

Australian Securitisation Forbearance SPV – Key Features (as at 5 May 2020)

SPV	<ol style="list-style-type: none"> 1. Single SPV to cater for multiple asset classes and participating lenders 2. Independent trust manager to be appointed to the SPV to manage the SPV and to reconcile payments 3. SPV offers a revolving sale facility to each participating lender to purchase COVID-19 hardship reimbursement receivables 4. A standby SPV manager will also be appointed and have oversight of the ledgers and cashflows of the SPV
Class A Variable Funding Note	<ol style="list-style-type: none"> 5. Structured Finance Support Fund (SFSF) to be the sole subscriber to Class A Variable Funding Note (Class A VFN) for each participating lender 6. Interest rate on the Class A VFN is currently proposed by the AOFM at 5% per annum 7. Participating lenders will provide first loss credit support to the SPV by subscribing to a Class B Note to credit enhance the Class A VFN
Class B Note - required first loss credit support	<ol style="list-style-type: none"> 8. The size of the Class B Note will reflect the SPV's commitment to purchase receivables and the following underlying asset class percentages: <ol style="list-style-type: none"> a. Prime residential mortgage 1.0% b. Non-conforming mortgage 2.0% c. Auto and equipment receivables 4.0% d. Other receivables: <ol style="list-style-type: none"> i. Consumer unsecured 7.5% <ul style="list-style-type: none"> • credit cards • personal loans • business charge cards • buy now, pay later receivables ii. SME secured by property or equipment 5.0% iii. SME unsecured 10.00% iv. Other – to be agreed between the originator and AOFM on a case by case basis e.g. invoice financing etc 9. Where a trust has a mixed portfolio, the required first loss percentage will be determined on a dynamic weighted average basis
Drawdown requests and funding	<ol style="list-style-type: none"> 10. Drawdown requests to be aggregated by each participating lender for their participating trusts and one or two drawdown notices to be issued by the SPV to SFSF each month on each Class A VFN 11. Drawdown requests to be made only during the Availability Period 12. The Availability Period will be a fixed period from the scheduled start date to 30 March 2021. Drawdowns will not be accepted for new loans originated after 30 September 2020 13. Liquidity payments will only cover missed interest payments (including capitalised interest) for a participating lender's COVID-19 hardship approved claims (<i>Missed Payment</i>) but not fees and other charges. The Class A VFN will fund no more than 90% of the face value of the Missed Payment. It is not expected that the originator will top up the remaining 10% of the Missed Payment in the trust

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Liquidity payments	<p>14. Interest on liquidity payments will be charged on a monthly basis</p> <p>15. Interest is capitalised during the Availability Period. Interest is paid on a monthly basis during the scheduled repayment period, but may be capitalised if there are insufficient available funds for payment</p> <p>16. Reimbursement of liquidity payments during the Availability Period can be made at the option of each participating lender</p> <p>17. Repayment of liquidity payments after the end of the Availability Period will be subject to an available funds test and will be scheduled to complete within a year period reflecting the tenor of the underlying receivables (5 years for long dated (such as residential mortgages) or 3 years for shorter dated asset classes (such as auto receivables))</p> <p>18. There will be available funds for payment by a trust (in both the pre-enforcement income waterfall and the post-enforcement waterfall) if there are amounts available before payment to the residual income unitholder</p> <p>19. The SPV will have access to excess available funds from other participating trusts of an originator if certain specified trigger events occur with respect to one of the originator's participating trusts (such as an amortisation event that does not cease within 3 months of occurring, or a first loss trigger event such as where a trust goes into enforcement). This access would be given through increasing the scheduled reimbursement obligation of the other participating trusts to include a proportionate share of the uncovered amount for so long as such a trigger event is subsisting (although alternative arrangements may be required for some originators, for example those with only a single participating trust)</p>
Collateral Verification Agent(s) (CVA)	<p>20. Collateral Verification Agent(s) (CVA) to be appointed by AOFM to validate the viability of participating lender's repayment strategy, periodically monitor and confirm the eligibility of participating lenders and the funded receivables</p>
Costs of SPV	<p>21. It is intended that the establishment costs of the SPV will be met by industry. The ASF will coordinate this project with KWM</p> <p>22. Ongoing running costs of the SPV will be for the account of the AOFM and may be satisfied in whole or in part from interest paid on trust accounts and a participation fee from each participating lender</p>

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