

31 August 2017

AFG successfully completes \$350 million RMBS issue

Australian Finance Group (ASX:AFG) has today priced its AFG 2017-1 Trust Residential Mortgage Backed Securities (RMBS) issue.

AFG Chief Executive Officer David Bailey said this latest transaction is the largest term deal AFG has undertaken.

“The securitisation program is an important contributor to the company’s overall growth strategy. We are delighted to see the success of this issue further validate the AFG Securities business model.

“A very positive aspect of this transaction was the increase in the number of returning investors, as well as the increased number of new investors to our programme.

Mr Bailey said the success of the transaction reinforces the importance of the securitisation sector to the Australian lending market. “A vibrant and strong RMBS market is vital to ensure a greater level of competition and choice in the Australian mortgage market.

“By being able to source competitively priced funding from a variety of investors we can in turn provide competitively priced products to Australian consumers.

He noted the success of today’s issue reflects the confidence of investors in the high quality lending standards that AFG Securities apply. “The performance of our portfolio continues to be very strong and investors are recognising the unique position AFG holds in the residential mortgage market. These standards have underpinned the success of our latest transaction.

“As I have said before, the performance of every mortgage starts and ends with the credit policies and appetite of the lender. Our AFG Securities programme has robust underwriting and risk protocols and this is reflected in the performance of our book.

The transaction will settle on 7th September 2017.

Prior transactions include a \$300m RMBS issuance in 2016, a \$300 million issue in 2014 and a further two issues in 2013 of \$245m and \$300m.

The AFG 2017-1 Trust RMBS was successfully arranged by Australia and New Zealand Banking Group Limited (ANZ). Joint Lead Managers were National Australia Bank Limited and ANZ.

Detail relating to the A\$350m AFG 2017-1 Trust RMBS transaction is as follows:

CONTACT DETAILS

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Class	Issue Size A\$(m)	Expected Ratings S&P / Fitch	Initial Credit Support	Interest Rate	Expected WAL
A1	65.00	AAA _{sf} /AAA _{sf}	10.00%	BBSW + 70 bps	0.4yrs
A2	250.00	AAA _{sf} /AAA _{sf}	10.00%	BBSW + 120 bps	3.0yrs
AB	22.54	AAA _{sf} /NR	3.56%	BBSW + 165 bps	4.2yrs
B	6.02	AA _{sf} /NR	1.84%	BBSW + 225 bps	4.2yrs
C	4.20	A _{sf} /NR	0.64%	BBSW + 310 bps	4.2yrs
D	1.05	BBB _{sf} /NR	0.34%	BBSW + 410 bps	4.2yrs
E	0.63	BB _{sf} /NR	0.16%	BBSW + 597 bps	4.2yrs
F	0.56	NR _{sf} /NR	-	retained	5.0yrs

About AFG

AFG is a diversified lending services company and one of the country's largest mortgage broking groups. Through a network of 2,875 contracted mortgage brokers, AFG processes around \$4.5 billion of finance every month and has a combined residential and commercial loan book of \$133 billion.

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