



AFG 2016-1 Trust

PRICING TERM SHEET

Australian RMBS – New Issue

A\$300m

26 October 2016

Pricing Date 27 October 2016	Settlement Date 4 November 2016
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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
A1	50.00	AAA(sf)/AAAsf	10.00%	BBSW + 65 bps	0.4yrs	Dec 16- Jul 17	31 yrs
A2	220.00	AAA(sf)/AAAsf	10.00%	BBSW + 130 bps	3.0yrs	Jul 17- Nov 21	31 yrs
AB	20.70	AAA(sf)/NR	3.10%	BBSW + 235 bps	4.0yrs	Dec 18- Nov 21	31 yrs
B	5.10	AA(sf)/NR	1.40%	BBSW + 285 bps	4.0yrs	Dec 18- Nov 21	31 yrs
C	2.55	A+(sf)/NR	0.55%	BBSW + 345 bps	4.0yrs	Dec 18- Nov 21	31 yrs
D	1.20	BBB(sf)/NR	0.15%	BBSW + 445 bps	4.0yrs	Dec 18- Nov 21	31 yrs
E	0.45	NR/NR	-	undisclosed	5.0yrs	Nov 21	

*the paydown assumes a CPR of 20% to 25% from month 1 to month 12 and 25% from month 13 onwards that the call is exercised at the earliest opportunity and that all step-down conditions are met at the earliest opportunity.

Transaction Parties	
Issuer and Trustee	Perpetual Limited as trustee of the AFG 2016-1 Trust in respect of the Series.
Manager	AFG Securities Pty Ltd ("AFG Securities")
Trustee	Perpetual Corporate Trust Limited ("Perpetual")
Servicer	AFG Securities
Arranger	National Australia Bank Limited (ABN 12 004 044 937) ("NAB")
Joint Lead Managers	NAB; Australia and New Zealand Banking Group Limited (ABN 11 005 357 522) ("ANZ")
Liquidity Facility Provider	NAB
Derivative Counterparty	NAB
Lenders Mortgage Insurers (LMI)	Genworth Financial Mortgage Insurance Pty Limited ("Genworth"); and QBE Lender's Mortgage Insurance Limited ("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 rate debt instruments in registered form (the "Notes"). The Notes will be divided into 7 classes: Class A1 Notes, Class A2 Notes (together the Class A Notes), Class AB, Class B Notes, Class C Notes, Class D Notes and Class E Notes.
Underlying Assets	A prime pool of first charge residential mortgage loans denominated in Australian dollars originated by AFG Securities.
Liquidity Facility Limit	means at any time the amount equal to the greater of:



	(i) A\$300,000; and (ii) 1.00% of the aggregate Invested Amount of all of the Notes at that time.
Principal Draw	If the Manager determines that there is insufficient income of the Trust to meet Total Expenses on the Payment Date, then Principal Collections for that period can be used to fund the payment shortfall ("Principal Draw").
Threshold Rate	The Manager must ensure that the Mortgage Loan interest rates are set to maintain the interest rate on the Mortgage Loans at a level at least 0.25% p.a. higher than the minimum threshold interest rate. The minimum threshold interest rate satisfies the obligations of the Trust, including interest on the Notes, and higher ranking fees and expenses.
Amortisation Ledger	For each Payment Date following the first possible Call Option Date, a monthly payment equal to the Amortisation Amount will be paid from the excess spread to principal collections to be applied in accordance with the Principal Distributions (pre-enforcement). An amount equal to the Amortisation Amount will be recorded in the Amortisation Ledger as an equal and offsetting balance.
Amortisation Amount	The greater of: (i) Zero; and (ii) An amount equal to: (a) The Total Available Income available for distribution at item (u) remaining on that Payment Date after allocation with the Income Distributions waterfall (pre-enforcement); less (b) An amount determined by the Manager (by applying the corporate tax rate applicable to the Residual Income Unitholder to the relevant amount) necessary for the Residual Income Unitholder to meet the income tax liability that it is likely to incur in connection with the amount it would have received on that Payment Date had all of the Remaining Total Available Income been distributed to the Residual Income Unitholder on that Payment Date.
Extraordinary Expense Reserve	On the Issue Date the Trustee will establish an Extraordinary Expense Reserve equal to A\$150,000, which is available to meet any liquidity shortfalls as a result of extraordinary out of pocket expenses of the Trust.

Terms	
Interest Period	Monthly
Interest Reset Date	The first Business Day of each Interest Period
Payment Date	14 day of each month with the first Payment Date occurring in December 2016
Margin	In respect of Class A and Class AB Notes: <ul style="list-style-type: none"> up to but excluding the first Call Option date, the relevant Margin as determined on the Pricing Date; then from and including the first Call Option date, the relevant Margin as determined on the Pricing Date plus 0.25%. In respect of Class B Notes, Class C Notes, Class D Notes and Class E Notes, the relevant Margin as determined on the Pricing Date.
Call Option Date	Each Payment Date occurring on or following the earliest to occur of: <ol style="list-style-type: none"> the Payment Date occurring in November 2021; and any Payment Date on which the aggregate principal outstanding on the Notes is less than 20% of the aggregate principal outstanding on the Notes as at the Closing Date.
Legal Final Maturity	The Payment Date falling in May 2048
Business Day	A day other than a Saturday, Sunday or public holiday, on which banks are open for business in Sydney, Melbourne and Perth.
Determination Date	3 Business Days before each Distribution Date
Day Count Basis	Actual/365.
Issue Price	The Notes will be issued at par.
Minimum Denomination	All Notes: A\$1,000, the Notes will be issued in minimum parcels of A\$250,000
Clearing System	Austraclear
ISINs	Class A1: AU3FN0033189

	Class A2: AU3FN0033197 Class AB: AU3FN0033205 Class B: AU3FN0033213 Class C: AU3FN0033221 Class D: AU3FN0033239
Repo Eligibility	Application will be made to the RBA for the Class A1 and Class A2 Notes to be confirmed as repo-eligible securities.
Listing	The Notes will not be listed
Record Date/Ex. Interest	The register will close from 5:00pm (Sydney time) on the Business Day prior to each Payment Date, for the purpose of calculating Noteholder entitlements and will reopen on the following Payment Date.

Payments	
Repayment of Principal (pre-enforcement)	Initially and when the Step Down Payment Requirements are not satisfied, pass-through is paid sequentially in the following order of priority: <ul style="list-style-type: none"> • To the Class A1 Notes; then • To the Class A2 Notes and • To the Class AB Notes; then • To the Class B Notes; then • To the Class C Notes; then • To the Class D Notes; and then • To the Class E Notes If the Step Down Payment Requirements are met, pass-through is paid pro-rata across all tranches excluding the Class E Notes.
Step Down Payment Requirements	<ul style="list-style-type: none"> • Class A1 Notes are repaid in full; • Class A2 Notes subordination percentage is at least 14% • Class AB Notes subordination percentage is at least 5.4% • The Payment Date is at least 2 years after the Closing Date; • The Payment Date is before the Call Option Date; • Rolling 4-month average arrears greater than 90 days must not exceed 2%; and • There are no unreimbursed charge-offs.
Income Waterfall	Total interest collections are applied in the following order of priority, towards: <ol style="list-style-type: none"> a) taxes and trust expenses b) Interest and fees payable to the Liquidity Facility Provider and permitted payments to the Interest Rate Swap Provider c) Repayment of any outstanding liquidity draws under the Liquidity Facility Agreement d) prior period due but unpaid amounts of Class A Coupon; e) current period Class A Coupon; f) prior period due but unpaid amounts of Class AB Coupon; g) current period Class AB Coupon; h) prior period due but unpaid amounts of Class B Coupon; i) current period Class B Coupon; j) prior period due but unpaid amounts of Class C Coupon; k) current period Class C Coupon; l) prior period due but unpaid amounts of Class D Coupon; m) current period Class D Coupon; n) reimbursement of Principal Draws; o) current period losses; p) reimbursement of carry-over charge-offs: first pari passu and rateably to the Class A Notes, then to Class AB, then to Class B, then to Class C, then to Class D, and then to Class E;

	<p>q) allocation to the Extraordinary Expense Ledger until the Extraordinary Expense Balance is equal to the Extraordinary Expense Balance;</p> <p>r) other subordinated costs, including hedge costs;</p> <p>s) prior period due but unpaid amounts of Class E Coupon;</p> <p>t) current period Class E Coupon;</p> <p>u) Amortisation Amount (if any) in respect of that Payment Date;</p> <p>v) final balance is paid to Income Unitholder.</p>
Required Payments	<p>Required Payments means on any Determination Date:</p> <p>(a) if the Stated Amount of the Class D Bonds is equal to or less than 95% of the Invested Amount of the Class D Bonds</p> <p>all items listed under (a) to (k) included of the Interest Waterfall above;</p> <p>(c) if the Stated Amount of the Class C Note is equal to or less than 95% of the Invested Amount of Class C Bonds, all items listed under (a) to (i) included of the Interest Waterfall above;</p> <p>(d) if the Stated Amount of the Class B Note is equal to or less than 95% of the Invested Amount of Class B Bonds, all items listed under (a) to (g) included of the Interest Waterfall above;</p> <p>(e) otherwise, the aggregate of payments listed under (a) to (m) of the Interest Waterfall above.</p>
Payments (post-enforcement)	<p>Collections will be allocated sequentially, first pari passu and pro rata to the Class A Notes, then to Class AB, then to Class B, then to Class C, then to Class D, and finally to Class E.</p>

Payments	
Mortgage insurance	<p>74.52% of the Mortgage Portfolio is covered by a primary policy. The primary policies are provided by either QBE LMI or Genworth and cover against non-payment of 100% of the principal amount and interest secured by the Mortgage Loan security. The Trustee's ability to claim is subject to the terms of the relevant policy.</p>
Excess Spread	<p>Remaining excess income in the income waterfall (pre enforcement) will be utilised to cover current period losses and then to reimburse Charge-Offs that remain of the Notes.</p>
Subordination	<p>Following enforcement of the security under the relevant Transaction Documents:</p> <ul style="list-style-type: none"> the Class A Notes and Redraw Notes (if any) will rank pari passu and rateably amongst themselves and ahead of the Class AB, the Class B, the Class C Notes, the Class D Notes and the Class E Notes for payment of principal and interest on the Notes; the Class AB Notes will rank pari passu and rateably amongst themselves and ahead of the Class B, the Class C Notes, the Class D Notes and the Class E Notes for payment of principal and interest on the Notes; and the Class B Notes will rank pari passu and rateably amongst themselves and ahead of the Class C, the Class D Notes and the Class E Notes for payment of principal and interest on the Notes. the Class C Notes will rank pari passu and rateably amongst themselves and ahead of the Class D Notes and the Class E Notes for payment of principal and interest on the Notes. the Class D Notes will rank pari passu and rateably amongst themselves and ahead of the Class E Notes for payment of principal and interest on the Notes.
Carryover Charge-Offs	<p>Carryover Charge-Offs will be allocated in the following order:</p> <ul style="list-style-type: none"> Class E Notes until the Stated Amount of the Notes is reduced to zero; Class D Notes until the Stated Amount of the Notes is reduced to zero; Class C Notes until the Stated Amount of the Notes is reduced to zero; Class B Notes until the Stated Amount of the Notes is reduced to zero; Class AB Notes until the Stated Amount of the Notes is reduced to zero; and Class A Notes until the Stated Amount of the Notes is reduced to zero.
Reinstatement of Carryover Charge-Offs	<p>Using any available excess spread, Carryover Charge-Offs will be reinstated in the following order:</p> <ul style="list-style-type: none"> Class A Notes until the Stated Amount is equal to the Invested Amount of the Notes; Class AB Notes until the Stated Amount is equal to the Invested Amount of the Notes; Class B Notes until the Stated Amount is equal to the Invested Amount of the Notes;

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| | <ul style="list-style-type: none">• Class C Notes until the Stated Amount is equal to the Invested Amount of the Notes;• Class D Notes until the Stated Amount is equal to the Invested Amount of the Notes; and• Class E Notes until the Stated Amount is equal to the Invested Amount of the Notes. |
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Indicative Summary Pool Statistics as at: 3 October 2016

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:	939
Aggregate Pool Balance:	\$300,076,847
Maximum Loan Balance:	\$1,080,006
Average Loan Balance:	\$319,571
Maximum Current LVR:	94.7%
WAVG Current LVR:	65.8%
>80% Current LVR:	19.97%
WAVG Seasoning (months):	25.1
Full Documentation loans	100.0%

Geographic Distribution			
NSW	21.98%	Inner City	1.46%
VIC	21.00%	Metropolitan	79.87%
QLD	18.64%	Non-metropolitan	18.67%
SA	15.73%		
WA	19.56%	Max Post Code	1.07%
ACT	1.57%	Concentration	
TAS	0.75%		
NT	0.77%		

Current LVR Distribution	
0 to 50%	19.62%
> 50% to 60%	14.81%
> 60% to 70%	18.72%
> 70% to 80%	26.89%
> 80% to 85%	6.29%
> 85% to 90%	8.74%
> 90% to 95%	4.94%

Repayment Type	
Principal & Interest	60.40%
Interest Only	39.60%

Rate Type	
Variable Rate	100.00%
Fixed Rate	0.00%

Current Loan Size Distribution	
0 to \$100K	0.17%
> \$100K to \$200K	9.02%
> \$200K to \$300K	27.31%
> \$300K to \$400K	26.65%
> \$400K to \$500K	18.23%
> \$500K to \$600K	6.27%
> \$600K to \$700K	5.58%
> \$700K to A\$800k	2.23%
> \$800K to A\$900k	2.52%
> \$900K to A\$1.0m	0.97%
> \$1.0m	1.05%

Occupancy	
Owner Occupied	60.14%
Investment	39.86%

Mortgage Insurer	
Genworth Financial	61.61%
QBE	12.91%
Uninsured	25.48%



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