



News release

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FirstMac raises \$625million for Australian residential mortgage lending

Brisbane, Australia (01 June 2009) – Australian owned, mortgage finance lender FirstMac today successfully placed and priced its 1-2009 Residential Mortgage Backed Securities (RMBS) Issue. The transaction has been one in a series initiated by the Australian Office of Financial Management (AOFM) since November 2008 to stimulate the Australian mortgage market.

The FirstMac 1-2009 placement, arranged by Macquarie Bank, includes \$499 million from the AOFM as a cornerstone investor, with a further \$126 million provided by external investors.

The AOFM's investment is part of a scheme to foster competition in Australia's mortgage market through the purchase of RMBS, as announced by Treasurer Swan in September 2008. Up to \$8 billion was made available for investment, with \$4 billion allocated to issuers / originators that are non-authorized deposit taking institutions.

FirstMac Chief Financial Officer James Austin said the Company welcomed the Australian Government's temporary investment in Australian RMBS and the competition it has helped foster among a diverse range of lenders.

"FirstMac applauds this Government initiative to help underpin ongoing competition in the residential mortgage market," Mr Austin said.

"Some market observers have been critical of the success of the AOFM program to date. This criticism reflects a misunderstanding of the Government's objectives. The initiative is designed to foster competition and get to the other side of the global financial crisis with more than just the big four banks," Mr Austin said.

"The position of second tier lenders has been considerably strengthened by this program and this can only benefit the community as a whole."

The transaction is FirstMac's second AOFM sponsored RMBS reflecting FirstMac's commitment to Australian residential mortgage markets and increased lending since the first AOFM sponsored transaction in November 2008.

"We are buoyed by the additional funds from external investors and will continue to increase our new lending volumes as a consequence of this second successful transaction."

The Joint Leads and Joint Book Runners to the \$625 million transaction were ANZ, HSBC, and Macquarie Bank.

The Class A-1 note, rated A1+ by Standard & Poor's and Fitch, priced at 0.70% above the one-month Bank Bill Swap (BBSW), while the Class A-2 note, rated AAA by both rating agencies, priced at 1.15% above the BBSW.

"FirstMac had the option of pricing the A-2 note at a margin consistent with similar recent market transactions, but decided to raise the margin on offer to attract further external investors and to raise the deal volume," Mr Austin said.

Participation in the transaction came from five domestic investors, in addition to the AOFM. The AOFM purchased all of the A-3 notes and all of the AB notes.



Issue Structure is as follows:

| Class | Exp Ratings S&P/Fitch | A\$M | Margin | WAL* Yrs | % Credit Support |
|--------------|--------------------------|------------|--------|-------------|---------------------|
| A-1 floating | A-1+/F1+ | 47.00 | 70 | 0.19 | 10.0 |
| A-2 floating | AAA/AAA | 57.50 | 115 | 0.51 | 10.0 |
| A-3 floating | AAA/AAA | 458.00 | 140 | 2.89 | 10.0 |
| AB floating | AAA/AAA | 40.62 | 220 | 5.03 | 3.5 |
| B1 floating | AA-/AA | 15.63 | pp | 4.08 | 1.0 |
| B2 floating | AA-/AA- | 6.25 | pp | 5.03 | 0.0 |
| Total | | 625 | | | |

About FirstMac Limited

FirstMac Limited is a leading Australian owned mortgage finance lender with almost 30 years experience. It delivers a comprehensive range of loan products to the Australian consumer through the provision of wholesale funding to a national network of mortgage originators and brokers.

FirstMac is also a provider of third party loan servicing and portfolio management services to the wider market. It has a Standard & Poor's Servicer Rating which was affirmed as "Above Average" with "Stable" Outlook on 06 October 2008.

Since 2003 FirstMac has issued approximately \$8.5 Billion in AAA rated prime Residential Mortgage Backed Securities in the domestic and offshore markets.

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