

## **La Trobe Financial achieves record pricing again for its second \$1.25 billion RMBS issuance of 2021**

**3 August 2021** – Blackstone majority owned Australian portfolio company and \$12.5 billion AUM asset manager La Trobe Financial announced that on the 30 July it successfully priced its second Residential Mortgage Backed Securities (“RMBS”) transaction for 2021 – a \$1.25 billion RMBS issuance, supplementing its unique and diverse funding program.

La Trobe Financial was able to complete the transaction with repeat support from domestic and global investment houses. Once again, support was seen across all tranches, with all notes over-subscribed and pricing outcomes lower than its May 2021 issuance. With this most recent 2021-2 transaction, La Trobe Financial locked in the lowest cost of funding since the global financial crisis (**GFC**) for the sector, setting a new benchmark for its peers.

La Trobe Financial's CFO Martin Barry stated, “Following the public announcement of this transaction, we were overwhelmed with interest from investors which saw some bonds initially more than 2.5x oversubscribed. This early engagement allowed us to decisively upsize the transaction from \$750 million to \$1.25 billion and bring forward the transaction by a week, despite domestic and global uncertainty and uneven recovery from the pandemic. This \$1.25 billion issuance continues to expand our already-strong RMBS funding channel comprising of some 53 active holders of our paper. The 2021-2 transaction confirms the strength of our RMBS program, business platform and the quality of underlying assets. La Trobe Financial has co-invested alongside investors and currently holds \$457 million of shock absorber and regulatory capital.”

Chris Andrews, Deputy CEO and Chief Investment Officer at La Trobe Financial, commented, “Our RMBS program continues to play an important role in our strategic funding program. This issuance sits alongside over \$30 billion of fully repaid term debt and warehouse funding lines that we have managed since the business started in 1952. Our RMBS investors are substantial partners of our business and this new funding will assist us to continue to support under-served borrowers as the Australian economy rebounds from COVID-19.”

La Trobe Financial has experienced tremendous growth in 2021, currently originating over \$12 billion p.a. The underlying mortgage pool is consistent with originations and prior high-quality issuances from La Trobe Financial, consisting 65% self-employed borrowers, a traditionally under-served, yet high quality component of the mortgage market. Weighted Average Loan to Value ratio is 70% with no loans approved at greater than 80% Loan to Value. Super-prime Self Managed Super Fund investment loans comprise 14% of the pool and 94% of the pool has no prior credit events.

Mr Andrews, Deputy CEO and CIO, added, “The pricing and order book reflects a strong endorsement of La Trobe Financial's high quality assets, expertise and long, consistent, track record as Australia's oldest diversified asset manager. With originations now at \$12+ billion per year, this issuance complements our institutional mandates and our nationally and internationally awarded \$6.3 billion Credit Fund. We have built a disciplined investment and funding strategy and continue to deliver an outstanding value proposition for our investors that will see the business continue to grow.”

CFO Mr Barry further commented, “The proceeds of the issue will be used by La Trobe Financial to continue writing home and business loans for everyday Australians at a critical time in the history of our economy. We welcomed a significant large global investor to our existing 53 investor-strong RMBS program and are delighted by the interest we have received from both offshore and domestically as we build out our diverse global investor base.”

“With this RMBS transaction we achieved our goal of industry-leading pricing, notwithstanding increased levels of market supply and note participation from a select group of chosen investors comprising seven domestic, four from Asia, two from the United States and two from Europe or the U.K.” he added.

With \$12.5 billion of assets under management, La Trobe Financial has been responsible for over \$67 billion worth of asset originations since being founded in 1952. The company has now issued \$9.17 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 at \$6.3 billion, representing the most diversified funding base in the non-bank sector.

Approximately 71% of the transaction was placed with institutional, real-money investors across the structure, while 78% was placed with international investors.

The Arranger of the deal was National Australia Bank. Joint Lead Managers included Citi Bank, Commonwealth Bank of Australia, HSBC, Macquarie Bank, National Australia Bank, Natixis, United Overseas Bank and Westpac Banking Corporation.

La Trobe Financial will pay 80 basis points over the Bank Bill Swap Rate ("BBSW") on \$975 million of A1 notes, which have a weighted average life of 2.6 years.

Pricing on \$139 million of A2 notes, which have a weighted average life of 2.6 years, was 105 basis points over BBSW.

### About La Trobe Financial

Established in 1952 and with \$12.5 billion of assets under management, La Trobe Financial is one of Australia's oldest and leading diversified asset managers, specialising in funding and investment solutions. La Trobe Financial has been a proven and trusted investment partner for institutional and retail investors, operating Australia's largest retail Credit Fund with over \$6 billion in assets under management and 55,000 retail investors. La Trobe Financial has over 5,100 distribution points across its two growth engines. Wealth products are distributed through 1,600 advice practices and loans are distributed through 3,500 brokers. La Trobe Financial is 80% owned by Blackstone, one of the world's leading investment firms with more than US\$684 billion of assets under management worldwide, and 20% owned by management.

La Trobe Financial is regulated by the Australian Securities & Investments Commission (ASIC) and holds the requisite regulatory AFSL and ACL to operate the Credit Fund, place RMBS issuances, and provide credit services.

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