



## Media statement

Brisbane, Australia (updated 3 August 2009)

Issued in response to an article by Glenn Milne carried in the Sunday Mail (Brisbane) on 2 August and an article in The Australian on 3 August.

FirstMac rejects absolutely the assertions made in articles carried in Queensland's The Sunday Mail on 2 August 2009 and The Australian on 3 August 2009.

Contrary to the stories—of which FirstMac had no knowledge nor was contacted by the journalist for comment:

- FirstMac was not **“...given the first \$500 million worth of government backing...”**

The Australian Office of Financial Management (AOFM) announced a Request for Proposals (RFP) for investment in Residential Mortgage Backed Securities (RMBS) rated 'AAA' by at least two rating agencies. The RFP included minimum requirements for qualifying residential mortgage collateral.

Of the total \$8 billion made available under the RMBS, at least \$4 billion was to be allocated to Non-Authorised Deposit-taking Institutions (non ADIs), of which there are four of significant size in Australia, including FirstMac. All four have received support from the RMBS, three of which, including FirstMac, have successfully received two mandates.

FirstMac retains the services of public and government relations advisors to assist with raising its profile and achieving its business strategies and activities. These advisors were not involved in the AOFM tender process.

No assistance was sought from, nor offered, by AOFM as part of FirstMac's tender response. FirstMac was successful because it lodged a thorough tender response which met all criteria, including a continuing presence in home loan lending, promotion of competition to the major banks, historical reliance on securitisation and a stable and highly rated servicing platform.

- FirstMac is not **“...a small Queensland-based non-bank lender...”**, nor is it a **“...little-known Queensland-based mortgage provider...”**

FirstMac Limited is an Australian owned non-bank residential mortgage lender. The Group is one of the largest issuers of Residential Mortgage Backed Securities in Australia, having issued in excess of AUD \$8 billion over the past seven years.

The Brisbane based organisation provides national distribution of prime residential mortgages across all states and territories.

- FirstMac does not target **“...the risky end of the mortgage market.”**

The Group originates only Prime residential mortgages and targets fully verified income loans with a loan to value ratio (LVR) of less than 80%. Borrowers are required to demonstrate clean credit history and loan serviceability calculated on an assumption of interest rates rising by 2.00% above the standard variable rate of the major banks.

FirstMac's delinquent loan accounts (defined as loans with arrears more than 30 days overdue) at the end of July 2009 were 1.30% of all loans, a level comparable with the Prime Bank Delinquency index as published by Standard & Poor's. This means that in excess of 98% of all loans advanced by FirstMac are performing.

The FirstMac Group has an 'Above Average' Servicer Rating by Standard & Poor's.

*Statement issued by Mr James Austin, Chief Financial Officer. Mobile: 0407 010 200*