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>> Issue 26 • June 2024

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ISSN 1839-9886 *(print)*
ISSN 2207-9025 *(online)*
Printed in Australia by Spotpress.

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It is my pleasure to introduce the 26th edition of the *ASJ*.

The Australian securitisation market has kicked off 2024 with remarkable activity, marking the strongest primary market issuance in the first quarter since 2005. It is especially heartening to witness various new nonresidential asset classes successfully entering the capital market.

The market has witnessed more than A$21.5 billion (US$14.1 billion) of new primary issuance as at the end of February, a testament to the continued strength of Australian structured finance. Alongside residential mortgage-backed securities (RMBS), other asset classes such as auto loans, credit card receivables, SME receivables and consumer loans have also shown robust growth. In New Zealand, auto and credit card asset-backed securities (ABS) have been prominent during the same period, highlighting the expanding diversity of the securitisation market in both countries.

The ASF Australian Auto Performance Tracker (powered by Moody's) is now published on the Australian Securitisation Forum (ASF)'s website. It is updated on a monthly basis with performance data from all rated public ABS transactions where at least 80 per cent of the underlying pool comprises passenger and light commercial vehicles. With the data collected dating back to the start of 2023, the tracker is expected to create a valuable performance index of the auto ABS sector. The ASF is open to considering modifications to the parameters and welcomes feedback.

The SME lending research project being undertaken by the University of Technology Sydney for the ASF is in the final stages of research and analysis with the initial outputs now generated (see p18). The research report is in train and the ASF is confident that it will be in position to profile and present the findings at an ASF event in July. We encourage you to read and provide your thoughts and feedback.

The ASF remains dedicated to promotional activities locally and offshore. We held our second annual New Zealand Securitisation conference in Auckland on 8 May, with more than 200 delegates in attendance. Other key highlights in our calendar include our annual London investor seminar on 30 May and participation at Global ABS in Barcelona in early June. We will also continue our annual Japanese investor seminar at the Australian embassy in Tokyo on 24 September.

The ASF education programme continues to garner strong support, reflecting industry growth and members' commitment to professional development. We have been refining the programme in the first half of 2024, and in the second half we will offer focused securitisation trust management and securitisation implementation courses. Details for upcoming courses are available on the ASF's website.

ASF membership continues to expand: it now stands at nearly 200 Australian and New Zealand market participants. We extend a warm welcome to our new members, including Arc Capital, Arch LMI, CoreLogic, Dimension Capital, Thera Capital Management and Yarra Capital Management.

Planning is underway for the 2024 Australian Securitisation conference, which will be held at the Hyatt Regency, Sydney on 2-3 December. I encourage you to save the date. Discounted room rates are available at the Hyatt Regency.

As we look ahead to the remainder of the year, we anticipate continued growth and evolution in the securitisation market in Australia and New Zealand. I trust that this edition of the *ASJ* will provide valuable insights and analysis for market participants and stakeholders, and I eagerly await further developments in the coming months.

CHRIS DALTON
CHIEF EXECUTIVE OFFICER
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FEATURE

NONBANKS ADAPT TO SHIFTING SANDS IN MORTGAGE LENDING MARKET

The pandemic brought with it an interest rate and funding environment that created huge challenges for nonbank mortgage origination in Australia and New Zealand – especially in the prime space. Much higher rates since 2022 have changed the environment once more and, while the competitive backdrop has eased to some extent, nonbank lenders have had to sharpen their pencils to remain relevant to borrowers.

BY LAURENCE DAVISON

The story of the past four years in Australian and New Zealand mortgage lending starts off as a relatively straightforward one but becomes more complex over time. The genesis of the current situation is the shock and awe tactics deployed by governments and central banks to ensure the onset of the pandemic did not lead to economic collapse.

Specifically, central banks slashed interest rates to close to zero and added further stimulus in the form of underwriting bank funding at ultra-low fixed rates. In Australia, this meant the term funding facility (TFF): three-year fixed-rate lending provided to authorised deposit-taking institutions (ADIs) at the central bank cash rate of 0.1 per cent.

The idea was to do everything possible to support ongoing economic activity. In Australia, borrowers rushed to lock in fixed-rate mortgages – typically of 1-3 year term – at all-time low rates, often of barely 2 per cent. Fairly rapidly, housing market turnover resumed and house prices began to climb – again, incentivised by ultra-cheap mortgage credit.

Crucially, this low baseline funding cost was provided only to the bank sector. Other forms of funding support were made available to nonbank lenders in Australia – for instance, market users credit the Australian Office of Financial Management's Structured Finance Support Fund with helping keep nonbanks liquid through the worst of the pandemic market disruption and for helping kick-start new issuance subsequently.

But there was a stark funding cost gap between the TFF at 0.1 per cent and the levels even a surprisingly buoyant private-sector securitisation market would offer residential mortgage-backed securities (RMBS) issuers.

Against this backdrop, the banks – particularly the Australian big four and Macquarie Bank – began an aggressive battle for market share that often included cash-back offers to borrowers moving their mortgages to a new lender.

The battle reached the point of lenders prioritising winning business over long-term sustainability. By May 2023, National Australia Bank's then-chief executive, Ross McEwan, noted that the bank was taking steps "to moderate growth in our retail bank, given the current market dynamics where new loans are being written well below the cost of capital".

The combination of fixed-rate loans with rates barely higher than nonbanks' cost of funds and banks' willingness to offer cash upfront made it close to impossible for nonbanks to compete in the prime mortgage sector.

"The banks are definitely more present in the near-prime space, by which I mean sectors like self-employed with consistent income and relatively low LVR. In fact, I suspect the banks will happily lend to most borrowers with LVR up to 70 per cent and in many cases up to 80 per cent."

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FEATURE

"It has been well documented that major banks offered very aggressive rates and attractive cash-backs to entice customers to refinance in 2022-23. This feature has largely abated, and we are experiencing lower refinancing activity as the interest rate outlook has now stabilised."

ERNEST BIASI THINKTANK

"The competition – and the challenges in prime origination – were driven by the ADI sector, particularly the advent of rebates or cash-backs in the prime space. This very much affected, or even distorted, the origination market for prime mortgages," says Andrew Marsden, chief treasury officer at Resimac in Sydney.

The TFF and ADI cash-back offers are a thing of the past, but any hopes that lending conditions would snap back to the fertile environment of 2019 have not come to fruition. The competitive landscape has improved, though lenders primarily funded in the securitisation market say they continue to be at a cost-of-funds disadvantage compared with the largest ADIs.

HOUSING MARKET

The bigger issue is the way much higher rates have suppressed housing market turnover and thus demand for finance. Peter Riedel, chief financial officer at Liberty Financial in Melbourne, says the lender had thought appetite might increase when there was clarity about rates and specifically when expectations that rates were at their cyclical peak solidified. Liberty experienced an uptick in demand in February after the seasonally quiet start to the year, but Riedel says this has subsided again.

"Our conclusion is that borrowers wanted some confidence not just that rates had peaked but also that they would start to decline relatively soon," he comments. "This was the case in February – there was some expectation of cuts perhaps as soon as May – but sentiment has now moved more to a view that we might be at the peak for some time. This seems to have been enough to quell appetite."

The data present a mixed picture of the Australian housing market. Commonwealth Bank of Australia (CBA) research published in early April largely concurs with Riedel's view on financing activity. It shows a rebound in new housing lending, excluding refinancing, in February – the month registered growth of 1.5 per cent – after a slump around the turn of the year. Financing dropped by 3.4 per cent in total over December-January. Nonetheless, the 12 months to the end of February still reflect an overall rebound, with home financing growing by 13.3 per cent overall.

House prices also remain relatively buoyant. CoreLogic's national Home Value Index rose by 0.6 per cent in April to bring annual growth to 12.9 per cent.

This combination of price growth and relatively sluggish financing activity is relatively unusual. The CBA analyst note comments: "Stronger growth in housing lending typically leads a rise in dwelling prices. The increase in home prices since the beginning of last year has been an exception. Trend growth in new housing lending has slowed over the past two months, but home prices have continued to rise at a brisk pace."

The answer is likely to be Australia's ongoing housing supply crisis. CoreLogic suggests: "The persistent rise in housing values, despite an array of downside factors that would normally act to push prices lower, can be drawn back to the insufficient supply of housing relative to demand."

For instance, the number of homes listed for sale across Australia's state and territory capital cities was down by 17.6 per cent on the five-year average in late April, while residential sales were 2.4 per cent higher in the same month – again according to CoreLogic data. "Such a mismatch between available supply and demonstrated demand is keeping markets skewed in favour of sellers in most cities," its analysis conclude.

If anything, the situation is more challenging still in New Zealand, where the central bank's battle against inflation has driven the economy into recession, housing market turnover is well down and competition from bank lenders has further squeezed nonbanks (see box on p8).

COMPETITIVE LANDSCAPE

The cyclical environment is clearly still challenging, especially as economists' forecasts keep pushing back the date at which rate cuts might begin – and some have even started to factor

"Confidence is already benefiting volume in our SME products, particularly our nonconforming business loan. We are experiencing very good volume momentum and are optimistic about how the second half of the year will play out."

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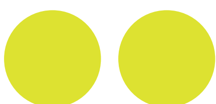

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Chill winds but no freeze in New Zealand

SUBTLE BUT SIGNIFICANT DIFFERENCES IN THE NEW ZEALAND LENDING LANDSCAPE AND AN EVEN MORE CHALLENGING ECONOMIC ENVIRONMENT MAKE THE CHALLENGES NONBANK LENDERS ARE FACING SOMETHING OF A CASE OF 'THE SAME BUT MORE SO' RELATIVE TO AUSTRALIA. BUT IT IS NOT ALL DOOM AND GLOOM.

New Zealand slipped back into recession in Q4 2023, driven at least in part by the Reserve Bank of New Zealand (RBNZ)'s hardline approach to getting on top of inflation. The official cash rate is 5.5 per cent as of late April 2024 – nearly 1 per cent higher than the Australian equivalent despite the two nations emerging from the pandemic at the same level, 0.1 per cent.

The New Zealand housing market has suffered as a consequence. Listings have started to climb once more but time to sale has increased at the same time. Ian Boyce, Auckland-based general manager, property at Avanti Finance, says it is "still very much a buyer's market".

However, with no commensurate downturn in loan performance – at least not to any concerning level – or challenges in the wholesale or deposit funding markets, the banks have responded by fighting to retain or even grow market share in a soft financing environment.

Banks' market share continues to grow, Boyce reveals, while the nonbank sector has contracted: nonbank market share is less than 2 per cent compared with roughly 8 per cent in Australia. In dollar terms, New Zealand nonbank book size has contracted to about NZ$4.7 billion (US$2.8 billion) from NZ$6.1 billion over the past 20 months.

Caroline Dunlop, head of funding at Avanti in Auckland, adds: "Banks have been working hard to preserve market share in the face of very low house sale volume and, therefore, mortgage origination. This includes a greater presence in what has traditionally been our space. We have observed banks engaging with those customers who traditionally have come to us as a stepping stone to get to a bank loan a little earlier than has been the case in the past."

BETTER OUTLOOK

On the other hand, Avanti has some confidence that the worst may be over. "We are actually seeing a return in business to levels more like our traditional levels – there is reasonably good volume coming through. We are starting to see some growth in a balance sheet that has been flat for some time," Boyce reveals.

Optimism remains cautious at best, at least in the near term – especially as there may be some element of a technical bounce. For instance, Dunlop acknowledges: "Part of the market activity is being driven by the fact that some people are reaching the point where their life decisions mean they have to sell. This doesn't mean forced selling or selling out of desperation, more that people have been holding off decisions for perhaps two years and are reaching the point where they can't do so any longer."

A cyclical swing may be needed to catalyse the market. "The fact that interest rates have – we believe – stabilised is helping," Boyce says. "But we also don't expect to see a major turnaround until we get rate reductions – and most economists are only picking those late this year or even into next. People are still coming off rates in the low threes and hitting the high sixes."

The local economy is finely balanced. While Dunlop notes that a technical recession is not being reflected in strongly negative asset performance or unemployment, the fact that the RBNZ has shown itself willing to entertain recession to combat inflation suggests caution may be the best approach.

As in Australia, though, nonbank lenders back their value proposition in the long term. "We maintain our ambitions to grow the business, including taking back a chunk of market share from the banks," Dunlop says. "We aim to be a solid player in the auto and property markets, and we expect the business to grow sizeably in the next 5-10 years."

"We maintain our ambitions to grow the business, including taking back a chunk of market share from the banks. We aim to be a solid player in the auto and property markets, and we expect the business to grow sizeably in the next 5-10 years."

CAROLINE DUNLOP AVANTI FINANCE

in further hikes in the medium term, thanks to stickier than expected inflation. The picture is more mixed when it comes to competition for loan origination.

On one hand, competition has undoubtedly eased even in the prime mortgage space. Marsden reveals: "Our prime volume improved when the banks announced the cessation of

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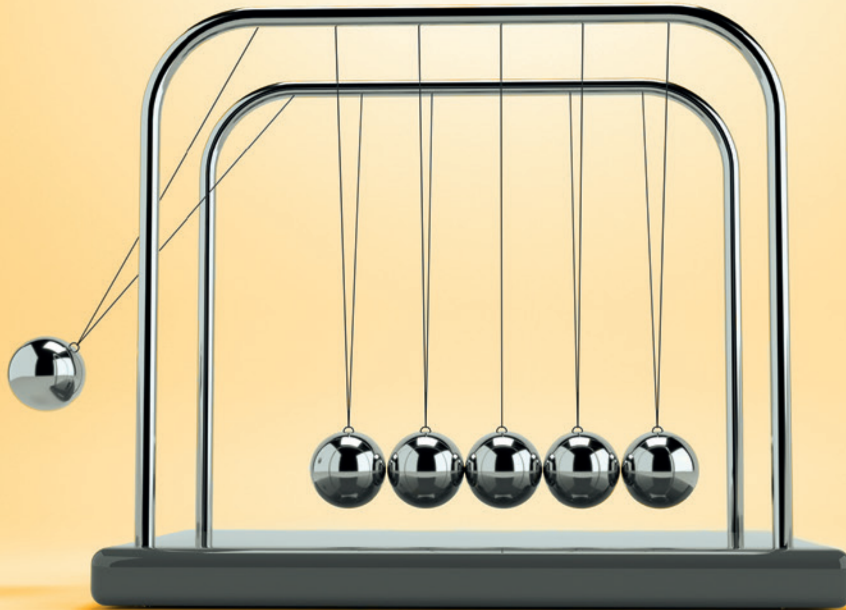

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*KPMG Financial Institutions Performance Survey - Non-bank sector review 2023.
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> *"I suspect most of the market share we capture is coming from other nonbank lenders. Having said this, there is also likely a segment of borrowers whose fixed-rate loan period has ended and who no longer meet bank serviceability criteria – effectively, they are no longer prime customers for banks."*
>
> **AKESHNI GOUR** MA MONEY

rebate promotions and we are experiencing higher origination levels this year than last. The stabilisation in the interest rate environment helped, as did the tempering of aggressive pricing in the prime mortgage space. This abated around the third quarter of last year."

Ernest Biasi, Sydney-based treasurer at Thinktank, adds: "It has been well documented that major banks offered very aggressive rates and attractive cash-backs to entice customers to refinance in 2022-23. This feature has largely abated, and we are experiencing lower refinancing activity as the interest rate outlook has now stabilised with expectation of rate cuts toward the end of 2024 or early 2025."

This is highly meaningful in a sector and a market that has an enhanced level of borrower mobility. Biasi reveals that 70 per cent of customers refinancing Thinktank loans transfer to major banks. Meanwhile, he adds, "with more than 4.25 per cent in official interest rate increases, borrowers have been activated to look for better rates while mortgage brokers are now compelled, under best interest duties, to explore better rate outcomes for their customers".

At the same time, though, some nonbank sources report that the cyclical environment has caused ADIs to push out beyond their traditional prime mortgage market. In residential mortgages, this has typically emerged in the near-prime segment where credit may be somewhat more complex but there is typically no impairment history. The common theme is loan-to-value ratio (LVR).

"The banks are definitely more present in the near-prime space, by which I mean sectors like self-employed with consistent income and relatively low LVR," Riedel suggests. "In fact, I suspect the banks will happily lend to most borrowers with LVR up to 70 per cent and in many cases up to 80 per cent."

Some lenders are also experiencing enhanced bank presence in sectors outside residential mortgages. For instance, Ryan Harkness, managing director at ORDE Financial in Melbourne, says: "Banks are now stepping back into the commercial mortgage space and becoming a lot more aggressive. But it has been a great market for ORDE, nonetheless – including being less volatile than many expected. This is because commercial property holders are investing or taking a medium-to-long term view, while brokers now better understand the product benefits provided by nonbanks in commercial mortgages."

There is also hot competition between nonbanks. One of the primary ways established players responded to the economic calamity of the prime residential mortgage market was to seek lending diversity in their books. Many executed this pivot with alacrity and at scale. For instance, Pepper Money reported that it originated as much volume in its auto loan book as it did in mortgages in its 2023 financial year.

Harkness notes that the self-managed superannuation fund (SMSF) mortgage space has also seen a clutch of new entrants. "SMSF has become more competitive as the quality of borrower profile has been re-rated by lenders in Australia and supported by investors," he explains. "Five years ago probably only three lenders in Australia offered SMSF loans – there are now at least 8-10."

The number of players in the sector has also continued to grow on an outright basis – and some of the new names have made headway. MA Money has seen remarkable growth in mortgage origination, reaching A$120 million (US$78.8 million) in March this year. This tenfold increase on monthly volume came after the rebranding of the MKM Capital book in late 2022, according to Akeshni Gour, the lender's Sydney-based treasurer. MA Money's ambition is to achieve A$200 million of monthly volume by mid-year.

Gour acknowledges that competing with banks on pricing for bank prime loans is challenging. But she adds that it "is crucial to note the distinction between bank prime and nonbank prime segments".

Even so, Gour adds: "I suspect most of the market share we capture is coming from other nonbank lenders. Having said this, there is also likely a segment of borrowers whose fixed-rate loan period has ended and who no longer meet bank serviceability criteria – effectively, they are no longer prime customers for banks."

SERVICE PROPOSITION

In a shifting competitive environment, nonbank lenders are falling back on their tried and trusted skills. Some of this is the quality of credit assessment that has facilitated mortgage-focused lenders to grow their auto and asset finance books rapidly without experiencing a significant change in collateral performance.

Distribution is another important consideration. Gour, for instance, says MA Money places "a strong emphasis on getting our distribution platform right". This includes strategically investing in the distribution team, to bring experienced business development managers who are recognised and trusted

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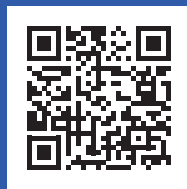

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> *"Banks are now stepping back into the commercial mortgage space and becoming a lot more aggressive. But it has been a great market for ORDE, nonetheless – including being less volatile than many expected."*
>
> **RYAN HARKNESS** ORDE FINANCIAL

by brokers and aggregator groups onboard. "This focus on distribution gives us a competitive edge among other nonbank lenders and ADIs," Gour concludes.

Biasi highlights the same theme, saying: "We have developed close relationships with our major distribution partners, who appreciate our breadth of product offering and service proposition. To support this, we have invested heavily in end-to-end digital platforms – with no legacy systems – and processes so our turnaround times on loan approvals allow us better to serve our brokers and their clients."

Even here, though, circumstances may be changing. In the early days of the pandemic, nonbank lenders offered an edge in the form of acceptable processing time for loan applications and other requests just as the banks, especially the majors, were creaking under the weight of inbound enquiry from borrowers seeking to fix rates or who were concerned about potential hardship.

But the banks have responded to this salutary experience. Riedel says: "I still believe nonbanks, as a group, have an edge in service proposition. But there is no doubt that the banks have also picked up their game in this respect. This is especially the case in the prime sector, and somewhat less so when we are talking about a more complicated approval process."

Nonbank service proposition is perhaps best viewed not in straightforward terms – through the lens of approval times, for instance – but via their ability to respond to niche borrowing requirements as they emerge, and especially those that are either neglected by or do not work for ADI lenders. The auto space has experienced a bank exodus in recent years and nonbanks have filled the gap. The same may be occurring, albeit more slowly, in SME lending.

There are still niches in the mortgage sector, nonbanks say. For instance, David Carroll, treasurer at Columbus Capital (ColCap) in Sydney, reveals that the lender experienced 17 per cent asset growth in 2023.

He explains: "This was mainly driven by our niche products where there is less competition from the majors. The majors don't offer nonresident or SMSF loans, although there is active competition from our nonbank peers."

Biasi adds: "Thinktank is a specialist in providing innovative financing solutions for self-employed, SME and SMSF customers seeking to purchase or refinance standard residential and small-ticket commercial properties. This market segment has traditionally been underserviced by mainstream lenders and our deep knowledge of these sectors helps set us apart from the majority of our competitors."

CYCLICAL VERSUS STRUCTURAL

While each has its own specialities and focus areas, nonbank lenders as a group are active in a raft of sectors of the Australasian credit market so exactly how they respond to changing circumstances varies. But if there is one common strategic approach, it is to be open to deploying established skills in new and emerging areas while also being set up to ride out cyclical challenges in core business areas.

"We have an origination strategy across all our prime products that recognises the cycle in the origination market," Marsden explains. "Our prime business is relatively adaptable to respond to various parts of the cycle – whether the phase is determined by credit, by funding costs or by other macro factors."

He continues: "Meanwhile, from a product innovation perspective, the nonbank sector has the ability to offer consumers the products they need over time. We don't have the same regulatory capital burdens as the banks and I like to think innovative product developments will continue to come from our sector."

At the same time, there is at least some confidence that the cyclical environment will come back to a more favourable place for nonbank lenders in the medium term. Marsden says confidence is the key variable through which borrowers consider interest rates and thus how rates feed through to origination volume. Specifically, this means borrowers', including self-employed borrowers', confidence to refinance or take out new financing.

"Confidence is already benefiting volume in our SME products, particularly our nonconforming business loan. We are experiencing very good volume momentum and are optimistic about how the second half of the year will play out," Marsden suggests.

A more positive credit backdrop combined with further normalisation in funding markets could also be enough to persuade banks to retreat to their lending sweet spots. "I'm not sure banks being present in the near-prime space will always be the case," Riedel claims. "They have come into this sector because prime origination has slowed. But my suspicion is that if they start to experience system growth in their core, prime market they will revert to a strong focus on it." ■

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LATITUDE

LATITUDE RETURNS WITH A SUPERCHARGED FUNDING PROGRAMME

Latitude Financial's return to term funding in 2024 marks the next chapter for the seasoned issuer, as it integrates a new funding team and moves on from a testing 2023. The issuer discusses its evolving investor relations, highlights from its recent trades and aspirations for future issuance in Australia and New Zealand.

◆ **STEFANO TOGNON** GROUP TREASURER AND GROUP GENERAL MANAGER, CORPORATE DEVELOPMENT
◆ **DONG JIN** HEAD OF FUNDING

Latitude has new treasury leadership in place and recently returned to the term market with two deals in quick succession. Why has Latitude been out of the market and why was now the right time to return?

◆ **TOGNON** Extensive government stimulus during the pandemic softened credit demand across our cards and personal lending platforms, somewhat reducing the need for growth funding. As credit conditions started to normalise in the first quarter of 2023, Latitude completed one credit card term deal before a malicious cyber attack required the organisation to respond aggressively. The attack had a short but negative impact on origination volume and our ability to onboard new customers.

With systems returning to full operations between May and June, the second half of 2023 showed a significant rebound in volume across all our product divisions – thanks to the support of Latitude's customers and partners. Generally, Q4 is Latitude's 'golden quarter' for sales finance and cards volume as it includes events such as Black Friday and the lead-up to the holiday season.

With the pandemic stimulus now largely out of the system and the overall outlook remaining positive, credit demand has returned strongly and Latitude is taking full advantage. The rebound in the second half of 2023 continued in Q1 2024.

Receivables growth, coupled with proactive management of upcoming maturities, drove our swift return to the ABS [asset-backed securities] market in 2024, beginning with our flagship Australian cards and personal loans programmes.

How have investors responded to this refreshed approach and to new numbers from the business?

◆ **JIN** When it comes to securitisation, some believe investors only care about the collateral. However, we are repeatedly reminded that, while collateral is important, it is only part of the story.

For instance, during and after the cyber event investors were keen to understand not only the impact on the portfolio and our ability to perform collections and servicing but the broader ramification for Latitude's business. We believe we have been transparent with investors throughout the cyber event and the rebound phase.

We deliberately picked the timing of our first public deals to be after Latitude reported full-year results in February 2024, so we could engage the market with a comprehensive and up-to-date set of information, strategy and 12 months of asset performance data since the cyber event. This was important to assure investors that the cyber-related spike in arrears in Q2 2023 was an outlier.

Since Latitude was last in term funding markets, the economy and personal lending markets have evolved significantly. How has Latitude's focus changed over the past three years and how does this align with the competitive landscape?

◆ **TOGNON** Our corporate DNA and heritage is in consumer finance. Therefore, Latitude's focus has remained squarely on serving this customer segment over the years.

Similar to other market participants, the rising rate environment and subsequent increase in cost of capital has created strong incentives for us to double down on our core strengths and on where risk-adjusted profitability is stronger across our product ecosystem.

Consequently, in 2022, Latitude sold its insurance business and exited buy-now, pay-later (BNPL). We also rationalised our international footprint to reinvest our shareholders' capital in the growth of sales finance, cards, and the personal loan and auto programmes across Australia and New Zealand.

These receivables are precisely the type that our funding programme is geared to support and where we are witnessing continued healthy interest from investors and funding partners.

Our re-entry to the white label cards sector, via a 10-year exclusive partnership with David Jones – Australia's leading high-end department store chain – is an excellent example of the type of growth opportunities we will continue to pursue going forward.

It is obviously now a more challenging environment for borrowers, with higher rates and sluggish economic growth. How has

Potential that drives growth.

Latitude Investor Centre

Latitude is a major consumer lender responsibly serving more than 2.2 million customers across Australia and New Zealand.

We're focussed on providing much-needed competition to the major banks, via a multi-channel platform covering sales finance, credit cards, personal loans and motor loans.

We're here for consumers in all life's moments.

We have a strong track record of helping customers via retailers and brokers, even in tougher economic times when they want an established financial partner with proven products.

Our business model is profitable, differentiated, and defensible, powered by a scaled and diversified funding platform.

PARTNERS IN MONEY

LATITUDE

"The rising rate environment and subsequent increase in cost of capital has created strong incentives for us to double down on our core strengths and on where risk-adjusted profitability is stronger across our product ecosystem."

STEFANO TOGNON

asset performance tracked relative to what you might have expected? Has your own credit appetite evolved?

◆ **JIN** Credit performance has softened from the low impairment levels of the pandemic. However, we believe this is a natural reset of credit conditions as arrears and losses are progressively normalising to pre-COVID-19 levels.

The Australian economy and consumers have shown more resilience than was initially anticipated, which is reflected in the unemployment rate continuing to track below 4 per cent. This has helped preserve credit performance.

As there are less pandemic-related excess savings in the system now, we have also witnessed a steady normalisation of repayment rates in our cards book and improving consumer demand for personal loans. Provided there is no sudden movement in unemployment, we believe asset performance should remain resilient.

Therefore, Latitude's credit risk appetite remains largely unchanged. We regularly update our underwriting scorecards to reflect our expectations on the credit and macro environment, among other factors. This is an integral part of our ongoing risk management practices and is not something that idiosyncratically drives risk appetite.

New Zealand is in recession. Is credit demand and performance markedly different?

◆ **TOGNON** Latitude has been in New Zealand for more than 30 years and it is a core market for us through economic cycles. Compared with Australia, the New Zealand economy has undoubtedly been hit harder post-COVID-19. Credit conditions remain under control, however, with households managing the transition to higher rates with discipline.

Our cards portfolio in New Zealand is performing similarly to Australia. Although there has been a pick-up in New Zealand cards hardship applications in the last few quarters, the overall numbers remain comparable with Australia on a relative basis. Meanwhile, our current NZ scorecards tend to skew a bit more upmarket.

We maintain a healthy appetite to grow in New Zealand and recently announced new sales finance partnerships with leading local retailers such as JB Hi-Fi NZ, Smith City and The Warehouse group.

Latitude has traditionally benefited from the support of international investors. How did the books for the recent deals compare with each other, with historical outcomes and with the issuer's expectations going into the trades?

◆ **TOGNON** Since Latitude separated from GE Capital in 2015, it has had the privilege of a robust domestic and international institutional investor following – and we don't take this for granted. Our funding programme is ultimately about relationships. Thus, a key part of our work is to build proactive, transparent and regular dialogue with our investors.

We believe this was reflected in the level of engaged investor participation in our first two trades of 2024. Offshore investors comprised about 80 per cent of our Credit Card Master Trust Series 2024-1 orderbook. This largely aligns with precedents, given the scarcity value many investors see in our cards assets.

Historically, our personal loan deals were largely a domestic affair, but nearly 50 per cent of our Personal Loans Series 2024-1 Trust book was distributed offshore. This is the largest-ever percentage of offshore participation Latitude has recorded for a personal loan transaction. There was a mix of new and returning accounts across the senior and mezzanine tranches in both deals.

◆ **JIN** It is always a pleasure to introduce new investors to our programme, but it is equally important to ensure we look after our existing and loyal investor partners. This means always engaging transparently, and being accessible, responsive and willing to work with investors to find mutually beneficial outcomes.

Recent years have seen a flourishing of diversity in Australian ABS collateral. Does this provide hope about a commensurate increase in local investor engagement with nonmortgage ABS?

◆ **JIN** Our Credit Card Master Trust programme has historically had robust offshore following, partly thanks to offshore account familiarity with credit cards as an asset class and the master trust as a format.

However, as the only scaled nonbank credit card issuer in Australia, we have recently experienced increased interest from domestic investors that see credit cards as a unique diversification away from mortgages and other ABS asset classes. The soft bullet structure in our credit card programme also alleviates uncertainties associated with prepayment risk.

Similarly, we have seen continued evolution in Latitude's personal loans programme, following the reboot of our platform with the acquisition and integration of Symple Loans in 2021. Our recent personal loans transaction attracted multiple new offshore and domestic accounts – and we believe this was reflected in the senior note pricing flat to recent nonbank prime auto ABS deals, setting a new benchmark.

In addition to diversification, investors are beginning to attribute more value to the shorter duration of these notes compared with traditional RMBS [residential mortgage-backed securities], their greater credit enhancement and the substantially larger excess spread on offer. Hopefully, this will translate to greater liquidity over time. ■

save the date

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FEATURE

LATEST RESEARCH ON SME LENDING IN AUSTRALIA

The Australian Productivity Commission highlighted the barriers for accessing high-value unsecured loans to SMEs in its 2021 report, Small Business Access to Finance: the Evolving Lending Market. *Chung Mai, Anh Nguyen and Harald Scheule from the University of Technology Sydney share an update on challenges, work in progress and prospects from a research project conducted in collaboration with the Australian Securitisation Forum.*

In response to the shortcomings identified by the Productivity Commission, the Australian Securitisation Forum (ASF) has established a research project consisting of a collaboration between an industry advisory work group and the research team (see box on p20).

The research team has undertaken a comprehensive analysis integrating quantitative and qualitative methods in four stages.

The first stage analyses a number of public data sources including financial statements and regulatory insolvency filings. Information on lending and the performance of Australian businesses was collected and the data was pre-processed for econometric modelling.

> *"Since the collateral value and risk level of older businesses are better than their younger counterparts, and these businesses have easier access to financing sources, the underfunding ratios for middle-aged businesses are associated with their lower demand for debt financing."*

Key takeaways

- Credit application rates are not a true reflection of credit demand.
- Small firms and sole traders are underfunded.
- Agriculture, real estate services, finance health and arts are underfunded.
- Regional SMEs are underfunded.
- There are risk gains for lenders who swap out overfunded for underfunded borrowers, resulting in lower capital or higher lending volumes.

The second stage conducted a literature review to identify key factors influencing SME lending terms including credit risk assessment criteria, interest rates, loan terms and collateral requirements. A large number of studies from Australia and overseas on large and small businesses were assessed.

The third stage engineered default and recovery outcome variables. Default criteria were defined by the work group and a proxy for loss rates given default and resolution time was developed. Longer resolution times have been found to indicate greater loss rates given default in prior studies. Factors were chosen based on their importance, direction and magnitude. These included economic conditions, industry-specific risks and borrower characteristics.

The final stage is ongoing. It is based on interviews with businesses, regulators and industry experts on how to overcome barriers to SME lending. Solutions may include overcoming regulatory constraints, information asymmetry and market inefficiencies. This work will score the alternatives that may include revealing information on pre- and post-loan origination processes, fostering alternative lending – for instance peer-to-peer lending platforms – and credit enhancement schemes.

LENDING PROCESS

The lending process may be separated into a pre-origination phase and post-origination phase. There is a dearth of knowledge in the pre-origination phase on which businesses require credit: many do not seek credit as they are pre-rejected by filters or anticipate rejection. For example, the data show that the majority of loan applications get approved, which may indicate a strong pre-approval step that is unobserved.

The research isolates probabilities for credit need based on risk factors using detection-controlled estimations. Here, there appears to be a significant pre-screening or self-selection effect; the application rate is not a true reflection of credit demand.

The respective event probabilities are the probability to need credit (PN), the probability to seek credit (PS) and the probability to approve credit (PA). These probabilities are likely influenced by lenders' prediction of future risk outcomes as well as borrowers' anticipation of such outcomes.

For the post-origination phase, there is mainly international work that focuses on default probabilities and loss rates given

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> *"The benefits of greater investor confidence in credit funding markets may lead to increased participation from nontraditional lenders and capital providers. These may include Australian superannuation funds as well as international investors that are interested in enhancing yields or reducing risk on diversified portfolios."*

default. The probability of credit default (PD) is analysed and loss outcomes may be approximated by resolution times. A default event is generally followed by a business deregistration. The difference between the business deregistration time and default time is the time to resolution (TR).

The research project is based on business tax filings from the Australian Tax Office, corporate insolvency filings of businesses from the Australian Securities and Investments Commission, as well as business characteristics surveys from the Australian Bureau of Statistics from 2002 to 2021.

Two sets of time-varying business features are constructed. One is core features including net income over turnover, interest expenses over turnover, and turnover growth. The other is extended features including the core set and the addition of current assets-current liabilities over total assets, liabilities over total assets and capex over turnover.

Furthermore, first-level industry effects and annual inflation-adjusted turnover effects are considered. Categories range from micro businesses with turnover of less than A$50,000 (US$32,800) to larger businesses with A$10 million and more. Years since the first financial year, ABN reports information and squared age are also important features to reflect the nonlinearity of age in the models. Last but not least, macroeconomic variables such as the cash rate are included.

FACTOR MODELS

The project estimates a large number of factor models for PN, PS, PA, PD and TR. PN decreases with liquidity and leverage, and increases for net income, interest, turnover growth, capex and sole trader status. For example, liquid businesses are less reliant on lending while leveraged businesses have an incentive to minimise increases in debt to avoid excessive financial risk.

PS decreases with net income, turnover growth and sole trader status, and increases with interest. For example, profitable businesses are less reliant on lending and hence less likely to seek credit.

PA decreases with interest expenses and business age squared – though both are insignificant – and increases for income, turnover growth, liquidity, leverage, capex, the cash rate, and insignificantly for business age and sole trader status.

PD decreases with net income, turnover growth, liquidity, capex and business age, and increases for interest, leverage, the cash rate and age squared. For example, liquidity and leverage have opposite effects: liquidity decreases default risk while leverage increases default risk. These factors are therefore in line with the so-called "double trigger" theory of default. The definition of default includes voluntary liquidation, processing liquidation, receivership and court liquidation.

Loss rates given default may be aligned with time default and deregistration of a business. TR decreases with net income, turnover growth – though insignificant – leverage and business age squared, and increases for interest, liquidity – again, insignificant – capex, default severity, the cash rate and business age. Most features are aligned with expectations.

UNDERFUNDING ANALYSIS

The ASF research project has also developed a methodology to measure underfunding from the probability of rejection – based on the previous analysis – over the risk of a loan. For underfunding, the probability of rejection is compared to an approximation of expected loss based on the fitted event probabilities and resolution times.

All underfunding ratios have been standardised by subtracting the mean and dividing by the standard deviation. A value above zero indicates relative underfunding and a value below zero relative overfunding.

Underfunding decreases from the end of the global financial crisis until 2015 and then increases before COVID-19. Lenders may have reallocated lending from corporate to mortgage exposures as a reflection of the demand in that segment, fuelled by rising house prices in Australia and low interest rates during this period.

Middle-aged businesses are more underfunded. The need and rejection probability, as well as the risk, decline with age

Working group makeup

THE AUSTRALIAN SECURITISATION FORUM SME PROJECT IS A COLLABORATION BETWEEN THE UNIVERSITY OF TECHNOLOGY SYDNEY RESEARCH TEAM – CHUNG MAI, ANH NGUYEN AND HARALD SCHEULE – AND AN INDUSTRY WORKING GROUP.

Industry group members:

- Chris Dalton and Robert Gallimore (Australian Securitisation Forum)
- Chris Black and Adam Scully (both Alexander Funds)
- James Donovan (Challenger)
- Ben Elmslie (Lumi)
- Michael Heath (Judo Bank)
- Dennis Koh (Credabl)
- Michael Landgraf (Illion)
- Stephen Maher (Australian Office of Financial Management)
- Josh Manning (Manning Asset Management)
- Vlad Zlotnikovs (Moody's Analytics)

but the former is higher than the latter. As a result, middle-aged businesses have a greater need for credit and lenders recognise the decline in risk over age with an age lag. As businesses age, they achieve higher sales and earn more profit, which can be used to finance their operations and lower their leverage.

Since the collateral value and risk level of older businesses are better than their younger counterparts, and these businesses have easier access to financing sources, the underfunding ratios for middle-aged businesses are associated with their lower demand for debt financing. As businesses grow, they will achieve higher sales and earn more profits – which could be used to finance their operations (see chart on this page).

Underfunding is greater for small businesses and declines by turnover classes. Small businesses are more likely to be underfunded than large businesses.

Underfunding is also greater for businesses in the agriculture, information media and telecommunications, financial and insurance services, rental hiring and real estate services, professional, scientific and technical services, healthcare and social assistance, arts and recreation services, and the education and training industries. Underfunding within these industries can be explained by the specific characteristics of each industry.

The agriculture industry is heavily reliant on weather, pest control and commodity prices. The information media and telecommunications industry is highly dynamic and competitive due to the rapid change in technological advancements.

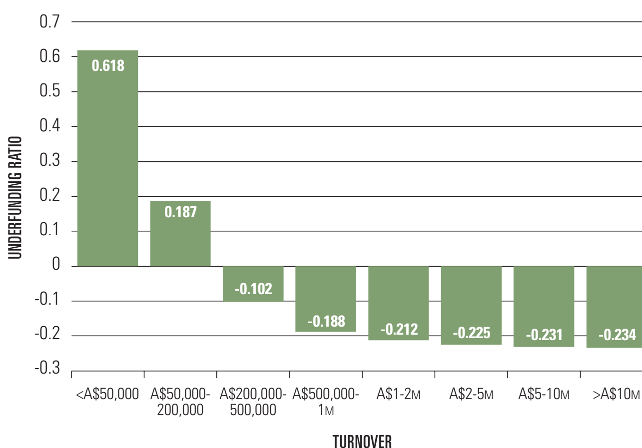
Businesses within the financial and insurance services industry are exposed to market, credit and regulatory risk. The rental hiring and real estate services industry is cyclical by nature. Professional, scientific and technical services often involve providing specialised services that are subject to changes in demand based on economic conditions.

The healthcare and social assistance industry faces strict regulatory requirements. The arts and recreation services industry can be highly subjective and driven by consumer tastes. As a result, revenue streams may be unpredictable, making it difficult to forecast future cash flows and provide assurances to lenders. The education and training industry also faces challenges regarding changes in government funding, enrolment levels and competition.

The study also finds that businesses in regional areas are more underfunded than those in urban areas. This may be explained by the availability of financing sources available for main capital cities as these sites have a greater population with higher growth potential.

Finally, the economic impact by lenders swapping overfunded exposures with underfunded exposures was analysed using a swap-in swap-out analysis where half the approved loans were replaced with loans that were likely to be rejected but had a low risk profile. Applying such a strategy, lenders may reduce their capital requirement by more than four per cent or increase their lending volume for the same capital by more than 25 per cent.

UNDERFUNDING RATIO AND BUSINESS SIZE



SOURCE: AUSTRALIAN SECURITISATION FORUM APRIL 2024

SUMMARY AND FUTURE WORK

The research finds that small businesses; middle-aged businesses; businesses in the agriculture, information media and telecommunications, financial and insurance services, rental hiring and real estate services, professional, scientific and technical services, healthcare and social assistance, arts and recreation services, and education and training industries in the years leading up to the COVID-19 pandemic; as well as rural businesses, are underfunded.

This research is important as lenders often have incomplete and biased data as borrowers tend to overstate net incomes. To inform stakeholders and contributors to the Australian lending market, the research focused on generating actionable insights and recommendations.

This study aims to increase competition in corporate lending. For example, regulatory barriers that inhibit smaller lenders from competing effectively with larger institutions will be developed.

The study may increase investor confidence through more transparent lending decisions and risk models. The benefits of greater investor confidence in credit funding markets may lead to increased participation from nontraditional lenders and capital providers. These may include Australian superannuation funds as well as international investors that are interested in enhancing yield or reducing risk in diversified portfolios.

Greater transparency is also likely to result in more efficient loan pricing and capital allocation. Models are being developed to improve pricing efficiency and consider borrower risk profiles, market conditions and regulatory requirements.

The research team is currently in the process of conducting a number of robustness checks including back-testing and more general model validating. An academic working paper will be made available by the ASF later this year. The outcomes will be shared at a number of events hosted by the ASF to foster dialogue on improving the efficiency and resilience of the Australian lending market. Please reach out to the research team with your feedback. ■

Nonbank sector view from the top

In April, National Australia Bank hosted a group of nonbank lender chief executives at a roundtable discussion in Sydney. This is an important juncture for a sector that had enjoyed a period of unprecedented growth prior to the pandemic and is now assessing a changed competitive, economic and credit environment. The nonbank leaders discussed lender versatility, sector consolidation, value proposition, competition and funding among a raft of game-changing issues.

PARTICIPANTS
- **Scott McWilliam** Chief Executive RESIMAC
- **Jon Moodie** Managing Director ALLIED CREDIT
- **Jamie Osborn** Chief Executive SHIFT
- **Mario Rehayem** Chief Executive PEPPER MONEY
- **Sarah Samson** Executive, Capital Markets NATIONAL AUSTRALIA BANK

MODERATORS
- **Laurence Davison** Head of Content KANGANEWS
- **Sharyn Le** Global Head of Securitisation Origination NATIONAL AUSTRALIA BANK

EVOLVING LENDING MARKET

Davison *Going back a year, the mortgage origination market was pretty tough for nonbanks – particularly for prime mortgages – but there was a sense that the worst might have passed. How has the competitive environment evolved over the past 12 months?*

◆ MCWILLIAM The mortgage space has been extremely difficult, for well-publicised reasons. In particular, the TFF [term funding facility] did not do nonbanks any favours: lending A$200 billion (US131.3 billion) to a particular section of the market at 10 basis points for three years is clearly going to cause issues for other parties.

My sense is that the major banks have pulled back on pricing and cash-back strategies to the point where the market is almost back to normal. We are certainly returning to a market driven by risk-based pricing.

The second-tier banks are beginning to find their feet, too, though it's slower. It is important to acknowledge that the last couple of years were tough for mutual banks and building societies, too. They are trying to offset the runoff from their books and grow again.

Compared with 12 months ago, today feels like a very different market. The great relationships lenders like Pepper Money and Resimac created with brokers pre-pandemic have been sustained and brokers are returning to us for all the same reasons they used to engage – based on the benefits of dealing with nonbanks.

In turn, pricing is beginning to normalise. It is now approaching a level where nonbanks can be competitive across different risk profiles or customer cohorts in the mortgage space – whether nonconforming or near prime. We are writing the loans we want to write at the return economics we want to write them at. It feels very different today than it did 12 months ago.

◆ REHAYEM I agree that the nonbank sector was an unintended casualty of the TFF. To my understanding, the predominant reason the TFF was set up was to incentivise the banks to increase their support for SMEs through new business lending – rather than to direct lending to consumers in the residential market. In my view, the funds were deployed largely against that grain and the nonbanks that play a vital role in the SME sector were left out.

Indeed, if the intention of the TFF was to support the whole of the market – being consumers and SMEs – we must ask ourselves why the nonbanks were not included. We play an important role in closing the mortgage 'belt'. It is important that nonbanks be included if we ever go down the path of TFF-type support in future.

The unintended consequences played a material part on various fronts. First, nonbanks were left with the option of either

"ONE PHENOMENON OF THE AUSTRALIAN SECURITISATION MARKET IN RECENT TIMES HAS BEEN THE ROLE PLAYED IN DEALS BY BIDS ASSOCIATED WITH JLMs. WHEN JLM BIDS ARE OFFERING THE TIGHTEST MARGIN, IT POTENTIALLY INTRODUCES A BALANCING ACT BETWEEN ACHIEVING BEST PRICING AND MAXIMISING INVESTOR DIVERSIFICATION."

SHARYN LE NATIONAL AUSTRALIA BANK

becoming uncompetitive or following the banks' suit and writing mortgages well below the cost of capital. Being burdened with these mortgages for many years would have been problematic, since we don't have deposit funding.

Second, it provided an interesting case study for the market. Historically, nonbanks like Pepper actually benefited whenever the banks chased market share. The competition would spur activity – customers reassessing their finance – and we would benefit off the back of this activity. This time, however, we had a significant disadvantage from cost of funds.

To compound the problem, TFF funds encouraged refinancing activity – which meant we had unpreceded levels of attrition. It was a vicious cycle of not being able to originate as much as we were discharging, which caused a significant issue for most, if not all, nonbanks.

It was a learning curve for all nonbanks but also for the market. We need to be careful that next time we initiate something like the TFF programme it is offered across the system.

Pepper will continue to evolve. When we were active in the prime market at scale, it was because returns were available. There was an even playing field in cost of funds thanks to our ability to term out in public markets. We could practically match funding with what we were originating and we knew we weren't going to be holding assets in warehouses forever, so we became more aggressive and competitive.

This created a healthy system for mortgages and for customers. We kept the banks on their toes by our use of technology and our ability to turn applications around quickly. We were the leaders but, over time, the banks have started to adopt new technology of their own.

In this process, though, the banks have started to become more constrained on the types of borrowers they approve. The average Equifax score for mortgage approval at the banks is ratcheting up every year. The banks are priced for a certain level of risk – and that risk is right at the top of the tree for very clean credit.

This outcome also identifies the complexities of automation. The banks cannot run complex scenarios through automation, which constrains the type of borrower credit profile and persona they can take on. Again, this is where the nonbanks play a material role – in making sure we are supporting the proliferation of financial inclusion.

Davison *The Australian housing market is still very tight in many places, which might suggest the nonbank service proposition – in particular, quick credit decisioning – would be providing an edge. Is this bringing borrowers back to the nonbank world?*

◆ **REHAYEM** There was a first mover advantage when lenders all had to adapt to the COVID-19 period. The banks dropped the ball significantly, to the extent that it often took them weeks to provide responses to mortgage applications.

In fact, our potential growth is in the cohort of borrowers where service level doesn't matter as much. They have gone through the application process with the banks, been turned down and are in search of a successful outcome rather than a fast outcome.

There was a time when the nonbank service level was a benefit for the sector, but I think it is an expectation now. There is a new standard and lenders that do not keep up with its pace by investing in technology will suffer over time. Everyone is moving up the curve on service level and quality.

◆ **MCWILLIAM** I agree. Technology is now business as usual. The nonbanks have always sought to fill the gaps when big organisations are slow to adapt, whether this means being slow to invest in technology or slow to move due to size, and the difficulty and cost of changing legacy platforms.

"IF THE INTENTION OF THE TFF WAS TO SUPPORT THE WHOLE OF THE MARKET – BEING CONSUMERS AND SMEs – WE MUST ASK OURSELVES WHY THE NONBANKS WERE NOT INCLUDED. WE PLAY AN IMPORTANT ROLE IN CLOSING THE MORTGAGE 'BELT'. IT IS IMPORTANT THAT NONBANKS BE INCLUDED IF WE EVER GO DOWN THE PATH OF TFF-TYPE SUPPORT IN FUTURE."

MARIO REHAYEM PEPPER MONEY

Nonbank collateral holds up despite economic challenges

PERSISTENTLY HIGHER RATES AND SLUGGISH GROWTH ARE HEADWINDS FOR CREDIT PROVIDERS OF ALL TYPES IN ALL SECTORS. WHILE NONBANKS ACKNOWLEDGE THE NEGATIVE ASPECTS OF THE CURRENT ENVIRONMENT, THEY STAND BY THE QUALITY OF THEIR BOOKS.

Davison *Fears of a 'mortgage cliff' as borrowers on fixed-rate loans reset to variable has switched to a reality where arrears have only climbed to roughly the historical average. Can we say with confidence that the Australian economy has experienced a soft landing?*

MCWILLIAM It is still too soon to say. Although consumers have absorbed higher servicing costs, the big question is for how much longer they can do so. We also have to consider the impact on small business.

At the beginning of this year, some forecasters suggested an easing cycle would start as early as May or June. But this now seems optimistic, and in the meantime we are operating at a cash rate of 4.35 per cent – and lending above this. At the same time, the cost of living is going up. There is a squeeze across the entire home balance sheet.

Arrears have tracked up. However, my expectation is that they will stay where they are or perhaps drift a little higher. We take comfort in portfolio performance from the strength of the housing market and persistent low unemployment. While unemployment remains at a historically low level, it can manage us through cycles of high financing costs and higher cost of living.

SAMSON Property prices are still strong. If borrowers can't keep up with their payments, they can exit and be in a strong position. While unemployment and property prices remain robust, borrowers can make adjustments in order that they are able to manage.

Davison *SMEs are in the front line when an economy sputters. How is this sector managing?*

OSBORN The market we operate in is cyclical. We can track it back 40 years and see how cycles play out, and this is the approach we take. We are not focused that much on what is happening this quarter – we are thinking about where are we over a three-year cycle.

Parts of the economy are stressed, there is no question – and arrears are popping up in certain segments of the SME market as a result. At Shift, we are fortunate that we are relatively small and that we have good real-time access to data. The combination of these two factors allows us to navigate the changing credit landscape.

In addition to service proposition, I would also say the nonbanks have a broader product offering and, by asking the right questions, we can tailor lending solutions where the banks can't. We service good-quality borrowers and make sure they can access more forms of credit. I believe the fact that nonbanks can find good-quality borrowers that fall outside the system is an important part of what will continue to drive nonbank growth.

◆ **REHAYEM** It is ingrained in the DNA of a well-run nonbank to be flexible, nimble and innovative. This is the drawcard we need to lean on. To be frank, we can't compete with the banks pound to pound on price, therefore we need to gravitate to service.

Are there voids in the market because the banks are aiming for one customer and not another? Who is being left out by credit policy changes? To compete against the banks, we need to have an edge – and the edge is technology that handles a wide range of borrower personae, understanding the voids in the market and playing to them.

Le *How do those themes of competing against the banks with technology, customer service and agility play out for lenders outside the mortgage space?*

◆ **MOODIE** Another one of the unintended consequences of the TFF was that nonbanks that weren't previously involved in asset finance expanded into the area, due to competition in the prime mortgage market.

"LOOKING BACK AT THE PERIOD SINCE COVID-19, THE DEMAND EQUATION HASN'T CHANGED MUCH AT ALL IN THE SME SPACE. THE INCUMBENTS AREN'T PROVIDING A SOLUTION THAT MEETS THE NEEDS OF THE CUSTOMER AND THIS IS A BIG OPPORTUNITY WE ARE LANDING INTO."
JAMIE OSBORN SHIFT

Having previously worked for a regulated bank, my view is that APRA [the Australian Prudential Regulation Authority] encourages and enforces a strict interpretation of the regulations. Nonbanks have more freedom, and I'm sure this is deliberate by the government. It wants nonbanks to create competition in order that all customers are looked after. The banks get the TFF and other kinds of support, but they have to live with the fact that they can't play across the spectrum.

◆ **OSBORN** Shift is unique in that all we do is SME credit, and we have about A$1 billion in assets. We are therefore not necessarily a good barometer for the whole nonbank sector. What I can say, however, is that the uplift in service standards in the mortgage market that Mario discussed hasn't happened in SME yet. It is at a different point of maturity – and this is providing consistent opportunity for players in the market.

Looking back at the period since COVID-19, the demand equation hasn't changed much at all in the SME space. The incumbents aren't providing a solution that meets the needs of the customer and this is a big opportunity we are landing into.

Samson *What closes this gap?*

◆ **OSBORN** It is a multitude of factors. It could be a combination of technology, service provision and credit policy. The answer is having everything optimised for the customer.

FUNDING AND CAPITAL

Le *The first two months of the calendar year saw a wave of securitisation issuance. What is the outlook from here?*

◆ **SAMSON** The market this year is completely different from last. The last two years were very tough, but the start of this year has been very strong. It has been a long time since I have seen credit markets as strong as this.

Investors were cautious last year and allowed cash to build up. More recently, even though there have been geopolitical events the market has seemed to accept the noise and volatility. The market no longer seems to seize up as soon as there is any volatility, which was a characteristic of the past five years or so.

The market is very sensitive to the rates outlook, though. When we woke up yesterday, we weren't sure what the reaction to Iran's rocket attack on Israel would be. And, more or less, there wasn't one. But there was a reaction to strong US retail sales.

The bottom line is that there has been confidence in deals this year and it has come from all over the world – books have never been so oversubscribed. This is across the board, not just securitisation. There is also not a lot of paper available in the secondary market so investors are hunting for it in primary. This is leading to price tightening and upsizing, which is a rare combination.

There has never been a great allocation to fixed income in Australia, but recently it has grown – at the expense of equities. Even a small shift makes quite a big difference. If the super funds make a 1 per cent reallocation, it is huge. There is also much better transparency of bookbuilds in bond deals. Overall, more investors are coming in for fear of missing out. They can only sit on cash for so long.

Davison *Some of these factors obviously will not last forever. Are these market conditions temporary or is there a higher baseline level of demand?*

◆ **SAMSON** Demand has been slowly building over years, but it has accelerated. I don't think it is going away. Will it continue to grow? Hopefully.

◆ **REHAYEM** We should also remember that supply will be a little scarce. The bulk of the nonbanks were not originating at pace last year and this means new issuance is going to be a little more selective.

Davison *On pricing, there has been some movement in margins but cost of funds is not near all-time best territory.*

◆ **SAMSON** No, and it probably never will be again. The TFF had a lot of unintended consequences and one of them was to artificially suppress funding cost. But we are back to more normal levels.

Margins will go up and down as they are a function of what the banks pay for their funding – but levels have come down. Bank senior-unsecured funding in the US has also tightened substantially this year.

◆ **REHAYEM** Margins are definitely trending in the right direction.

◆ **MCWILLIAM** The TFF allowed banks not to step into wholesale markets for a time. There was a lot of discussion about whether there was a short-term benefit for nonbanks in the form of pricing being held in because of a lack of supply.

> **"INVESTORS WERE CAUTIOUS LAST YEAR AND ALLOWED CASH TO BUILD UP. MORE RECENTLY, EVEN THOUGH THERE HAVE BEEN GEOPOLITICAL EVENTS THE MARKET HAS SEEMED TO ACCEPT THE NOISE AND VOLATILITY. THE MARKET NO LONGER SEEMS TO SEIZE UP AS SOON AS THERE IS ANY VOLATILITY, WHICH WAS A CHARACTERISTIC OF THE PAST FIVE YEARS OR SO."**
> **SARAH SAMSON** NATIONAL AUSTRALIA BANK

Lending diversity provides an outlet for nonbanks

THE COMPETITIVE ENVIRONMENT IN THE MORTGAGE MARKET – ESPECIALLY FOR PRIME LOANS – HAS LED MANY NONBANK LENDERS TO EXPLORE ALTERNATIVE AVENUES IN WHICH TO DEPLOY THEIR CREDIT EXPERTISE. THE LENDING MARKET, AND THEREFORE STRUCTURED FINANCE COLLATERAL, HAS DIVERSIFIED SIGNIFICANTLY AS A RESULT.

***Le** Resimac and Pepper Money have very diverse mortgage and nonmortgage lending books. How is the makeup of lending evolving?*

REHAYEM Today, our business revenue is about 50-50 between auto loans and mortgages – which is a big change over the last two years. Our growth in autos gives us an opportunity to lean on a higher-yielding asset and flex our expertise in technology, credit and distribution.

There has been a significant shift in the way auto loans are distributed. Historically, it was very specialised and, while mortgage aggregators were keen to get lenders to diversify into auto loans, nonbanks typically found it too cumbersome. At the time, the process was very paper-based and entirely different from mortgages.

However, if a customer originates a loan with Pepper today, the information the broker receives from them is ample to apply for a car loan. All of a sudden, the amount of effort required to apply for a car loan after a broker has interviewed a customer for a mortgage is just the touch of a button.

Lenders like us are very integrated into aggregators' software. This has created opportunities for predominately mortgage lenders to lean on existing distribution capabilities and offer new products, and thus paved the way for significant changes in who is providing auto loans.

It has been a blessing for us. As discussed, last year was difficult for mortgage origination – we had a 30 per cent drop in volume – but we were able to lean into our diversification strategy and issue more auto loans. It helped offset the impact.

MCWILLIAM Our view is that our book will look different moving forward. It is not unreasonable to assume nonbanks will be able to compete in the prime market at some times in the cycle but not others. On this basis, nonbanks need to manage their business and revenue strategies to be adaptable to cyclical challenges and opportunities.

Nonbanks as a group also view asset finance as a market to operate in based on several factors. The return economics

"I am not going to say the market is at saturation; the fundamentals are strong and there is room for players in the various niches. However, scale is important. There is a baseload cost of doing business and every lender needs to do things properly – which requires scale."

JON MOODIE ALLIED CREDIT

However, we like to see the banks in the market because, as nonbanks, we are small and our presence and platform is not as visible as the major banks. When the major banks are in Europe, the US or Asia and they are talking about underlying assets, they are talking about the collateral itself as opposed to brand. It is helpful for us because when we are in the same markets we are talking about the same asset class.

The big banks can open doors because of the inherent size of their funding task and their investor reach. Having the banks operating in credit markets is quite important, because we are all selling one story – Australian RMBS [residential mortgage-backed securities] – as opposed to a brand.

◆ **REHAYEM** The market is very healthy and strong – and it has built up an impeccable track record. The biggest fear for most offshore investors has always been the myth the US kept creating about the housing market in Australia. But the Australian housing market keeps on proving its resilience and the regulation of credit is airtight.

◆ **MOODIE** From an ABS [asset-backed securities] point of view, we are always conscious that the big banks that were in that market have gone: Macquarie and St.George Bank. We are watchful of appetite.

◆ **SAMSON** There hasn't been a lot of auto supply from Australia historically but there has been in the US. It was a strong-performing asset class right through the financial crisis, even when US investors were avoiding RMBS. There is plenty of demand globally for auto paper, given its performance.

***Davison** How beneficial would it be from this visibility standpoint for a benchmark programme or programmes to be established in the Australian auto securitisation market*

are important but the competitive landscape is attractive, too.

The barriers to entry are not small in all the markets we operate in, though. There are capital requirements, funding considerations, required investment in technology – and these are all upfront expenses before a lender breaks even.

We do not anticipate any major natural competitors coming out of the ground, though we might get competitors from different industries globally.

Davison *The number of active lenders in the auto space has ballooned. Jon, as a specialist in this space what is your sense of the saturation point?*

MOODIE My first job at Macquarie Bank was trying to drive car loans into mortgage brokers – and it was very hard. The process was confusing and the systems were very manual.

On the other hand, back then the banks were very involved. Now, due to advanced capital treatment, this involvement has reduced. There is less appetite for banks to invest capital into this sort of loan through intermediated distribution.

While bank competition has reduced, others have come in. A lot of this has been off the back of technology, or thanks to the window of easier capital and funding that existed during the pandemic.

I am not going to say the market is at saturation, though; the fundamentals are strong and there is room for players in the various niches. However, scale is important. There is a baseload cost of doing business and every lender needs to do things properly – which requires scale.

Davison *We tend to talk about mortgage lenders diversifying into autos, but is there a diversification path for auto lenders?*

MOODIE We need to diversify as a lender, too, whether it be in entering new distribution channels or into different hard assets. We are specialists in the dealer market at the moment but we see opportunity in the novated lease and broker channels, too.

Novated leases have become really popular off the back of the electric vehicle fringe benefits tax exemption – which may be temporary but has created market opportunities we are exploring.

Le *There has yet to be a proliferation of lenders in the SME space, by contrast. Does the current landscape represent the extent of growth, and are we about to see consolidation?*

OSBORN There has already been consolidation as some of the smaller operators have stepped out of the market after not getting to the base level of scale. In 2017-19, there were warehouses available at A$20 million (US$13.1 million). I don't think this exists anymore – which is a good thing as it attracted players into the market that probably shouldn't have been there.

We don't think about it in the sense of there being a limit to the number of lenders that can be in the sector. It is an incredibly deep market and can support multiple players – as long as they are differentiated and can add value in the market.

Jon touched on an important point about regulatory capital changes moving auto assets out of the banks and into the nonbanks. I don't know if this makes auto lending more or less competitive – it has just moved from banks to nonbanks.

In our sector, the biggest competition is the banks – but the capital treatment on SME lending is atrocious. It is difficult for banks to prioritise SME lending other than by funding nonbank originators.

– to create the type of price guidance that was formerly provided by Macquarie or St.George issuance?

◆ **MOODIE** Now we are out there with big auto transactions – as are Angle Auto Finance and Pepper – it is important that none of us drops the ball. It only takes one pool to fail or to perform worse than predicted and we all get tainted.

The banks were inherently very conservative. Both the big bank programmes had a fair amount of novated leases in them, so it was pretty hard for them to underperform.

Davison *Benchmark pricing is a step further away in the SME sector in part because the underlying loans are less commoditised. How is pricing and investor engagement developing in the SME space?*

◆ **OSBORN** It is tracking as one would expect relative to our time in the sector. Pricing was not particularly attractive two years ago, but it gets better with every transaction we complete.

The other difference for us is that deal sizes are smaller. It becomes quite tricky, at smaller issuance size, to manage stakeholders' pricing and efficiency. As an issuer, we need to figure out if we are focusing purely on price or whether there are other aspects we are trying to optimise for.

INVESTOR DIVERSIFICATION

Le *One phenomenon of the Australian securitisation market in recent times has been the role played in deals by bids associated with joint lead managers (JLMs). When JLM bids are offering the tightest margin, it*

"I DON'T ANTICIPATE ANY SIGNIFICANT CONSOLIDATION COMING IN THE NEAR FUTURE, CONSIDERING THE RETURN ECONOMICS THAT WOULD BE NEEDED TO ATTRACT A BUYER TO DO IT. COST OF CAPITAL IS HIGH, AS IS THE COST OF COMPLIANCE, TECHNOLOGY AND MANAGING REGULATOR EXPECTATIONS."

SCOTT MCWILLIAM RESIMAC

potentially introduces a balancing act between achieving best pricing and maximising investor diversification. How do issuers think about this?

◆ **MOODIE** I don't believe JLMs should be setting the price for, or be seen to be underwriting, deals. But otherwise it is good for the whole market to have JLMs' participation. It is difficult to navigate the competing demand, of course, but ultimately I believe JLM interest demonstrates support for transactions, the industry and issuers.

◆ **REHAYEM** As long as it is a genuine bid – because the JLM wants to invest in these portfolios – we treat them just like every other investor. It is true that there has been some noise, particularly from offshore investors, to the effect that JLM bids are 'not right' – that they are not real support for a deal. From my perspective, though, it is fine as long as it is real money and not underwriting. When the JLMs are in need of assets they will tap the market. If we are offering the right portfolio mix that they want to invest in, why not?

But, in saying this, we must be careful – because it will get to a point where either offshore investors sharpen their pencils and squeeze the JLM bids out, which is highly unlikely, or they will vote with their feet and go elsewhere. I think the latter is a real risk – but not right now. This is purely because they need Australian assets at the moment due to relative value. They are looking more within Australia than ever before.

On the other hand, we have to find the right balance and not push investors away. If there is a long break between deals, investors might get used to not participating in our market. We have to be mindful of this.

◆ **SAMSON** JLMs are sometimes willing to look at price a little differently from an offshore firm that is considering CLOs [collateralised loan obligations] as a relative-value play. JLMs are potentially not using those as their comps.

We are very mindful that we don't want to shut out real money, either – we don't think doing so would be good for the market. But we are also trying to help issuers achieve their goals and we know how competitive the asset pricing side is. It is a balance. We all need to work together, taking feedback on both sides to try to achieve a balanced position that makes sense.

Davison *How is this managed in the execution process?*

◆ **SAMSON** This where the difficulty comes in. JLMs don't want to be the price-setter but they want to be there at an appropriate mark. We want to help the market find the right price. Sometimes all investors are aligned and sometimes there is misalignment. There are lots of things to take into consideration.

It also depends on the objective of the issuer. If its primary goal is to increase its investor base, just filling JLM bids at the lowest possible price isn't going to help it achieve this.

◆ **OSBORN** When building an asset class and a book, objectives change over time. Early on, we want to optimise for certainty – so the JLM bid helps. As we scale, particularly within a new asset class, we want to crowd in investment. There is a point at which the conclusion changes.

Le *More broadly, is the investor relations focus more about retaining existing investors or finding new ones?*

◆ **REHAYEM** We always have to be on the lookout for new investors because we never know when existing ones may reach their capacity limits or have a change in strategy. We have a 20-year history of terming out and this involves constantly making sure those who have always been supportive of the programme are looked after while, at the same time, we are bringing in new investor accounts.

"I DON'T BELIEVE JLMs SHOULD BE SETTING THE PRICE FOR, OR BE SEEN TO BE UNDERWRITING, DEALS. BUT OTHERWISE IT IS GOOD FOR THE WHOLE MARKET TO HAVE JLMs' PARTICIPATION. IT IS DIFFICULT TO NAVIGATE THE COMPETING DEMAND, OF COURSE, BUT ULTIMATELY I BELIEVE JLM INTEREST DEMONSTRATES SUPPORT FOR TRANSACTIONS, THE INDUSTRY AND ISSUERS."

JON MOODIE ALLIED CREDIT

Things can change quickly. A couple of years ago, a fairly large investor all of a sudden had its mandate pulled because its whole fixed-income operation was being affcected by rapid withdrawals. This resulted in a large wave pouring into the secondary market fairly quickly. We were nervous, because all of a sudden our paper was out in the secondary market. But it priced exceptionally well.

It was a learning curve but it reflected well on the nonbank sector as a whole. We are constantly on the lookout for new investors, while not forgetting who has been there since day one.

◆ **SAMSON** This is an industry imperative. Historically, our industry has at times been very reliant on either one or two mezzanine or one or two senior investors. When mandates change or go out of the market, it leaves a big hole – and we can be very exposed. It is vital that, collectively, we continue to build our investor base, make sure deals perform as expected and that our market is producing consistent supply.

Offshore investors don't want to just buy one Australian RMBS – they don't want to have to research the whole market and monitor it just for the sake of one deal. But they will do the work if they know there are lots of issuers bringing lots of deals.

◆ **REHAYEM** There has been a significant increase in offshore investors wanting to allocate to Australian programmes for the first time. We have been inundated and we are spending a lot of time with them.

Davison *Mezzanine investors have been trying to embed themselves in the securitisation chain by allocating to lenders from the warehouse phase – with the hope or expectation that doing so will be rewarded with access to term outs. How do issuers manage this demand?*

◆ **SAMSON** The mezzanine space was very immature as recently as five or so years ago. There were two or maybe three players in the market, and issuers were beholden to them. We are now seeing a significant increase in mezzanine providers. This presents an opportunity, as these investors need to work out how to differentiate themselves to win business. Warehouses are not set-and-forget term deals, and the more mezzanine providers understand this dynamic, the more access they are likely to get.

◆ **OSBORN** I would draw quite a big distinction between junior mezzanine and senior mezzanine as there are quite different dynamics between the two. The trajectory Sarah described is very much the junior side. For us, the question is about understanding how to attract the senior mezzanine piece. There is less supply domestically, so the investor base we are courting needs to be international.

Following Mario's comments about the appetite and demand for Australian assets, we are piggybacking a little off those who have gone before us and approaching similar investors.

◆ **MCWILLIAM** We have all picked up international investors by following those that went before us. Resimac's education process in the Asia-Pacific region, Japan and the US has targeted investors that supported bank credit as opposed to trying to explain the entire Australian RMBS market to new investors. We asked: can you extend your demand to nonbank paper? It is obviously an easier path.

The word nonbank means different things in different jurisdictions, even in Australia and New Zealand. The education piece takes time – it takes years. But once we have invested the time, these investors are there for the next 10 years. The next conversation is the easiest conversation, because we have already done the work.

Le *Are issuers concerned about policy normalisation and asset repatriation in Japan, considering how significant this investor base has been – especially for senior paper?*

> **"IN EXCESS OF 400 BASIS POINTS OF RATE HIKES HAS BEEN PUSHED INTO THE SYSTEM. THIS RAISES THE QUESTION OF HOW ROBUST LENDERS' CREDIT POLICIES ARE AND HOW SUSTAINABLE THEIR BUSINESS MODELS ARE THROUGH THE CYCLE. IT IS NO LONGER AN EASY GAME TO PLAY – IT REQUIRES IP, EXPERIENCE, SCALEABLE TECHNOLOGY AND MINIMUM SIZE."**
>
> **MARIO REHAYEM** PEPPER MONEY

ESG at corporate level

SUSTAINABILITY LABELLING HAS BEEN SLOW TO DEVELOP IN AUSTRALIAN SECURITISATION, WITH SOME TRANSACTION HIGHLIGHTS BUT TO DATE NO WIDESPREAD ADOPTION IN THE FUNDING MARKET. THIS DOES NOT MEAN NONBANK LENDERS ARE NOT FOCUSED ON ORGANISATION-LEVEL CREDENTIALS, HOWEVER.

***Le** How are nonbanks thinking about climate risk and sustainability as corporate entities?*

MCWILLIAM Each day, it becomes more and more important to the organisation and to the board. This is being helped along by the fact that it has become more and more important from a customer, bank, investment and reporting perspective. We all have new reporting obligations, based on the size of the organisation.

From an environmental perspective, we are doing more mapping of our lending securities today than we ever have – in relation to fire and flood risks, for example. Technology has helped us understand the environmental risk of each security. We look for areas where we can be impactful. We know we are big enough to make an impact, but we are not big enough to cover everything.

From an environmental perspective, we focus on carbon-conscious areas. On the social side, it is about people's wellbeing. In property, we need to adopt a certification benchmark defining what is green and what is not.

REHAYEM The sector needs to work together with regard to the certification of residential and commercial properties. The UK market is far more advanced than we are; they already know property gradings and these are starting to influence where they will lend and where they won't.

This creates a market in itself, because homeowners have to upgrade their properties to reach a certain grading or certification. But getting there is a massive task – it means asking a valuation hub to work alongside the industry.

SAMSON Investors in Europe can get data from the UK and they want it from Australian issuers, too – but we are not there yet. We are working on closing this gap, but it will take time. A possible concern is financial inclusion, where a customer at some point may need to upgrade a property with solar but might not have A$5,000 (US$3,280) available. Lenders might have a role to play in this.

***Davison** How is the electric vehicle (EV) sector evolving?*

MOODIE EVs make up about 8 per cent of new car sales but we can't really influence what people buy. While we know every new ICE [internal combustion engine] car we finance is likely emitting less than the one it replaces, the transition to electric mobility is where the major carbon savings lie.

MCWILLIAM Infrastructure plays a big part. I believe a lot of auto buyers are still standing on the sidelines because they are unwilling to make the step to 100 per cent electric – either due to a misunderstanding of the charging infrastructure available to them or concern about wanting to go somewhere far away where there might not be a charger.

"Investors in Europe can get the data from the UK and this means they want it from Australian issuers, too – but we are not there yet. This is a task for the industry. We are working on closing this gap, but it will take time."

SARAH SAMSON NATIONAL AUSTRALIA BANK

◆ **MCWILLIAM** No, not really. Based on the deployment of assets out of Japan globally over the past two decades, we don't imagine these investors will lose interest in Australian assets. The feedback we hear from our Japanese warehouse providers is that interest in assets outside Japan is just as strong as it has been.

We have 11 warehouse providers and eight of them are outside Australia. This can be a challenge to manage, but for us it is important to have relationships that can help from a distribution perspective, by getting us in front of new insurance companies, asset managers, pension funds and fund managers in jurisdictions where the banks have those relationships.

SHAPE OF THE SECTOR

***Davison** There has been a substantial number of new entrants in the nonbank lender space*

over recent years, many in mortgages and a lot of which have progressed to securitisation term out. The challenge for many of these lenders will be building scale – which will presumably be harder in a more competitive origination environment. How do established players expect the sector to evolve?

"IT'S VERY HARD TO OFFER A PLAIN VANILLA, COMMODITISED PRODUCT WITH A RETURN ON EQUITY HIGHER THAN COST OF CAPITAL. THE KEY TO ACHIEVING APPROPRIATE RETURNS ON EQUITY IS TO OFFER DIFFERENTIATION TO THE END CUSTOMER THAT GOES BEYOND THE SIMPLE PROVISION OF CAPITAL."
JAMIE OSBORN SHIFT

◆ **REHAYEM** There has been a lot of interest from market entrants. The question is what the value proposition of many of these lenders was at their point of entry and whether it has been sustainable over time.

My suspicion is that many entrants came in purely because of price. It was at a point in time where funding was very cheap and capital was easy to get hold of. What many are likely suffering from now is a change in the ability to sustain the price point they were initially attracted to.

Suddenly, the burden of cyber and the costs of compliance, capital and funds in general have come into the mix. The whole sector has become a very different ecosystem.

On top of this, in excess of 400 basis points of rate hikes has been pushed into the system. This raises the question of how robust lenders' credit policies are and how sustainable their business models are through the cycle. It is no longer an easy game to play – it requires IP, experience, scaleable technology and minimum size.

During the financial crisis, many nonbanks were very vulnerable and some disappeared purely because they only had A$1-2 billion of assets under management – if they were lucky. This meant they were unable to withstand change in the market, swings in cost of funds and higher arrears.

Many of the more recent entrants used to boast they had, for instance, minimal collections infrastructure. But this model does not work when the market is stressed. Human resources are essential, especially when pressure could persist longer than anticipated.

The rush of new lenders coming into the market should slow down. I also expect there will be consolidation across the whole sector, not only nonbanks.

On the flip side, the mature players will find it harder to consolidate because they will look at other businesses and question what synergies and benefits they provide.

For instance, they might consider whether a business will bring them technology or distribution benefits. In our case, it likely would not. Therefore, what we'd be buying is just a book, which is most likely in runoff – and we would value it as such. This might not land well with the seller, considering its business and brand, but these things don't matter to an established nonbank.

Smaller nonbanks might take the opportunity to acquire, but they will need capital to do so. Flagship brands in the sector are more likely to think about their exit plan. Public markets are difficult, so what would a smaller consolidated group do? As we have all made clear, it is a tough environment.

Overall, I suspect there will be consolidation – but I don't think it will be as easy as everyone thought it would be when we were entering into these markets or forecasting that smaller entrants would all be bought up. They will be bought, but only once there is a pricing correction.

◆ **MCWILLIAM** I mostly agree and in fact I would go further: I don't anticipate any significant consolidation coming in the near future, considering the return economics that would be needed to attract a buyer to do it. Cost of capital is high, as is the cost of compliance, technology and managing regulator expectations.

It is also a very competitive market. We are all seeing NIMs [net interest margins] getting squeezed. Unless an entity has the infrastructure already in place to handle the sunk costs, it brings into question how far down the track it will have to go to reach breakeven.

A lot of small nonbanks are operating today at a loss. This doesn't mean their business models are flawed – many have great people, great business models and great ideas. But the cost of playing the game is becoming higher every year. Technology will help to a point, but it requires investment up-front to potentially get the efficiency gains down the track. It comes back to capital, again.

It is very difficult for new entrants, unless they are large players and potentially from a different sector that can step into this market with the ability to endure the costs for a long time.

When we explore consolidation, we consider what we can acquire that we can't do organically – the 'build or buy' question. It is not worth going through the process to buy a book we could originate in three months.

When two entities are consolidated, technology might be gained – but there is the burden of managing two platforms. Tech debt is something we don't talk about enough. It will become more of a consideration in mergers and acquisitions than capital.

There is not a lot of diversification available from a funding perspective, because we all broadly operate in the same credit and capital markets, we are well supported by the same bankers and, quite often, we have the same investors. Even the distribution opportunities are minimal. When it comes to buying a book, it therefore becomes a cost synergy play – which is not the happiest of conversations.

> **"WE ARE GETTING BACK TO A MORE NORMAL LEVEL OF MARKET SHARE, WITH VERY LARGE, VERY MATURE NONBANKS IN THE SPACE THAT ARE VERY WELL BANKED THROUGH DOMESTIC AND OVERSEAS LENDERS, AND ON THE INVESTOR AND CAPITAL MARKET SIDE. THE INFRASTRUCTURE OF THE NONBANK SECTOR IS VERY, VERY STRONG. I WOULD SAY THAT, AT THE MOMENT, WE LOOK VERY CHEAP."**
> **SCOTT MCWILLIAM** RESIMAC

Those that have good technology will probably find a home. Meanwhile, those that stepped into the market as product providers might find that their business models change. Where they were previously providing credit, going forward it might be that they licence their technology because that is what they can monetise. Consolidation is hard, and it is a matter of finding and adapting a business model that works and makes money.

◆ **OSBORN** It's very hard to offer a plain vanilla, commoditised product with a return on equity higher than cost of capital. The key to achieving appropriate return on equity is to offer differentiation to the end customer that goes beyond the simple provision of capital.

The lenders that can do this have an opportunity to generate ROE that is higher than their cost of capital. The challenge is that lenders can get pulled into providing a commoditised product or be drawn up the credit curve very quickly.

Davison *The suggestion seems to be that company founders who are very committed to their businesses and who maybe can't see the end of the road coming may not welcome the price that might be offered for their companies. Will the pressure point of recapitalisation be when conversations about consolidation become more serious?*

◆ **MCWILLIAM** Yes, I think so. In most cases, the businesses we are talking about are generally good models with good people running them. In most cases, they need capital. There is still a material gap on the equity check from buy to sell side.

◆ **REHAYEM** It is very hard for these businesses to recalibrate their expectations about valuations when businesses like Pepper are trading at a P/E ratio of five or six – and this is going to be the barometer of where the asking price is. P/Es were much higher for smaller outfits three years ago. Now, because capital is much more expensive and scarce, the valuation model will change significantly.

◆ **MCWILLIAM** Nonbank lending is a mature sector in a large industry, and yet we still trade well below bank multiples. The nonbank sector took a big hit from pre-pandemic to the exit point and the TFF starting to run off – we lost a lot of market share.

We are getting back to a more normal level of market share, with very large, very mature nonbanks in the space that are very well banked through domestic and overseas lenders, and on the investor and capital market side. The infrastructure of the nonbank sector is very, very strong. I would say that, at the moment, we look very cheap.

To build what we have would take 10 years to break even. Getting back to a return on equity that is close to or at cost of capital is pretty hard.

Banks' return on equity today is probably 11-12 per cent, if they are lucky. Nonbank valuations have come right off, but we should be targeting a return on equity north of 16 per cent.

On this basis, it is really hard to take to a board the proposition of paying a premium for another business. There will be consolidation at some stage, and business models will change. I just don't think it will be as rapid as some others do.

◆ **OSBORN** The noise is likely coming from sellers rather than buyers. There are two types of consolidation: good and bad. Bad consolidation is where an entity has run out of capital, hasn't got a product market fit, can't originate or can't fund. I suspect we will see some of this. But this is where the buyer is paying perhaps 1-1.7 times book value, not a big goodwill cheque.

As an acquirer, when we run the ruler over some of these businesses we conclude there may be a financial benefit at the right price – but probably not a strategic benefit. I don't think anyone should do these acquisitions just for the financial data, for instance. There must be a strategic fit. This is missing in most of the targets.

◆ **MCWILLIAM** We are in a scale game; we need to grow AUM [assets under management], especially when NIM is putting challenges on the business. There needs to be something else, and the big one I think is technology.

There has been a lot of investment in technology across the sector, and it is often customised to a business. But even there, a platform that has been built for a business strategy – for its aspirations and its customisation – might not be worth what the owner values it at.

◆ **SAMSON** Integration is never as easy as it seems, either – it is never as cheap, it always takes longer and costs more. It is hard to find examples where it has been done well.

◆ **MOODIE** Run-off books are inherently more complex. It can be really difficult to migrate contracts and assets onto the acquirer's own system, which means it can also be tough to make the economics work in some scenarios. We also have to factor in the impact of distraction. ■

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To register your interest in receiving a copy of the *Australian Securitisation Journal* or to discuss sponsorship opportunities, please contact:

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AUSTRALIAN AND NEW ZEALAND SECURITISATION ISSUER PROFILES

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

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AMP Bank
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Profiles of new and emerging lenders

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MoneyMe
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ALLIED CREDIT

REGULATED BANK IN AUS OR NZ	NO
SECURITISATION PROGRAMME NAME	ALLIED CREDIT ABS

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	ABS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	70%
NUMBER OF SECURITISATIONS ISSUED	6
TOTAL VOLUME ISSUED	A$2.5BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$1.8BN

Allied Credit is a privately owned finance company established in 2010. It provides branded consumer and commercial finance solutions to the automotive and recreational vehicle markets. The company also provides wholesale finance to dealer groups.

Allied Credit's business model is centred on the establishment of key channel partnerships with vehicle manufacturers and importers, as well as introducer partnerships with dealer groups.

Allied Credit businesses predominately originate their retail loans at the point of sale through partner dealership networks. However, some are offered by brokerages owned and operated by dealer groups and a small but increasing number are offered directly to customers through digital-only sales as embraced by electric vehicle manufacturers. Through its servicing arrangements, Allied Credit undertakes all core lending and loan management responsibilities, including credit and loan collection services.

Allied Credit has built a strong and experienced team with a track record of driving growth and scaling the operations of finance companies. The team creates a strong service and sales culture, appropriately balanced with a focus on credit and business risks along with the compliance requirements inherent to consumer lending. Allied Credit has underpinned this experienced team with experienced finance and treasury executives who drive and manage the bespoke financial reporting and funding requirements of the businesses.

Allied Credit employs around 290 staff with offices in Sydney, Perth and Melbourne, and a dealer support team across the country.

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AMP BANK

REGULATED BANK IN AUS OR NZ	YES
SECURITISATION PROGRAMME NAME	PROGRESS

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	PRIME RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	14%
NUMBER OF SECURITISATIONS ISSUED	29
TOTAL VOLUME ISSUED	A$26BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	83% DOMESTIC 17% OFFSHORE
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$3.9BN

As at 31 December 2023.

AMP provides banking, superannuation, retirement and financial advice services in Australia and New Zealand. The business is divided into five operating business units: AMP Bank, platforms, superannuation and investments, advice, and New Zealand wealth management.

AMP Bank offers residential mortgages, business financing, deposits and transactional banking services. The bank continues to focus on growth through its digital channels, improving the experience for customers and intermediaries.

AMP Bank has helped around 191,000 customers with their banking needs and provided more than 9,000 customers with new home loans during 2023.

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ANGLE ASSET FINANCE

REGULATED BANK IN AUS OR NZ	NO
SECURITISATION PROGRAMME NAME	RADIAN

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	ABS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	100%
NUMBER OF SECURITISATIONS ISSUED	4
TOTAL VOLUME ISSUED	A$1.2BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$856M

Angle Asset Finance is a nonbank asset finance lender specialising in secured asset financing to corporates, SMEs and government entities, servicing more than 50,000 Australian customers. The A$1.7 billion portfolio comprises lending for commercial vehicles and equipment across a range of industries.

The company aspires to be a unique and valuable nonbank asset finance lender with a clear and consistent product offering through its introducer origination channel. It prides itself on its service proposition. Investments in technology deliver a better customer experience while strong introducer partnerships and a highly eperienced team underpin business growth.

Angle Finance is majority owned by Cerberus Capital Management, a global leader in alternative investing with US$60 billion in assets under management.

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ANGLE AUTO FINANCE

REGULATED BANK IN AUS OR NZ	NO
SECURITISATION PROGRAMME NAME	PANORAMA

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	AUTO ABS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	54%
NUMBER OF SECURITISATIONS ISSUED	4
TOTAL VOLUME ISSUED	A$4.1BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$3.5BN

Angle Auto Finance is Australia's largest independent retail auto financier. The core business model is the provision of floorplan finance to vehicle dealerships across Australia, consumer and commercial vehicle finance to those dealerships' customers, and providing novated leases to customers via intermediaries and salary packaging companies.

Since inception in 2021, Angle Auto Finance has originated more than A$5 billion in new retail consumer, commercial and novated lease contracts. As of 31 March 2024, the business had around A$6.6 billion of loans outstanding.

In April 2023, Angle Auto Finance passed a major milestone in its funding journey with the establishment of the Panorama ABS platform and the first issuance thereof: a A$931.5 million debut transaction called Panorama Auto Trust 2023-1. It has since completed a further three transactions from the platform. Angle Auto Finance plans to be a programmatic issuer in domestic and offshore ABS term markets, providing a wide range of investors with regular access to high-quality ABS.

Angle Auto Finance is a portfolio company of Cerberus Capital Management. Cerberus is the majority shareholder and Deutsche Bank is a co-investor. Angle Auto Finance is operated and managed separately from Angle Asset Finance.

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ATHENA HOME LOANS

REGULATED BANK IN AUS OR NZ	NO
SECURITISATION PROGRAMME NAME	OLYMPUS

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	35%
NUMBER OF SECURITISATIONS ISSUED	2 PUBLIC RMBS, 2 PRIVATE PLACEMENTS
TOTAL VOLUME ISSUED	A$2.1BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$1.3BN

Athena is a super-prime, cloud-native, end-to-end nonbank mortgage lender with a national footprint. Launched in February 2019, Athena has originated close to A$7 billion of mortgages in five years. Athena has recently expanded its capability to support multi-brand offerings and has partnered with the REA Group to deliver the "Mortgage Choice, Powered by Athena" product range, which has received more than A$1 billion of home loan applications since it launched in July 2023.

Athena has had no losses or repossessions on any loan in its portfolio and continues to have market-leading arrears and delinquency performance.

Athena's funding programme is comprised of warehousing with long-term senior and mezzanine investors, two rated private-placement RMBS transactions – one of which was successfully called in October 2023 – active whole loan sale partnerships and two public term RMBS deals through its Olympus programme. Its most recent issuance – Olympus 2024-1 – settled in March 2024, raising A$1 billion of funding. Athena expects to continue being an active domestic and offshore issuer in the RMBS market.

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AUSTRALIAN FINANCE GROUP

REGULATED BANK IN AUS OR NZ	NO
SECURITISATION PROGRAMME NAME	AFG

USE OF SECURITISATION

TYPES OF SECURITISATION ISSUED	PRIME RMBS, NONCONFORMING RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	ND
NUMBER OF SECURITISATIONS ISSUED	16
TOTAL VOLUME ISSUED	A$8.3BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$2BN

Australian Finance Group (AFG) is one of Australia's leading financial solutions companies. Founded in 1994, AFG has grown to become one of the largest aggregators in Australia, with a loan book of more than A$189 billion. AFG listed on the ASX in 2015 and has more than 3,700 brokers across Australia, distributing more than 5,500 finance products supplied by AFG's panel of more than 70 lenders.

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

AFG commenced manufacturing its own home loans in 2007 with a focus on providing excellent value for consumers and a rapid, reliable and personal experience for its broker partners.

The AFG Securities portfolio comprises more than A$4 billion of high-quality residential assets, delivering an arrears performance consistently better than industry average. AFG Securities maintains a diversified funding programme based on strong, trusted partnerships.

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

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AUSWIDE BANK

REGULATED BANK IN AUS OR NZ	YES
SECURITISATION PROGRAMME NAME	ABA TRUST

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	PRIME RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	33%
NUMBER OF SECURITISATIONS ISSUED	14
TOTAL VOLUME ISSUED	A$4.1BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$387M

Auswide Bank is an Australian regulated authorised deposit-taking institution with its head office in Bundaberg and a corporate office in Brisbane. Auswide has Australian credit and financial services licences issued by the Australian Securities and Investments Commission. The bank is prudentially supervised by the Australian Prudential Regulation Authority and customer deposits are guaranteed within the limits of the financial claims scheme. Auswide is listed on the ASX with the code ABA.

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

An omnichannel distribution strategy – via branches, strategic relationships, and online and digital channels – creates growth opportunities and diversifies risk. The bank's branch network covers 16 locations from Townsville to Brisbane. The bank has played an essential role in supporting these communities for more than 50 years.

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

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AVANTI FINANCE

AVANTI | FINANCE

REGULATED BANK IN AUS OR NZ	NO
SECURITISATION PROGRAMME NAMES	AVANTI RMBS AVANTI ABS

USE OF SECURITISATION

TYPES OF SECURITISATION ISSUED	RMBS, AUTO ABS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	44%
NUMBER OF SECURITISATIONS ISSUED	7
TOTAL VOLUME ISSUED	NZ$1.8BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	85% DOMESTIC 15% OFFSHORE
OUTSTANDING VOLUME OF SECURITISED ISSUES	NZ$617M

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

In addition to mortgages, auto, personal and SME lending, and insurance premium funding in New Zealand, Avanti operates in the Australian auto market through its Branded Financial Services subsidiary, offering first-tier auto financing.

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

Last year saw the continued rise of auto lending as a proportion of the Avanti portfolio. This strong growth profile enabled Avanti to access the market with auto ABS issuances twice in 2023. The first was an Australian auto ABS of A$250 million in the third quarter, followed by a New Zealand auto ABS of NZ$200 million in the fourth quarter. This has diversified Avanti's issuance offerings and in turn attracted a further diversified investor base.

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BANK OF QUEENSLAND

REGULATED BANK IN AUS OR NZ	YES
SECURITISATION PROGRAMME NAMES	REDS (RMBS), REDS EHP (ABS), SMHL (RMBS), REDS MHP (ABS)

USE OF SECURITISATION

TYPES OF SECURITISATION ISSUED	PRIME RMBS, ABS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	4.1%
NUMBER OF SECURITISATIONS ISSUED	98
TOTAL VOLUME ISSUED	A$80.9BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	74% DOMESTIC 26% OFFSHORE
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$6.3BN OR EQUIVALENT

Bank of Queensland (BOQ) is a public company, incorporated with limited liability under the laws of Australia. BOQ is domiciled in Australia, is listed on the ASX and is regulated by the Australian Prudential Regulation Authority as an authorised deposit-taking institution. At 29 February 2024, BOQ had total assets of A$101 billion.

The group continues to uplift the digital offerings for its customers and employees along with strengthening its risk and regulatory compliance capabilities. Digital transformation is on track to deliver an enhanced customer experience and lower costs to serve in an increasingly commoditised market.

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

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BASECORP FINANCE

REGULATED BANK IN AUS OR NZ	NO
SECURITISATION PROGRAMME NAME	BASECORP RMBS

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	32%
NUMBER OF SECURITISATIONS ISSUED	3
TOTAL VOLUME ISSUED	NZ$800M
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	NZ$350M

Basecorp Finance is a nonbank mortgage lender, operating since 1997 and headquartered in Hamilton, New Zealand. Basecorp has a loan book of more than NZ$1.1 billion and is one of the leading nonbanks owned and operating in New Zealand.

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

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

Basecorp issued three RMBS transactions in 2021-22 and aims to return to the market regularly as it continues to build strong relationships with investors. Warehouse and securitisation funding provide a major contribution to Basecorp's overall funding need.

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BC INVESTMENT GROUP

REGULATED BANK IN AUS OR NZ	NO
SECURITISATION PROGRAMME NAMES	RUBY, CRIMSON, COVENTRY

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	54%
NUMBER OF SECURITISATIONS ISSUED	9
TOTAL VOLUME ISSUED	A$4BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$2.1BN

Established in 2015, BC Investment Group (BC Invest) commenced business as a nonresident mortgage lender and has diversified to offer a wide range of financial products to more than 15,000 customers. These include residential and commercial mortgage lending and asset management products.

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

Since inception, BC Invest has originated more than A$7.2 billion in mortgage loans in Australia and A$400 million equivalent in the UK. BC Invest continues to increase and diversify its lending activities, offering a broader range of products to better service domestic customers.

BC Invest's growth strategy is a blend of organic growth and diversification in existing markets, development of new products, and through strategic partnerships and acquisitions. Most recently, BC Invest acquired 100 per cent of Mortgageport Management.

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

BC Invest has several warehouse facilities covering a broad range of loan products servicing domestic and foreign borrowers. This platform is supported by a range of offshore and domestic banks as well as large domestic and offshore institutional investors. The funding platform is underpinned by three RMBS programmes, with A$4 billion issued to date across nine transactions. Additional funding flexibility is provided through BC Invest's wholesale credit funds.

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BEYOND BANK

REGULATED BANK IN AUS OR NZ	YES
SECURITISATION PROGRAMME NAME	BARTON

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	PRIME RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	90%
NUMBER OF SECURITISATIONS ISSUED	5*
TOTAL VOLUME ISSUED	A$2.1BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$716M

*Excluding internal securitisation.

Beyond Bank is one of Australia's largest customer-owned banks with branches and offices in New South Wales, South Australia, Western Australia, the Australian Capital Territory and Victoria. It provides personal, business and community banking services.

Beyond Bank is 100 per cent owned by customers, so its profits are used to benefit customers through better rates, fairer fees, responsible lending, superior customer service and the award winning internet banking and mobile app.

Some recent awards include being named as one of Australia's best banks on *Forbes*' 2023 World's Best Banks list, Roy Morgan's Customer Satisfaction Awards for Bank of the Year 2022, Canstar's Most Satisfied Customers Award 2023 for Customer Owned Banks, and Canstar's Customer Owned Bank of the Year for Digital Banking Award 2015 to 2023.

Beyond Bank partners with more than 5,000 community organisations around the nation to create and return value for its customers and communities and, through this, change lives.

Since 2007, the Beyond Bank Foundation has contributed to many important community programmes through fundraising, donations and active volunteering for charitable organisations and initiatives, focusing on housing affordability, aged care, disability and financial education.

As a B Corp, Beyond Bank is certified as meeting high standards of social and environmental impact. It uses its business as a force for good to drive positive outcomes that benefit its people, communities and the planet.

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BLUESTONE GROUP

REGULATED BANK IN AUS OR NZ	NO
SECURITISATION PROGRAMME NAMES	PRIME (AU), SAPPHIRE, PRIME (NZ), EMERALD

USE OF SECURITISATION

TYPES OF SECURITISATION ISSUED	RMBS, REVERSE MORTGAGE
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	56%
NUMBER OF SECURITISATIONS ISSUED	42
TOTAL VOLUME ISSUED	A$13.5BN
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$2.5BN

Founded in 2000 and specialising in nonstandard home loans, Bluestone Home Loans is a nonbank lender servicing Australian and New Zealand borrowers.

Bluestone Home Loans was purchased by investment firm Cerberus Capital Management in 2018, bringing significant capital, operational and credit expertise to the business and influencing a strategic move to grow origination, expand the product set and broaden investor relationships.

With a team of about 230 professionals across Australia, New Zealand and the Philippines, Bluestone Home Loans manages about A$12 billion in home loans, including A$4.7 billion of loans in its own mortgage book. Bluestone Home Loans holds a 'strong' RMBS servicer ranking from S&P Global Ratings.

Bluestone frequently issues in the Australian RMBS market, with 42 public securitisation transactions since 2002 including 25 transactions from 2013 to 2024. Its funding comprises warehouse facilities supported by domestic and international funders. Bluestone accesses the public RMBS market via three public programmes: Sapphire, AU Prime and NZ Prime.

To support ongoing business growth initiatives, Bluestone anticipates issuing 2-4 RMBS deals annually across Australia and New Zealand.

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BRIGHTE

REGULATED BANK IN AUS OR NZ	NO
SECURITISATION PROGRAMME NAME	BRIGHTE GREEN TRUST

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	GREEN CERTIFIED ABS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	75%
NUMBER OF SECURITISATIONS ISSUED	4
TOTAL VOLUME ISSUED	A$775M
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$330M

Brighte is a decarbonisation enablement platform that enables vendors and enterprises to accelerate household adoption of clean energy technology. With a mission to make sustainability accessible and affordable for everyone, Brighte offers consumers a fast and easy way to pay for solar, battery, home electrification and energy efficiency.

Brighte offers customers a buy-now, pay-later product, the Brighte 0% Interest Payment Plan, as well as the Brighte Green Loan and the Brighte Personal Loan. A trusted partner of government, Brighte serves as the exclusive finance and administration partner for the A$280 million Australian Capital Territory Sustainable Household Scheme and the A$50 million Tasmanian Energy Loan Scheme, offering zero interest loans for energy efficiency upgrades.

Since 2015, Brighte has helped more than 165,000 households make sustainable home upgrades, partnering with more than 2,300 solar retailers nationally and processing more than A$2 billion in finance applications.

A purpose-led business supporting the power shift to the home, Brighte-financed installations have the capacity to reduce household CO_2 emissions by more than a million tonnes each year, representing more than 980MW of solar generation.

In August 2023, Brighte issued the fourth in the Brighte Green Trust programme of green certified ABS. This followed Australia's first 100 per cent green certified ABS, issued by Brighte in 2020, and two further Brighte Green Trust transactions, in 2021 and 2022, with the senior classes of these notes receiving a Aaa rating from Moody's Ratings.

During 2023, Brighte met the clean-up call for Brighte Green Trust 2020-1 at the first opportunity.

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COLUMBUS CAPITAL

REGULATED BANK IN AUS OR NZ	NO
SECURITISATION PROGRAMME NAMES	TRITON, TRITON SMSF, VERMILLION

USE OF SECURITISATION

TYPES OF SECURITISATION ISSUED	PRIME RMBS, NONRESIDENT RMBS, SMSF RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	66%
NUMBER OF SECURITISATIONS ISSUED	31
TOTAL VOLUME ISSUED	A$21.5BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	99% DOMESTIC 1% OFFSHORE
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$9.1BN OR EQUIVALENT

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

ColCap's product offering ranges from standard owner-occupier and investment home loans to highly customised products for niche segments of the market, including nonresidents and self-managed superannuation funds (SMSFs).

In October 2018, ColCap acquired Homestar Finance. This was a natural evolution to expand into the retail market while supporting the continued growth of a longstanding online lender that has been in the Australian market since 2004.

ColCap is spearheading continued growth in the nonbank lending market, with more than A$14 billion in loans under management. It uses securitisation funding through its Triton programme for prime loans, its Vermilion programme for nonresident loans and the Triton SMSF programme for SMSF loans.

In early 2023, ColCap expanded into the UK mortgage market through the acquisition of an 80 per cent interest in UK buy-to-let lender Molo Tech.

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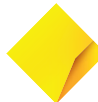
COMMONWEALTH BANK OF AUSTRALIA



Commonwealth Bank

REGULATED BANK IN AUS OR NZ	YES
SECURITISATION PROGRAMME NAME	MEDALLION

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	PRIME RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	3%
NUMBER OF SECURITISATIONS ISSUED	32
TOTAL VOLUME ISSUED	A$71.5BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$7.8BN

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

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

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DEFENCE BANK

REGULATED BANK IN AUS OR NZ	YES
SECURITISATION PROGRAMME NAME	SALUTE

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	PRIME RMBS
NUMBER OF SECURITISATIONS ISSUED	1
TOTAL VOLUME ISSUED	A$300M
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$127M

Defence Bank is a member-owned bank serving the Australian Defence Force and the wider Australian community, including staff in the Commonwealth Department of Defence (Defence) and Department of Veterans' Affairs (DVA). Defence Bank has proudly served its members for the past 49 years, having commenced operations in 1975. It has more than 78,000 members, more than A$3.8 billion in assets and 29 branches nationwide.

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

Defence Bank's product range includes home and investment mortgage loans, personal loans, credit cards, car loans, term deposits, and savings and transaction accounts as well as superannuation, travel and insurance products.

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

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DYNAMONEY

REGULATED BANK IN AUS OR NZ	NO
SECURITISATION PROGRAMME NAMES	DYNAMONEY, GROW ABS

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	ABS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	22.5%
NUMBER OF SECURITISATIONS ISSUED	1
TOTAL VOLUME ISSUED	A$250M
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$177M

Dynamoney (previously Grow Finance) is a leading lending partner for Australian prime SMEs that are looking to grow, manage cash flow and deal in today's increasingly complex and competitive operating environment.

Dynamoney provides a range of business lending products, including business loans, term loans, lines of credit, asset and equipment finance, and insurance premium funding. Dynamoney further supports SMEs via its recently launched interest-only overdraft account that has a card attached, giving small businesses greater control of their cashflow and financial control at their fingertips via the Dynamoney app.

Dynamoney has originated more than A$3 billion across its platform since inception. It is funded through a series of securitised warehouses supported by domestic and international banking partners. The company recently secured an additional funding line backed by a major bank, allowing it to continue to provide high-quality products and services to SMEs across Australia. Dynamoney commenced its public ABS term-out funding programme for its asset and equipment finance vertical with its inaugural issue in 2023.

Dynamoney underwrites primarily via bank statements and is a secured lender, using technology to provide speed to market: 80 per cent of its loans are approved or declined within three hours. Dynamoney services more than 13,500 SMEs across its product platform and achieved the award of fastest-growing business in 2021 from the *Australian Financial Review*.

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FINANCE ONE

financeone

REGULATED BANK IN AUS OR NZ	NO
SECURITISATION PROGRAMME NAME	IC TRUST

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	ABS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	35%
NUMBER OF SECURITISATIONS ISSUED	4
TOTAL VOLUME ISSUED	A$443M
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$252M OR EQUIVALENT

Finance One is a nonbank lender that provides secured and unsecured consumer and SME lending solutions. The company's business model is focused on providing near-prime products and servicing borrowers that fall outside traditional lenders' guidelines, otherwise known in Australia as the nonconforming market.

Finance One supports its lending activity by using a diversified funding programme, including warehouse facilities, term ABS issuance, and the issuance of corporate debt in the form of redeemable preference shares via its ultimate parent entity, Investors Central.

Finance One has completed four publicly placed ABS transactions and intends to be a regular issuer in the Australian market.

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FIRSTMAC

firstmac

REGULATED BANK IN AUS OR NZ	NO
SECURITISATION PROGRAMME NAMES	FIRSTMAC MORTGAGE FUNDING TRUST, FIRSTMAC ASSET FUNDING TRUST

USE OF SECURITISATION

TYPES OF SECURITISATION ISSUED	PRIME RMBS, PRIME AUTO ABS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	77%
NUMBER OF SECURITISATIONS ISSUED	RMBS: 63 ABS: 2
TOTAL VOLUME ISSUED	RMBS: A$46.3BN ABS: A$775M
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	94% DOMESTIC 6% OFFSHORE
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$16.5BN

Firstmac is a leading nonbank lender in Australia, providing prime-only home and auto financing. The company is privately owned and is headquartered in Brisbane. The company originally entered the market with an aim of providing customers with a superior product offering and customer experience. Supported by product innovation, ongoing refinements to the application and approval process and cutting-edge systems support, these aims are now established as central to the Firstmac culture.

Since inception, Firstmac has funded more than A$70 billion in home and auto loans. It manages an aggregate portfolio currently in excess of A$16 billion. Loans are available through independent brokers throughout Australia and direct to customers by way of Firstmac's digital retail brand, www.loans.com.au.

Firstmac predominantly funds its home and auto loans through securitisation, having issued in excess of A$46 billion across 63 RMBS transactions since 2003, and two auto ABS transactions since 2022. Firstmac securitisation transactions display best-in-market benchmark portfolio performance as a result of a thorough underwriting process, high borrower creditworthiness and strong debt service capacity commensurate with prime lending; 92 per cent of home loans have loan-to-value ratios of less than 80 per cent.

Firstmac is also a leading provider of home loans to self-managed super fund borrowers. These are funded by Eagle Series RMBS transactions, comprising specific prime loan assets that would not normally be included in Firstmac's standard prime series issuance.

Firstmac has issued four Eagle transactions since 2021, totalling around A$2 billion.

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FLEETPARTNERS

REGULATED BANK IN AUS OR NZ	NO
SECURITISATION PROGRAMME NAMES	FP TURBO, FP IGNITION

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	AUTO ABS
NUMBER OF SECURITISATIONS ISSUED	AUSTRALIA: 7 NEW ZEALAND: 3
TOTAL VOLUME ISSUED	A$2.2BN NZ$699M
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$245M NZ$125M

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

The business has more than 35 years' experience with unique credit insights through economic cycles. At 30 September 2023, FleetPartners had A$2 billion equivalent of assets under management or financed across Australia and New Zealand.

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

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GREAT SOUTHERN BANK

REGULATED BANK IN AUS OR NZ	YES
SECURITISATION PROGRAMME NAME	HARVEY

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	PRIME RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	41%
NUMBER OF SECURITISATIONS ISSUED	12
TOTAL VOLUME ISSUED	A$7.4BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$986M

For more than 75 years, Great Southern Bank has been putting its customers first. Today it looks after the financial needs of more than 408,000 Australians. The organisation is available to support its customers via digital channels, an Australia-based call centre, branch network and via the mortgage broker channel.

While the organisation has changed its name to Great Southern Bank, it remains customer-owned and firmly focused on helping all Australians to own their own home.

Delivering on Great Southern Bank's purpose is underpinned by a commitment to doing business responsibly, in ways that benefit customers, communities, team members and the environment.

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HARMONEY

Harmoney

REGULATED BANK IN AUS OR NZ	NO
SECURITISATION PROGRAMME NAME	HARMONEY ABS

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	PERSONAL LOAN ABS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	22%
NUMBER OF SECURITISATIONS ISSUED	2
TOTAL VOLUME ISSUED	NZ$305M
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% NZ AND AU DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	NZ$177.9M

As at 31 December 2023.

Harmoney is the only 100 per cent consumer-direct personal lender operating across Australia and New Zealand, providing customers with unsecured and secured personal loans that are fast, easy, competitively priced using risk-adjusted interest rates and accessed 100 per cent online.

Harmoney has originated more than A$2 billion in personal loans and has served more than 55,000 borrowers in Australia and New Zealand. It had grown its loan book to A$750 million as at 31 December 2023.

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

Harmoney has warehouse funding facilities with three of the Australasian big-four banks. In October 2021, Harmoney privately placed its first ABS deal, which was publicly rated by Moody's Ratings. In 2023, Harmoney completed its first public securitisation by issuing NZ$200 million to investors in New Zealand and Australia.

The company is headquartered in Auckland. Harmoney established an office in Sydney in 2017 to support its expansion into Australia and currently has 75 full-time employees across its Australian and New Zealand operations.

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HSBC BANK AUSTRALIA

REGULATED BANK IN AUS OR NZ	YES
SECURITISATION PROGRAMME NAME	LION

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	PRIME RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	89%
NUMBER OF SECURITISATIONS ISSUED	3
TOTAL VOLUME ISSUED	A$2.8BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$1.6BN

HSBC first established operations in Australia in 1965 and was awarded a commercial licence in 1986. In Australia, HSBC offers an extensive range of financial services through a network of 33 branches and offices. These services include retail and commercial banking, trade finance, treasury and financial markets, payments and cash management, and securities custody. Principal HSBC Group members in Australia are HSBC Bank Australia and The Hongkong and Shanghai Banking Corporation.

HSBC Holdings, the parent company of HSBC, is headquartered in London. HSBC serves customers worldwide from offices in 62 countries and territories. With assets of more than US$3 trillion at 31 December 2023, HSBC is one of the world's largest banking and financial services organisations.

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HUMMGROUP

REGULATED BANK IN AUS OR NZ	NO
SECURITISATION PROGRAMME NAMES	FLEXI ABS, FLEXICOMMERCIAL ABS, HUMM ABS, Q CARD TRUST

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	ABS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	61%
NUMBER OF SECURITISATIONS ISSUED	40
TOTAL VOLUME ISSUED	A$9.2BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	>79% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$2.8BN OR EQUIVALENT

Hummgroup is an Australian company listed on the ASX since 2006, with operations spanning more than 30 years. Hummgroup is a diversified financial services group providing point-of-sale payment plan products, asset finance, leasing, credit cards and other finance solutions. The organisation is a leading provider of larger-ticket (more than A$1,000) consumer point-of-sale financing and of commercial asset and equipment financing under the flexicommercial brand.

With operations in Australia, New Zealand, Ireland and recent expansion to Canada, hummgroup plays an important role facilitating payments across industries and verticals including home improvement, solar energy, health, IT, electrical appliances, travel and trade equipment. Hummgroup has a receivables book of A$4.8 billion.

Hummgroup is an established nonbank issuer, with a long history in accessing public and private debt funding across a range of consumer and commercial asset classes in Australia and New Zealand.

In Australia, hummgroup has been a regular ABS issuer under its Flexi ABS, humm ABS and flexicommercial ABS programmes. In 2016, it was the first Australian company to issue Climate Bonds Initiative certified climate bonds to fund solar energy financing. It has since issued more than A$940 million of climate bonds across 11 transactions.

In New Zealand, hummgroup is a frequent issuer under its Q Card Trust programme, the first revolving master trust programme to be established in Australasia. Since 2014, hummgroup has issued more than NZ$2 billion of ABS under the programme.

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IMB BANK

REGULATED BANK IN AUS OR NZ	YES
SECURITISATION PROGRAMME NAME	ILLAWARRA

USE OF SECURITISATION

TYPES OF SECURITISATION ISSUED	PRIME RMBS, SMALL-TICKET CMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	30%
NUMBER OF SECURITISATIONS ISSUED	8 RMBS, 3 CMBS
TOTAL VOLUME ISSUED	A$4.1BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$545M

Established in 1880, IMB Bank has been helping people achieve their financial goals for 144 years. With A$8.2 billion in assets and more than 218,000 members across Australia, IMB is a proud, growing mutual bank that places its members' financial needs at the centre of its banking experience and works with communities to help them thrive.

Maintaining highly competitive banking products and services, IMB's sustainability is built around exceptional customer service through person-to-person interactions and its innovative range of digital banking solutions, reflected in industry leading member satisfaction.

As a mutual bank, IMB's role in communities is vital. It proudly supports civic, business, sporting and cultural programmes, and the IMB Bank Community Foundation has provided in excess of A$12 million to more than 900 not-for-profit groups since 1999.

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

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ING BANK AUSTRALIA

REGULATED BANK IN AUS OR NZ	YES
SECURITISATION PROGRAMME NAME	IDOL

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	PRIME RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	10%
NUMBER OF SECURITISATIONS ISSUED	13
TOTAL VOLUME ISSUED	A$14BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	99% DOMESTIC 1% OFFSHORE
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$2.6BN OR EQUIVALENT

ING – the trading name of ING Bank (Australia) Limited – is part of ING Group, a Dutch multinational banking and financial services corporation headquartered in Amsterdam. ING changed the way Australians bank 25 years ago by launching the country's first branchless bank. ING now offers Australians award winning home loans, transactional banking, superannuation, credit cards, personal lending, insurance and wholesale banking services.

ING is Australia's fifth-largest main financial institution and the most recommended bank in Australia*. Since 2020, Canstar has awarded ING Bank of the Year, recognising the outstanding value ING offers across all its products and services.

ING has more than two million active customers and is the main financial institution for about half of these. The bank's residential mortgage business exceeds A$58 billion and it continues to grow its retail deposit and wholesale lending businesses.

* According to RFi XPRT Survey (January 2024), when compared with customers of 20 other banks operating in Australia. MFI is defined as the bank that the consumer says is their main financial institution.

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JUDO BANK

REGULATED BANK IN AUS OR NZ	YES
SECURITISATION PROGRAMME NAME	JUDO CAPITAL MARKETS

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	ABS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	70%
NUMBER OF SECURITISATIONS ISSUED	1
TOTAL VOLUME ISSUED	A$500M
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$380M

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

From initial seed funding in 2016, Judo received a full banking licence from the Australian Prudential Regulation Authority in April 2019 and, after five successful private capital raisings, listed on the ASX in 2021. Since launch, driven by its dedicated relationship-focused approach to SME banking, Judo has expanded significantly to have 18 locations nationally and a lending book of more than A$9.7 billion, with deposits of A$6.9 billion at December 2023.

In September 2023, Judo executed its inaugural A$500 million term securitisation transaction, Judo Capital Markets Trust 2023-1. It exclusively comprised SME loans and was structured to achieve capital relief, with the entire note structure placed externally. Judo is committed to continuing to build on the success of its inaugural transaction.

Judo also uses warehouses to provide valuable funding diversity and contingency.

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LA TROBE FINANCIAL

REGULATED BANK IN AUS OR NZ	NO
SECURITISATION PROGRAMME NAME	LA TROBE FINANCIAL CAPITAL MARKETS

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	26%
NUMBER OF SECURITISATIONS ISSUED	19
TOTAL VOLUME ISSUED	A$14.7BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$4.7BN

Founded in 1952, La Trobe Financial is a premier alternative asset manager with around A$19 billion in assets under management, and a proven and trusted investment partner for institutional and retail investors.

Operating Australia's largest retail credit fund, with A$10 billion in assets under management and circa 100,000 investors, La Trobe Financial has the most diversified funding programme of all nonbank lenders operating in Australia, comprising a combination of bank term investment mandates, warehouses, a retail credit fund and public RMBS funding.

La Trobe Financial is a programmatic capital market issuer and has issued in excess of A$14.7 billion of RMBS to a range of Australian and international investors. Its securitisation capital market programme is backed by high-quality loans to prime and near-prime borrowers with a maximum LVR of 80 per cent and a portfolio weighted average LVR of 67.9 per cent.

Critical to La Trobe Financial's success is its combination of quality assets and highly disciplined management by credit analysts and portfolio managers.

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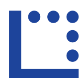
LATITUDE FINANCIAL SERVICES



REGULATED BANK IN AUS OR NZ	NO
SECURITISATION PROGRAMME NAMES	LATITUDE AUSTRALIA CREDIT CARD MASTER TRUST, LATITUDE AUSTRALIA PERSONAL LOANS SERIES, LATITUDE NEW ZEALAND CREDIT CARD MASTER TRUST

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	ABS
NUMBER OF ACTIVE SECURITISATIONS ISSUED	6
TOTAL VOLUME ISSUED	A$6BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF ACTIVE SECURITISED ISSUES	A$2.3BN OR EQUIVALENT

Latitude Financial Services is a leading digital payments and consumer lending business in Australia and New Zealand. As of 31 December 2023, the business had more than two million customer accounts, A$6.2 billion of receivables and A$7.6 billion of volume originated in FY23.

Latitude engages consumers by offering an integrated ecosystem of core financial and lending products including interest-free instalment plans, award-winning credit cards, and personal and auto loans.

The business employs around 800 staff and originates through more than 6,000 retail merchant partners and 6,000 broker partners, in addition to direct-to-consumer, across Australia and New Zealand.

Since acquiring the business from GE Capital in 2015, Latitude has established itself as a leading innovator in consumer payments and lending solutions. It combines the risk management processes and longstanding customer relationships fostered under its GE heritage with substantial investment to create a unified brand, technology platform and funding programme.

The business further expanded its personal and auto lending capabilities with the acquisition of Symple Loans in 2021. Today, Symple's modern and agile tech platform powers the expansion of Latitude's Money division with A$2.7 billion receivables as of 31 December 2023.

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LIBERTY FINANCIAL

REGULATED BANK IN AUS OR NZ	NO
SECURITISATION PROGRAMME NAME	LIBERTY

USE OF SECURITISATION

TYPES OF SECURITISATION ISSUED	ABS, SME, PRIME RMBS, NONCONFORMING RMBS
SIZE OF LOAN BOOK	>A$14BN
NUMBER OF SECURITISATIONS ISSUED	94
TOTAL VOLUME ISSUED	>A$46BN
GEOGRAPHIC DISTRIBUTION OF LOAN BOOK	AUSTRALIA 98% NEW ZEALAND 2%
OUTSTANDING VOLUME OF SECURITISED ISSUES	>A$9.4BN
OUTSTANDING VOLUME OF SENIOR UNSECURED NOTES	A$1.1BN OR EQUIVALENT

Liberty Financial is a mainstream speciality finance group that champions free thinking. Since 1997, Liberty has helped more than 850,000 customers "get and stay financial". Liberty provides a wide range of products and services comprising home, car, commercial, self-managed superannuation fund and personal loans, and investment and deposit products.

Liberty offers products through mortgage and motor vehicle finance brokers and financial planners, and direct to consumers. Products and services are also distributed through three Liberty-owned networks in Australia and New Zealand.

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

Liberty is listed on the ASX and is Australia's only investment-grade rated nonbank issuer (BBB with stable outlook by S&P Global Ratings). Liberty has a "strong" servicer ranking from S&P for prime and nonprime mortgages, auto loans and commercial mortgage servicing. The founding shareholders established the business 27 years ago and are still the majority shareholders to this day.

The company maintains a flexible, durable and diversified funding programme, and is the only nonbank with a senior-unsecured funding programme. Liberty's term securitisation provides investors the opportunity to buy fixed-income securities in prime and nonconforming RMBS, auto ABS and SME formats.

Liberty has raised more than A$46 billion in domestic and international capital markets across 94 transactions. It has an unblemished track record whereby its rated notes have never been charged off, downgraded or placed on negative watch.

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LOANWORKS LENDING

REGULATED BANK IN AUS OR NZ	NO
SECURITISATION PROGRAMME NAME	BLACKWATTLE

USE OF SECURITISATION

TYPES OF SECURITISATION ISSUED	PRIME RMBS, PRIME CMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	60%
NUMBER OF SECURITISATIONS ISSUED	5
TOTAL VOLUME ISSUED	A$1.6BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$911M

Loanworks is a leading provider of loan origination software, outsourced services and lending products. Loanworks Lending is an independent nonbank financial institution that originates residential mortgage and small-ticket commercial mortgage loan products.

Loanworks Lending's strategy is centred on the simple, certain delivery of vanilla prime mortgage loan products distributed via accredited mortgage managers and brokers. All credit underwriting, loan administration, servicing and special servicing functions are completed in-house, with no delegations to any third parties.

From commencement of the Blackwattle Series issuance programme, Loanworks has completed four public RMBS transactions and a privately placed CMBS transaction. Based on a foundation of simple products, conservative lending policies and a prudent approach to loan portfolio management, Loanworks Lending expects Blackwattle will continue to be a frequent and regular ongoing issuer.

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MA MONEY

REGULATED BANK IN AUS OR NZ	NO
SECURITISATION PROGRAMME NAME	MA MONEY RESIDENTIAL SECURITISATION

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	40%
NUMBER OF SECURITISATIONS ISSUED	1
TOTAL VOLUME ISSUED	A$500M
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$435M

MA Money is one of Australia's fastest-growing nonbank lenders, specialising in residential mortgage loans tailored to individual financial needs and offering a flexible alternative to traditional banking.

In March 2024, MA Money celebrated reaching A$1 billion in settlements. This significant milestone was accompanied by a 244 per cent year-on-year increase in the loan book, with more than A$870 million added since the launch of the MA Money brand in November 2022. Continued growth is due to the priority given to building a highly experienced and knowledgeable team, coupled with a diverse and innovative range of mortgage product offerings.

MA Money offers products across prime, near-prime, specialist, self-managed superannuation fund, nonresident and expat loans. The business demonstrates agility to adjust policies to provide more flexibility when it makes sense to the business and its customers.

MA Money is backed by MA Financial Group, an ASX 300 listed financial services firm specialising in asset management, lending, corporate advisory and equities. With more than A$90 billion in assets, MA Financial Group strategically focuses on credit and lending assets, aiming to build valuable businesses in large markets, particularly the residential mortgage lending sector.

MA Money has a diversified funding programme comprising short-term warehouse funding and long-term capital market debt issuance to a globally diversified investor base. MA Money has multiple funding facilities established with eligibility criteria to meet the needs of different customer segments. In November 2023, MA Money broke records with a A$500 million RMBS deal that was the largest inaugural nonbank RMBS in Australian history. The business is committed to being a programmatic RMBS issuer through cycles, with ambitions to continue building and growing investor relations domestically and offshore.

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MACQUARIE GROUP

REGULATED BANK IN AUS OR NZ	YES
SECURITISATION PROGRAMME NAME	PUMA

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	PRIME RMBS
NUMBER OF SECURITISATIONS ISSUED	66
TOTAL VOLUME ISSUED	A$66.7BN
CURRENCIES ON ISSUE	AUD
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$6.3BN

Macquarie Group is a global financial group with offices in 34 markets. Founded in 1969, Macquarie employs more than 21,000 people globally including staff employed in operationally segregated subsidiaries. The group had total assets of A$394.6 billion and total equity of A$33.1 billion at 30 September 2023.

Macquarie Group is listed in Australia and is regulated by the Australian Prudential Regulation Authority as a nonoperating holding company of Macquarie Bank, an authorised deposit-taking institution. Macquarie's diversity of operations, combined with a strong capital position and robust risk management framework, has contributed to a 54-year record of unbroken profitability.

The banking and financial services group comprises the retail businesses, providing personal banking, wealth management and business banking products and services to retail and business clients, advisers and brokers. At 30 September 2023, the group had total deposits of A$131.2 billion, a loan portfolio of A$134.4 billion and funds on platform of A$125.1 billion.

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

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METRO FINANCE

REGULATED BANK IN AUS OR NZ	NO
SECURITISATION PROGRAMME NAME	METRO FINANCE

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	ABS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	50%
NUMBER OF SECURITISATIONS ISSUED	10
TOTAL VOLUME ISSUED	A$4.6BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	61% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$1.8BN OR EQUIVALENT

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

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

Metro's product offering includes commercial asset finance, novated leasing and consumer car loans. The loan portfolio is well diversified and highly granular. Risk is diversified across geographical regions, borrower industries and asset types. Metro continues to focus on expanding its product offering to drive growth and diversify its loan book.

Metro uses a securitisation funding model. All loans are originated into warehouses and periodically termed out with ABS bond issuance to domestic and offshore debt capital market investors. It currently has four warehouses and has completed 10 ABS transactions. Funders and investors cover Australia, Europe, Asia and North America. Metro issued its first ABS deal in 2018 and plans to be an annual issuer.

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MORTGAGE HOUSE

REGULATED BANK IN AUS OR NZ	NO
SECURITISATION PROGRAMME NAME	MORTGAGE HOUSE CAPITAL MORTGAGE TRUST

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	RMBS
NUMBER OF SECURITISATIONS ISSUED	8
TOTAL VOLUME ISSUED	A$4.4BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	75% DOMESTIC 25% OFFSHORE
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$1.9BN OR EQUIVALENT

Mortgage House is one of Australia's leading, growing, independent retail nonbank lenders, with 25,000 customers and more than A$4.4 billion of funds under management. This comprises residential mortgage loans in its own funding programmes, white-label arrangements, and loans through third parties. Mortgage House's operations are based in North Sydney.

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

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

Between 2015 and 2024, Mortgage House originated more than A$8 billion of residential mortgage loans into its own funding programme and, as of 30 March 2024, had in excess of A$1.9 billion of RMBS outstanding. In May 2019, Mortgage House completed its first RMBS transaction – Mortgage House RMBS Series 2019-1 – which was redeemed in December 2023. Mortgage House has two RMBS programmes and most recently completed the A$750 million Mortgage House RMBS Osmium Series 2024-1 and A$500 million Mortgage House RMBS Osmium Series 2023-1. Both were compliant with risk retention requirements for offshore investors.

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MTF FINANCE

REGULATED BANK IN AUS OR NZ	NO
SECURITISATION PROGRAMME NAME	MTF

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	ABS
NUMBER OF SECURITISATIONS ISSUED	8
TOTAL VOLUME ISSUED	NZ$1.9BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	NZ$755M

MTF Finance was formed in 1970 to enable selected New Zealand motor vehicle dealers to finance sales to the public. Since opening its doors, MTF has grown into one of New Zealand's largest and most trusted financiers, with a network of more than 200 dealers and 53 MTF franchises operating in all major centres from Kaitaia to Invercargill.

MTF's dedicated finance originators offer a range of competitive finance and insurance products to help Kiwis do more. Customers can take out a loan secured by the asset they are purchasing: a new vehicle, a caravan to get away for the weekend or plant and equipment to keep a business running. If the customer does not have an asset to use as collateral, MTF offers personal loans that can finance almost anything from holidays to home improvements.

For much of MTF Finance's history, the business was a cooperative, owned by loan originators. Although MTF Finance transitioned to an investor-owned company in 2009, it retains many aspects of the cooperative model, with shareholding a requirement for all active franchises and vehicle dealerships. Along with the recourse business model, this ownership structure creates a powerful incentive for originators to lend responsibly and provide a market-leading level of service to borrowers.

MTF has been helping local dealers and franchise business owners to be part of the landscape of New Zealand and to thrive for 54 years. Each of MTF's originators participates in the company's profit in proportion to its originations. Their success reflects a compelling financial interest in the quality of business originated and ensures the ongoing success of MTF.

Asset performance is strong. Gross losses compare favourably with industry standards. Between recoveries on the underlying security and recourse to originators for any shortfall, net losses are almost nonexistent.

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MYSTATE BANK

REGULATED BANK IN AUS OR NZ	YES
SECURITISATION PROGRAMME NAME	CONQUEST

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	PRIME RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	64%
NUMBER OF SECURITISATIONS ISSUED	12
TOTAL VOLUME ISSUED	A$4.4BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$1.7BN

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

MyState Bank's loan portfolio of more than A$7.9 billion is sourced directly through its branch network in Tasmania as well as Australia-wide through the bank's digital presence and broker network. MyState Bank also sources deposits through branch and digital channels.

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

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

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NATIONAL AUSTRALIA BANK

REGULATED BANK IN AUS OR NZ	YES
SECURITISATION PROGRAMME NAME	NATIONAL RMBS

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	PRIME RMBS
NUMBER OF SECURITISATIONS ISSUED	8
TOTAL VOLUME ISSUED	APPROX A$21.1BN OR EQUIV (INCLUDES RETAINED DEALS)
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$2.2BN
TOTAL CROSS-BORDER TRANCHES ISSUED	7

National Australia Bank (NAB) is a major financial services organisation in Australia and New Zealand, with a purpose of serving customers well and helping communities to prosper. NAB has more than 38,000 colleagues, supporting more than 8.5 million customers in Australia and overseas across personal accounts, small, medium and large businesses, private clients, government and institutional activities.

As Australia's largest business bank, NAB works with small, medium and large businesses. NAB is there from the beginning to support them through every stage of the business lifecycle. NAB funds some of the most important infrastructure in communities – including schools, hospitals and roads – in a way that is responsible, inclusive and innovative.

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NOW FINANCE

REGULATED BANK IN AUS OR NZ	NO
SECURITISATION PROGRAMME NAME	NOW

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	CONSUMER RECEIVABLES
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	33%
NUMBER OF SECURITISATIONS ISSUED	4
TOTAL PUBLIC ABS SECURITISATION VOLUME ISSUED	A$850M
OUTSTANDING VOLUME OF PUBLIC ABS SECURITISED ISSUES	A$298.5M

NOW Finance is a nonbank lender specialising in Australian consumer loans. The business has developed multiple distribution channels, a state-of-the-art technology platform and a differentiated product offering, allowing it successfully to grow market share. Since the inception of its lending programme in 2013, the business has originated more than A$2 billion of consumer loans to more than 75,000 customers.

Australian unsecured personal loans, secured personal loans and consumer asset loans are distributed through a national network of accredited finance brokers as well as direct to consumers via a market-leading digital experience.

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

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

NOW Finance is a private company with 150 staff, headquartered in Melbourne.

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ORDE FINANCIAL

REGULATED BANK IN AUS OR NZ	NO
SECURITISATION PROGRAMME NAME	ORDE

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	35%
NUMBER OF SECURITISATIONS ISSUED	1
TOTAL VOLUME ISSUED	A$1BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$950M

ORDE Financial is an Australian nonbank mortgage lender, built by a deeply experienced specialist management team to deliver mortgage brokers with significantly improved service and solutions. ORDE's end-to-end cloud digital platform enables high-quality credit outcomes to be delivered at scale, focused on transparency of data to deliver confidence to financiers and investors.

ORDE's comprehensive and flexible product range of residential, commercial and self-managed superannuation fund loans, along with consistent and efficient credit outcomes, has resonated well with mortgage brokers. This has enabled more than A$4.5 billion in settlements since coming to market in 2020.

ORDE sources its funding through multiple warehouse facilities provided by domestic and international banks, and through institutional investor partners. In the first quarter of 2024, ORDE issued its inaugural A$1 billion RMBS transaction, ORDE Series 2024-1, the largest inaugural nonbank RMBS deal in Australian history.

ORDE's long-term funding strategy is to be a regular RMBS issuer in the term market, building and extending its strong relationships with leading investors in Australia and internationally.

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P&N GROUP

REGULATED BANK IN AUS OR NZ	YES
SECURITISATION PROGRAMME NAME	PINNACLE

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	PRIME RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	11.3%
NUMBER OF SECURITISATIONS ISSUED	2
TOTAL VOLUME ISSUED	A$1BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$200M

P&N Group is one of Australia's largest customer-owned banking organisations. P&N Bank and BCU Bank are divisions of the group, which operates under the operating and holding company of Police & Nurses Limited. As part of the group's multi-brand model, P&N Bank trades in Western Australia and BCU Bank in New South Wales and south-east Queensland, sharing group services located across all three states.

Both customer-owned banking brands value the strong heritage established in their respective regions over many decades and offer a genuine banking alternative for people who value competitive and convenient banking products, outstanding customer service and a local, community focus. P&N Bank and BCU Bank strive to create exceptional member experiences for their 190,700 members, while educating more Australians about the benefits of customer-owned banking.

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

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PEOPLE FIRST BANK

REGULATED BANK IN AUS OR NZ	YES
SECURITISATION PROGRAMME NAMES	HBS TRUST, LIGHT TRUST

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	PRIME RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	45%
NUMBER OF SECURITISATIONS ISSUED	22
TOTAL VOLUME ISSUED	A$12.2BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	80% DOMESTIC 20% OFFSHORE
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$1.8BN OR EQUIVALENT

With origins dating back to 1875, Heritage and People's Choice was created through the merger of Heritage Bank and People's Choice Credit Union on 1 March 2023. The bank recently adopted People First Bank as its new name and brand. People First Bank will continue trading under its existing brand names of Heritage Bank and People's Choice for an interim period as it transitions to the new brand in coming years.

People First Bank is one of Australia's leading mutual banks, with total assets approaching A$25 billion, and is an authorised deposit-taking institution regulated by the Australian Prudential Regulation Authority. People First Bank has dual head offices located in Toowoomba, Queensland, and Adelaide, South Australia, and national lending capabilities. The bank has more than 750,000 members, serviced through digital banking, physical branches and mortgage brokers.

People First Bank's principal business activity is the provision of financial products and services to retail customers. The bank focuses on residential lending, which comprises 96 per cent of its lending portfolio. People First Bank's mutuality means its business focus is to maximise value for members through competitively priced products and superior levels of service. People First Bank sources more than 80 per cent of total funding from the retail market.

People First Bank has an established presence in wholesale funding markets, consisting of securitisation funding issued under the HBS Trust and Light Trust programmes, short-term wholesale issuance and a medium-term note programme issuing senior-unsecured and subordinated debt.

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PEPPER MONEY

REGULATED BANK IN AUS OR NZ	NO
SECURITISATION PROGRAMME NAMES	PEPPER RESIDENTIAL SECURITIES (PRS), PEPPER PRIME, PEPPER-SOCIAL, SPARKZ

USE OF SECURITISATION

TYPES OF SECURITISATION ISSUED	RMBS, ABS
NUMBER OF SECURITISATIONS ISSUED	61
TOTAL VOLUME ISSUED	A$38.6BN

As at 31 December 2023, Australian platform issuance only.

Pepper Money is one of the largest nonbank lenders in the Australian mortgage and asset finance markets, with a growing presence in New Zealand mortgages. It commenced business in Australia in 2001 as a provider of home loans to consumers who fall just outside the lending criteria of traditional bank and nonbank lenders, otherwise known in Australia as the nonconforming or specialist mortgage market.

Over time, Pepper Money has broadened its Australian business to include the origination of prime residential mortgages, commercial real-estate loans, auto and equipment finance, and novated leasing, as well as third-party loan servicing and broker servicing.

In 2019, Pepper Money expanded its focus to include residential mortgages in New Zealand. In the second half of 2022, Pepper Money completed the 65 per cent acquisition of Stratton Finance – one of Australia's largest online asset-finance brokers. In 2023, Pepper Money completed the acquisition of the NZ$1.2 billion New Zealand prime residential mortgage portfolio of The Hongkong and Shanghai Banking Corporation, a wholly owned subsidiary of HSBC Holdings.

Pepper Money has issued around A$38.6 billion in bonds across 61 securitisations in domestic and international capital markets from 2003-23, and has a 100 per cent track record of calling each deal at the first available call date. Pepper Money's approach to securitised debt funding is to be a frequent issuer to a globally diversified investor base across asset classes. As part of this strategy, Pepper Money issues a variety of tenors, currencies and repayment formats.

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

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PLENTI

Plenti

REGULATED BANK IN AUS OR NZ	NO
SECURITISATION PROGRAMME NAMES	PLENTI AUTO ABS, PLENTI PL, GREEN ABS

USE OF SECURITISATION

TYPES OF SECURITISATION ISSUED	PRIME AUTO ABS, PERSONAL LOANS, RENEWABLE ENERGY LOANS ABS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	99% (INCLUDING WAREHOUSES)
NUMBER OF SECURITISATIONS ISSUED	6
TOTAL VOLUME ISSUED	A$2.1BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	65% DOMESTIC 35% OFFSHORE
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$1.2BN

As at 31 March 2024.

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

Since establishment in 2014, Plenti has grown to become one of Australia's leading fintech lenders with a current loan book of more than A$2.1 billion. Its strong growth has been supported by diversified loan products, distribution channels and funding, and is underpinned by sound credit performance and continual innovation. Plenti listed on the ASX in September 2020.

Plenti benefits from diversified funding sources that include warehouse facilities supported by large domestic and international financiers. It has issued six ABS transactions so far – three auto, and three personal loan and green ABS – and is committed to continuing to build out its ABS issuance programme as part of its strategy to ensure it maintains deep, diversified and resilient funding sources.

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PROSPA

Prospa

REGULATED BANK IN AUS OR NZ	NO
SECURITISATION PROGRAMME NAME	PROSPAROUS

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	ABS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	45%
NUMBER OF SECURITISATIONS ISSUED	3
TOTAL VOLUME ISSUED	A$600M
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$380M

Prospa is a leading fintech with a commitment to unleash the potential of every small business in Australia and New Zealand. The company does this through an innovative approach to developing simple, stress-free and seamless financial management products and services.

Since 2012, Prospa has provided more than A$4 billion of funding to support the growth and operation of more than 53,000 small businesses. It also works with more than 16,000 trusted brokers, accountants and aggregator partners to deliver flexible funding solutions to their clients.

Prospa has committed funding lines from diverse domestic and international senior and mezzanine funders. It has pioneered securitisation in the SME lending space. In 2015, it established its first warehouse securitisation trust structure, the first securitisation of small business loans in Australia. In 2018, Prospa entered the rated ABS market with a privately placed deal with a capped investment-grade rating, the first of its kind. In September 2021, Prospa issued its first public ABS, a A$200 million deal supported by Australian small business loans and lines of credit. The PROSPArous programme was cemented by a further A$200 million deal issued in December 2022, followed by Prospa's third A$200 million public transaction in April 2024.

In New Zealand, Prospa established its first trust series warehouse facility in 2019, the first securitisation of the asset class in the country.

Prospa intends to be a regular issuer of ABS and to explore opportunities to strengthen and optimise its funding platform in Australia and New Zealand.

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REDZED

REGULATED BANK IN AUS OR NZ	NO
SECURITISATION PROGRAMME NAME	REDZED

USE OF SECURITISATION

TYPES OF SECURITISATION ISSUED	RMBS, CMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	70%
NUMBER OF SECURITISATIONS ISSUED	18
TOTAL VOLUME ISSUED	A$7.1BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$2BN

RedZed was founded in 2006 with a clear vision: to become the preferred lender to Australia's self-employed. Throughout the organisation's 17-year history, RedZed has loaned more than A$8.9 billion to more than 20,000 self-employed Australians via its residential, commercial and self-managed superannuation fund finance solutions, empowering small business owners to achieve their personal and business finance goals. With offices in Melbourne and Sydney, and business development managers around the country, RedZed employs more than 140 people nationwide.

With more than 90 per cent of its customer base comprising self-employed borrowers, many of whom have been operating their businesses for more than five years, RedZed understands its clients' unique needs. Having originated more than A$8.9 billion in residential and commercial mortgages and with A$3 billion in assets under management, RedZed has a proven track record of originating high-quality loan portfolios.

RedZed primarily sources its competitively priced funds from the term and warehouse markets domestically and offshore. Since its inception, RedZed has issued more than A$7.1 billion of term debt market securities to Australian and offshore investors. The RedZed securitisation programme complies with risk-retention requirements, and all transactions under the programme have been called at their first available call option date.

As the major partner of the Melbourne Storm National Rugby League team, principal partner of the Hobart Hurricanes Big Bash League cricket team and principal partner of the North Melbourne Australian Rules Football Club, RedZed has established a prominent brand presence throughout Australia.

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RESIMAC

REGULATED BANK IN AUS OR NZ	NO
SECURITISATION PROGRAMME NAMES	PREMIER, BASTILLE, AVOCA, VERSAILLES, RAF

USE OF SECURITISATION

TYPES OF SECURITISATION ISSUED	ABS, RMBS, NIM BOND
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	100%
NUMBER OF SECURITISATIONS ISSUED	72
TOTAL VOLUME ISSUED	A$47BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	66% DOMESTIC 34% OFFSHORE
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$8BN OR EQUIVALENT

Resimac Group is a leading nonbank lender and multichannel distribution business. Resimac operates under a fully integrated business model comprising originating, servicing and funding prime and nonconforming residential mortgages and SME and consumer finance assets, including a comprehensive range of automotive and equipment loans, in Australia and New Zealand. Resimac has more than 300 staff operating across Australia, New Zealand and the Philippines, more than 55,000 customers and assets under management in excess of A$13 billion.

Resimac has issued more than A$47 billion in bonds in global fixed-income markets. The group has access to a diversified funding platform with multiple warehouse lines provided by domestic and offshore banks for short-term funding, in addition to a global securitisation programme to fund its assets over the longer term.

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

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SCOTPAC

REGULATED BANK IN AUS OR NZ	NO
SECURITISATION PROGRAMME NAME	GEARS ABS

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	ABS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	100%
NUMBER OF SECURITISATIONS ISSUED	1
TOTAL VOLUME ISSUED	A$304.5M
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$304.5M

ScotPac is a leading Australian nonbank business lender, in operation for more than 35 years, that provides secured invoice financing, trade financing, asset financing, property financing and business lending to corporates, SMEs and sole traders. ScotPac supports more than 10,000 clients across Australia and New Zealand via 290 staff in seven offices across the Asia-Pacific region.

With a network of 13,000 brokers and introducers, ScotPac plays a major role in facilitating business development through a full suite of products that can support the entire SME business growth cycle. It has more than A$2 billion of funds in use. This is achieved via a diversified funding strategy that currently includes five warehouse facilities.

ScotPac completed its inaugural ABS deal, Scotpac Gears ABS Trust 2024-1, in February 2024. It intends to be a programmatic issuer into public markets.

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SHIFT

REGULATED BANK IN AUS OR NZ	NO
SECURITISATION PROGRAMME NAME	SHIFT ABS

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	ABS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	99%
NUMBER OF SECURITISATIONS ISSUED	2
TOTAL VOLUME ISSUED	A$350M
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$185M

Shift Financial (Shift) is a credit and payment product provider that helps the historically underserviced Australian SME sector trade, pay and access funds. Headquartered in Sydney, Shift has more than 250 employees across Australia and India.

Shift was established in 2014, focusing on delivering simpler, easier-to-manage finance solutions to Australian businesses. Core to Shift's value proposition is its underwriting approach, which is enabled by its use of banking transaction data. Shift underwrote in excess of A$1.1 billion in 2023, with more than A$1 billion of assets under management as at 31 March 2024. Shift has achieved this sustainable growth through the use of in-house proprietary technology, combined with strong customer management teams that understand the needs and challenges of growing businesses.

Shift's proprietary technology and real-time streamed data deliver market-leading credit and risk metrics, resulting in strong credit performance and historically low loss rates. For Shift's revolving product range, credit risk management is further enabled by a continuous stream of real-time transaction data to enable dynamic monitoring of ongoing probability of default.

Shift completed its first publicly placed ABS transaction in March 2023, which received a rating upgrade within the first 12 months of performance. Shift intends to be a regular issuer in the Australian market.

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SUNCORP GROUP

REGULATED BANK IN AUS OR NZ	YES
SECURITISATION PROGRAMME NAME	APOLLO

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	PRIME RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	18.2%
NUMBER OF SECURITISATIONS ISSUED	26
TOTAL VOLUME ISSUED	A$29.6BN OR EQUIVALENT
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	83% DOMESTIC 17% OFFSHORE
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$3.4BN OR EQUIVALENT

Suncorp Bank is part of Suncorp Group, an ASX-listed company and financial services provider in Australia and New Zealand offering insurance and banking products and services to customers through some of Australia and New Zealand's most recognisable brands.

Suncorp Bank is focused on creating a brighter future for its people, customers and the planet. The bank provides home and business loans, everyday deposit and savings accounts, credit cards and merchant facilities. It supports families, individuals, businesses and farmers plan for their future by providing solutions to their banking needs.

Suncorp Bank understands its crucial role in supporting financial wellbeing and sustainability, hence its focus on accessible and inclusive banking solutions, financial hardship support, community resilience and, importantly, the financial wellbeing of customers.

Suncorp Bank is committed to providing banking services that are good for the world. In 2019, Suncorp Bank became the first nonmajor Australian bank to become a signatory to the Principles for Responsible Banking. This UN initiative aims to help the banking industry progress toward achieving the UN's Sustainable Development Goals and the Paris Agreement.

The organisation constantly leverages new technology to design smarter and more efficient processes. Intuitive digital options like internet banking and the Suncorp Bank app bring a world of money management to customers' fingertips.

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THINKTANK

REGULATED BANK IN AUS OR NZ	NO
SECURITISATION PROGRAMME NAME	THINK TANK

USE OF SECURITISATION

TYPES OF SECURITISATION ISSUED	CMBS, RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	50%
NUMBER OF SECURITISATIONS ISSUED	CMBS: 9 RMBS: 6
TOTAL VOLUME ISSUED	A$7.5BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$3.4BN

Thinktank is an independent nonbank financial institution specialising in the provision of commercial and residential property mortgage finance predominantly to the Australian self-employed, SME and self-managed superannuation fund (SMSF) sectors. Commencing operations in 2006, Thinktank has more than 210 employees and is supported by a national distribution network with offices in Sydney, Melbourne, Brisbane and Perth. Thinktank has originated more than A$10 billion of mortgages to date and manages a portfolio in excess of A$5.7 billion.

The company completed its most recent RMBS issue, of A$750 million, in April 2024. It followed a A$750 million RMBS transaction completed in October 2023 and a A$500 million CMBS issue in July 2023 consisting of mortgages secured by small-ticket commercial property primarily located in major metropolitan areas.

Thinktank maintains separate RMBS and CMBS programmes, with multiple intrayear issuance on the back of ongoing incremental growth in its core SME, self-employed and SMSF borrower markets. At present, Thinktank consistently originates A$200-300 million per month across its range of first mortgage commercial, residential and SMSF loan products.

Thinktank's asset quality and portfolio performance is notable for its conservative loan-to-value ratio, low arrears and negligible loss history. Under the continued guidance of the company's founders and highly experienced leadership team, the entirely organic growth in the loan portfolio has been measured and continues to be strongly supported by long-term domestic and offshore institutional stakeholders.

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UDC FINANCE

REGULATED BANK IN AUS OR NZ	NO
SECURITISATION PROGRAMME NAME	UDC ENDEAVOUR

USE OF SECURITISATION

TYPES OF SECURITISATION ISSUED	AUTO ABS, EQUIPMENT ABS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	21%
NUMBER OF SECURITISATIONS ISSUED	4
TOTAL VOLUME ISSUED	NZ$1.3BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	47% DOMESTIC 53% OFFSHORE
OUTSTANDING VOLUME OF SECURITISED ISSUES	NZ$814M

UDC Finance is New Zealand's largest nonbank lender and for more than 85 years has grown alongside the industries that have built New Zealand's economy, including transport, forestry, agriculture and construction. Additionally, UDC is the leading finance partner for major brands and franchise dealer groups in the automotive finance industry.

As the market leader in commercial asset finance, UDC provides specialist products and services to core New Zealand industries via a network of finance specialists throughout the country. UDC's relationship-based model is critical in supporting its customers through economic cycles and unforeseen events such as COVID-19 and the weather events of 2023. In the consumer space, UDC is the largest independent motor vehicle financier in New Zealand.

Securitisation and the capital market are a vital part of UDC's funding sources, which comprise warehouse facilities, term asset-backed issuance and corporate debt. UDC first issued into the public securitisation market in 2021 with a NZ$400 million auto ABS transaction. This was followed with a NZ$250 million auto ABS transaction in 2022, successfully executed during challenging market conditions. UDC's most recent public issue, in December 2023, is the largest-ever New Zealand securitisation deal – a NZ$650 million transaction backed by auto and equipment receivables. This was also the first New Zealand ABS transaction with equipment-backed receivables to commercial borrowers in the underlying asset pool, and also included a one-year revolving period.

With the New Zealand nonbank sector continuing to grow in relevance and funding via securitisation continuing to attract more investors from within New Zealand and offshore, UDC's objective is to establish itself as a programmatic issuer and grow the investor base by establishing long-term relationships and creating deal structures that work for all parties.

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WESTPAC BANKING CORPORATION

REGULATED BANK IN AUS OR NZ	YES
SECURITISATION PROGRAMME NAMES	WST, CRUSADE RMBS, CRUSADE ABS

USE OF SECURITISATION – WST AND CRUSADE RMBS

TYPE OF SECURITISATION ISSUED	RMBS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION[1]	2.3%
NUMBER OF SECURITISATIONS ISSUED	47
TOTAL VOLUME ISSUED	A$90.1BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES[2]	A$7.1BN

1 Includes RMBS. As at 31 March 2024. Residual maturity basis.
2 Based on issues currently outstanding as at 31 March 2024.

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

At 31 March 2024, Westpac had total assets of A$1.1 trillion. Westpac's ordinary shares and certain other securities are quoted on the ASX. At 31 March 2024, the bank's market capitalisation was A$91 billion.

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

The group's annual term funding volume is approximately A$30-40 billion equivalent, including senior-unsecured and covered bonds, securitisation, and additional tier-one and tier-two capital securities.

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WISR

REGULATED BANK IN AUS OR NZ	NO
SECURITISATION PROGRAMME NAMES	WISR FREEDOM TRUST WISR INDEPENDENCE TRUST

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	ABS
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	55%*
NUMBER OF SECURITISATIONS ISSUED	4
TOTAL VOLUME ISSUED	A$875M
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100%
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$475.1M*

*As at 31 December 2023.

Wisr (ASX: WZR) is purpose-built to improve Australians' financial health. The organisation has reimagined the consumer financial journey through its award-winning proprietary Wisr platform to improve customers' holistic financial health. Wisr is unique in the market as its platform combines its lending business, financial tools and products to help customers make smarter money decisions.

Wisr's proprietary channel acts as a product and brand differentiator, delivering scalability, customer impact and stickiness through technology. Rich customer data help to make timely product offers and inform future innovations to help meet the money needs of users at different financial stages. With an engaged group of users, the platform supports direct communication rather than relying on third-party channels.

Accessed through the user-friendly Wisr app, the platform's approach to a customer's financial life expands the relationship well beyond the transaction. Using data from the Wisr platform, Wisr is positioned for future growth using insights into customer demand, behaviour and habits.

Wisr's diversified funding source has evolved, allowing the business to scale safely through several periods of market disruption. In H1 FY24, Wisr's operating revenue rose to A$48.1 million, an 11 per cent increase year-on-year, backed by a prime loan book of A$847 million. A prime portfolio with an average loan book credit score of 781 supported the delivery of a front book run rate yield of 13.4 per cent, a 189 basis point increase on December 2022, and a front book December 2023 run rate net interest margin of 7.2 per cent – up from 6.1 per cent.

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ZIP CO

REGULATED BANK IN AUS OR NZ	NO
SECURITISATION PROGRAMME NAME	ZIP MASTER TRUST SERIES

USE OF SECURITISATION

TYPE OF SECURITISATION ISSUED	UNSECURED CONSUMER FINANCE
PROPORTION OF OUTSTANDING WHOLESALE FUNDING SOURCED VIA SECURITISATION	58%
NUMBER OF SECURITISATIONS ISSUED	8
TOTAL VOLUME ISSUED	A$3.1BN
TOTAL DOMESTIC VS OFFSHORE ISSUANCE	100% DOMESTIC
OUTSTANDING VOLUME OF SECURITISED ISSUES	A$1.5BN

ASX-listed Zip Co Limited (ASX: ZIP) is a digital financial services company offering innovative, people-centred products that bring customers and merchants together. Operating in two core markets – Australia and New Zealand, and the Americas – Zip offers point-of-sale credit and digital payment services, connecting millions of customers with its global network of tens of thousands of merchants.

Founded in Australia in 2013, Zip provides fair, flexible and transparent payment options, helping customers take control of their financial future and helping merchants grow their businesses. Zip is also a licensed and regulated credit provider and is committed to responsible lending.

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CREDABL

AUSTRALIAN/NZ BANK	NO
TYPES OF LENDING	EQUIPMENT, COMMERCIAL, BUSINESS, AUTO AND RESIDENTIAL MORTGAGES
SIZE OF LENDING BOOK (ON BALANCE SHEET)	>A$870M
SIZE OF LENDING BOOK (OFF BALANCE SHEET)	>A$1.5BN
YEAR OF ESTABLISHMENT	2016

Credabl is a leading independent lender for medical professionals, providing doctors, dentists and vets with loans designed for their tools of trade needs. The business has originated around A$4 billion. For almost three decades, the Credabl team has been developing and innovating healthcare finance, culminating in lending standards that reflect the collective learning of the team over time.

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

Credabl has a national footprint and its loan book increased by about 27 per cent in 2023. It was able to service this booming growth by rapidly expanding its funding platform, which has been well supported by a number of investors, including domestic and international banks, and superannuation and fixed-income funds.

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LUMI FINANCE

AUSTRALIAN/NZ BANK	NO
TYPES OF LENDING	BUSINESS LOANS, LINES OF CREDIT
SIZE OF LENDING BOOK	A$250M
YEAR OF ESTABLISHMENT	2018

Lumi Finance is a nonbank lender that provides business loans and lines of credit of up to A$500,000 to SMEs. Lumi has four core values: transparency, fairness, responsibility and customer service. It helps Australian small businesses flourish by offering fair, transparent and straightforward business funding.

Lumi was awarded the 2022 Empowering Innovation Affie Award, recognising its positive outcomes achieved through disruptive innovation, and was ranked 36th among the fastest-growing technology companies in Australia in the 2022 Deloitte Technology Fast 50 Australia.

Lumi is a member of the Australian Finance Industry Association (AFIA) and was one of the six original signatories to AFIA's code of lending practice.

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MONEYME

AUSTRALIAN/NZ BANK	NO
TYPES OF LENDING	UNSECURED AND SECURED CONSUMER LOANS
SIZE OF LENDING BOOK	A$1.2BN
YEAR OF ESTABLISHMENT	2013

MONEYME is a digital consumer lender and Certified B Corporation. ASX listed in 2019, MONEYME funds ambitious Australians through a range of digital credit products, including secured car loans, personal loans and credit cards. MONEYME's proprietary technology platform leverages a high level of automation to originate loans and credit with market-leading speed, allowing approvals in minutes with funds disbursed, or credit limits available, immediately on approval.

Following MONEYME's success in new product innovation, customer growth and its acquisition of SocietyOne in March 2022, its loan book has grown to A$1.2 billion, with more than A$3.5 billion funded by the group since inception.

MONEYME boasts a quality loan book with an average Equifax credit score of 741, as of 31 December 2023.

MONEYME's funding programme includes four warehouse funding facilities, a A$50 million corporate debt facility and three term securitisation transactions across the MONEYME and SocietyOne brands. The senior tranches in MONEYME's term securitisation transactions are rated Aaa(sf) by Moody's Ratings.

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ONDECK

AUSTRALIAN/NZ BANK	NO
TYPES OF LENDING	UNSECURED SME
SIZE OF LENDING BOOK	ND
YEAR OF ESTABLISHMENT	2015

OnDeck is a financial technology company that offers lending solutions to SMEs. The company has developed a proprietary technology platform that uses big-data analytics and machine learning algorithms to assess creditworthiness and provide loans to businesses that might not have qualified for traditional bank loans. OnDeck aims to streamline the lending process and provide faster access to capital for businesses.

OnDeck's hi-tech KOALA Score technology assesses loan applicatons super quickly and, by understanding the health of businesses, can provide a loan that is suitable, with manageable weekly repayments. OnDeck's Lightning Loans product, which lends up to A$150,000, can approve applications in as little as 30 minutes, with funds disbursed as quickly as two hours.

Globally, OnDeck has provided in excess of US$13 billion in loans to more than 110,000 business customers across many different industries. OnDeck Australia is locally owned and managed, with headquarters in Sydney. The company has a 4.7 star rating on Trustpilot.

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PRIME CAPITAL

AUSTRALIAN/NZ BANK	NO
TYPE OF LENDING	MORTGAGES
FUNDING	A$1.3BN
YEAR OF ESTABLISHMENT	1997

Prime Capital is a nonbank lender that works exclusively with mortgage brokers to provide fast, simple loans for SMEs across Australia. The company leads the market in developing specialist mortgage products which fit gaps for brokers and aggregators. With a complete range of products ranging from no doc, lo doc, alt doc and full doc, and terms ranging from 1-30 years, Prime Capital helps brokers settle more loans for its clients.

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TOYOTA FINANCE

TOYOTA FINANCE AUSTRALIA

AUSTRALIAN/NZ BANK	NA
TYPES OF LENDING	BAILMENT, TERM LOANS, TERM PURCHASE, FINANCE LEASES, OPERATING LEASES
SIZE OF LENDING BOOK	A$26.8BN
YEAR OF ESTABLISHMENT	1982

As at 30 September 2023.

Founded in 1982, Toyota Finance Australia (TFA) is a provider of automotive finance and insurance in Australia, holding a strong market share and enhancing the Toyota group's value through the One Toyota value chain.

In January 2019, TFA's wholly owned subsidiary, Australian Alliance Automotive Finance (AAAF), formed a strategic alliance with Mazda Australia, significantly strengthening TFA's loan portfolio. In 2022, AAAF also entered a distribution partnership with Suzuki Australia and Suzuki Auto Co. In June 2021, Toyota Australia introduced KINTO, a car sharing and rental service that supports Toyota's transition from an automotive company to a mobility provider.

TFA employs a diversified and cost-effective funding strategy across various markets, currencies, products and investor groups, focusing on strong, long-term investor relationships to adapt to changing investor preferences and ensure best-in-class execution. TFA has access to funding aligned with Toyota's global credit curve. These ratings, equalised with Toyota Motor Corporation due to credit support, underline TFA's status as a regular, benchmark-sized issuer. TFA actively engages in investor relations domestically and internationally to nurture its global investor base.

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