

## **REDS RMBS Trusts**

<b>Series 2013-1 REDS Trust</b>	<b>ABN 45 293 256 353</b>
<b>Series 2015-1 REDS Trust</b>	<b>ABN 63 714 154 892</b>
<b>Series 2017-1 REDS Trust</b>	<b>ABN 91 884 796 255</b>
<b>Series 2018-1 REDS Trust</b>	<b>ABN 70 932 250 880</b>
<b>Series 2019-1 REDS Trust</b>	<b>ABN 75 524 425 809</b>

**Annual Financial Report for the year ended - 31 August  
2021**

**REDS RMBS Trusts Series 2013-1, 2015-1, 2017-1, 2018-1 and 2019-1**  
**Contents**  
**31 August 2021**

<b>Contents</b>	<b>Page</b>
Statement by manager	1
Trustee's report	2
Statements of profit or loss and other comprehensive income	3
Statements of changes in equity	4
Statements of financial position	5
Statements of cash flows	6
Notes to the financial statements	7
Independent auditor's report to the trustees of the Trusts	19

**REDS RMBS Trusts Series 2013-1, 2015-1, 2017-1, 2018-1 and 2019-1  
Statement by Manager  
31 August 2021**

In the opinion of the Manager:

- (a) the Trusts are not publicly accountable nor reporting entities;
- (b) The financial statements and notes, set out on pages 3 to 18 for the REDS RMBS Trusts listed below;
- Series 2013-1 REDS Trust  
Series 2015-1 REDS Trust  
Series 2017-1 REDS Trust  
Series 2018-1 REDS Trust  
Series 2019-1 REDS Trust
- Present fairly the financial position of the Trusts as at 31 August 2021 and their financial performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date in accordance with the statement of compliance and basis of preparation as described in notes 2 and 3; and
  - Comply with Australian Accounting Standards (including the Australian Accounting Interpretations) to the extent described in note 2.
- (c) the Trusts have operated during the year ended 31 August 2021 in accordance with the provisions of the Master Trust Deed dated 10 February 1998 (as amended) and the Series Supplements dated below;
- |                          |                  |
|--------------------------|------------------|
| Series 2013-1 REDS Trust | 24 July 2013     |
| Series 2015-1 REDS Trust | 26 February 2015 |
| Series 2017-1 REDS Trust | 8 February 2017  |
| Series 2018-1 REDS Trust | 28 May 2018      |
| Series 2019-1 REDS Trust | 9 August 2019    |
- (d) at the date of this statement, there are reasonable grounds to believe that each Trust will be able to pay its debts as and when they become due and payable.

Dated in Brisbane this 15<sup>th</sup> day of November 2021.

Signed on behalf of the Manager, B.Q.L. Management Pty Ltd,



Ewen Stafford  
Director of the Manager

**REDS RMBS Trusts Series 2013-1, 2015-1, 2017-1, 2018-1 and 2019-1  
Trustee's report  
31 August 2021**

The financial statements for the financial year ended 31 August 2021 have been prepared by the Trusts' Manager, B.Q.L. Management Pty Ltd, as required by the Master Trust Deed dated 10 February 1998 (as amended).

The auditors of the Trusts, KPMG, who have been appointed by us in accordance with the Master Trust Deed, have conducted an audit of the financial statements.

Based on our ongoing program of monitoring the Trusts, we believe that:

- (a) the Trusts have been conducted in accordance with the Master Trust Deed dated 10 February 1998 (as amended) and the Series Supplements dated as below;

Series 2013-1 REDS Trust	24 July 2013
Series 2015-1 REDS Trust	26 February 2015
Series 2017-1 REDS Trust	8 February 2017
Series 2018-1 REDS Trust	28 May 2018
Series 2019-1 REDS Trust	9 August 2019

- (b) These financial statements are special purpose financial statements which have been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretation) to the extent described in note 2.

In making this statement, the Trustee has relied upon information, representations and warranties provided by the Manager.

We are not aware of any material matters or significant changes in the state of affairs of the Trusts occurring up to the date of this report that require disclosure in the financial statements and the notes thereto that have not already been disclosed.

Signed for and on behalf of  
Perpetual Trustee Company Limited

  
Nathan Gale  
Senior Manager

Dated in Sydney this 15<sup>th</sup> day of November 2021.

**REDS RMBS Trusts Series 2013-1, 2015-1, 2017-1, 2018-1 and 2019-1**  
**Statements of profit or loss and other comprehensive income**  
**For the year ended 31 August 2021**

Note	REDS 2013-1		REDS 2015-1		REDS 2017-1		REDS 2018-1		REDS 2019-1	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020* \$'000
<b>Revenue</b>										
Interest income	3,734	5,760	5,684	8,176	8,681	13,518	10,009	16,187	12,942	24,789
Other income	121	129	127	192	287	322	344	410	645	477
<b>Total revenue</b>	<b>3,855</b>	<b>5,889</b>	<b>5,811</b>	<b>8,368</b>	<b>8,968</b>	<b>13,840</b>	<b>10,353</b>	<b>16,597</b>	<b>13,587</b>	<b>25,266</b>
<b>Expenses</b>										
Interest expense	2,138	3,812	3,201	5,139	5,143	9,094	5,982	11,118	7,641	15,515
Trustee and custodian fees	51	66	76	98	128	167	161	216	214	317
Liquidity facility interest and support fees	18	22	-	-	-	-	-	-	-	-
Management fees	119	155	178	229	298	392	375	507	498	745
Contracted servicing fees	296	386	445	569	744	976	937	1,263	1,244	1,849
Bad debt write off (net of recoveries)	10	-	-	-	26	-	20	-	-	-
Movement in provision for mortgage loans	-	-	-	-	-	-	(908)	483	(1,445)	1,823
Other expenses	50	52	43	52	95	112	87	89	163	225
Total expenses before distribution expense to unitholders	2,682	4,493	3,943	6,087	6,434	10,741	6,654	13,676	8,315	20,474
<b>Profit from operating activities</b>	<b>1,173</b>	<b>1,396</b>	<b>1,868</b>	<b>2,281</b>	<b>2,534</b>	<b>3,099</b>	<b>3,699</b>	<b>2,921</b>	<b>5,272</b>	<b>4,792</b>
Distribution expense	(1,173)	(1,396)	(1,868)	(2,281)	(2,534)	(3,099)	(2,791)	(4,101)	(3,827)	(6,615)
Profit/(Loss) for the year attributable to unitholders	-	-	-	-	-	-	908	(1,180)	1,445	(1,823)
<b>Total comprehensive income for the year attributable to unitholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>908</b>	<b>(1,180)</b>	<b>1,445</b>	<b>(1,823)</b>

\* The comparative amounts cover a longer period from 29 August 2019 to 31 August 2020 as the Trust was opened in 2019.

The statements of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

**REDS RMBS Trusts Series 2013-1, 2015-1, 2017-1, 2018-1 and 2019-1**  
**Statement of changes in equity**  
**For the year ended 31 August 2021**

The Trusts' net assets attributable to unit holders are classified as a liability under AASB 132 *Financial Instruments*; Presentation.

As the Trusts hold no equity, movements in equity have not been included for the current year and for any comparative years.

The statements of changes in equity should be read in conjunction with the accompanying notes.

**REDS RMBS Trusts Series 2013-1, 2015-1, 2017-1, 2018-1 and 2019-1**  
**Statements of financial position**  
**As at 31 August 2021**

Note	REDS 2013-1		REDS 2015-1		REDS 2017-1		REDS 2018-1		REDS 2019-1		
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	
<b>Current assets</b>											
Cash and cash equivalents	11(a)	8,492	9,354	9,065	10,824	8,525	10,909	17,094	17,474	15,260	21,871
Receivables	6	391	413	288	620	888	929	1,055	1,213	2,645	1,916
		<b>8,883</b>	9,767	<b>9,353</b>	11,444	<b>9,413</b>	11,838	<b>18,149</b>	18,687	<b>17,905</b>	23,787
<b>Non-current assets</b>											
Financial assets	7	127,132	166,947	192,484	248,051	317,013	418,951	398,218	526,720	499,524	733,414
<b>Total assets</b>		<b>136,015</b>	176,714	<b>201,837</b>	259,495	<b>326,426</b>	430,789	<b>416,367</b>	545,407	<b>517,429</b>	757,201
<b>Current liabilities</b>											
Payables	8	6,491	7,416	3,438	3,706	1,111	1,634	1,624	2,276	1,595	2,533
<b>Non-current liabilities</b>											
Interest bearing liabilities	9	129,524	169,298	198,399	255,789	325,315	429,155	415,015	544,311	516,212	756,491
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>136,015</b>	176,714	<b>201,837</b>	259,495	<b>326,426</b>	430,789	<b>416,639</b>	546,587	<b>517,807</b>	759,024
Represented by:											
<b>Net assets/(liabilities) attributable to unitholders – liability</b>	10(b)	-	-	-	-	-	-	(272)	(1,180)	(378)	(1,823)

The statements of financial position should be read in conjunction with the accompanying notes.

**REDS RMBS Trusts Series 2013-1, 2015-1, 2017-1, 2018-1 and 2019-1**  
**Statements of cash flows**  
**For the year ended 31 August 2021**

	Note	REDS 2013-1		REDS 2015-1		REDS 2017-1		REDS 2018-1		REDS 2019-1	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020* \$'000
<b>Cash flows from operating activities</b>											
Interest received		3,822	6,030	5,816	8,488	8,895	14,228	10,271	17,220	13,546	25,168
Interest paid		(2,712)	(4,569)	(3,997)	(6,153)	(6,442)	(11,015)	(7,663)	(13,861)	(9,859)	(18,284)
Payments to noteholders		(39,774)	(43,102)	(57,390)	(59,499)	(103,839)	(116,889)	(129,296)	(187,845)	(240,279)	(243,509)
Principal repayment of mortgage loans		39,779	42,979	55,785	58,057	101,777	113,713	129,336	177,684	234,212	263,839
<b>Net cash inflow/(outflow)from operating activities</b>	11(b)	<b>1,115</b>	<b>1,338</b>	<b>214</b>	<b>893</b>	<b>391</b>	<b>37</b>	<b>2,648</b>	<b>(6,802)</b>	<b>(2,380)</b>	<b>27,214</b>
<b>Cash flows from investing activities</b>											
Payment for mortgage loans		-	-	-	-	-	-	-	-	-	(1,000,000)
<b>Net cash outflow from investing activities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,000,000)</b>
<b>Cash flows from financing activities</b>											
Proceeds from issue of notes		-	-	-	-	-	-	-	-	-	1,000,000
Distribution paid to income unitholder		(1,236)	(1,626)	(1,973)	(2,516)	(2,775)	(3,605)	(3,028)	(4,131)	(4,231)	(5,493)
(Repayment)/Issue of liquidity facility		(741)	(841)	-	-	-	-	-	-	-	150
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(1,977)</b>	<b>(2,467)</b>	<b>(1,973)</b>	<b>(2,516)</b>	<b>(2,775)</b>	<b>(3,605)</b>	<b>(3,028)</b>	<b>(4,131)</b>	<b>(4,231)</b>	<b>994,657</b>
Net (decrease)/ increase in cash and cash equivalents		(861)	(1,129)	(1,759)	(1,623)	(2,384)	(3,568)	(380)	(10,933)	(6,611)	21,871
Cash and cash equivalents at the beginning of the financial year		9,354	10,483	10,824	12,447	10,909	14,477	17,474	28,407	21,871	-
<b>Cash and cash equivalents at the end of the financial year</b>	11(a)	<b>8,492</b>	<b>9,354</b>	<b>9,065</b>	<b>10,824</b>	<b>8,525</b>	<b>10,909</b>	<b>17,094</b>	<b>17,474</b>	<b>15,260</b>	<b>21,871</b>

\* The comparative amounts cover a longer period from 29 August 2019 to 31 August 2020 as the Trust was opened in 2019.

The statements of cash flows should be read in conjunction with the accompanying notes.



**REDS RMBS Trusts Series 2013-1, 2015-1, 2017-1, 2018-1 and 2019-1**  
**Notes to the financial statements**  
**31 August 2021**

**Note 1. Reporting entity**

All REDS Trusts were established by the Master Trust Deed dated 10 February 1998 (as amended) between the Manager (B.Q.L. Management Pty Ltd) and the Trustee (Perpetual Trustee Company Limited) and the Series Supplement between the Seller and Servicer (Bank of Queensland Limited – “the Bank”), the Manager (B.Q.L. Management Pty Ltd) and the Trustee (Perpetual Trustee Company Limited) dated as below;

Series 2013-1 REDS Trust	24 July 2013
Series 2015-1 REDS Trust	26 February 2015
Series 2017-1 REDS Trust	8 February 2017
Series 2018-1 REDS Trust	28 May 2018
Series 2019-1 REDS Trust	9 August 2019

The Trusts were established with the purpose of carrying on a business to provide funds for the purchase of investments being mortgage loans. The Trusts funded the purchase of mortgage loans through the issue of Class A1, Class A2, Class A, Class AB, Class B1, Class B2, Class B, Class C, Class D, Class E and Class F notes which represent the debt of the Trusts.

The Trusts are domiciled in Australia. The registered office of the Manager, B.Q.L. Management Pty Ltd, is Level 6, BOQ Village, 100 Skyring Terrace, Newstead, Queensland, 4006.

**Note 2. Basis of preparation**

**Statement of compliance**

In the opinion of the Manager, the Trusts are not publicly accountable nor are reporting entities. The financial reports of the Trusts have been drawn up as special purpose financial reports for distribution to the investors.

The special purpose financial reports have been prepared in accordance with Australian Accounting Standards ('AASB's') adopted by the Australian Accounting Standards Board ('AASB') and the requirements of the Master Trust Deed dated 10 February 1998 (as amended).

The financial reports do not include the disclosure requirements of all AASBs except for the following minimum requirements:

AASB101	Presentation of financial statements
AASB107	Statement of cash flows
AASB108	Accounting policies, Changes in Accounting Estimates and Errors
AASB1048	Interpretation and Application Standards
AASB1054	Australian Additional Disclosures

The financial reports do not include all the disclosure, measurement and recognition requirements of AASB 9 *Financial Instruments*. The major impact of fully adopting AASB 9 would have been that the Trusts would have recognised a financial asset due from the Bank, representing a secured loan rather than the underlying securitised mortgages. The interest receivable on the financial asset would have represented the return on an imputed loan between the Bank and the Trusts, being the interest income under the mortgages, net of the fees payable to the Bank by the Trusts and the net interest income/expense recognised under derivative contracts such as interest rate swaps. Derivative financial instruments have not been recognised in these financial statements except to the extent set out in note 3(f).

The financial reports were authorised for issue by the Manager on 15 November 2021.

**COVID 19 financial reporting considerations**

With the ongoing economic uncertainties from COVID-19, the Trusts have continued to monitor its financial reporting procedures and practices in line with those applied in the financial statements for the financial year ended 31 August 2020. While the effects of COVID-19 do not change the areas requiring significant estimation and judgement in the preparation of financial statements, they continue to result in estimation uncertainty and application of judgement within those identified.

**Provision for Impairment**

The COVID-19 pandemic, together with measures implemented to contain the virus, continues to create uncertainty for the Australian economy. Although GDP, property prices and unemployment have been less severe than anticipated in FY2020 we have seen intermittent COVID-19 lockdowns across several states. Accordingly, significant estimation uncertainty with respect to the provision for impairment on loans and advances remains, as forecast macroeconomic conditions are a key factor in determining the expected credit loss (ECL) on these assets. Refer to Note 3 (e) and Note 7.

**REDS RMBS Trusts Series 2013-1, 2015-1, 2017-1, 2018-1 and 2019-1**  
**Notes to the financial statements**  
**31 August 2021**

**Note 2. Basis of preparation (continued)**

**Basis of measurement**

The financial reports have been prepared on the historical cost basis.

**Functional and presentational currency**

The financial reports are presented in Australian dollars, which is the Trusts' functional currency.

**Rounding**

The Trusts are entities of the kind referred to in the ASIC Corporations Instrument 2016/191 dated 24 March 2016 and in accordance with that Instrument, amounts in these financial statements have been rounded to the nearest thousand Australian dollars, unless otherwise stated.

**Accounting estimates and judgements**

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods if affected.

The area which involves significant estimation, uncertainty and critical judgements in applying accounting policies and has the most significant effect on the amounts recognised in these financial statements is the impairment of financial assets as described in Note 3(e) Financial Assets – Impairment of financial assets.

**Note 3. Significant accounting policies**

**New or amended accounting standards and interpretations**

The below new standards have been identified as ones which may impact the Trusts. The standards apply to annual reporting periods beginning on or after 1 July 2021, with earlier application permitted. The Trusts have not elected to early adopt.

*AASB 1060 General Purpose Financial Statements Simplified Disclosures for For-Profit and Not-For-Profit Tier 2 Entities ("AASB 1060"); and*

*AASB 2020-2 Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities ("AASB 2020-2")*

The AASB has issued a revised Conceptual Framework which introduces a new reporting entity concept (2019-01). As part of introducing the new reporting entity concept, the AASB also introduced AASB 2020-2, which removes the ability for certain for-profit private sector entities to prepare Special Purpose Financial Statements ("SPFS") where there are regulator or other legal requirements to prepare financial statements in compliance with the Australian Accounting Standards. Such entities can only prepare General Purpose Financial Statements.

However, where financial statements are prepared only due to the requirements of the entity's Trust Deed, AASB 2020-2 allows the entity to still prepare SPFS, provided that the entity's governing document is:

- Grandfathered at 30 June 2021 (i.e. is not amended for any reason subsequent to 30 June 2021); or
- Amended prior to 30 June 2021 to remove the requirement to prepare financial statements under the Australian Accounting Standards and to specify the new basis of preparation for the financial statements of the entity.

AASB 1060 and AASB 2020-2 are effective for financial years beginning on or after 1 July 2021, but can be early adopted. The Trustee has assessed there are no material impacts of AASB 1060 or AASB 2020-2 on the financial statements of the Trusts. The Trusts will continue to prepare special purpose financial statements to meet the requirements of the Master Trust Deeds.

**REDS RMBS Trusts Series 2013-1, 2015-1, 2017-1, 2018-1 and 2019-1**  
**Notes to the financial statements**  
**31 August 2021**

**Note 3. Significant accounting policies (continued)**

**(a) Revenue recognition**

**Revenue**

The Trusts recognise revenue as follows:

*Interest income and expenses*

Interest income and expenses for all interest bearing financial instruments are recognised in the profit or loss using the effective interest rates of the financial assets or financial liabilities to which they relate.

The effective interest rate is the rate that discounts estimated future cash payments and receipts through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or liability.

When calculating the effective interest rate, the Trusts estimate cash flows considering all contractual terms of the financial instrument but not future credit losses. The calculation includes all amounts paid or received by the Trusts that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

**(b) Income and expenses**

Income and expenses are brought to account on an accruals basis.

The Manager and Trustee are entitled under the Master Trust Deed (as amended) to be reimbursed for certain expenses incurred in administering the Trusts. The basis on which the expenses are reimbursed is defined in the Series Supplement. The amount reimbursed is disclosed in the statements of profit or loss and other comprehensive income and was calculated in accordance with the Series Supplement.

**(c) Income tax**

Under current legislation the Trusts are not subject to income tax as the taxable income, including the assessable realised capital gains, is distributed in full to the unitholder. The Trusts fully distribute their distributable income, calculated in accordance with the Master Trust Deed (as amended) and Series Supplements and applicable taxation legislation, to the unitholders who are presently entitled to the income.

**(d) Cash and cash equivalents**

Cash and cash equivalents include deposits held at call with a bank or financial institution and highly liquid investments with short periods to maturity which are readily convertible to cash at the Manager's option and are subject to insignificant risk of changes in value.

**(e) Financial assets**

*Mortgage Loans*

The mortgage loans are recognised at fair value at acquisition date plus transaction costs that are directly attributable to the loans. Mortgage loans are subsequently measured at amortised cost using the effective interest method less any impairment loss. Mortgage loans are mortgage insured loans secured by first registered mortgages over residential properties.

*Past-due loans*

Past-due loans are loans which are over 90 days in arrears. Interest on these loans continue to be taken to income. Days in arrears are calculated for each loan in accordance with Clause 1.1 of the Series Supplement as follows:

Principal balance of loan less Scheduled balance of loan            x            30  
Monthly principal and interest repayment due

**REDS RMBS Trusts Series 2013-1, 2015-1, 2017-1, 2018-1 and 2019-1**  
**Notes to the financial statements**  
**31 August 2021**

**Note 3. Significant accounting policies (continued)**

**(e) Financial Assets (continued)**

*Loans and receivables – Expected Credit Loss (ECL)*

The Trusts recognise a loss allowance for expected credit losses (ECL) on financial assets which are measured at amortised cost. The ECL allowance is based on the credit losses expected to arise over the next 12 months of the financial asset, unless there has been a significant increase in credit risk (SICR) since origination. In this case, the allowance is based on the ECL for the life of the financial asset. The 12 months' ECL is the portion of lifetime ECLs that represent the ECLs that result from default events on a financial asset that are possible within the 12 months after the reporting date.

At the end of each reporting period, the Trusts perform an assessment of whether a financial asset's credit risk has increased significantly since initial recognition. This is done by considering the change in the risk of default occurring over the remaining life of the financial asset.

A loss allowance for ECL has not been recognised for Series 2013-1, 2015-1 and 2017-1 Trusts on the basis that all loans are mortgage insured.

Bad debts are written off when identified and are recognised as expenses in the statements of profit or loss and other comprehensive income, to the extent they are not covered by mortgage insurance.

The Trusts apply a three stage approach to measuring the ECL, as described below:

- Stage 1 – For financial assets where there has not been a SICR since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default (**PD**) occurring within the next 12 months is recognised as the 12 month ECL, adjusted for forward-looking information. Stage 1 includes facilities where the credit risk has improved and the loan has been reclassified from Stage 2 or Stage 3.

- Stage 2 – When there has been a SICR, the lifetime ECL is determined with reference to the financial asset's life-time PD and the lifetime losses associated with that PD, adjusted for forward-looking information. The Trusts assess whether there has been a SICR since initial recognition based on qualitative, quantitative, and reasonable and supportable forward-looking information that includes significant management judgement. Use of alternative criteria could result in significant changes to the timing and amount of ECL to be recognised. Lifetime ECL considers the expected behaviour of the asset as well as forward looking macro-economic forecasts. Stage 2 also includes facilities where the credit risk has improved and the loan has been reclassified from Stage 3.

- Stage 3 - This includes financial assets that are deemed to be credit impaired, which generally correspond to the APRA definition of default and include exposures that are at least 90 days past due. The provision is also equivalent to the lifetime ECL. Financial assets in Stage 3 will have a collective provision determined by the ECL model, although some loans are individually covered by a specific provision. A specific provision is calculated based on estimated future cash flows discounted to their present value, net of any collateral held against that financial asset.

*Write-offs*

Financial assets are written off, either partially or in full, against the related provision when the Trusts conclude that there is no reasonable expectation of recovery and all possible collateral has been realised. Recoveries of financial assets previously written off decrease the amount of impairment losses recognised in profit or loss and are recognised based on the cash received.

*Definition of default*

A default is considered to have occurred when the borrower is unlikely to pay its credit obligations in full without recourse by the Bank to the realisation of available security and/or the borrower is at least 90 days past due on their credit obligations. This definition is in line with the regulatory definition of default and also aligned to the definition used for internal credit risk management purposes across all portfolios.

*Significant increase in credit risk*

SICR for financial assets are assessed by comparing the risk of a default occurring over the expected life of a financial asset at the reporting date compared to the corresponding risk of default at origination. In determining what constitutes a significant increase in credit risk, the Trusts' consider qualitative and quantitative information.

For the Trust's mortgage portfolios, a statistical model has been developed to identify where a facility's recent behaviour has deteriorated significantly from its origination behaviour. For all loan portfolios, the primary indicator is in addition to the secondary SICR indicator, which is based on 30 days past due arrears information.

**REDS RMBS Trusts Series 2013-1, 2015-1, 2017-1, 2018-1 and 2019-1**  
**Notes to the financial statements**  
**31 August 2021**

**Note 3. Significant accounting policies (continued)**

**(e) Financial Assets (continued)**

*Calculation of ECL*

Both 12 months' ECLs and lifetime ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial assets. Where ECL is modelled collectively for portfolios of exposures, it is modelled primarily as the product of the PD, the loss given default (**LGD**) and the exposure at default (**EAD**). These parameters are generally derived from internally developed statistical models combined with historical, current, and forward-looking information, including macro-economic data:

- The 12-months and lifetime PD, for accounting purposes, represent the estimation of the point-in-time probability of a default over the next 12 months and remaining lifetime of the financial instrument, respectively, based on conditions existing at the balance sheet date and future economic conditions that affect credit risk;
- The EAD represents the expected exposure at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdown of a facility; and
- The LGD represents the expected loss conditional on default, taking into account the mitigating effect of collateral, its expected value when realised, and the time value of money.

*Incorporation of forward-looking information*

The credit risk factors described above are estimates at a point in time based on the probability weighted forward-looking economic scenarios. The inclusion of a forward-looking component in the model anticipates changes in the economic outlook, which will likely increase the volatility of the provision. The Trusts consider four forward-looking macro-economic scenarios (boom, recovery, slow down and recession) over time horizons ranging from one year to over four years to ensure a sufficient unbiased representative sample is included in estimating the forward-looking ECL. Sensitivity analysis is also performed on each of the macro-economic scenarios and if conditions warrant, this could result in a management overlay for economic uncertainty which is included in the ECL.

The scenarios, including its underlying indicators, are developed using a combination of publicly available data, internal forecasts and third party information to form the initial baseline. The scenarios are refined through consultation with internal specialists and benchmarking to external data from reputable sources, which includes forecasts published from a range of market economists and official data sources, including major central banks.

Economic outlook factors that are taken into consideration include, but are not limited to, unemployment, interest rates, gross domestic product, inflation, commercial and residential property price indexes, and require an evaluation of both the current and forecast direction of the macro-economic cycle.

Incorporating forward looking information, including macro-economic forecasts, increases the degree of judgement required to assess how changes in these data points will affect ECLs. The methodologies and assumptions, including any forecasts of future economic conditions, are reviewed regularly.

*Governance*

The Executive Credit Committee has the delegation for reviewing and approving the methodology, and any judgements and assumptions. A Quarterly Economic Forum is held by the Bank to discuss and approve future economic forecasts, and the associated probability weights and economic scenarios which are then incorporated into the Trust ECL models. Where applicable, management adjustments or overlays may be made to account for situations where known or expected risks and information have not been considered in the modelling process. Key areas of judgement, as determined by the Bank and applied to the Trusts' provision for impairment on loans and receivables, are reported to the Bank's Audit Committee and Board at each reporting period.

**REDS RMBS Trusts Series 2013-1, 2015-1, 2017-1, 2018-1 and 2019-1**  
**Notes to the financial statements**  
**31 August 2021**

**Note 3. Significant accounting policies (continued)**

**(f) Derivative financial instruments**

The Trusts are exposed to changes in interest rates and, where applicable, foreign currency exchange rates from its activities. The Trusts use interest rate swaps and cross currency swaps as derivative financial instruments to hedge these risks. Derivative financial instruments are not held for speculative purposes. Interest payments and receipts under interest rate and cross currency swap contracts are recognised on an accruals basis in the statements of profit or loss and other comprehensive income as an adjustment to interest income during the period.

**(g) Receivables**

Receivables are carried at their amortised cost.

**(h) Payables**

Liabilities are recognised for amounts to be paid in the future for services received. Accounts payable are non-interest bearing, stated at amortised cost and are normally settled within 30 days.

**(i) Interest bearing liabilities**

Interest bearing liabilities are initially recognised at fair value. Subsequent measurement is at amortised cost using the effective interest rate method.

**(j) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax ('GST'), except where the amount of GST incurred (or portion of the GST incurred) is not recoverable from the Australian Taxation Office ('ATO'). In these circumstances the irrecoverable GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

**(k) Clean up Provisions per Trust Deed Supplement**

The Manager may direct the Bank to repurchase or transfer the remaining mortgage loans to another REDS Series Trust where:

- (i) The aggregate principal outstanding on the receivables on the last day of any Monthly Period, when expressed as a percentage of the total principal outstanding at the commencement of the Trust is below the clean up percentage of 10%; or
- (ii) The tenth anniversary of the Closing Date of the Trust occurs; provided the Australian Prudential Regulation Authority ("APRA") has advised that it will permit the Bank to exercise its rights to repurchase the remaining receivables.

**REDS RMBS Trusts Series 2013-1, 2015-1, 2017-1, 2018-1 and 2019-1**  
**Notes to the financial statements**  
**31 August 2021**

**Note 4. Auditor's remuneration**

The auditor's remuneration for the Trusts is paid by the parent entity, the Bank. The following amounts were attributable to the Trusts in relation to the audit, transaction testing and the securitisation set up fees for the Trusts.

Fees paid to the Auditor of the Trusts, KPMG Australia:

	REDS 2013-1		REDS 2015-1		REDS 2017-1		REDS 2018-1		REDS 2019-1	
	2021 \$	2020 \$	2021 \$	2020 \$	2021 \$	2020 \$	2021 \$	2020 \$	2021 \$	2020* \$
<b>Audit Services:</b>										
Audit of financial reports	4,301	4,200	4,301	4,200	4,301	4,200	4,301	4,200	4,301	4,200
<b>Other services:</b>										
Other services	4,608	4,500	4,608	4,500	4,608	4,500	4,608	4,500	4,608	4,500
	<b>8,909</b>	<b>8,700</b>	<b>8,909</b>	<b>8,700</b>	<b>8,909</b>	<b>8,700</b>	<b>8,909</b>	<b>8,700</b>	<b>8,909</b>	<b>8,700</b>
	<b>2021 \$'000</b>	<b>2020 \$'000</b>	<b>2021 \$'000</b>	<b>2020 \$'000</b>	<b>2021 \$'000</b>	<b>2020 \$'000</b>	<b>2021 \$'000</b>	<b>2020 \$'000</b>	<b>2021 \$'000</b>	<b>2020* \$'000</b>
<b>Note 5. Interest expense</b>										
Interest expense - A noteholders	-	-	-	2,498	-	-	-	-	5,638	13,051
Interest expense - A1 noteholders	752	1,441	-	-	3,790	7,329	4,347	8,945	-	-
Interest expense - A2 noteholders	851	1,534	-	-	228	402	302	462	-	-
Interest expense - A2R noteholders	-	-	2,435	1,415	-	-	-	-	-	-
Interest expense - AB noteholders	335	537	472	778	353	447	136	196	446	601
Interest expense - B noteholders	-	-	200	311	379	463	291	406	329	431
Interest expense - B1 noteholders	145	219	-	-	-	-	-	-	-	-
Interest expense - B2 noteholders	55	81	-	-	-	-	-	-	-	-
Interest expense - C noteholders	-	-	71	105	327	380	308	400	362	446
Interest expense - D noteholders	-	-	23	32	66	73	195	241	261	311
Interest expense - E noteholders	-	-	-	-	-	-	403	468	226	256
Interest expense - F noteholders	-	-	-	-	-	-	-	-	379	419
	<b>2,138</b>	<b>3,812</b>	<b>3,201</b>	<b>5,139</b>	<b>5,143</b>	<b>9,094</b>	<b>5,982</b>	<b>11,118</b>	<b>7,641</b>	<b>15,515</b>

\* The comparative amounts cover a longer period from 29 August 2019 to 31 August 2020 as the Trust was opened in 2019.

**REDS RMBS Trusts Series 2013-1, 2015-1, 2017-1, 2018-1 and 2019-1**  
**Notes to the financial statements**  
**31 August 2021**

	REDS 2013-1		REDS 2015-1		REDS 2017-1		REDS 2018-1		REDS 2019-1	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Note 6. Receivables</b>										
Interest receivable from mortgagors	135	220	243	359	367	568	460	688	539	906
Interest collections receivable from servicer	43	16	26	24	23	24	64	67	59	84
Principal collections receivable from servicer	213	177	19	237	498	337	531	457	2,047	925
GST recoverable	-	-	-	-	-	-	-	1	-	1
	<b>391</b>	<b>413</b>	<b>288</b>	<b>620</b>	<b>888</b>	<b>929</b>	<b>1,055</b>	<b>1,213</b>	<b>2,645</b>	<b>1,916</b>
<b>Note 7. Financial assets</b>										
Mortgage loans	127,132	166,947	192,484	248,051	317,013	418,951	398,490	527,900	499,902	735,237
Less: provision for impairment – Stage 1 12 Months ECL	-	-	-	-	-	-	(62)	(209)	(99)	(297)
Less: provision for impairment – Stage 2 Lifetime ECL	-	-	-	-	-	-	-	(659)	-	(937)
Less: provision for impairment – Stage 3 Lifetime ECL	-	-	-	-	-	-	(54)	(253)	(63)	(359)
Less: provision for impairment – Stage 3 Specific	-	-	-	-	-	-	(156)	(59)	(216)	(230)
	<b>127,132</b>	<b>166,947</b>	<b>192,484</b>	<b>248,051</b>	<b>317,013</b>	<b>418,951</b>	<b>398,218</b>	<b>526,720</b>	<b>499,524</b>	<b>733,414</b>



**REDS RMBS Trusts Series 2013-1, 2015-1, 2017-1, 2018-1 and 2019-1**  
**Notes to the financial statements**  
**31 August 2021**

**Note 7. Financial assets (continued)**

Impact of COVID-19 on ECL

In response to the COVID-19 global pandemic, the Bank continues to offer support to its customers through a range of industry-wide financial assistance measures including temporary loan repayment deferrals. Notwithstanding these measures, together with government stimulus, there remains significant estimation uncertainty in relation to the measurement of the Trust's ECL for loans and advances. Although GDP, property prices and unemployment have been less severe than anticipated in FY20 there have been further outbreaks of infection and snap lockdowns across a large part of Australia with large metropolitan cities experiencing extended lockdown periods. The true extent of the level of stress in the economy, which could result in credit losses, is still highly uncertain.

In determining the reported ECL, the Trusts have taken into account the facts, circumstances and forecasts of future economic conditions and supportable information available at the reporting date. Model updates have been implemented in 2H21 which include a complete review of the overlays and adjustments in place as well as updated scenarios and scenario weightings to cater for economic uncertainties. Observed credit deterioration, and its resultant impact on PD and LGD, incorporated in the most recent data set has translated some of the model overlay into the modelled outcome while management overlays have been refined based on industry and occupation data observed during the pandemic.

The ECL reflects an unbiased and probability-weighted amount, determined by the evaluation of a range of possible forward looking economic outcomes, rather than being based on a best or worst case scenario. The macro-economic outlook, as reflected in the base case scenario, has improved since FY20 including lower unemployment and improved property prices. The low unemployment and strong growth due to extensive fiscal and monetary support has also resulted in a new Upside scenario. However, the potential for further downside risk remains, including economic deterioration from additional lockdowns, the reduction of government support and vaccine rollout delays. The probability weighting across each scenario has therefore been updated per the table below utilising the most up to date macro-economic information available as at reporting date.

The four scenarios were Upside, Base case, Downside and Severe, that were probability weighted 5%, 42.5%, 30% and 22.5%, respectively. The general shape of the economic recovery varies within each scenario. The table below provides a summary of macro-economic assumptions used in the Base and Downside scenarios as at 31 August 2021.

	<b>GDP (annual change)</b> %	<b>Unemployment rate</b> %	<b>Residential Property prices (annual change)</b> %	<b>Commercial Property prices (annual change)</b> %
Base -2021	3.75	5.00	17.00	3.25
Base -2022	4.75	4.50	7.50	(0.25)
Base -2023	2.75	4.25	4.00	0.75
Downside- 2021	(0.25)	6.75	6.75	1.00
Downside- 2022	2.75	6.75	(2.00)	(3.75)
Downside- 2023	2.00	6.50	(0.25)	(2.75)

**REDS RMBS Trusts Series 2013-1, 2015-1, 2017-1, 2018-1 and 2019-1**  
**Notes to the financial statements**  
**31 August 2021**

	REDS 2013-1		REDS 2015-1		REDS 2017-1		REDS 2018-1		REDS 2019-1	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Note 8. Payables</b>										
Distribution payable to income unitholder	180	242	338	444	350	590	669	905	718	1,121
Interest payable to noteholders	60	83	67	111	290	277	225	291	156	204
Swap interest payable	140	230	148	256	253	528	466	779	458	892
Liquidity facility cash advance from servicer	2,536	3,277	-	-	-	-	-	-	-	-
Income/excess spread reserve	3,550	3,550	2,850	2,850	150	150	150	150	150	150
Other payables	25	34	35	45	68	89	114	151	113	166
	<b>6,491</b>	<b>7,416</b>	<b>3,438</b>	<b>3,706</b>	<b>1,111</b>	<b>1,634</b>	<b>1,624</b>	<b>2,276</b>	<b>1,595</b>	<b>2,533</b>
<b>Note 9. Interest bearing liabilities</b>										
Class A notes	-	-	-	-	-	-	-	-	436,212	676,491
Class A1 notes	57,754	75,490	-	-	272,951	371,512	348,344	464,311	-	-
Class A2 notes	53,533	69,971	-	-	11,126	15,143	21,670	26,000	-	-
Class A2R notes	-	-	166,111	214,162	-	-	-	-	-	-
Class AB notes	13,026	17,026	22,601	29,139	16,495	17,000	7,835	9,400	27,400	27,400
Class B1 notes	3,908	5,108	-	-	-	-	-	-	-	-
Class B2 notes	1,303	1,703	-	-	-	-	-	-	-	-
Class B notes	-	-	7,265	9,366	14,555	15,000	14,832	17,800	18,000	18,000
Class C notes	-	-	2,018	2,602	9,121	9,400	11,168	13,400	14,600	14,600
Class D notes	-	-	404	520	1,067	1,100	5,167	6,200	8,500	8,500
Class E notes	-	-	-	-	-	-	5,999	7,200	5,000	5,000
Class F notes	-	-	-	-	-	-	-	-	6,500	6,500
	<b>129,524</b>	<b>169,298</b>	<b>198,399</b>	<b>255,789</b>	<b>325,315</b>	<b>429,155</b>	<b>415,015</b>	<b>544,311</b>	<b>516,212</b>	<b>756,491</b>

A floating charge exists over all the assets of the Trust securing the amounts owing to each Noteholder and any other secured creditor.

**REDS RMBS Trusts Series 2013-1, 2015-1, 2017-1, 2018-1 and 2019-1**

**Notes to the financial statements**

**31 August 2021**

	REDS 2013-1		REDS 2015-1		REDS 2017-1		REDS 2018-1		REDS 2019-1	
	2021 Units	2020 Units	2021 Units	2020 Units	2021 Units	2020 Units	2021 Units	2020 Units	2021 Units	2020 Units
<b>Note 10. Net liabilities attributable to unitholders</b>										
<b>(a) Units on Issue</b>										
<i>Income Units</i>	1	1	1	1	1	1	1	1	1	1
<i>Capital Units</i>	10	10	10	10	10	10	10	10	10	10
<i>Capital Units – Class A</i>	-	-	-	-	-	-	-	-	-	-
<i>Capital Units – Class B</i>	-	-	-	-	-	-	-	-	-	-
	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>

The beneficial interest in the Series Trusts is divided into Units in accordance with the Trust Creation Deed. The Units have been issued to the Unitholders in accordance with the Master Trust Deed and the Trust Creation Deed.

The Income Unitholder has only the right to receive payments of the Income Unit Amount in relation to the Income Unit only to the extent that funds are available for the purposes in accordance with this Deed. The Income Unitholder has no entitlement to the capital of the Series Trusts.

The Capital Unitholders only have the right to receive the balance of any principal collections available in accordance with the Trust Deed and Series Supplement and only to the extent that there are funds, or on the termination of the Trusts the capital remaining after the payment (or the provision for payment) of all other outgoings and amounts by the Trustee.

	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>(b) Movement in net liabilities attributable to unitholders</b>										
<b><i>Classified as a liability</i></b>										
Opening balance	-	-	-	-	-	-	(1,180)	-	(1,823)	-
Profit from operating activities	1,173	1,396	1,868	2,281	2,534	3,099	3,699	2,921	5,272	4,792
Distribution expense	(1,173)	(1,396)	(1,868)	(2,281)	(2,534)	(3,099)	(2,791)	(4,101)	(3,827)	(6,615)
Closing balance	-	-	-	-	-	-	(272)	(1,180)	(378)	(1,823)

**REDS RMBS Trusts Series 2013-1, 2015-1, 2017-1, 2018-1 and 2019-1**  
**Notes to the financial statements**  
**31 August 2021**

**Note 11. Notes to statement of cash flows**

**(a) Reconciliation of cash**

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	REDS 2013-1		REDS 2015-1		REDS 2017-1		REDS 2018-1		REDS 2019-1	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Cash and cash equivalents	8,492	9,354	9,065	10,824	8,525	10,909	17,094	17,474	15,260	21,871

**(b) Reconciliation of net operating income to net cash inflow from operating activities**

Profit from operating activities	1,173	1,396	1,868	2,281	2,534	3,099	3,699	2,921	5,272	4,792
<i>Adjustments for non cash items:</i>										
Movement in impairment provision	-	-	-	-	-	-	(908)	483	(1,445)	1,823
<i>Change in operating assets and liabilities during the financial year:</i>										
Decrease/(increase) in receivables	22	33	332	(59)	41	301	158	755	(729)	(1,916)
Decrease/(increase) in financial assets	39,815	43,083	55,567	58,287	101,938	113,744	129,409	177,411	235,335	264,763
(Decrease)/increase in payables	(121)	(72)	(163)	(117)	(282)	(218)	(414)	(527)	(534)	1,261
(Decrease)/increase in interest bearing liabilities	(39,774)	(43,102)	(57,390)	(59,499)	(103,840)	(116,889)	(129,296)	(187,845)	(240,279)	(243,509)
Net cash inflow/(outflow)from operating activities	1,115	1,338	214	893	391	37	2,648	(6,802)	(2,380)	27,214

**Note 12. Contingencies and commitments**

The Trusts have no material contingent liabilities or commitments as at 31 August 2021 (2020: Nil).

**Note 13. Events subsequent to reporting date**

There has not arisen, in the interval between the end of the year and the date of this report, any further item, transaction or event of a material and unusual nature, likely, in the opinion of the Trustee, to affect significantly the operations of the Trusts, the results of those operations, or the state of affairs of the Trusts in future financial years.

**Note 14. Going concern**

A deficiency in net liabilities attributable to unitholders recorded in any Trust is solely due to the recognition of life to date impairment provisions which did not involve the outflow of cash. The impairment provision will be assessed each year and as the contracts mature the provision will be reversed over the life of the Trusts, any write offs will be expensed as incurred and on this basis the financial statements have been prepared on a going concern basis. The impairment provision as shown in Note 7.



## Independent Auditor's Report

To the Investors of the following Trusts:

Series 2013-1 REDS Trust

Series 2018-1 REDS Trust

Series 2015-1 REDS Trust

Series 2019-1 REDS Trust

Series 2017-1 REDS Trust

Collectively, the Trusts.

### Opinion

We have audited the **Financial Report** of the Trusts (the Trusts).

In our opinion, the accompanying Financial Report presents fairly, in all material respects, the financial position of the Trusts as at 31 August 2021, and of its financial performance and its cash flows for the year then ended, in accordance with the basis of preparation described in Notes 2 and 3 to the financial statements.

The **Financial Report** comprises:

- Statement of financial position as at 31 August 2021;
- Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Trust in accordance with the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code)* that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

### Emphasis of matter – basis of preparation and restriction on use and distribution

We draw attention to Note 2 to the Financial Report, which describes the basis of preparation.

The Financial Report has been prepared to assist the Trustees of the Trusts in meeting the financial reporting requirements of the Master Trust Deed dated 10 February 1998 (as amended).

As a result, the Financial Report and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.



Our report is intended solely for Perpetual Trustee Company Limited (the Trustee), B.Q.L Management Pty Limited (the Manager) and the Investors and should not be used by or distributed to parties other than Perpetual Trustee Company Limited, B.Q.L Management Pty Limited and the Investors. We disclaim any assumption of responsibility for any reliance on this report, or on the Financial Report to which it relates, to any person other than Perpetual Trustee Company Limited, B.Q.L Management Pty Limited and the Investors or for any other purpose than that for which it was prepared.

### Other Information

Other Information is financial and non-financial information in the Trusts' annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Trusts' Manager is responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

### Responsibilities of the Trust Manager for the Financial Report

The Trusts' Manager is responsible for:

- the preparation and fair presentation of the Financial Report in accordance with the financial reporting requirements of the Master Trust Deed and have determined that the basis of preparation described in Notes 2 and 3 is appropriate to meet the needs of the Investors;
- implementing necessary internal control to enable the preparation of a Financial Report that is free from material misstatement, whether due to fraud or error; and
- assessing the Trusts' ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Trusts or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trusts' financial reporting process.

### Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.



Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our Auditor's Report.

A handwritten signature of 'KPMG' in black ink, written in a cursive style.

KPMG

Brisbane

15 November 2021