

2023

本邦投資家向けセミナー

Japanese Investor Seminar

Welcome

アジェンダ

- 14 時 30 分 大使館のセキュリティチェック及び受付
- 15 時 00 分 オーストラリア政府による歓迎のご挨拶
ビビアン・リム 参事官(商務) | 在日オーストラリア大使館
- 15 時 05 分 **Australian Securitisation Forum**による歓迎のご挨拶、マーケットアップデート
• 直近のプライマリー市場での発行のサマリー
• 発行体の多様化について
クリス・ダルトン | チーフ・エグゼクティブ・オフィサー | **Australian Securitisation Forum**
- 15 時 25 分 **オーストラリアの経済見通しと住宅市場について**
• オーストラリア経済に影響を与えるマクロ・トレンド
• 減速する経済成長、家計債務動向、RBAの金利上昇の影響
• 2022年の住宅価格の下落からの安定化傾向を示す地方都市
岩原 宏平 | シニアエコノミスト | **ナティクス日本証券株式会社**
- 15 時 45 分 **オーストラリアの住宅ローン市場のアップデート**
• 足元の住宅ローンのオリジネーション状況の変遷
• オリジネーションチャネルの変化—ブローカー、窓口、オンライン
• 金利環境がオリジネーション金額、借り手の需要に与える影響
• 金利上昇、変動が大きい住宅価格の環境下での新規ローンの引受け
藪田 浩 | ディレクター | **S&Pグローバル・レーティング・ジャパン株式会社**
- 16 時 15 分 休憩
- 16 時 30 分 **オーストラリアのRMBS及びABSのパフォーマンスとレラティブバリュア**
• RMBS, ABSのクレジット・パフォーマンス
• RMBS, ABSの延滞率のパフォーマンス比較
• RMBSにおけるCPRの動向
• 発行体の多様化及び海外投資家による投資動向について
• オーストラリアのRMBS, ABSのレラティブバリュア
黒田 篤 | シニア・ダイレクター | フィッチ・レーティングス・ジャパン株式会社
宮坂 知宏 | チーフ証券化アナリスト | **SMBC日興証券株式会社**
- 17 時 10 分 **発行体、投資家によるパネルディスカッション**
• 足元のRMBS, ABSの起債動向・傾向
• オートローン債権におけるノンバンクセクターの役割の高まり
• クレジットカード、消費者ローン、SMEローンのABSの動向
• 投資家から見た豪州証券化の魅力、発行体から見た日本の投資家の魅力
モデレーター: 山宮 健寛 | ディレクター | ソシエテ・ジェネラル証券株式会社
パネリスト: ジェームズ・オースティン | CFO | **Firstmac Limited**
リック・リー | Treasurer | **RedZed Lending Solutions Pty Ltd**
エド・フレイリック | Head of Finance & Capital Markets | **Mortgage House**
| ジューン・マクファディン | Group Treasurer | **Allied Credit**
磯辺 真人 | 戦略投資部長 | **株式会社東京スター銀行**
櫻井 大仁 | 市場運用部投資グループ長 | **ソニー銀行株式会社**
- 18 時 00 分 **懇親会** | お飲み物、軽食をご用意しております
19 時 30 分 セミナー終了

オーストラリア政府による歓迎のご挨拶

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Welcome from the Australian Government

Vivien Lim | Counsellor (Commercial) | Australian Embassy

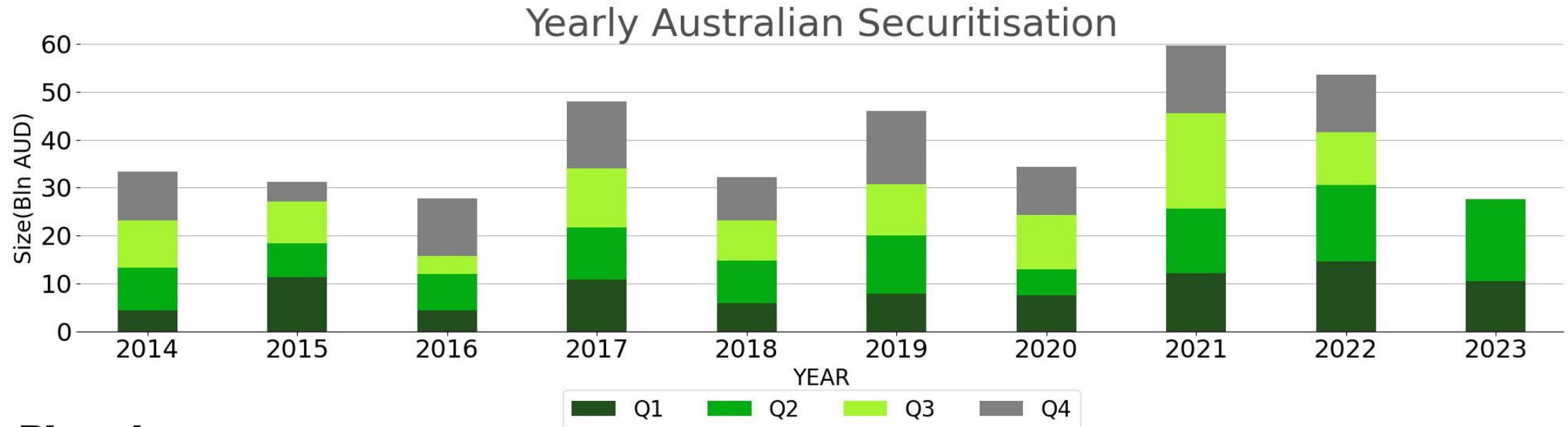
ASF による歓迎のご挨拶、マーケットアップデート

クリス・ダルトン | チーフ・エグゼクティブ・オフィサー | Australian Securitisation Forum

Welcome and market update from the Australian Securitisation Forum

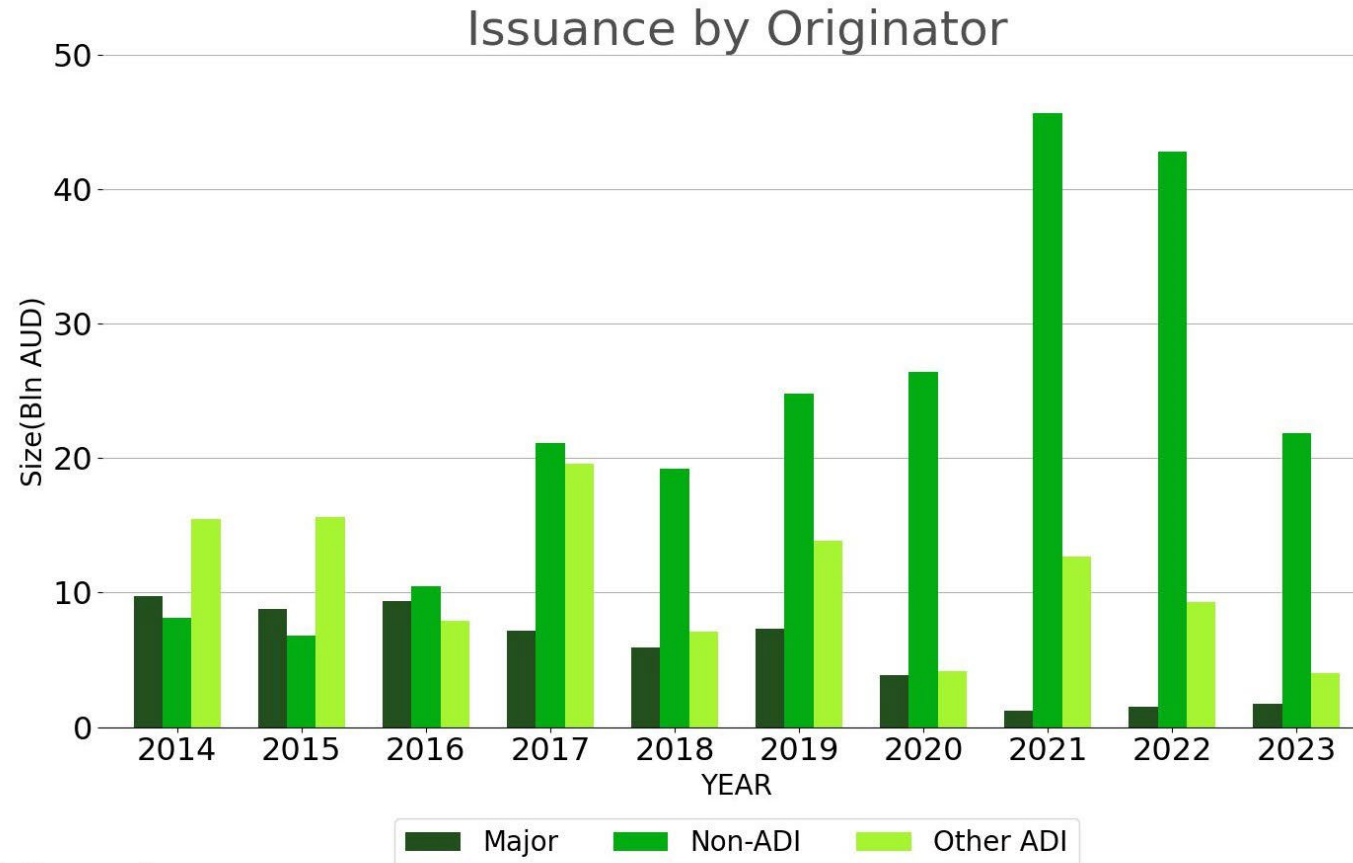
Chris Dalton | Chief Executive Officer | Australian Securitisation Forum

Primary Market Issuance 2014 -2023



Bloomberg

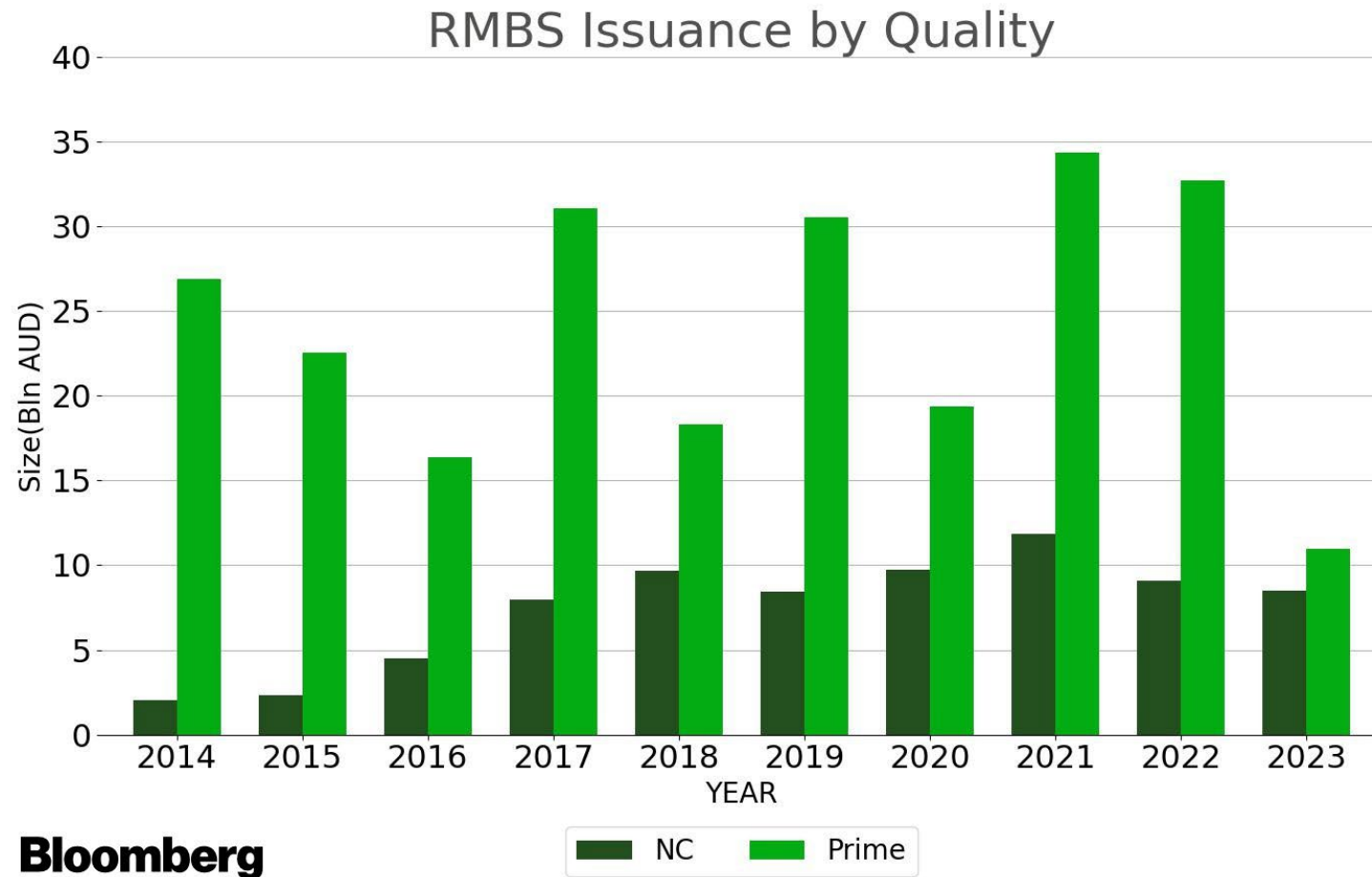
RMBS Primary Market Issuance 2014 -2023



Bloomberg

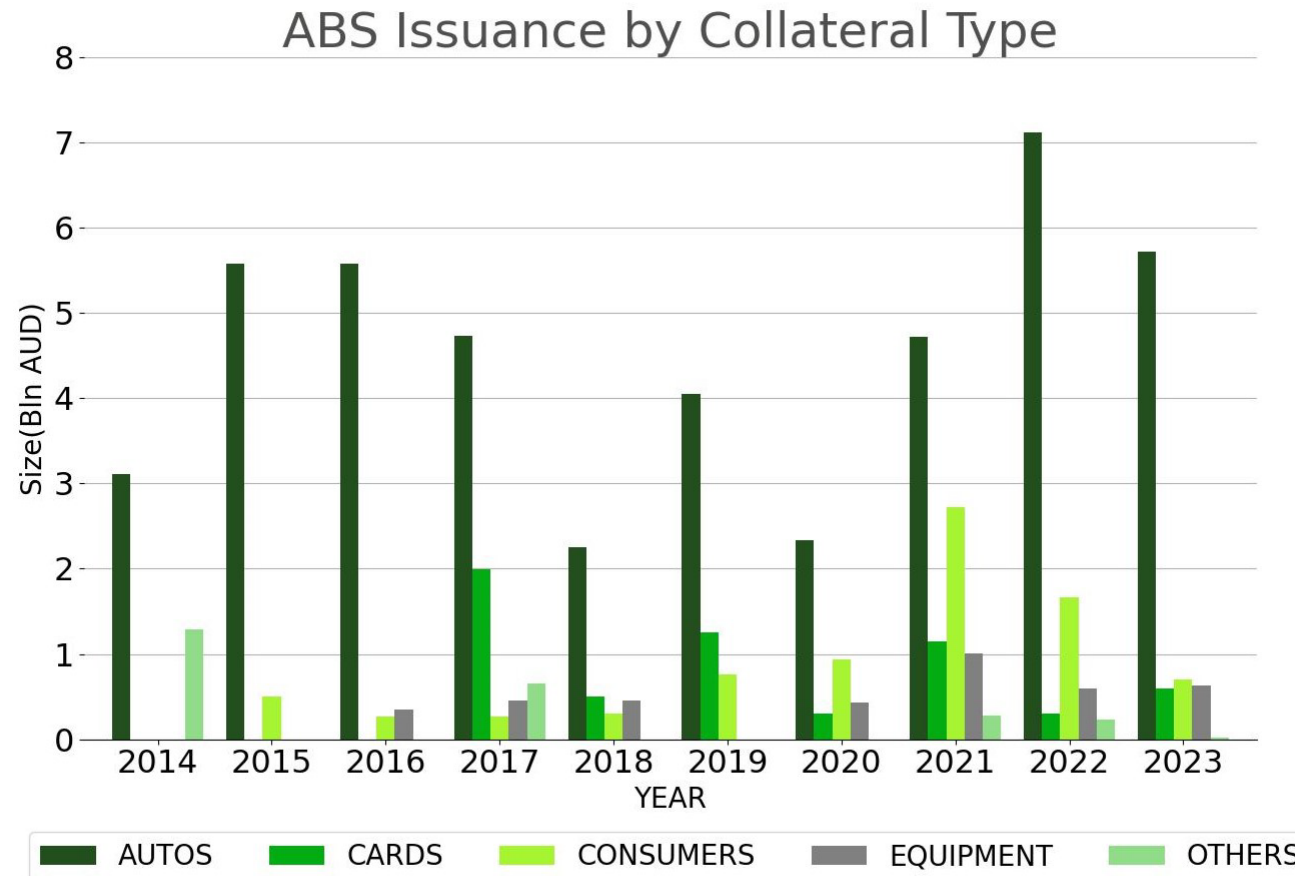
Data as at 30 June 2023

RMBS Collateral 2014 -2023



Data as at 30 June 2023

ABS Primary Market Issuance 2014 - 2023



Data as at 30 June 2023

Bloomberg



オーストラリアの経済見通しと住宅市場について

岩原 宏平 | シニアエコノミスト | ナティクシス日本証券株式会社

Outlook for the Australian economy and housing markets

Kohei Iwahara | Senior Economist Japan Pacific | Natixis Japan Securities Co., Ltd.



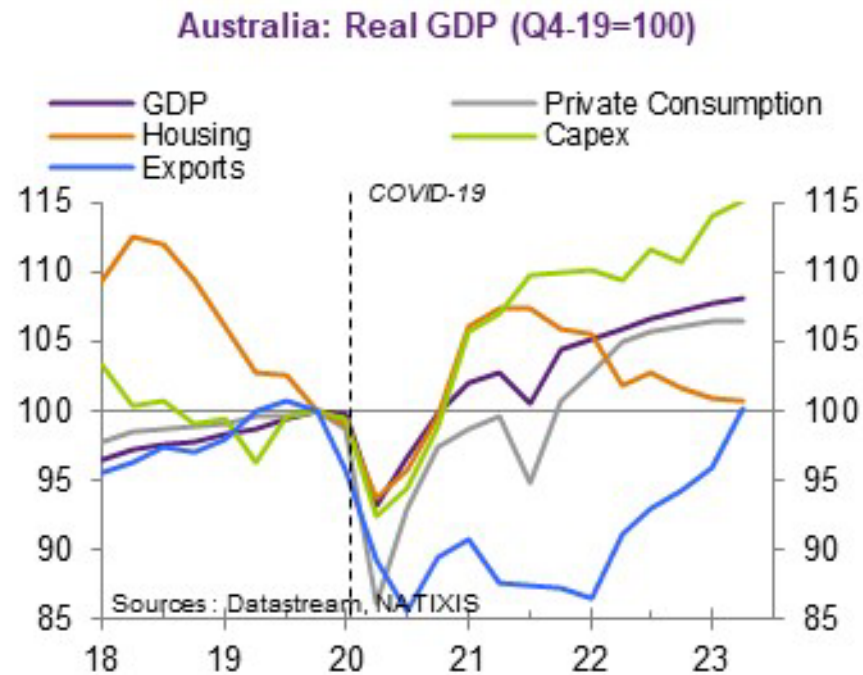
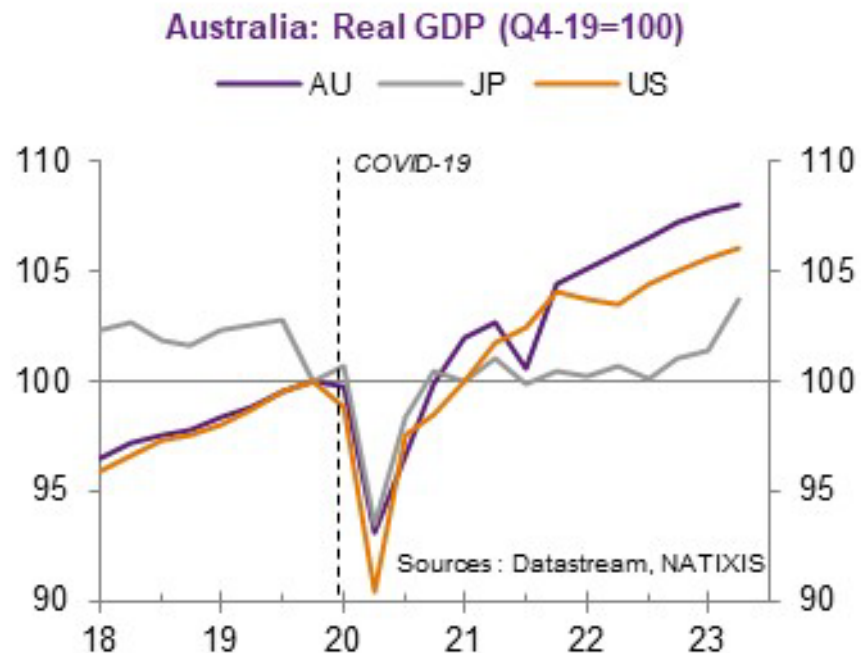
Australian economy and housing market

Kohei Iwahara, Japan Pacific Economist

Natixis Japan Securities

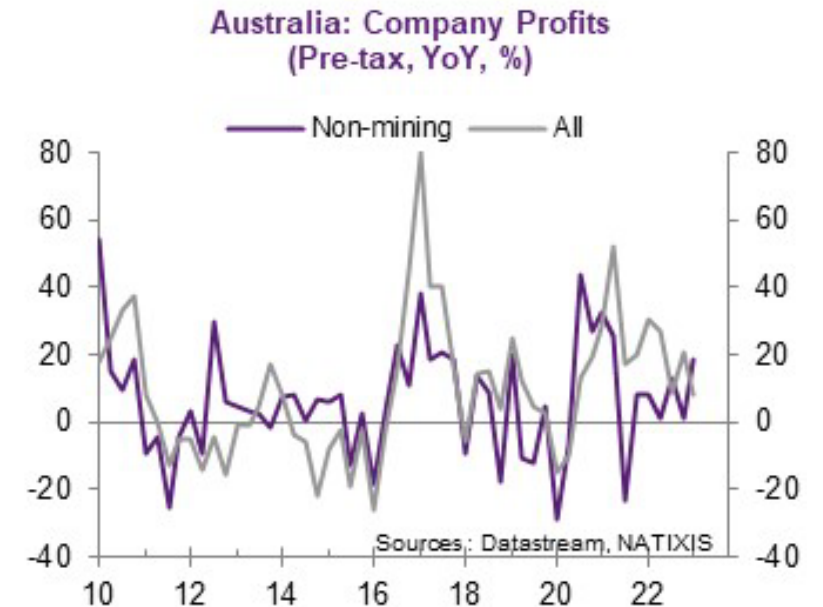
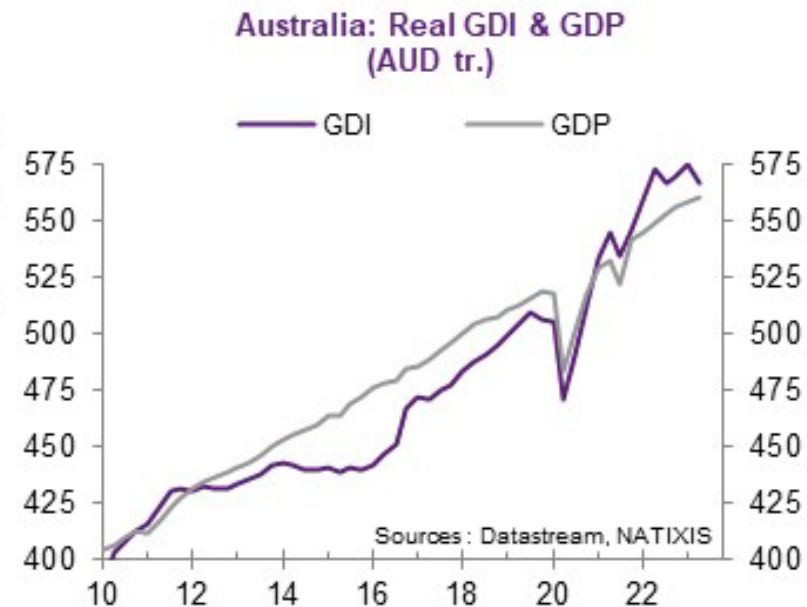
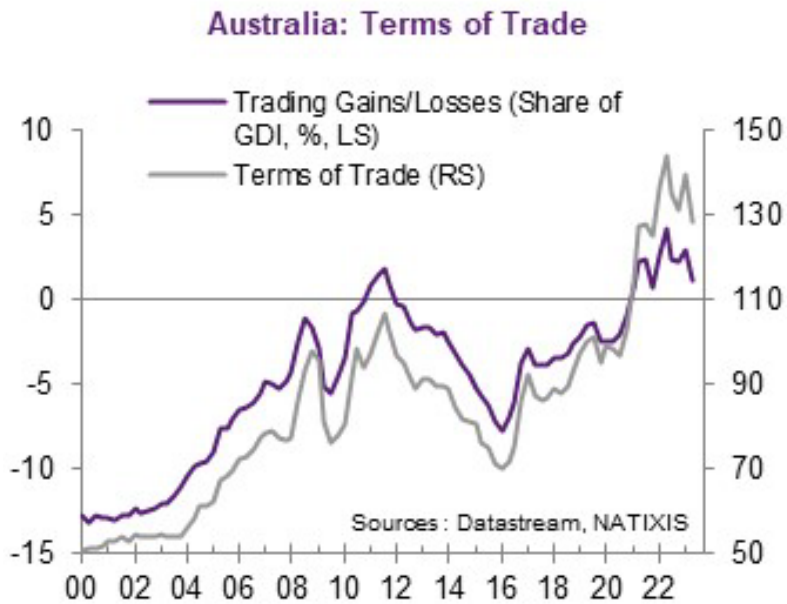
Drivers of resilient Australian economy shifting from domestic to external demand

- Australia's recovery from pandemic outpacing Japan and the US.
- Growth initially driven by housing, capex, and private consumption.
- Drivers shifting to exports and capex from 2022.



Higher corporate profitability from surging terms of trade extended to non-mining sector

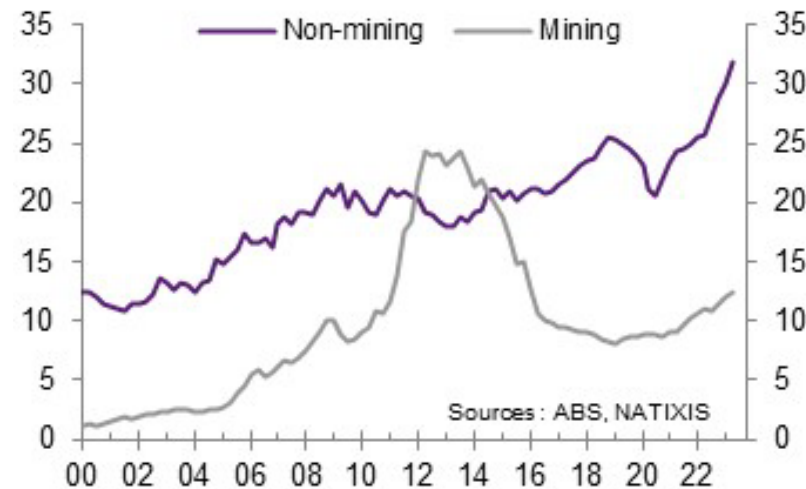
- Higher terms of trade from surging global commodity prices lifting income transfer from overseas, increasing GDI, Gross Domestic Income, more than GDP.
- Corporate profits increasing across mining and non-sector mining sectors.



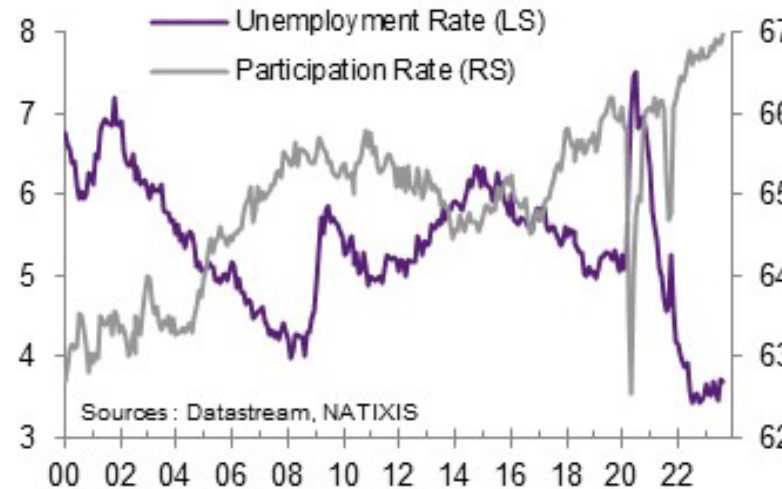
Resilient corporate activity with strong demand for investments and employment

- Accelerating corporate investments led by non-mining sector.
- Tight labor market with low unemployment rate and record high participation rate lifting wages above +3.5%.

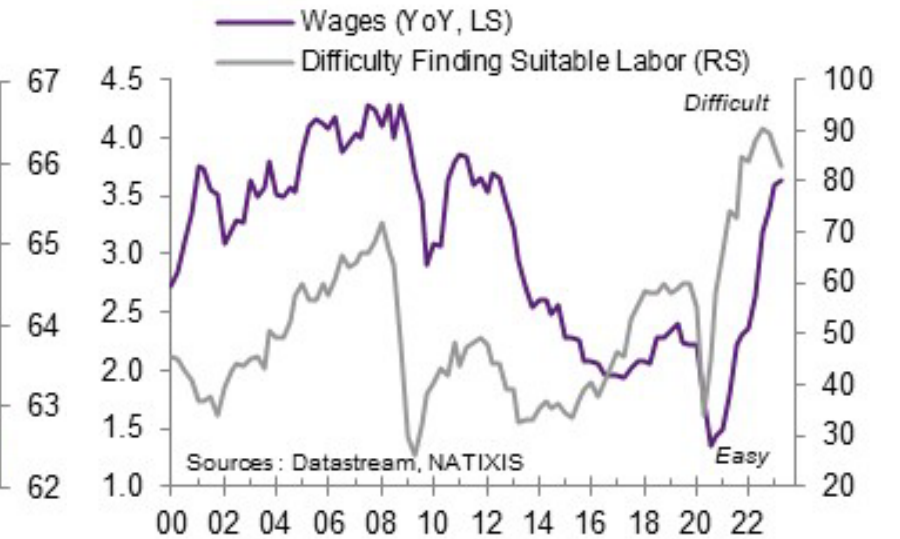
Australia: Private New Capital Expenditure (AUD bn)



Australia: Labor Market (%)

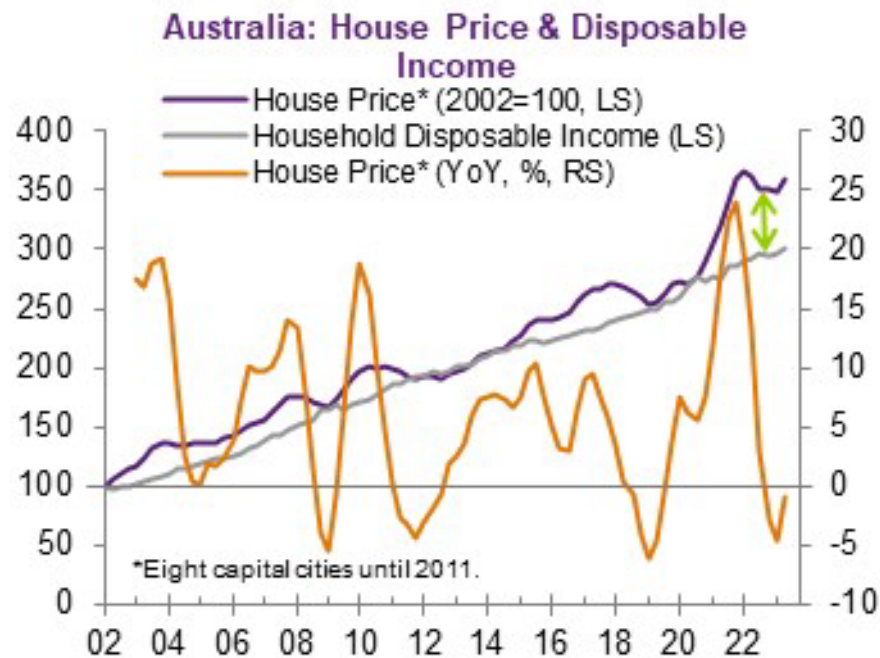


Australia: Labor Market (%)

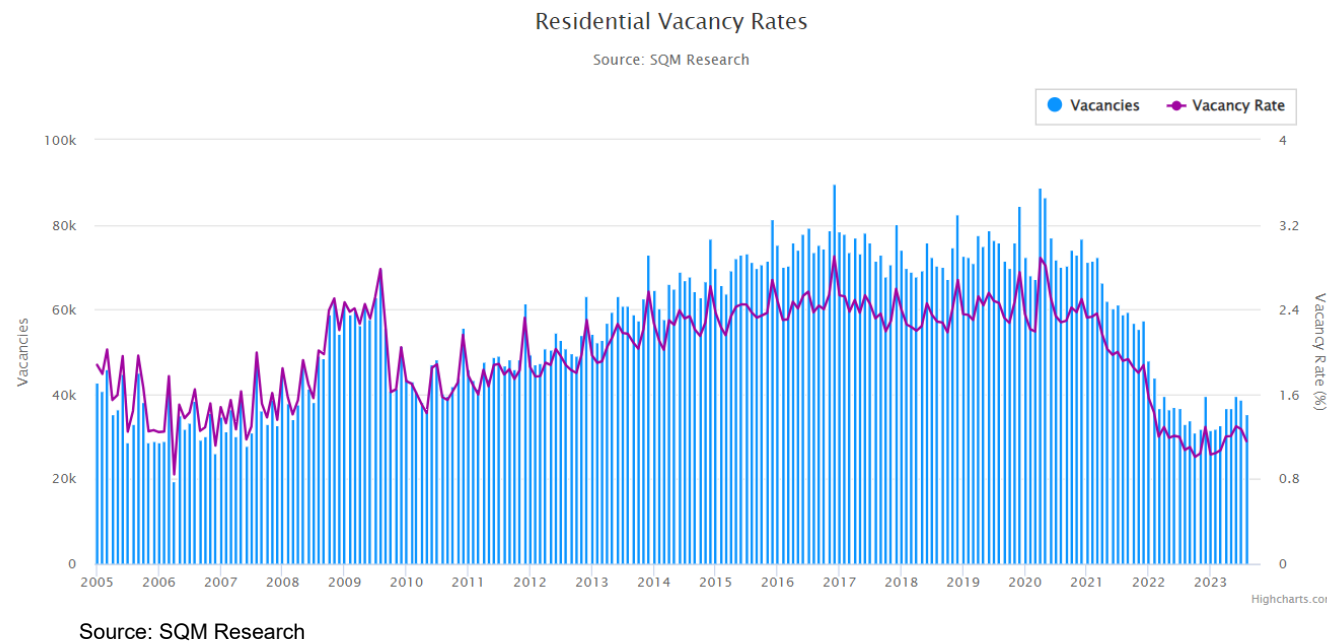


Housing prices bottoming out with vacancy rate remaining low

- Housing market bottoming out increasing “froth” with housing prices +19.6% above the disposable income trend in Q2-23.
- Supply-demand condition in the housing market has been tight, with the national vacancy rate remaining low at 1.2% in August.

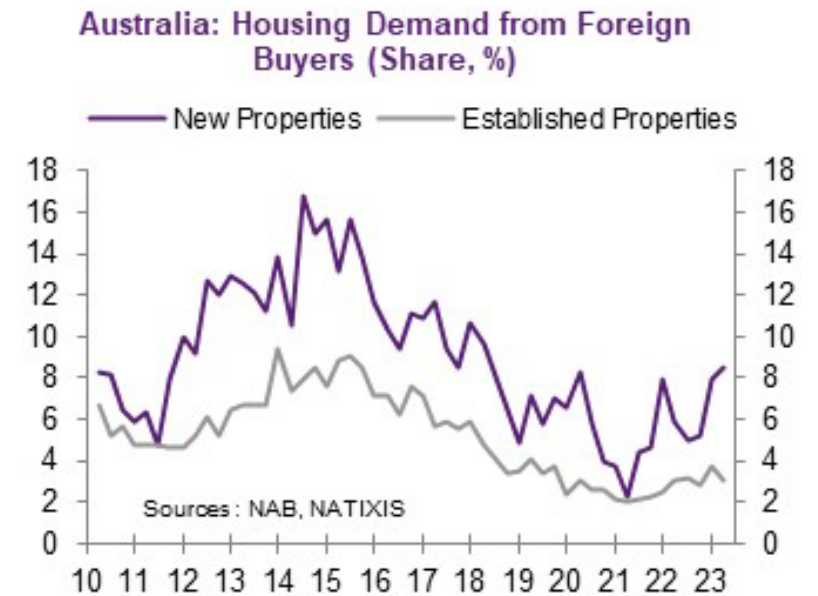
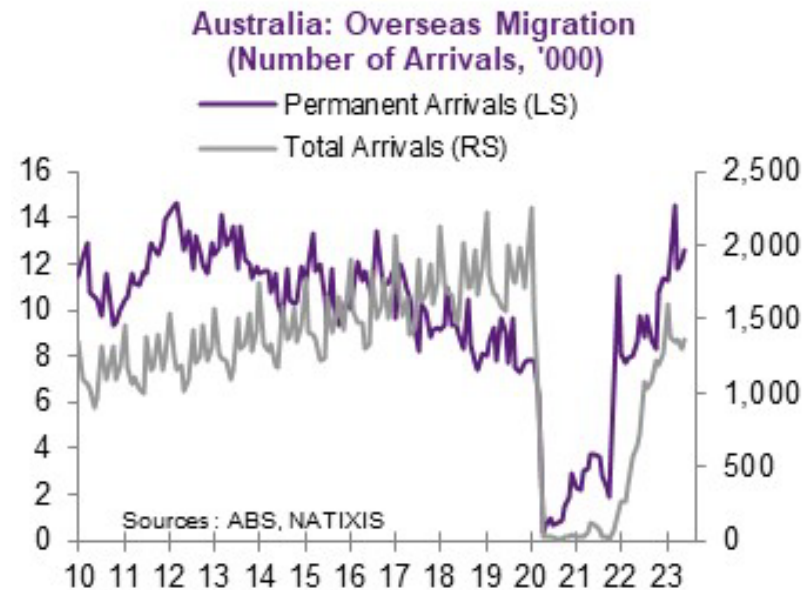
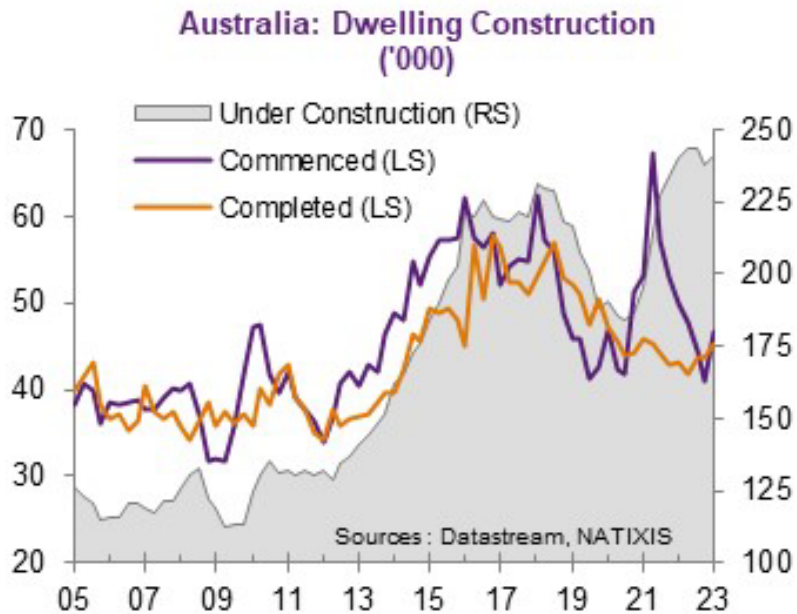


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Strong underlying demand to absorb larger housing supply limiting downside risks in the long-run

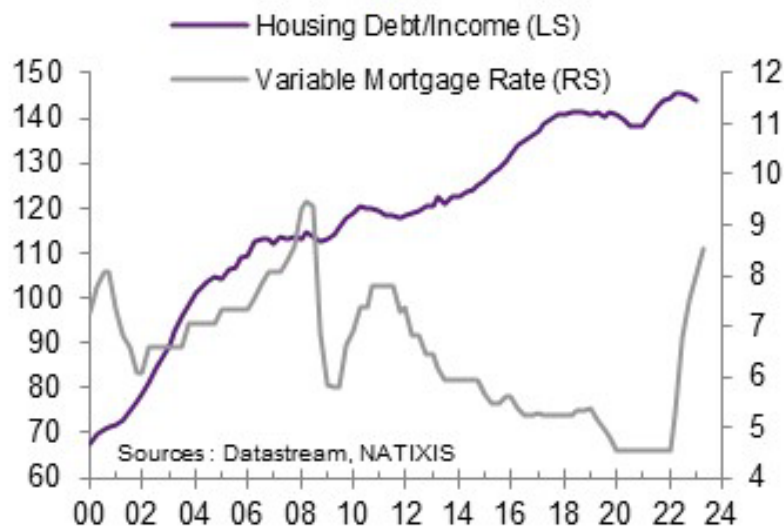
- Housing supply to increase with elevated dwelling under construction.
- In addition to tight labor market, larger population with rising immigration and higher demand from overseas supporting housing market.



Higher mortgage payments reducing private consumption potentially triggering to a recession

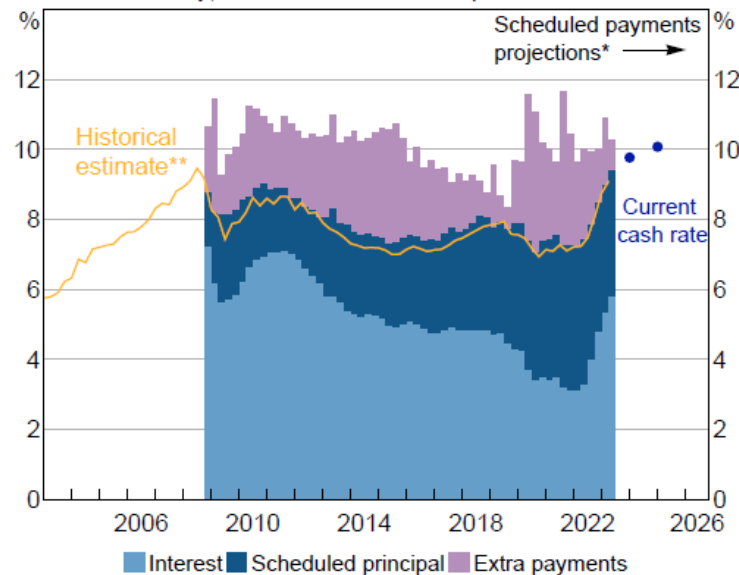
- Record high housing debt largely financed by variable mortgage rates.
- Higher interest rates lifting mortgage payments to around 9% of disposable income.
- Soft confidence and retail sales possibly leading to a technical recession.

Australia: Housing Debt & Mortgage Rate (%)



Housing Mortgage Payments

Quarterly; share of household disposable income



* Projections incorporate fixed-rate roll off to variable rates and the observed gap between cash rate increases and increases to variable loan rates. The current cash rate is 4.1 per cent.

** Estimated scheduled payments using credit foncier model.

Sources: ABS; APRA; RBA.

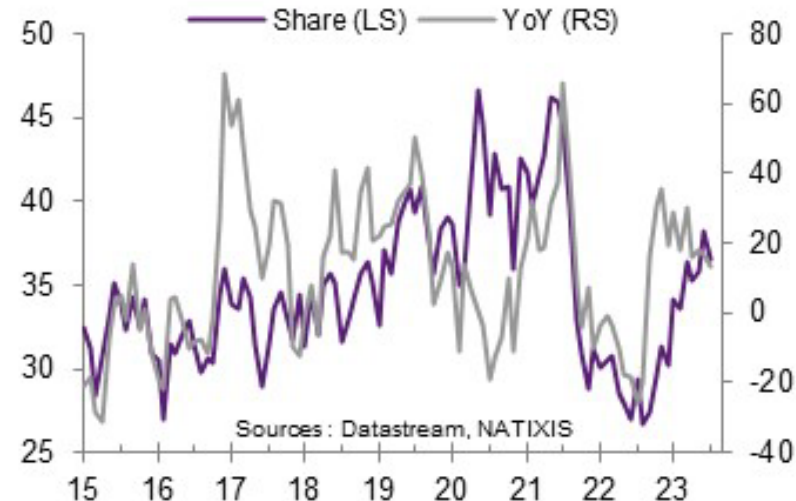
Australia: Retail Sales & Confidence (YoY, %)



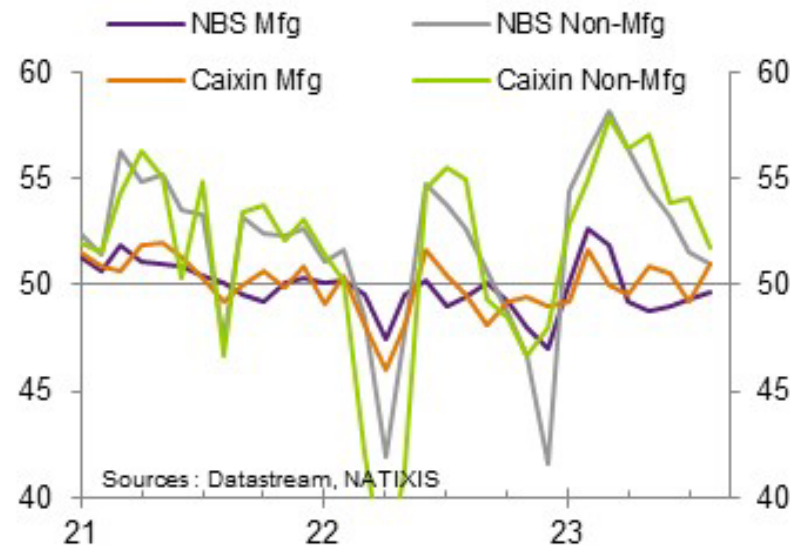
Slowing Chinese economy to contain exports and income transfer from overseas

- Recovering exports to China as political tension eases.
- Softer Chinese economy undergoing a real estate market crisis.
- Weaker commodity demand possibly reversing the tailwind from terms of trade.

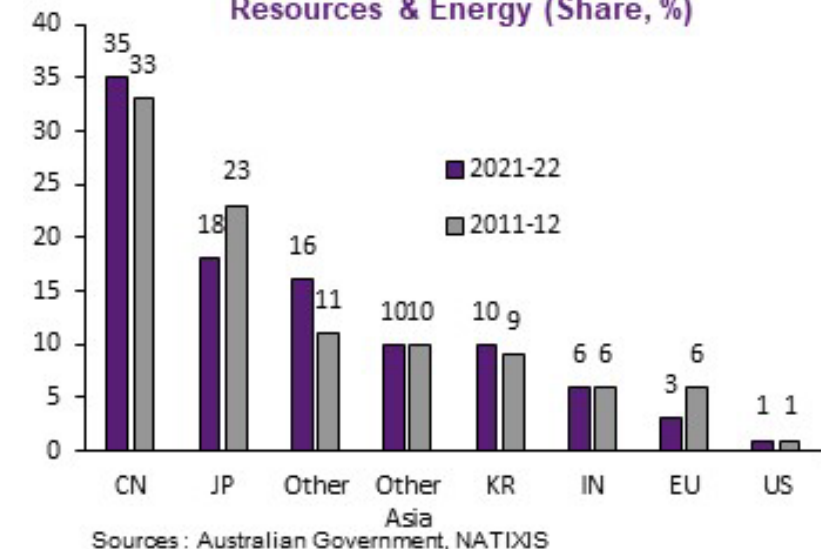
Australia: Exports to China (%)



China: PMIs

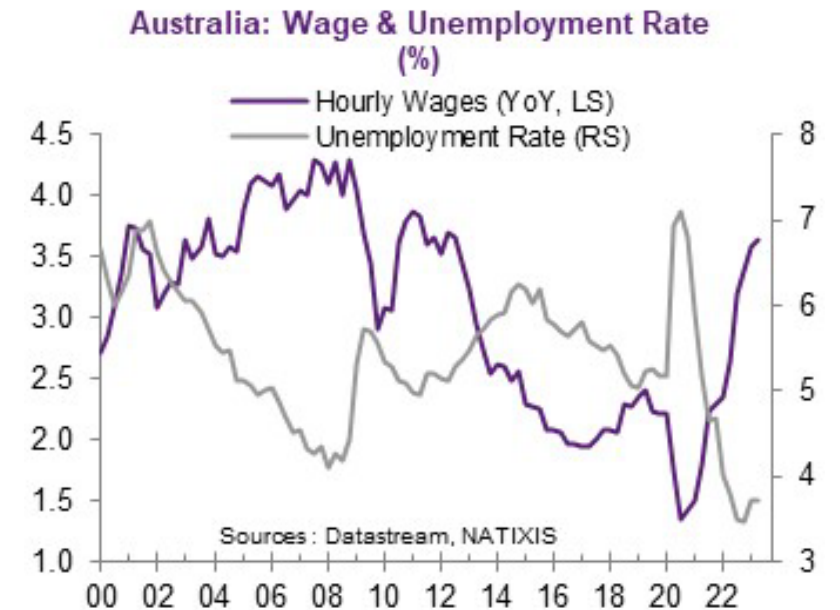
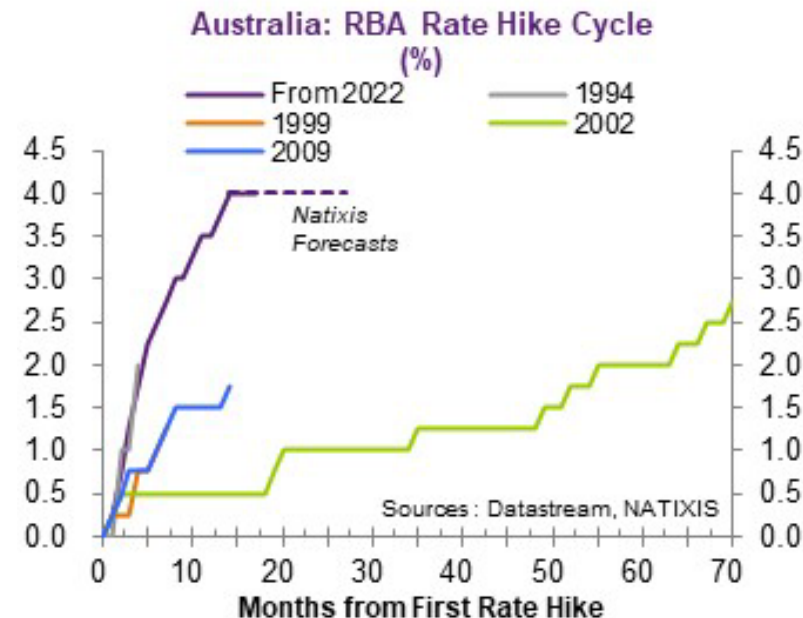
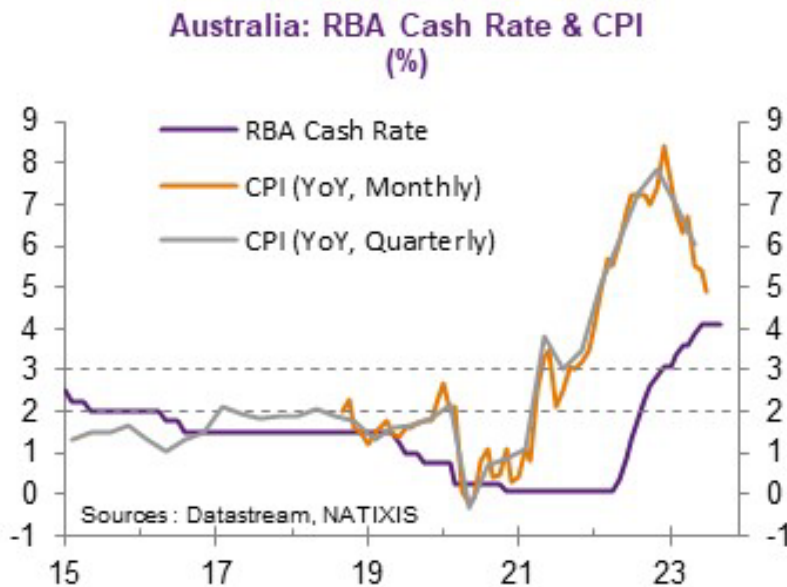


Australia: Major Export Markets for Resources & Energy (Share, %)



RBA to cautiously manage recession risk with a terminal rate of 4.1% keeping a hawkish stance

- Inflation still well above the target range, after RBA hiking 400 bps to 4.1%.
- Limited risk of wage-price spiral with wage growth flat at +3.6% in Q2-23.
- RBA cautiously navigating risks of inflation and recession.



Conclusion: Cautious RBA monetary policy limiting downside risk in housing market

- Australia's outperformance driven by higher terms of trade lifting corporate profits, which expanded investments and tightened the labor market.
- Housing market bottoming out with the vacancy rate remaining low around 1.2%, increasing "froth" with housing prices +19.6% above the disposable income trend.
- Strong housing demand underpinned by low unemployment rate and increasing population to absorb larger supply, limiting downside risks in the long run.
- Stagnating private consumption from higher mortgage payments and slowing Chinese economy, possibly leading to a technical recession. GDP growth to decelerate to +1.6% in 2023 and to +1.3% in 2024.
- With inflation well above the target range, RBA to cautiously manage recession risk with a terminal rate of 4.1% keeping a hawkish stance. CPI inflation to soften to +5.5% in 2023 and to 2.9% in 2024.

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オーストラリアの住宅ローン市場のアップデート

藺田 浩 | ディレクター | S&P グローバル・レーティング・ジャパン株式会社

Update on the Australian residential mortgage market

Hiroshi Sonoda | Director | S&P Global Ratings Japan Inc.

Australian Mortgage Market Overview

Hiroshi Sonoda

Director

Structured Finance Ratings

September 25, 2023



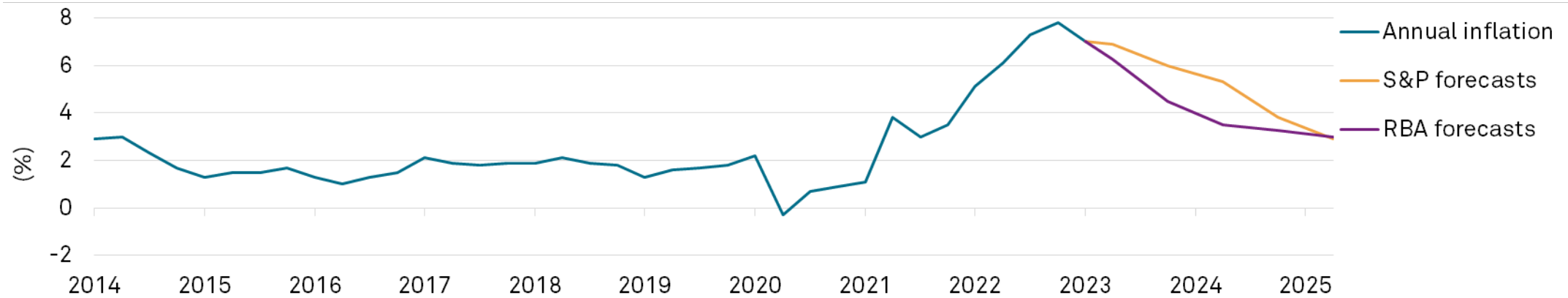
S&P Global
Ratings

Mortgage Market Trends and Outlook



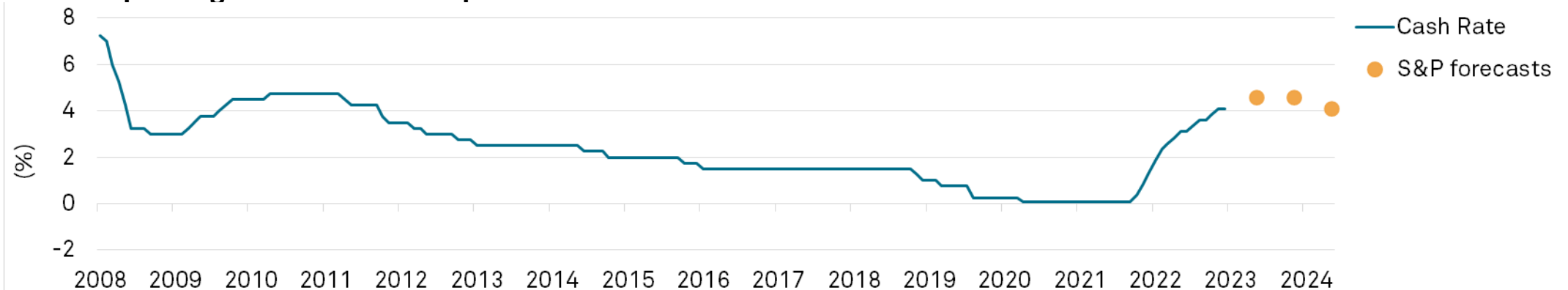
Macroeconomic Outlook

Containing inflation is easier said than done



Source: S&P Global Ratings, ABS and RBA Statement of Monetary Policy - May 2023.

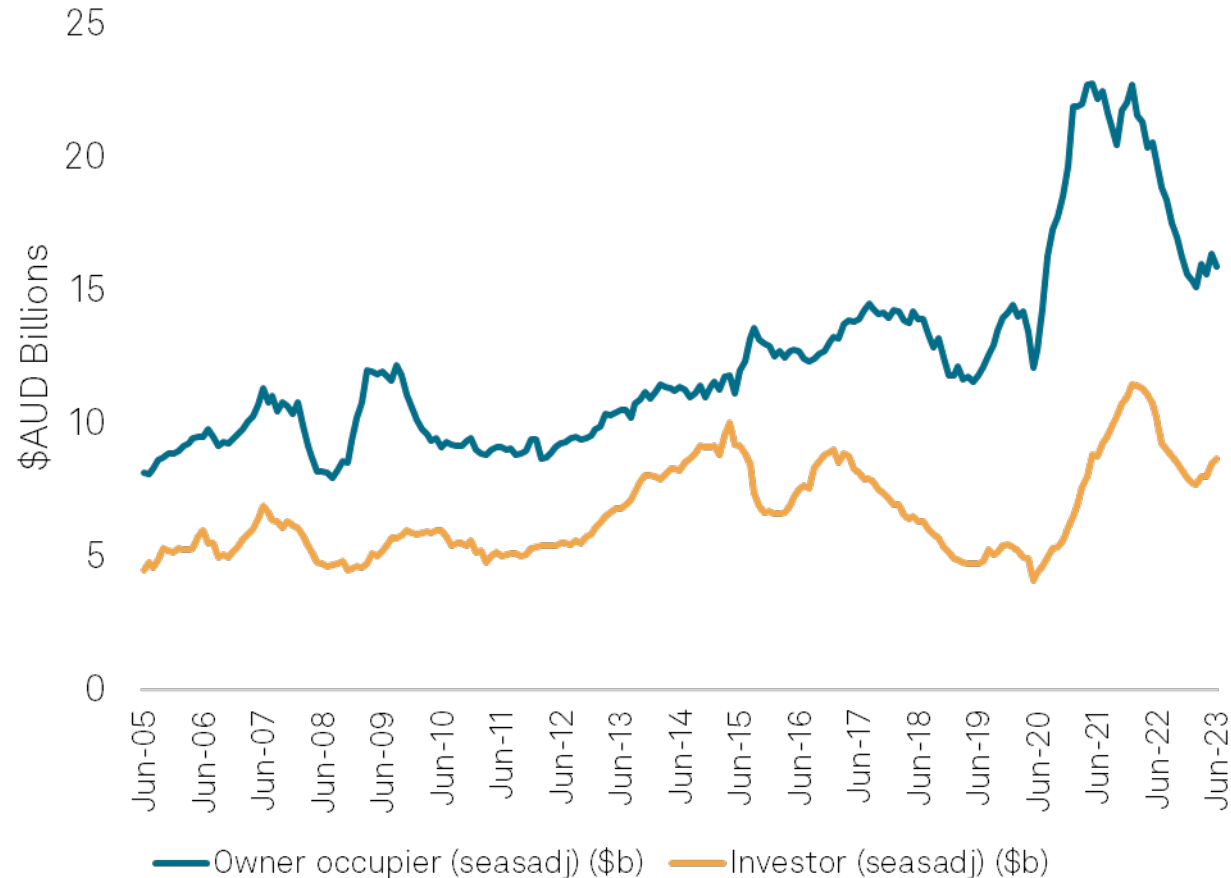
Interest rates peaking lower than in the past



Source: S&P Global Ratings and RBA.

Lending Growth Falls From Pandemic Highs As Interest Rates Rise

New loan commitments for owner-occupiers and investor lending (excluding refinancing)

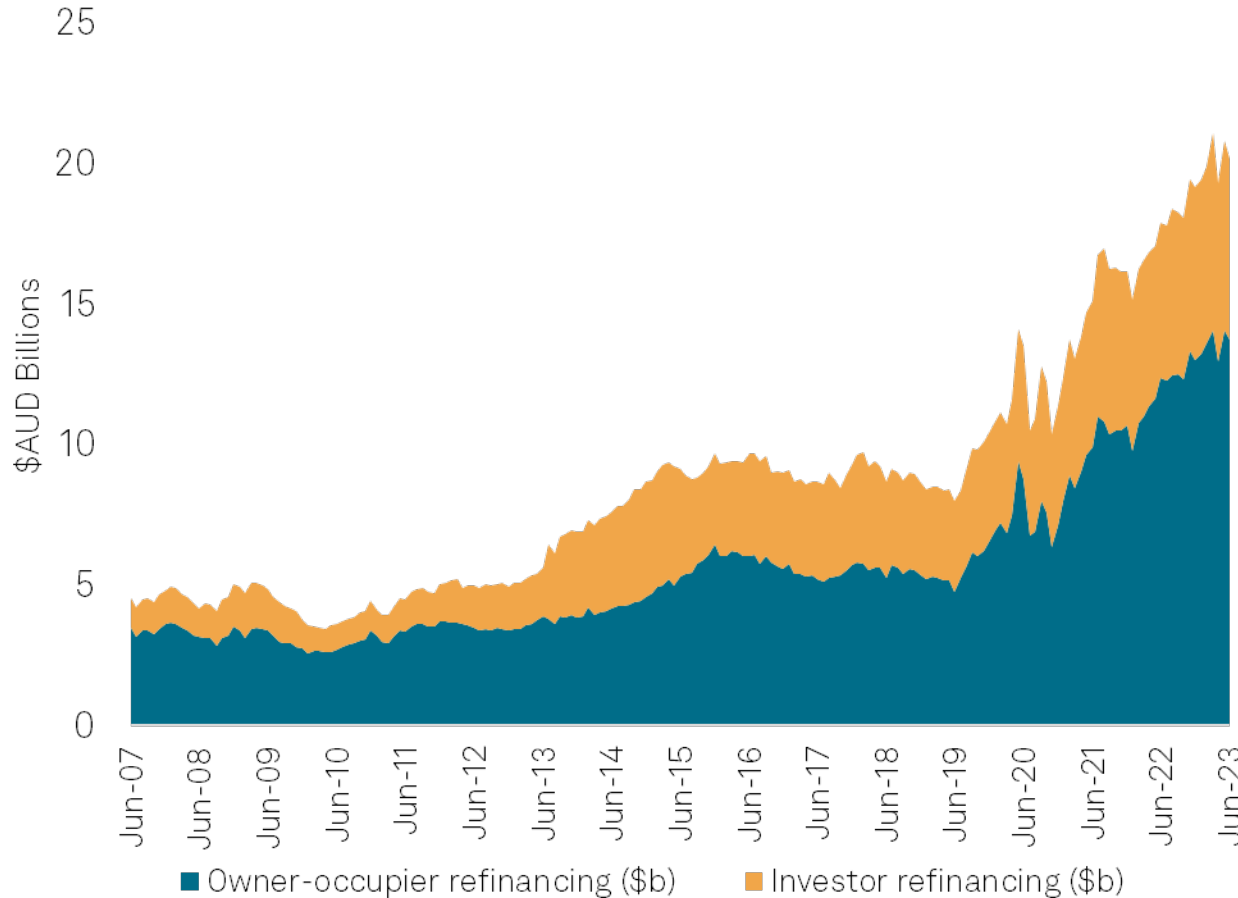


- New loan commitments have fallen from their pandemic highs but credit growth for housing is still positive.
- Average loan sizes for new lending have contracted from their pandemic highs as higher interest rates constrain borrowing capacity.
- Owner-occupier lending comprises around 67% of new lending, which is around long-term averages.
- Lending growth is likely to remain subdued while interest rates are elevated.

Source: Australian Bureau of Statistics. S&P Global Ratings.

Refinancing Hits New Highs As Borrowers Search For Cheaper Mortgage Rates

Refinancing lending volumes for owner-occupiers and investors



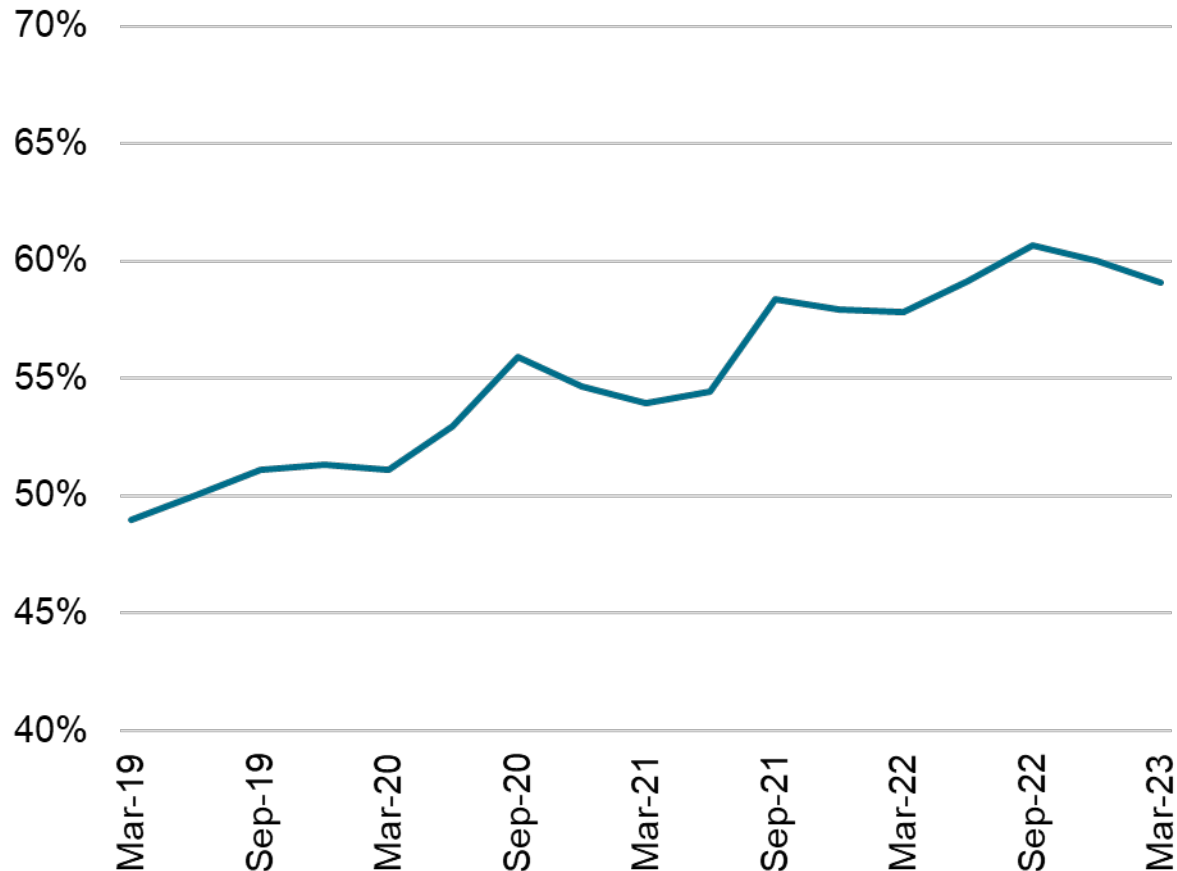
- Refinancing activity has been significant since the pandemic, as banks have ramped up competition for prime borrowers.
- Refinancing activity is going towards larger lenders with funding cost advantages.
- This has increased prepayment rates across nonbank transactions as borrowers refinance their home loans with larger lenders.
- This competition is unlikely to abate until the second half of 2024, when most fixed rate loans have rolled onto variable rates.

Source: Australian Bureau of Statistics. S&P Global Ratings.

Third Party Originations Remain A Key Origination Channel

Third party originated loans

As % of new residential mortgage lending



Source: Australian Prudential Regulation Authority. S&P Global Ratings.

- Third party originated mortgages as a percentage of total bank lending have increased to around 60%, from around 50% historically.
- Younger, tech-savvy customers value price and turnaround speed.
- Pricing, efficiency, end-to-end processing and product and service features are a key focus of mortgage lenders.
- This makes investments in digital products and streamlining loan-origination systems key to remaining competitive.
- Mortgage brokers are not involved in credit underwriting decisions across the Australian RMBS sector.

Source: S&P Global Ratings. (“Australian Mutual Lenders’ Competitive Edge All But Gone”, Aug. 20, 2023)

Lending Standards Uniformity In Australian RMBS

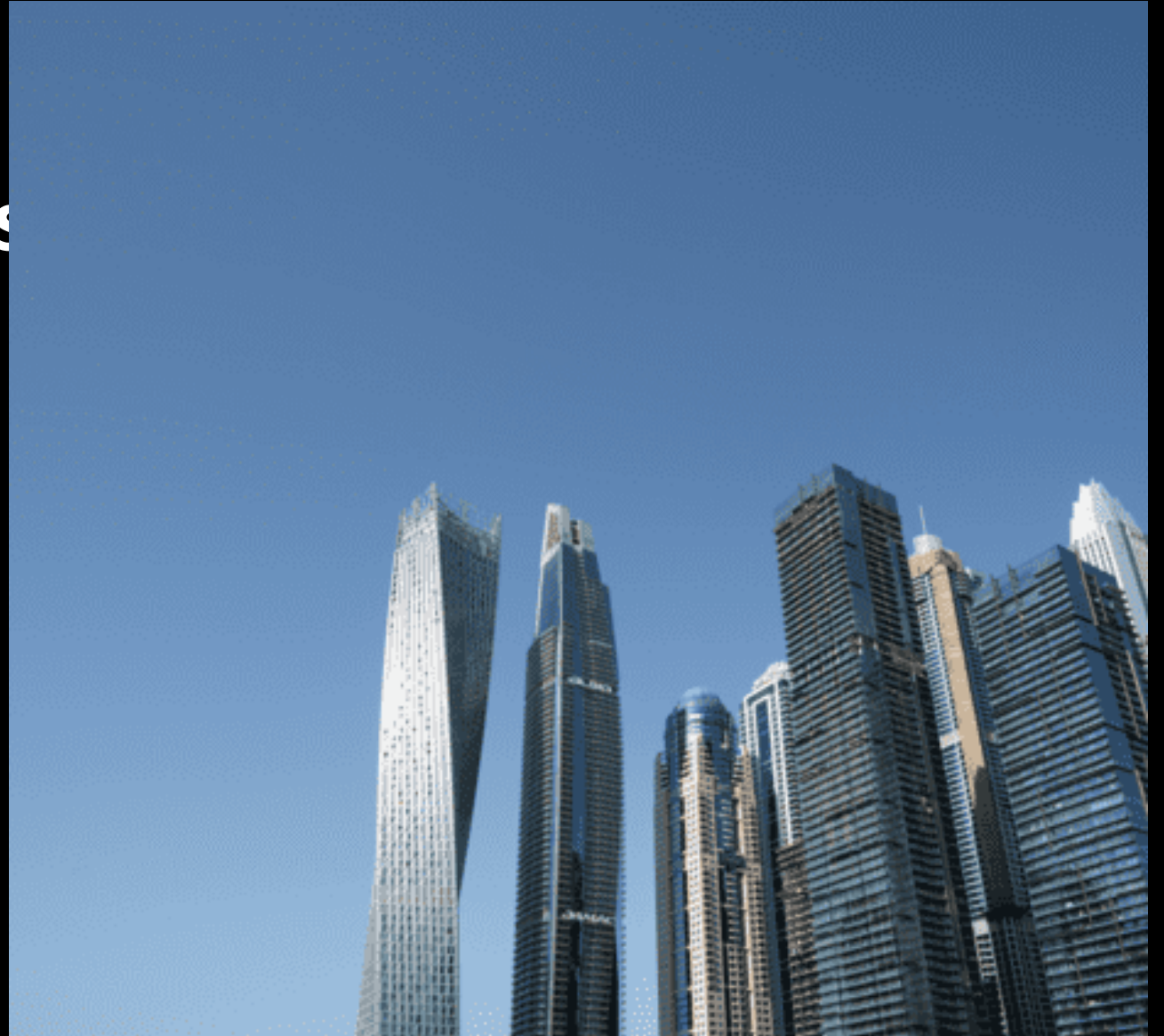
Lending standards are broadly similar across most prime RMBS lenders

Uniformity	Lending standard
High	<ul style="list-style-type: none"> – 2.0% - 3.0% interest-rate buffer in serviceability assessments – No mortgage broker involvement in credit underwriting – Interest rate is higher of floor and loan rate + buffer – Expenses based on higher of benchmark index or declared living expenses – Interest-only loans assessed on an amortizing basis over residual loan term – Alignment to lenders' mortgage insurance (LMI) policies if LMI is used
Moderate	<ul style="list-style-type: none"> – Income shading to variable income sources – Utilization of HEM as a benchmark index – Property valuation types used – Expense categories in loan systems – Documentation standards for self-employed borrowers
Low	<ul style="list-style-type: none"> – LTV ratio cap restrictions – Floor rates used in serviceability calculations – Override/exception limit tolerances – Use of auto credit-decisioning tools in lending decisions

- Lending standards remain fairly uniform across most RMBS originators.
- Serviceability buffers are diverging as higher interest rates reduce borrowing capacity.
- Banks are required by APRA to only use a serviceability buffer below 3% on an 'exceptions' basis.
- Under S&P Global Ratings criteria, we apply higher credit adjustments for lower serviceability buffers used in underwriting.

Source: S&P Global Ratings.

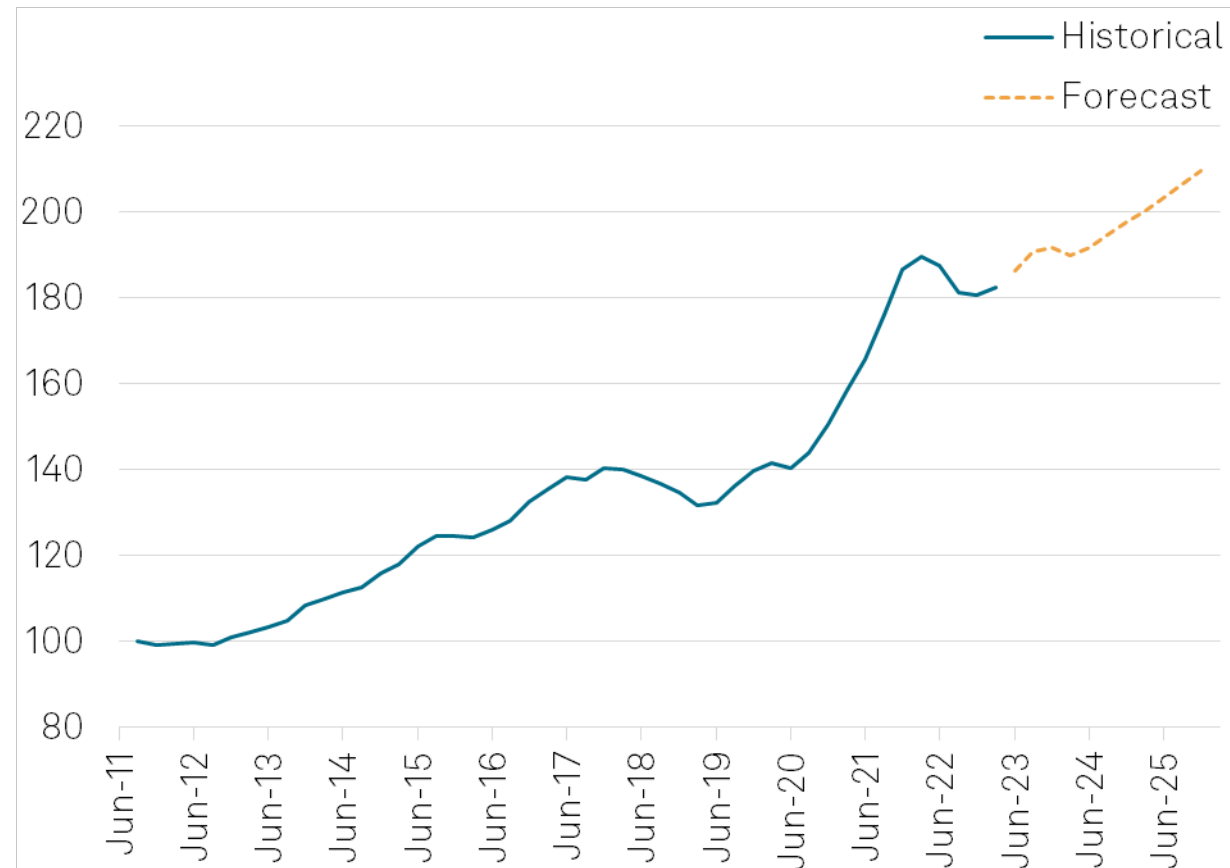
Property Market Trends and Outlook



Property Prices Rise As Immigration Resumes

Mean Dwelling Prices – Australia

Sept. 2011 = 100

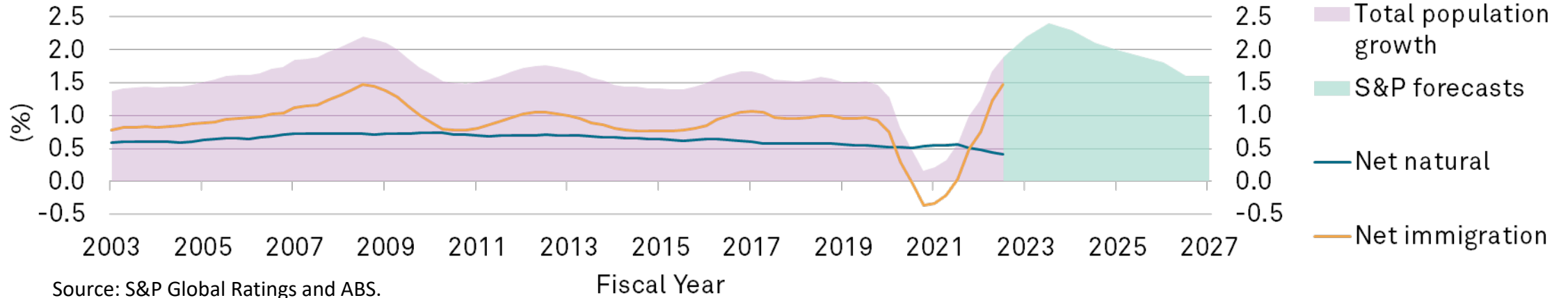


Source: Australian Bureau of Statistics; S&P Global Ratings.

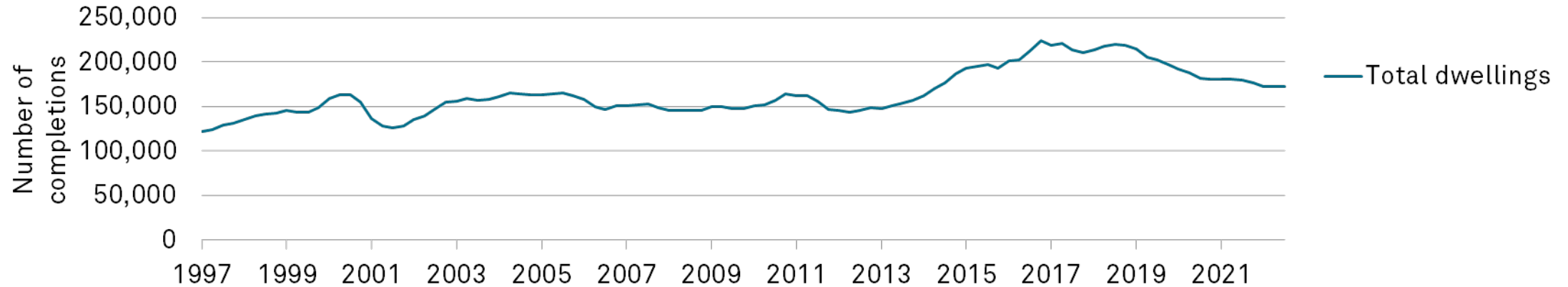
- Property price growth has resumed in Australia due to an undersupply of housing and a resurgence in immigration.
- We expect house price growth to slow in the second half of 2023 but remain positive as the effects of higher interest rates and prices work their way through the economy.
- We forecast property prices to grow by 5%-10% by the second half of 2024.
- This forecast is underpinned by our forecast of positive GDP growth, a limited rise in unemployment of 1%, strong population growth and limited further increases in the cash rate.
- Higher property prices will help temper arrears by enhancing borrowers' refinancing prospects and minimizing losses in the event of borrower default.
- Borrowers' experiencing financial pressure may be more likely to sell in a rising property market to avoid going into arrears.

Property Market Drivers

Strongest population growth in decades expected with immigration fueling boom

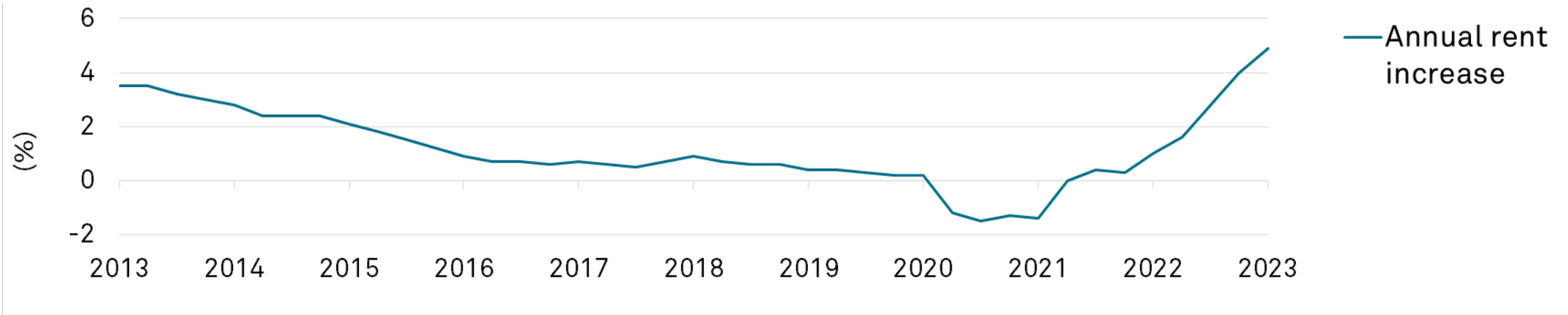


Property completions point to an undersupply of housing



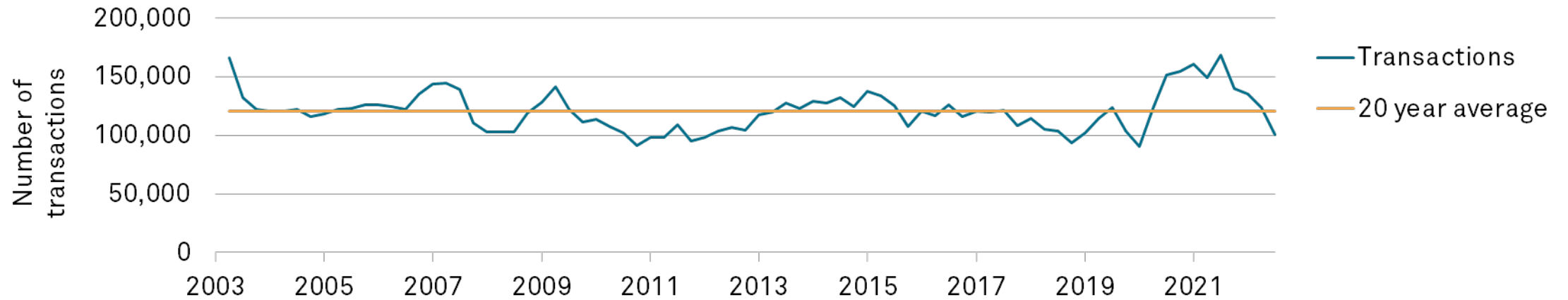
Property Market Drivers

Rents rising at fastest pace in years



Source: S&P Global Ratings and ABS.

Transactions falling after prices boomed in low-interest rate environment

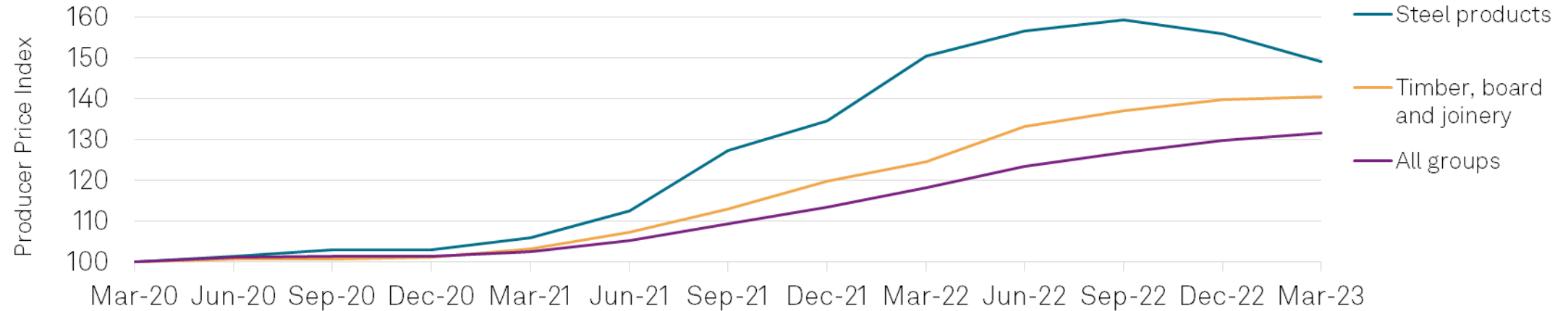


Source: S&P Global Ratings and ABS.

Property Market Drivers

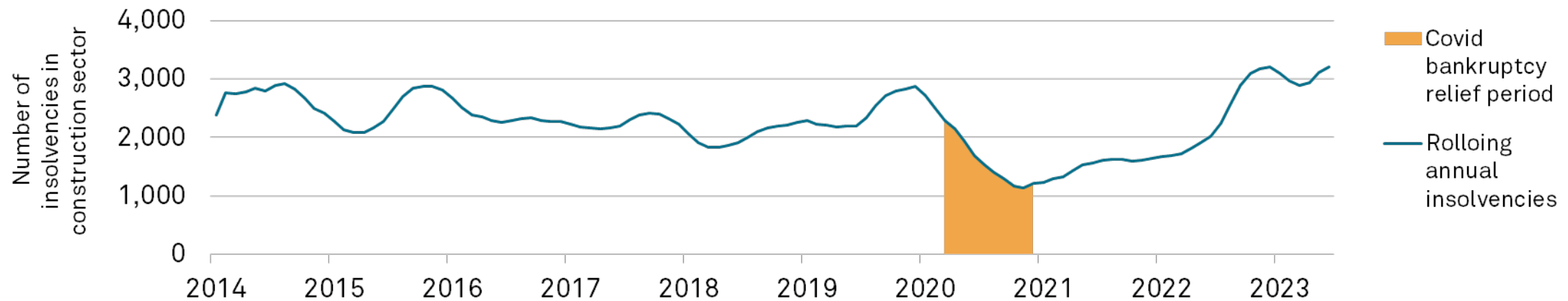
Construction costs soar as economy reopened, and supply chain struggled

2020 March =100



Source: S&P Global Ratings and ABS.

Construction sector insolvencies at decade high



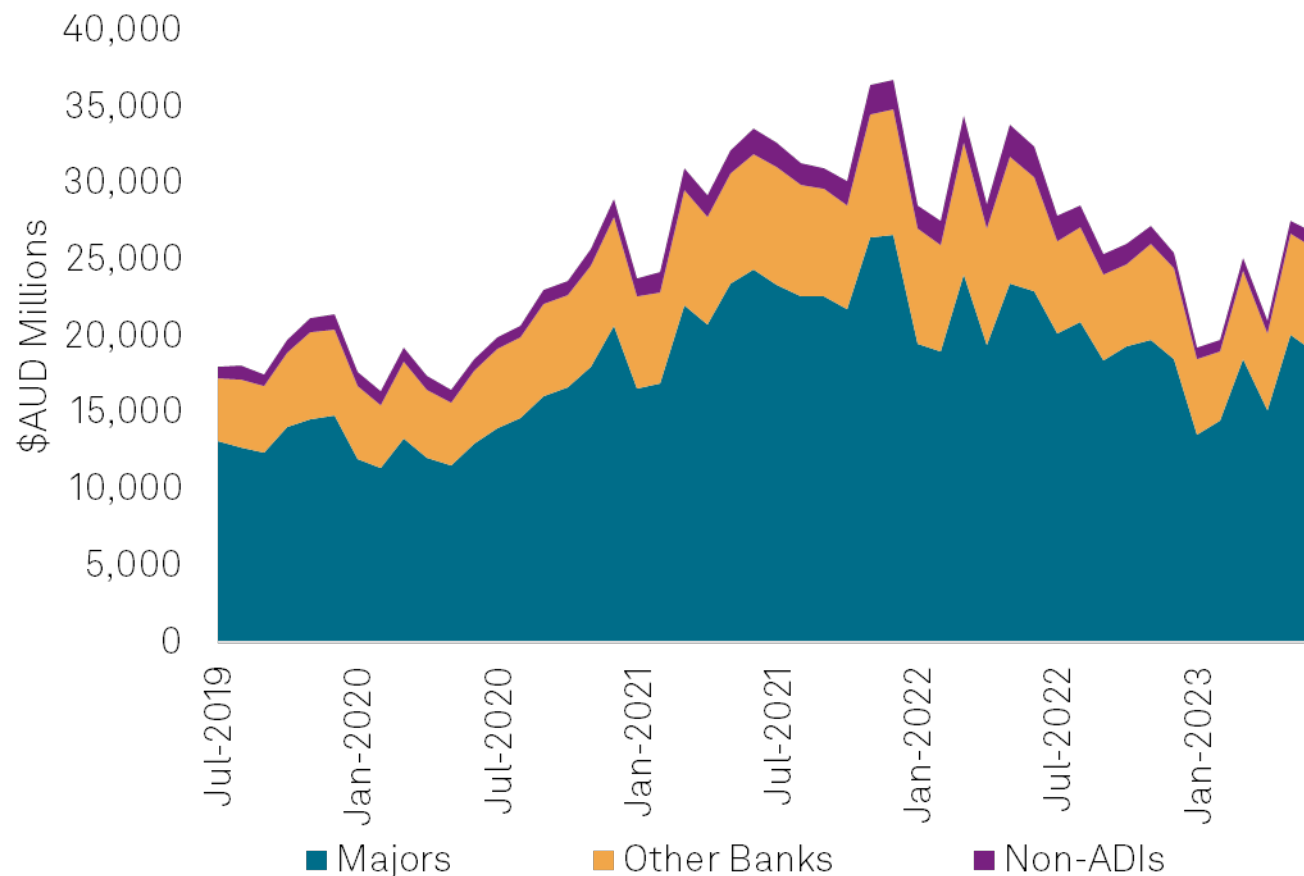
Source: S&P Global Ratings and ABS.

New Issuance Trends and Outlook



Non-Bank's Share Of Total Lending

Value of new mortgage lending by market participant



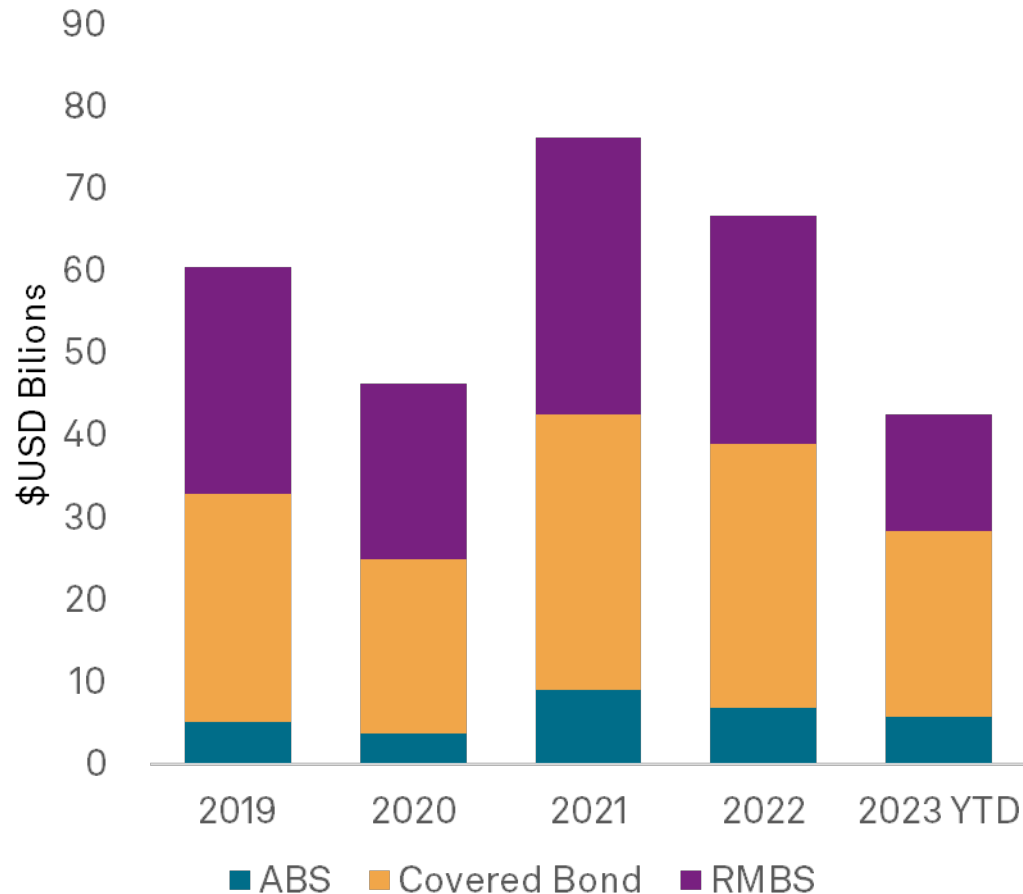
- Non-banks' share of total mortgage lending has fallen to around 3.7% from an average of 5%.
- Strong competition from major bank lenders for prime home loan borrowers is forcing many non-bank lenders to pivot to new lending segments.
- In recent years, non-banks have entered new lending segments including non-resident loans, small ticket commercial lending and SMSF lending.
- Strong competition from banks for prime quality borrowers will force nonbank lenders further up the credit risk spectrum.
- This is likely to see non-banks increasingly focus on borrowers with more complex income streams and higher levels of leverage.

Source: Australian Bureau of Statistics. S&P Global Ratings.

ADI – Authorised Deposit-Taking Institution

ABS Issuance Is Increasing

Structured finance new issuance, Pacific

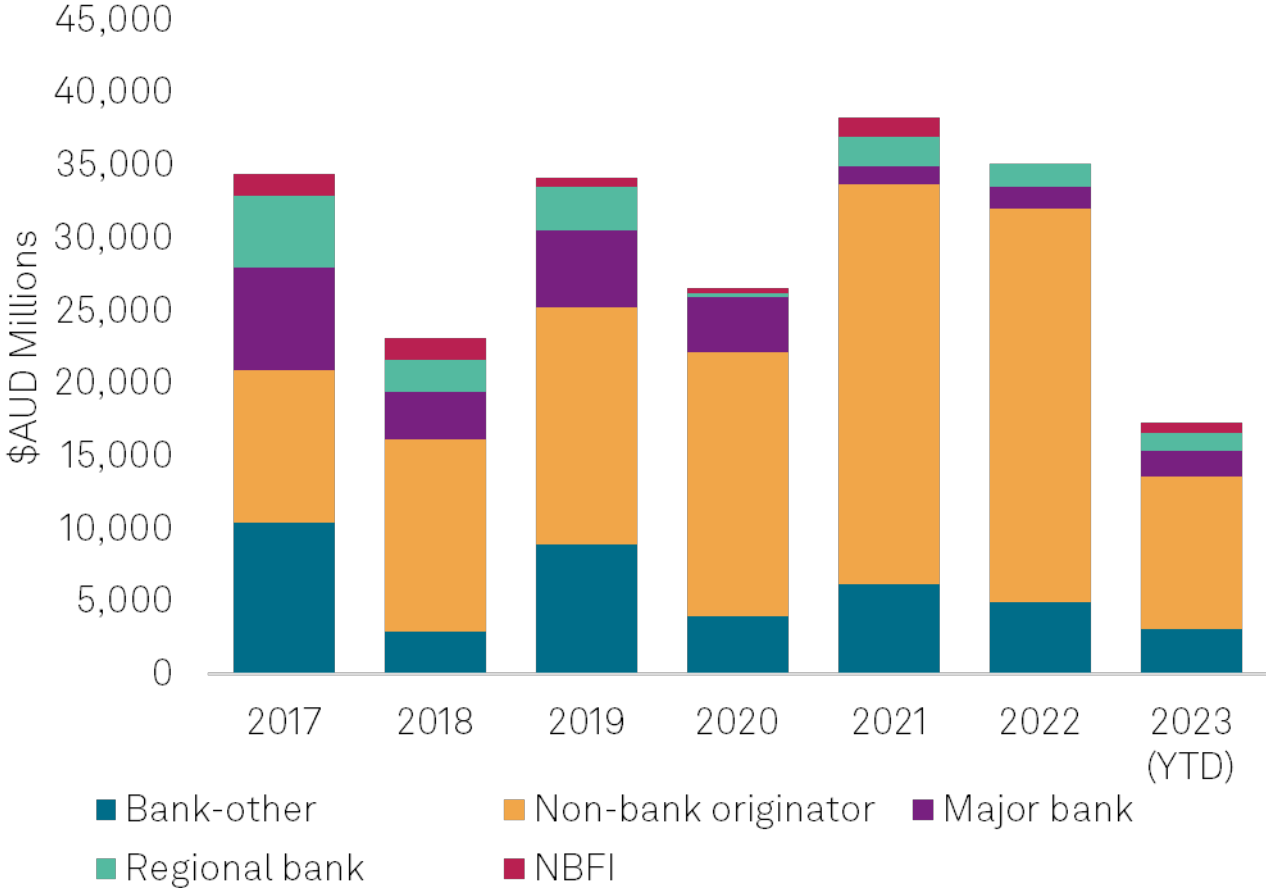


Source: S&P Global Ratings, Deal Logic, SDC Thomson.
Issuance is based on rated market issuance.

- ABS issuance is increasing, off low levels, as non-banks pivot beyond RMBS to new loan segments.
- Structural shifts in auto lending have also created opportunities for nonbanks to enter this space.
- Auto ABS issuance has been strong in the past 12-18 months reflecting these trends and investor preference for shorter weighted average lives.
- Auto ABS has been more insulated from consecutive interest rate rises due to the predominance of fixed rate loan contracts.
- ABS/RMBS new issuance post pandemic has been mostly a non-bank affair with limited issuance from banks.

Structured Finance Issuance Is Mostly A Nonbank Affair

Prime RMBS issuance by originator type



Source: S&P Global Ratings.

New issuance data above is based on transactions rated by S&P Global Ratings.

- RMBS issuance has been dominated by non-banks since the pandemic.
- Bank RMBS issuance is likely to remain sporadic with banks expected to tap RMBS markets every 12-18 months.
- Some consolidation in the RMBS sector is expected as competition for mortgages remains strong.
- The second half of 2023 is expected to see an uptick in RMBS issuance from banks as RBA Term Funding Facility’s financings mature.
- We expect RMBS issuance to slow in 2024 reflecting a slowdown in lending volumes

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2023

本邦投資家向けセミナー Japanese Investor Seminar

アジェンダ

- 14 時 30 分 大使館のセキュリティチェック及び受付
- 15 時 00 分 オーストラリア政府による歓迎のご挨拶
ビビアン・リム 参事官 (商務) | 在日オーストラリア大使館
- 15 時 05 分 Australian Securitisation Forumによる歓迎のご挨拶、マーケットアップデート
• 直近のプライマリー市場での発行のサマリー
• 発行体の多様化について
クリス・ダルトン | チーフ・エグゼクティブ・オフィサー | Australian Securitisation Forum
- 15 時 25 分 オーストラリアの経済見通しと住宅市場について
• オーストラリア経済に影響を与えるマクロ・トレンド
• 減速する経済成長、家計債務動向、RBAの金利上昇の影響
• 2022年の住宅価格の下落からの安定化傾向を示す地方都市
岩原 宏平 | シニアエコノミスト | ナティクス日本証券株式会社
- 15 時 45 分 オーストラリアの住宅ローン市場のアップデート
• 足元の住宅ローンのオリジネーション状況の変遷
• オリジネーションチャネルの変化—ブローカー、窓口、オンライン
• 金利環境がオリジネーション金額、借り手の需要に与える影響
• 金利上昇、変動が大きい住宅価格の環境下での新規ローンの引受け
藪田 浩 | ディレクター | S&Pグローバル・レーティング・ジャパン株式会社
- 16 時 15 分 休憩
- 16 時 30 分 オーストラリアのRMBS及びABSのパフォーマンスとレラティブバリュエーション
• RMBS, ABSのクレジット・パフォーマンス
• RMBS, ABSの延滞率のパフォーマンス比較
• RMBSにおけるCPRの動向
• 発行体の多様化及び海外投資家による投資動向について
• オーストラリアのRMBS, ABSのレラティブバリュエーション
黒田 篤 | シニア・ダイレクター | フィッチ・レーティングス・ジャパン株式会社
宮坂 知宏 | チーフ証券化アナリスト | SMBC日興証券株式会社
- 17 時 10 分 発行体、投資家によるパネルディスカッション
• 足元のRMBS, ABSの起債動向・傾向
• オートローン債権におけるノンバンクセクターの役割の高まり
• クレジットカード、消費者ローン、SMEローンのABSの動向
• 投資家から見た豪州証券化の魅力、発行体から見た日本の投資家の魅力
モデレーター: 山宮 健寛 | ディレクター | ソシエテ・ジェネラル証券株式会社
パネリスト: ジェームズ・オースティン | CFO | Firstmac Limited
リック・リー | Treasurer | RedZed Lending Solutions Pty Ltd
エド・フレイリック | Head of Finance & Capital Markets | Mortgage House
| ジューン・マクファディン | Group Treasurer | Allied Credit
磯辺 真人 | 戦略投資部長 | 株式会社東京スター銀行
櫻井 大仁 | 市場運用部投資グループ長 | ソニー銀行株式会社
- 18 時 00 分 懇親会 | お飲み物、軽食をご用意しております
19 時 30 分 セミナー終了

オーストラリアのRMBS及びABSのパフォーマンスとレラティブバリュー

黒田 篤 | シニア・ダイレクター | フィッチ・レーティングス・ジャパン株式会社

宮坂 知宏 | チーフ証券化アナリスト | SMBC日興証券株式会社

Credit performance and relative value of Australian RMBS/ABS

Atsushi Kuroda | Senior Director | Fitch Ratings Japan Limited

Tomohiro Miyasaka | Chief Analyst of Securitisation | SMBC Nikko Securities Inc.



FitchRatings

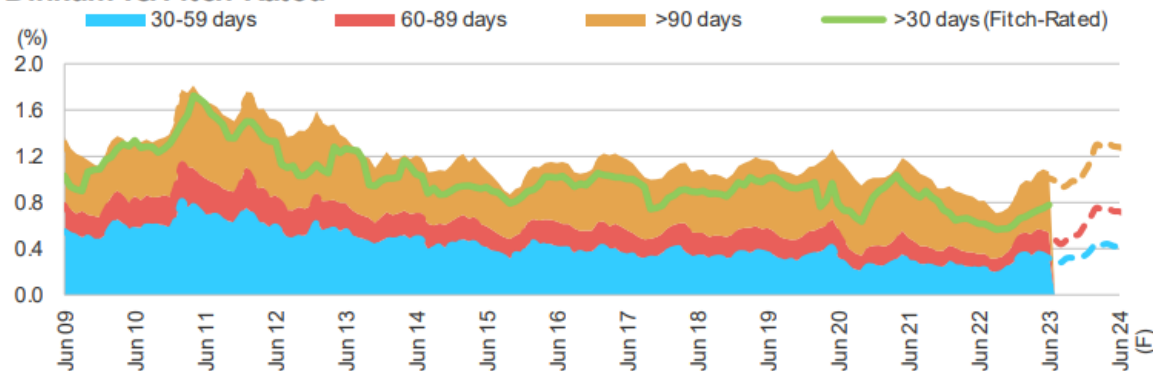
Australian Structured Finance Update

Atsushi Kuroda
Senior Director

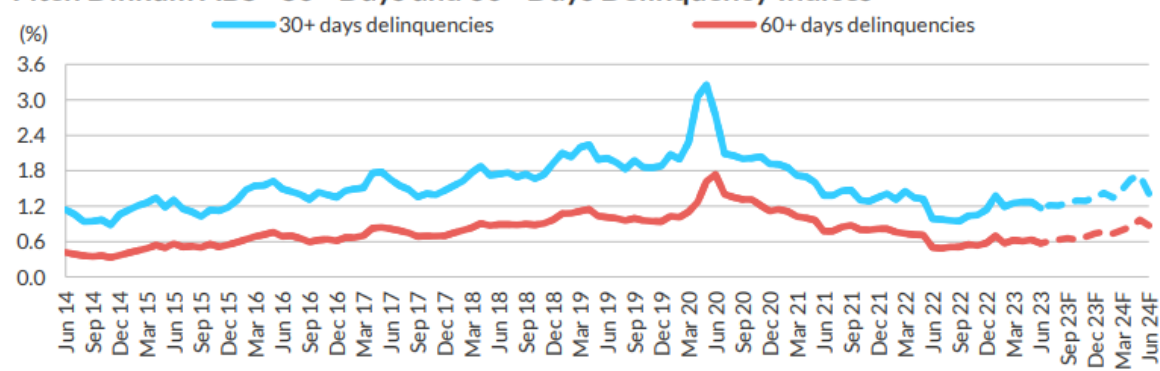
September 2023

Australia: Both RMBS & ABS Performance Starting to Normalise

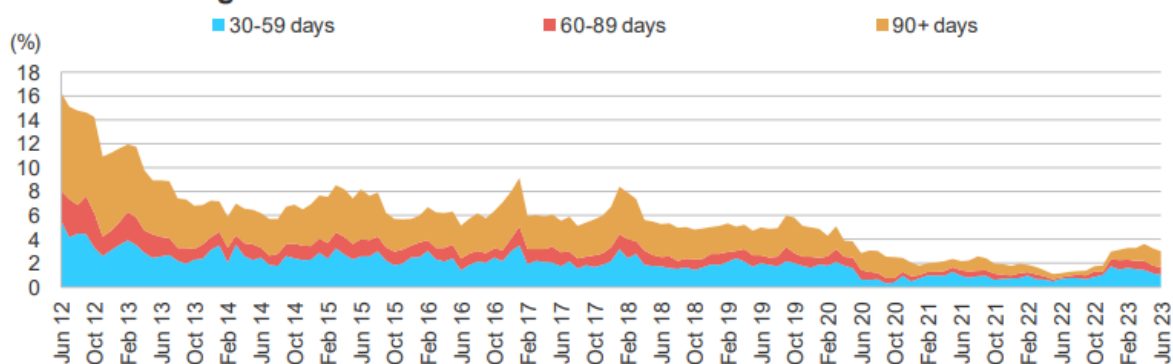
Dinkum vs. Fitch-Rated



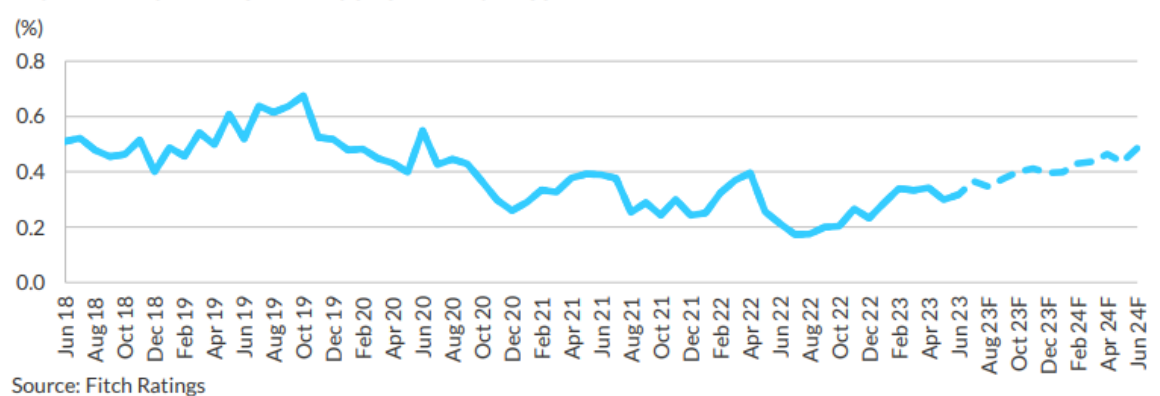
Fitch Dinkum ABS - 30+ Days and 60+ Days Delinquency Indices



Non-Conforming RMBS Arrears



Fitch Dinkum ABS - Annualised Net Loss Index



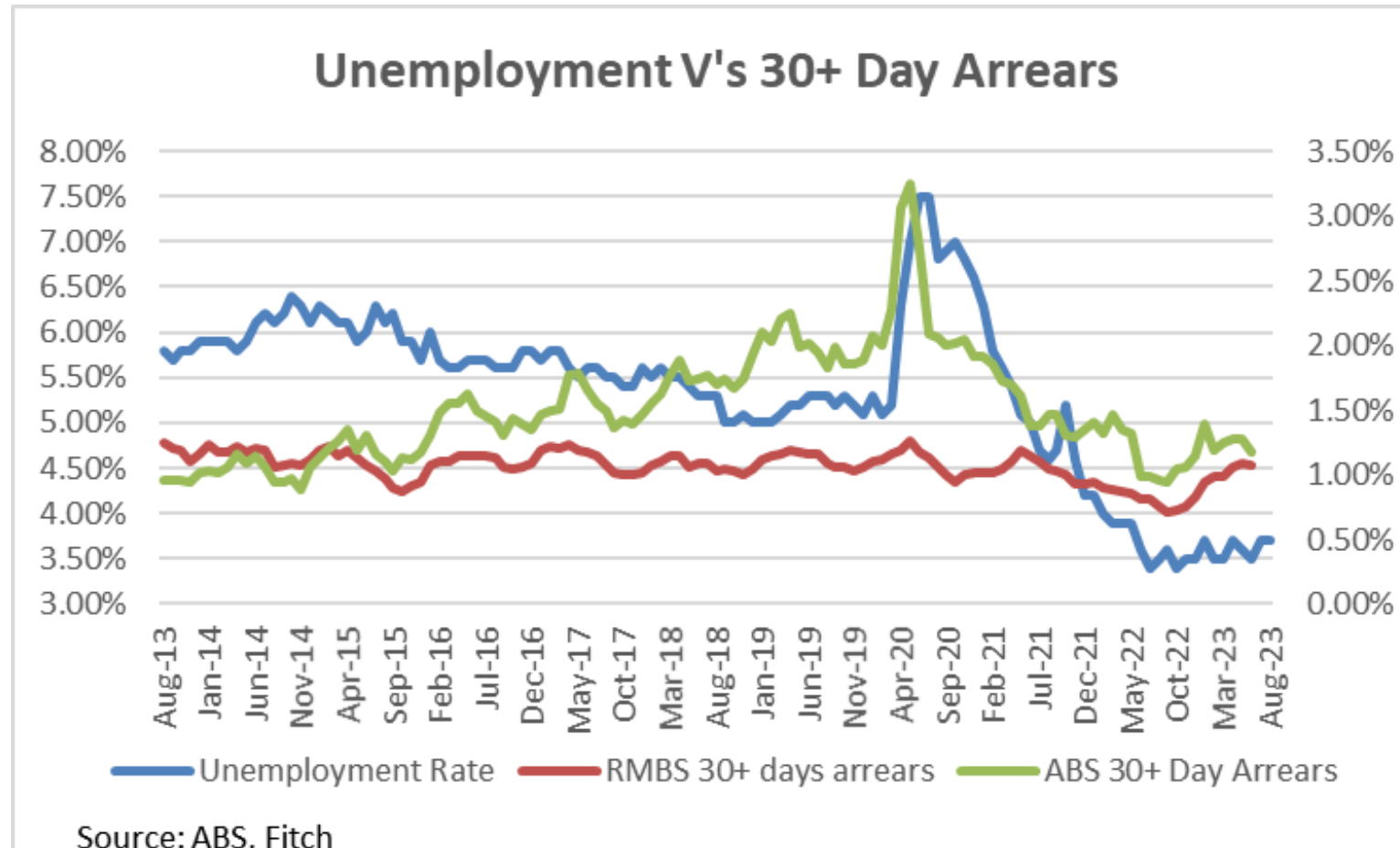
Australian Macro Performance Continues to be Robust

Australia - Forecast Summary

(%)	Annual Avg. 2018-2022	2022	2023F	2024F	2025F
GDP	2.4	3.7	1.7	1.5	2.2
Consumer spending	1.8	6.4	1.6	1.3	1.8
Fixed investment	1.7	1.1	4.0	2.0	3.0
Net trade (contribution pp)	-0.3	-1.5	1.1	0.3	0.2
CPI inflation (end-year)	2.7	8.4	4.0	2.8	2.0
Unemployment rate	5.2	3.7	3.8	4.2	4.2
Policy interest rate (end-year)	0.88	3.10	4.35	3.75	3.00
Exchange rate, USDAUD (end-year)	1.40	1.48	1.50	1.45	1.40

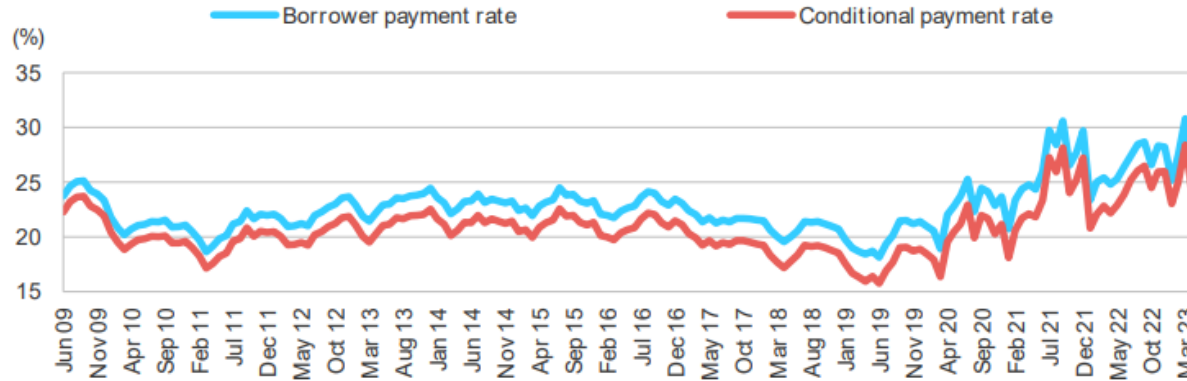
Source: Fitch Ratings

Unemployment is Still Close to 40 year Lows



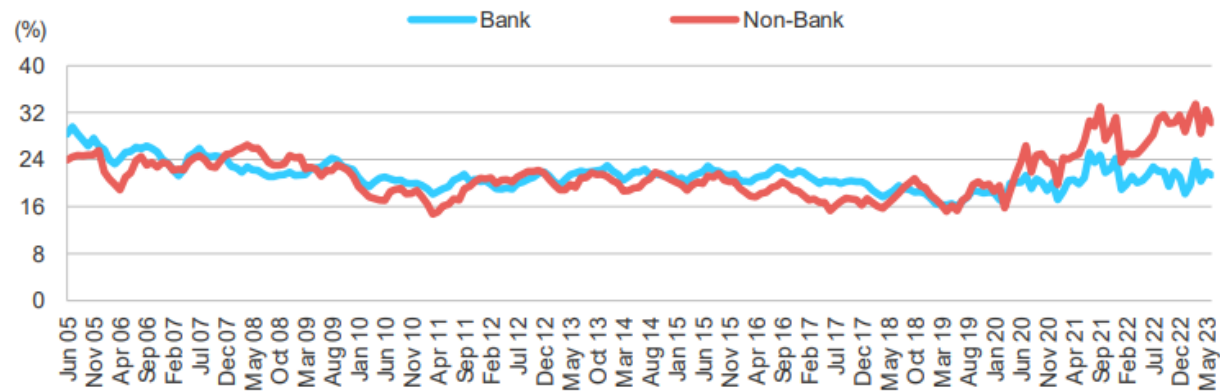
Payment Rates are High ... Particularly for Non-Banks and Non-Conforming Lenders

Prime RMBS Payment Rates – Dinkum



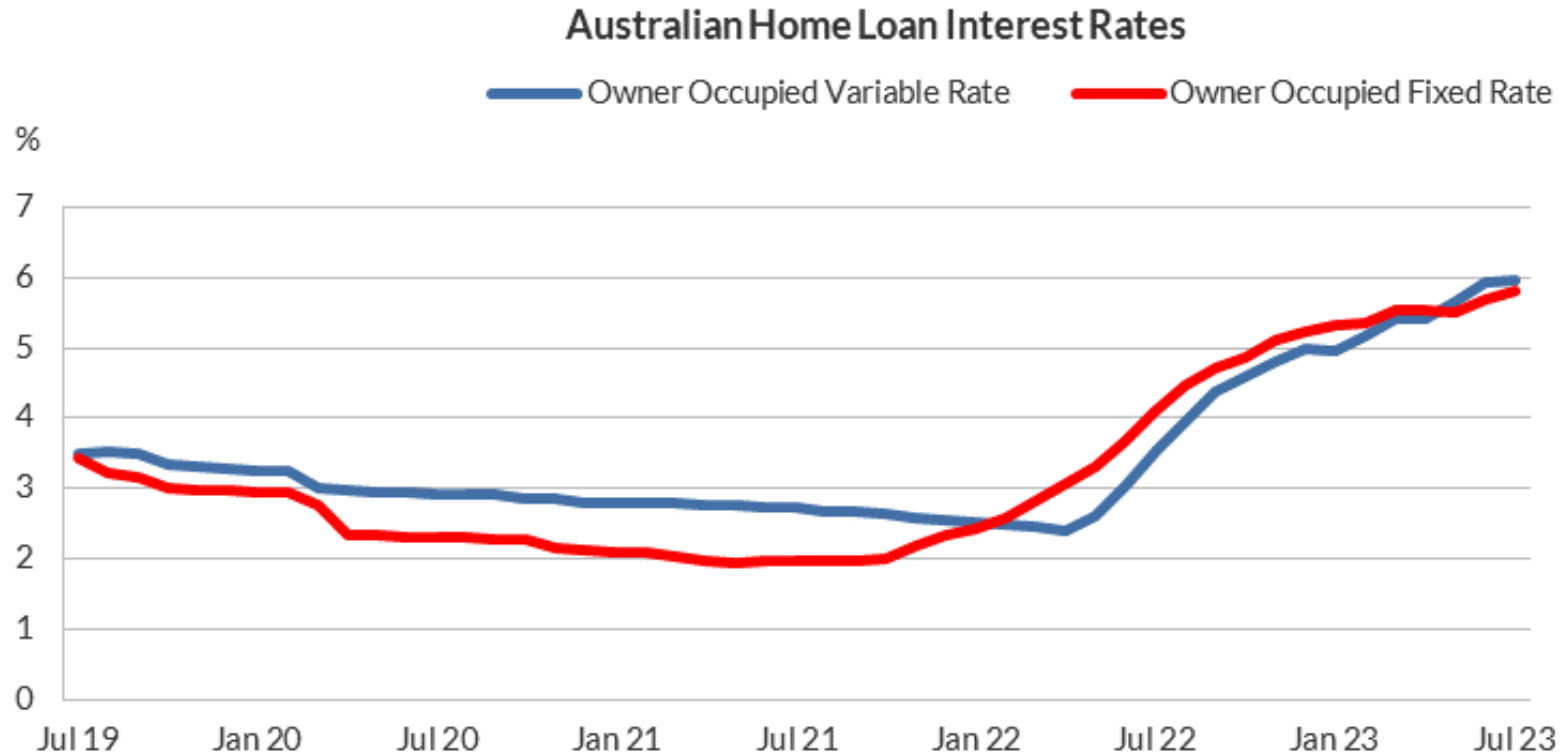
Source: Fitch Ratings

Prime RMBS CPR - Dinkum - Bank vs. Non-Bank Lenders



Source: Fitch Ratings

But . . . Interest Rates are Rising



Source: RBA, Fitch

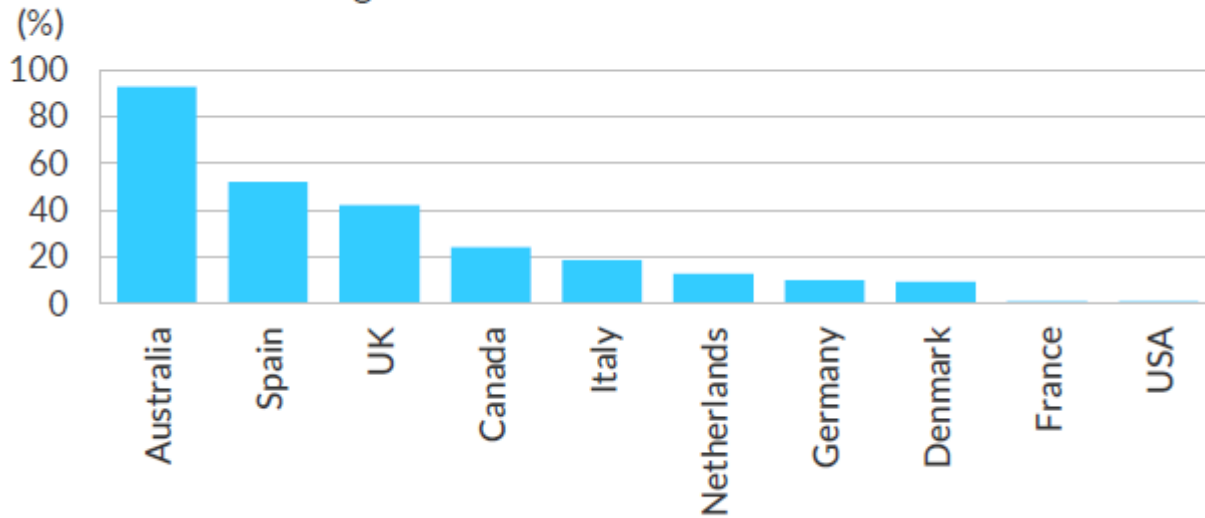
Australia is Vulnerable to Rising Interest Rates

... Fixed Rates are Short Term and Running Off

..... But No Evidence Yet That It is a Problem!

Variable-Rate Loans Concentration

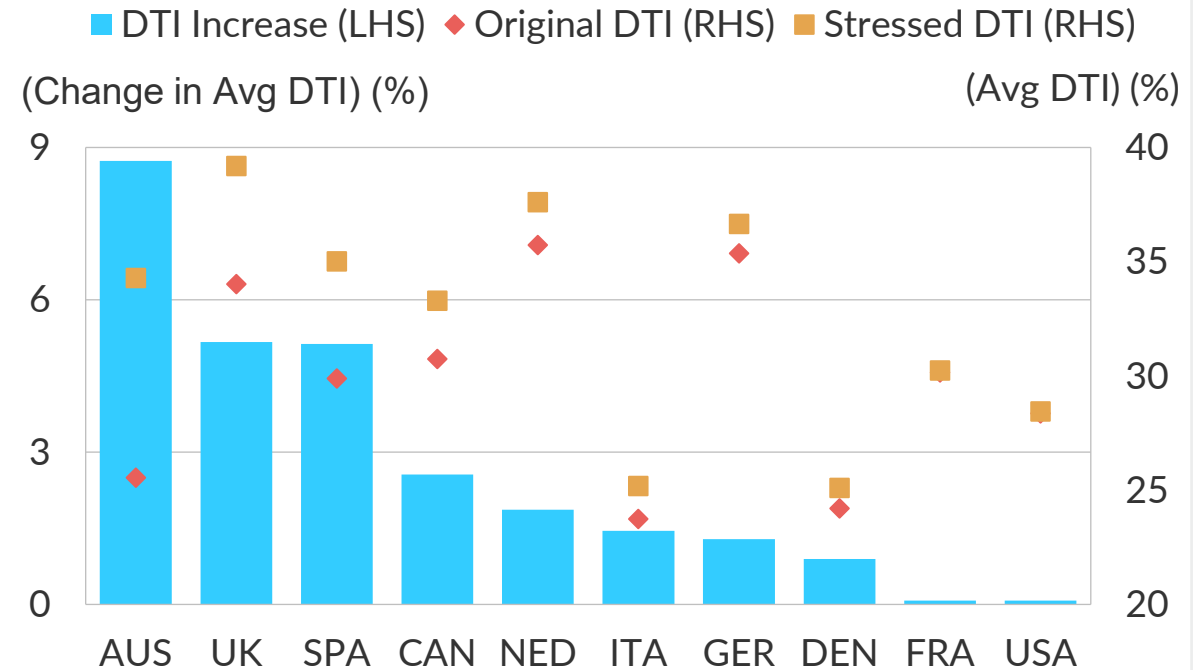
As a % of 2020 new origination



Source: Fitch Ratings, EMF

Country Ranking By Vulnerability to Rate Rise

Estimated DTI Impact of 3% Rate Rise



Source: Fitch Ratings

Serviceability – Getting Stretched for Some!

APRA Keeps Data on Proportion of New Loans Originated with High DTI

- In Dec 2021 – APRA Data showed:

New Loans Funded	4Q 2021
Debt-to-income $\geq 4x < 6x$	43.20%
Debt-to-income $\geq 6x$	23.80%

- In December 2021 the average rate for New Loans was 2.70%.
- In July 2023 those loans would average 6.0% interest rates. The impact on their DSCR is as follows:

	Dec-21	Jul-23
Interest Rate	2.70%	6.00%
Income Multiple	DSCR	DSCR
4	19.5%	28.8%
5	24.3%	36.0%
6	29.2%	43.2%

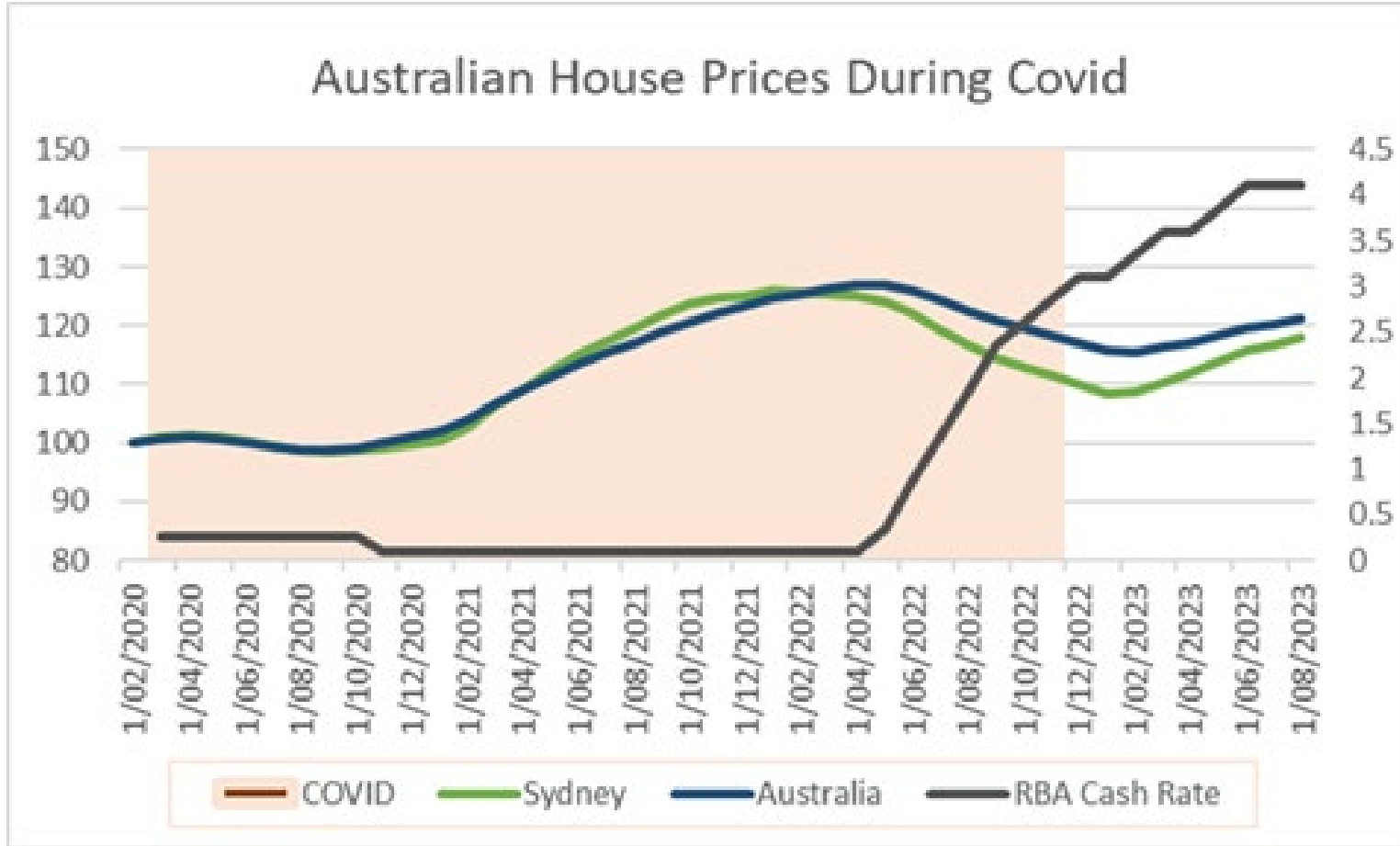
Source: Fitch, APRA, RBA

Property Prices Now Rising Again in ALL Major Markets ... Sydney Prices up 8.8% since Trough in January

	Onset of COVID to cyclical Peak	Cyclical peak date	Cyclical Peak to recent trough	Trough Date	Recent Trough to Current
Sydney	24.50%	Jan-22	-13.80%	Jan-23	8.80%
Melbourne	10.70%	Feb-22	-9.60%	Feb-23	3.20%
Brisbane	41.80%	Jun-22	-11.00%	Feb-23	6.20%
Adelaide	44.70%	Jul-22	-2.40%	Mar-23	4.60%
Perth	24.30%	Jul-22	-0.90%	Feb-23	5.30%
Hobart	37.60%	May-22	-13.00%	Apr-23	0.00%
Darwin	31.10%	Aug-22	-3.30%	Apr-23	2.00%
ACT	38.30%	Jun-22	-9.50%	Apr-23	1.00%

Source: Fitch, Core Logic

Property Prices Rising Again in All Major Cities ... Sydney up 8.8% since Bottom in Jan 2023



Source: Fitch, Core Logic

What to Watch?

- Rising Unemployment
- Falling Savings Rates and Falling Equity Buffers
- Early Stage Defaults
- Falling Payment Rates
- Continued Interest Rate Rises
- Any Market Changes Limiting Bank Lending
- Product Mix for Non-Bank Transactions Has Changed
 - ... Non-bank transactions originated late 2022 – mid 2023 have different collateral attributes to prior transactions!

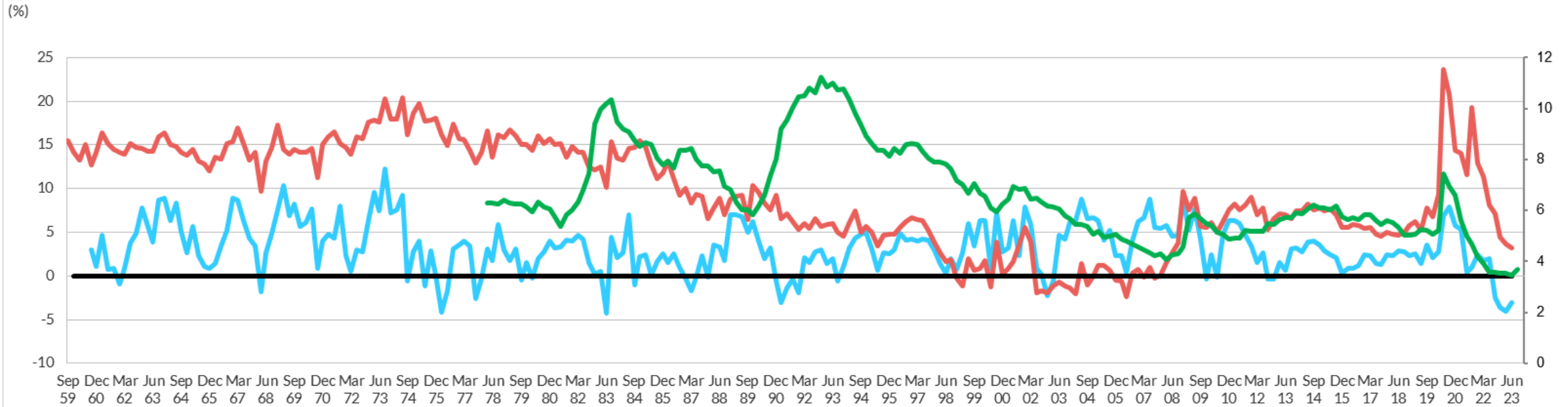
What to Watch?

...Household Savings is at a 15 year Low

... Growth in Real Disposable Income is Negative for the First Time in 20 years

Disposable Income & Savings
Australia

Change in Real Household Disposable Income Household Savings Ratio Unemployment Rate

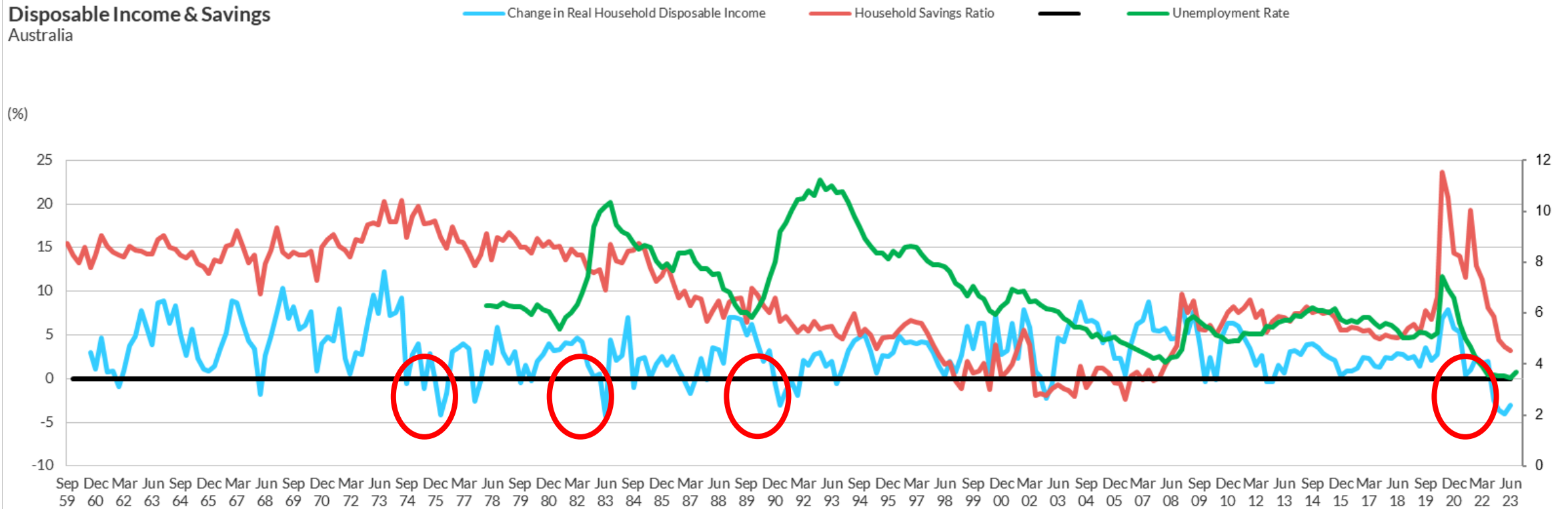


Source: Fitch, ABS

What to Watch?

... Negative Growth in Real Disposable Income often Comes with a Recession & Rising Unemployment

Disposable Income & Savings
Australia



Source: Fitch, ABS

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Relative Value in Australian RMBS

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Australian Embassy, Tokyo

Financial Market & Economic Research
SMBC NIKKO SECURITIES INC.

Monday 25th September 2023

Tomohiro Miyasaka

Chief Analyst of Securitization

+81-3-3283-4266

miyasaka_tomohiro@smbcnikko.co.jp

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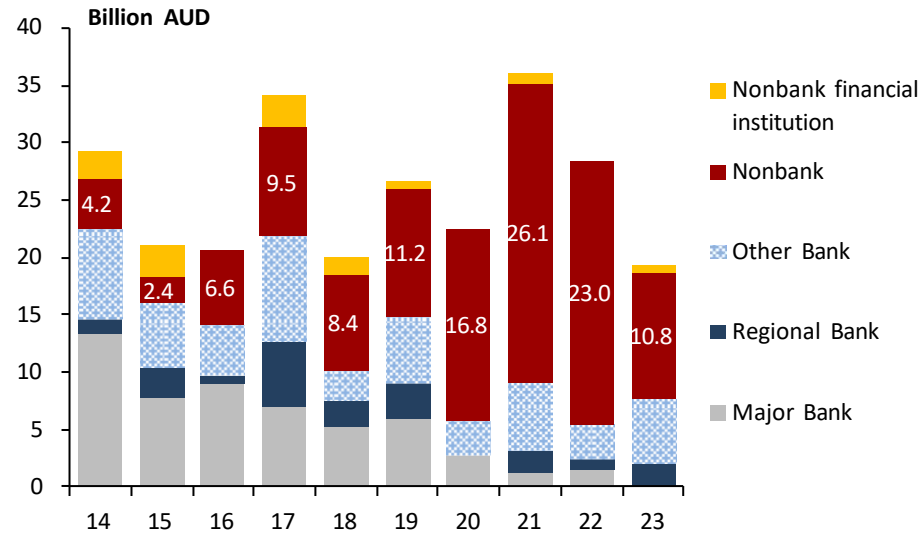
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Relative value of Australian RMBS

- Australian RMBS provide variable rates under the rate rising cycle.
- AUD denominated RMBS provide favorable investment opportunities for Japanese banks that have AUD denominated deposits on their liability side.
- JPY denominated RMBS provide precious investment opportunities for Japanese banks that don't have AUD denominated deposits on their liability side. They don't need to fund AUD in financial markets.
- JPY denominated RMBS are issued by Nonbank originators, and prime mortgages originated by them have much lower delinquency rates than those originated by banks.

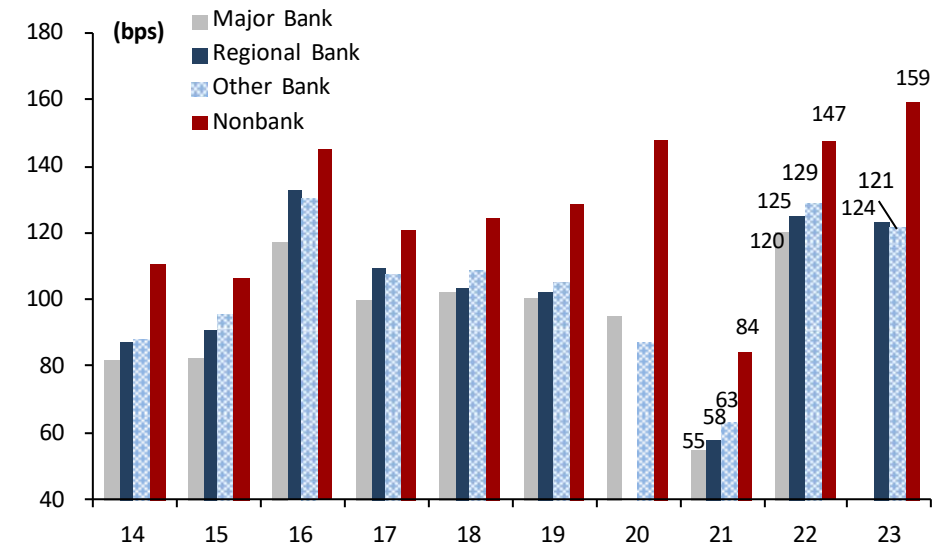
Australian RMBS Market at a glance: Issue amounts and issue spreads on triple A tranches

Issue Amounts by originator



Data in 2023 are as of September 15th
Sources: S&P, Moody's, Fitch, Bloomberg, SMBC NIKKO

Average Spreads of Triple A tranches on 1m BBSW at issuance



Data in 2023 are as of September 15th
Sources: Bloomberg, SMBC NIKKO

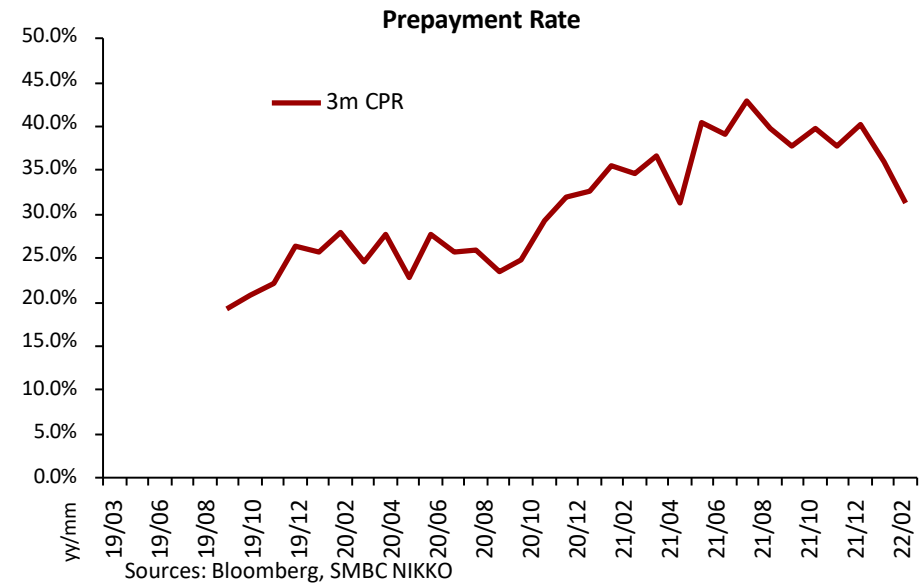
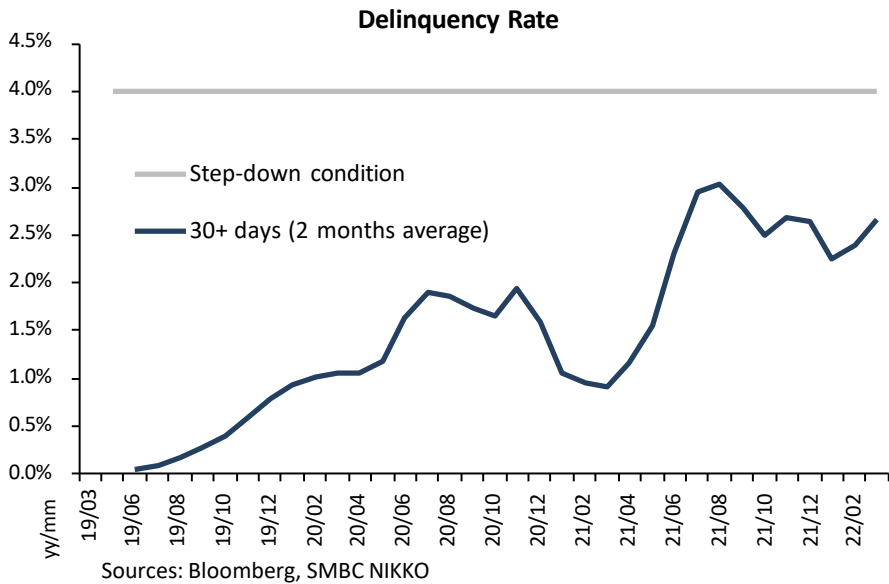
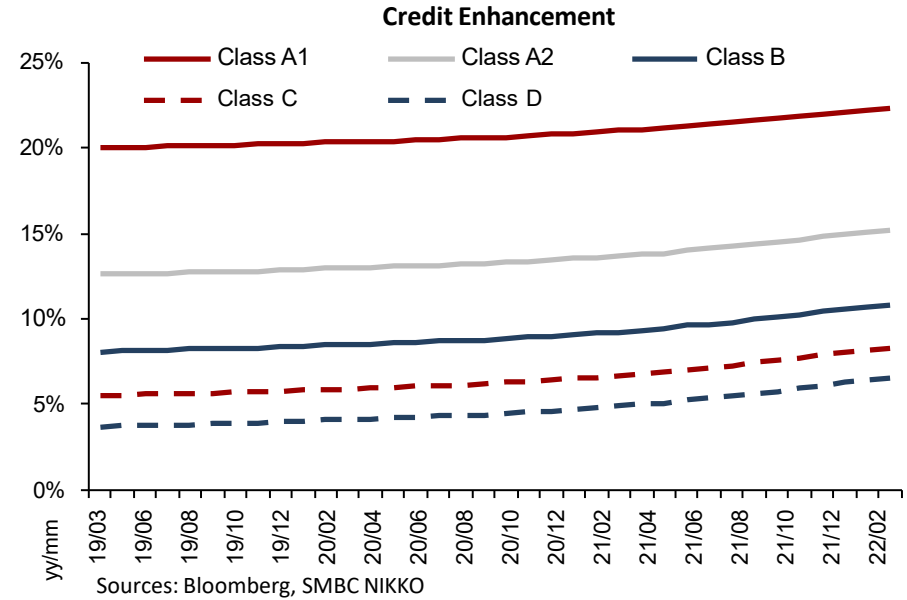
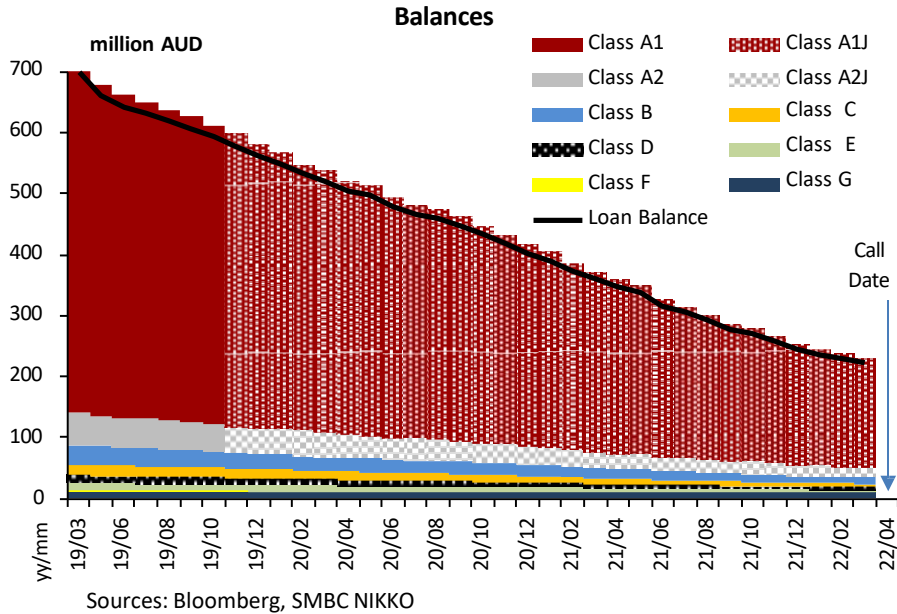
The list of JPY denominated classes issued since 2019

Non-banks								
Originator	Resimac	Liberty	Liberty	Resimac	Resimac	Firstmac	Liberty	Liberty
Deal Name	RESIMAC Triomphe Trust - RESIMAC Premier Series 2023-1	Liberty Series 2023-2	Liberty Series 2021-1	RESIMAC Triomphe Trust - RESIMAC Premier Series 2021-3	RESIMAC Triomphe Trust - RESIMAC Premier Series 2020-3	Firstmac Mortgage Funding Trust No.4 Series 2020-3	Liberty Series 2020-1	Liberty Series 2019-1
Ticker	RESI 2023-1	LBRTY 2023-2	LBRTY 2021-1	RESI 2021-3	RESI 2020-3	FMACB 2020-3	LBRTY 2020-1	LBRTY 2019-1
Issue Date	2023/9/6	2023/3/9	2022/2/10	2021/12/16	2020/12/10	2020/10/29	2020/5/15	2019/11/11
Class	A1	A1	A1J	A1	A1	A1A	A1	A1J
WAL (year)	3.0	2.8	3.5	4.0	4.0	2.9	2.4	2.0
Coupon	1m TONA+50bp	1m TONA+50bp	1m TONA+35bp	1m TONA+35bp	1m TONA+50bp	1m TONA+44.1bp	1m TONA+51.53bp	1m TONA+46.46bp
Issue Amount (JPY million) (equivalent to AUD million)	14,100 (150)	43,100 (468.73)	42,536 (520)	16,000 (200)	18,750 (250)	32,250 (406.95)	26,300 (375)	35,580 (476.04)
Ratings	AAA*	Aaa*	Aaa*	AAA*	AAA*, AAA*	AAA*, AAA*	Aaa*	Aaa*
Rating Agencies	S&P	Moody's	Moody's	S&P	S&P, Fitch	S&P, Fitch	Moody's	Moody's
Underlying Mortgages	Prime only	Prime and Non-conforming	Prime and Non-conforming	Prime only	Prime only	Prime only	Prime and Non-conforming	Prime and Non-conforming
Credit supprt required for triple A	3.42%	8.20%	8.20%	3.41%	3.94%	2.65%	7.29%	8.21%
Credit support provided	10.00%	25.00%	20.00%	10.00%	10.00%	15.00%	25.00%	20.00%
Back-up servicer	Perpetual Trustee Co. Ltd.	Same as left	Same as left	Same as left	Same as left	Same as left	Same as left	Same as left

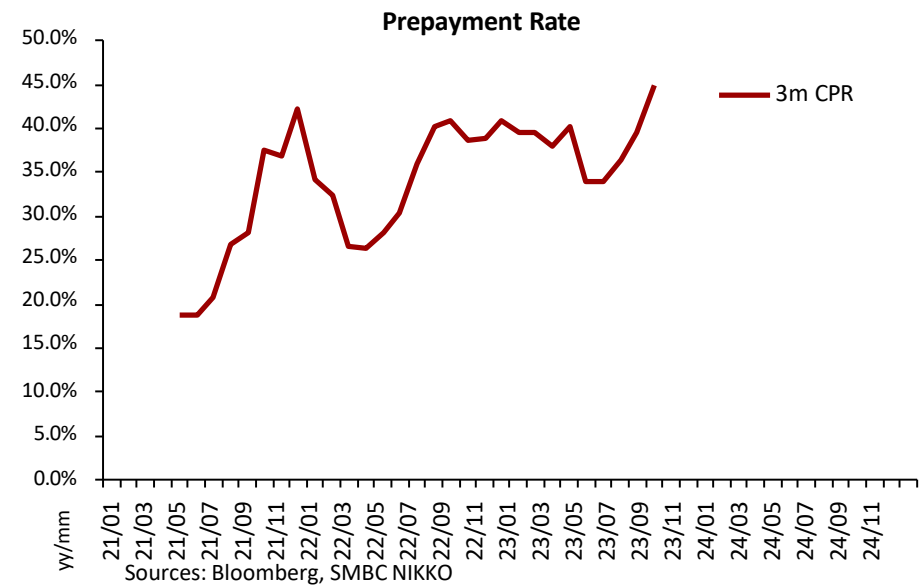
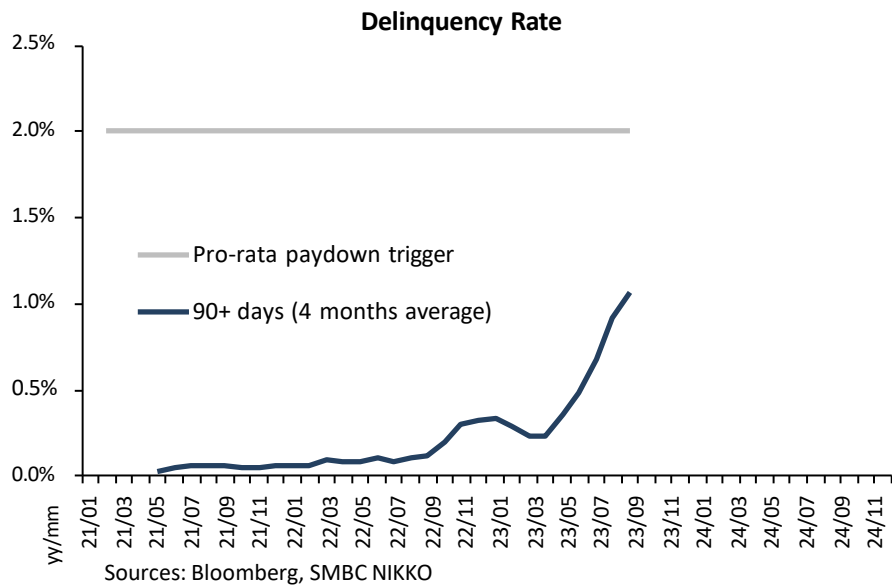
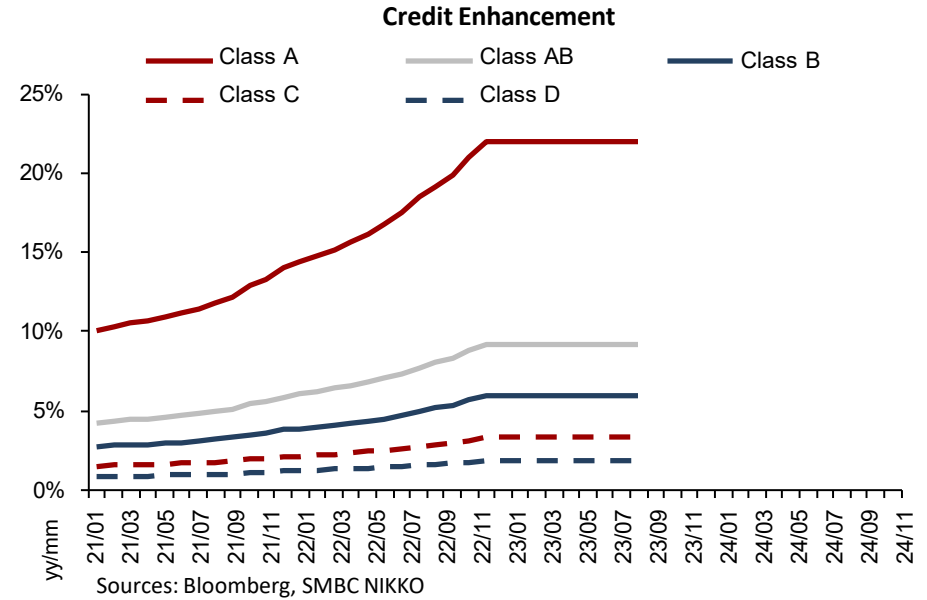
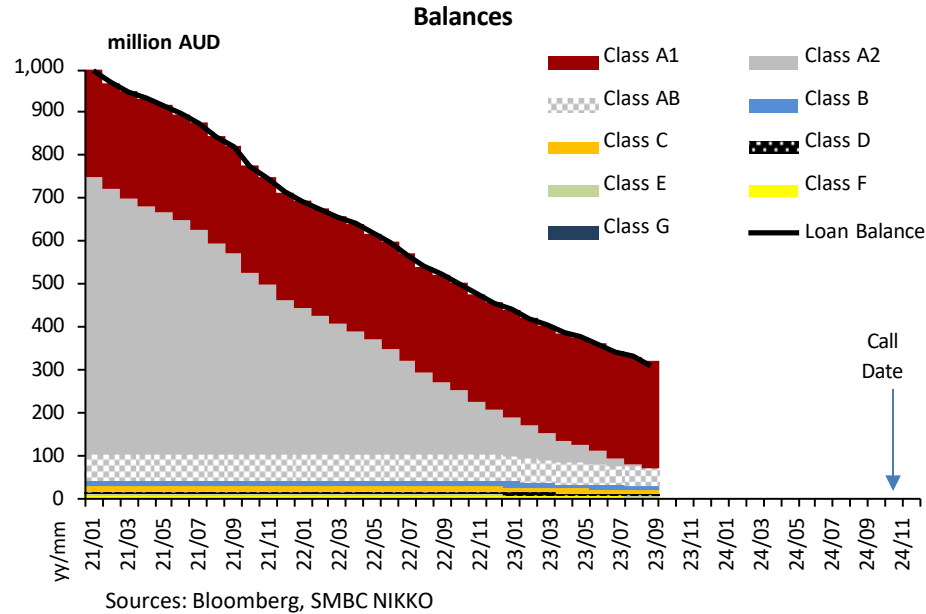
*: Unregistered credit ratings in Japan

Sources: S&P, Moody's, Fitch, Bloomberg, SMBC NIKKO

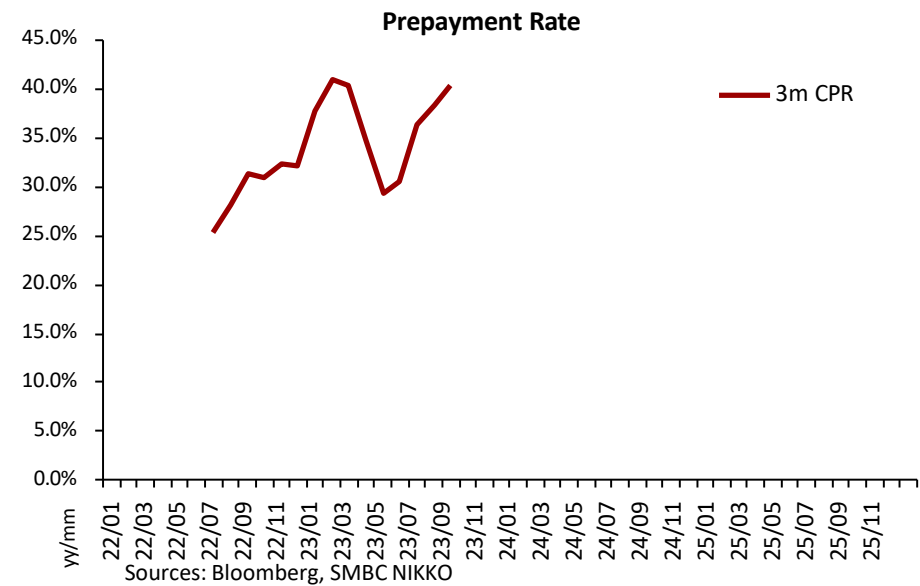
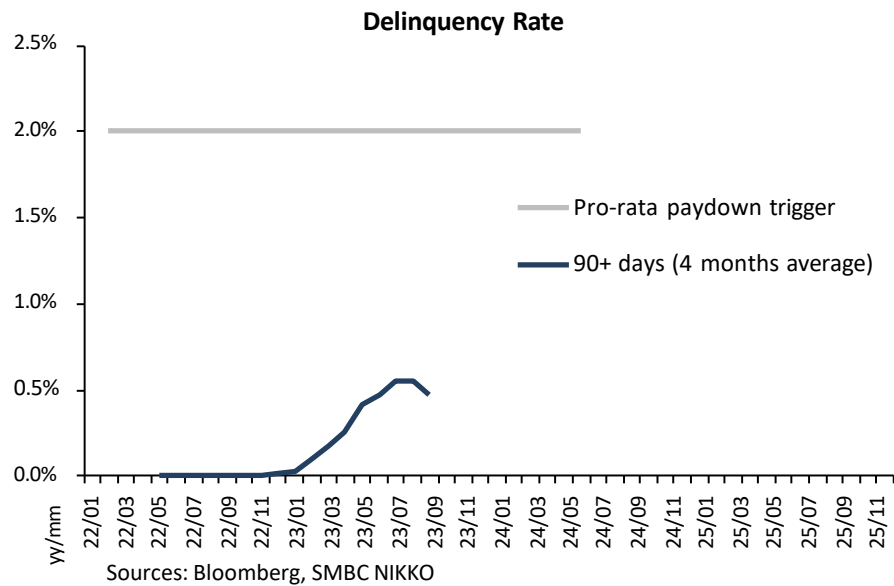
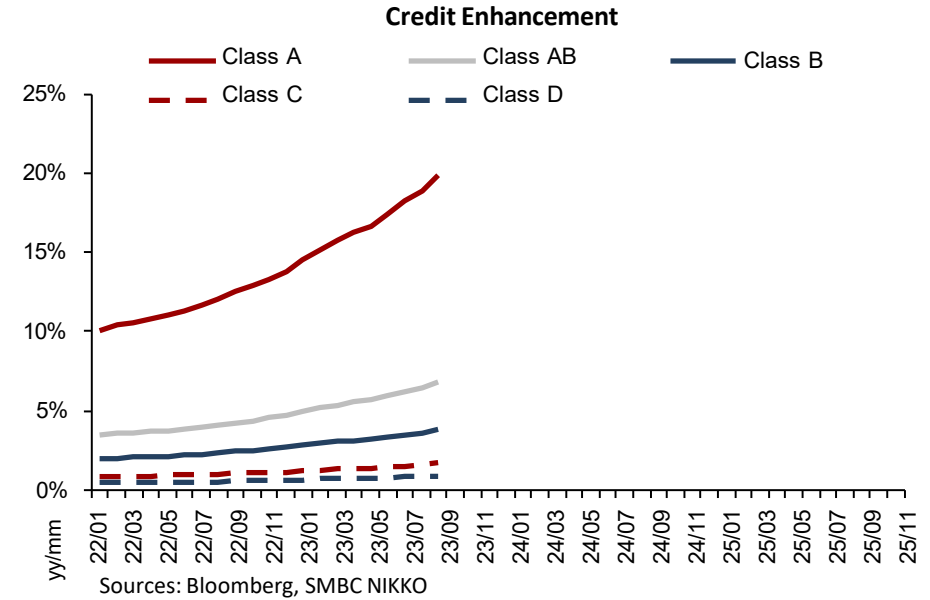
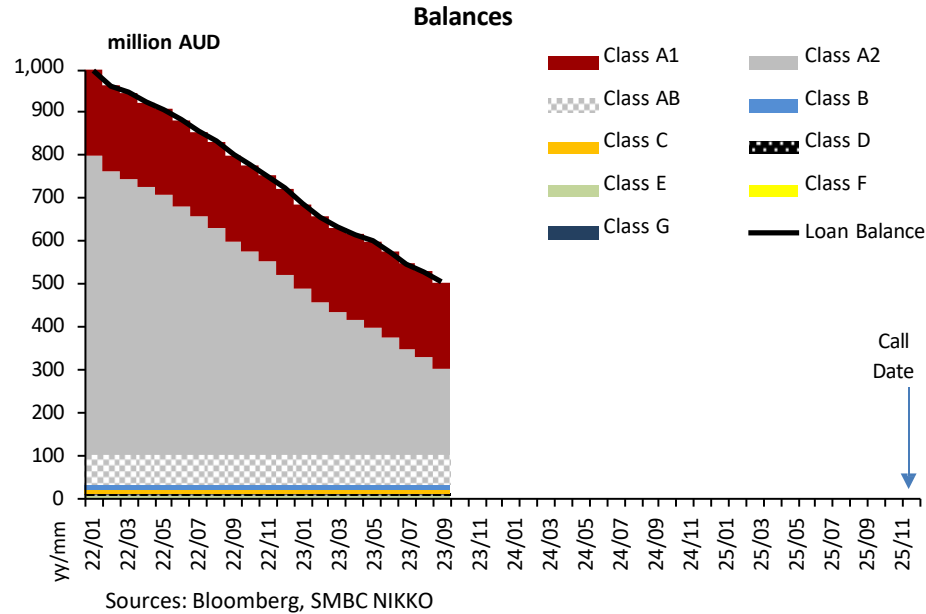
Performance of Liberty Series 2019-1



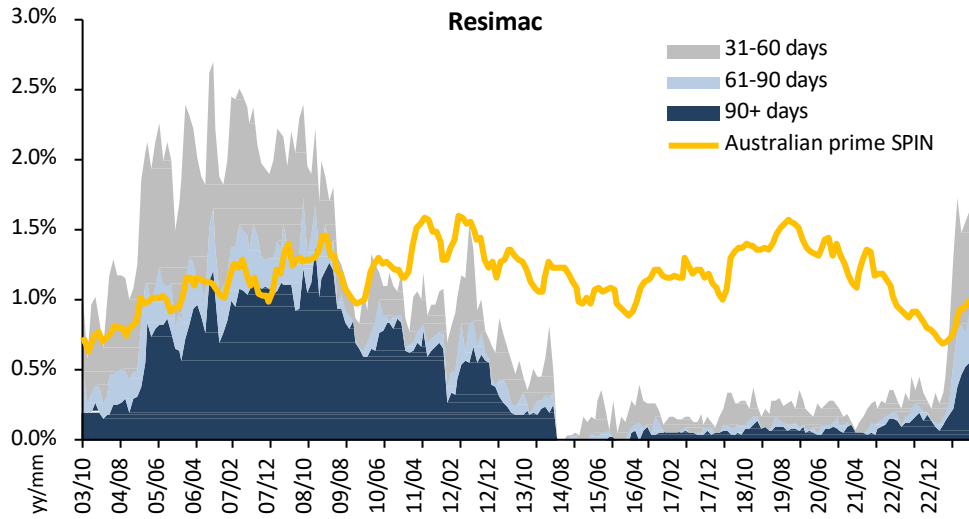
Performance of Resimac Premier Series 2020-3



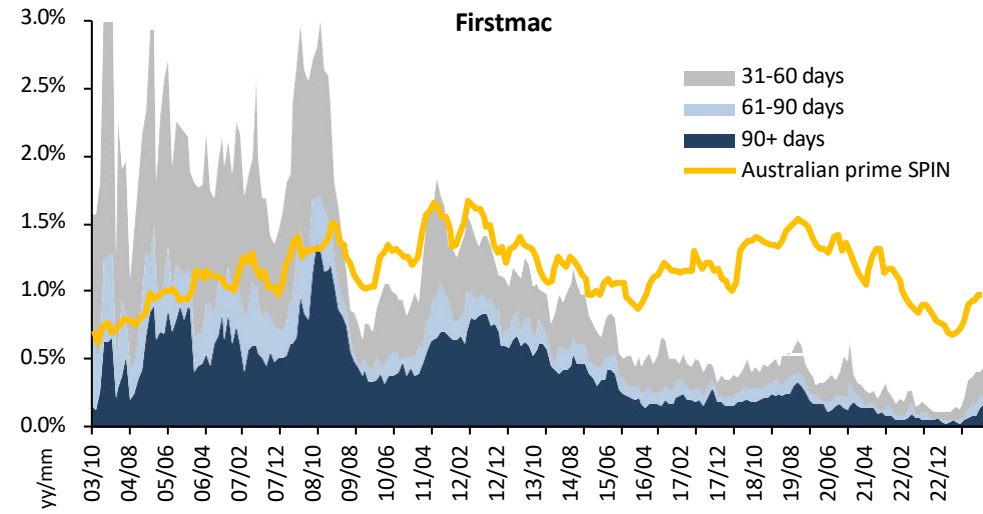
Performance of Resimac Premier Series 2021-3



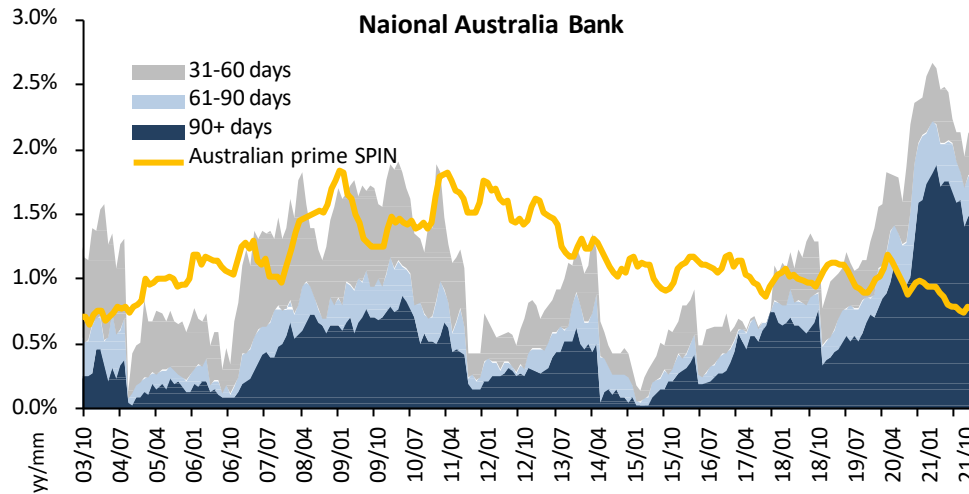
Performance of Prime Mortgages: Banks vs. Nonbanks



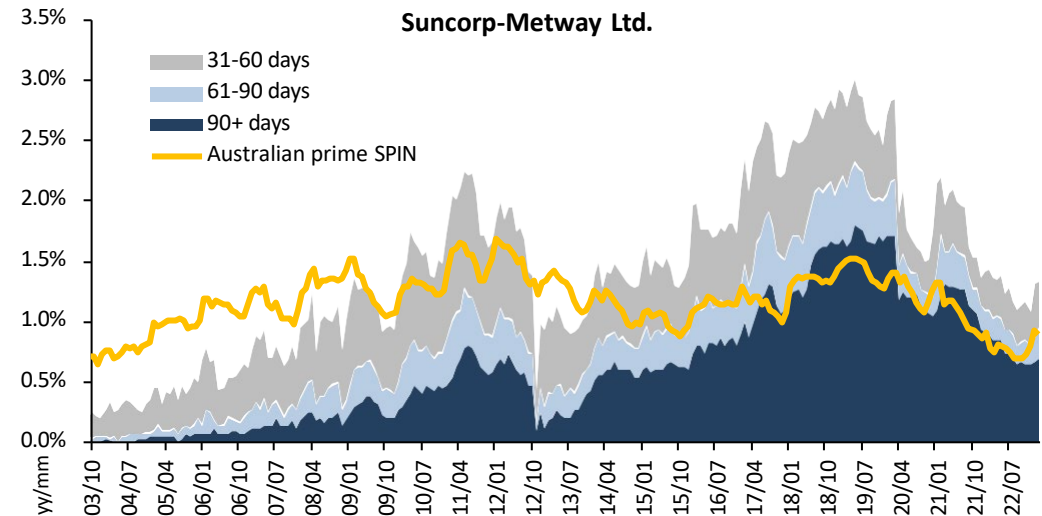
Sources: New Issue report of "RESIMAC Premier Series 2023-1" issued by S&P on September 5th, 2023, SMBC NIKKO



Sources: Presale report of "Firstmac Mortgage Funding Trust No.4 Series 2023-1" issued by S&P on August 22nd, 2023, SMBC NIKKO



Sources: New Issue report of "National RMBS Trust 2022-1 in respect of Series 2022-1" issued by S&P on June 29th, 2022, SMBC NIKKO



Sources: Presale report of "APOLLO Series 2023-1 Trust" issued by S&P on May 2nd, 2023, SMBC NIKKO

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Name of the Rating Agency Group, Etc.,

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Name of the Rating Agency Group, Etc.,

Name of rating agency group: Fitch Ratings ("Fitch").

Name of registered credit rating agency in the group and its registration number: Fitch Ratings Japan K.K. (Commissioner of the Financial Services Agency (Rating) No. 7).

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