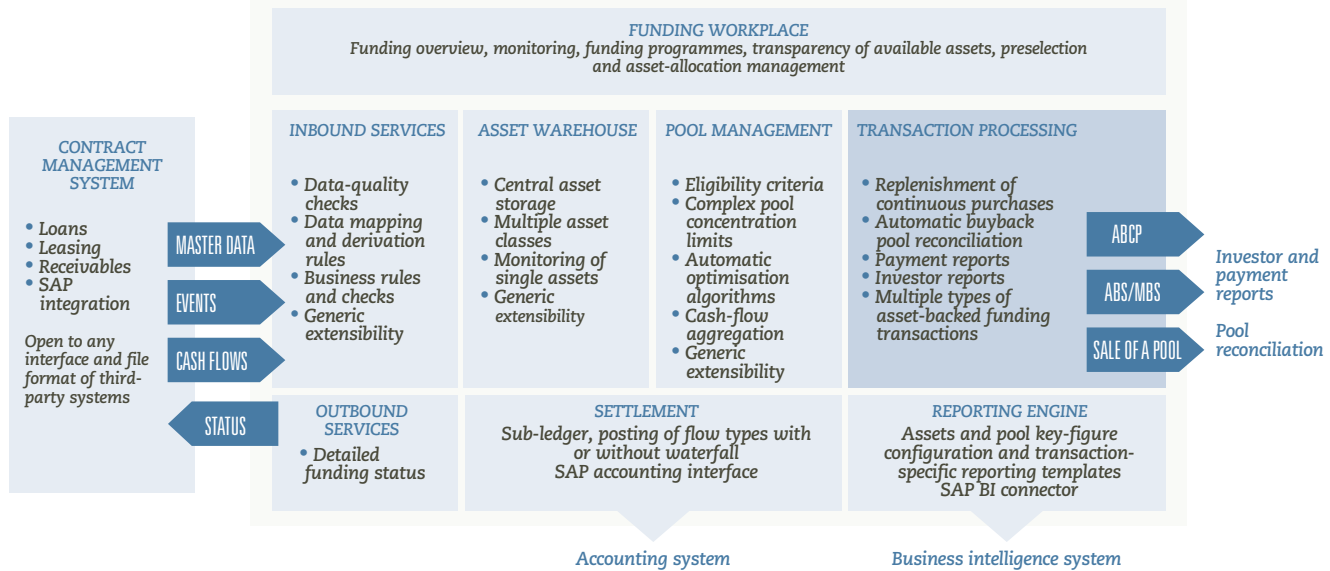
For example, according to its own figures, TXS's covered-bond software product is the most widely used solution in the area of *Pfandbrief*-format covered-bond management. At present, 66 banks in Germany and Austria that issue *Pfandbriefe* use the software, which equates to an overall market share of 80 per cent.

Meanwhile, although securitisation is not a core business for German banks – which tend to focus their structured-finance issuance on covered bonds – SAP Funding Management has also developed significant traction among local issuers of RMBS and other ABS.

“We have been successful in selling our product worldwide and also providing a business process outsourcing – cloud – solution for securitisation in the German market,” says TXS's Hamburg-based managing director, Frank Zeidler. “This has allowed small-to-medium sized banks and larger corporates to be able to transfer their securitisation trust-management activities to be administered by our own professional securitisation services team, in a very simple and cost-effective way.”

It is not just German issuers which have adopted the software. Peeters reveals that the first customer to use the software was actually in the US, while the customer base has grown across North America, Europe and now into Australia. The international market was always a priority for the rollout of SAP Funding Management.

SAP FUNDING MANAGEMENT



TXS itself is a highly specialised software vendor which focuses on structured-finance solutions. But it has the support of a much larger entity, as suggested by the name of its product. SAP is one of the leading global software vendors, and it selected TXS as a partner to develop an asset-backed funding product for its standard SAP Banking portfolio.

The partnership between the two companies combines the strengths of both worlds: TXS’s business expertise on one hand and the technical framework and infrastructure capabilities of SAP on the other. TXS believes the offering adds up to standard software which is very reliable and at the same time flexible.

AUSTRALIAN SPECIFICS

The arrival of the TXS product in Australia has not happened on a whim. Peeters reveals that the company has spent most of 2015 conducting detailed market research, including meeting a range of local banks and market experts in the country.

“Because of TXS’s extensive experience in covered bonds and securitisation combined with the technology capabilities of our local partner, SAP Australia, we are confident that we can provide innovative securitisation solutions to the Australian market,” Peeters claims.

Most importantly, TXS argues that SAP Funding Management is readily adaptable to Australia. “Our aim in the Australian market is no different from what it is in Germany: to meet both audit and regulatory compliance requirements, reduce processing costs, and enable our clients to be sustainable partners for their investors,” says Zeidler.

Nor is the Australian market radically different from TXS’s home base. Peeters says there are a “number of similarities” between the German and Australian securitisation industries,

and this provides “significant potential” for the widespread deployment of SAP Funding Management in Australia.

Although its use in Germany is focused on small-to-medium sized banks and corporate securitisers, TXS says in a market like Australia there is no limit to the breadth of issuers which may benefit from the adoption of its product. “To date, our work with our current Australian customer and additional independent analysis has revealed nothing of note that has required us to specifically adapt the system to meet the needs of the Australian structured-finance markets,” Peeters comments. “Eligibility criteria, concentration-limit triggers and many more locally defined criteria can all be configured by the end user.”

Adopting a sophisticated, one-stop solution like SAP Funding Management also lays the foundations for easy integration of new market developments, Peeters argues. This is equally true when it comes to specific expected changes in the Australian market as it is globally.

“SAP Funding Management not only covers the current requirements of the Australian securitisation market, but – because of its underlying data model and flexible toolbox – is also able to meet any future new requirements, including things such like master-trust structures,” Peeters explains. “We are already aware of the master-trust framework and requirements in the UK, and we are actively watching developments within the Australian regulatory framework.” ■

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REGULATORY DEVELOPMENTS IN THE US AND THE POTENTIAL IMPACT ON AUSTRALIAN TRANSACTIONS INTO AMERICA

While the US economy and capital markets have generally rebounded from the recession of 2008, many of the regulations put in place in response to the economic downturn are now beginning to take effect. **Mayer Brown** believes these regulations will have a direct impact on both the content of disclosure documents as well as the structure of transactions.

Most notably, the Dodd-Frank Wall Street Consumer Protection Act of 2010 (Dodd-Frank Act), which was the US Congress's response to the credit crisis, has been the driving force behind many of the new and proposed regulations affecting the securitisation market. While many of the problems in the securitisation market arose in the US residential mortgage-backed securities (RMBS) and collateralised loan obligation spaces, the Dodd-Frank Act was aimed at the securitisation market as a whole – including both domestic participants and international securitisers that issue into the US.

Many of the rules that have been promulgated pursuant to the Dodd-Frank Act by the various regulatory bodies charged with adopting these reforms have been drafted with the US securitisation market and its structured products in mind. This is even though the rules apply to numerous asset classes in the asset- and mortgage-backed securities markets – including commercial mortgage-backed securities – and for any securitiser issuing into the US.

Three rules which have either recently come into effect or that will come into effect in the coming months will likely have the largest impact on Australian market participants. These are, in order of effective date:

- ◆ The credit-rating-agency reform and third-party due-diligence rules adopted by the Securities and Exchange Commission (SEC) on August 27 2014.
- ◆ Amendments to Regulation AB II disclosure rules adopted by the SEC on August 27 2014.

- ◆ The credit-risk-retention rules adopted by the SEC, the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve, the Federal Deposit Insurance Corporation and, with respect to the rules relating to residential mortgages, the Federal Housing Finance Agency and the Department of Housing and Urban Development (Agencies) on October 20 2014.

In this article, we will explore these changes in more detail – including explaining why Australian securitisers with any degree of interest in the US market should be aware of their consequences.

“Many of the rules that have been promulgated pursuant to the Dodd-Frank Act have been drafted with the US securitisation market and its structured products in mind. This is even though the rules apply to numerous asset classes and for any securitiser issuing into the US.”

CREDIT-RATING-AGENCY REFORM AND THIRD-PARTY DUE-DILIGENCE RULES

The credit-rating-agency reform and third-party due-diligence rules adopted by the SEC set forth three major things. One is amendments to existing rules and new rules that apply to credit rating agencies registered with the SEC as nationally recognised statistical rating organisations (NRSROs). The second is new

rules and forms for providers of third-party due-diligence services. The third is amendments to existing and new rules that require issuers and underwriters of asset-backed securities (ABS) to make publicly available the findings and conclusions of third-party due-diligence providers.

The rules are intended to improve the quality and transparency of credit ratings and increase the accountability of the NRSROs that provide such ratings. While the rules set forth many requirements for NRSROs, certain new

requirements have had a direct impact on securitisation transactions – which would also include any Australian-sponsored securitisations issued into the US.

Specifically, Rule 15Ga-2 and Rule 17g-10 relate to the disclosure of third-party due-diligence findings and reports in securitisation transactions, which include disclosure of the services performed by accountants in certain agreed-upon procedure (AUP) engagements and Rule 193 reviews, among other third-party due-diligence reports that are often produced in Australian RMBS transactions.

Initially, the rules were problematic for accounting firms, as they ran counter to the AUP engagements and professional standards of the American Institute of Certified Public Accountants (AICPA). The AICPA, however, granted interpretative relief to allow issuers and underwriters to continue to obtain Rule 193 AUPs and also to disclose such AUPs, as required by the new due-diligence rules.

Rule 15Ga-2 and Rule 17g-10, which came into effect on June 15 2015, require the disclosure of due-diligence

services performed by a third party for any rated ABS transaction regardless of whether the securities are offered in publicly registered or otherwise exempted transactions – known as “Exchange Act ABS”.

The rules have prompted parties to a securitisation to satisfy two different delivery requirements – one pursuant to Rule 15Ga-2 and the other pursuant to Rule 17g-10.

Pursuant to Rule 15Ga-2, the issuer or underwriter of any Exchange Act ABS must make the findings and conclusions of any third-party diligence report obtained by it publicly available via a form ABS-15G on the SEC’s Edgar system five business days prior to the first sale of the Exchange Act ABS.

Pursuant to Rule 17g-10, in any case in which third-party due-diligence services are employed by an NRSRO, an issuer or an underwriter, the third-party due-diligence provider must provide, to any NRSRO that produces a rating to which the services relate, a certification on form 15-ABS Due Diligence-15E – known as a “form 15E”.

Accordingly, the third-party diligence provider must deliver the form 15E promptly after completion of its services to any NRSRO that has requested it. The third-party diligence provider must also provide the form 15E to the party maintaining the 17g-5 website related to that transaction for posting so that any NRSRO that accesses the site may obtain it.

While the new rules are relatively straightforward on their face, some interpretative issues exist – particularly for

mortgage-backed securitisations – and should be discussed at the beginning of any transaction.

The threshold question is whether a third-party service is considered a due-diligence service, and thereby subject to the third-party due-diligence rules. However, once this threshold question has been answered, the market has generally adapted to the handling of this material in light of the new diligence rules.

Nonetheless, the extended time periods in the marketing process for ABS transactions have caused some timing issues. While investors should always have enough time to review disclosure and make informed decisions, this has led to timing disruptions in some transactions – though the market appears to be digesting these changes as well.

REGULATION AB II

After more than three years since the original proposal and several additional requests for comment, the SEC adopted final rules amending Regulation AB on August 27 2014. The

latest iteration, Regulation AB II, unlike the credit-rating-agency reform and third-party diligence rules, will only relate to securitisations publicly registered in the US with the SEC. Macquarie Bank’s SMART programme is one such.

The SEC adopted new rules, forms and disclosures for registered ABS transactions with two separate compliance dates. The compliance date for new forms and disclosures

“While the general impact of the risk-retention rules on the US capital markets is not yet known, many in the Australian market are concerned as to what impact it will have on Australian issuance into the US if Australian securitisers cannot get the benefit of the QRM exemption or otherwise obtain some relief.”

is November 23 2015 and the compliance date for asset-level disclosures is November 23 2016.

The five most significant requirements set forth in Regulation AB II relate to the following:

- ◆ Changes to the definition of an ABS.
- ◆ New eligibility conditions for shelf registration.
- ◆ Changes to the shelf-offering process, including changes related to the timing of required filings.
- ◆ Asset-level data disclosure for selected asset classes and related privacy issues.
- ◆ A range of various other new prospectus disclosure requirements.

Regulation AB II includes many changes that will affect the marketing process, deal terms, disclosure requirements, registration processes and periodic reporting requirements for registered transactions, but it does not govern ABS offered for sale pursuant to an exemption from registration – ie Rule 144A or Regulation S offerings.

The SEC amended the definition of ABS by decreasing the prefunding limit to qualify as an ABS, to 25 per cent from 50 per cent of the offering proceeds. In the case of master trusts, the equivalent figure is the principal balance of the total asset pool. The intent of this change was to address the concern that pools of assets are not sufficiently developed at the time of an offering. The SEC sought to ensure that the asset pool in a transaction is in fact a discrete pool of assets that, by the regulator's terms, convert to cash.

The SEC also made revisions to the shelf-registration process, which include a certification by the chief executive officer of the depositor, inclusion of new transaction document provisions and requirements for the timely filing of Exchange Act reports. The SEC now requires the chief executive officer of the depositor to complete a certification as to, among other things, the disclosure in the prospectus and the structure of the securitisation at the time of the filing of the final prospectus and for each takedown off the shelf.

The transaction documents must be revised to include provisions that:

- ◆ Require an asset representation reviewer to review delinquent assets for compliance with representation and warranties if a delinquency test has been triggered and investors vote to direct a review.
- ◆ Establish dispute resolution procedures for repurchase requests unresolved after 180 days.
- ◆ Set forth mechanics to facilitate communications among investors.

Finally, the SEC is imposing stricter requirements for Exchange Act filings. Under Regulation AB II, there are new shelf-eligibility requirements tied to the timely filing of Exchange Act reports and compliance with the transaction requirements for shelf registration. Additionally, Regulation AB II requires securitisers to conduct an annual evaluation with respect to the same Exchange Act filing requirements and transaction requirements for shelf registration in order to complete takedowns from an existing shelf-registration statement.

Regulation AB II also significantly changes the timeline for filing and delivery of the preliminary prospectus in a shelf takedown. For registered offerings, the sponsor must file a preliminary prospectus at least three business days in advance of the first sale of the ABS. Any material changes to the

preliminary prospectus must be filed at least 48 hours prior to the first sale and the final preliminary prospectus must be delivered to investors at least 48 hours prior to the investor receiving its confirmation of sale.

These rules will slow the offering process for many programmatic securitisations, which tend to happen on a more compressed timeline. The SEC has stated that its goal in protracting the offering timeline is to give investors more time to review and digest offering documents.

Additionally, the SEC has adopted rules requiring asset-level disclosure. Residential and commercial mortgages, automotive loans and leases, debt securities and resecuritisations will be the asset classes subject to asset-level disclosure requirements. The SEC has not yet adopted asset-level disclosure requirements for any other asset classes. For the relevant asset classes,

issuers must provide disclosure in standardised XML machine-readable format, filed and made publicly available through the SEC's Edgar system on form ABS-EE.

Regulation AB II provides for new disclosure schedules that set forth the asset-level disclosure requirements. For residential mortgages, the SEC stated that it modeled the scope of its disclosure requirements around the information that the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation require for each loan.

Finally, the SEC made various other changes to publicly registered transactions. Among these changes, the base prospectus and prospectus supplement must now be combined into one document. The SEC also limited each registration statement to a single asset class, which eliminates the so-called "rent-a-shelf" filings by investment banks to be offered to clients.

Additionally, the SEC established a "pay-as-you-go" system for filing fees for shelf-registration statements, meaning that registration fees may be paid at the time of filing a preliminary prospectus for each takedown rather than before the shelf is declared effective. The SEC also made other changes regarding disclosures on transaction parties, prospectus summaries, modifications of the underlying assets and how static pool data is presented.

Although Regulation AB II is not yet effective, there has been a flurry of activity in the market around the preparation of new Regulation AB II-compliant shelf-registration statements. Since the review process with the SEC can generally take a few months without even taking into account new regulations, the majority of active market participants

"Extended time periods in the marketing process for ABS transactions have caused some timing issues. While investors should always have enough time to review disclosure and make informed decisions, this has led to timing disruptions in some transactions."

have submitted shelf-registration statements for review with the SEC with the hope of being declared effective prior to the November 23 compliance date.

In terms of asset-level disclosures, market participants are now beginning to work through the requirements and are undertaking examinations of their origination and underwriting platforms to ensure that they can gather the data required.

While Regulation AB II will have an impact on the market, many are hopeful that it will not prove to be overly onerous. It is also likely that, once the market digests the rules and investors become accustomed to some of the new timelines and disclosures, these timelines and disclosures may appear in the 144A and Regulation S markets in the US as well. This would include any Australian securitisation transactions issued into the US.

RISK RETENTION

The Agencies responsible have adopted final risk-retention rules, implementing the credit-risk requirements of Section 15G of the Securities Exchange Act of 1934, as amended.

Section 15G generally requires the Agencies to prescribe regulations to require any securitiser to retain at least 5 per cent of the credit risk of the assets supporting its securities. Additionally, under Section 15G the sponsor may not eliminate or reduce its credit exposure by hedging or otherwise transferring its retained credit risk.

Generally, the sponsor of a securitisation must retain 5 per cent of the credit risk of the securitised assets – determined as of the closing date of the transaction – in accordance with one of the standard risk-retention options described in the final rule or one of the specialised risk-retention options available for specific classes of assets.

The standardised risk-retention options include eligible horizontal residual interest (EHRI), eligible vertical interest or a combination of both. In lieu of retaining an EHRI, the sponsor may cause an eligible horizontal cash-reserve account to be established in an amount equal to the fair value of all or a portion of such EHRI. This is discussed in more detail below. The risk-retention rules for RMBS will be effective from December 24 2015, and for securitisations backed by other asset types from December 24 2016.

The final risk-retention rules provide exemption from the risk-retention requirements for certain ABS backed entirely by qualifying assets. Many of the exemptions provided, however, are not workable for the applicable asset classes.

Perhaps most relevant to Australian securitisers is the exemption for RMBS backed by “qualified residential mortgages” (QRM). While this exemption will be helpful for domestic securitisers in the US, due to certain technical differences between the US and Australian mortgage regulations as well as differences between the mortgage products in each country, Australian RMBS sponsors will not benefit from the QRM exemption.

The Australian Securitisation Forum (ASF) is currently working to lobby the responsible agencies for relief from the risk-retention rules, particularly given the solid performance history of Australian RMBS. While the ASF’s efforts are still in process and the general impact of the risk-retention rules on the US capital markets is not yet known, many in the Australian market are concerned as

“Due to certain technical differences between the US and Australian mortgage regulations as well as differences between the mortgage products in each country, Australian RMBS sponsors will not benefit from the “qualified residential mortgages” exemption.”

to what impact it will have on Australian issuance into the US if Australian securitisers cannot get the benefit of the QRM exemption or otherwise obtain some relief from the Agencies. The approach that will be taken on this important issue is still developing.

The US market is undergoing and will continue to undergo many changes in terms of the disclosures, practices and processes for securitisation transactions as a result of the Dodd-Frank Act.

There are many rules for market participants to digest. While the full impact of these regulations is not yet known, many are hopeful that things will return to business as usual shortly after implementation of the new regulations – which will mean business as usual for market participants based in both the US and Australia. ■

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STRUCTURED-FINANCE DIRECTORY

ASJ is proud to bring you its inaugural directory of major Australian structured-finance market participants. Building on the success of the securitisation and covered-bond issuer profiles which have appeared in ASJ since its 2011 launch, we now include profiles of Australian Securitisation Forum tier-one member firms in their entirety. They span the deal issuance and arranging, legal, ratings, advisory and audit, trustee and mortgage-insurance sectors.

We trust these additions will prove especially useful to those offshore for whom an interest in retaining Australian professional-services firms is increasingly in focus. ASJ's directory will now be something to keep on the desk for reference.

PAGES 34-36 FEATURE PROFILES OF INTERMEDIARY BANKS

PAGES 36-39 FEATURE PROFILES OF OTHER SERVICE PROVIDERS

PAGES 40-48 FEATURE PROFILES OF SECURITISATION ISSUERS

Where a firm operates in two sectors – specifically as both an issuer and an arranger of structured-finance transactions – it has been profiled twice, covering its activities in both areas.

INTERMEDIARY PROFILES

ANZ



ANZ's capital-markets team provides dynamic access to global pools of liquidity via a fully integrated, super-regional debt-capital-markets offering which encompasses bonds, loans and hybrid transactions. The bank's regional positioning, strong balance sheet and commitment to supporting clients' transactions underpin the team's award-winning funding solutions.

Backed by ANZ Banking Group's double-A credit rating and robust balance sheet, our strength is in tailoring funding solutions – including syndicated loans, bonds and structured-debt transactions – specifically for clients, providing certainty of execution and satisfying key price, structure and distribution metrics.

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COMMONWEALTH BANK



CommonwealthBank

Commonwealth Bank is Australia's leading financial institution with total assets of more than A\$755 billion as at June 30 2015. The group is the 12th largest bank in the world by market capitalisation and is one of the largest companies on the Australian Securities Exchange.

Commonwealth Bank is headquartered in Sydney and has a global presence throughout Asia, New Zealand, the UK and North America.

The institutional banking and markets division provides capital raisings, risk-management and transactional-banking solutions to the group's institutional clients. Capabilities in markets include foreign-exchange, interest-rate, commodity and fixed-income products. The division's approach is underpinned by rich analytics, insights from industry experts, innovative technology and a deep commitment to building long-lasting relationships.

◆ CONTACT DETAILS

www.commbank.com.au/changethegame

DEUTSCHE BANK



Deutsche Bank is a leading universal bank, operating in Australia since 1973. The global securitisation group combines an ability to commit capital with an integrated approach to the debt and equity needs of issuers and investors. The Australian team has been a market leader for more than a decade.

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J.P. MORGAN



J.P. Morgan's corporate and investment bank is a global leader across banking, markets and investor services. The world's most important corporations, governments and institutions entrust the firm with their business in more than 100 countries.

The corporate and investment bank provides strategic advice, raises capital, manages risk and extends liquidity in markets around the world.

◆ CONTACT DETAILS

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MACQUARIE GROUP



Macquarie Group (Macquarie) is a global provider of banking, financial, advisory, investment and funds-management services. Founded in 1969, Macquarie operates in more than 70 office locations in 28 countries, employs approximately 14,100 people and has assets under management of more than A\$486 billion as of March 31 2015.

In fixed-income markets, Macquarie's commodities and financial-markets division arranges and places primarily securitised debt for clients in the UK and Australia. It also provides secondary-market liquidity, as well as interest-rate risk-management services via structured solutions and derivative-based products.

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NATIONAL AUSTRALIA BANK



National Australia Bank (NAB) is an international financial-services organisation. NAB's operations in Asia, Australia, New Zealand, the US and the UK serve more than 11.5 million banking and wealth-management clients, providing access to international financial markets and an extensive range of specialised funding, liquidity, investment, asset-services and risk-management capabilities.

A committed longstanding participant in the securitisation market, the team has cemented its position as a key arranger of transactions for financial institutions and corporate clients, placing NAB at the top of the securitisation league table (*KangaNews*, Q1-Q3 2015) and as Australian securitisation house of the year (*KangaNews Awards* 2012, 2013 and 2014).

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WESTPAC INSTITUTIONAL BANK



Institutional Bank

Westpac Institutional Bank (Westpac) delivers a range of financial services to commercial, corporate, institutional and government customers with connections to Australia and New Zealand.

Westpac operates through dedicated industry-relationship and specialist-product teams with expert knowledge in transactional banking, financial and debt capital markets, specialised capital and alternative-investment solutions.

Customers are supported through Westpac branches and subsidiaries located in Australia, New Zealand, the US, the UK and Asia.

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ASHURST



The Ashurst securitisation team has had leading roles in key market transactions in 2015 including on the GE portfolio sales, as well as the Esanda sale. The team has worked on many innovative warehouse transactions and quasi-securitisation transactions in the domestic and offshore markets involving a range of asset classes and structures.

The Ashurst securitisation team is one of the largest in Australia and is connected to a network of specialists in its offices in New York, London and continental Europe and Asia (including Hong Kong, Singapore and China).

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BLOOMBERG

Bloomberg

Bloomberg's collateral analytics, scenario and credit-analytics tools empower investors to quickly determine the profile of a portfolio and understand where the true risk lies in securitised mortgage investments, while the structuring tool enables arrangers and issuers to quickly create a model that can be shared across the entire community using standard methodology.

Bloomberg has also partnered with price makers across Australia to aggregate pricing on a single platform, and provides clients with independent pricing of Australian RMBS alongside topical research and indices on the Australian real-estate market.

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CLAYTON UTZ

CLAYTON UTZ

Ranked in band 1 by *Chambers Global 2014*, Clayton Utz's securitisation team is part of a firm with a long history in the securitisation market. Team members have played key roles in the development of Australia's covered-bond market and the firm advises on a broad range of portfolio disposals and acquisitions.

Clayton Utz has a strong sponsor client base and experience acting for a range of other participants including arrangers, lead managers, facility providers, rating agencies, investors and trustees in domestic and cross-border transactions in all asset classes. Clayton Utz also offers seamless advice on offshore transactions.

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DELOITTE

Deloitte.

Deloitte's securitisation practice has global reach and capabilities which allows the firm to leverage work performed in other jurisdictions and to access the most up-to-date market practices from around the world. This has made Deloitte a leading global provider of professional services to the securitisation industry.

The designated Australian securitisation advisory team works closely with many industry participants on a range of projects including issuances, debt advisory, due diligence, controls and process design, accounting and tax advisory services, collateral compliance, cashflow and WAL-modelling audits, valuations assistance and system-advisory projects.

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FITCH RATINGS

FitchRatings

For over 100 years, Fitch Ratings has been making the future a little more predictable through independent and prospective credit ratings, commentary and research. The firm's global expertise draws on local market knowledge and spans the fixed-income universe. The additional context, perspective and insights Fitch Ratings provides have helped the world's investors fund a century of growth.

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EY



EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services the firm delivers help build trust and confidence in the capital markets and in economies the world over.

Amid sweeping regulatory change, today's financial-services institutions must grapple with capital management, business risks and global growth – all while meeting greater demands for transparency. EY's 35,000 global wealth and asset-management, banking and capital-markets and insurance-industry professionals are located in major geographic hubs – a unique structure that allows the firm to rapidly mobilise and dedicate them to the right assurance, tax, transaction and advisory-related projects across the Americas, Asia Pacific, EMEIA and Japan.

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HERBERT SMITH FREEHILLS



HERBERT
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Herbert Smith Freehills (HSF) is one of the world's leading law firms, with 2,800 lawyers in offices spanning Asia, Australia, Europe, the Middle East and the US.

HSF's securitisation and structured-finance team offers comprehensive multi-jurisdictional coverage on a broad spectrum of matters involving Australian, US and English law. The team advises arrangers and lead managers, corporate issuers, originators, credit enhancers, trustees, rating agencies and other market participants on a range of products and asset classes.

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KING & WOOD MALLESONS

KING & WOOD
MALLESONS

King & Wood Malleasons (KWM) has been involved in almost every landmark securitisation transaction in the Australian market, with more than 50 per cent of all public securitisations in Australia between January 2013 and June 2015 being documented by the KWM team.

Clients also look to KWM to help them engage in the debate about new regulation, interpret what has been proposed and prepare for change. In doing so, the firm's lawyers draw on its work with leading industry bodies such as the Australian Bankers' Association, the Australian Securitisation Forum, the International Swaps and Derivatives Association and the Australian Financial Markets Association.

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KPMG



In Australia, KPMG has more than 5,000 people, including more than 380 partners, with offices around the country. Its position is built on the professionalism of its people, the quality of the audit and assurance, tax, and advisory services the firm offers and the contribution it makes to the wellbeing of the communities in which its people live and operate.

KPMG's clients turn to the firm because it gets the job done through its dedication to quality and collaborative approach. Behind this lies a shared commitment to KPMG's values and distinctive culture. The firm attracts people who are intellectually curious, demonstrate diligence and integrity and empathise with their colleagues, clients and fellow citizens.

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MINTER ELLISON

MinterEllison

Minter Ellison has a strong securitisation practice with broad market coverage. Its team advises financiers, originators and trustees across a variety of asset classes including residential mortgages, trade receivables, auto receivables and lease receivables.

Minter Ellison has been heavily involved in the securitisation industry's response to the proposed regulation of OTC derivatives.

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MOODY'S INVESTORS SERVICE

MOODY'S
INVESTORS SERVICE

Moody's Investors Service (Moody's) is a leading provider of credit ratings, research and risk analysis. The firm's commitment and expertise contributes to transparent and integrated financial markets, and the firm's ratings and analysis track debt covering approximately 120 sovereign nations, 11,000 corporate issuers, 21,000 public-finance issuers and 72,000 structured-finance obligations.

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PERPETUAL



Perpetual has been involved in the Australian securitisation industry since its inception in the 1980s. Perpetual specialises in the provision of trustee services, trust management, data services, custody and standby servicing for the securitisation market.

In addition, ABSPerpetual is recognised as the data-management and investor-reporting service for the Australian securitisation market. Issuers can have confidence that the enhanced ABSPerpetual offering will provide a stronger link between issuers, the RBA and investment communities. The expertise of Perpetual's people ensures the firm is a trusted partner throughout the securitisation lifecycle.

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PwC



With more than 6,000 employees, PwC is one of Australia's leading professional-services firms, bringing the power of a global network to help Australian businesses, not-for-profit organisations and governments assess their performance and improve the way they work.

PwC is a member of a network of firms in 157 countries with more than 195,000 people who are committed to delivering quality in assurance, advisory, tax and legal, and private-clients' services. The structured-finance group is a market-leading specialist in providing assurance and advisory services to the local securitisation and covered-bond industry.

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QBE



QBE Lenders' Mortgage Insurance (QBE LMI) has helped lenders manage credit risk with market-leading products for 50 years. Backed by solid insurer-financial-strength ratings, QBE LMI is a proven credit enhancement for RMBS issuers.

Bulk LMI offers an efficient but highly effective underwriting approach. QBE ensures the lenders' best mortgage assets are included in their transactions, protecting the good name of the issuer and promoting ongoing investor confidence in RMBS.

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STANDARD & POOR'S RATING SERVICES



Standard & Poor's Ratings Services (S&P) is the world's leading provider of independent credit-risk research and benchmarks. The company publishes more than a million credit ratings on debt issued by sovereign, municipal, corporate and financial-sector entities.

With more than 1,400 credit analysts in 23 countries and more than 150 years' experience of assessing credit risk, S&P offers a unique combination of global coverage and local insight. Its research and opinions about relative credit risk provide market participants with information and independent benchmarks which help support the growth of transparent, liquid debt markets worldwide.

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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	22%
NUMBER OF SECURITISATIONS ISSUED	18
TOTAL VOLUME ISSUED	A\$16BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	72% DOMESTIC 28% OFFSHORE
OUTSTANDING VOLUME OF SECURITISED ISSUES	A\$3.8BN

Formed in 1849, AMP Group is Australia and New Zealand's leading independent wealth-management company, with an expanding international investment-management business and a growing retail-banking business in Australia. It provides financial advice, products and services primarily distributed through self-employed financial advisers and investment opportunities through AMP Capital.

Specifically, AMP Bank is an Australian retail bank offering residential mortgages, deposits, transaction banking and SMSF products. It also has a portfolio of practice-finance loans. AMP Bank distributes through brokers, AMP advisers and direct to retail customers via phone and online.

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AUSTRALIAN FINANCE GROUP



AUSTRALIAN ADI	NO
SECURITISATION PROGRAMME NAME	AFG TRUST

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	PRIME RMBS
PROPORTION OF OUTSTANDING WHOLESale FUNDING SOURCED VIA SECURITISATION	47%
NUMBER OF SECURITISATIONS ISSUED	3
TOTAL VOLUME ISSUED	A\$875M
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A\$474M

Australian Finance Group (AFG) is one of Australia's leading companies when it comes to financial solutions. Founded in 1994, AFG has grown to become the largest mortgage-broking group in Australia with a loan book of more than A\$107 billion. Recently listed on the Australian Securities Exchange, AFG has in excess of 2,400 brokers across Australia distributing more than 1,450 mortgage products supplied by AFG's panel of more than 40 lenders.

AFG leverages its tier-one technology platform to proactively manage its relationship with lenders, brokers and customers. AFG commenced offering its own securitisable home loans in 2007. These home loans are funded by multiple warehouses and term transactions.

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ANZ BANKING GROUP



AUSTRALIAN ADI	YES
SECURITISATION PROGRAMME NAME	KINGFISHER

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	INTERNAL (FOR RBA REPO PURPOSES)
PROPORTION OF OUTSTANDING WHOLESale FUNDING SOURCED VIA SECURITISATION	ZERO
NUMBER OF SECURITISATIONS ISSUED	4
TOTAL VOLUME ISSUED*	A\$4.45BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE*	24% DOMESTIC 76% OFFSHORE
OUTSTANDING VOLUME OF SECURITISED ISSUES*	ZERO

* Excluding internal securitisation transactions. The last public RMBS issued by ANZ was in 2004.

ANZ Banking Group (ANZ) is one of the four major banking groups headquartered in Australia. ANZ provides a broad range of banking and financial products and services to retail, small business, corporate and institutional clients in Australia, New Zealand and the Asia-Pacific region. The bank began its Australian operations in 1835 and its New Zealand operations in 1840. It has been active in Asia since the 1960s.

ANZ is one of only a small number of banks globally which has maintained a double-A rating from all three main credit-rating agencies. It is a true global issuer with a wholesale funding portfolio which is well diversified by currency, product and tenor.

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AUSWIDE BANK



AUSTRALIAN ADI	YES
SECURITISATION PROGRAMME NAME	WB TRUST

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	PRIME RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	68%
NUMBER OF SECURITISATIONS ISSUED	12
TOTAL VOLUME ISSUED	A\$3.4BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	\$462M

Auswide Bank has recently been rebranded from Wide Bay Australia. Auswide Bank became Australia's 10th, and Queensland's third, Australian-owned bank, listed and trading on the Australian Securities Exchange, on April 1 2015. The company had operated as a building society since 1966.

Auswide Bank has Australian credit and financial-services licences issued by the Australian Securities and Investments Commission, and is an authorised deposit-taking institution supervised by the Australian Prudential Regulation Authority.

Auswide Bank offers Australians an extensive range of personal and business-banking products and services issued directly or in partnership with leading service providers via branches, strategic relationships and online and digital channels.

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BANK OF QUEENSLAND



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

USE OF SECURITISATION

TYPES OF SECURITISATION ISSUED	RMBS, ABS
PROPORTION OF OUTSTANDING FUNDING SOURCED VIA SECURITISATION	11%
NUMBER OF SECURITISATIONS ISSUED	37
TOTAL VOLUME ISSUED	APPROX. A\$21.6BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	APPROX. 91% DOMESTIC 9% OFFSHORE
OUTSTANDING VOLUME OF SECURITISED ISSUES	APPROX. A\$4.28BN

Bank of Queensland (BOQ) is a public company incorporated with limited liability under the laws of Australia. BOQ is domiciled in Australia, is listed on the Australian Securities Exchange, is regulated by the Australian Prudential Regulation Authority as an authorised deposit-taking institution, and has total assets under management of A\$47.7 billion.

BOQ's loans under management as at August 31 2015 totalled A\$41.0 billion, including housing lending of A\$28.4 billion, commercial lending of A\$8.3 billion, leasing of A\$4.0 billion and consumer lending of A\$0.3 billion – reflecting the bank's focus on well-secured housing and SME lending.

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BLUESTONE GROUP



AUSTRALIAN ADI	NO
SECURITISATION PROGRAMME NAMES	SAPPHIRE, EMERALD

USE OF SECURITISATION

TYPES OF SECURITISATION ISSUED	RMBS, REVERSE MORTGAGE
WHOLESALE FUNDING VOLUME	A\$730.7M
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	69%
NUMBER OF SECURITISATIONS ISSUED	20
TOTAL VOLUME ISSUED	A\$6.1BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	94% DOMESTIC 6% OFFSHORE
OUTSTANDING VOLUME OF SECURITISED ISSUES	A\$501M

Bluestone Group (Bluestone) is a dynamic financial-services business with more than 250 employees, and operations in Asia Pacific, the UK and Europe. The business is backed by Macquarie Bank and LDC, the UK's largest mid-market private-equity house.

In 2000, Bluestone began originating mortgages in the Australian market. In 2013, Bluestone recommenced mortgage origination and has issued two Australian RMBS transactions since this time. With vast experience in the nonconforming mortgage space, Bluestone is excited to offer its mortgage products to the retail market and continue its issuance of RMBS.

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COMMONWEALTH BANK OF AUSTRALIA



AUSTRALIAN ADI	YES
SECURITISATION PROGRAMME NAME	MEDALLION TRUST

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	RMBS
PROPORTION OF OUTSTANDING WHOLESale FUNDING SOURCED VIA SECURITISATION	5%
NUMBER OF SECURITISATIONS ISSUED	21
TOTAL VOLUME ISSUED	A\$52.5BN
OUTSTANDING VOLUME OF RMBS	A\$14.6BN

Commonwealth Bank of Australia is Australia's leading provider of integrated financial services including retail, premium, business- and institutional-banking, funds-management, superannuation, insurance, investment and share-broking products and services.

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. Wholesale funding is complemented by securitisation issues through the Medallion programme.

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CREDIT UNION AUSTRALIA



AUSTRALIAN ADI	YES
SECURITISATION PROGRAMME NAME	HARVEY TRUST

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	RMBS
PROPORTION OF OUTSTANDING WHOLESale FUNDING SOURCED VIA SECURITISATION	70%
NUMBER OF SECURITISATIONS ISSUED	11
TOTAL VOLUME ISSUED	A\$6.3BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A\$1.7BN

Credit Union Australia (CUA) has a long and proud history of providing banking and financial services to Australians. CUA is Australia's largest customer-owned financial institution with nationwide representation through 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.

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FIRSTMAC



AUSTRALIAN ADI	NO
SECURITISATION PROGRAMME NAME	FIRSTMAC MORTGAGE FUNDING TRUST

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	RMBS
PROPORTION OF OUTSTANDING WHOLESale FUNDING SOURCED VIA SECURITISATION	73%
NUMBER OF SECURITISATIONS ISSUED	30
TOTAL VOLUME ISSUED	A\$14.8BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	88% DOMESTIC 12% OFFSHORE
OUTSTANDING VOLUME OF SECURITISED ISSUES	A\$5.4BN

Firstmac is a leading nonbank originator of prime residential home loans. Loans are predominantly sourced through the company's own online retail business – www.loans.com.au – and through an Australia-wide network of third-party introducers. The company is headquartered in Brisbane and has offices in Sydney and Melbourne.

Firstmac has been a regular issuer of RMBS in the Australian domestic and offshore markets since 2003.

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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	49%
NUMBER OF SECURITISATIONS ISSUED	8
TOTAL VOLUME ISSUED	A\$1.6BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	>90% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A\$518M

All data as at September 2015.

An ASX200-listed Australian public company, FlexiGroup is a leading provider of vendor and retail point-of-sale finance. FlexiGroup's diversified business streams offer a broad set of products and services that can adapt to the specific needs of vendor partners. These include leasing, interest-free cards, no-interest payment plans, cheque guarantee and lay-by.

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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 40%
NUMBER OF SECURITISATIONS ISSUED	11 PUBLIC DEALS, 3 AUD WAREHOUSE ARRANGEMENTS, 1 AUD INTERNAL SECURITISATION ARRANGEMENT, 1 AUD PRIVATE DEAL
TOTAL VOLUME ISSUED	APPROX. A\$6.1BN EQUIV.
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	APPROX. 59% DOMESTIC, 41% OFFSHORE*
OUTSTANDING VOLUME OF SECURITISED ISSUES	APPROX. A\$527M EQUIV.

* By original issuance. Only domestic issues remain.

Heritage Bank (Heritage) is Australia's largest mutual bank, with approximately A\$8.5 billion in total consolidated assets as at June 30 2015. It is a public company, limited by shares and guarantee, which operates as a mutual organisation. The mutual business structure is an integral component of Heritage's operating philosophy. Heritage is an authorised deposit taking institution, regulated by the Australian Prudential Regulation Authority.

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IMB



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	63%
NUMBER OF SECURITISATIONS ISSUED	6 RMBS, 3 CMBS
TOTAL VOLUME ISSUED	A\$3.3BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A\$563M

Established in 1880, IMB has been helping people achieve their financial goals for 135 years. IMB offers a full range of banking solutions including home and personal lending, savings and transaction accounts, term deposits, business banking, financial planning and a wide range of insurance and travel products.

IMB is regulated by the Australian Prudential Regulation Authority and the Australian Securities and Investment Commission, and is a member of the Customer-Owned Banking Association, an independent organisation representing mutual banks, building societies and credit unions. IMB has around 180,000 members and total assets of more than A\$4.9 billion.

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ING BANK (AUSTRALIA)



AUSTRALIAN ADI	YES
SECURITISATION PROGRAMME NAME	IDOL TRUST

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	24%
NUMBER OF SECURITISATIONS ISSUED	8
TOTAL VOLUME ISSUED	A\$7.5BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	96% DOMESTIC 4% OFFSHORE
OUTSTANDING VOLUME OF SECURITISED ISSUES	A\$3.4BN

ING DIRECT – the trading name of ING Bank (Australia) – is a branchless retail bank. It is part of the world’s leading direct savings bank and is wholly owned by ING Group. It offers products in retail mortgages, transactional banking, retail savings, specialised commercial-property markets and retail superannuation.

With more than A\$32 billion in retail deposits, A\$38 billion in mortgages and 1.5 million customers, ING DIRECT is one of the largest home lenders in Australia.

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LA TROBE FINANCIAL



AUSTRALIAN ADI	NO
SECURITISATION PROGRAMME NAME	LA TROBE FINANCIAL CAPITAL MARKETS TRUST

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	<15%
NUMBER OF SECURITISATIONS ISSUED	2
TOTAL VOLUME ISSUED	A\$350M
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	85% DOMESTIC 15% OFFSHORE
OUTSTANDING VOLUME OF SECURITISED ISSUES	A\$283M

La Trobe Financial is a leading credit specialist focused on residential and commercial assets. It offers credit solutions for prime and alternate income-verification consumers who mainstream providers do not accommodate. Formed in 1952, La Trobe Financial has lent more than A\$10 billion in mortgage loans for institutional and retail clients.

La Trobe Financial successfully completed its second RMBS offering in May 2015, complementing its initial RMBS transaction in June 2014. It will remain active in this market and regular issues are planned in the future.

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LIBERTY FINANCIAL



AUSTRALIAN ADI	NO
SECURITISATION PROGRAMME NAME	LIBERTY TRUST

USE OF SECURITISATION

TYPES OF SECURITISATION ISSUED	ABS, CMBS, RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	62%
NUMBER OF SECURITISATIONS ISSUED	35
TOTAL VOLUME ISSUED	A\$13BN+
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	85% DOMESTIC 15% OFFSHORE
OUTSTANDING VOLUME OF SECURITISED ISSUES	APPROX A\$2.0BN

Liberty Financial is one of Australasia’s leading speciality finance groups. Its businesses include residential and commercial mortgages, motor-vehicle finance, investments and insurance in Australia and New Zealand. It employs more than 200 professionals and has issued more than A\$13 billion in domestic and international capital markets.

Since 1997, Liberty has helped more than 170,000 customers achieve their financial goals. Liberty is one of the few lenders in Australia with an unblemished capital-markets record with no rating downgrades or charge-offs ever experienced by its originated securities or programmes.

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MACQUARIE GROUP



AUSTRALIAN ADI	YES
SECURITISATION PROGRAMME NAMES	SMART, PUMA

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

Macquarie Group

Macquarie Group is a global financial-services provider. It acts primarily as an investment intermediary for institutional, corporate and retail clients and counterparties around the world.

Founded in 1969, Macquarie Group employs more than 14,000 people in 28 countries. At March 31 2015, Macquarie Group had assets under management of A\$486 billion. Macquarie Group is listed in Australia and is regulated by the Australian Prudential Regulation Authority as the owner of Macquarie Bank, an authorised deposit taker.

SMART PROGRAMME

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	ABS
NUMBER OF SECURITISATIONS ISSUED	27
TOTAL VOLUME ISSUED	A\$20BN EQUIV.
CURRENCIES ON ISSUE	USD, AUD, GBP, EUR
OUTSTANDING VOLUME OF SECURITISED ISSUES	A\$5.5BN EQUIV.

PUMA PROGRAMME

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	RMBS
NUMBER OF SECURITISATIONS ISSUED	59
TOTAL VOLUME ISSUED	A\$54BN EQUIV.
CURRENCIES ON ISSUE	USD, AUD, EUR
OUTSTANDING VOLUME OF SECURITISED ISSUES	A\$10.5BN EQUIV.

ME



AUSTRALIAN ADI	YES
SECURITISATION PROGRAMME NAMES	MAXIS, SMHL

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	RMBS
NUMBER OF SECURITISATIONS ISSUED*	45
TOTAL VOLUME ISSUED	A\$43.5BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	A\$27.0BN US\$10.4BN €2.2BN
OUTSTANDING VOLUME OF SECURITISED ISSUES	A\$5.1BN

*Combined Members Equity Bank Limited and historical mortgage-origination business.

ME, which was rebranded from ME Bank in May 2015, was created 21 years ago to provide low-cost home loans and banking products to members of industry superannuation funds and unions.

ME is still 100 per cent owned by the 30 industry super funds which created ME to help Australians get ahead. Recently, ME opened its product offering to the broader Australian population and is committed to providing products which are straightforward and easy to understand. ME, which prides itself on its provision of great customer service, has a philosophy of supporting, educating and empowering its customers to achieve their financial objectives.

ME's new brand represents a modern, strong, innovative and secure bank in the digital era.

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MYSTATE BANK



AUSTRALIAN ADI	YES
SECURITISATION PROGRAMME NAME	CONQUEST TRUST

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	RMBS
WHOLESALE FUNDING VOLUME	A\$1.4BN
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	49%
NUMBER OF SECURITISATIONS ISSUED	5
TOTAL VOLUME ISSUED	A\$1.20BN*
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A\$509M

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

MyState Bank (MyState) is a wholly owned authorised deposit-taking institution of MyState Limited – a non-operating holding company approved by the Australian Prudential Regulation Authority and listed on the Australian Securities Exchange. On September 30 2015, regulatory approval was received to fully transfer the business undertakings of The Rock Building Society (The Rock) into MyState Bank.

The MyState brand predominately operates in Tasmania with 10 branches servicing 120,000 customers. The Rock brand predominately operates in Central Queensland with seven branches servicing 40,000 customers. Both brands provide lending and deposit-taking services via indirect channels.

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NATIONAL AUSTRALIA BANK



AUSTRALIAN ADI	YES
SECURITISATION PROGRAMME NAME	NATIONAL RMBS TRUST

USE OF SECURITISATION

TYPES OF SECURITISATION ISSUED	RMBS, ABS
OUTSTANDING SECURITISATIONS ISSUED	4 EXTERNAL RMBS
TOTAL NUMBER ISSUED	APPROX. A\$14BN (EXCLUDES RETAINED DEALS)
TOTAL DOMESTIC ISSUES	7
TOTAL CROSS-BORDER TRANCHES	7

National Australia Bank (NAB) is a financial-services organisation with more than 12.7 million customers and 42,000 people, operating more than 1,700 stores and business-banking centres globally. Its financial-services franchises in Australia are complemented by businesses in New Zealand, Asia, the UK and the US.

Each of NAB's brands is uniquely positioned, but built on a common commitment to provide customers with quality products and services, fair fees and charges, and relationships built on the principles of help, guidance and advice.

NAB's activities include banking, credit- and access-card facilities, leasing, housing and general finance, international banking, investment banking, wealth and funds management, life insurance, and custodian, trustee and nominee services.

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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	50%
NUMBER OF SECURITISATIONS ISSUED	5
TOTAL VOLUME ISSUED	A\$2.1BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A\$890M

Australian Central Credit Union, trading as People's Choice Credit Union (People's Choice) is Australia's second-largest credit union, with approximately A\$8.9 billion of total assets under advice and management. People's Choice has 345,000 members serviced through branches in South Australia, the Northern Territory, Victoria, Western Australia and the Australian Capital Territory.

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 Regulatory Authority.

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PEPPER GROUP



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

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	RMBS
NUMBER OF SECURITISATIONS ISSUED	14 PRS (5 OUTSTANDING, 9 CALLED) 4 PEPPER PRIME (4 OUTSTANDING)
TOTAL VOLUME ISSUED	A\$6.5BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	90% DOMESTIC, 10% OFFSHORE*
OUTSTANDING VOLUME OF SECURITIES ISSUED	A\$2.4BN, US\$347M

* Two issues in the Pepper Prime series and two issues in the PRS series have included a USD 2a7 tranche, with the balance of the notes in AUD.

Established in 2001, Pepper Group (Pepper) is a leading Australian-headquartered, global diversified financial-services group, with businesses in Australasia and Europe encompassing lending, asset servicing and management, and corporate real-estate advisory. Pepper has been a leading nonconforming residential-mortgage lender for more than a decade and has expanded to also offer prime residential mortgages, auto and equipment leasing, and personal loans.

Pepper is a highly rated third-party servicer and asset manager across a range of asset classes with a “strong” prime and nonconforming servicer rating from Standard & Poor’s Ratings Services.

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RESIMAC



AUSTRALIAN ADI	NO
SECURITISATION PROGRAMME NAMES	RESIMAC PREMIER, RESIMAC BASTILLE, RESIMAC AVOCA, RESIMAC VERSAILLES, RESIMAC UK RMBS

USE OF SECURITISATION

TYPES OF SECURITISATION ISSUED	RMBS, NIM BOND
WHOLESALE FUNDING VOLUME FY14	A\$4.8BN
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	64%
NUMBER OF SECURITISATIONS ISSUED	34
TOTAL VOLUME ISSUED	A\$18.1BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	55% DOMESTIC, 45% OFFSHORE
OUTSTANDING VOLUME OF SECURITISED ISSUES	A\$3.2BN

Resimac celebrates its 30th anniversary as one of Australia’s prominent nonbank lenders in 2015. The Australian-owned company has grown immensely in this time – offering a suite of both prime and specialist-lending products tailored to the residential market in Australia and New Zealand.

Resimac’s capital-markets activities are core to its enterprise strategy and it remains one of the most prolific Australian nonbank issuers. Resimac was the first Australian RMBS issuer in 1988 and since this time it has issued more than A\$18 billion equivalent in 34 domestic and offshore issues including Europe, the US and New Zealand.

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SUNCORP GROUP



AUSTRALIAN ADI	YES
SECURITISATION PROGRAMME NAME	APOLLO

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	14%
NUMBER OF SECURITISATIONS ISSUED	20
TOTAL VOLUME ISSUED	A\$22.53BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	78% DOMESTIC, 22% OFFSHORE*
OUTSTANDING VOLUME OF SECURITISED ISSUES	A\$3.27BN, €88.45M

* Based on notes only.

Suncorp Group is a unique, diversified financial-services group with well-known businesses in general insurance, banking and life. Suncorp Group is a top-20 Australian Securities Exchange-listed company with assets of A\$96 billion. It has around 14,500 employees and relationships with approximately nine million customers. Suncorp Bank is Australia’s fifth-largest bank and Australia’s largest regional bank.

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ISSUER PROFILES

WESTPAC BANKING CORPORATION



AUSTRALIAN ADI YES

Westpac Banking Corporation (Westpac) is Australia's second-largest banking organisation 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.

As at March 31 2015, Westpac had total assets of A\$796 billion. Westpac's ordinary shares and certain other securities are quoted on the Australian Securities Exchange and, as at March 31 2015, the bank's market capitalisation was A\$123 billion.

RMBS PROGRAMME

USE OF SECURITISATION

SECURITISATION PROGRAMME NAMES	WESTPAC SECURITISATION TRUST (WST), CRUSADE RMBS
TYPE OF SECURITISATION ISSUED	RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION ¹	5%
NUMBER OF SECURITISATIONS ISSUED	42
TOTAL VOLUME ISSUED ²	APPROX. A\$78.6BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE ³	75% DOMESTIC 25% OFFSHORE
OUTSTANDING VOLUME OF SECURITISED ISSUES	APPROX. A\$12.2BN

¹ Includes RMBS and ABS.

² Approx. 50% Crusade RMBS, 50% WST RMBS.

³ Based on issues currently outstanding.

ABS PROGRAMME

USE OF SECURITISATION

SECURITISATION PROGRAMME NAMES	CRUSADE ABS, BELLA TRUST
TYPE OF SECURITISATION ISSUED	ABS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION ¹	5%
NUMBER OF SECURITISATIONS ISSUED	13
TOTAL VOLUME ISSUED ²	APPROX. A\$9.2BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE ³	87% DOMESTIC 13% OFFSHORE
OUTSTANDING VOLUME OF SECURITISED ISSUES	APPROX A\$2.0BN

¹ Includes RMBS and ABS.

² Approx. 56% Crusade ABS, 44% Bella ABS.

³ Based on issues currently outstanding.

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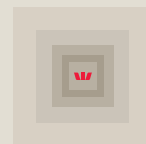
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**Institutional
Bank**

Sources: 1. KangaNews fixed-income research poll 2015. Voted by more than 60 Australian-based institutional fixed-income investors only. 2. Peter Lee Associates Debt Securities Investors Australia Survey 2015. Rank vs. top 4 major domestic banks. Based upon the most active investors in each type of security. Based upon Westpac achieving a no.1 ranking amongst the four major domestic banks for estimated market share across Corporate Bonds, Asset Backed Securities, CPI Linked Securities and CPI Linked Derivatives, a no.1 ranking for Relationship Strength amongst the four major domestic banks across Commonwealth Treasury and Semi Government Bonds and Asset Backed Securities. Westpac Institutional Bank is a division of Westpac Banking Corporation ABN 33 007457 141 AFSL 233714 ("WBC"). WBC is authorised and regulated by the Australian Prudential Regulatory Authority in Australia. WBC is authorised in the United Kingdom by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request. Westpac Europe Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In New Zealand, Westpac Institutional Bank refers to the brand under which products and services are provided by either WBC or Westpac New Zealand Limited (Company number 1763882). The New Zealand Branch of WBC and Westpac New Zealand Limited are each registered under the Reserve Bank Act 1989. WBC operates in various jurisdictions and is authorised and regulated by the Monetary Authority of Singapore in Singapore, the Hong Kong Monetary Authority & Securities and Futures Commission in Hong Kong, the China Banking Regulatory Commission in China and the Reserve Bank of India in India. Westpac operates in the USA as a federally licensed branch, regulated by the Office of the Comptroller of the Currency and is affiliated with a broker dealer registered with the US SEC, Westpac Capital Markets, LLC. Westpac is also registered with the US CFTC as a Swap Dealer, but is neither registered as, nor affiliated with, a Futures Commission Merchant registered with the CFTC. DW_WBC730C1_ASJ

Only a global universal bank can span all businesses and borders

Passion to Perform

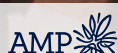
Secured Funding – RMBS



RESIMAC Limited
Avoca Series 2014-1 RMBS
Prime RMBS
AUD 500 million
Joint Lead Manager
Joint Bookrunner
November 2014



Liberty Funding
Liberty Series 2014-2
RMBS
AUD 500 million
Sole Arranger
Joint Lead Manager
Joint Bookrunner
November 2014



AMP Bank
PROGRESS 2014-2 Trust
Prime RMBS
AUD 1.0 billion
Sole Arranger
Joint Lead Manager
Joint Bookrunner
November 2014



Bendigo and Adelaide Bank
TORRENS Series 2014-2 Trust
Prime RMBS
AUD 600 million
Sole Arranger
Joint Lead Manager
Joint Bookrunner
December 2014



Credit Union Australia
Series 2015-1 Harvey Trust
Prime RMBS
AUD 750 million
Sole Arranger
Joint Lead Manager
Joint Bookrunner
February 2015



Suncorp-Metway
APOLLO Series 2015-1 Trust
Prime RMBS
AUD 1.25 billion
Joint Lead Manager
Joint Bookrunner
March 2015



Bank of Queensland
Series 2015-1 REDS Trust
Prime RMBS
AUD 900 million
Sole Arranger
Joint Lead Manager
Joint Bookrunner
March 2015



Liberty Funding
Liberty Series 2015-1
RMBS
AUD 500 million
Sole Arranger
Joint Lead Manager
Joint Bookrunner
April 2015



Bendigo and Adelaide Bank
TORRENS Series 2015-1 Trust
Prime RMBS
AUD 500 million
Sole Arranger
Joint Lead Manager
Joint Bookrunner
June 2015



ME
SMHL Series SF 2015-1
Prime RMBS
AUD 1.5 billion
Sole Arranger
Joint Lead Manager
Joint Bookrunner
July 2015

