

CEFC backs new green home loan as Firstmac lifts focus on environmentally friendly housing

Australian homeowners will have access to \$230 million in discounted green home loan finance as part of a \$750 million green mortgage-backed securitisation raised by Firstmac and backed by the CEFC and leading Japanese bank, Norinchukin.

The homes will be among the most energy efficient in Australia, meeting or exceeding a 7 star rating under the Nationwide House Energy Rating Scheme (NatHERS).

Qualifying green home loans will enable borrowers to benefit from a 0.4 per cent finance discount for up to five years on loans of up to \$1.5 million. Construction loans will receive an interest rate discount of up to 1.58 per cent.

In an Australian first, Firstmac has raised \$750 million through a green mortgage-backed securitisation where all the underlying mortgages are backed by environmentally friendly housing. The securitisation attracted investment support of \$637.5 million from leading Japanese investment bank, Norinchukin and \$108.5 million from the CEFC, investing on behalf of the Australian Government.

Firstmac, Australia's largest non-bank financial institution, will make available the full \$750 million of finance to offer its first Green Home Loan product, tied to NatHERS. The initial seed pool will include existing Firstmac home loans valued at some \$520 million, where these comply with the residential Low Carbon Buildings Criteria created by the global Climate Bonds Initiative.

Firstmac will offer the loans Australia-wide, with an expected average loan size of some \$450,000.

CEFC CEO Ian Learmonth said: "Green home loans are an effective way to use our finance to benefit Australians over the long term. With this new investment we have now committed more than \$580 million to cleaner greener homes Australia wide, including more than \$220 million to green home loans.

"With the average home having a life span of 50 years or more, these investments have the potential to lock in lower energy consumption over the long term, as well deliver more comfortable homes that are cheaper to run."

Non-bank lender Firstmac is leading the way in supporting efforts to mitigate the effects of climate change, by offering significant interest rate discounts to people building or buying energy efficient homes that reduce greenhouse gas emissions.

According to Firstmac, there is increased customer demand for financial products that help them contribute to Australia's transition to a more sustainable future. Firstmac's response to this challenge had been to discount the base interest rate for all construction loans and loans for homes less than one-year-old, where the home has a NatHERs energy rating of at least 7 stars.

Firstmac Managing Director Kim Cannon said: "We are pleased to support efforts for a sustainable future and deepen our existing relationship with similarly-minded organisations like Norinchukin and the CEFC, in issuing the first Australian 100 per cent Green RMBS Transaction.

"Firstmac has offered discounted green car finance to buyers who choose low emission vehicles. The success of this program has led Firstmac to now develop this innovative green home loan product. If you are environmentally conscious, then Firstmac is the logical choice for your financing needs," Mr Cannon said.

Norinchukin is a leading institutional investor with a globally diversified investment portfolio of about A\$800 billion.

Norinchukin Global Head of Credit and Alternative Investments, Hidetoshi Hasegawa said: "Norinchukin will financially support Firstmac's future focus on environmentally friendly housing financing efforts, and by continuously following the progress, we will contribute to the promotion of environmentally friendly housing and global climate change countermeasures by reducing greenhouse gas emissions and energy consumption.

"In addition, we believe that this transaction will contribute to securing stable profits through international diversified investment and will be in line with the bank's philosophy of sustainable management."

Mr Learmonth added: "Together with Norinchukin and Firstmac, we are pleased to have developed this Australian first securitisation. This is an exciting model for a new investment product for institutional investors wanting to put their money to work in cutting carbon emissions. Norinchukin's substantial backing for this securitisation demonstrates growing investor confidence in backing tailored finance for green homes. This is delivering benefits to families, investors and our environment."

CEFC finance for the Firstmac Green Home Loan follows the successful launch of the Bank Australia Clean Energy Home Loan in 2020. Bank Australia has already drawn on \$90 million in CEFC finance to deliver discounted Clean Energy Home Loans for new and renovated energy efficient homes.

The property sector accounts for nearly a quarter¹ of Australia's greenhouse gas emissions, with about half of those emissions coming from residential buildings. Research from the CSIRO has found that just 10 per cent of new homes built in 2020 achieved a NatHERS rating of 7 stars or more, with more than nine million existing homes not meeting the 7 star standard².

The CEFC has invested in a diverse range of lower emissions programs across the residential housing sector, including in the areas of social and affordable housing, build-to-rent and masterplanned communities, seniors living and student accommodation.

Firstmac said that the transaction also enhanced its ESG credentials, which include its backing for the Steve Waugh Foundation, which supports children and young adults with rare diseases and their families, and Darkness to Daylight, which works to raise awareness and funds for domestic and family violence prevention.

Please note: The CEFC does not provide finance to individual borrowers and is not involved in individual financing decisions. Interested borrowers should contact Firstmac directly.

About the CEFC

The CEFC has a unique role to increase investment in Australia's transition to lower emissions. With the backing of the Australian Government, we invest to lead the market, operating with commercial rigour to address some of Australia's toughest emissions challenges – in agriculture, energy generation and storage, infrastructure, property, transport and waste. We're also proud to back Australia's cleantech entrepreneurs through the Clean Energy Innovation Fund, and invest in the development of Australia's hydrogen potential through the Advancing Hydrogen

¹ Climateworks Australia, <https://www.climateworksaustralia.org/project/built-environment/>

² CSIRO Energy Rating Overview, <https://ahd.csiro.au/dashboards/energy-rating/energy-rating-national-overview/>

Fund. With \$10 billion to invest on behalf of the Australian Government, we work to deliver a positive return for taxpayers across our portfolio.

About Norinchukin

Operational since 1923, Norinchukin is a major Japanese bank with A\$1,250 bn in total assets. The bank operates globally with a focus on three main areas: food and agricultural, retail business and investment business. Norinchukin is a sustainability aligned investor.

About Firstmac

Firstmac Limited is an independently-owned, Australian financial services provider with more than 40 years' experience in home and investment loans. Firstmac has written in excess of 130,000 home loans and manages approximately \$13 billion in mortgages and \$300 million in cash investments.