

12 October 2020

AFG successfully completes inaugural \$500 million Non-Conforming RMBS issue

Australian Finance Group Ltd's (ASX: AFG) wholly-owned subsidiary AFG Securities Pty Ltd ("AFG Securities") has successfully priced its inaugural non-conforming Residential Mortgage Backed Securities ("RMBS") transaction.

The AFG 2020-1NC Trust \$500 million issue is AFG Securities tenth issue since 2013, taking the total paper issued to the market by AFG Securities to \$4.075 billion.

This being the first issue under its non-conforming program, the portfolio includes low-documentation and non-conforming loans originated by AFG Securities.

AFG Chief Executive Officer David Bailey highlighted the support received for the transaction from domestic and international investors. "We are very pleased to be able to upsize the transaction from \$350 million to \$500 million due to strong interest from both new and returning investors."

"100% broker introduced, AFG Securities' loans have always performed well and have consistently tracked well below the Standard & Poor's Performance Index (SPIN)," said Mr Bailey. "Our underwriting standards, arrears-management processes and policies as well as our low historical arrears and loss performance, have informed the support of the transaction."

Details of the notes are as follows:

Class	Expected Rating S&P / Fitch	A\$M Amount	Credit Enhanceme nt (%)	WAL (years)	Benchmark + Margin
A1-S	AAA(sf) / AAAsf	137.000	27.50%	0.7	1M BBSW + 0.90%
A1-L	AAA(sf) / AAAsf	225.500	27.50%	3.1	1M BBSW + 1.55%
A2	AAA(sf) / AAAsf	92.750	8.95%	4.3	1M BBSW + 1.80%
B	AA(sf) / NR	20.250	4.90%	4.3	1M BBSW + 2.65%
C	A(sf) / NR	9.750	2.95%	4.3	1M BBSW + 3.65%
D	BBB(sf) / NR	6.000	1.75%	4.3	1M BBSW + 4.70%
E	BB+(sf) / NR	3.750	1.00%	3.8	1M BBSW + 7.85%
F	NR / NR	5.000	-	5.1	Undisclosed
Z	NR / NR	-	-	-	Undisclosed

National Australia Bank Limited was the Arranger on the transaction and acted together with Commonwealth Bank Australia as Joint-lead Manager.

The release of this announcement was authorised by AFG's Company Secretary, Lisa Bevan.

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