

SMHL SERIES SECURITISATION FUND 2018-2



Monthly Investment Report as at 29 January 2019

Contact: Investor Reporting
Phone: +61 3 9708 3113
Email: me.investorreporting@mebank.com.au
Website: mebank.com.au
Bloomberg Screen: SMHL <MTGE>

Summary

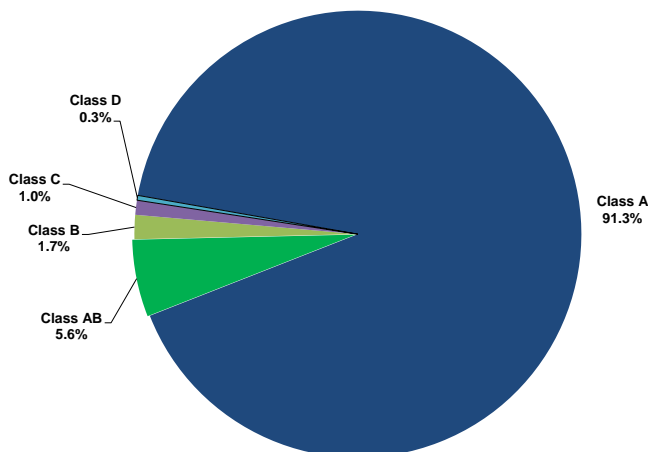
Fund: SMHL Series Securitisation Fund 2018-2
 Cut-Off Date: 17 January 2019
 Payment Date: 29 January 2019
 Issuer: Perpetual Limited as trustee for SMHL Series Securitisation Fund 2018-2
 Joint Lead Managers: Australia and New Zealand Banking Group Limited (ABN 11 005 357 522)
 Commonwealth Bank of Australia (ABN 48 123 123 124)
 Macquarie Bank Limited (ABN 46 008 583 542)
 National Australia Bank Limited (ABN 12 004 044 937)
 Arranger: National Australia Bank Limited (ABN 12 004 044 937)
 Trust Manager: ME Portfolio Management Limited (ABN 79 005 964 134)
 Security Trustee: Perpetual Trustee Company Limited (ABN 42 000 001 007)
 Liquidity Facility Provider: Members Equity Bank Limited
 Payment Facility Provider: Members Equity Bank Limited
 Redraw Facility Provider: Members Equity Bank Limited
 Interest Rate Swap Provider: National Australia Bank Limited (ABN 12 004 044 937)
 Australia and New Zealand Banking Group Limited (ABN 11 005 357 522)
 Issue Date: 16 August 2018
 Legal Final Maturity Date: September 2050

Security Classes

| Class Name : | A | AB | B | C | D | E |
|--------------------------------|-------------------|---------------|---------------|---------------|--------------|--------------|
| ISIN: | AU3FN0043808 | AU3FN0043816 | AU3FN0043824 | AU3FN0043832 | AU3FN0043840 | AU3FN0043857 |
| Rating Agency: | S&P / Moody's | S&P | S&P | S&P | S&P | |
| Rating: | AAA(sf) / Aaa(sf) | AAA(sf) | AA(sf) | A(sf) | BBB(sf) | NR |
| Currency: | AUD | AUD | AUD | AUD | AUD | AUD |
| Original Balance at Issue: | 1,150,000,000.00 | 60,000,000.00 | 18,750,000.00 | 11,250,000.00 | 3,750,000.00 | 6,250,000.00 |
| Base Rate: | 1 month BBSW | 1 month BBSW | 1 month BBSW | 1 month BBSW | 1 month BBSW | 1 month BBSW |
| Margin above base rate: | 1.11% | 1.70% | 1.80% | 2.45% | 3.25% | 5.75% |
| Expected Average Life to call: | 2.7 years | 4.8 years | 4.8 years | 4.8 years | 4.8 years | 4.8 years |
| Distribution Frequency: | Monthly | Monthly | Monthly | Monthly | Monthly | Monthly |
| Coupon Type: | Floating | Floating | Floating | Floating | Floating | Floating |
| Principal payment type: | Pass Through | Pass Through | Pass Through | Pass Through | Pass Through | Pass Through |

Bond Factors as at 29 January 2019

| | |
|----------|------------|
| Fund: | 0.84733759 |
| Class A | 0.83406260 |
| Class AB | 1.00000000 |
| Class B | 1.00000000 |
| Class C | 1.00000000 |
| Class D | 1.00000000 |
| Class E | 1.00000000 |



Portfolio Structure

| | Opening Balance | Principal Pass-Through | Closing Balance | Current Interest Amt | Coupon Rate |
|------------------------|----------------------|------------------------|----------------------|-------------------------------------|-------------------------------------|
| | | | | 27 December 2018 29 January 2019 | 27 December 2018 29 January 2019 |
| Class A | 980,253,947.46 | 21,081,958 | 959,171,989.74 | 2,784,796.73 | 3.142% |
| Class AB | 60,000,000.00 | - | 60,000,000.00 | 202,459.07 | 3.732% |
| Class B | 18,750,000.00 | - | 18,750,000.00 | 64,963.66 | 3.832% |
| Class C | 11,250,000.00 | - | 11,250,000.00 | 45,589.50 | 4.482% |
| Class D | 3,750,000.00 | - | 3,750,000.00 | 17,908.83 | 5.282% |
| Class E | 6,250,000.00 | - | 6,250,000.00 | 43,974.76 | 7.782% |
| Total Portfolio | 1,080,253,947 | 21,081,958 | 1,059,171,990 | 3,159,693 | |

European CRR invested amount (as per Article 405) 65,468,383.60

Pool Details

| | |
|-----------------------------|---------|
| Number of Loans | 7,770 |
| Average Loan Size | 136,316 |
| Maximum Loan Size | 942,974 |
| Weighted Average LVR | 56% |
| Maximum LVR | 103% |
| WA Seeding (months) | 99 |
| WA Term to Maturity (years) | 20 |
| Full Documentation Loans | 100% |
| WA Interest Rate | 4.59% |

Principal Collections & Prepayment Analysis

| | Monthly | Quarterly | Since inception |
|--|--|---------------------------------------|--------------------------------------|
| | 14 December 2018 to 17 January 2019 | 17 October 2018 to 17 January 2019 | 16 August 2018 to 17 January 2019 |
| Repayment Analysis | | | |
| Balance @ Determination Date | 1,080,253,947 | 1,132,517,292 | 1,250,000,000 |
| Substitution | - | - | - |
| Scheduled Repayments | (3,950,853) | (12,036,708) | (20,421,180) |
| Prepayments | (21,346,581) | (78,342,246) | (198,488,617) |
| Redraw Advances | 4,215,477 | 17,033,652 | 28,081,787 |
| Principal Draws / (Repayment of Principal Draws) | - | - | - |
| Closing Balance | 1,059,171,990 | 1,059,171,990 | 1,059,171,990 |
| CPR | 17% | 20% | 26% |
| SMM | 2% | 2% | 3% |

This space has been left intentionally blank

Current Position

Geographical Location

| | | | |
|-----|-------------|-------------|-----|
| VIC | - Metro | 238,410,706 | 23% |
| | - Non Metro | 56,092,180 | 5% |
| NSW | - Metro | 110,018,617 | 10% |
| | - Non Metro | 88,040,854 | 8% |
| QLD | - Metro | 90,291,094 | 9% |
| | - Non Metro | 59,775,522 | 6% |
| SA | - Metro | 59,707,037 | 6% |
| | - Non Metro | 5,249,524 | 1% |
| WA | - Metro | 168,125,217 | 16% |
| | - Non Metro | 7,435,915 | 1% |
| TAS | - Metro | 38,394,895 | 4% |
| | - Non Metro | 15,745,375 | 1% |
| NT | - Metro | 17,617,532 | 2% |
| | - Non Metro | 906,573 | 0% |
| ACT | - Metro | 103,360,950 | 10% |

TOTAL 1,059,171,990 100%

Loan Purpose ¹

| | | |
|--------------|-------------|-----|
| Refinance | 305,604,475 | 29% |
| Renovation | 24,525,954 | 2% |
| Purchase | 355,041,007 | 34% |
| Construction | 34,511,759 | 3% |
| Other | 339,488,796 | 32% |

TOTAL 1,059,171,990 100%

Loan Term

| | | |
|---------------|-------------|-----|
| <=5 yrs | 859,784 | 0% |
| >5 & <=10yrs | 24,952,426 | 2% |
| >10 & <=15yrs | 36,974,031 | 3% |
| >15 & <=20yrs | 103,816,886 | 10% |
| >20 & <=25yrs | 205,246,995 | 19% |
| >25yrs | 687,321,868 | 66% |

TOTAL 1,059,171,990 100%

Owner/Investment split ¹

| | | |
|----------------|-------------|-----|
| Owner Occupied | 844,235,149 | 80% |
| Investment | 214,936,841 | 20% |

TOTAL 1,059,171,990 100%

Interest Rate Exposure

| | | |
|--------------------|-------------|-----|
| > 8.00% | - | 0% |
| > 7.00% & <= 8.00% | - | 0% |
| > 6.00% & <= 7.00% | 8,783,708 | 1% |
| > 5.00% & <= 6.00% | 332,847,408 | 31% |
| <= 5.00% | 717,540,874 | 68% |

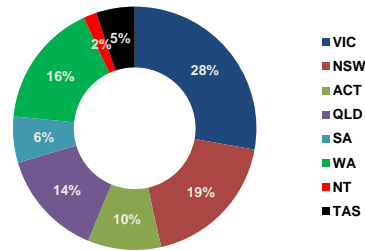
TOTAL 1,059,171,990 100%

Loan to Value Ratio

| | | |
|---------------|-------------|-----|
| >95% | 566,827 | 1% |
| >90% & <= 95% | 5,259,853 | 0% |
| >85% & <= 90% | 33,762,517 | 3% |
| >80% & <= 85% | 45,001,927 | 4% |
| >75% & <= 80% | 86,531,116 | 8% |
| >70% & <= 75% | 111,099,057 | 11% |
| >65% & <= 70% | 105,888,754 | 10% |
| >60% & <= 65% | 108,537,318 | 10% |
| >55% & <= 60% | 100,510,066 | 9% |
| >50% & <= 55% | 89,899,031 | 8% |
| >45% & <= 50% | 75,389,157 | 7% |
| >40% & <= 45% | 69,661,833 | 7% |
| >35% & <= 40% | 60,019,792 | 6% |
| >30% & <= 35% | 47,136,522 | 4% |
| >25% & <= 30% | 37,772,485 | 4% |
| <=25% | 82,135,735 | 8% |

TOTAL 1,059,171,990 100%

Geographical Location



Loan Security ²

| | | |
|-----------|-------------|-----|
| House | 924,106,719 | 87% |
| Land | 969,733 | 0% |
| Apartment | 25,512,856 | 2% |
| Unit | 80,221,094 | 8% |
| Townhouse | 21,510,104 | 2% |
| Other | 6,851,484 | 1% |

TOTAL 1,059,171,990 100%

Interest Option

| | | |
|----------------|-------------|-----|
| Variable | 667,849,442 | 63% |
| Fixed <3 years | 368,825,877 | 35% |
| Fixed >3 years | 22,496,671 | 2% |

TOTAL 1,059,171,990 100%

Mortgage Insurance

| | | |
|--------------------|-------------|-----|
| Genworth Financial | 336,327,569 | 32% |
| HLIC Govt | 3,600,098 | 0% |
| Uninsured | 712,838,753 | 67% |
| QBE | 6,405,570 | 1% |

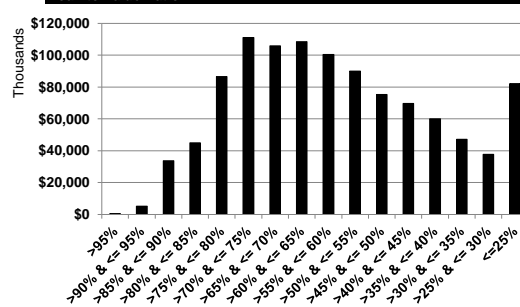
TOTAL 1,059,171,990 100%

Loan Size

| | | |
|-------------------------|-------------|-----|
| >\$250,000 | 468,733,811 | 44% |
| >\$200,000 & <\$250,000 | 145,625,734 | 14% |
| >\$150,000 & <\$200,000 | 155,021,680 | 15% |
| >\$100,000 & <\$150,000 | 135,625,727 | 13% |
| >\$50,000 & <\$100,000 | 106,900,948 | 10% |
| <= \$50,000 | 47,264,090 | 4% |

TOTAL 1,059,171,990 100%

Loan to Value Ratio



¹ - Due to a recent review of the classification of investor lending, the Bank has now agreed a definition of investor lending which will be applied across all areas of the Bank to undertake reporting, monitoring and analysis. The Bank has decided to move away from the historic "loan security" classification to a "loan purpose" classification. This classification is based upon each customer's advice to the Bank as to the purpose of the loan, and takes account that customers are unlikely to choose "investment" as an option when it is not the case, given the higher pricing attached to investment loans.

² - The Bank has also decided to move away from the "Primary Security" classification to a new methodology of determining the main security by using the highest valued security property. This change will drive alignment across the investor reported data and RBA reporting requirements.

This change is effective from 1 March 2016. Feel free to contact Investor Reporting team to discuss the matter.

Arrears

| | 17 January 2019 | 14 December 2018 | 15 November 2018 |
|-------------------------------|-----------------|------------------|------------------|
| 30-59 days | | | |
| Number of loans | 14 | 15 | 12 |
| Outstanding Balance (\$) | 2,834,397 | 2,941,021 | 2,755,059 |
| % of Pool Outstanding Balance | 0.27% | 0.27% | 0.25% |
| 60-89 days | | | |
| Number of loans | 8 | 5 | 5 |
| Outstanding Balance (\$) | 1,559,348 | 892,861 | 1,177,792 |
| % of Pool Outstanding Balance | 0.15% | 0.08% | 0.11% |
| 90+ days | | | |
| Number of loans | 4 | 4 | 5 |
| Outstanding Balance (\$) | 710,377 | 422,085 | 425,464 |
| % of Pool Outstanding Balance | 0.07% | 0.04% | 0.04% |
| TOTAL Delinquencies | | | |
| Number of loans | 26 | 24 | 22 |
| Outstanding Balance (\$) | 5,104,122 | 4,255,967 | 4,358,314 |
| % of Pool Outstanding Balance | 0.48% | 0.39% | 0.39% |
| Pool Information | | | |
| Number of loans | 7,770 | 7,899 | 8,017 |
| Outstanding Balance (\$ m) | 1,059 | 1,080 | 1,110 |

This space has been left intentionally blank

Foreclosure & Mortgage Insurance claims since inception

| | <u>Loan count</u> | <u>Amount</u> |
|--|-------------------|---------------|
| Outstanding Balance of Defaulted Loans | 0 | 0 |
| Proceeds of sale | 0 | 0 |
| Loss on sale of property | 0 | 0 |
| Claims submitted to Insurer | 0 | 0 |
| Claims paid by Insurer | 0 | 0 |
| Unclaimed | 0 | 0 |
| Pending claim | 0 | 0 |
| Loss covered by Excess spread | 0 | 0 |
| Claims Reduced/Denied by Insurers | 0 | 0 |

Any insured housing loan held by the fund is insured under one of the following:

- * master policy with the Commonwealth of Australia dated July 4th, 1994;
- * master policy with GE Mortgage Insurance Pty Limited (formerly Housing Loans Insurance Corporation Pty Limited (ACN 071 466 334) dated 12 Dec,1997;
- * master policy with GE Capital Mortgage Insurance Corporation (Australia) Pty Limited (ACN 081 488 440) and GE Mortgage Insurance Pty Limited (ACN 071 466 334) which is effective from October 25,1999.

For further details on the above mortgage Insurance policies reference should be made to the Offering circular and the Transaction Documents. Please note that limitations and exclusions apply with the mortgage insurance policies, including timely payment cover' for a limited period.

Facilities & Reserve

Liquidity Facility

| | |
|--|-------------------|
| Opening Balance | 10,802,539 |
| Liquidity facility drawn during the current month | - |
| Repayment of Liquidity Draw for the previous periods | |
| Outstanding liquidity draws | |
| Reduction in Facility | 210,820 |
| Closing Outstanding Balance | <u>10,591,719</u> |

Payment Funding Facility 150,000

Neither Members Equity Bank Limited nor any associate of Members Equity Bank Limited (including ME Portfolio Management Limited) in any way stands behind the capital value and/or the performance of the Bonds or the assets of SMHL Securitisation Fund 2017-1. Members Equity Bank Limited does not stand behind the obligations of ME Portfolio Management Limited. The Bonds do not represent deposits or other liabilities of Members Equity Bank Limited or associates of Members Equity Bank Limited including ME Portfolio Management Limited. Members Equity Bank Limited does not guarantee the payment of interest or the repayment of principal due on the Bonds or the performance of the assets of SMHL Securitisation Fund 2017-1 (except to the limited extent provided in the transaction documents). The holding of the Bonds is subject to investment risk, including possible delays in repayment and loss of income and principal invested.

