



SMHL Series Securitisation Fund 2016-1

PRICING TERM SHEET

Australian RMBS – New Issue

A\$1,500m
14 October 2016

Pricing Date 14 October 2016	Settlement Date 24 October 2016
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Class	Issue Size A\$(m)	Expected Ratings S&P / Moody's	Initial Credit Support	Interest Rate	Expected* WAL	Expected* Payment Window	Legal Final Maturity
A1	1,380.0	AAA(sf)/Aaa(sf)	8.00%	1m BBSW + 118 bps	2.7 years	Nov 16 - Mar 24	31.0 years
A2	46.50	AAA(sf)/NR	4.90%	1m BBSW + 175 bps	2.7 years	Nov 16 - Mar 24	31.0 years
B	43.50	AA(sf)/NR	2.00%	1m BBSW + 250 bps	5.6 years	Jan 20 - Mar 24	31.0 years
C	18.00	A(sf)/NR	0.80%	1m BBSW + 315 bps	5.6 years	Jan 20 - Mar 24	31.0 years
D	4.50	BBB(sf)/NR	0.50%	1m BBSW + 415 bps	5.6 years	Jan 20 - Mar 24	31.0 years
E	7.50	NR/NR	-	1m BBSW + 615 bps	5.6 years	Jan 20 - Mar 24	31.0 years

*the paydown assumes a flat CPR of 24%, that the call is exercised at the earliest opportunity, all step-down conditions are met at the earliest opportunity and exercise of the Call Option when the mortgage balance reaches 10% of the amount outstanding at the Closing Date.

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The information contained in this document is preliminary and will be superseded by the final offering document relating to the bonds described in this document and the underlying transaction documents referred to in it. Any decision to invest in the bonds should be made after reviewing such final offering document and the underlying transaction documents referred to in it. Please also read the disclaimer at the end of this document.

Transaction Parties	
Issuer and Trustee	Perpetual Limited as trustee for SMHL Series Securitisation Fund 2016-1
Manager	ME Portfolio Management Limited (ABN 79 005 964 134) ("MEPM")
Security Trustee	Perpetual Trustee Company Limited (ABN 42 000 001 007) ("PTCL")
Servicer	Members Equity Bank Limited (ABN 56 070 887 679) ("ME")
Back Up Servicer	Perpetual Corporate Trust Limited (ABN 99 000 341 533)
Custodian	Perpetual Corporate Trust Limited (ABN 99 000 341 533)
Arranger	National Australia Bank Limited (ABN 12 004 044 937) ("NAB")
Joint Lead Managers	Commonwealth Bank of Australia ("CBA") Macquarie Bank Limited ("Macquarie") NAB Westpac Banking Corporation ("WBC")
Interest Rate Swap Provider	NAB Australia and New Zealand Banking Group Limited (ABN 11 005 357 522)
Redraw Facility, Liquidity Facility, and Payment Funding Facility Provider	ME
Lenders Mortgage Insurers (LMI)	Genworth Financial Mortgage Insurance Pty Limited (ABN 60 106 974 305) ("Genworth") 54.76%; and Commonwealth of Australia Housing Loans Insurance Corporation ("HLIC") 0.27%
Rating Agencies	Standard and Poor's (Australia) Pty Ltd ("S&P") Moody's Investor Service Pty Ltd ("Moody's")

Bonds & Structural Features	
Bonds	The Trustee will issue amortising, limited recourse, pass through, floating rate debt instruments in registered form (the "Bonds"). The Bonds will be divided into 6 classes: Class A1 Bonds, Class A2 Bonds (together the Class A Bonds), Class B Bonds, Class C Bonds, Class D Bonds, and Class E Bonds.
Underlying Assets	A prime pool of first charge residential mortgage loans denominated in Australian dollars originated by ME.
Liquidity	<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 Mortgages as at the Closing Date. <i>Payment Funding Facility:</i> A\$150,000 on the Closing Date
Threshold Rate	The Manager will undertake that the interest rate charged on the Mortgage Loans will be maintained at a level which is sufficient to ensure that the Trustee will have sufficient available funds to enable it to comply with its obligations under the Transaction Documents.
Redraw Facility	Redraw Facility will be available to fund applications for redraw under Mortgage Loans as approved by the Mortgage Manager.
Excess Revenue Reserve	The Excess Revenue Reserve will be established on the Closing Date with a zero balance and the Trust Manager will direct the Trustee to allocate excess available income into the Excess Revenue Reserve to the extent there are Bonds outstanding from the Call Option Date. Amounts credited to the Excess Revenue Reserve will form liquidity support available to rated Bonds.
Principal Draw	If on any Distribution Date after the application of an Excess Revenue Reserve Liquidity Draw a Required Payment shortfall remains the Trustee will draw from Principal Collections an amount to cover this shortfall.
Liquidity Facility	If after the application of the Excess Revenue Reserve Liquidity Draw and the Principal Draw, a Required Payment shortfall remains, the Trustee will make a drawdown under the Liquidity Facility an





	amount to cover the remaining shortfall.
Payment Funding Facility	The payment funding facility will be available for the purpose of: <ul style="list-style-type: none"> a) Funding break cost 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

Terms													
Interest Period	Monthly												
Interest Reset Date	The first Business Day of each Interest Period												
Payment Date	26 day of each month												
First Payment Date	28 November 2016												
Margin	In respect of Class A Bonds: <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 Bonds, Class C Bonds, Class D Bonds and Class E Bonds, the relevant Margin as determined on the Pricing Date.												
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 Closing Date.												
Legal Final Maturity	The Payment Date falling in April 2048												
Business Day	A day other than a Saturday, Sunday or public holiday, on which banks are open for business in Sydney and Melbourne.												
Record Date	5 Business Days before each Distribution Date												
Day Count Basis	Actual/365.												
Issue Price	The Bonds will be issued at par.												
Minimum Denomination	All Bonds: A\$1,000, the Bonds will be issued in minimum parcels of A\$500,000												
Clearing System	Austraclear												
ISINs	<table border="0"> <tr> <td>Class A1</td> <td>AU3FN0032785</td> </tr> <tr> <td>Class A2</td> <td>AU3FN0032793</td> </tr> <tr> <td>Class B</td> <td>AU3FN0032801</td> </tr> <tr> <td>Class C</td> <td>AU3FN0032819</td> </tr> <tr> <td>Class D</td> <td>AU3FN0032827</td> </tr> <tr> <td>Class E</td> <td>AU3FN0032835</td> </tr> </table>	Class A1	AU3FN0032785	Class A2	AU3FN0032793	Class B	AU3FN0032801	Class C	AU3FN0032819	Class D	AU3FN0032827	Class E	AU3FN0032835
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Repo Eligibility	Application will be made to the RBA for the Class A1 and Class A2 Bonds to be confirmed as repo-eligible securities.												
European Capital Requirement Regulation (CRR) – Risk Retention	ME 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.												
Governing Law	New South Wales												
Interest Withholding Tax	All Bonds are intended to be issued to comply with the public offer test provisions under section 128F of the Income Tax Assessment Act 1936 (as amended)												

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: <ol style="list-style-type: none"> 1. To the Class A Bonds (pro-rata between Class A1 and Class A2 Bonds;) then 2. To the Class B Bonds; then



	<ol style="list-style-type: none"> 3. To the Class C Bonds; then 4. To the Class D Bonds; and then 5. To the Class E Bonds <p>If the Step Down Payment Requirements are met, principal 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 Closing Date; • The Payment Date is before the 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>Total interest collections are applied in the following order of priority, towards:</p> <ol style="list-style-type: none"> 1. taxes and trust expenses 2. pari passu, prior period due but unpaid amounts, of expenses for the Interest Rate Swap Provider, Liquidity Facility, Redraw Facility and Payment Funding Facility, of any principal outstanding to Payment Funding Facility, and of reimbursement of Liquidity Draws; 3. pari passu, current period amounts due, of expenses for the Interest Rate Swap Provider, Liquidity Facility, Redraw Facility and Payment Funding Facility, and of any principal outstanding to Payment Funding Facility; 4. prior period due but unpaid amounts of Class A1 Bond Coupon; 5. current period Class A1 Bond Coupon; 6. prior period due but unpaid amounts of Class A2 Bond Coupon; 7. current period Class A2 Bond Coupon; 8. prior period due but unpaid amounts of Class B Bond Coupon; 9. current period Class B Bond Coupon; 10. prior period due but unpaid amounts of Class C Bond Coupon; 11. current period Class C Bond Coupon; 12. prior period due but unpaid amounts of Class D Bond Coupon; 13. current period Class D Bond Coupon; 14. prior period due but unpaid amounts of Class E Bond Coupon; 15. current period Class E Bond Coupon; 16. reimbursement of Principal Draws; 17. current period losses; 18. reimbursement of carry-over charge-offs: first to Class A1 Bond, then to Class A2 Bond, then to Class B Bond, then to Class C Bond, then to Class D Bond and then to Class E Bond, 19. If the Payment Date falls on or after the Call Option Date and any Bonds are then outstanding to the Excess Revenue Reserve, 20. other subordinated costs, including hedge costs; 21. final balance is paid to Income Unitholder.
Required Payments	<p>Required Payments means on any Determination Date prior to the Call Option Date :</p> <ol style="list-style-type: none"> (a) if the Stated Amount of the Class E Bonds is equal to or less than 95% of the Invested Amount of the Class E Bonds all items listed under (1) to (13) included of the Interest Waterfall above; (b) if the Stated Amount of the Class D Note is equal to or less than 95% of the Invested Amount of Class D Bonds, all items listed under (1) to (11) included of the Interest Waterfall above; (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 (1) to (9) included of the Interest Waterfall above; (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 (1) to (7) included of the Interest Waterfall above;





	<p>(e) otherwise, the aggregate of payments listed under (1) to (15) of the Interest Waterfall above.</p> <p>Required Payments means on any Determination Date on or after the Call Option Date:</p> <p>(a) if the Stated Amount of the Class D Note is equal to or less than 95% of the Invested Amount of Class D Bonds, all items listed in paragraphs (1) to (11) included of the Interest Waterfall above;</p> <p>(b) 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 in paragraphs (1) to (9) included of the Interest Waterfall above;</p> <p>(c) 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 in paragraphs (1) to (7) included of the Interest Waterfall above;</p> <p>(d) otherwise, the aggregate of payments in paragraphs (1) to (13) of the Interest Waterfall above.</p>
Payments (post-enforcement)	Collections will be allocated sequentially, first to Class A1 Bond, then to Class A2 Bond, then to Class B Bond, then to Class C Bond, then to Class D Bond, and finally to Class E Bond.





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