

La Trobe Financial re-opens capital markets with \$1.25 billion La Trobe Financial RMBS issuance 2020-1

12 May 2020 – Blackstone portfolio company, La Trobe Financial, has stunned capital market observers with a benchmark \$1.25 billion RMBS raising – the largest securitisation globally since the coronavirus took hold in March – effectively re-opening Australian debt capital markets and confirming Australian residential mortgages as a global safe harbour investment.

La Trobe Financial, with \$11 billion in assets under management, saw support from global investment houses in Asia, the US and Europe and from Australian institutional investors. The strength of support was seen in the strong level of over-subscription across all notes, as well as excellent pricing outcomes in a volatile market. Notably, while the Federal Government's Australian Office of Financial Management (AOFM) was closely involved with the deal, investor demand was such that no AOFM investment was required.

Martin Barry, La Trobe Financial's Chief Treasurer & Strategy Officer commented, "We are pleased to have been able to return markets to some level of normality post the onset of the coronavirus with the raising of \$1.25 billion from global and domestic investors – which is the largest securitisation transaction since the coronavirus took hold. This transaction confirms the strength of our platform and the quality of our underlying assets as 'safe harbour' assets in a difficult global investment environment. We are also delighted to have the support of the AOFM through this transaction. Whilst they were ultimately not required to purchase our bonds, their presence and decisiveness was a critical underpinning to investor confidence in the transaction."

La Trobe Financial's President and Chief Executive Officer, Greg O'Neill OAM, commented, "Congratulations to our treasury deal team in securing a benchmark \$1.25 billion transaction not just for La Trobe Financial, but for capital markets in Australia. The team has shown that, even in difficult markets, we are recognised as bringing to the table a quality platform and an outstanding ability to execute. We are pleased to recognise the ongoing support for the industry from the AOFM and its role in continuing to buttress Australia's reputation as a destination for global investors."

The AOFM's Structured Financial Support Fund (SFSF) was announced on 19 March 2020 as a \$15 billion fund established to enable smaller lenders, who often drive innovation and provide competition, to continue supporting Australian consumers and small business. As well as its involvement in the current La Trobe Financial transaction, the AOFM has utilised the SFSF to support two prior transactions. It is also working to implement a forbearance facility, to support RMBS and warehouse cash flows through the coronavirus hardship phase.

The proceeds of the issue will be used by La Trobe Financial to continue writing home and business loans for ordinary Australians at a critical time in the history of our economy. Barry commented, "We welcomed three new investors to our already 46 investor-strong RMBS program and are delighted by the interest we have received both offshore and domestically as we build on our diverse investor base. We remain good stewards of other people's capital and this enables us to obtain and maintain the trust of our clients – this is the real asset of the company."

"With this RMBS transaction we achieved competitive pricing, notwithstanding increased levels of market supply and note participation from 15 domestic and seven international investors from Europe, USA and Asia."

With \$11 billion of assets under management, La Trobe Financial has been responsible for over \$25 billion worth of investment mandates of varying structures since being founded in 1952. La Trobe Financial has now issued \$6.17 billion of RMBS to a range of Australian and international investors. Its RMBS program has seen continued support from repeat investors and a progressively widening investor base with each transaction. Both reflect well on the diversity and resilience of La Trobe Financial's funding base, which includes institutional mandates and Australia's largest Credit Fund, representing the most diversified funding base in the non-bank sector.

Richard Parry, Head of Group Portfolio Management at La Trobe Financial commented, "The pricing and level of over-subscription reflects a strong endorsement of La Trobe Financial's high quality assets, expertise and long, consistent track record as Australia's oldest diversified wealth manager. With current trend loan originations now at \$10+ billion per year, this was a practical step to complement current institutional mandates and our nationally and internationally awarded \$5 billion retail Credit Fund. We have built a disciplined investment strategy and continue to deliver outstanding returns for all of our investors."

Approximately 88% of the transaction was placed with institutional, real-money investors across the structure. Investors to the structure participated from Europe, USA and Asia, together with domestic Australian domiciled institutions.

The Arranger of the deal was Macquarie Bank, while Joint Lead Managers included the Commonwealth Bank of Australia, National Australia Bank, The Hongkong and Shanghai Banking Corporation, Macquarie Bank, Natixis and Citi. Wells Fargo was a Co-Manager.

La Trobe Financial will pay 120 basis points over the Bank Bill Swap Rate (BBSW) on \$281 million of A1S notes, which have a weighted average life of 0.70 years.

Pricing on \$593 million of A1L notes, which have a weighted average life of 3.20 years, was 195 basis points over BBSW.

Pricing on \$235 million of A2 notes, which have a weighted average life of 3.20 years was 275 basis points over BBSW.

About La Trobe Financial

With A\$11 billion of assets under management, La Trobe Financial is one of Australia's leading diversified wealth managers specialising in credit. La Trobe Financial has provided funding and investment solutions to a diverse range of 150,000 customers since 1952. It is 80% owned by Blackstone, the world's largest alternative asset manager with over US\$538 billion of assets under management worldwide. La Trobe Financial is a proven and trusted investment partner for institutional and retail investors alike, operating Australia's largest retail Credit Fund with \$5 billion of assets under management and 45,000 retail investors.

La Trobe Financial is regulated by the Australian Securities & Investments Commission (ASIC) and holds the requisite regulatory AFSL and ACL licences to operate and place RMBS issuances.

For further details please visit our website www.latrobefinancial.com.

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