


AFG 2013-2 Trust
Pricing Term Sheet
Australian Prime RMBS – New Issue
AUD 300m
October 2013

Pricing Date 24 October 2013	Settlement Date 30 October 2013
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Class	Issue Size (A\$m)	Expected Ratings S&P / Fitch	Initial Credit Support	Interest Rate	Expected* WAL	Expected* Payment Window	Legal Final Maturity
A	271.50	AAA(sf)/AAA(sf)	9.5% + LMI	1M BBSW + 1.15%	2.9 years	Dec13 – Oct18	31.5 years
AB	18.25	AAA(sf)/AAA(sf)	3.4% + LMI	1M BBSW + 2.10%	4.1 years	Nov15 -Oct18	31.5 years
B	9.50	AA-(sf)/NR	0.25% + LMI	1M BBSW + 3.15%	4.1 years	Nov15 – Oct18	31.5 years
C	0.75	NR/NR	LMI	1M BBSW + undisclosed	5.0 years	Oct18	31.5 years

* The Expected WAL and Expected Payment Window of the Notes is based on the preliminary pool and Trust Principal Distributions outlined further below and assumes no defaults, no arrears, no principal draws and that Notes are called on the first possible Call Option Date. The analysis assumes a flat CPR ramping from 15% to 20% over the first 12 months.

Transaction Parties	
Trust	AFG 2013-2 Trust (“the Trust”) The Trust is a stand-alone trust established under the AFG Securities Master Trust Deed
Issuer and Trustee	Perpetual Corporate Trust Limited (ABN 99 000 341 533) as trustee for the Trust in respect of Series 2013-2 (“the Series”). Assets included in this Series will be ring-fenced from other series established under the Trust.
Trust Manager	AFG Securities Pty Ltd (“AFG Securities”) (ABN 90 119 343 118)
Security Trustee	P.T. Limited (ABN 67 004 454 666)
Servicer	AFG Securities
Standby Servicer	Perpetual Corporate Trust Limited
Arranger	National Australia Bank (ABN 12 004 044 937)
Joint Lead Managers	National Australia Bank Australia and New Zealand Banking Group Limited (ABN 11 005 357 522)
Liquidity Facility Provider	National Australia Bank
Fixed Rate Swap Provider	National Australia Bank
Lenders Mortgage Insurers (LMI)	Genworth Financial Mortgage Insurance Pty Limited (ABN 60 106 974 305) (“Genworth”) QBE Lenders’ Mortgage Insurance Limited (ABN 70 000 511 071) (“QBE”)
Rating Agencies	Standard and Poor’s (Australia) Pty Ltd (“S&P”) Fitch Australia Pty Ltd (“Fitch”)

Notes & Structural Features	
Notes	The Trustee will issue amortising, limited recourse, pass-through floating rated debt instruments that will be issued in registered form (the “Notes”). The Notes are divided into four classes: Class A Notes, Class AB Notes, Class B Notes and Class C Notes.
Loss Coverage	<ul style="list-style-type: none"> • All Classes of Notes benefit from: <ul style="list-style-type: none"> ○ In the first instance, credit support from the lenders mortgage insurance policies provided by the Lenders Mortgage Insurers; and ○ Excess spread – available to be utilised to cover any principal losses on defaulted loans and/or restore charge-offs on the Notes over the term of the transaction; and ○ The Amortisation Ledger – the balance of the Amortisation Ledger may be reduced to cover defaulted loans; and • Class A Notes benefit from the subordination of the Class AB, Class B, Class C Notes • Class AB Notes benefit from the subordination of the Class B Notes and Class C Notes • Class B Notes benefit from the subordination of the Class C Notes
Credit Support	<p>The credit support to be provided at the Settlement Date will be sized to achieve the indicated ratings based on the Class of Note and scenario as follows:</p> <ul style="list-style-type: none"> • Class A Notes - The credit support required on the Settlement Date to achieve ‘AAA’(sf)/‘AAA’(sf)’ by S&P and Fitch respectively assuming no credit is given to the lenders mortgage insurance policies covering each loan; • Class AB Notes - the credit support required on the Settlement Date to achieve ‘AAA’(sf)/‘AAA’(sf)’ by S&P and Fitch respectively; • Class B Notes – the credit support required on the Settlement Date to achieve at least AA-(sf) by S&P
Amortisation Ledger	<p>For each Payment Date following the first possible Call Option Date, a monthly payment equal to the Amortisation Amount will be paid from excess spread to principal collections to be applied in accordance with the Principal Distributions (pre-enforcement). With this payment, an equal and offsetting balance will be recorded in the Amortisation Ledger. The Amortisation Ledger will provide protection against losses from Mortgage Loans.</p> <p>This mechanism results, over time, in an increase in the balance of the Amortisation Ledger and therefore an increase in the level of credit support available to the Class A, Class AB and Class B Notes over time if the Notes are not called on the first possible Call Option Date.</p>
Amortisation Amount	<p>The Amortisation Amount is determined as follows:</p> <ol style="list-style-type: none"> 1. For each Payment Date following the first possible Call Option Date, the Amortisation Amount will be equal to (1 - company tax rate) multiplied by the balance of income available for distribution at item 16 of the Income Distributions (pre-enforcement), subject to income being available at this point in the Income Distributions; and 2. For all other Payment Dates, zero
Liquidity Support	<ul style="list-style-type: none"> • <i>Liquidity Facility</i> - A Liquidity Facility equal to 1.3% of the aggregate Invested Amount of all Notes outstanding plus the accrued interest adjustment will be provided by the Liquidity Facility Provider. The Liquidity Facility is available to cover liquidity shortfalls due to timing mismatches between the receipt of income and the payment of required payments on each Payment Date. • <i>Threshold Rate Subsidy</i> – The amount (if any) deposited by the Manager into the collection account to ensure, taking into account the Threshold Rate, that the Trustee will require to be able to meet its payment obligations in respect of the Series as and when they fall due.
Required Payments	Required Payments are eligible for support from Principal Draws and drawings under the Liquidity Facility. Required Payments include those payments listed from 1 to 6 of the Income Distributions (pre-enforcement) below.

Threshold Rate Mechanism	The Servicer will be obliged to set the interest rates on the loans at a level to ensure that the Trustee can meet the payment obligations of the Series as and when they fall due plus 0.25%.
Extraordinary Expense Reserve	On the Settlement Date, AFG Securities will deposit into the trust account an amount of A\$150,000 to be available to meet extraordinary Trust expenses from time to time.

Terms	
Interest Period	Monthly
Interest Reset Date	The first Business Day of the Interest Period
Determination Date	3 business days prior to a Payment Date
Payment Date	14 of each month with the first Payment Date occurring in December, 2013, subject to Following Business Day convention.
Trust Distributions	Monthly.
Note Interest Rate	For each Note Class, one month BBSW plus the relevant Margin. Interest will accrue on the Invested Amount of each Class of Notes other than the Class B Notes. The Class B Notes accrue interest on the Stated Amount and on the Class B Charged-Off Amount which is the difference between the Invested Amount and Stated Amount of the Notes. Only interest that accrues on the Stated Amount of the Class B Notes will be paid senior under item 6 of the Income Distributions (pre-enforcement) (the Class B Senior Interest). Any interest that accrues on the Class B Charged-Off Amount will be paid on a subordinated basis under item 11 of the Income Distributions (pre-enforcement) (the Class B Subordinated Interest).
Margin	<ul style="list-style-type: none"> Up to and including the Date Based Call Option Date: the Margin for each class of Note determined on or prior to the Settlement Date. Following the Date Based Call Option Date: in respect of the Class A and Class AB Notes only, the Margin will increase by an amount equal to 0.25% per annum. The Margins in respect of the Class B and Class C Notes will not increase.
Date Based Call Option Date	The Payment Date falling in October, 2018
Call Option Date	On any Payment Date on or after the earlier of: <ul style="list-style-type: none"> The Date Based Call Option Date; and The Payment Date, following the Payment Date when the principal amount outstanding on the Notes is less than 20% of the initial principal amount outstanding at the Settlement Date. The Trust Manager may (at its option) direct the Issuer to redeem all of the outstanding Notes.
Legal Final Maturity	The Payment Date falling in April, 2045
Business Day	A day on which banks are open for business in Melbourne, Sydney and Perth
Day Count Basis	Actual/365
Prefunding Period	None, closed pool
Substitution Period	None, closed pool
Issue Price	The Notes will be issued at par
Minimum Denomination	The Notes will be issued for a minimum purchase price of \$500,000 and with minimum denomination of A\$250,000 and integral multiples of \$250,000 thereafter.
Selling Restrictions	Australia, Hong Kong, Singapore, UK, US (reg S). The Trustee proposes to offer the Notes in a manner that satisfies the exemption from interest withholding tax contained in Section 128F of the Income Tax Assessment Act.
Clearing System	Austraclear

ISIN	Class A: AU3FN0020871 Class AB: AU3FN0020889 Class B: AU3FN0020897 Class C: AU3FN0020905
Repo Eligibility	The Class A and Class AB Notes are expected to be repo-eligible with the Reserve Bank of Australia.
Listing	The Notes will not be listed.

Trust Distributions	
Principal Distributions (pre-enforcement)	<p>In accordance with the transaction documents, principal distributions will be paid on each Payment Date in the following order:</p> <ol style="list-style-type: none"> 1. where permitted, to fund any Principal Draw; 2. where permitted, to fund redraws; 3. to the Redraw Noteholders (if any) until the Redraw Notes are repaid in full; 4. if the Step Down Conditions (see below) <u>are not</u> satisfied, in the following order of priority: <ol style="list-style-type: none"> a) to Class A Noteholders until repaid in full; then b) to Class AB Noteholders until repaid in full; then c) to Class B Noteholders, until repaid in full; and then d) to Class C Noteholders until repaid in full. <p>If the Step Down Conditions <u>are</u> satisfied, remaining principal distributions will be paid on the following basis:</p> <ol style="list-style-type: none"> 4. pari passu and rateably: <ol style="list-style-type: none"> a) to the Class A Noteholders; and b) to the Class AB Noteholders; and c) to the Class B Noteholders; until repaid in full; and then d) to the Class C Noteholders until repaid in full.
	<p>Step Down Conditions</p> <p>On each payment date:</p> <ol style="list-style-type: none"> 1. No carry over charge-offs at that time; 2. Average Arrears (as calculated over the prior 4 periods) >90days does not exceed 2%; 3. The Payment Date is not on or after the first possible Call Option Date; 4. The Class A note subordination is at least 14%; 5. The Class AB subordination is at least 5%; 6. The Payment date is at least 24 months after the Settlement Date.
Payments (post-enforcement)	<p>If the charge is enforced, the proceeds of enforcement will be allocated in the following order:</p> <ol style="list-style-type: none"> 1. To prior ranking Trust Expenses; 2. To the Liquidity Facility Provider; 3. Pari passu and rateably to Redraw Noteholders (if any), Class A Noteholders, and other equally ranked secured creditors; 4. To Class AB Noteholders; 5. To Class B Noteholders; and 6. To Class C Noteholders.
Income Distributions (pre-enforcement)	<p>On each Payment Date, income distributions will be made in the following order of priority :</p> <ol style="list-style-type: none"> 1. Senior fees and expenses, including Taxes, Trustee, Security Trustee , Servicer, Standby Servicer and Trust Manager fees; 2. Payment due to the Fixed Rate Swap Provider and interest and fees payable to the Liquidity Facility Provider; 3. Repayment of any outstanding liquidity draws under the Liquidity Facility; 4. Current period interest and unpaid interest pari passu to Redraw Noteholders (if any)

	<p>and Class A Noteholders;</p> <ol style="list-style-type: none">5. Current period interest and unpaid interest to the Class AB Noteholders;6. Current period Class B Senior Interest and unpaid Senior Interest to the Class B Noteholders;7. To principal collections, reimbursement of outstanding Principal Draws;8. Reinstatement of draws on the Extraordinary Expense Reserve;9. To principal collections in payment of an amount equal to any losses on the mortgage loans;10. To principal collections in an amount equal to any un-reinstated carry-over charge-offs in the following order of priority:<ol style="list-style-type: none">a. Class A and Redraw Notes;b. Class AB Notes;c. Class B Notes; andd. Class C Notes11. Current period Class B Subordinated Interest and unpaid Class B Subordinated Interest to the Class B Noteholders;12. To the Liquidity Facility Provider and Fixed Rate Swap Provider for any other amounts owing;13. Current period Class C interest and unpaid Class C interest to the Class C Noteholders;14. Payment towards the Threshold Rate Subsidy, if applicable;15. Payment of Taxes;16. To principal collections in payment of the Amortisation Amount; and17. Distribution to the Residual Income Unitholder
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Summary Pool Statistics as at 8 October 2013

Collateral	Fully amortising Australian dollar floating-rate loans to prime quality borrowers secured by first-registered mortgages over Australian residential properties
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Pool Summary

No. of Loans:	1,123
Aggregate Pool Balance:	\$299,896,282
Maximum Loan Balance:	\$1,092,022
Average Loan Agreement Balance:	\$325,620
Maximum Current LVR:	90.0%
WAVG Current LVR:	66.95%
>80% Current LVR:	21.3%
WAVG Seasoning (months):	10.61
Full Documentation loans	100.0%

Geographic Distribution

NSW	29.8%	Inner City	1.9%
VIC	23.6%	Metropolitan	80.2%
QLD	12.6%	Non-metropolitan	17.9%
SA	11.6%		
WA	18.7%	Max Post Code Concentration	0.89%
ACT	2.3%		
TAS	0.1%		
NT	1.3%		

Current LVR Distribution

0 to 50%	17.3%
> 50% to 60%	12.4%
> 60% to 70%	20.0%
> 70% to 80%	29.1%
> 80% to 85%	6.2%
> 85% to 90%	15.0%
> 90% to 95%	0.0%

Repayment Type

Principal & Interest	80.4%
Interest Only	19.6%

Rate Type

Variable Rate	100.0%
Fixed Rate	0.0%

Current Loan Size Distribution

0 to \$100K	1.2%
> \$100K to \$200K	9.2%
> \$200K to \$300K	22.3%
> \$300K to \$400K	23.6%
> \$400K to \$500K	16.8%
> \$500K to \$600K	8.9%
> \$600K to \$700K	6.6%
> \$700K to A\$800k	4.5%
> \$800K to A\$900k	2.6%
> \$900K to A\$1.0m	2.5%
> \$1.0m	1.8%

Occupancy

Owner Occupied	77.1%
Investment	22.9%

Mortgage Insurer

Genworth Financial	87.7%
QBE	12.3%

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