prospa

Release date: 9 September 2021

Prospa provides trading update and announces pricing of its first public ABS issuance backed by SME loans

Prospa Group Limited (ASX:PGL) ("Prospa" or "Company") is pleased to announce a trading update for the first two months of FY22 and the pricing of its first public asset-backed securitisation ("ABS") of AUD $200 million issued to wholesale investors.

Trading update

Prospa is observing solid demand for Small and Medium Enterprises ("SME") credit and good portfolio performance in the first two months of FY22. Following strong originations of $41.8 million in July 2021, August 2021 originations jumped 105% on pcp to $44.9 million ($21.9 million in August 2020), demonstrating the resilience of the small business economy that Prospa operates in.

Prospa continues to offer short-term assistance to customers experiencing temporary business interruptions, with 2.5% of customer accounts on up to six weeks of partial payment arrangements and 1.3% of customer accounts on up to four weeks of payment deferral as at 6 September 2021. These percentages of the portfolio have held relatively stable for the last four weeks.

Pricing of first public ABS issuance

Prospa is also pleased to announce the pricing of its first public ABS of AUD $200 million issued to wholesale investors, supported by a pool of Australian small business loans and line of credit facilities.

The PROSPArous Trust 2021-1 is the first of its kind for Australia, an example of Prospa's role as an innovator in Australia's securitisation market. The transaction was oversubscribed, leading to a competitive day one weighted average margin of 234bps above one-month BBSW. Demand was strong and included large local and international investors, requiring scaling back of orders to achieve the $200 million maximum issuance.

The inaugural ABS transaction takes place as the Australian SME market continues to demonstrate resilience in the current environment.

Ross Aucutt, Chief Financial Officer of Prospa said:

"We are pleased with the strong demand and pricing of this transaction which aims to establish an efficient funding structure to enable growth. Our achievement is evidence of the Company's ongoing performance and robust portfolio that underpins our ambitions to scale existing products, create new innovative solutions and accelerate growth.

"We are grateful for the diverse support we received from local and offshore investors in our inaugural ABS transaction, and we look forward to becoming a regular issuer in the future."

For personal use only

Prospa Group Limited
ACN 625 648 722
Level 1, 4-16 Yurong St
Darlinghurst NSW 2010
www.prospa.com

The PROSPArous Trust 2021-1 transaction includes:

Note Class	Issuance Amount (A$m)	Expected Ratings (Moody's)	Coupon margin over 1M BBSW
A	134.00	[Aa3 (sf)]	1.40% p.a.
B	4.00	[A3 (sf)]	1.70% p.a.
C	23.00	[Baa3 (sf)]	2.65% p.a.
D	12.00	[Ba3 (sf)]	4.65% p.a.
E	11.00	[B3 (sf)]	Undisclosed
F	6.00	[NR]	Undisclosed
Seller[1]	10.00	[NR]	Undisclosed
Total	200.00		

[1] Seller notes are retained by Prospa

The transaction is expected to settle on 15 September 2021, subject to the satisfaction of customary conditions precedent. National Australia Bank acted as arranger and lead manager of the transaction.

This announcement has been authorised for release by the Board.

ENDS

For further information contact:

Company Secretary	Media & Investor Relations
Nicole Johnschwager General Counsel and Company Secretary **e:** nicole.j@prospa.com	**Sharon Chang** Corporate Communications Manager **e:** sharon.chang@prospa.com

For personal use only