



SMHL SERIES SECURITISATION FUND 2015-1

PRICING TERM SHEET

Australian RMBS New Issue: A\$1,500,000,000

Pricing Date: 21 July 2015

Issue Date: 30 July 2015

Bond Summary	Class A1	Class A2	Class B	Class C	Class D	Class E
Bond Issue Amount	A\$1,380.0m 92.0%	A\$41.25m 2.75%	A\$50.25m 3.35%	A\$18.75m 1.25%	A\$4.50m 0.30%	A\$5.25m 0.35%
Initial Bond Credit Enhancement	8.00%	5.25%	1.90%	0.65%	0.35%	–
Preliminary Ratings (S&P / Moody's)	AAA(sf) / Aaa(sf)	AAA(sf) / n.r.	AA(sf) / n.r.	A(sf) / n.r.	BBB(sf) / n.r.	n.r. / n.r.
ISIN	AU3FN0028049	AU3FN0028056	AU3FN0028064	AU3FN0028072	AU3FN0028080	AU3FN0028098
Expected¹ WAL	2.8yr	2.8yr	5.6yr	5.6yr	5.6yr	5.6yr
Expected¹ Maturity	7.6yr	7.6yr	7.6yr	7.6yr	7.6yr	7.6yr
Expected¹ Payment Window	Sep-15 to Mar-23	Sep-15 to Mar-23	Oct-18 to Mar-23	Oct-18 to Mar-23	Oct-18 to Mar-23	Oct-18 to Mar-23
Legal Final Maturity	The Payment Date in January 2047					
Underlying Assets	A prime pool of first charge residential mortgage loans denominated in Australian dollars originated by Members Equity Bank Limited (ABN 56 070 887 679) ("ME")					
European Capital Requirement Regulation (CRR) – Risk Retention	ME (as original lender) undertakes to retain, in respect of this transaction, on an ongoing basis a material net economic interest of not less than 5% in accordance with the provisions of Article 405 of the CRR.					

1: The paydown analysis assumes a flat CPR of 24%, that the call is exercised at the earliest opportunity and that all step-down conditions are met once subordination to Class A has doubled.

Interest Payments	Class A1	Class A2	Class B	Class C	Class D	Class E
Coupon Type	Floating over 1 month BBSW; for the first interest period an interpolated rate will be applied					
Coupon Margin	0.95%	1.02%	2.30%	2.85%	4.00%	6.00%
Margin Step-up	0.25%	0.25%	n.a.			
Payment Dates	26 th day of each month					
First Payment Date	28 September 2015					
Ex Interest Period / Register Close	4 days ex interest / the register closes at end of day 5 Business Days prior to each Payment Date					
Day Count Basis	Actual/365					
Business Day Convention	Following Business Day					
Business Day Cities	Melbourne and Sydney					

Deutsche Bank 



CommonwealthBank 

 National Australia Bank

Trust Distributions to the Bondholders	
Distributions of Principal Collections – pre enforcement	<p>Initially and when the Step Down Payment Requirements are not satisfied, pass-through is paid sequentially in the following order of priority</p> <ul style="list-style-type: none"> – to the Class A (pro-rata between Class A1 and Class A2); then – to the Class B; then – to the Class C; then – to the Class D; and then – to the Class E. <p>If the Step Down Payment Requirements are met, pass-through is paid pro-rata across all tranches.</p>
Step Down Payment Requirements	<ul style="list-style-type: none"> – Class A1 Bonds subordination is at least double the initial Class A1 Bonds subordination; – the Payment Date is at least 2 years after the Issue Date; – the Payment Date is before any Call Option Date; – rolling 3-month average arrears greater than 60 days must not exceed 4%; and – there are no unreimbursed charge-offs.
Distribution of Interest Collections – pre enforcement	<p>Coupon is paid sequentially to the Class A1, Class A2, Class B, Class C, Class D and Class E Bondholders.</p> <p>Total interest collections are applied in the following order of priority, towards:</p> <ol style="list-style-type: none"> (a) taxes and trust expenses (b) pari passu, prior period due but unpaid amounts, of expenses for Liquidity Facility, Redraw Facility and Payment Funding Facility, of any principal outstanding to Payment Funding Facility, and of reimbursement of Liquidity Draws; (c) pari passu, current period amounts due, of expenses for Liquidity Facility, Redraw Facility and Payment Funding Facility, and of any principal outstanding to Payment Funding Facility; (d) prior period due but unpaid amounts of Class A1 Coupon; (e) current period Class A1 Coupon; (f) prior period due but unpaid amounts of Class A2 Coupon; (g) current period Class A2 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) prior period due but unpaid amounts of Class E Coupon; (o) current period Class E Coupon; (p) reimbursement of Principal Draws; (q) current period losses; (r) reimbursement of carry-over charge-offs: first to Class A1, then to Class A2, then to Class B, then to Class C, then to Class D and then to Class E, (s) other subordinated costs, including hedge costs; (t) final balance is paid to Income Unitholder. <p>The Coupon payments of all Classes of Bonds form part of Required Payments.</p> <p>(For full details, refer to the Information Memorandum.)</p>
Distributions – post enforcement	<p>Collections will be allocated sequentially, first to Class A1, then to Class A2, then to Class B, then to Class C, then to Class D and finally to Class E.</p>



Structural Features	Class A1	Class A2	Class B	Class C	Class D	Class E
Call Option Date	Any Payment Date on which the aggregate principal outstanding on the Bonds is less than 10% of the aggregate principal outstanding on the Bonds as at the Issue Date.					
Repo Eligibility	Application will be made to the RBA for the Class A1 and Class A2 Bonds to be confirmed as repo-eligible securities.		n.a.			
Listing	The manager may, in its absolute discretion, apply for listing of the Class A1 or the Class A2 Bonds on the Irish Stock Exchange.					
Settlement	Austraclear					
Denominations	All Bonds: A\$1,000; the Bonds will be issued in minimum parcels of A\$500,000					
Withholding Tax	The Bonds will be issued to comply with the public offer test provisions under section 128F of the Income Tax Assessment Act 1936 (as amended).					
Governing Law	New South Wales Law					
Payment Funding Facility	The Payment Funding Facility will be available for the purpose of: <ul style="list-style-type: none"> (a) funding break costs payments under any future fixed-floating rate swap; (b) funding costs and expenses in connection with perfecting the Trustee's title in and to the mortgage loans; and (c) covering extraordinary expenses. 					
Liquidity	<p><i>Liquidity Facility:</i> 1.0% of the aggregate Outstanding Principal Balance of the Approved Mortgage Loans at that time, subject to a floor of 0.10% of the aggregate Outstanding Principal Balance of the Approved Mortgage as at the Issue Date.</p> <p><i>Payment Funding Facility:</i> A\$150,000 on the Issue Date available to cover extraordinary expenses.</p> <p>(For full details of available liquidity and principal draw, refer to the Information Memorandum.)</p>					
Redraw Funding Facility	Facility available to fund approved redraws to the extent not already funded through principal collections.					
Lenders' Mortgage Insurance Cover	68% ² of the Indicative Pool insured 32% ² of the Indicative Pool uninsured					

2: Based on Launch Pool.

Parties	
Issuer	Perpetual Limited as trustee for SMHL Series Securitisation Fund 2015-1
Servicer	ME
Manager	ME Portfolio Management Limited
Security Trustee	Perpetual Trustee Company Limited
Custodian	Perpetual Trustee Company Limited
Back-up Servicer	Perpetual Corporate Trust Limited
Arranger	Deutsche Bank AG, Sydney Branch (ABN 13 064 165 162)
Joint Lead Manager	Deutsche Bank AG, Sydney Branch Australia and New Zealand Banking Group Limited (ABN 11 005 357 522) Commonwealth Bank of Australia (ABN 48 123 123 124) National Australia Bank Limited (ABN 12 004 044 937)
Interest Rate Swap Provider	Australia and New Zealand Banking Group Limited
Redraw Facility, Liquidity Facility and Payment Funding Facility Provider	ME
Rating Agencies	Standard and Poor's (Australia) Pty Ltd ("S&P") Moody's Investor Service Pty Ltd ("Moody's")
LMIs	Genworth Financial Mortgage Insurance Company Pty Ltd ("Genworth") Housing Loans Insurance Corporation ("HLIC")



DISCLAIMER

This term sheet contains a limited outline of the proposed SMHL Series Securitisation Fund 2015-1 ("SMHL SF 2015-1") issue and is solely for informational purposes. The information contained in this term sheet has been prepared by Deutsche Bank AG, Sydney Branch (ABN 13 064 165 162, AFSL 238 153), Australia and New Zealand Banking Group Limited (ABN 11 005 357 522), Commonwealth Bank of Australia (ABN 48 123 123 124) and National Australia Bank Limited (ABN 12 004 044 937, AFSL 230 686) (together the "Joint Lead Managers") and is based on parts of the Information Memorandum for the proposed issue (which was not prepared by the Joint Lead Managers) and other information provided by or on behalf of the Trust Manager of the SMHL SF 2015-1 Trust. This term sheet is indicative only and is not intended to set forth a final expression of the terms and conditions of any financial product or transaction. It may be amended or superseded in its entirety by subsequent term sheets and the Information Memorandum. Prospective investors should refer to the Information Memorandum (and documents referred to in it) and should not rely on this term sheet for the purposes of making any investment decisions.

This document is published solely for information purposes and is not an underwriting commitment, an offer to sell, or solicitation of an offer or a recommendation to buy any financial product and is not intended to be a complete summary or statement of the investments described in it. This document has been prepared on a confidential basis for distribution only to professional investors or wholesale clients in Australia whose ordinary business is to buy or sell investments of the type described in this document in circumstances where disclosure is not required to be made to investors under the *Corporations Act 2001 (Cth)* of Australia (the "Corporations Act"). It is not intended for, and should not be distributed to, any other person and it must not be distributed to any person who is a retail client for the purpose of the Corporations Act. This document is not a product disclosure statement or prospectus required to be lodged with the Australian Securities and Investments Commission ("ASIC") in accordance with the Corporations Act and it does not contain all of the information that such a product disclosure statement or prospectus is required to contain. Accordingly, any offer of interests received in Australia in connection with this document is void to the extent that it needs disclosure to investors under the Corporations Act. It is not an official or unofficial confirmation of terms and does not create legal rights or obligations. If any offer of securities is made, it shall be pursuant to a definitive Information Memorandum prepared by or on behalf of Members Equity Bank Limited (ABN 56 070 887 679) ("ME"), which would contain material information not contained herein and which shall supersede, amend and or supplement this information in its entirety.

The Joint Lead Managers are providing this term sheet for information purposes only. Each Joint Lead Manager is acting severally and solely as a potential arms length counterparty in its principal capacity and not as advisor or fiduciary and nothing in this document or which may otherwise be said or done by the Joint Lead Managers constitutes advice of any sort to you nor any recommendation, offer or invitation to purchase the securities described in this document. In providing this term sheet, the Joint Lead Managers are assuming that your organisation is capable of evaluating the merits and risks of any transaction described in it, its suitability for your organisation's purposes and its legal, taxation, accounting and financial implications and that in making this evaluation you are not relying on any recommendation or statement by any Joint Lead Managers. Before entering into any transaction, you should ensure that you fully review the Information Memorandum and conduct such investigations as you deem necessary to independently assess and fully understand the transaction. You should also consider seeking advice from your own advisers in making this assessment. In particular, the Joint Lead Managers are not acting as your adviser or assuming any duty of care in this respect.

The information contained in this term sheet has been taken from sources, including third party sources believed to be reliable but the Joint Lead Managers do not represent, warrant or guarantee that the information in this term sheet is accurate or complete or has been independently verified by any of the Joint Lead Managers and it should not be relied on as such. Any opinions expressed reflect the judgment of the Joint Lead Managers as at the date of this term sheet and may be subject to change. This term sheet does not discuss all possible risks or issues. Any forecasts contained in this information may be affected by the accuracy of assumptions, risks and other uncertainties which may cause actual figures to differ. Further, to the extent permitted by law, each Joint Lead Manager, their affiliates, or any officer or employee of the Joint Lead Managers' or their affiliates (a) disclaim any and all liability relating to the information in this term sheet including, without limitation, any express or implied representation for statements and conclusions contained in and omissions from this information and (b) accept no liability whatsoever for any direct or consequential loss arising from any use of this term sheet or its contents, including for negligence.

This document is not a recommendation or a statement of opinion, or a report of either of those things, by any Joint Lead Manager or any of its related entities, associates, officers, employees or agents. This document: has been prepared without taking into account any particular person's objectives, financial situation or needs; does not purport to identify the nature of specific market or other risks associated with any investments described within it; and does not constitute any legal, taxation, investment or accounting advice. All information in this document is indicative, is based on certain assumptions and current market conditions and is subject to change without notice. None of the Joint Lead Managers nor any of their respective officers has any duty or obligation to supplement, amend, update or revise any of the information contained herein. No information contained in this document constitutes a prediction or forecast as to the performance of any investments. Any historical information contained in this document is provided by way of illustration only, past performance is not a guide or guarantee to future performance and actual performance may differ materially. Assumptions upon which financial illustrations are based may differ from actual circumstances and no representation is made as to the reasonableness of any assumptions made. No reliance should be placed on the information in this document and any investment decision should be based only on the information in the definitive Information Memorandum and final transaction documents, the information in which will be more extensive than, and which may differ significantly from, the information contained in this document.

A Joint Lead Manager and/or its affiliated companies may at its sole discretion, but is not obliged to, make markets in the securities discussed in this term sheet. Further a Joint Lead Manager and/or its affiliated companies and/or its employees and clients from time to time may hold shares, options, rights and/or warrants on any issue referred to in this term sheet and may, as principal or agent, buy or sell such securities. A Joint Lead Manager may have acted as manager or co-manager of a public offering of any such securities in the past, and its affiliates may provide or have provided banking services or corporate finance to the companies referred to in this term sheet. These interests and dealings may adversely affect the price or value of the investments described in this document. The knowledge of affiliates concerning such services may not be reflected in this term sheet.

Each of the Joint Lead Managers (acting in any capacity) discloses that, in addition to the arrangements and interests it will have with respect of the Issuer, the assets and the Bonds as described in this document (the "Finance Document Interests"), it, its Related Entities (as defined in the Corporations Act) and employees, directors or officers: (a) may from time to time be a Bondholder or have a pecuniary or other interests with respect to the Bonds and they may also have interests relating to other arrangements with respect to a Bondholder or a Bond; and (b) will or may receive fees, brokerage and commissions or other benefits, and act as principal with respect to any dealing with respect to any Bonds, (collectively, the "Bond Interests"). You acknowledge these disclosures and further acknowledge and agree that:

- (i) each of the Joint Lead Managers and each of their Related Entities and employees, directors or officers (each a "Relevant Entity") will or may have the Finance Document Interests and may from time to time have the Bond Interests and is, and from time to time may be, involved in a broad range of transactions (the "Other Transactions") in various capacities (the "Other Transaction Interests");
- (ii) each Relevant Entity in the course of its business may act independently of any other Relevant Entity;
- (iii) to the maximum extent permitted by applicable law, the duties of each Relevant Entity in respect of the Bonds are limited to the contractual obligations of the Joint Lead Managers as set out in the Finance Documents and, in particular, no advisory or fiduciary duty is owed to any person;
- (iv) a Relevant Entity may have or come into possession of information not contained in this document or the Information Memorandum that may be relevant to any decision by a potential investor to acquire the Bonds and which may or may not be publicly available to potential investors

Deutsche Bank 

ANZ 

Commonwealth Bank 

National Australia Bank 

("Relevant Information");

- (v) to the maximum extent permitted by applicable law, no Relevant Entity is under any obligation to disclose any Relevant Information to any party named in this document or any affiliate (a "Finance Document Party") or to any potential investor and this document, the Information Memorandum and any subsequent conduct by a Relevant Entity should not be construed as implying that the Relevant Entity is not in possession of such Relevant Information; and
- (vi) each Relevant Entity may have various potential and actual conflicts of interest arising in the course of its business. These interests may conflict with the interests of a Finance Document Party or a Bondholder, and a Finance Document Party or a Bondholder may suffer loss as a result. To the maximum extent permitted by applicable law, a Relevant Entity is not restricted from entering into, performing or enforcing its rights in respect of the Finance Document Interests, the Bond Interests or the Other Transaction Interests and may otherwise continue or take steps to further or protect any of those interests and its business even where to do so may be in conflict with the interests of Bondholders or a Finance Document Party, and the Relevant Entities may in so doing act without notice to, and without regard to, the interests of any such person.

This is not a comprehensive or definitive list of all actual or potential conflicts of interest. Further information will be contained in the Information Memorandum and you should consider that.

There are various references in this document to the credit ratings. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the rating agencies. Each rating should be evaluated independently of any other credit rating.

Credit ratings are for distribution only to a person (a) who is not a "retail client" within the meaning of section 761G of the Corporations Act and is also a sophisticated investor, professional investor or other investor in respect of whom disclosure is not required under Part 6D.2 or 7.9 of the Corporations Act, and (b) who is otherwise permitted to receive credit ratings in accordance with applicable law in any jurisdiction in which the person may be located. Anyone who is not such a person is not entitled to receive this document and anyone who receives this document must not distribute it to any person who is not entitled to receive it.

This document does not constitute an offer of securities in the United States or to any US Person as defined in Regulation S under the Securities Act 1933 of the United States as amended ("US Securities Act"). The securities or other financial instruments described in this document have not been, and will not be, registered under the US Securities Act and may not be offered or sold in the US or to, or for the account of, any US Person except in a transaction that is exempt from the registration requirements of the US Securities Act and applicable US state securities laws. No securities (nor any related securities or other financial instruments or their related derivatives) discussed herein may be offered or sold in the United States of America except pursuant to an exception for the registration requirements of the US Securities Act.

The distribution of this term sheet or any offering material and the offering or sale of the Bonds in certain jurisdiction may be restricted by law. None of the Joint Lead Managers nor any of their related entities, affiliates, agents or representatives represent that this term sheet or any offering material, may be lawfully distributed, or that the Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to any exemption available there under, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been, or will be, taken by the Joint Lead Managers, the issuer or any other person that would permit a public offering of the Bonds or the distribution of this term sheet or any offering document or publicity material relating to the Bonds in any country or jurisdiction where action for that purpose is required. Accordingly, the Bonds may not be offered or sold, directly or indirectly, and neither this term sheet nor any information memorandum, private placement memorandum, offering circular, advertisement or other offering material may be issued or distributed or published in any country or jurisdiction, except in circumstances that will result in compliance with all applicable laws and regulations.

The information contained herein may contain "forward-looking statements." These may include, among other things, projections, forecasts, estimates of income, yield or return, future performance targets, expected payment dates, sample or pro forma portfolio structures or portfolio composition, scenario, analysis, specific investment strategies and proposed or pro forma levels of diversification or sector investment. These forward-looking statements may be based upon certain assumptions. Actual events are difficult to predict and are beyond the Joint Lead Managers' control. Actual events may differ from those assumed. All forward-looking statements included are based on information available on the date hereof and none of the Joint Lead Managers or their affiliates assume any duty to update any forward-looking statement. Some important factors could cause actual results to differ materially from those in any forward-looking statements including the actual composition of the receivables, loss ratios and delinquency ratios. Other risk factors will also be described in the Information Memorandum. Accordingly, there can be no assurance that any forward-looking statements will materialise or that actual returns or results will not be materially lower than those presented. Any historical information contained in this document is provided by way of illustration only, past performance is not a guide to future performance and actual performance may differ materially. Assumptions upon which financial illustrations are based may differ from actual circumstances.

In the event that you on-sell any investments described herein, you agree to disclose, to the full extent required by any regulations applicable to such sale, any fees or inducements received by you from any Joint Lead Manager in connection with such investment.

In the United Kingdom, National Australia Bank Limited ("NAB") is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. In the United Kingdom, investments and investment services referred to in this document are directed solely at qualified, sophisticated or professional investors to whom such investments and investment services may be lawfully directed. Information distributed in Hong Kong by NAB is distributed by NAB, Hong Kong branch. In Singapore, information distributed by NAB is distributed by NAB, Singapore branch which is licensed under the Banking Act, Chapter 19 of Singapore and is subject to the supervision of the Monetary Authority of Singapore.

This document is distributed in Australia by ANZ. ANZ holds an Australian Financial Services licence no. 234527. This document is for distribution only for professional investors whose ordinary business includes the buying or selling of securities such as the Bonds described in this document in circumstances where disclosure is not required under Chapters 6D or 7 of the Corporations Act 2001 (Cwth) and in such other circumstances as may be permitted by applicable law. This document should not be distributed to, and is not intended for, any other person.

ANZ is authorised in the United Kingdom by the Prudential Regulation Authority ("PRA") and is subject to regulation by the Financial Conduct Authority ("FCA") and limited regulation by the PRA. Details of ANZ's regulation by the PRA will be available on request. This document is distributed in the United Kingdom by ANZ solely for the information of persons who would come within the FCA definition of "eligible counterparty" or "professional client". It is not intended for and must not be distributed to any person who would come within the FCA definition of "retail client". Nothing here excludes or restricts any duty or liability to a customer which ANZ may have under the UK Financial Services and Markets Act 2000 or under the regulatory system as defined in the Rules of the PRA and the FCA. Germany. This document is distributed in Germany by the Frankfurt Branch of ANZ solely for the information of its clients.

This document is distributed in the EEA by ANZ Bank (Europe) Limited ("ANZBEL") which is authorised by the PRA and regulated by the FCA and the PRA in the United Kingdom, to persons who would come within the FCA definition of "eligible counterparty" or "professional client" in other countries in the EEA. This document is distributed in those countries solely for the information of such persons upon their request. It is not intended for, and must not be distributed to, any person in those countries who would come within the FCA definition of "retail client".

This document is distributed in Hong Kong by the Hong Kong branch of ANZ, which is registered by the Hong Kong Monetary Authority to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities. In Hong Kong this

Deutsche Bank 

ANZ 

Commonwealth Bank 

National Australia Bank 

document is only for “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and any rules made under that Ordinance. The contents of this document have not been reviewed by any regulatory authority in Hong Kong.

This document is distributed in New Zealand by ANZ Bank New Zealand Limited. This Term Sheet is intended to be of a general nature, does not take into account your financial situation or goals, and is not a personalised adviser service under the Financial Advisers Act 2008.

This document is distributed in Singapore by the Singapore branch of ANZ solely for the information of “accredited investors” or “institutional investors” (each term as defined in the Securities and Futures Act Cap. 289 of Singapore). ANZ is licensed in Singapore under the Banking Act Cap. 19 of Singapore and is exempted from holding a financial adviser’s licence under Section 23(1)(a) of the Financial Advisers Act Cap. 100 of Singapore.

Copyright protection exists in this term sheet. The contents of this term sheet are strictly confidential and may only be disclosed to those of your directors, officers, employees or professional advisers to whom such disclosure is reasonably necessary for the purpose for which this term sheet has been provided to you. This term sheet must not be distributed to any third party without the prior written consent of any Joint Lead Manager.

The bonds issued by the SMHL SF 2015-1 Trust (the "Bonds") do not represent deposits or other liabilities of ME, any of the Joint Lead Managers or any other member of ME or the Joint Lead Manager groups. None of ME, any of the Joint Lead Manager or any other member of ME or any Joint Lead Manager groups in any way stand behind or guarantee the capital value or performance of the Bonds, or guarantee the payment or repayment or the return of any principal invested in, or any particular rate of return on, the Bonds or the performance of the assets of the SMHL SF 2015-1 Trust, or guarantee any of the obligations of ME or the Trust Manager under the Bonds. The holding of the Bonds is subject to investment risk, including possible delays in repayment and loss of income and principal invested.

By reviewing this term sheet each recipient represents that it is a person into whose possession the document can be lawfully delivered in accordance with the laws of the jurisdiction in which the recipient is located.

