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# Medallion Trust

## Medallion Trust Series 2015-2 Information Memorandum



**A\$2,000,000,000**

**Mortgage Backed Secured Pass Through Floating Rate Notes Comprising**

**A\$1,840,000,000**

**Class A1 Mortgage Backed Pass-Through Floating Rate  
Securities due October 2047**

*Ratings*

*“AAA(sf)” by Standard & Poor’s (Australia) Pty Ltd*

*“AAAsf” by Fitch Australia Pty Ltd*

**A\$120,000,000**

**Class B Mortgage Backed Pass-Through Floating Rate  
Securities due October 2047**

*Ratings*

*“AA-(sf)” by Standard & Poor’s (Australia) Pty Ltd*

*“AA-sf” by Fitch Australia Pty Ltd*

**A\$40,000,000**

**Class C Mortgage Backed Pass-Through Floating Rate  
Securities due October 2047**

*Unrated*

**Arranger, Bookrunner, Lead Manager and Structural Advisor**

**Commonwealth Bank of Australia**

ABN 48 123 123 124

**Co-Manager**

**Macquarie Bank Limited**

ABN 46 008 583 542

**Co-Manager**

**Citigroup Global Markets Australia Pty Limited**

ABN 64 003 114 832

**17 September 2015**

## **No Guarantee by Commonwealth Bank of Australia, Macquarie or Citi**

The Class A Notes, the Class B Notes, the Class C Notes and the Redraw Notes do not represent deposits or other liabilities of Commonwealth Bank of Australia (ABN 48 123 123 124) (“**Commonwealth Bank of Australia**”), Macquarie Bank Limited (ABN 46 008 583 542) (“**Macquarie**”), Citigroup Global Markets Australia Pty Limited (ABN 64 003 114 832) (“**Citi**”) or any other member of the Commonwealth Bank of Australia group, the Macquarie group or Citigroup. None of Commonwealth Bank of Australia, Securitisation Advisory Services Pty Limited ABN 88 064 133 946 (the “**Manager**”), Macquarie or Citi, or any other member of the Commonwealth Bank of Australia group, the Macquarie group or Citigroup guarantees the payment or repayment or the return of any principal invested in, or any particular rate of return on, the Class A Notes, the Class B Notes, the Class C Notes and the Redraw Notes or the performance of the Assets of the Series Trust. In addition, none of the obligations of the Manager are guaranteed in any way by Commonwealth Bank of Australia or any other member of the Commonwealth Bank of Australia group, the Macquarie group or Citigroup.

## **Listing on a stock exchange**

Securitisation Advisory Services Pty Limited, as Manager, may, at its discretion, make an application to a stock exchange or other competent authority for the Class A1 Notes to be listed and admitted for trading on its regulated market or unregulated markets. As at the date of this Information Memorandum, the Manager intends to make an application to the Australian Securities Exchange for the Class A1 Notes to be listed and admitted to trading on that exchange. Such approval, if sought and obtained, would relate only to the Class A1 Notes and not to any other Notes. However, there can be no assurance that the Australian Securities Exchange will approve any application for listing of the Class A1 Notes. Accordingly, the issuance and settlement of the Notes on the Closing Date is not conditional on the listing of the Class A1 Notes on the Australian Securities Exchange or any stock exchange or the admission of the Class A1 Notes to trading on any regulated or unregulated market. Perpetual Trustee Company Limited has not made or authorised any application for admission to listing and/or trading of any Class of Notes.

## **The Notes are subject to Investment Risk**

The holding of the Notes is subject to investment risk, including possible delays in repayment and loss of income and principal invested.

## **US Selling Restrictions**

The Notes have not been and will not be registered under the Securities Act and unless so registered may not be offered or sold within the United States or to, or for the account or benefit of, US persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Notes are being offered and sold only to persons (other than United States persons) outside the United States pursuant to Regulation S and the Securities Act. For a description of certain further restrictions on offers, transfers and sales of the Notes and the distribution of this Information Memorandum, see Section 1 (“*Important Notice*”), Section 2.15(a) (“*Miscellaneous*”) and Section 14 (“*Selling Restrictions*”) below.

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# 1 Important notice

## 1.1 Terms

References in this Information Memorandum to various documents are explained in Section 16 (“*Transaction Documents*”). Unless defined elsewhere, all other terms are defined in the Glossary in Section 17 (“*Glossary*”). Section 16 (“*Transaction Documents*”) and Section 17 (“*Glossary*”) should be referred to in conjunction with any review of this Information Memorandum.

## 1.2 Purpose

This Information Memorandum relates solely to a proposed issue of the Class A1 Notes, the Class B Notes and the Class C Notes by Perpetual Trustee Company Limited ABN 42 000 001 007 in its capacity as trustee of the Medallion Trust Series 2015-2 (the “**Series Trust**”) (the “**Trustee**”). This Information Memorandum does not relate to, and is not relevant for, any other purpose. Without limitation, while this Information Memorandum contains information relating to the Class A1-R Notes and the Redraw Notes, the Class A1-R Notes and the Redraw Notes are not being offered for issue, nor are applications for the issue of the Class A1-R Notes or the Redraw Notes being invited, by this Information Memorandum.

## 1.3 Summary Only

This Information Memorandum is only a summary of the terms and conditions of the Class A1 Notes, the Class B Notes and the Class C Notes and the Series Trust and is to assist each recipient to decide whether it will undertake its own further independent investigation of those Notes. This Information Memorandum does not purport to contain all the information a person considering subscribing for or purchasing the Class A1 Notes, the Class B Notes and the Class C Notes may require. Accordingly, this Information Memorandum should not be relied upon by intending subscribers or purchasers of the Notes. Intending subscribers or purchasers of the Class A1 Notes, the Class B Notes and the Class C Notes should review the Transaction Documents which contain the definitive terms relating to the Series Trust and the transactions connected therewith. If there is any inconsistency between this Information Memorandum and the Transaction Documents, the Transaction Documents should be regarded as containing the definitive information.

This Information Memorandum should not be construed as an offer or invitation to any person to subscribe for or buy the Class A1 Notes, the Class B Notes and the Class C Notes and must not be relied upon by intending subscribers or purchasers of Notes.

It should not be assumed that the information contained in this Information Memorandum is necessarily accurate or complete in the context of any offer to subscribe for or an invitation to subscribe for or buy any Class A1 Notes, Class B Notes and Class C Notes even if this Information Memorandum is circulated in conjunction with such an offer or invitation.

## 1.4 Limited Responsibility for Information

The Manager has prepared and authorised the distribution of this Information Memorandum, has accepted sole responsibility for the information contained in it and to the best of its knowledge and belief the information contained in this Information Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

None of Commonwealth Bank of Australia, Macquarie, Citi, Perpetual Trustee Company Limited, the Trustee or P.T. Limited ABN 67 004 454 666 including in its capacity as trustee of the Security Trust (the “**Security Trustee**”) have authorised, caused the issue of, or have (and expressly disclaim) any responsibility for, or made any statement in, any part of this

Information Memorandum. Furthermore, none of Macquarie, Citi, Perpetual Trustee Company Limited, the Trustee, P.T. Limited or the Security Trustee has had any involvement in the preparation of any part of this Information Memorandum (other than where parts of this Information Memorandum contain particular references to Perpetual Trustee Company Limited or P.T. Limited in their corporate capacity). Whilst the Manager believes the statements made in this Information Memorandum are accurate, neither it nor Commonwealth Bank of Australia, Macquarie, Citi, Perpetual Trustee Company Limited, the Trustee, P.T. Limited, the Security Trustee nor any external adviser to any of the foregoing makes any representation or warranty, express or implied, as to, nor assumes any responsibility or liability for, the authenticity, origin, validity, accuracy or completeness of, or any errors or omissions in, any information, statement, opinion or forecast contained in this Information Memorandum or in any previous, accompanying or subsequent material or presentation.

No recipient of this Information Memorandum can assume that any person referred to in it has conducted any investigation or due diligence concerning, or has carried out or will carry out any independent audit of, or has independently verified or will verify, the information contained in this Information Memorandum.

## **1.5 Date of this Information Memorandum**

This Information Memorandum has been prepared as at 17 September 2015 (the “**Preparation Date**”), based on information available and facts and circumstances known to the Manager at that time.

Neither the delivery of this Information Memorandum, nor any offer or issue of any Notes, at any time after the Preparation Date implies, or should be relied upon as a representation or warranty, that:

- (a) there has been no change since the Preparation Date in the affairs or financial condition of the Series Trust, the Trustee, Commonwealth Bank of Australia, Macquarie, Citi, the Manager or any other party named in this Information Memorandum; or
- (b) the information contained in this Information Memorandum is correct at such later time.

No person undertakes to review the financial condition or affairs of the Trustee or the Series Trust at any time or to keep a recipient of this Information Memorandum or the holder of any Note (the “**Noteholder**”) informed of changes in, or matters arising or coming to their attention which may affect, anything referred to in this Information Memorandum.

Neither the Manager, Commonwealth Bank of Australia, Macquarie, Citi, nor any other person accepts any responsibility to Noteholders or prospective Noteholders to update this Information Memorandum after the Preparation Date with regard to information or circumstances which come to its attention after the Preparation Date.

## **1.6 Independent Investment Decisions**

This Information Memorandum is not intended to be, and does not constitute, a recommendation by the Manager, the Trustee, Perpetual Trustee Company Limited, Macquarie, Citi, Commonwealth Bank of Australia, P.T. Limited or the Security Trustee that any person subscribe for or purchase any Note. Accordingly, any person contemplating the subscription or purchase of any Note must:

- (a) make their own independent investigation of the terms of the Notes (including reviewing the Transaction Documents) and the financial condition, affairs and



creditworthiness of the Series Trust, after taking all appropriate advice from qualified professional persons; and

- (b) base any investment decision on the investigation and advice referred to in paragraph (a) and not on this Information Memorandum.

## 1.7 Authorised Material

No person is authorised to give any information or to make any representation which is not contained in this Information Memorandum and any information or representation not contained in this Information Memorandum must not be relied upon as having been authorised by or on behalf of Commonwealth Bank of Australia, Macquarie, Citi or the Manager.

## 1.8 Distribution to Professional Investors Only

Prior to the approval of this Information Memorandum by the relevant competent authority (if required) in connection with any application for listing or admission to trading of the Class A1 Notes by the Manager, this Information Memorandum will have been prepared on a confidential basis for distribution only to professional investors whose ordinary business includes the buying or selling of securities such as the Notes. This Information Memorandum is not intended for, should not be distributed to, and should not be construed as an offer or invitation to, any other person. If the Manager, subject to investor demand and in its sole discretion, makes an application for the Class A1 Notes to be listed with a stock exchange and admitted to trading and such application is approved, it will no longer be confidential and will be a publicly available document.

## 1.9 Distribution

The distribution of this Information Memorandum and the offering or invitation to subscribe for or buy the Notes in certain jurisdictions may be restricted by law. No action has been taken or will be taken which would permit the distribution of this Information Memorandum or the offer or invitation to subscribe for or buy the Notes in any jurisdiction where action for that purpose is required.

**The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”). The Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.**

## 1.10 Issue Not Requiring Disclosure to Investors under the Corporations Act

This Information Memorandum is not a “Prospectus” for the purposes of Chapter 6D of the Corporations Act or a “Product Disclosure Statement” for the purposes of Chapter 7 of the Corporations Act and is not required to be lodged with the Australian Securities and Investments Commission under the Corporations Act as each offer for the issue, any invitation to apply for the issue, and any offer for sale of, and any invitation for offers to purchase, the Notes to a person under this Information Memorandum:

- (a) will be for a minimum amount payable (after disregarding any amount lent by the person offering the Notes (as determined under section 700(3) of the Corporations Act) or any of their associates (as determined under sections 10 to 17 of the Corporations Act)) on acceptance if the offer or application (as the case may be) is at least A\$500,000 (calculated in accordance with both section 708(9) of the Corporations Act and regulation 7.1.18 of the Corporations Regulations 2001);

- (b) is made to a professional investor for the purposes of section 708 of the Corporations Act; or
- (c) does not otherwise require disclosure to investors under Part 6D.2 of the Corporations Act and is not made to a Retail Client.

A person may not (directly or indirectly) offer for issue or sale, or make any invitation to apply for the issue or to purchase, the Notes nor distribute this Information Memorandum except if the offer or invitation:

- (a) does not need disclosure to investors under Part 6D.2 of the Corporations Act;
- (b) is not made to a Retail Client; and
- (c) complies with any other applicable laws in all jurisdictions in which the offer or invitation is made.

### 1.11 Offshore Associates Not To Acquire Notes

Under present law, interest and other amounts paid on the Notes will not be subject to Australian interest withholding tax if they are issued in accordance with certain prescribed conditions set out in section 128F of the Income Tax Assessment Act 1936 (Cth) and they are not acquired directly or indirectly by certain offshore associates of the Trustee or Commonwealth Bank of Australia, other than in the capacity of a dealer, manager or underwriter in relation to the placement of the relevant Notes, or a clearing house, custodian, funds manager or responsible entity of a registered scheme. Each of the Dealers has undertaken not to offer a Note if that Dealer knew, or had reasonable grounds to suspect, that the Note or an interest in the Note was being or would be acquired by such an offshore associate of the Trustee or Commonwealth Bank of Australia.

### 1.12 Disclosure of Interests

Each Dealer discloses that in addition to the arrangements and interests it will or may have with respect to any other party including without limitation the Trustee, the Security Trustee, the Manager, the Seller, the Servicer, the Liquidity Facility Provider and the Interest Rate Swap Provider (together, the “**Group**”) as described in this Information Memorandum (the “**Transaction Document Interests**”), it, its related entities (as such term is defined in the Corporations Act) (the “**Related Entities**”), directors, officers and employees:

- (a) may have pecuniary or other interests in the Notes and they may also have interests pursuant to other arrangements; and
- (b) will receive fees, brokerage and commissions or other benefits, and may act as principal in any dealing in the Notes,

(the “**Note Interests**”).

Each purchaser of Notes acknowledges these disclosures and further acknowledges and agrees that:

- (i) each party and each of their Related Entities, directors, officers and employees (each a “**Relevant Entity**”) will have the Transaction Document Interests and may from time to time have the Note Interests and is, and from time to time may be, involved in a broad range of Transactions including, without limitation, banking, dealing in financial products, credit, derivative and liquidity transactions, investment management, corporate and investment banking and research (the “**Other Transactions**”) in various capacities in

respect of any member of the Group or any other person, both on the Relevant Entity's own account and for the account of other persons (the "**Other Transaction Interests**");

- (ii) each Relevant Entity in the course of its business (whether with respect to the Transaction Document Interests, Note Interests, the Other Transaction Interests or otherwise) 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 any member of the Group and the Notes are limited to the contractual obligations of the parties to the relevant members of the Group as set out in the Transaction Documents and, in particular, no advisory or fiduciary duty (except in the case of the Trustee in respect of the Series Trust and the Security Trustee in respect of the Security Trust) is owed to any person;
- (iv) a Relevant Entity may have or come into possession of information not contained in this Information Memorandum that may be relevant to any decision by a potential investor to acquire the Notes and which may or may not be publicly available to potential investors ("**Relevant Information**");
- (v) to the maximum extent permitted by applicable law but subject to the Transaction Documents, no Relevant Entity is under any obligation to disclose any Relevant Information to any member of the Group or to any potential investor and this 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, including in respect of the Transaction Document Interests, the Note Interests or the Other Transaction Interests. For example, the exercise of rights against a member of the Group arising from the Transaction Document Interests (for example, by a Dealer) or from an Other Transaction may affect the ability of the Group member to perform its obligations in respect of the Notes. In addition, the existence of a Transaction Document Interest, Note Interest or Other Transaction Interest may affect how a Relevant Entity in another capacity (for example, as a Noteholder) may seek to exercise any rights it may have in that capacity. These interests may conflict with the interests of the Group or a Noteholder, and the Group or a Noteholder 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 Transaction Document Interests, the Note 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 Noteholders or the Group, and the Relevant Entities may in so doing act without notice to, and without regard to, the interests of any such person.

### **1.13 Limited Recovery**

Any obligation or liability of the Trustee arising under or in any way connected with the Notes, the Master Trust Deed, the Series Supplement, the Security Trust Deed or any other Transaction Document to which the Trustee is a party is limited, except in the case of fraud, negligence or wilful default on the part of the Trustee or its officers, employees or agents or any other person whose acts or omissions the Trustee is liable for under the Transaction

Documents, to the extent to which it can be satisfied out of the Assets of the Series Trust out of which the Trustee is actually indemnified for the obligation or liability. Other than in the exception previously mentioned, the personal assets of the Trustee, the Security Trustee or any other member of the Perpetual Trustee group are not available to meet payments of interest or repayments of principal on the Notes.

None of Commonwealth Bank of Australia, Macquarie, Citi, the Manager, the Trustee or the Security Trustee guarantees the success of the Notes issued by the Trustee or the repayment of capital or any particular rate of capital or income return in respect of the investment by Noteholders in the Notes, nor do they make any statement (including, without limitation, any representation) with respect to income tax or other taxation consequences of any subscription, purchase or holding of the Notes or the receipt of any amounts thereunder.

#### **1.14 Australian Financial Services Licence of Perpetual Trustee Company Limited**

Perpetual Trustee Company Limited has obtained an Australian Financial Services Licence under Part 7.6 of the Corporations Act (Australian Financial Services Licence No. 236643). Perpetual Trustee Company Limited has appointed P.T. Limited to act as its authorised representative under that licence (Authorised Representative No. 266797).

#### **1.15 European Union Capital Requirements Regulation - securitisation exposure rules and other regulatory initiatives**

Articles 404 – 410 (inclusive) of Regulation (EU) No 575/2013 (as amended by corrigendum) of the European Parliament and Council (the “**CRR**”) came into force on 1 January 2014 in Member States of the European Union and have been or are expected to be implemented by national legislation in the other Member States of the European Economic Area (“**EEA**”).

Article 405 of the CRR restricts ‘credit institutions’ and ‘investment firms’ (each as defined in the CRR), and the consolidated group subsidiaries thereof (each, an “**Affected Investor**”) from investing in or being exposed to a ‘securitisation’ (as defined in the CRR) unless the originator, sponsor or original lender in respect of that securitisation has explicitly disclosed to the Affected Investor that it will retain, on an ongoing basis, a net economic interest of at least 5 per cent in that securitisation in the manner contemplated by Article 405 (and regulatory technical standards since adopted by the European Commission, in relation to the same).

Article 406 of the CRR also requires that an Affected Investor be able to demonstrate that it has undertaken certain due diligence in respect of, among other things, the Notes it has acquired and the underlying exposures, and that procedures have been established for monitoring the performance of the underlying exposures on an ongoing basis.

Failure to comply with one or more of the requirements as set out in Articles 405 and 406 of the CRR may result in the imposition of a penal capital charge with respect to the investment made in the securitisation by the relevant Affected Investor.

Commonwealth Bank of Australia (as the originator of the mortgage loans to be securitised and included in the Series Trust) will undertake to the Trustee to hold, in accordance with Article 405 of the CRR, a net economic interest in this securitisation transaction. As at the Closing Date, such interest will be comprised of an interest in randomly selected exposures equivalent to no less than 5% of the aggregate principal balance of the securitised exposures in accordance with Article 405 paragraph (1) sub-paragraph (c). The Manager will include information in any reports provided to Noteholders:

- (a) confirming Commonwealth Bank of Australia’s continued retention of the interest described above; and

- (b) any change to the manner in which the interest will be comprised if there are exceptional circumstances which cause the manner in which the interest is held to change.

Investors should also be aware of Article 17 of the EU Alternative Investment Fund Managers Directive (Directive 2011/61/EU), as supplemented by Section 5 of Chapter III of Commission Delegated Regulation (EU) No 231/2013 (“**Investment Managers Directive**”) and Article 135(2) of the EU Solvency II Directive 2009/138/EC, as supplemented by Articles 254-257 of Commission Delegated Regulation (EU) No 2015/35 (“**Solvency II**”), which introduce risk retention and due diligence requirements which apply, respectively, to EEA regulated alternative investment fund managers and EEA regulated insurance/reinsurance undertakings. While such requirements are similar to those which apply under the CRR they are not identical and, in particular, additional due diligence obligations apply to relevant investors under the Investment Managers Directive and Solvency II. Similar requirements are also scheduled to apply in the future to investment in securitisations by Undertakings for Collective Investment in Transferrable Securities (“UCITS”) and insurance and reinsurance undertakings subject to regulation by supervisory authorities in any member state of the European Economic Area. In this Information Memorandum, all such requirements, together with Articles 404 – 410 (inclusive) of the CRR, are referred to as the “**Retention Rules**”.

The Retention Rules may apply in respect of an investment in the Notes. Accordingly, Affected Investors should make themselves aware of the requirements of the Retention Rules (and any implementing rules in relation to a relevant jurisdiction) in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes and should carefully consider whether the applicable conditions under the Retention Rules are satisfied at any time.

Relevant investors are required to independently assess and determine the sufficiency of the information described in this Information Memorandum and in any reports provided to investors in relation to the transaction for the purposes of complying with the Retention Rules (including regulatory technical standards, implementing technical standards and national measures in relation to the same) and any other similar requirements and none of the Trustee, Commonwealth Bank of Australia, Macquarie, Citi and each other party to a Transaction Document makes any representation that the information described above or in this Information Memorandum is sufficient in all circumstances for such purposes. Prospective investors who are uncertain as to such requirements in a relevant jurisdiction should seek relevant professional advice or guidance from their regulator.

See Section 3.34 (“*European Union Capital Requirements Regulation – securitisation exposure rules and other regulatory initiatives*”) for further details.

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This Section 1.16 should be read in conjunction with the selling restrictions set out in Section 14 ("**Selling Restrictions**").

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### **1.18 Repo-eligibility**

The Manager intends to make an application to the Reserve Bank of Australia ("RBA") for the Class A1 Notes to be "eligible securities" (or "repo eligible") for the purposes of repurchase agreements with the RBA.

The criteria for repo eligibility published by the RBA require, among other things, that certain information be provided by the Manager to the RBA at the time of seeking repo-eligibility and during the term of the Class A1 Notes in order for the Class A1 Notes to be (and to continue to be) repo-eligible.

No assurance can be given that the application by the Manager for the Class A1 Notes to be repo eligible will be successful, or that the Class A1 Notes will continue to be repo eligible at all times even if they are eligible in relation to their initial issue. For example, subsequent changes by the RBA to its criteria could affect whether the Class A1 Notes continue to be repo-eligible.

If the Class A1 Notes are repo-eligible at any time, Noteholders should be aware that relevant disclosures may be made by the Manager to investors and potential investors in Class A1 Notes from time to time in such form as determined by the Manager as it sees fit (including for the purpose of complying with the RBA's criteria).

### **1.19 References to Ratings**

There are various references in this Information Memorandum to the credit ratings of Notes and of particular parties. A credit 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 relevant Rating Agency. In addition, the credit ratings of Notes do not address the expected timing of principal repayments under those Notes. None of the Rating Agencies has been involved in the preparation of this Information Memorandum. Each Rating Agency is not established in the European Community but rather is incorporated in the Commonwealth of Australia. Consequently, each Rating Agency is not required to be registered under Regulation (EC) 1060/2009 ("CRA Regulation"). It is anticipated that the credit ratings of the Notes will,

upon their issue, be endorsed by Standard & Poor's Credit Market Services Europe Limited and Fitch Ratings Ltd, respectively, in accordance with the CRA Regulation. Each of Standard & Poor's Credit Market Services Europe Limited and Fitch Ratings Ltd is established in the European Union and registered under the CRA Regulation. As such, Standard & Poor's Credit Market Services Europe Limited and Fitch Ratings Ltd are included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation. The European Securities Markets Authority has indicated that ratings issued in Australia which have been endorsed by Standard & Poor's Credit Market Services Europe Limited and Fitch Ratings Ltd may be used in the European Union by the relevant market participants.



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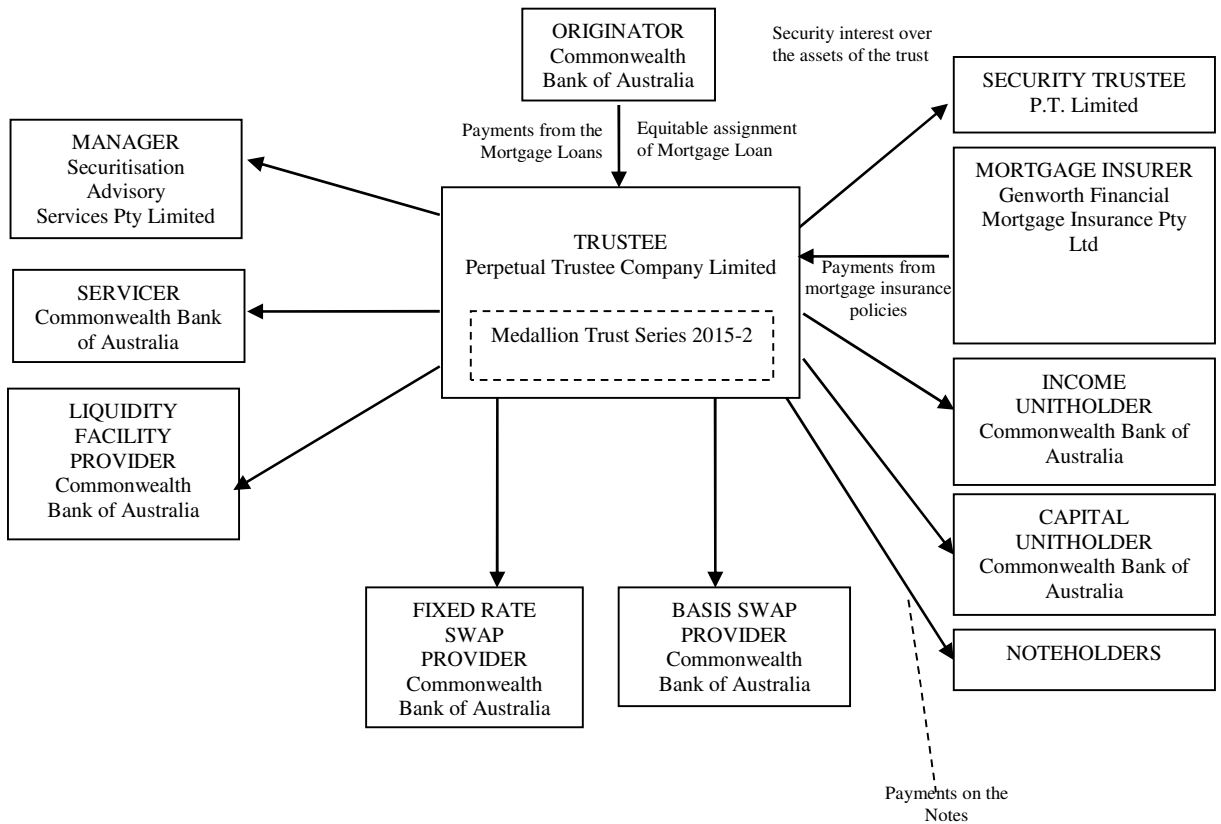
## 2 Summary

This summary highlights selected information from this document and does not contain all of the information that you need to consider in making your investment decision. This summary contains an overview of some of the concepts and other information to aid your understanding. All of the information contained in this summary is qualified by the more detailed explanations in other parts of this Information Memorandum.

### 2.1 Parties to the Transaction

<b>Trustee:</b>	Perpetual Trustee Company Limited in its capacity as trustee of the Series Trust
<b>Manager:</b>	Securitisation Advisory Services Pty Limited, Ground Floor, Darling Park Tower 1, 201 Sussex Street, Sydney, NSW 2000 Ph: +612 9118 7214
<b>Security Trustee:</b>	P.T. Limited in its capacity as trustee of the Security Trust.
<b>Seller:</b>	Commonwealth Bank of Australia
<b>Servicer:</b>	Commonwealth Bank of Australia
<b>Income Unitholder:</b>	Commonwealth Bank of Australia
<b>Capital Unitholder:</b>	Commonwealth Bank of Australia
<b>Arranger</b>	Commonwealth Bank of Australia
<b>Lead Manager and Bookrunner:</b>	Commonwealth Bank of Australia
<b>Co-Manager:</b>	Macquarie Bank Limited
<b>Co-Manager</b>	Citigroup Global Markets Australia Pty Limited
<b>Liquidity Facility Provider:</b>	Commonwealth Bank of Australia
<b>Mortgage Insurer:</b>	Genworth Financial Mortgage Insurance Pty Limited (ABN 60 106 974 305)
<b>Fixed Rate Swap Provider:</b>	Commonwealth Bank of Australia
<b>Basis Swap Provider:</b>	Commonwealth Bank of Australia
<b>Rating Agencies:</b>	Standard & Poor's (Australia) Pty Ltd Fitch Australia Pty Ltd

## Structural Diagram



## 2.2 Summary of the Notes

The Trustee will issue Class A1 Notes, Class B Notes, Class C Notes and, in certain circumstances after the Closing Date, Class A1-R Notes and Redraw Notes (together, the “Notes”) collateralised by the same pool of Mortgage Loans. The Notes have not been, and will not be, registered in the United States. As at the Preparation Date, the Manager intends to make an application to the Australian Securities Exchange for the Class A1 Notes to be listed and admitted to trading on that exchange. However, there can be no assurance that approval from the Australian Securities Exchange to listing of the Class A1 Notes will be granted (see Section 15 (“*Listing on a stock exchange*”)). The Class B Notes, the Class C Notes, the Class A1-R Notes (if any) and the Redraw Notes (if any) have not been, and will not be, admitted to listing or to trading on any stock exchange. The Class A1-R Notes and the Redraw Notes are not being offered for issue, nor are applications for the issue of the Class A1-R Notes or the Redraw Notes being invited, by this Information Memorandum.

	<b>Class A1 Notes</b>	<b>Class B Notes</b>	<b>Class C Notes</b>
Initial Principal Balance	A\$1,840,000,000	A\$120,000,000	A\$40,000,000
% of Total	92.0%	6.0%	2.0%
Ratings:			
Standard & Poor's (Australia) Pty Ltd	AAA(sf)	AA-(sf)	Not rated
Fitch Australia Pty Ltd	AAAsf	AA-sf	Not rated
Interest rate	BBSW plus 0.90% (up to but excluding the First Possible Class A1 Refinancing Date)  BBSW plus 0.90% + 0.25% (on and from the First Possible Class A1 Refinancing Date)	BBSW plus an undisclosed margin (to apply at all times from the Issue Date)	BBSW plus an undisclosed margin (to apply at all times from the Issue Date)
Interest Accrual Method	actual /365	actual /365	actual/365
Distribution Dates ("Distribution Dates")	24th day of each calendar month or, if such day is not a Business Day, the next Business Day, unless that day falls in the next calendar month, in which case, the date is brought forward to the first preceding Business Day. The first Distribution Date is 26 October 2015.	24th day of each calendar month or, if such day is not a Business Day, the next Business Day, unless that day falls in the next calendar month, in which case, the date is brought forward to the first preceding Business Day. The first Distribution Date is 26 October 2015.	24th day of each calendar month or, if such day is not a Business Day, the next Business Day, unless that day falls in the next calendar month, in which case, the date is brought forward to the first preceding Business Day. The first Distribution Date is 26 October 2015.
Interest payable	On each Distribution Date as specified above	On each Distribution Date specified above	On each Distribution Date specified above
Clearance/Settlement	Austraclear/ Euroclear/Clearstream	Austraclear/ Euroclear/Clearstream	Austraclear/ Euroclear/Clearstream
ISIN	AU3FN0028726	AU3FN0028734	AU3FN0028742
Cut-Off Date	11 September 2015		
Closing Date	18 September 2015		

	<b>Class A1 Notes</b>	<b>Class B Notes</b>	<b>Class C Notes</b>
Final Maturity Date	The Distribution Date occurring in October 2047		

The Trustee may issue Class A1-R Notes on:

- (a) the Distribution Date occurring in September 2020 (the “**First Possible Class A1 Refinancing Date**”); or
- (b) if the Class A1 Notes are not fully redeemed on the First Possible Class A1 Refinancing Date, subject to the Manager’s discretion, on any subsequent Distribution Date on which Class A1 Notes remain outstanding (each such date, a “**Subsequent Class A1 Refinancing Date**”),

provided, in each case, that the proceeds of such Class A1-R Notes must be sufficient to redeem the Class A1 Notes in full on that Distribution Date and the other conditions set out in Section 8.17 (“*Refinancing of Class A1 Notes with Class A1-R Notes*”) are satisfied. The Trustee must use the issue proceeds of those Class A1-R Notes to redeem all of the Class A1 Notes which remain outstanding at that time, as described in Section 8.17 (“*Refinancing of Class A1 Notes with Class A1-R Notes*”).

Alternatively, on any day after the Distribution Date immediately preceding the First Possible Class A1 Refinancing Date (provided there are Class A1 Notes outstanding on such day), the Trustee may, at the direction of the Manager (which the Manager may give at its absolute discretion), sell all (and not some only) of the Mortgage Loans and Mortgage Loan Rights which are Assets of the Series Trust. The Trustee must use the proceeds of that sale to redeem all Notes then outstanding (including the Class A1 Notes) on the sale date (if the sale date is also a Distribution Date) or on the immediately following Distribution Date (if the sale date is not a Distribution Date). See Section 8.18 (“*Sale of the Mortgage Loans to fund optional redemption of the Notes on or after the First Possible Class A1 Refinancing Date*”) for further details.

## 2.3 Structural Overview

Commonwealth Bank of Australia established the Medallion Trust Programme pursuant to a master trust deed dated 8 October 1997 between Securitisation Advisory Services Pty Limited, as Manager, and the Trustee as amended from time to time (the “**Master Trust Deed**”). The Master Trust Deed provides the general terms and structure for securitisations under the program. A series supplement between the Trustee, the Manager, Commonwealth Bank of Australia as the Seller and the Servicer (the “**Series Supplement**”), sets out the specific details of the Series Trust, which may vary from the terms set forth in the Master Trust Deed. Each securitisation under the Medallion Trust Programme is a separate transaction with a separate trust. The Assets of the Series Trust will not be available to pay the obligations of any other trust, and the assets of other trusts will not be available to pay the obligations of the Series Trust. See Section 5 (“*Description of the Series Trust*”).

The Series Trust involves the securitisation of Mortgage Loans originated by Commonwealth Bank of Australia secured by mortgages on residential property located in Australia. Commonwealth Bank of Australia will equitably assign the Mortgage Loans to the Series Trust, which will in turn issue the Class A1 Notes, the Class B Notes and the Class C Notes to fund the acquisition of the Mortgage Loans.

The Trustee has granted a security interest over all the Assets of the Series Trust under the Security Trust Deed in favour of P.T. Limited, as Security Trustee, to secure the Series Trust’s

payment obligations on the Notes and to its other Secured Creditors (the “**Charge**”). The Charge is a security interest over Assets of the Series Trust which are personal property under the Personal Property Securities Act 2009 (Cth) and a floating charge over any other Assets of the Series Trust. The Charge will be enforceable if an Event of Default occurs under the Security Trust Deed. Under the terms of the Security Trust Deed, prior to the occurrence of an Event of Default and certain other specified events, the Trustee may deal with the Assets of the Series Trust in the ordinary course of its business in relation to the Series Trust and in accordance with the Transaction Documents. However, following such events, the Trustee may not deal with the Assets of the Series Trust without the consent of the Security Trustee or as expressly permitted under the Transaction Documents. For a description of the Charge see Section 10.6(b) (“*Nature of the Charge*”).

Payments of interest and principal on the Notes will come only from the Mortgage Loans and other Assets of the Series Trust. The assets of the parties to the transaction are not available to meet the payments of interest and principal on the Notes. If there are losses on the Mortgage Loans, the Series Trust may not have sufficient Assets to repay the Notes.

## **2.4 Credit Enhancements**

Credit enhancement is intended to enhance the likelihood of full payment of principal and interest due on the Notes and to decrease the likelihood that Noteholders will experience losses. The credit enhancement for the Notes will not provide protection against all risks of loss and will not guarantee repayment of the entire principal balance and accrued interest. If losses occur which exceed the amount covered by any credit enhancement or which are not covered by any credit enhancement, Noteholders will bear their allocated share of losses.

Payments of interest and principal on the Notes will be supported by the following forms of credit enhancement:

### **(a) Subordination of interest payments**

Prior to enforcement of the Charge:

- (i) the Class C Notes will always be subordinated to the Class B Notes, the Class A Notes and the Redraw Notes; and
- (ii) the Class B Notes will always be subordinated to the Class A Notes and the Redraw Notes,

in their respective rights to receive interest payments.

### **(b) Subordination of principal repayments**

Prior to enforcement of the Charge:

- (i) the Class C Notes will be subordinated to the Class B Notes, the Class A Notes and the Redraw Notes;
- (ii) the Class B Notes will be subordinated to the Class A Notes and the Redraw Notes; and
- (iii) the Class A Notes will be subordinated to the Redraw Notes,

in their right to receive principal payments on a Distribution Date unless the Step-Down Conditions are satisfied on the immediately preceding Determination Date. If the Step-Down Conditions are satisfied on that date, the Class B Notes will be entitled

to receive principal payments rateably with the Class A Notes (but below the Redraw Notes) to the extent described in Section 8.12 (“*Payment of the Available Principal Amount on a Distribution Date*”).

(c) **Subordination of payments following enforcement of the Charge**

Following enforcement of the Charge:

- (i) Class C Notes will be fully subordinated to the Class B Notes, the Class A Notes and the Redraw Notes in their right to receive interest payments and principal repayments; and
- (ii) the Class B Notes will be fully subordinated to the Class A Notes and the Redraw Notes in their right to receive interest payments and principal repayments.

The Class A Notes and the Redraw Notes rank pari passu and rateably following enforcement of the Charge.

(d) **Allocation of losses**

The Class C Notes will bear all losses on the Mortgage Loans before the Class B Notes, the Class A Notes and the Redraw Notes.

The Class B Notes will bear all losses on the Mortgage Loans before the Class A Notes and the Redraw Notes.

Any losses allocated to the Class A Notes will be allocated rateably with the Redraw Notes and pari passu and rateably as between the Class A Notes, as described in Section 8.20(a) (“*Principal Chargeoffs*”).

The support provided by the relevant subordinated Classes of Notes is intended to enhance the likelihood that the Class A Notes and the Class B Notes (as applicable) will receive expected payments of interest and expected repayments of principal. The following chart describes the initial support provided by the relevant Classes of Notes:

<b>Class</b>	<b>Credit Support (“Credit Support Notes”)</b>	<b>Initial Support Percentage</b>
Class A1 Notes	Class B Notes and Class C Notes	8.0%
Class B Notes	Class C Notes	2.0%

The initial support percentage in the above table is the initial aggregate Invested Amount of the relevant Credit Support Notes, as a percentage of the aggregate Invested Amount of all Notes to be issued on the Closing Date.

The Trustee may issue Redraw Notes in the circumstances described in Section 8.19 (“*Redraws and Further Advances*”). If issued, Redraw Notes will, as indicated in the preceding paragraphs, prior to enforcement of the Charge, rank equally with the Class A Notes in their right to receive interest payments and will rank in priority to the Class A Notes in their right to receive principal payments. Any losses on the Mortgage Loans will be allocated to the Redraw Notes pari passu and rateably with the Class A Notes (and after allocation to the Class C Notes and the Class B Notes as

described in Section 8.20(a) (“*Principal Chargeoffs*”). Following enforcement of the Charge, the Redraw Notes will rank equally with the Class A Notes in their right to receive both interest and principal payments.

(e) **Mortgage Insurance Policies**

A High LTV master mortgage insurance policy issued by Genworth Financial Mortgage Insurance Pty Limited will provide full coverage for all principal due on certain of the Mortgage Loans which are generally those which had a loan to value ratio greater than 80% at the time of origination. Some Mortgage Loans which had a loan to value ratio greater than 80% at the time of origination may not be covered by any mortgage insurance policy, but the Seller may charge the borrower a low deposit premium. Mortgage Loans with a loan to value ratio less than or equal to 80% at the time of origination may not be covered by an individual or pool mortgage insurance policy, and will not be covered by a High LTV master mortgage insurance policy issued by Genworth Financial Mortgage Insurance Pty Limited.

(f) **Excess Available Income**

Any interest collections on the Mortgage Loans and Other Income Amounts of the Series Trust remaining after payments of interest on the Notes (other than the Class C Notes) and the Series Trust’s expenses and the reimbursement of any unreimbursed Principal Draws will be available to cover any losses on the Mortgage Loans that are not covered by a Mortgage Insurance Policy.

## 2.5 Liquidity Enhancement

Payments of interest on the Notes will be supported by the following forms of liquidity enhancements.

(a) **Principal Draws**

To cover possible liquidity shortfalls in the payments of interest on the Notes (other than the Class C Notes) and the other senior expenses of the Series Trust, the Manager will direct the Trustee to allocate available Principal Collections on the Mortgage Loans and other principal receipts of the Series Trust towards meeting the additional shortfall as described in Section 8.6 (“*Principal Draw*”) and Section 10.7 (“*Principal Draws*”).

(b) **Liquidity Facility**

To cover possible liquidity shortfalls in the payments of interest on the Notes (other than the Class C Notes) and other senior expenses of the Series Trust where Principal Draws have been exhausted, the Trustee will, in certain circumstances, be able to borrow funds under a Liquidity Facility to be provided by Commonwealth Bank of Australia as described in Section 8.7 (“*Liquidity Facility Advance*”) and Section 10.8 (“*The Liquidity Facility*”).

## 2.6 Redraws and Further Advances

(a) **Use of collections to fund Redraws and certain further advances**

Under the terms of each variable rate Mortgage Loan, a borrower may, subject to certain conditions, redraw previously prepaid principal. A borrower may redraw an amount equal to the difference between the scheduled principal balance, being its principal balance if no amount had been prepaid, of his or her loan and the current

principal balance of the loan. Commonwealth Bank of Australia may also agree to make further advances to a borrower in excess of the scheduled principal balance of his or her loan. The Trustee will reimburse Commonwealth Bank of Australia for redraws, and for any further advances which exceed the scheduled principal balance of a Mortgage Loan by no more than one scheduled monthly instalment on the Mortgage Loan, that it advances to borrowers by applying available collections. For so long as Commonwealth Bank of Australia is also the Servicer, Commonwealth Bank of Australia may also apply available collections then held by it in reimbursement of redraws, and any further advances for which it is permitted to be reimbursed by the Trustee (as described above), that it has funded before depositing collections into the Collections Account of the Series Trust. In each case, collections may only be used to fund redraws and any further advances described above if the Manager confirms to the Trustee that it is satisfied on a reasonable basis that the Principal Collections for the Collection Period in which those redraws or further advances are to be so funded will exceed the aggregate of the amount of that reimbursement, any other reimbursement of redraws or further advances described above made in this manner during that same Collection Period and any Principal Draw anticipated by the Manager to be required on the Determination Date immediately following that Collection Period. To the extent that any such redraws and further advances remain unreimbursed as at the next Distribution Date following the Collection Period in which the redraw or further advance is made, the Seller will be entitled to be reimbursed from Principal Collections in the order specified in Section 8.12 (“*Payment of the Available Principal Amount on a Distribution Date*”).

A consequence of the use of collections to fund redraws and further advances as described above will be to reduce the Principal Collections available to pay principal on the Notes on the next Distribution Date. However, the Series Trust will have a corresponding greater amount of Assets with which to make future payments.

Where Commonwealth Bank of Australia makes further advances which exceed the scheduled principal balance of a Mortgage Loan by more than one scheduled monthly instalment, then Commonwealth Bank of Australia must repurchase the loan from the pool. See Sections 7 (“*Commonwealth Bank of Australia Residential Loan Program*”) and 8.19 (“*Redraws and Further Advances*”).

(b) **Redraw Notes**

The Manager may direct the Trustee to issue Redraw Notes if Commonwealth Bank of Australia (while it is also the Servicer) or the Trustee cannot apply collections held by it to reimburse Commonwealth Bank of Australia for a redraw, or a further advance which exceeds the scheduled principal balance of a Mortgage Loan by no more than one scheduled monthly instalment on the Mortgage Loan, because either Commonwealth Bank of Australia or the Trustee (as applicable) does not have sufficient collections to be able to make that reimbursement or the Manager considers that the Principal Collections for the Collection Period in which that reimbursement is to be made will not exceed the aggregate of the amount of that reimbursement, any other reimbursement of redraws or relevant further advances made from collections during that same Collection Period and any Principal Draw anticipated by the Manager to be required on the Determination Date immediately following that Collection Period. The issue proceeds of Redraw Notes must be applied firstly towards reimbursement of Commonwealth Bank of Australia for the relevant redraws and further advances by paying those proceeds directly to Commonwealth Bank of Australia. Any issue proceeds of Redraw Notes remaining after all such redraws and further advances have been repaid in full will be available for distribution on the Distribution Date immediately following the Issue Date of those Redraw Notes in



accordance with Section 8.12 (“*Payment of the Available Principal Amount on a Distribution Date*”).

The Manager must not direct the Trustee to issue Redraw Notes unless it considers that on the following Distribution Date, taking into account that issue of Redraw Notes, any repayments of principal on Redraw Notes and any Principal Chargeoffs on that Distribution Date, the aggregate Stated Amount of all Redraw Notes will not exceed A\$50,000,000 or such other amount in respect of which the Manager has issued a Rating Affirmation Notice to the Trustee.

Before issuing any Redraw Notes, the Trustee must receive a Rating Affirmation Notice from the Manager. Neither the Class A Noteholders nor any other Noteholders will receive notice of any issuance of Redraw Notes and such persons will not have the right to approve such issuance. The Redraw Notes will be denominated in Australian dollars and issued only in Australia.

## 2.7 Extraordinary Expense Reserve

To assist in meeting Extraordinary Expenses that may be incurred in relation to the Series Trust, the Seller has agreed to lend to the Trustee an amount equal to the Extraordinary Expense Reserve Required Amount on the Closing Date and the Trustee has agreed (at the direction of the Manager) to deposit that amount received from the Seller into the Collections Account as a sub-ledger known as the “Extraordinary Expense Reserve”.

If, on any Determination Date, the Manager determines that there are any Extraordinary Expenses in respect of the immediately preceding Collection Period, then the Manager must direct the Trustee to (and on such direction the Trustee must) withdraw an amount equal to the lesser of:

- (a) the amount of such Extraordinary Expenses on that day; and
- (b) the balance of the Extraordinary Expense Reserve on that day,

from the Extraordinary Expense Reserve on the following Distribution Date (“**Extraordinary Expense Reserve Draw**”) and apply such amount towards payment or reimbursement of those Extraordinary Expenses in accordance with Section 8.9 (“*Payment of the Available Income Amount on a Distribution Date*”).

In addition to making Extraordinary Expense Reserve Draws on a Distribution Date as described above, amounts will only be released from the Extraordinary Expense Reserve to repay the Seller in the circumstances described in Section 8.8 (“*Extraordinary Expense Reserve*”).

For further details on the Extraordinary Expense Reserve, see Section 8.8 (“*Extraordinary Expense Reserve*”).

## 2.8 Hedging Arrangements

The Trustee has entered into swaps to hedge the following risks:

- (a) the basis risk between the interest rate on the Mortgage Loans which accrue interest at a discretionary variable rate of interest and the floating rate obligations of the Series Trust under the Notes; and
- (b) the basis risk between the interest rate on the Mortgage Loans which accrue interest at a fixed rate of interest and the floating rate obligations of the Series Trust under the Notes.

**2.9 Optional Redemption**

The Trustee will, if the Manager directs it to do so, at the Manager’s option, redeem all (but not some) of the outstanding Notes at their then Invested Amounts, subject to the following paragraph, together with accrued but unpaid interest to, but excluding the date of redemption, on:

- (a) any Distribution Date occurring on or after the Call Date (see Section 8.24 (“*Optional Redemption of the Notes – on or after the Call Date*”)); or
- (b) the First Possible Class A1 Refinancing Date or any Subsequent Class A1 Refinancing Date (unless the Notes are to be redeemed in accordance with Section 8.24 (“*Optional Redemption of the Notes – on or after the Call Date*”)) if the Trustee has sold the Mortgage Loans to fund such redemption as described in Section 8.18 (“*Sale of the Mortgage Loans to fund optional redemption of the Notes on or after the First Possible Class A1 Refinancing Date*”).

If the Trustee is to redeem all the Notes on any Distribution Date referred to in (a) or (b) above, it may do so by redeeming each Class of Notes at their Stated Amounts instead of at their Invested Amounts, together with accrued but unpaid interest to but excluding the date of redemption, if so approved by an Extraordinary Resolution of the Noteholders of the relevant Class. However, no Noteholder approval is required for the Trustee to redeem any outstanding Class C Notes for less than their Invested Amounts and/or without payment of any accrued but unpaid interest as described above. The Trustee will not and the Manager will not direct the Trustee to redeem the Notes (and, if applicable, to sell the Mortgage Loans for that purpose) unless the Trustee will be in a position on the relevant Distribution Date to repay the then Invested Amounts or the Stated Amounts, as required, of the Notes together with, in the case of all Notes other than the Class C Notes, all accrued but unpaid interest to but excluding the date of redemption and to discharge all its liabilities in respect of amounts which are required to be paid in priority to or equally with the Notes as set out in Sections 8.9 (“*Payment of the Available Income Amount on a Distribution Date*”) and 8.12 (“*Payment of the Available Principal Amount on a Distribution Date*”).

**2.10 The Mortgage Loan Pool**

The Mortgage Loan pool will consist of fixed rate and variable rate residential Mortgage Loans secured by mortgages on owner occupied and non-owner occupied residential properties. The Mortgage Loans will have terms to stated maturity as of the Cut-Off Date of no more than 30 years. Commonwealth Bank of Australia expects the pool of Mortgage Loans to have characteristics similar to the following:

Selected Housing Loan Pool Data as of the commencement of business on 3 September 2015.

Number of Housing Loans	7,608
Housing Loan Pool Size	A\$1,999,990,892
Average Housing Loan Balance	A\$262,880
Maximum Housing Loan Balance	A\$999,665
Minimum Housing Loan Balance	A\$50,000
Total Valuation of the Properties	A\$4,527,726,286
Maximum Remaining Term to Maturity in Months	360
Maximum Current Loan-to-Value Ratio	94.58%
Weighted Average Seasoning in Months	33
Weighted Average Remaining Term to Maturity in Months	316
Weighted Average Original Loan-to-Value Ratio	69.63%
Weighted Average Current Loan-to-Value Ratio	59.04%
Weighted Average Mortgage Rate	4.71%

The original loan-to-value ratio of a Mortgage Loan is calculated by comparing the initial principal amount of the Mortgage Loan to the valuation of the property that is currently securing the Mortgage Loan at the time the Mortgage Loan was originated unless the property has been revaluated in the limited circumstances described below. There will be no revaluation of the properties specifically for the purposes of the issue of the Notes. Revaluations are only conducted in circumstances where a borrower under a Mortgage Loan seeks additional funding, or seeks to partially discharge an existing security, or where a borrower is in default and Commonwealth Bank of Australia is considering enforcement action. Thus, if collateral has been released from the mortgage securing a Mortgage Loan or if the property securing the Mortgage Loan has reduced in value, the original loan-to-value ratio at the Cut-Off Date may not reflect the loan-to-value ratio at the origination of that Mortgage Loan.

Before the issuance of the Notes, Mortgage Loans may be added to or removed from the Mortgage Loan pool. This addition or removal of Mortgage Loans may result in changes in the Mortgage Loan pool characteristics shown in the preceding table and could affect the weighted average lives and yields of the Notes.

Commonwealth Bank of Australia will select Mortgage Loans from its pool of eligible loans based on its selection criteria.

Mortgage Loans will be selected from Commonwealth Bank of Australia's general portfolio consistent with the representations and warranties set out in Section 6.5 ("*Representations, Warranties and Eligibility Criteria*").

## **2.11 Collections**

The Trustee will receive for each Collection Period amounts, which are known as collections, which include:

- (a) payments of interest, principal, fees and other amounts under the Mortgage Loans, excluding any insurance premiums and related charges payable to Commonwealth Bank of Australia;
- (b) proceeds from the enforcement of the Mortgage Loans and mortgages and other securities relating to those Mortgage Loans;
- (c) amounts received under Mortgage Insurance Policies;
- (d) amounts received from Commonwealth Bank of Australia, either as Seller or Servicer, for breaches of representations or undertakings; and
- (e) interest on amounts in the Collections Account (including the Extraordinary Expense Reserve), other than certain excluded amounts, and income received on Authorised Short-Term Investments of the Series Trust.

Collections will be allocated between income and principal. Collections attributable to interest, plus some other amounts, are known as the Available Income Amount (see Section 8.5 ("*Determination of the Available Income Amount*"). The collections attributable to principal, plus some other amounts, are known as the Available Principal Amount (see Section 8.11 ("*Determination of the Available Principal Amount*").

The Available Income Amount is used to pay or provide for certain fees and expenses of the Series Trust and interest on the Notes. The Available Principal Amount is used to pay, among

other things, principal on the Notes. If there is an excess of Available Income Amount on a Distribution Date after the payment of such fees and expenses and interest on the Notes (other than interest on the Class C Notes), the excess income will be used to:

- (a) first, reimburse any Principal Draws;
- (b) next, reduce any Principal Chargeoffs on the Notes in the order described in Section 8.20(b) (“*Principal Chargeoffs*”);
- (c) next, allocate amounts to the Extraordinary Expense Reserve until the balance of the Extraordinary Expense Reserve reaches the Extraordinary Expense Reserve Required Amount;
- (d) next, pay any subordinated amounts owing under the Liquidity Facility Agreement;
- (e) next, pay any Subordinated Termination Payments owing under the Interest Rate Swap Agreement; and
- (f) next, pay interest on the Class C Notes.

Any remaining excess will be used to pay the Manager’s arranging fee with the balance distributed to the Income Unitholder.

## **2.12 Interest on the Notes**

Interest on the Notes is payable monthly in arrears on each Distribution Date.

On each Distribution Date, the Available Income Amount will be allocated to pay interest on the Notes in the order of priority set out in Section 8.9 (“*Payment of Available Income Amount on a Distribution Date*”).

Within that order of priority, on each Distribution Date:

- (a) the following interest payments will be made pari passu and rateably:
  - (i) if the Distribution Date occurs on or prior to the Class A1-R Issue Date, the Class A1 Interest Amount will be payable by the Trustee to the Class A1 Noteholders;
  - (ii) if the Distribution Date occurs after the Class A1-R Issue Date, the Class A1-R Interest Amount will be payable by the Trustee to the Class A1-R Noteholders; and
  - (iii) the Redraw Interest Amount will be payable by the Trustee to the Redraw Noteholders;
- (b) the Class B Interest Amount will be payable by the Trustee to the Class B Noteholders (pari passu and rateably) only if there are sufficient funds available to pay the Class A1 Interest Amount, the Class A1-R Interest Amount and the Redraw Interest Amount to the relevant Class A Noteholders and the Redraw Noteholders (as applicable); and
- (c) the Class C Interest Amount will be payable by the Trustee to the Class C Noteholders (pari passu and rateably) only if there are sufficient funds available to pay the Class A1 Interest Amount, the Class A1-R Interest Amount, the Redraw

Interest Amount, and the Class B Interest Amount to the relevant Class A Noteholders, the Redraw Noteholders, and the Class B Noteholders (as applicable).

Interest on the Notes is payable in arrears on each Distribution Date and is calculated for each Accrual Period in respect of those Notes as the product of:

- (a) the Invested Amount of that Note as of the first day of that Accrual Period, after giving effect to any payments of principal made with respect to such Note on such day;
- (b) the interest rate for such Note for that Accrual Period; and
- (c) a fraction on the numerator of which is the actual number of days in that Accrual Period and the denominator of which is 365 days.

If the Class A1 Notes are repaid in full by the issue of Class A1-R Notes on the Class A1-R Issue Date, the interest rate applicable to any Class A1-R Notes for each Accrual Period from (and including) the Class A1-R Issue Date is the aggregate of the Bank Bill Rate for that Accrual Period and the applicable Class A1-R Margin for the relevant Class A1-R Notes as determined in accordance with Section 8.17 (“*Refinancing of Class A1 Notes with Class A1-R Notes*”).

## **2.13 Principal on the Notes**

On each Distribution Date, the Available Principal Amount will be allocated to repay (or provide for repayment of) principal on the Notes and certain other amounts in the order of priority set out in Section 8.12 (“*Payment of Available Principal Amount on a Distribution Date*”).

On each Distribution Date, after application towards any Principal Draws and repayment of any Seller Advances remaining unreimbursed, the Available Principal Amount will be applied between the Notes as follows:

- (a) first, repayments of principal will be payable by the Trustee to the Redraw Noteholders with priority given to Redraw Notes with earlier issue dates until the Invested Amount of the Redraw Notes is reduced to zero;
- (b) next, the following principal repayments will be made:
  - (i) to the Class A Noteholders, an amount of the Available Principal Amount equal to the Class A Principal Allocation, to be applied as follows:
    - A. if the relevant Distribution Date occurs on or prior to the Class A1-R Issue Date, in or towards repayment of principal in respect of the Class A1 Notes, *pari passu* and rateably amongst the Class A1 Notes until the Invested Amount of the Class A1 Notes is reduced to zero; and
    - B. if the relevant Distribution Date occurs after the Class A1-R Issue Date, in or towards repayment of principal in respect of the Class A1-R Notes, *pari passu* and rateably amongst the Class A1-R Notes until the Invested Amount of the Class A1-R Notes is reduced to zero; and
  - (ii) to the Class B Noteholders, an amount of the Available Principal Amount equal to the Class B Principal Allocation will be applied towards repayment

of principal in respect of the Class B Notes until the Invested Amount of the Class B Notes is reduced to zero;

- (c) next, if the Invested Amount of the Redraw Notes and the Class A Notes has been reduced to zero, repayments of principal will be payable by the Trustee to the Class B Noteholders until the Invested Amount of the Class B Notes is reduced to zero;
- (d) next, if the Invested Amount of the Redraw Notes, the Class A Notes, and the Class B Notes has been reduced to zero, repayments of principal will be payable by the Trustee to the Class C Noteholders until the Invested Amount of the Class C Notes is reduced to zero.

A principal repayment described under any of paragraphs (b) to (d) above will only be made if and to the extent that there are sufficient funds available to make the principal repayments described in the paragraphs which precede it.

The amount to be applied to make repayments of principal on the Notes as described above will vary in accordance with the Step-Down Conditions, with the result that, in some circumstances (if the Step-Down Conditions are satisfied on the relevant Determination Date), and to a limited extent, the Class B Notes will receive principal payments rateably with the Class A Notes pursuant paragraph (b) above. If the Step-Down Conditions are not satisfied on the relevant Determination Date, the amount allocated to the Class B Notes pursuant to paragraph (b) above will be zero (see Section 8.13 (“*Step-Down Conditions*”) for more information).

On each Distribution Date, the outstanding principal balance of each Note will be reduced by the amount of the principal payment made on that date on that Note.

The outstanding principal balance of each Note will also be reduced by the amount of Principal Chargeoffs on the Mortgage Loans allocated to that Note in the following order:

- (a) first, pari passu and rateably in reduction of the Stated Amount of the Class C Notes until the Stated Amount of the Class C Notes is reduced to zero;
- (b) next, once the Stated Amount of the Class C Notes has been reduced to zero, pari passu and rateably in reduction of the Stated Amount of the Class B Notes until the Stated Amount of the Class B Notes is reduced to zero; and
- (c) next, once the Stated Amount of the Class B Notes has been reduced to zero, as follows:
  - (i) an amount equal to the Class A Chargeoff Percentage in reduction of the Stated Amount of the Class A Notes (pari passu and rateably); and
  - (ii) an amount equal to the Redraw Note Chargeoff Percentage in reduction of the Stated Amount of the Redraw Notes (pari passu and rateably),

until the Stated Amounts of the Class A Notes and the Redraw Notes (as applicable) are reduced to zero.

If an Event of Default occurs and the Charge is enforced, the proceeds from the enforcement will be distributed in the order of priority set out in Section 10.6(k) (“*Priorities under the Security Trust Deed*”).

**2.14 Allocation of Cash Flows**

On each Distribution Date the Trustee will allocate interest and principal to each Noteholder to the extent of the Available Income Amount and Available Principal Amount on that Distribution Date available to be applied for these purposes. The charts on the succeeding pages summarise the flow of payments.

**Determination of Available Income Amount in relation to each Distribution Date**

**Finance Charge Collections**

Amounts received by the Trustee during the preceding Collection Period under the Mortgage Loans in respect of interest, fees and certain other charges.

+

**Mortgage Insurance Income Proceeds**

Amounts received pursuant to a Mortgage Insurance Policy which the Manager determines should be accounted for in respect of a finance charge loss.

+

**Extraordinary Expense Reserve Draw**

Any Extraordinary Expense Reserve Draw to be made on that Distribution Date.

+

**Net amounts under Interest Rate Swap Agreements**

Net amounts receivable by the Trustee under any Interest Rate Swap Agreement on the immediately following Distribution Date (other than any Interest Rate Swap Provider Deposit or other swap collateral).

+

**Amounts under Support Facilities**

Other amounts receivable by the Trustee from a Support Facility Provider under a Support Facility (other than an Interest Rate Swap Agreement or the Liquidity Facility Agreement) on or prior to the immediately following Distribution Date which the Manager determines should be accounted for as income.

+

**Other Income Amounts**

Certain other amounts and certain other receipts in the nature of income (as determined by the Manager) received by the Trustee during the preceding Collection Period or which are otherwise deemed to constitute Other Income Amounts in relation to that Distribution Date.

+

**Principal Draw**

Any amount of the Available Principal Amount to be allocated to the Available Income Amount as a Principal Draw on that Distribution Date.

+

**Liquidity Facility Advance**

Any advance to be made under the Liquidity Facility on that Distribution Date.

=

**Available Income Amount**



## Payment of Available Income Amount on a Distribution Date

At the Manager's discretion, pay \$1 to the Income Unitholder to be dealt with, and held by, the Income Unitholder absolutely.



On the first Distribution Date, pay the Accrued Interest Adjustment to Commonwealth Bank of Australia.



Pay or make provision for taxes of the Trust, if any.



Pay to the Trustee its monthly fee.



Pay to the Security Trustee its monthly fee.



Pay to the Manager its monthly management fee.



Pay to the Servicer its monthly fee.



Pay to the Liquidity Facility Provider the Liquidity Facility Commitment Fee due on that Distribution Date.



Pari passu and rateably:

- pay any net amounts due to the Interest Rate Swap Provider under the Interest Rate Swap Agreement on that Distribution Date other than any Subordinated Termination Payment; and
- pay the Liquidity Facility Interest (if any) due on that Determination Date plus any Liquidity Facility Interest remaining unpaid from prior Distribution Dates.



Pay all expenses due in the relevant Accrual Period other than those referred to elsewhere in this diagram.



Pay any outstanding Liquidity Facility Advance made on or prior to the previous Distribution Date to the Liquidity Facility Provider.



Pay pari passu and rateably:

- if the Distribution Date occurs on or prior to the Class A1-R Issue Date, to the Class A1 Noteholders, the interest due on the Class A1 Notes for that Distribution Date together with any unpaid interest in relation to the Class A1 Notes for previous Distribution Dates;
- if the Distribution Date occurs after the Class A1-R Issue Date, to the Class A1-R Noteholders, the interest due on the Class A1-R Notes for that Distribution Date together with any unpaid interest in relation to the Class A1-R Notes for previous Distribution Dates; and
- to the Redraw Noteholders, the interest due on the Redraw Notes for that Distribution Date together with any unpaid interest in relation to the Redraw Notes for previous Distribution Dates.



Pay to the Class B Noteholders (pari passu and rateably) the interest due on the Class B Notes for that Distribution Date together with any unpaid interest in relation to the Class B Notes for previous Distribution Dates.



Allocate the amount of any unreimbursed Principal Draws to the Available Principal Amount for payment on that Distribution Date.



Allocate the amount of any unreimbursed Principal Chargeoffs to the Available Principal Amount for payment on that Distribution Date.



Allocate an amount to the Extraordinary Expense Reserve until the balance of the Extraordinary Expense Reserve is equal to the Extraordinary Expense Reserve Required Amount.



Pay to the Liquidity Facility Provider any other amounts owing under the Liquidity Facility Agreement.



Pay pari passu and rateably any Subordinated Termination Payments payable to the Interest Rate Swap Provider in accordance with the Interest Rate Swap Agreement.



Pay to the Class C Noteholders (pari passu and rateably) the interest due on the Class C Notes for that Distribution Date together with any unpaid interest in relation to the Class C Notes for previous Distribution Dates (unless the Trustee, at the direction of the Manager, is to redeem the Class C Notes on that Distribution Date without paying accrued interest on those Class C Notes).



Pay to the Manager its arranging fee and any unpaid arranging fee from prior Distribution Dates.



Pay any remaining amounts to the Income Unitholder.

## Determination of Available Principal Amount in relation to each Distribution Date

### Principal Collections

Amounts received by the Trustee during the preceding Collection Period under the Mortgage Loans in respect of principal other than as described below.

+

### Other Principal Amounts

Prepayments of principal on the Mortgage Loans received by the Trustee during the preceding Collection Period, amounts received pursuant to a Mortgage Insurance Policy which the Manager determines should be accounted for on the preceding Determination Date in respect of a principal loss, certain other amounts received by the Trustee during the preceding Collection Period or which are otherwise deemed to constitute Other Principal Amounts in relation to that Distribution Date, certain other receipts in the nature of principal, as determined by the Manager, received by the preceding Determination Date and, for the first Distribution Date, the amount, if any, by which the proceeds of issue of the Notes exceeds the consideration for the Mortgage Loans acquired by the Series Trust and, for the first Determination Date after the Class A1-R Issue Date, the amount of any surplus issuance proceeds of Class A1-R Notes after redemption in full of the Class A1 Notes.

+

### Principal Chargeoff Reimbursement

The amount allocated from the Available Income Amount on that Distribution Date towards unreimbursed Principal Chargeoffs.

+

### Redraw Note Amount

The proceeds of issue of any Redraw Notes on that Determination Date or during the Collection Period ending on that Determination Date but excluding the immediately preceding Determination Date, less the amount of those proceeds applied by the Trustee to reimburse Commonwealth Bank of Australia for outstanding redraws and further advances (other than further advances which cause the related Mortgage Loan to be removed from the Series Trust).

+

### Principal Draw Reimbursement

The amount allocated from the Available Income Amount on that Distribution Date towards unreimbursed Principal Draws.

=

### Available Principal Amount

## Payment of Available Principal Amount on a Distribution Date

### Principal Draws

Allocate an amount to be applied as a Principal Draw for the immediately preceding Determination Date to the Available Income Amount to meet any Gross Income Shortfall in respect of that Distribution Date.



### Redraws and Further Advances

Repay to the Seller any redraws and further advances under the Mortgage Loans, other than further advances which cause the related Mortgage Loan to be removed from the Series Trust, made by the Seller during or prior to the preceding Collection Period just ended and which have not been previously repaid.



### Redraw Notes

Repay pari passu and rateably to the Redraw Noteholders principal on the Redraw Notes in order of their issue until the Invested Amount of the Redraw Notes is reduced to zero.



### Class A Noteholders

Apply the remaining Available Principal Amount equal to the Class A Principal Allocation as follows:

- if the relevant Distribution Date occurs on or prior to the Class A1-R Issue Date, in or towards repayment of principal in respect of the Class A1 Notes, pari passu and rateably amongst the Class A1 Notes until the Invested Amount of the Class A1 Notes is reduced to zero; and
- if the relevant Distribution Date occurs after the Class A1-R Issue Date, in or towards repayment of principal in respect of the Class A1-R Notes, pari passu and rateably amongst the Class A1-R Notes until the Invested Amount of the Class A1-R Notes is reduced to zero.

However, if the Step-Down Conditions are satisfied, principal on the Class A Notes will be paid rateably with the Class B Notes, to the extent described in Section 8.12 (“*Payment of the Available Principal Amount on a Distribution Date*”).



**Class B Noteholders**

Repay pari passu and rateably to the Class B Noteholders principal on the Class B Notes until the Invested Amount of the Class B Notes is reduced to zero.

However, if the Step-Down Conditions are satisfied, principal on the Class B Notes will be paid rateably with the Class A Notes, to the extent described in Section 8.12 (*“Payment of the Available Principal Amount on a Distribution Date”*).



**Class C Noteholders**

Repay pari passu and rateably to the Class C Noteholders principal on the Class C Notes until the Invested Amount of the Class C Notes is reduced to zero.



**Capital Unitholder**

Pay any remaining amounts to the Capital Unitholder.

## 2.15 Miscellaneous

### (a) Transfer

Unless lodged in Austraclear, the Notes (other than Redraw Notes) may only be purchased or sold by execution and registration of a Security Transfer. For further details, see Section 8.2(c) (“*Transfer of Notes*”).

A Note (other than a Redraw Note) can only be transferred if:

- (i) the relevant offer for sale or invitation to purchase:
  - A. does not require disclosure to investors under Part 6D.2 of the Corporations Act;
  - B. is not made to a Retail Client; and
  - C. complies with all applicable laws in all jurisdictions in which the offer or invitation is made; and
- (ii) the relevant offer or invitation is in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act (see Section 14 (“*Selling Restrictions*”) for more details).

### (b) Austraclear

It is intended that the Notes (other than Redraw Notes) will be lodged in Austraclear after issue. Any subsequent transfer of a Note (other than a Redraw Note) must be in accordance with the Austraclear Regulations so long as the relevant Note (other than a Redraw Note) is held in Austraclear. Once the relevant Notes are lodged in Austraclear, interests in the Notes may be held through Euroclear or Clearstream, Luxembourg, in which case, the rights of a holder of interests in Notes so held will also be subject, *inter alia*, to the respective rules and regulations for accountholders of Euroclear and Clearstream.

For further details, see Section 8.2(c) (“*Transfer of Notes*”).

### (c) Stamp Duty

The Manager has received advice that neither the issue, the transfer, nor the redemption of the Notes (other than Redraw Notes) will currently attract stamp duty in any jurisdiction of Australia. For further details, see Section 12 (“*Taxation considerations*”).

### (d) Withholding Tax and Tax File Numbers

Payments of principal and interest on the Notes will be reduced by any applicable withholding taxes. The Trustee is not obligated to pay any additional amounts to Noteholders to cover any withholding taxes (including, without limitation, FATCA Withholding).

Under present law, interest and other amounts paid on the Notes will not be subject to Australian interest withholding tax if they are issued in accordance with certain prescribed conditions set out in section 128F of the Australian Tax Act and they are

not acquired directly or indirectly by any Offshore Associate of the Trustee or Commonwealth Bank of Australia. Accordingly, Offshore Associates of the Trustee or Commonwealth Bank of Australia should not acquire any Notes.

Under current tax law, tax will be deducted on payments to a holder of a Note who is an Australian resident or a non-resident who holds the Notes in connection with a business carried on at or through a permanent establishment in Australia, who does not provide the Trustee with a tax file number (if applicable), Australian Business Number (where applicable) or proof of an exemption from the requirement to provide such details.

Noteholders and prospective Noteholders should obtain advice from their own tax advisers in relation to the tax implications of an investment in the Notes. For further details see Section 12 (*"Taxation considerations"*).



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### **3 Some risk factors**

The purchase, and subsequent holding, of the Notes is not free of risk. The Manager believes that the risks described below are some of the principal risks inherent in the transaction for Noteholders and that the discussion in relation to the Notes indicates some of the possible implications for Noteholders. However, the inability of the Trustee to pay interest or principal on the Notes may occur for other reasons and the Manager does not in any way represent that the description of the risks outlined below is exhaustive. It is only a summary of some particular risks. Further, although the Manager believes that the various structural protections available to Noteholders lessen certain of these risks, there can be no assurance that these measures will be sufficient to ensure the payment or distribution of interest or principal on the Notes on a timely or full basis. Prospective investors should also read the detailed information set out elsewhere in this Information Memorandum and make their own independent investigation and seek their own independent advice as to the potential risks involved in purchasing and holding the Notes.

#### **3.1 Limited Liability under the Notes**

The Notes are debt obligations of the Trustee in its capacity as Trustee of the Series Trust. The Trustee's liability in respect of the Notes is limited to, and can be enforced against the Trustee only to the extent to which it can be satisfied out of, the Assets of the Series Trust out of which the Trustee is actually indemnified for the liability except in certain limited circumstances (as to which see Section 10.3(g) ("*Limitation of the Trustee's Liability*")).

#### **3.2 Secondary Market Risk**

The Dealers have undertaken to use reasonable endeavours, subject to market conditions, to assist Noteholders (other than Redraw Noteholders and Class A1-R Noteholders) so requesting to locate potential purchasers of the relevant Notes from time to time in order to facilitate liquidity in the relevant Notes. However, there is no assurance that any secondary market for the Notes will develop or, if one does develop, that it will provide liquidity of investment or will continue for the life of the Notes.

The risk that a secondary market in the Notes will not develop, cease to develop or fail is increased during major disruptions in the capital markets. Such disruptions may not be limited to issues which are directly relevant to the Assets of the Series Trust and which therefore may appear to be unrelated to the Notes. For example, there was a significant downturn in the global credit markets in the past decade, which during the "global financial crisis" was precipitated by performance concerns in the "sub-prime" loan market in the United States. Due to the way in which those "sub-prime" loans were funded in the capital markets, many investors with exposure to sub-prime loans were forced to revalue their investments based on current market prices and liquidate holdings which crystallised losses. During this downturn, the global debt capital markets experienced disruptions worldwide resulting from reduced investor demand for debt instruments, including mortgage-backed securities.

While there has been some improvement in conditions in the global financial markets and the secondary markets, there can be no assurance that future events will not occur that could have an adverse effect on secondary market liquidity for mortgage-backed securities. If illiquidity of investment increases for any reason, including as described above, it could adversely affect the market value of the Notes and/or limit the ability to resell the Notes.

Further, the global financial crisis has demonstrated that there is no certainty as to whether the price of the Notes will be affected by factors which are unrelated to the credit quality of the Notes. For example, the price of the Notes may be affected by issues including the performance of debt instruments of other Medallion Trust Programme trusts, even though these events may have no direct correlation to the quality of the Assets of the Series Trust.

### 3.3 Timing of Principal Payments

If the Notes were bought above face value, the yield on the Notes will drop if the principal payments occur at a faster than expected rate. If the Notes were bought below face value, the yield on the Notes will drop if principal payments occur at a slower than expected rate. Set out below is a description of some circumstances in which the Trustee may receive early or delayed repayments of principal on the Mortgage Loans and, as a result of which, the Noteholders may receive repayments of principal on the Notes earlier or later than would otherwise have been the case:

- (a) enforcement proceeds received by the Trustee due to a borrower having defaulted on its Mortgage Loan;
- (b) receipt of insurance proceeds by the Trustee in relation to an insurance claim in respect of a Mortgage Loan;
- (c) repurchases of Mortgage Loans by Commonwealth Bank of Australia as a result of any one of the following occurring:
  - (i) the discovery and subsequent notice by the Trustee, Commonwealth Bank of Australia or the Manager, no later than 5 Business Days prior to the expiry of the Prescribed Period, that any of the representations and warranties made by Commonwealth Bank of Australia in respect of that Mortgage Loan were incorrect when given (see Section 6.7 (“*Undertakings by the Seller*”));
  - (ii) Commonwealth Bank of Australia making a further advance under a Mortgage Loan which causes the scheduled principal balance for that Mortgage Loan to be exceeded by more than 1 scheduled monthly instalment (see Section 7.4(c) (“*Redraws and Further Advances*”));
  - (iii) a Potential Termination Event occurs which leads to the Series Trust being terminated early and the Mortgage Loans being repurchased by Commonwealth Bank of Australia or sold to a third party (see Section 9.1 (“*Termination of the Series Trust*”));
  - (iv) Commonwealth Bank of Australia exercising its option to repurchase the balance of the Mortgage Loans following the termination of the Series Trust or on any Distribution Date falling on or after the Call Date (see Section 8.24 (“*Optional Redemption of the Notes – on or after the Call Date*”) and Section 10.11 (“*Clean-Up*”));
- (d) the Trustee selling the Mortgage Loans on any day after the Distribution Date falling immediately prior to the First Possible Class A1 Refinancing Date (see Section 8.18 (“*Sale of the Mortgage Loans to fund optional redemption of the Notes on or after the First Possible Class A1 Refinancing Date*”));
- (e) the Servicer is obliged to service the Mortgage Loans in accordance with its servicing guidelines or, to the extent not covered by the servicing guidelines, the standards and practices of a prudent lender in the business of making and servicing retail home loans. There is no definitive view as to whether the standards and practices of a prudent lender in the business of making and servicing retail home loans do or do not include the Servicer’s own franchise considerations. If those considerations are included the Servicer would be entitled to consider its own reputation and future business writing prospects in making a determination as to how current Mortgage Loans are administered. Such a course may result in a delay of principal returns to Noteholders. The Servicer is, however, required to give undertakings as to how it will

administer the Mortgage Loans (see Section 11.1(c) (“*Undertakings by the Servicer*”)) and comply with the express limitations in the Series Supplement;

- (f) the terms and conditions of the Mortgage Loans and related securities allow borrowers, with the consent of Commonwealth Bank of Australia, to substitute their mortgaged property with a different mortgaged property without necessitating the repayment of the Mortgage Loan in full. Mortgage Loans which are secured by mortgaged property which may be substituted in this way may show a slower rate of prepayment than Mortgage Loans secured by mortgaged property which cannot be substituted in this way;
- (g) the terms and conditions of a Mortgage Loan and its related securities may allow a borrower, at the discretion of Commonwealth Bank of Australia, to redraw funds previously prepaid by that borrower (see Section 7.4(c) (“*Redraws and Further Advances*”)). This may slow the rate of prepayment on the Mortgage Loans; and
- (h) the mortgage which secures a Mortgage Loan may also secure other financial accommodation provided by Commonwealth Bank of Australia. If the mortgagor is in default under that other financial accommodation and Commonwealth Bank of Australia enforces the relevant mortgage, the proceeds of enforcement will be made available to the Trustee (in priority to Commonwealth Bank of Australia) for repayment of the Mortgage Loan. This may in turn result in the relevant Mortgage Loan being prepaid earlier than would otherwise be the case. This may occur notwithstanding there being no default under the Mortgage Loan.

### **3.4 Prepayment then Non-Payment**

There is the possibility that borrowers who have prepaid an amount of principal under their Mortgage Loans do not continue to make scheduled payments under the terms of their Mortgage Loans. Consistent with standard Australian banking practice, the Servicer does not consider such a Mortgage Loan to be in arrears until such time as the actual principal balance has exceeded the then current scheduled principal balance.

The failure of borrowers to make payments when due after an amount has been prepaid under their Mortgage Loans may affect the ability of the Trustee to make timely payments of interest and principal to Noteholders. If the Trustee has insufficient funds to pay interest on the Notes (other than the Class C Notes) because the above situation has occurred, the Trustee may allocate funds from the Available Principal Amount towards meeting the remaining shortfall as a Principal Draw. If there is still a shortfall after application of the Principal Draw, the Trustee may be entitled to make a drawing under the Liquidity Facility for the amount of the shortfall up to a total aggregate amount equal to the un-utilised portion of the Liquidity Facility Limit. The Liquidity Facility (together with any Principal Draw) mitigates the risk of a deficiency in funds to pay interest on the Notes but may not be sufficient to cover the whole of the deficiency.

### **3.5 Delinquency and Default Risk**

The Trustee’s obligations to pay interest and principal on the Notes in full is limited by reference to, amongst other things, receipts under or in respect of the outstanding Mortgage Loans. Noteholders must rely, amongst other things, for payment upon payments being made under the Mortgage Loans and on amounts available under any Mortgage Insurance Policies and, if and to the extent available, money to be drawn under the Liquidity Facility (see Section 10.9 (“*Mortgage Insurance*”) and Section 10.7 (“*The Liquidity Facility*”)).

If borrowers fail to make their monthly payments when due (other than when the borrower has prepaid principal under its Mortgage Loan, as to which see Section 3.4 (“*Prepayment then*”

*Non-Payment*’)), there is a possibility that the Trustee may have insufficient funds to make full payments of interest on the Notes and eventual payment of principal to the Noteholders. A wide variety of local or international developments of a legal, social, economic, political or other nature could conceivably affect the performance of borrowers under their Mortgage Loans.

In particular, as at the Cut-Off Date, some of the Mortgage Loans will be set at variable rates. These rates are reset from time to time at the discretion of Commonwealth Bank of Australia (see Section 11.1(d) (“*Servicing of the Mortgage Loans*”). It is possible, therefore, that if these rates increase significantly relative to historical levels, borrowers may experience distress and increased default rates on the Mortgage Loans may result.

If a borrower defaults on payments to be made under a Mortgage Loan and the Servicer seeks to enforce the mortgage securing the Mortgage Loan, many factors may affect the length of time before the mortgaged property is sold and the proceeds of sale are realised. In such circumstances, the sale proceeds are likely to be less than if the sale was carried out by the borrower in the ordinary course. Any such delay and any loss incurred as a result of the realised proceeds of the sale of the property being less than the principal amount outstanding at that time under the Mortgage Loan may affect the ability of the Trustee to make payments under the Notes, notwithstanding any amounts that may be claimed under the relevant Mortgage Insurance Policy (see Section 3.11 (“*Mortgage Insurance*”) and Section 10.9 (“*Mortgage Insurance*”)), or claimed under the Liquidity Facility (see Section 10.8 (“*The Liquidity Facility*”)).

Noteholders will bear the investment risk resulting from the delinquency and default experience of the Mortgage Loans.

### **3.6 Servicer Risk**

The Servicer may be removed as servicer in certain circumstances, including upon the occurrence of a Servicer Default, and may retire as Servicer by giving not less than 3 months’ notice of its intention to do so (or, if the Trustee has agreed to a lesser period of notice, that lesser period).

Upon removal of the Servicer, the Trustee is obliged to find another entity to perform the role of Servicer for the Series Trust. Upon retirement of the Servicer, the Servicer may, subject to any approval required by law, appoint in writing any other corporation approved by the Trustee (acting reasonably) as Servicer in its place. If the Servicer does not propose a replacement by the date which is 1 month prior to the date of its proposed retirement, the Trustee is entitled to appoint a new Servicer as of the date of the proposed retirement. The appointment of a substitute Servicer will only have effect once the Manager has given prior written notice to each Rating Agency in relation to such appointment and the substitute Servicer has executed a deed under which it agrees to service the Mortgage Loans and related securities upon the same terms as originally agreed to by the Servicer. However, there is no guarantee that a substitute Servicer will be found who would be willing to service the Mortgage Loans and related securities on the same terms agreed to by the Servicer.

If the Trustee is unable to locate a suitable substitute Servicer, the Trustee must act as the substitute Servicer, and will continue to act in this capacity until a suitable substitute Servicer is found.

### **3.7 Risks of Equitable Assignment**

The Mortgage Loans will initially be assigned by Commonwealth Bank of Australia as Seller to the Trustee in equity and borrowers and any guarantors or security providers will not be notified of that equitable assignment. If the Trustee declares that a Perfection of Title Event

has occurred the Trustee and the Manager must, amongst other things, take all such steps as are necessary to perfect the Trustee's legal title in the mortgages relating to the Mortgage Loans (see Section 6.5 ("*Representations, Warranties and Eligibility Criteria*") for further details on Perfection of Title Events). Until such time, the Trustee is not to take any such steps to perfect legal title and, in particular, it will not notify the borrowers or any security providers of the assignment of the Mortgage Loans.

The initial equitable assignment of the Mortgage Loans and associated delay in the notification to a borrower or any guarantor or security provider of the assignment of the Mortgage Loans to the Trustee may have the following consequences:

- (a) until a borrower, guarantor or security provider has notice of the assignment, such person is not bound to make payment to anyone other than the Seller and the borrower, guarantor or security provider can obtain a valid discharge from the Seller. As the Trustee will not have the right to give notice of assignment to the borrower, guarantor or security provider until a Perfection of Title Event has occurred, there is, therefore, a risk that a borrower, guarantor or security provider may make payments to the Seller after the Seller has become insolvent, but before the borrower, guarantor or security provider receives notice of assignment of the relevant Mortgage Loan. These payments may not be able to be recovered by the Trustee. In addition, section 80(7) of the PPSA provides that an obligor will be entitled to make payments and obtain a good discharge from the Seller rather than directly to, and from, the Trustee until such time as the obligor receives a notice of the assignment that complies with the requirements of section 80(7)(a) of the PPSA, including, without limitation, a statement that payment is to be made to the Trustee, unless the obligor requests the Trustee to provide proof of the assignment and the Trustee fails to provide that proof within 5 Business Days of the request, in which case the obligor may continue to make payments to the Seller. Accordingly, a borrower, guarantor or security provider may nevertheless make payments to the Seller and obtain a good discharge from the Seller notwithstanding the legal assignment of a Mortgage Loan to the Trustee, if the Trustee fails to comply with these requirements. One mitigating factor is that the Seller is appointed as the initial Servicer of the Mortgage Loans and is obliged to deal with all moneys received from borrowers, guarantors or security providers in accordance with the Series Supplement and to service those Mortgage Loans in accordance with the servicing standards, however this may be of limited benefit if the Seller is insolvent;
- (b) rights of set-off or counterclaim may accrue in favour of the borrower, guarantor or security provider against its obligations under the Mortgage Loans which may result in the Trustee receiving less money than expected from the Mortgage Loans (see Section 3.8 ("*Set-Off*") below). However, under the Mortgage Loan documents, borrowers, guarantors and security providers agree to waive rights of set-off or counterclaim that they may have against Commonwealth Bank of Australia;
- (c) for so long as the Trustee holds only an equitable interest in the Mortgage Loans, the Trustee's interest in the Mortgage Loans may become subject to the interests of third parties created after the creation of the Trustee's equitable interest but prior to it acquiring a legal interest. To reduce this risk, the Servicer has undertaken not to consent to the creation or existence of any security interest over the mortgages securing the Mortgage Loans;
- (d) for so long as the Trustee holds only an equitable interest in the Mortgage Loans, Commonwealth Bank of Australia may need to be joined as a party to any legal proceedings against any borrower, guarantor or security provider in relation to the

enforcement of any Mortgage Loan. In this regard, the Servicer undertakes to service (including enforce) the Mortgage Loans in accordance with the servicing standards;

- (e) the agreement from which a Mortgage Loan derives may be modified or substituted by the Seller and the relevant borrower, guarantor or security provider without the involvement of the Trustee both before and after the notice of the transfer to the relevant borrower, guarantor or security provider, subject to certain conditions including that the modification or substitution does not have a material adverse effect on the transferee's rights under the contract or the transferor's ability to perform the contract; and
- (f) to effect a legal assignment of Mortgage Loans will require:
  - (i) the execution of a further instrument in writing by the Seller in accordance with section 12 of the Conveyancing Act 1919 (NSW) or the applicable equivalent provision in each other Australian jurisdiction;
  - (ii) in relation to each Mortgage Loan which is a mortgage, the execution and registration of instruments of transfer under the applicable real property legislation in the Australian jurisdictions; and
  - (iii) depending on the situs of the Mortgage Loan, the payment of stamp duty on the transfer of the Mortgage Loan.

### **3.8 Set-Off**

The Mortgage Loans can only be sold free of set-off to the Trustee to the extent permitted by law. The consequence of this is that if a borrower, guarantor or security provider in connection with the Mortgage Loan has funds standing to the credit of an account with Commonwealth Bank of Australia or amounts are otherwise payable to such a person by Commonwealth Bank of Australia, that person may have a right on the enforcement of the Mortgage Loan or the related securities or on the insolvency of Commonwealth Bank of Australia to set-off Commonwealth Bank of Australia's liability to that person in reduction of the amount owing by that person in connection with the Mortgage Loan.

If Commonwealth Bank of Australia becomes insolvent, it can be expected that borrowers, guarantors and security providers will exercise their set-off rights to a significant degree.

To the extent that, on the insolvency of Commonwealth Bank of Australia, set-off is claimed in respect of deposits, the amount available for payment to the Noteholders may be reduced to the extent that those claims are successful.

### **3.9 Ability of the Trustee to Redeem the Notes**

The ability of the Trustee to redeem all the Notes at their aggregate outstanding principal amounts whilst any of the Mortgage Loans are still outstanding will depend upon whether the Trustee is able to collect or otherwise obtain an amount sufficient to redeem the Notes and to pay its other obligations in the order explained in Section 8.12 (*"Payment of the Available Principal Amount on a Distribution Date"*). Following an Event of Default and enforcement of the Charge, the Security Trustee will be required to apply moneys otherwise available for distribution in the order of the priority set out in the Security Trust Deed (described in Section 10.6(k) (*"The Security Trust Deed"*)). The moneys available to the Security Trustee for distribution may not be sufficient to satisfy in full the claims of all or any of the Noteholders and neither the Security Trustee nor the Trustee will have any liability to the Noteholders in respect of any such deficiency. Although the Security Trustee may seek to obtain the necessary funds by means of a sale of the outstanding Mortgage Loans, there is no

guarantee that there will be at that time an active and liquid secondary market for mortgages. Further, if there was such a secondary market, there is no guarantee that the Security Trustee will be able to sell the Mortgage Loans for the principal amount then outstanding under such Mortgage Loans.

Accordingly, the Security Trustee may be unable to realise the value of the Mortgage Loans, or may be unable to realise the full value of the Mortgage Loans which may impact upon its ability to redeem all outstanding Notes at that time.

### **3.10 Breach of Representation and Warranty**

Commonwealth Bank of Australia (as Seller and Servicer) makes certain representations and warranties as at the Cut-Off Date to the Trustee in relation to the Mortgage Loans to be assigned to the Trustee (see Section 6.6 (“*Breach of Representations and Warranties*”)). The Trustee has not investigated or made any enquiries regarding the accuracy of the representations and warranties. Under the Series Supplement the Trustee is under no obligation to test the truth of the representations and warranties and is entitled to rely entirely upon the representations and warranties being correct unless it is actually aware of any breach (see Section 6.6 (“*Breach of Representations and Warranties*”)).

Commonwealth Bank of Australia has agreed in the Series Supplement that if any one of the representations and warranties given by Commonwealth Bank of Australia (as Seller) was incorrect when given and notice of such discovery is given by the Manager or Commonwealth Bank of Australia, as applicable, to the Trustee or by the Trustee to Commonwealth Bank of Australia, no later than 5 Business Days prior to the expiry of the Prescribed Period and that breach of representation and warranty is not remedied by Commonwealth Bank of Australia (in a manner determined by it) to the satisfaction of the Trustee within 5 Business Days (or such longer period as the Trustee, the Manager and Commonwealth Bank of Australia agree in writing) of that notice being given or received by Commonwealth Bank of Australia or the Manager (as the case may be), Commonwealth Bank of Australia must repurchase that Mortgage Loan by paying the Trustee the principal amount outstanding in respect of that Mortgage Loan and the accrued but unpaid interest in respect of that Mortgage Loan, in each case as at the date that Commonwealth Bank of Australia or the Manager gives or receives notice (as the case may be).

If a representation or warranty by Commonwealth Bank of Australia (as Seller) in relation to a Mortgage Loan and its Mortgage Loan Rights is discovered to be incorrect after the last day for giving notices in the relevant Prescribed Period, and that breach is not remedied by Commonwealth Bank of Australia (in a manner determined by it) to the satisfaction of the Trustee within 5 Business Days (or such longer period as the Trustee, the Manager and Commonwealth Bank of Australia agree in writing) of notice of the breach being given or received by the Commonwealth Bank of Australia or the Manager (as the case may be), Commonwealth Bank of Australia must indemnify the Trustee against any costs, damages or loss arising from that breach. However, the amount of such costs, damages or loss so determined must not exceed the principal amount outstanding, together with any accrued but unpaid interest and any outstanding fees, in respect of the Mortgage Loan.

Besides these remedies described above, there is no other express remedy available to the Trustee in respect of a breach of the representations and warranties given in respect of the Mortgage Loans. The rights of the Trustee in respect of any representation or warranty being incorrect are described in more detail in Section 6.7 (“*Undertakings by the Seller*”).

### **3.11 Mortgage Insurance**

A high LTV master mortgage insurance policy issued by Genworth Financial Mortgage Insurance Pty Limited will provide full coverage for all principal due on those Mortgage

Loans which generally had a loan to value ratio greater than 80% at the time of origination. Some Mortgage Loans which had a loan to value ratio greater than 80% at the time of origination may not be covered by any mortgage insurance policy, but the Seller may charge the borrower a fee as described in Section 10.9 (“*Mortgage Insurance*”). Mortgage Loans with a loan to value ratio less than or equal to 80% at the time of origination may not be covered by individual or pool mortgage insurance policies issued by Genworth Financial Mortgage Insurance Pty Limited.

The relevant mortgage insurance policy is subject to certain exclusions from coverage and rights of refusal or reduction of claims, certain of which are described in Section 10.9 (“*Mortgage Insurance*”). The availability of funds under the relevant mortgage insurance policy will ultimately be dependent on the financial strength of the insurer. A borrower’s payments that are expected to be covered by a mortgage insurance policy may not be covered or may be reduced because of these exclusions, refusals or reductions or in the event that the mortgage insurer becomes subject to administration, liquidation or other form of insolvency proceedings or suffers financial difficulties which impede the mortgage insurer’s ability to perform its obligations. If such circumstances arise, the Trustee may not have enough money to make timely and full payments of principal and interest on the Notes.

A claim under a mortgage insurance policy may be refused or reduced in certain circumstances (see generally Section 10.9 (“*Mortgage Insurance*”)) including in the event of a misrepresentation or a breach of any duty of disclosure by Commonwealth Bank of Australia or the Trustee. This may affect the ability of the Trustee to make timely payments of interest and principal on the Notes. However, in respect of certain of these circumstances, the Trustee may have recourse to Commonwealth Bank of Australia either for breach of a representation and warranty (see Section 6.6 (“*Breach of Representations and Warranties*”)) or for breach of its obligations as Servicer (see Section 11.1(h)(iii) (“*Servicing of the Mortgage Loans*”)).

### **3.12 Consumer Credit Legislation**

Some of the Mortgage Loans and related mortgages and guarantees are regulated by the Consumer Credit Legislation.

The Consumer Credit Legislation requires anyone that engages in a credit activity, including by providing credit or exercising the rights and obligations of a credit provider, to be appropriately authorised to do so. This requires those persons to either hold an Australian Credit Licence, be exempt from this requirement or be a credit representative of a licensed person.

The Consumer Credit Legislation imposes a range of disclosure and conduct obligations on persons engaging in a credit activity. For example any increase of the credit limit of a regulated loan must be considered and made in accordance with the responsible lending obligations of the Consumer Credit Legislation.

Failure to comply with the Consumer Credit Legislation may mean that court action is brought by the borrower, guarantor, mortgagor or by the Australian Securities and Investments Commission (“**ASIC**”) to:

- (a) grant an injunction preventing a regulated Mortgage Loan from being enforced (or any other action in relation to the Mortgage Loan) if to do so would breach the Consumer Credit Legislation;
- (b) order compensation to be paid for loss or damage suffered (or likely to be suffered) as a result of a breach of a civil penalty provision or a criminal offence in the Consumer Credit Legislation;



- (c) if a credit activity has been engaged in without a licence and no relevant exemption applies, an order it considers appropriate so that no profiting can be made from the activity, to compensate for loss and to prevent loss. This could include an order declaring a contract, or part of a contract, to be void, varying the contract, refusing to enforce, ordering a refund of money or return of property, payment for loss or damage or being ordered to supply specified services;
- (d) in the case of a debtor, vary the terms of a Mortgage Loan on the grounds of hardship;
- (e) vary the terms of a Mortgage Loan and related mortgage or guarantee, or a change to such documents, that are unjust, and reopen the transaction that gave rise to the Mortgage Loan and any related mortgage or guarantee, or change;
- (f) in the case of a debtor or guarantor, reduce or cancel any interest rate payable on the Mortgage Loan arising from a change to that rate which is unconscionable;
- (g) have certain provisions of the Mortgage Loan or a related mortgage or guarantee which are in breach of the legislation declared void or unenforceable;
- (h) obtain restitution or compensation from the credit provider in relation to any breaches of the Consumer Credit Legislation in relation to the Mortgage Loan or a related mortgage or guarantee; or
- (i) seek various remedies for other breaches of the Consumer Credit Legislation.

Applications may also be made to relevant external dispute resolution schemes, which have the power to resolve disputes where the amount in dispute is A\$500,000 or less. There is no ability to appeal from an adverse determination by an external dispute resolution scheme, including on the basis of bias, manifest error or want of jurisdiction.

Where a systemic contravention affects contract disclosures across multiple Mortgage Loans, there is a risk of a representative or class action under which a civil penalty could be imposed in respect of all affected Mortgage Loan contracts. If borrowers, guarantors or mortgagors suffer any loss, orders for compensation may be made.

Under the Consumer Credit Legislation, ASIC will also be able to make an application to vary the terms of a contract or a class of contracts on the above grounds if this is in the public interest (rather than limiting these rights to affected debtors).

Any such order (by a court or external dispute resolution scheme) may affect the timing or amount of interest, fees or charges or principal payments under the relevant Mortgage Loan (which might in turn affect the timing or amount of interest or principal payments under the Notes).

Breaches of the Consumer Credit Legislation may also lead to civil penalties or criminal fines being imposed on the Seller, for so long as it holds legal title to the Mortgage Loans and the mortgages. If the Trustee acquires legal title or otherwise becomes a “credit provider” with respect to regulated Mortgage Loans, it will then become primarily responsible for compliance with the Consumer Credit Legislation and would be exposed to civil and criminal liability for certain breaches. These include breaches caused in fact by the Servicer. The amount of any civil penalty payable by the Seller or the Trustee (as the case may be) may be set off against any amount payable by the debtor under the Mortgage Loans.

The Trustee will be indemnified out of the Assets of the Series Trust for liabilities it incurs under the Consumer Credit Legislation. Where the Trustee is held liable for breaches of the

Consumer Credit Legislation, the Trustee must seek relief initially under any indemnities provided to it by the Manager, the Seller or the Servicer before exercising its rights to recover against any Assets of the Series Trust.

The Seller will give certain representations and warranties that the mortgages relating to the Mortgage Loans complied in all material respects with all applicable laws when those mortgages were entered into. The Servicer has also undertaken to comply with the Consumer Credit Legislation in carrying out its obligations under the Transaction Documents. In certain circumstances the Trustee may have the right to claim damages from Commonwealth Bank of Australia (as Seller or Servicer), as the case may be, where the Trustee suffers loss in connection with a breach of the Consumer Credit Legislation which is caused by a breach of a relevant representation or undertaking.

### ***Unfair Terms***

Under the national unfair terms regime established by Part 2 of the Australian Securities and Investment Commission Act 2001 (Cth), a term of a standard-form consumer contract will be unfair, and therefore void, if it causes a significant imbalance in the parties' rights and obligations under the contract and is not reasonably necessary to protect the supplier's legitimate interests. A term that is unfair will be void however the contract will continue if it is capable of operating without the term.

Also, under the Victorian regime set out in Part 2B of the Fair Trading Act 1999 (Vic), a term in a consumer contract would be unfair and therefore void if it is a prescribed unfair term or if a court or Tribunal determines that in all the circumstances it causes a significant imbalance in the parties' rights and obligations arising under the contract to the detriment of the consumer.

The national regime commenced on 1 July 2010 while the application of the Victorian regime to credit contracts commenced in June 2009. The Victorian and/or the national unfair terms regime may apply to Mortgage Loans, depending when the Mortgage Loans were entered into. However, the Victorian version of the regime only applies to agreements if they were entered into between 9 October 2003 (or June 2009 for credit contracts) and 1 January 2011.

Mortgage Loans and related mortgages and guarantees entered into before the application of either the Victorian or national unfair terms regimes will become subject to the national regime going forward if those contracts are renewed or a term is varied (although, where a term is varied, the regime only applies to the varied term).

To the extent that a provision of any of the Mortgage Loans were found to be unfair, this could have an adverse effect on the ability of the Trustee to recover money from the relevant borrower and consequently to make payments under the Transaction Documents.

### ***Effect of Orders***

An order made under any of the above consumer credit laws may affect the timing or amount of collections under the relevant mortgage loans which may in turn affect the timing or amount of interest and principal payments under the Notes.

### ***Seller and Servicer obligations***

Commonwealth Bank of Australia has made certain representations and warranties that the Mortgage Loans complied with all applicable laws at the time the Mortgage Loans were made. The Servicer has undertaken to comply with all applicable laws in servicing those loans regulated by the legislation.

### **3.13 Independent Ratings Evaluation**

The security ratings of the Notes should be evaluated independently from similar ratings on other types of Notes or securities. A security rating by a Rating Agency is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, qualification or withdrawal at any time by the relevant Rating Agency. A revision, suspension, qualification or withdrawal of the rating of the Notes may adversely affect the price of the Notes. In addition, the ratings of the Notes do not address the expected timing of principal repayments under the Notes, only that principal will be received no later than the Final Maturity Date.

### **3.14 Investor Suitability**

The Notes are not a suitable investment for any investor that requires a regular or predictable schedule of payments or payment on any specific date. The Notes are complex investments that should be considered only by investors who, either alone or with their financial, tax and legal advisors, have the expertise to analyse the prepayment, reinvestment, default and market risk, the tax consequences of an investment, and the interaction of these factors.

Mortgage-backed securities, like the Notes, usually produce more returns of principal to investors when market interest rates fall below the interest rates on the Mortgage Loans and produce less returns of principal when market interest rates rise above the interest rates on the Mortgage Loans. If borrowers refinance their Mortgage Loans as a result of lower interest rates, investors will receive an unanticipated payment of principal. As a result, investors are likely to receive more money to reinvest at a time when other investments generally are producing a lower yield than that on the Notes and are likely to receive less money to reinvest when other investments generally are producing a higher yield than that on the Notes. Investors will bear the risk that the timing and amount of payment on the Notes will prevent investors from attaining the desired yield.

### **3.15 Changes in the Features of Mortgage Loans**

The features of the Mortgage Loans, including their interest rates, may be changed by Commonwealth Bank of Australia, either on its own initiative or at a borrower's request. Some of these changes may include the addition of newly developed features which are not described in this Information Memorandum. As a result of these changes and borrowers' payments of principal, the concentration of Mortgage Loans with specific characteristics is likely to change over time, which may affect the timing and amount of payments investors receive.

If Commonwealth Bank of Australia changes the features of the Mortgage Loans or fails to offer desirable features offered by their competitors, borrowers might elect to refinance their loan with another lender to obtain more favourable features. In addition, the Mortgage Loans included in the Series Trust are not permitted to have some features. If a borrower chooses to add one of these features to his or her Mortgage Loan, in effect the Mortgage Loan will be repaid and a new Mortgage Loan will be written which will not form part of the Assets of the Series Trust. The refinancing or removal of Mortgage Loans could cause investors to experience higher rates of principal prepayment than investors expected, which could affect the yield on Notes.

### **3.16 Australian Economic Conditions**

If the Australian economy were to experience a decline in economic conditions, an increase in interest rates, a fall in property values or any combination of these factors, delinquencies or losses on the Mortgage Loans might increase, which might cause losses on the Notes.

### **3.17 Geographic Concentration of Mortgage Loans**

To the extent that the Series Trust contains a high concentration of Mortgage Loans secured by properties located within a single state or region within Australia, any deterioration in the real estate values or the economy of any of those states or regions could result in higher rates of delinquencies, foreclosures and losses than expected on the Mortgage Loans. In addition, these states or regions may experience natural disasters, which may not be fully insured against and which may result in property damage and losses on the Mortgage Loans. These events may in turn have a disproportionate impact on funds available to the Series Trust, which could cause investors to suffer losses.

### **3.18 Privacy**

The collection and handling of personal information (including credit reporting information) about individuals (including debtors, mortgagors and guarantors) is regulated by the Australian *Privacy Act 1988* (Cth). The Act contains, amongst other things, restrictions and requirements relating to the collection, use, disclosure and management of personal information. Depending on the type of personal information involved, if such collection, use, disclosure or management of personal information does not comply with the Act, the contravening party can be liable to civil penalties (and, in some instances can be guilty of an offence punishable by fines). In addition, an individual affected by a breach of the Act may complain to the Office of the Australian Information Commissioner (“**OAIC**”) or, in some circumstances, to a recognised external dispute resolution scheme. These bodies can investigate the complaint and make determinations which can become binding on the entity subject to the complaint, such as requiring the payment of compensation for loss or damage suffered by the individual as a result of a breach of the Act or the taking of remedial action to address such a breach. The OAIC also has extensive investigation and enforcement powers that can be applied to an entity subject to the Act. An entity participating in credit reporting can also be subject to audits and compliance-related investigations administered by any credit reporting bodies with which it deals. In the event of potential breaches of the credit reporting provisions under the Act, such credit reporting bodies may also undertake enforcement action, such as ceasing to provide access to credit reporting information.

### **3.19 Priority of Principal on the Redraw Notes**

If Redraw Notes are issued they will rank ahead of the other Classes of Notes with respect to payment of principal prior to enforcement of the Charge, and Noteholders may not receive full repayment of principal on the Notes.

### **3.20 Credit Support Notes provide only limited protection**

The amount of credit enhancement provided through the subordination of the relevant Credit Support Notes is limited and could be depleted prior to the payment in full of the Class A Notes and the Class B Notes. If the principal amount of the relevant Credit Support Notes is reduced to zero, the Class A Noteholders and the Class B Noteholders may suffer losses on the relevant Notes.

### **3.21 Termination of Swaps**

- (a) The Trustee will exchange the interest payments from the fixed rate Mortgage Loans for variable rate payments based upon the one month Bank Bill Rate. If a fixed rate swap is terminated or the Fixed Rate Swap Provider fails to perform its obligations, Noteholders will be exposed to the risk that the floating rate of interest payable on the Notes will be greater than the discretionary fixed rate set by the Servicer on the fixed rate Mortgage Loans, which may lead to losses to Noteholders.

The Trustee will exchange the interest payments from the variable rate Mortgage Loans for variable rate payments based upon the one month Bank Bill Rate. If a basis

swap is terminated, the Manager will direct the Servicer to, subject to applicable laws, set the rates at which interest set-off benefits are calculated under the mortgage interest saver accounts and Everyday Offset accounts at a rate low enough to cover the payments owed by the Series Trust or to zero, and if that does not produce sufficient income, to set the interest rate on the variable rate Mortgage Loans at a rate high enough to cover the payments owed by the Series Trust. If the rates on the variable rate Mortgage Loans are set above the market interest rate for similar variable rate Mortgage Loans, the affected borrowers will have an incentive to refinance their loans with another institution, which may lead to higher rates of principal prepayment than Noteholders initially expected, which will affect the yield on the Notes.

- (c) If the Trustee is required to make a termination payment to the Fixed Rate Swap Provider upon the termination of the fixed rate swap, the Trustee will make the termination payment from the Assets of the Series Trust. Prior to enforcement of the Security Trust Deed, that termination payment will be made in priority to payments on the Notes unless the swap is terminated following a default by, or termination event relating to, the Fixed Rate Swap Provider under the Interest Rate Swap Agreement. Thus, if the Trustee makes a termination payment in these circumstances, there may not be sufficient funds remaining to pay interest on the Notes on the next Distribution Date, and the principal on the Notes may not be repaid in full.

### **3.22 Unreimbursed redraws and further advances**

Unreimbursed redraws and permitted further advances will rank ahead of Notes with respect to payment of principal prior to enforcement of the Charge, and investors may not receive full repayment of principal on the Notes.

### **3.23 Recharacterisation of Mortgage Loans**

The transfer of the Mortgage Loans from Commonwealth Bank of Australia to the Trustee is intended by the parties to be and has been documented as a sale. However, Commonwealth Bank of Australia will treat the transfer of the Mortgage Loans as an imputed loan for accounting purposes. If Commonwealth Bank of Australia were to become insolvent, a liquidator or other person that assumes control of Commonwealth Bank of Australia could attempt to recharacterise the sale of the Mortgage Loans as a loan or to consolidate the Mortgage Loans with the assets of Commonwealth Bank of Australia. Any such attempt could result in a delay in or reduction of collections on the Mortgage Loans available to make payments on the Notes. The risk of such a recharacterisation with respect to the Mortgage Loans may be increased by the treatment of the transfer of these Mortgage Loans as an imputed loan for accounting purposes.

### **3.24 Commingling of collections on the Mortgage Loans with other assets**

Before Commonwealth Bank of Australia (as Seller) or the Servicer remits collections to the Collections Account, the collections may be commingled with the assets of the Seller or the Servicer. If the Seller or the Servicer becomes insolvent, the Trustee may only be able to claim those collections as an unsecured creditor of the insolvent company. This could lead to a failure to receive the collections on the Mortgage Loans, delays in receiving the collections, or losses to investors.

### **3.25 Limitations of liquidity and other structural enhancements**

If the interest collections received during a Collection Period, together with any Extraordinary Expense Reserve Draw applied towards meeting any Extraordinary Expenses in respect of that Collection Period, are insufficient to cover fees and expenses of the Series Trust and the interest payments due on the Notes (other than the Class C Notes) on the next Distribution

Date, funds may be allocated from the Available Principal Amount towards meeting such fees, expenses and interest as a Principal Draw. If there still remains a shortfall after any Principal Draw, the Trustee will request an advance (to the extent that funds are available for drawing) under the Liquidity Facility. The amount of funds available by way of an Extraordinary Expense Reserve Draw (if applicable), Principal Draw and under the Liquidity Facility will be limited and may be insufficient to meet any shortfall in available funds in full. In particular, with respect to the Liquidity Facility, see Section 10.8 (“*The Liquidity Facility*”) for further details. In the event that there is not enough money available by way of Extraordinary Expense Reserve Draw (if applicable), any Principal Draw or under the Liquidity Facility, investors may not receive a full payment of interest on that Distribution Date, which will reduce the yield on the Notes.

### **3.26 Principal Collections to cover liquidity shortfalls**

If Principal Collections are drawn upon to cover shortfalls in interest collections and there is insufficient excess available income in succeeding Collection Periods to repay those Principal Draws, investors may not receive full repayment of principal on the Notes.

### **3.27 Availability of support facilities dependent on financial condition of support facility provider**

Commonwealth Bank of Australia is acting as the initial Servicer, Fixed Rate Swap Provider, Basis Swap Provider and Liquidity Facility Provider. In certain circumstances, Commonwealth Bank of Australia may resign or be removed from acting in such capacities. Accordingly, the availability of these various facilities will ultimately be dependent upon the financial strength of Commonwealth Bank of Australia (or any replacement provider of these facilities). If Commonwealth Bank of Australia (or any replacement provider of such a facility) experiences financial difficulties which impede or prohibit the performance of its obligations under the relevant facility, the Trustee may not have sufficient funds to make timely payment of the full amount of principal and interest due on the Notes.

### **3.28 Servicer waiving fees**

Subject to the servicing requirements in Section 11.1 (“*Servicing of the Mortgage Loans*”), the Servicer has the express power, among other things, to waive any fees and break costs which may be collected in the ordinary course of servicing the Mortgage Loans or arrange the rescheduling of interest due and unpaid following a default under any Mortgage Loans, or to waive any right in respect of the Mortgage Loans and mortgages in the ordinary course of servicing the Mortgage Loans and mortgages. Those waivers may affect the timing and amount of payments investors receive.

### **3.29 Withholding tax**

If a withholding tax is imposed on payments of interest on the Notes, investors will not be entitled to receive grossed-up amounts to compensate for such withholding tax. Thus, investors will receive less interest than is scheduled to be paid on the Notes.

Without limitation, Australian interest withholding tax will apply in relation to payments of interest (or payments in the nature of interest) on any Notes which are held by a non-resident of Australia (other than a non-resident holding the Notes in carrying on business at or through a permanent establishment in Australia) or a resident holding the Notes in carrying on business at or through a permanent establishment outside Australia unless an exemption is available. See Section 12 (“*Taxation Considerations*”) for further details.

### **3.30 European Union directive on the taxation of savings income**

The European Union has adopted a Directive (2003/48/EC) regarding the taxation of savings income (“**Savings Tax Directive**”). Under the Savings Tax Directive, European Union

member states (“**Member States**”) are required to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Austria is instead required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments deducting tax at a rate of 35% (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries).

A number of non-European Union countries and certain dependent or associated territories of certain Member States have adopted and implemented similar measures (either provision of information or transitional withholding) in relation to payments of savings income made by a person within its jurisdiction to an individual, or to certain non-corporate entities, resident in a Member State.

In addition, Member States have entered into reciprocal arrangements with certain of those non-European Union countries and dependent or associated territories of certain Member States in relation to payments of savings income made by a person in a Member State to an individual, or to certain non-corporate entities, resident in certain dependent or associated territories or non-European Union countries.

Prospective holders of Notes should note that an amended version of the Savings Tax Directive was adopted by the Council of the European Union on March 24, 2014, which is intended to close loopholes identified in the current Savings Tax Directive. The amendments, which must be transposed by Member States prior to January 1, 2016 and which will apply from January 1, 2017, will extend the scope of the Savings Tax Directive to (i) payments made through certain intermediate structures (whether or not established in a Member State) for the ultimate benefit of an EU resident individual, and (ii) a wider range of income similar to interest.

The Organisation for Economic Co-operation and Development (“**OECD**”) has been tasked by the G20 with undertaking the technical work needed to take forward the single global standard for automatic exchange of financial account information endorsed by the G20 in 2013. The OECD has released a full version of the Standard for Automatic Exchange of Financial Account Information in Tax Matters (the “**Common Reporting Standard**”), which calls on governments to obtain detailed account information from their financial institutions and exchange that information automatically with other jurisdictions on an annual basis. On 9 December 2014, the Economic and Financial Affairs Council of the European Union officially adopted the revised Directive on Administrative Cooperation 2011/16/EU (the “**ACD**”) (regarding mandatory automatic exchange of information in the field of taxation), which effectively incorporates the Common Reporting Standard. Member States are required to adopt and publish the laws, regulations and administrative provisions necessary to comply with the ACD by 31 December 2015. They are required to apply these provisions from 1 January 2016 and to start the automatic exchange of information no later than end of September 2017.

Therefore, the European Commission has proposed the repeal of the Savings Tax Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates).

This is to prevent overlap between the Savings Tax Directive and the ACD (as amended by Council Directive 2014/107/EU). The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the amending directive.

Prospective holders of Notes should seek their own professional advice in relation to the Savings Tax Directive.

### **3.31 The proposed financial transactions tax (“FTT”)**

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia. If the FTT is adopted based on the current proposals, then it could apply in certain circumstances to persons within and outside of the European Union Member States participating in the FTT. Generally, the FTT would apply to certain dealings in financial instruments (including secondary market transactions) where at least one party is a financial institution, and at least one party is established or deemed to be established in a participating Member State. Accordingly, the FTT could, if implemented, operate in a manner giving rise to tax liabilities for Noteholders or, potentially, for the Trustee with respect to certain transactions. Any such liabilities, if incurred by the Trustee, may reduce amounts available to the Trustee to meet its obligations under the Notes and may result in investors receiving less interest or principal than expected.

The proposed Directive remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Although the Ministers of the participating Member States (other than Slovakia) have announced plans for a progressive implementation commencing on or before 1 January 2016, the actual implementation date would depend on the future approval of the European Council and consultation of other EU institutions, and the subsequent transposition into local law. Additional EU Member States may decide to participate.

Prospective holders of Notes should seek their own professional advice in relation to the FTT.

### **3.32 Australian Anti-Money Laundering and Counter-Terrorism Financing Regime**

The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 of Australia (“**AML/CTF Act**”) regulates the anti-money laundering and counter-terrorism financing obligations on financial services providers.

If an entity has not met its obligations under the AML/CTF Act, that entity will be prohibited from providing a designated service which includes (among other things):

- (a) opening or providing an account, allowing any transaction in relation to an account or receiving instructions to transfer money in and out of the account;
- (b) issuing, dealing, acquiring, disposing of, cancelling or redeeming a security; and
- (c) exchanging one currency for another.

The obligations placed on an entity include that entity undertaking customer identification procedures before a designated service is provided and receiving information about international and domestic institutional transfer of funds. Until the obligations have been met an entity will be prohibited from providing funds or services to a party or making any payments on behalf of a party.

The obligations placed upon an entity could affect the services of an entity or the funds it provides and ultimately may result in a delay or decrease in the amounts received by a Noteholder.



### **3.33 Application of the Personal Property Securities regime**

A new personal property securities regime commenced operation throughout Australia in January 2012. The Personal Property Securities Act 2009 (“PPSA”) established a national system for the registration of security interests in personal property, together with new rules for the creation, priority and enforcement of security interests in personal property. The PPSA commenced on 15 December 2009, and took effect on 30 January 2012 (“PPSA Start Date”), with a two year transitional period which ended on 30 January 2014. The PPSA has a retrospective effect on security interests and security agreements arising before the PPSA Start Date by operation of the transitional provisions.

Security interests for the purposes of the PPSA include traditional securities such as charges and mortgages (but do not include mortgages over real property). However, they also include transactions that in substance, secure payment or performance of an obligation but may not have been previously legally classified as securities (referred to as “in-substance” security interests), including transactions that were not regarded as securities under the law that existed prior to the introduction of the PPSA. Further, certain other interests are deemed to be security interests whether or not they secure payment or performance of an obligation. These deemed security interests include assignments of receivables.

A person who holds a security interest under the PPSA will need to register (or otherwise perfect) the security interest to ensure that the security interest (within a limited period of time) has priority over competing interests (and in some cases, to ensure that the security interest survives the insolvency of the grantor). If they do not do so:

- (a) another security interest may take priority;
- (b) another person may acquire an interest in the assets which are subject to the security interest free of their security interest; or
- (c) they may not be able to enforce the security interest against a grantor who becomes insolvent (because the security interest will vest in the grantor).

The Transaction Documents contain security interests for the purposes of the PPSA. For example, the assignment of the mortgage loans will be a deemed security interest and the Trustee will need to register a financing statement in connection with that security interest. The Security Trustee will also need to register a financing statement in respect of the Charge under the Security Trust Deed. The Trustee and the Security Trustee will make such registrations upon the direction of the Manager.

There is uncertainty on aspects of the implementation of the PPSA regime because the PPSA is still relatively new and has significantly altered the law relating to secured transactions. There are issues and ambiguities in respect of which a market view or practice will evolve over time. Further, the PPSA has recently been the subject of a statutory review process as required under section 343 of the PPSA. The final report on that review was tabled before Australia’s Commonwealth Parliament on 18 March 2015. However, it remains unclear at this stage what amendments will be made to the PPSA as a result of the final report and what the timeframe for implementation of those amendments will be.

### **3.34 European Union Capital Requirements Regulation - securitisation exposure rules and other regulatory initiatives**

Articles 404 – 410 (inclusive) of Regulation (EU) No 575/2013 of the European Parliament and Council (the “CRR”) came into force on 1 January 2014 in Member States of the European Union and have been or are expected to be implemented by national legislation in the other Member States of the European Economic Area (“EEA”).

Article 405 of the CRR restricts ‘credit institutions’ and ‘investment firms’ (each as defined in the CRR), and the consolidated group subsidiaries thereof (each, an “**Affected Investor**”), from investing in or being exposed to a ‘securitisation’ (as defined in the CRR) unless the originator, sponsor or original lender in respect of that securitisation has explicitly disclosed to the Affected Investor that it will retain, on an ongoing basis, a net economic interest of at least 5 per cent in that securitisation in the manner contemplated by Article 405 (and the regulatory technical standards since adopted by the European Commission in relation to the same).

Commonwealth Bank of Australia will undertake to hold a net economic interest in this securitisation transaction, which, as at the Closing Date, will be comprised of an interest in randomly selected exposures equivalent to no less than 5% of the aggregate principal balance of the securitised exposures in accordance with Article 405 paragraph (1) sub-paragraph (c) of the CRR. The Manager will include information in any reports provided to Noteholders:

- (a) confirming Commonwealth Bank of Australia’s continued retention of the interest described above; and
- (b) any change to the manner in which the interest will be comprised if there are exceptional circumstances which cause the manner in which the interest is held to change.

Article 406 of the CRR also requires an Affected Investor be able to demonstrate that it has undertaken certain due diligence in respect of, among other things, the Notes it has acquired and the underlying exposures, and that procedures have been established for monitoring the performance of the underlying exposures on an on-going basis.

Failure to comply with one or more of the requirements as set out in Articles 405 and 406 of the CRR may result in the imposition of a penal capital charge with respect to the investment made in the securitisation by the relevant Affected Investor.

Investors should also be aware of Article 17 of the EU Alternative Investment Managers Directive and Section 5 of Chapter III of Commission Delegated Regulation (EU) No. 231/2013 supplementing that Directive (“**Investment Managers Directive**”) and Article 135(2) of the European Union Solvency II Directive 2009/138/EC, as supplemented by Articles 254 to 257 of Commission Delegated Regulation (EU) No. 2015/35 (“**Solvency II**”), which introduce risk retention and due diligence requirements which apply, respectively, to EEA regulated alternative investment fund managers and insurance/reinsurance undertakings.. While the requirements under the Investment Managers Directive and Solvency II are similar to those which apply under the CRR, they are not identical and, in particular, additional due diligence obligations apply to relevant investors to whom the Investment Managers Directive and Solvency II apply. Similar requirements are also scheduled to apply in the future to investment in securitisations by Undertakings for Collective Investment in Transferable Securities (“**UCITS**”) and insurance and reinsurance undertakings subject to regulation by supervisory authorities in any member state of the European Economic Area. All such requirements, together with Articles 404 to 410 of the CRR, are referred to as the “**Retention Rules**”.

Relevant investors are required to make themselves aware of the requirements of the Retention Rules (and any implementing rules in relation to a relevant jurisdiction) and should carefully consider whether the applicable conditions under the Retention Rules are satisfied at any time. Such investors should independently assess and determine the sufficiency of the information described in this Information Memorandum and in any reports provided to investors in relation to the transaction for the purpose of complying with the Retention Rules and the regulatory technical standards and implementing technical standards in relation to the same. None of the Trustee, Commonwealth Bank of Australia or any other party to the

Transaction Documents makes any representation that the information described above is sufficient in all circumstances for such purposes or has any obligation to provide any further information or take any other steps that may be required by an Affected Investor to enable compliance by the Affected Investor with the requirements of the Retention Rules or any other applicable legal, regulatory or other requirements.

There remains considerable uncertainty with respect to the Retention Rules and it is not clear what will be required to demonstrate compliance to national regulators. Investors who are uncertain as to the requirements that will need to be complied with in order to avoid the additional regulatory charges for non-compliance with the Retention Rules and any implementing rules in a relevant jurisdiction should seek guidance from their regulator.

The Retention Rules and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of certain individual investors and, in addition, could have a negative impact on the price and liquidity of the Notes in the secondary market.

There can be no assurance that the regulatory capital treatment of the Notes for any investor will not be affected by any future implementation of, and changes to, the Retention Rules or other regulatory or accounting changes.

### **3.35 Effects of other financial regulatory measures**

In addition to the European Union Retention Rules detailed above in Section 3.34 (“*European Union Capital Requirements Regulation - securitisation exposure rules and other regulatory initiatives*”), there are other domestic and international measures for increased or revised regulation (including with respect to regulatory capital treatment) of mortgage backed securities (such as the Notes) which are currently at various stages of implementation.

Such changes in the global financial regulation or regulatory treatment of mortgage-backed securities may negatively impact the regulatory position of affected investors and have an adverse impact on the value and liquidity of mortgage-backed securities such as the Notes. Prospective investors in the Notes should consult with their own legal and investment advisors regarding the potential impact on them and the related compliance issues.

### **3.36 Foreign Account Tax Compliance**

The Foreign Account Tax Compliance Act provisions of the U.S. Hiring Incentives to Restore Employment Act (“**FATCA**”) establish, in an effort to assist the United States Internal Revenue Service (“**IRS**”) in enforcing U.S. taxpayer compliance, a new due diligence, reporting and withholding regime.

Under FATCA, a 30% withholding may be imposed (i) in respect of certain U.S. source payments, (ii) from 1 January 2017 in respect of gross proceeds from the sale of assets that give rise to U.S. source interest or dividends and (iii) from 1 January 2017, at the earliest, in respect of “foreign passthru payments” (a term which is not yet defined under FATCA), which are, in each case, paid to or in respect of entities that fail to meet certain certification or reporting requirements or do not comply with FATCA

The Trustee and other financial institutions through which payments on the Notes are made may be required to withhold on account of FATCA. A withholding may be required if (i) an investor does not provide information sufficient for the Trustee or the relevant financial institution to determine whether the investor is subject to FATCA Withholding or (ii) a foreign financial institution (“**FFI**”) to or through which payments on the Notes are made is a “non-participating FFI”.

FATCA Withholding is not expected to apply if, in respect of foreign pass-thru payments only, the Notes are treated as debt for U.S. federal income tax purposes and the Notes are issued on or before the date that is six months after the date on which final regulations defining the term “foreign passthru payment” are filed with the U.S. Federal Register (the “grandfathering date”) provided that the Notes are not materially modified after the grandfathering date.

The Australian Government and U.S. Government signed an intergovernmental agreement with respect to FATCA (“**IGA**”) on 28 April 2014. The Australian Government has enacted legislation amending, among other things, the Taxation Administration Act to give effect to the IGA (“**Australian Amendments**”) and that legislation came into force on 30 June 2014.

Australian financial institutions which are “Reporting Australian Financial Institutions” under the IGA must follow specific due diligence procedures to identify their account holders (e.g. the Noteholders) and provide information about financial accounts held by U.S. persons and recalcitrant account holders and on payments made to non-participating FFIs, to the Australian Taxation Office (“**ATO**”). The ATO is required to provide such information to the IRS.

Under the Australian Amendments, Australian FFIs will generally be able to be treated as “deemed compliant” with FATCA. Depending on the nature of the relevant FFI, FATCA Withholding may not be required from payments made with respect to the Notes other than in certain prescribed circumstances.

The Noteholders may be requested to provide certain certifications and information to the Series Trust and/or the Trustee and any other financial institutions through which payments on the Notes are made in order for the Series Trust and/or the Trustee and such other financial institutions to comply with their FATCA obligations. If a payment to a Noteholder is subject to withholding as a result of FATCA, there will be no “gross up” (or any additional amount) payable by way of compensation to the holder for the deducted amount. Additionally, if a payment to the Series Trust is subject to withholding as a result of FATCA, there will be no optional redemption of the Notes.

FATCA is particularly complex legislation and its application is uncertain at this time.

The above discussion is based on the IGA, the Act, guidance issued by the ATO and regulations and guidance of the U.S. Treasury Department, all of which may be subject to change in a way that would alter the application of FATCA to the Series Trust and the Notes. Each Noteholder should consult its own tax advisor to obtain a more detailed explanation of FATCA and the IGA and to learn how they might affect such holder in its particular circumstance.

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## **4 The Trustee, Commonwealth Bank of Australia, the Manager and the Security Trustee**

### **4.1 The Trustee**

Perpetual Trustee Company Limited was incorporated on 28 September 1886 as Perpetual Trustee Company (Limited) under the Companies Statute of New South Wales as a public company. The name was changed to Perpetual Trustee Company Limited on 14 December 1971 and the Trustee now operates as a limited liability public company under the Corporations Act. Perpetual Trustee Company Limited is registered in New South Wales and its registered office is at Level 12, 123 Pitt Street, Sydney, Australia.

The principal activities of Perpetual Trustee Company Limited are the provision of trustee and other commercial services. Perpetual Trustee Company Limited is an authorised trustee corporation, and holds an Australian Financial Services Licence under Part 7.6 of the Corporations Act (Australian Financial Services Licence No. 236643). Perpetual Trustee Company Limited and its related companies provide a range of services including custodial and administrative arrangements to the funds management, superannuation, property, infrastructure and capital markets.

### **4.2 The Seller**

The Commonwealth Bank of Australia was established in 1911 by an Act of Australia's Commonwealth Parliament as a government owned enterprise to conduct commercial and savings banking business. For a period it also operated as Australia's central bank until this function was transferred to the Reserve Bank of Australia in 1959. The process of privatisation of the Commonwealth Bank of Australia was commenced by Australia's Commonwealth Government in 1990 and was completed in July 1996. The Commonwealth Bank of Australia is now a public company listed on the Australian Securities Exchange. Its registered office is at Ground Floor, Tower 1, 201 Sussex Street, Sydney, New South Wales, Australia.

As at 30 June 2015, Commonwealth Bank of Australia had a long term credit rating of AA- from Fitch Ratings, Aa2 from Moody's Investor Services and AA- from S&P and a short term credit rating of A-1+ from S&P, F1+ from Fitch Ratings and P-1 from Moody's Investor Services.

As at 30 June 2015, Commonwealth Bank of Australia and its subsidiaries, on a consolidated International Financial Reporting Standards basis, had total assets of A\$873.4 billion, total deposits and public borrowings of A\$543.2 billion and made a net profit attributable to equity holders of the Bank for the year ended 30 June 2015 of A\$9,063 million. Total regulatory capital under Basel III was A\$46.8 billion.

The Australian banking activities of the Commonwealth Bank of Australia come under the regulatory supervision of the Australian Prudential Regulation Authority. For a further description of the business operations of Commonwealth Bank of Australia, see Section 11 (*"The Servicer"*).

Commonwealth Bank of Australia's overall procedures for mortgage origination are described in Section 7 (*"Commonwealth Bank of Australia Residential Loan Program"*). Commonwealth Bank of Australia's material role and responsibilities in this transaction as Servicer are described in Section 11 (*"The Servicer"*).

### **4.3 The Manager**

The Manager, Securitisation Advisory Services Pty. Limited, is a wholly owned subsidiary of Commonwealth Bank of Australia. Its principal business activity is the management of securitisation trusts established under Commonwealth Bank of Australia's Medallion Trust Programme and the management of other securitisation programmes and a covered bond programme established by Commonwealth Bank of Australia or its customers. The Manager's registered office is Ground Floor, Tower 1, 201 Sussex Street, Sydney, New South Wales, Australia.

The Manager has obtained an Australian Financial Services License under Part 7.6 of the Australian Corporations Act (Australian Financial Services License No. 241216).

### **4.4 The Security Trustee**

The Security Trustee, P.T. Limited is a wholly owned subsidiary of Perpetual Trustee Company Limited. P.T. Limited is a public company established under the laws of Australia. Perpetual Trustee Company Limited has appointed P.T. Limited to act as its authorised representative under its Australian Financial Services License (Authorised Representative Number 266797). The Security Trustee's registered office is Level 12, 123 Pitt Street, Sydney, Australia. The principal activities of P.T. Limited are the provision of trustee and other commercial services. P.T. Limited and its related companies provide a range of services including custodial and administrative arrangements to the funds management, superannuation, property, infrastructure and capital markets.

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## 5 Description of the Series Trust

### 5.1 Commonwealth Bank of Australia Securitisation Trust Programme

Commonwealth Bank of Australia established its Medallion Trust Programme pursuant to the Master Trust Deed for the purpose of enabling Perpetual Trustee Company Limited, as trustee of each trust established pursuant to the Medallion Trust Programme, to invest in pools of assets originated by or purchased from time to time from Commonwealth Bank of Australia, its subsidiaries and/or other persons. The Master Trust Deed provides for the creation of an unlimited number of trusts and may be varied or amended by a Series Supplement in respect of that series trust. The Master Trust Deed establishes the general framework under which trusts may be established from time to time. The Series Trust is established by the Master Trust Deed and the Series Supplement. The Series Trust is separate and distinct from any other trust established under the Master Trust Deed. The Assets of the Series Trust are not available to meet the liabilities of any other trust and the assets of any other trust are not available to meet the liabilities of the Series Trust.

### 5.2 Series Trust

The detailed terms of the Series Trust are set out in the Master Trust Deed and the Series Supplement.

The Series Supplement, which supplements the general framework under the Master Trust Deed with respect to the Series Trust, does the following:

- (a) specifies the details of the Notes;
- (b) establishes the cash flow allocation;
- (c) sets out the mechanism for the acquisition from Commonwealth Bank of Australia of the pool of Mortgage Loans by the Series Trust and contains various representations and warranties by Commonwealth Bank of Australia in relation to the Mortgage Loans;
- (d) contains Commonwealth Bank of Australia's appointment as the initial Servicer of the Mortgage Loans and the various powers, discretions, rights, obligations and protections of Commonwealth Bank of Australia in this role;
- (e) provides for the beneficial ownership of the Series Trust by the Unitholders; and
- (f) specifies a number of ancillary matters associated with the operation of the Series Trust and the Mortgage Loan pool such as the arrangements regarding the operation of the Collections Account, the custody of the title documents in relation to the Mortgage Loans, the fees payable to the Trustee, the Manager and the Servicer, the perfection of the Trustee's title to the Mortgage Loans, the termination of the Series Trust and the limitation on the Trustee's liability.

### 5.3 Transfer of assets between Trusts

The Master Trust Deed provides for the transfer of some or all of the assets of one trust (the “**Disposing Trust**”) to another trust (the “**Acquiring Trust**”) subject to the requirements of the Master Trust Deed and the series supplements for both the Disposing Trust and the Acquiring Trust.

Under the Master Trust Deed, if the Trustee as trustee of a Disposing Trust has received:

- (a) a Transfer Proposal in accordance with the Master Trust Deed;

- (b) the Transfer Amount in respect of that Transfer Proposal; and
- (c) a direction from the Manager to accept that Transfer Proposal,

then, subject to the requirements of the Master Trust Deed and the series supplements for both the Disposing Trust and the Acquiring Trust, the Trustee will hold the Assigned Assets in respect of that Transfer Proposal as trustee of the Acquiring Trust in accordance with the terms of the series supplement in relation to the Acquiring Trust.

To ensure that the Disposing Trust has the benefit of any receipts (other than receipts in the nature of principal), and bears the cost of any outgoings, in respect of the Assigned Assets for the period up to (but excluding) the Assignment Date and the Acquiring Trust has the benefit of such receipts and bears such costs for the period after (and including) that Assignment Date, the Manager will direct the Trustee as trustee of the Acquiring Trust to pay the Adjustment Advance to the Disposing Trust on the Assignment Date.

#### **5.4 Security Trust**

The Security Trustee acts as trustee of the Security Trust for the benefit of Noteholders, and all other Secured Creditors under the terms of the Security Trust Deed. The Security Trustee holds the Charge over the Assets of the Series Trust in favour of the Security Trustee under the Security Trust Deed for the benefit of the Secured Creditors. If an Event of Default occurs under the Security Trust Deed and the Charge is enforced as a result, the Security Trustee, or a receiver appointed by it, will be responsible for realising the Assets of the Series Trust and the Security Trustee will be responsible for distributing the proceeds of realisation to Secured Creditors in the order prescribed under the Security Trust Deed.



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## 6 Description of the assets of the Series Trust

### 6.1 Assets of the Series Trust

The Assets of the Series Trust will include the following:

- (a) the pool of Mortgage Loans, including all:
  - (i) principal payments paid or payable on the Mortgage Loans at any time from and after the Cut-Off Date; and
  - (ii) interest payments and fees payable on the Mortgage Loans before or after the Cut-Off Date (other than the Accrued Interest Adjustment which is to be paid on the first Distribution Date to Commonwealth Bank of Australia as Seller of the Mortgage Loans);
- (b) rights under the applicable Mortgage Insurance Policies issued by Genworth Financial Mortgage Insurance Pty Limited and the individual property insurance policies covering the mortgaged properties relating to the Mortgage Loans;
- (c) rights under the mortgages in relation to the Mortgage Loans;
- (d) rights under the Collateral Securities appearing on the records of Commonwealth Bank of Australia as securing the Mortgage Loans (a “**Collateral Security**” in relation to a Mortgage Loan is any security interest, guaranty, indemnity or other assurance which secures the repayment or payment of that Mortgage Loan and is in addition to the mortgage corresponding to that Mortgage Loan);
- (e) amounts on deposit in the accounts established in connection with the creation of the Series Trust and the issuance of the Notes, including the Collections Account (including the Extraordinary Expense Reserve), and any instruments in which these amounts are invested; and
- (f) the Trustee’s rights under the Transaction Documents.

### 6.2 The Mortgage Loans

The Mortgage Loan pool to be assigned to the Trustee on the Closing Date will be selected from a larger pool of Mortgage Loans originated by Commonwealth Bank of Australia. From that larger pool of Mortgage Loans, the Mortgage Loan pool that has been selected consists of 7,608 Mortgage Loans that have an aggregate principal balance outstanding as of 3 September 2015 of approximately A\$1,999,990,892.

The Mortgage Loans are secured by registered first ranking mortgages on properties located in Australia. The Mortgage Loans are from Commonwealth Bank of Australia’s general residential mortgage product pool and have been originated by Commonwealth Bank of Australia in the ordinary course of its business. Each Mortgage Loan will be one of the types of products described in Section 7.3 (“*Commonwealth Bank of Australia’s Product Types*”). Each Mortgage Loan may have some or all of the features described in Section 7.4 (“*Special Features of the Mortgage Loans*”). The Mortgage Loans are either fixed rate or variable rate loans. The mortgaged properties consist of owner-occupied properties and non-owner occupied properties, but do not include mobile homes which are not permanently affixed to the ground, commercial properties or unimproved land.

### 6.3 Other Features of the Mortgage Loans

The Mortgage Loans have the following features.

- (a) Interest is calculated daily and charged monthly in arrears.
- (b) Payments can be on a monthly, bi-weekly or weekly basis (interest only payments can be made monthly). Payments are made by borrowers using a number of different methods, including cash payments at branches, cheques and in most cases direct debit or automated funds transfer.
- (c) They are governed by the laws of one of the following Australian States or Territories:
  - (i) New South Wales;
  - (ii) Victoria;
  - (iii) Western Australia;
  - (iv) Queensland;
  - (v) South Australia;
  - (vi) Northern Territory;
  - (vii) the Australian Capital Territory; or
  - (viii) Tasmania.

#### **6.4 Transfer and Assignment of the Mortgage Loans**

The Mortgage Loans assigned to the Series Trust on the Closing Date will be specified in a sale notice from the Seller to the Trustee.

The Seller will equitably assign the Mortgage Loans, the mortgages and any collateral securities from time to time appearing in its records as securing those Mortgage Loans, any Mortgage Insurance Policies in relation to the Mortgage Loans and its interest in any insurance policies on the mortgaged properties relating to those Mortgage Loans to the Trustee pursuant to the sale notice. After this assignment, the Trustee will be entitled to the collections, subject to certain exceptions, on the Mortgage Loans the subject of the sale notice.

If the Trustee is actually aware of the occurrence of a Perfection of Title Event which is subsisting then, unless the Manager has issued a Rating Affirmation Notice to the Trustee in relation to such event, the Trustee must declare that a Perfection of Title Event has occurred and the Trustee and the Manager must as soon as practicable take steps to perfect the Trustee's legal title to the Mortgage Loans. These steps will include the lodgement of transfers of the mortgages securing the Mortgage Loans with the appropriate land titles office in each Australian State and Territory. The Trustee will hold at the Closing Date irrevocable powers of attorney from the Seller to enable it to execute such mortgage transfers.

The Seller may in some instances equitably assign to the Trustee a Mortgage Loan secured by an "all moneys" mortgage, which may also secure other financial indebtedness. The Seller will also assign these other loans to the Trustee which will hold these by way of a separate trust for Commonwealth Bank of Australia established under the Series Supplement and known as the "**CBA Trust**". The other loans are not Assets of the Series Trust. The Trustee will hold the proceeds of enforcement of the related mortgage, to the extent they exceed the amount required to repay the Mortgage Loan, as trustee for the CBA Trust, in relation to that other loan. The mortgage will secure the Mortgage Loan equitably assigned to the Series Trust in priority to that other loan.

Because the Seller's standard security documentation may secure all moneys owing by the provider of the security to the Seller, it is possible that a security held by that Seller in relation to other facilities provided by it could also secure a Mortgage Loan, even though in that Seller's records the particular security was not taken for this purpose. Commonwealth Bank of Australia will only assign to the Trustee in its capacity as trustee of the Series Trust those securities that appear in its records as intended to secure the Mortgage Loans. Other securities which by their terms technically secure a Mortgage Loan, but which were not taken for that purpose, will not be assigned for the benefit of the Noteholders.

## **6.5 Representations, Warranties and Eligibility Criteria**

Commonwealth Bank of Australia will make various representations and warranties to the Trustee as of the Cut-Off Date with respect to each Mortgage Loan being equitably assigned to the Trustee, including in respect of the Seller that:

- (a) at the time the Seller entered into the related mortgage, the mortgage complied in all material respects with applicable laws and, as at the Cut-Off Date, the Seller is not aware of any failure by it to comply with the Consumer Credit Legislation (if applicable) in relation to the Mortgage Loan;
- (b) at the time the Seller entered into the Mortgage Loan, it did so in good faith;
- (c) at the time the Seller entered into the Mortgage Loan, the Mortgage Loan was originated in the ordinary course of that Seller's business and since then that Seller has dealt with the Mortgage Loan in accordance with its servicing guidelines;
- (d) at the time the Seller entered into the Mortgage Loan, all necessary steps were taken to ensure that the related mortgage complied with the legal requirements applicable at that time to ensure that the mortgage was a first ranking mortgage, subject to any statutory charges, any prior charges of a body corporate, service company or equivalent, whether registered or not, and any other prior security interests which do not prevent the mortgage from being considered to be a first ranking mortgage in accordance with the servicing standards, secured over land, subject to stamping and registration in due course;
- (e) where there is a second or other mortgage in respect of the land the subject of the related mortgage and the Seller is not the mortgagee of that second or other mortgage, the Seller has ensured whether by a priority agreement or otherwise, that the mortgage ranks ahead in priority to the second or other mortgage on enforcement for at least the principal amount plus accrued but unpaid interest of the Mortgage Loan and such other amount determined in accordance with the servicing guidelines;
- (f) at the time the Mortgage Loan was approved, the Seller had received no notice of the insolvency or bankruptcy of the relevant borrower or any notice that the relevant borrower did not have the legal capacity to enter into the relevant mortgage;
- (g) the Seller is the sole legal and beneficial owner of that Mortgage Loan and the related securities assigned to the Trustee as trustee of the Series Trust and, to its knowledge, no prior ranking security interest exists in relation to its right, title and interest in the Mortgage Loan and related securities;
- (h) each of the relevant mortgage documents, other than any insurance policies in respect of land, which is required to be stamped with stamp duty has been duly stamped;
- (i) other than in respect of priorities granted by statute, the Seller has not received notice from any person that it claims to have a security interest ranking in priority to or

equal with the security interest held by the Seller and constituted by the relevant mortgage;

- (j) except in relation to fixed rate Mortgage Loans or those which can be converted to a fixed rate or a fixed margin relative to a benchmark and applicable laws, binding codes and competent authorities binding on the Seller or as may be otherwise provided in the corresponding mortgage documents, there is no limitation affecting, or consent required from a borrower to effect, a change in the interest rate under the Mortgage Loan;
- (k) the terms of the loan agreement in relation to each Mortgage Loan require payments in respect of the Mortgage Loan to be made to the Seller free of set-off unless prohibited by law;
- (l) the Mortgage Loan satisfies the following eligibility criteria:
  - (i) it is from the Seller's general Mortgage Loan pool;
  - (ii) it is secured by a mortgage over land which has erected on or within it a residential dwelling or unit;
  - (iii) it is regarded as a "prime" loan and not a "low doc" loan;
  - (iv) it is a first-ranking mortgage;
  - (v) it has a loan-to-value ratio based on the outstanding balance of the Mortgage Loan and the most recent valuation of the mortgaged property, at the commencement of business on the Cut-Off Date, less than or equal to 95%;
  - (vi) the principal amount outstanding, assuming all due payments have been made by the borrower, will not exceed A\$1,000,000;
  - (vii) the borrower is required to repay that loan within 30 years of the Cut-Off Date;
  - (viii) no payment from the borrower under the Mortgage Loan is in arrears for more than 30 consecutive days;
  - (ix) it is or has been fully drawn;
  - (x) the borrower under the Mortgage Loan is not an employee of Commonwealth Bank of Australia who is paying a concessional rate of interest under the Mortgage Loan as a result of that employment; and
  - (xi) it was advanced, and is repayable, in Australian dollars.

The Trustee has not investigated or made any inquiries regarding the accuracy of these representations and warranties and has no obligation to do so. The Trustee is entitled to rely entirely upon the representations and warranties being correct, unless an officer of the Trustee involved in the day to day administration of the Series Trust is actually aware of any breach.

## **6.6 Breach of Representations and Warranties**

If the Seller, the Manager or the Trustee becomes actually aware that a material representation or warranty from the Seller relating to any Mortgage Loan or mortgage was incorrect when given, including that a Mortgage Loan not meeting the eligibility criteria has been included in

the Mortgage Loan pool, it must notify the others accompanied by sufficient details to identify the relevant Mortgage Loan and the reason the representation or warranty is incorrect, within 5 Business Days of the Seller, the Manager or the Trustee (as the case may be) becoming so actually aware. Neither the Manager nor the Trustee is under any obligation whatsoever to conduct any investigation in any manner whatsoever to determine whether any representation or warranty was incorrect when given.

If a representation or warranty by the Seller in relation to a Mortgage Loan and the Mortgage Loan Rights is incorrect when given and the Seller or the Manager gives or received notice of this fact not later than 5 Business Days prior to 120 days after the Closing Date, or such longer period as may be agreed between the Trustee, the relevant Seller and the Manager (the “**Prescribed Period**”), and that breach of representation and warranty is not remedied by the Seller (in a manner determined by it) to the satisfaction of the Trustee within 5 Business Days (or such longer period as the Trustee, the Manager and the Seller agree in writing) of the notice being given or received (as the case may be) by the Seller or the Manager, the Seller must pay to the Trustee the principal amount outstanding in respect of that Mortgage Loan and the accrued but unpaid interest in respect of that Mortgage Loan, in each case as at the date that the Seller or the Manager gives or receives notice (as the case may be) and upon such payment the Mortgage Loan Rights relating to that Mortgage Loan will no longer form part of the Assets of the Series Trust and the Trustee’s right, title and interest in relation to the relevant Mortgage Loan and Mortgage Loan Rights will be extinguished in favour of the Seller (if a Perfection of Title Event has not occurred in relation to the relevant Mortgage Loans) or the Trustee will automatically hold its entire interest in the Mortgage Loan Rights relating to that Mortgage Loan for the CBA Trust (if a Perfection of Title Event has occurred in relation to the relevant Mortgage Loans).

During the relevant Prescribed Period, the Trustee’s sole remedy for any of the representations or warranties being incorrect is the right to require the Seller to remedy the breach (in a manner determined by the Seller) and the right to receive the above payment from the Seller if the Seller fails to remedy that breach to the satisfaction of the Trustee within the remedy period specified above. The Seller has no other liability for any loss or damage caused to the Trustee, any Noteholder or any other person, for any of the representations or warranties being incorrect.

If a representation or warranty by the Seller in relation to a Mortgage Loan is discovered to be incorrect after the last day for giving notices in the relevant Prescribed Period, and that breach is not remedied by the Seller (in a manner determined by it) to the satisfaction of the Trustee within 5 Business Days (or such longer period as the Trustee, the Manager and the Seller agree in writing) of notice of the breach being given or received (as applicable) by the Seller, the Seller must indemnify the Trustee against any costs, damages or loss arising from that breach. The amount of such costs, damages or loss so determined or agreed must not exceed the principal amount outstanding together with any accrued but unpaid interest and any outstanding fees, in respect of the Mortgage Loan. The amount of the damages must be agreed between the Trustee and the Seller or, failing this, be determined by the Seller’s external auditors and is to be paid by the Seller to the Trustee within 7 Business Days of agreement or determination (as the case may be).

The above are the only rights that the Trustee has if a representation or warranty given by the Seller in relation to a Mortgage Loan or its Mortgage Loan Rights is discovered to be incorrect. In particular, this discovery will not constitute a Perfection of Title Event except in the circumstances set out in the definition of Perfection of Title Event in Section 17 (“*Glossary*”).

## **6.7 Undertakings by the Seller**

Commonwealth Bank of Australia, as the Seller, undertakes to the Trustee and the Manager that it will:

- (a) following the occurrence of a Perfection of Title Event, upon written request by the Trustee, take such action as may be reasonably necessary to preserve and protect the interest of the Trustee in, and the value of, the Mortgage Loan Rights;
- (b) notify the Trustee, the Servicer and Commonwealth Bank of Australia (if not the Servicer), of any challenge to the sale of any mortgage loan right by a third party and give written notice to the third party, the Trustee and the court in which any claim was filed, of the Trustee's interest in the mortgage loan rights and reimburse the Trustee for its reasonable costs in maintaining its interest in the Mortgage Loan rights;
- (c) take such action as the Servicer reasonably requests to manage, maintain and enforce its Mortgage Loan Rights;
- (d) promptly notify the Trustee if it becomes aware of any competing security interest in relation to any Mortgage Loan Rights;
- (e) ensure that it retains legal ownership of its Mortgage Loan Rights;
- (f) execute such documents as the Trustee will reasonably require to effect the extinguishment of the Trustee's right, title and interest in a Mortgage Loan Right and reimburse the Trustee for the reasonable costs of such extinguishment;
- (g) perform its contractual obligations under the mortgage documents, including any obligation to notify a borrower of any change in interest rates;
- (h) if any right of set-off is exercised by or against the Seller in respect of any mortgage loan, pay to the Trustee, any benefit accruing to it as a result of the exercise of its right of set-off or the amount of set-off exercised against it; and
- (i) not grant any security interest over its interest in any Mortgage Loan Right.

## **6.8 Details of the Mortgage Loan Pool**

The information in Appendix A, attached to, and incorporated by reference into this Information Memorandum, sets forth in tabular format various details relating to the selection Mortgage Loan pool from which the Mortgage Loans proposed to be sold to the Series Trust on the Closing Date will be selected. The information is provided as of 3 September 2015. All amounts have been rounded to the nearest Australian dollar. The sum in any column may not equal the total indicated due to rounding.

Note that these details may not reflect the Mortgage Loan pool as of the Closing Date because the Seller may add additional eligible Mortgage Loans or remove Mortgage Loans.

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## **7 Commonwealth Bank of Australia Residential Loan Program**

Set out below is a summary of Commonwealth Bank of Australia's residential loan program.

### **7.1 Origination Process**

The Mortgage Loans to be assigned to the Series Trust by Commonwealth Bank of Australia comprise a portfolio of variable and fixed rate loans which were originated by Commonwealth Bank of Australia through loan applications from new and existing customers. All Commonwealth Bank of Australia Mortgage Loan applications are sourced from Commonwealth Bank of Australia's branch network, its mobile sales force, retail relationship managers, mortgage innovators, its telephone sales operation including video conferencing, approved mortgage brokers, approved referral sources, business and institutional banking relationship managers and through the internet from Commonwealth Bank of Australia's website at [www.commbank.com.au](http://www.commbank.com.au) or via NetBank.

### **7.2 Approval and Underwriting Process**

When a Mortgage Loan application is received it is processed in accordance with Commonwealth Bank of Australia's approval policies. These policies are monitored and are subject to continuous review by Commonwealth Bank of Australia which, like other lenders in the Australian residential housing loan market, does not divide its borrowers into groups of differing credit quality for the purposes of setting standard interest rates for their residential housing loans. In certain situations discounted interest rates are provided to retain existing borrowers or to attract certain high income individuals. All borrowers must satisfy the appropriate Seller's approval criteria described in this section.

Authorised roles within the Commonwealth Bank of Australia are provided with the authority and accountability to assist customers with the lending application and process. Staff occupying these roles must have necessary skills and knowledge to meet the full financial needs of customers with particular regard to lending products, sales and services, risk management and associated issues. Authorised roles include, but are not limited to, a personal lender, mobile banker, Premier banker, mortgage innovator, Private banker and branch manager. This authority includes verifying income and property valuations and is supported by published policy, processes and system controls as well as monitoring of applications. This authority is for applications accepted by the scorecard only. Applications scored as refer and those that are not auto-decisioned are assessed by an appropriately authorised staff member in a credit risk analyst role.

Credit risk analysts must be assessed prior to a personal credit approval authority delegation being approved. The credit risk analyst's performance and approval authority is constantly monitored and reviewed by Commonwealth Bank of Australia. This ensures that loans are approved by a credit risk analyst with the proper authority level and that the quality of the underwriting process by each individual lending officer is maintained.

Housing loans processed by Commonwealth Bank of Australia are assessed by either an auto-decision credit scorecard system or manually by a credit risk analyst. Applications that are not approved by the scorecard system are referred to a credit risk analyst holding a personal credit approval authority. A loan will be approved or declined by a credit risk analyst holding the appropriate level of delegation and loans which have higher risk characteristics or does not meet Commonwealth Bank of Australia's normal lending criteria are assessed by a credit risk analyst with higher delegation.

The approval process includes verifying the borrower's application details, assessing their ability to repay the Mortgage Loan and determining the valuation of the mortgaged property.

(a) **Verification of application details**

The verification process involves borrowers providing proof of identity, evidence of income and evidence of savings. For an employed applicant, it includes confirming employment and income levels using evidence such as payslips, salary credits to transaction accounts or tax assessments. For a self-employed or company applicant it includes checking annual accounts and tax assessments. Where applicants are refinancing debts from another financial institution, a check of recent statements of the existing loan is made to determine the regularity of debt payments. The credit history of any existing borrowings from Commonwealth Bank of Australia is also checked.

(b) **Assessing ability to repay**

Based upon the application, once verified, an assessment is made of the applicant's ability to repay the Mortgage Loan. This is primarily based on the applicant's net servicing position along with any risk factors identified in verifying the applicant's income, savings or credit history. The credit decision is made using one of the following processes.

(i) *Credit scorecard*

A credit scorecard system automatically and consistently applies Commonwealth Bank of Australia's credit assessment rules without relying on the credit experience of the inputting officer. The credit scorecard returns a decision to approve or refer an application. An application is referred by the system if certain risk factors, such as loan size or a negative net servicing position, are present which require the application to be assessed by an experienced credit risk analyst. The credit score determined by this system is based on historical performance data of Commonwealth Bank of Australia's Mortgage Loan portfolio.

(ii) *Credit approval authorities*

Housing loan applications which are not credit scored and those which are referred by the credit scorecard are assessed by a credit risk analyst. Each credit risk analyst is allocated a personal credit approval authority based on their level of experience and past performance. Loans which have certain risk characteristics, such as loan size or a negative net servicing position, are assessed by more experienced credit risk analysts. Commonwealth Bank of Australia monitors the quality of lending decisions and conducts regular audits of approvals.

In addition to the processes described above, Mortgage Loan applications sourced through Commonwealth Bank of Australia's approved mortgage brokers (as are other loans, such as mortgage insured and new to Commonwealth Bank of Australia) are also subject to a credit history search of the borrower which is provided by Veda Advantage Ltd, formerly known as Baycorp Advantage Ltd.

Borrowers in respect of Mortgage Loans may be natural persons, corporations or trusts. Housing loans to corporations and trusts may be secured, if deemed necessary, by guarantees from directors. Guarantees may also be obtained in other circumstances.



(c) **Valuation of mortgaged property**

For applications which successfully pass the credit decision process, the maximum allowable loan-to-value ratio, being the ratio of the Mortgage Loan amount to the value of the mortgaged property, is calculated and an offer for finance is made conditional upon a satisfactory valuation of the mortgaged property and any other outstanding conditions being satisfied. The amount of the Mortgage Loan that will be approved for a successful applicant is based on an assessment of the applicant's ability to service the proposed Mortgage Loan and the loan-to-value ratio. For the purposes of calculating the loan-to-value ratio, the value of a mortgaged property in relation to Mortgage Loans Trust has been determined at origination by a qualified professional valuer or, subject to certain risk criteria, a validated owner's estimated value or a contract for the purchase of the mortgaged property, or an Automated Valuation Model. The risk criteria includes limits on the loan amount and the value and geographical location of the security property.

The maximum loan-to-value ratio that is permitted for any loan is determined according to Commonwealth Bank of Australia credit policy and is dependent on the size of the proposed loan, the nature and location of the proposed mortgaged property and other relevant factors. Where more than one mortgaged property is offered as security for a Mortgage Loan, the sum of the valuations for each mortgaged property is assessed against the Mortgage Loan amount sought.

The Commonwealth Bank of Australia's formal loan offer with the loan security documentation is printed at the point of sale by the loan originator or sent by one of the Commonwealth Bank of Australia's loan processing centres to borrowers for acceptance and execution. After acceptance and execution, the documentation, together with signed acknowledgement that all nondocumentary conditions of approval have been met, is returned by the business unit to the loan processing centre authorising settlement and funding of the Mortgage Loan to proceed. In certain circumstances, settlement and funding are completed at the business unit level.

One of the conditions of settlement is that the borrower establishes and maintain full replacement general home owner's insurance on the mortgaged property. Some of the Mortgage Loans have home owner's insurance provided by Commonwealth Insurance Limited, a subsidiary of Commonwealth Bank of Australia. However, there is no ongoing monitoring of the level of home owner's insurance maintained by borrowers.

### **7.3 Commonwealth Bank of Australia's Product Types**

Set out below is a summary of Commonwealth Bank of Australia's housing loan product types. The products described below apply to all Home Loans both Owner Occupied and Investment Home Loans.

Commonwealth Bank of Australia offers a wide variety of housing loan product types with various features and options that are further described in this section. Market competition and economics may require that Commonwealth Bank of Australia offer new product types or add features to a housing loan which are not described in this section. However, before doing so, Commonwealth Bank of Australia must satisfy the Manager that the additional features would not affect any mortgage insurance policy covering the Mortgage Loans and would not cause a downgrade or withdrawal of the rating of the Notes if those Mortgage Loans remain in the Series Trust.

(a) **Commonwealth Bank of Australia's Standard Variable Rate and Fixed Rate Home Loan/Investment Home Loan**

These types of loan are Commonwealth Bank of Australia's traditional standard mortgage products which consists of standard variable rate and fixed rate options. The standard variable rate product is not linked to any other variable rates in the market. However, it may fluctuate with market conditions. Borrowers may switch to a fixed interest rate at any time as described below in "Switching Interest Rates." Some of the Mortgage Loans will be subject to fixed rates for differing periods.

In addition, some of these loans have an interest rate which is discounted by a fixed percentage to the standard variable rate or fixed rate. These discounts are offered under various packages including but not limited to Wealth Package/Mortgage Advantage package, members of certain professional groups, other high income individuals and borrowers who meet certain loan size requirements. Rate Lock is available on 1 to 5 year fixed rate periods.

(b) **Commonwealth Bank of Australia's Economiser and Rate Saver Home Loan/Investment Home Loan**

These types of loans have a variable interest rate which is not linked to the standard variable rate product and which may fluctuate independently of this and other standard variable rates in the market. These types of loans were introduced by Commonwealth Bank of Australia to allow borrowers who did not require a full range of product features to reduce their interest rate. The interest rate for the Economiser Home Loan and Rate Saver Home Loan historically has been less than that for the standard variable rate product. Of the features described below, at present only those headed "Redraw and Further Advances", "Interest Only Periods", "Repayment Holiday" and "Early Repayment" are available.

However, any such borrowers availing themselves of the "Interest Only Periods" product feature will currently cease to be eligible for the product feature "Redraws and Further Advances". To take advantage of other features borrowers must, with the agreement of Commonwealth Bank of Australia, switch their Mortgage Loan to a Standard Variable Rate Loan or Fixed Rate Loan product. However, these or other features may in the future be offered to borrowers.

(c) **Commonwealth Bank of Australia No Fee Variable Rate Home Loan**

This type of loan has a variable interest rate which is not linked to the standard variable rate product and which may fluctuate independently of other standard variable rates in the market. This type of loan was introduced by Commonwealth Bank of Australia to provide borrowers with an option for a home loan that did not carry the various fees applicable on other loan types. The interest rate for the No Fee Home Loan historically has been less than that for the standard variable rate product. This product is not available for new loan amounts of less than A\$150,000.

## **7.4 Special Features of the Mortgage Loans**

Each Mortgage Loan may have some or all of the features described in this section. In addition, during the term of any Mortgage Loan, Commonwealth Bank of Australia may agree to change any of the terms of that Mortgage Loan from time to time at the request of the borrower.

(a) **Switching Interest Rates**

Borrowers may elect for a fixed rate, as determined by Commonwealth Bank of Australia to apply to their Mortgage Loan for a period of up to 15 years. These Mortgage Loans convert to the standard variable interest rate at the end of the agreed fixed rate period unless the borrower elects to fix the interest rate for a further period.

Any variable rate Mortgage Loan of the Series Trust converting to a fixed rate product will automatically be matched by an increase in the fixed rate swaps to hedge the fixed rate exposure.

**(b) Substitution of Security**

A borrower may apply to the Servicer to achieve the following:

- (i) substitute a different mortgaged property in place of the existing mortgaged property securing a Mortgage Loan; or
- (ii) release a mortgaged property from a mortgage.

If the Servicer's credit criteria are satisfied and another property is substituted for the existing security for the Mortgage Loan, the mortgage which secures the existing Mortgage Loan may be discharged without the borrower being required to repay the Mortgage Loan. The Servicer must obtain the consent of any relevant mortgage insurer to the substitution of security or a release of a mortgage where this is required by the terms of a Mortgage Insurance Policy.

**(c) Redraws and Further Advances**

Each of the variable rate Mortgage Loans allows the borrower to redraw principal repayments made in excess of scheduled principal repayments during the period in which the relevant Mortgage Loan is charged a variable rate of interest. Borrowers may request a redraw at any time subject to meeting certain credit criteria at that time. The borrower may be required to pay a fee to Commonwealth Bank of Australia in connection with a redraw. Currently, Commonwealth Bank of Australia does not permit redraws on fixed rate Mortgage Loans, interest only Economiser and Rate Saver Home Loans/Investment Home Loans. A redraw will not result in the related Mortgage Loan being removed from the Series Trust.

In addition, Commonwealth Bank of Australia may agree to make a further advance to a borrower under the terms of a Mortgage Loan subject to a credit assessment.

Where a further advance does not result in the previous scheduled principal balance of the Mortgage Loan being exceeded by more than one scheduled monthly instalment, the further advance will not result in the Mortgage Loan being removed from the Series Trust. Where a further advance does result in the previous scheduled principal balance of the Mortgage Loan being exceeded by more than one scheduled monthly instalment, Commonwealth Bank of Australia must pay to the Series Trust the principal balance of the Mortgage Loan and accrued and unpaid interest and fees on the Mortgage Loan. If this occurs the Mortgage Loan will be treated as being repaid and will cease to be an Asset of the Series Trust.

A further advance to a borrower may also be made under the terms of another loan or as a new loan. These loans may share the same security as a Mortgage Loan assigned to the Series Trust but will be subordinated upon the enforcement of that security to the Mortgage Loan.

(d) **Repayment Holiday**

A borrower is allowed a repayment holiday where they have taken a Principal and Interest loan option and the borrower has prepaid enough principal to cover the required monthly repayment amount (RMRA) during the holiday period, creating a difference between the outstanding principal balance of the loan and the scheduled amortised principal balance of the Mortgage Loan. The borrower is not required to make any payments, including payments of interest, until the outstanding principal balance of the Mortgage Loan plus unpaid interest equals the scheduled amortised principal balance and/or a maximum term of 12 months. The failure by the borrower to make payments during a repayment holiday will not cause the related Mortgage Loan to be considered delinquent.

(e) **Early Repayment**

A borrower may incur a fee if an early repayment occurs on either a fixed rate or 1 Year Guaranteed Rate Mortgage Loan. A borrower may also incur break fees if an early repayment or partial prepayment of principal occurs on a fixed rate Mortgage Loan. However, at present fixed rate loans allow for partial prepayment by the borrower of up to A\$10,000 in any 12 month period without any break fees being applicable.

(f) **Combination or “Split” Mortgage Loans**

A borrower may elect to split a Mortgage Loan into separate funding portions which may, among other things, be subject to different types of interest rates. Each part of the Mortgage Loan is effectively a separate loan contract, even though all the separate loans are secured by the same mortgage.

(g) **Interest Offset**

Currently, Commonwealth Bank of Australia offers borrowers two interest offset features on certain Home Loan/Investment Home Loan products known as a mortgage interest saver account (MISA) and Everyday Offset under which the interest accrued on the borrower’s deposit account is offset against interest on the borrower’s Mortgage Loan. Commonwealth Bank of Australia does not actually pay interest to the borrower on the loan offset account, but simply reduces the amount of interest which is payable by the borrower under its Mortgage Loan. The borrower continues to make its scheduled mortgage payment with the result that the portion allocated to principal is increased by the amount of interest offset. Fixed Rate loans receive a partial offset under the MISA arrangement but do not receive any offset with an Everyday Offset arrangement. Commonwealth Bank of Australia will pay to the Series Trust the aggregate of all interest amounts offset in respect of the Mortgage Loans for which it is the Seller. These amounts will constitute Finance Charge Collections for the relevant period.

If, following a Perfection of Title Event, the Trustee obtains legal title to a Mortgage Loan, Commonwealth Bank of Australia will no longer be able to offer an interest offset arrangement for that Mortgage Loan.

(h) **Interest Only Periods**

A borrower may also request to make payments of interest only on his or her Mortgage Loan. If Commonwealth Bank of Australia agrees to such a request it does so conditional upon higher principal repayments or a bulk reduction of principal applying upon expiry of the interest only period so that the Mortgage Loan is repaid within its original term. The interest only period can be extended beyond the initial period providing the total Interest Only period for the life of the loan does not exceed the following terms:

Home Loans (owner occupied) - Maximum 10 years

Investment home loan - Maximum of 15 years

A credit assessment is required for a switch to an interest only period of more than 5 years.

(i) **Special Introductory Rates**

Currently, Commonwealth Bank of Australia may offer borrowers introductory rates for periods of up to three years during which period the rate is either variable or fixed. On the expiry of the introductory offer, these home loans automatically convert to the standard or base variable interest rate.

## **7.5 Additional Features**

Commonwealth Bank of Australia may from time to time offer additional features in relation to a Mortgage Loan which are not described in the preceding section or may cease to offer features that have been previously offered and may add, remove or vary any fees or other conditions applicable to such features.

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## **8 Description of the Notes**

### **8.1 General**

The Trustee will issue the Notes (other than the Class A1-R Notes and the Redraw Notes) on the Closing Date pursuant to a direction from the Manager to the Trustee to issue such Notes and the terms of, *inter alia*, the Master Trust Deed, the Series Supplement and the Dealer Agreement. The Notes will be governed by the laws of New South Wales. The following summary describes the material terms of the Notes. The summary does not purport to be complete and is subject to the terms and conditions of the Notes and to the terms and conditions of the Master Trust Deed and the other Transaction Documents. Noteholders are bound by, and deemed to have notice of, all the provisions of the Transaction Documents. The Trustee may issue Class A1-R Notes and Redraw Notes after the Closing Date in accordance with the Series Supplement in the circumstances described in Sections 8.17 (“*Refinancing of Class A1 Notes with Class A1-R Notes*”) and 8.19 (“*Redraws and Further Advances*”), as applicable.

### **8.2 Form of the Notes**

#### **(a) Security Certificates**

No global definitive certificate or other instrument will be issued to evidence a person’s title to a Note. Instead, each Noteholder is entitled to be issued with a “Security Certificate” under which the Trustee acknowledges that the Noteholder has been entered in the register in respect of the relevant Notes referred to therein. A Security Certificate is not a certificate of title as to the relevant Notes. It cannot, therefore, be pledged or deposited as security nor can the Notes be transferred by delivery of only a Security Certificate to a proposed transferee.

If a Security Certificate becomes worn out or defaced, then upon production of it to the Trustee, a replacement will be issued. If a Security Certificate is lost or destroyed, and upon proof of this to the satisfaction of the Trustee and the provision of such indemnity as the Trustee considers adequate, a replacement Security Certificate will be issued. A fee not exceeding \$10 may be charged by the Trustee for a new Security Certificate.

#### **(b) The Register of Noteholders**

The Trustee will maintain the register at its principal office in Sydney.

The register will include the names and addresses of the Noteholders and a record of each payment made in respect of the Notes.

The register is conclusive evidence of the title of a person recorded in it as the holder of a Note.

The Trustee may from time to time close the register for a period not exceeding 35 Business Days in aggregate in any calendar year (or such greater period as may be permitted by the Corporations Act).

In addition to the above period, the register will be closed by the Trustee at 3.30 pm (Sydney time) on the second Business Day prior to the payment of entitlements to investors (or on such other Business Day as the Trustee notifies the Noteholders) for the purpose of calculating entitlements to interest and principal on the Notes. The register will re-open at the commencement of business on the Business Day immediately following the day on which such calculation is made. On each

Distribution Date, principal and interest payable on the Notes on that Distribution Date will be paid to those Noteholders whose names appear in the register when the register is closed prior to that Distribution Date.

The register may be inspected by a Noteholder during normal business hours in respect of information relating to that Noteholder only. Copies of the register may not be taken.

(c) **Transfer of Notes**

Subject to the following conditions, a Noteholder is entitled to transfer any of its Notes if:

- (i) the offer for sale or invitation to purchase to the proposed transferee by the Noteholder:
  - A. does not require disclosure to investors under Part 6D.2 of the Corporations Act;
  - B. is not made to a Retail Client; and
  - C. complies with any other applicable laws in all jurisdictions in which the offer or invitation is made;
- (ii) unless lodged with Austraclear as explained in Section 8.2(e) (“*Lodgement of the Notes in Austraclear*”), all transfers of Notes must be effected by a Security Transfer. Security Transfers are available from the Trustee’s registry office. Every Security Transfer must be duly completed, duly stamped (if applicable), executed by the transferor and the transferee and lodged for registration with the Trustee accompanied by the Security Certificate to which it relates.

For the purposes of accepting a Security Transfer, the Trustee is entitled to assume that it is genuine and signed by the transferor and transferee with appropriate authority.

The Trustee is authorised to refuse to register any Security Transfer which is not duly executed or which would result in a contravention of or a failure to observe:

- (i) the terms of the Master Trust Deed or the Series Supplement; or
- (ii) a law of the Commonwealth of Australia or of a State or Territory of the Commonwealth of Australia.

The Trustee is not bound to give any reason for refusing to register any Security Transfer and its decision is final, conclusive and binding.

A Security Transfer will be regarded as received by the Trustee on the Business Day that the Security Transfer is actually received by the Trustee at the place at which the register is kept. However, if a Security Transfer is actually received by the Trustee after 3.30 pm on a Business Day at which the register is kept, it will be regarded as having been received by the Trustee on the next Business Day. If a Security Transfer is received by the Trustee during any period when the register is closed for any purpose, or on a non-Business Day, the Security Transfer will be regarded as having been received by the Trustee on the first Business Day thereafter on which the register is open.

The Trustee must register the transferee in the register upon receipt (as set out above). The registration in the register of a Security Transfer will constitute passing of title in the Security to the transferee.

For the purpose of making payments of interest or principal on the Notes the Trustee will refer to the register on the second Business Day before the relevant Distribution Date (thus if a Security Transfer is received on the Business Day before a Distribution Date, payments on the immediately following Distribution Date will be made to the transferor).

Upon registration of a Security Transfer, the Trustee will within 10 Business Days of registration issue a Security Certificate to the transferee in respect of the relevant Notes and, where applicable, issue to the transferor a Security Certificate for the balance of the Notes retained by the transferor.

**(d) Marked Security Transfer**

A Noteholder may request the Trustee to provide a marked Security Transfer in relation to its Notes. Once a Security Transfer has been marked by the Trustee, for a period of 90 days thereafter (or such other period as is determined by the Manager) the Trustee will not register any transfer of the Notes described in the Security Transfer other than that marked Security Transfer.

**(e) Lodgement of the Notes in Austraclear**

It is intended that the Notes (other than the Redraw Notes, if issued) will be lodged in Austraclear after issue. It is also intended that those Notes will be lodged with Austraclear on the basis that they will not be uplifted.

Once the relevant Notes are lodged into the Austraclear system, Austraclear will become the registered holder of those Notes in the register to be maintained by the Trustee. While those Notes remain in the Austraclear system:

- (i) all payments and notices required of the Trustee and the Manager in relation to those Notes will be directed to Austraclear;
- (ii) all dealings and payments in relation to those Notes within the Austraclear system will be governed by the Austraclear Regulations; and
- (iii) interests in the Notes may be held through Euroclear or Clearstream, Luxembourg. In these circumstances, entitlements in respect of holdings of interests in the Notes in Euroclear would be held in the Austraclear System by HSBC Custody Nominees (Australia) Limited as nominee of Euroclear while entitlements in respect of holdings of interests in the Notes in Clearstream, Luxembourg would be held in the Austraclear System by ANZ Nominees Limited as nominee of Clearstream, Luxembourg. The rights of a holder of interests in Notes held through Euroclear or Clearstream, Luxembourg are subject to the respective rules and regulations for accountholders of Euroclear and Clearstream, Luxembourg, the terms and conditions of agreements between Euroclear and Clearstream, Luxembourg and their respective nominees and the rules and regulations of the Austraclear System. In addition, any transfer of interests in the Notes which are held through Euroclear or Clearstream, Luxembourg will, to the extent such transfer will be recorded on the Austraclear System, be subject to the



Corporations Act and the other requirements under Section 8.2(c) (“*Transfer of Notes*”).

(f) **Notices to Noteholders**

Notices, requests and other communications by the Trustee or the Manager to Noteholders may be made by:

- (i) advertisement placed on a Business Day in *The Australian Financial Review* (or other nationally delivered newspaper);
- (ii) mail, postage prepaid, to the address of the Noteholders as shown in the register. Any notice so mailed shall be conclusively presumed to have been duly given, whether or not the Noteholders actually receive the notice;
- (iii) posted on an electronic source approved by the Manager and generally accepted for notices of that type (such as Bloomberg or Reuters); or
- (iv) distributed through the clearing system in which the Notes are held or any stock exchange on which the relevant Notes are listed.

(g) **Joint Noteholders**

Where Notes are held jointly, only the person whose name appears first in the register will be entitled to be:

- (i) issued the relevant Security Certificate and, if applicable, a marked Security Transfer;
- (ii) given any notices; and
- (iii) paid any moneys due in respect of the Notes except that in the case of payment by cheque, the cheque will be payable to the joint Noteholders.

(h) **Method of Payment**

Any amounts payable by the Trustee to a Noteholder will be paid in Australian dollars and, subject to paragraph 8.2(e) (“*Lodgement of the Notes in Austraclear*”) in relation to Notes lodged in Austraclear, will be paid:

- (i) by electronic transfer through Austraclear;
- (ii) by payment to a bank account in Australia of the payee nominated by the payee; or
- (iii) any other manner specified by the Noteholder and agreed to by the Manager and the Trustee.

### **8.3 Payments on the Notes**

Collections in respect of interest and principal will be received during each Collection Period. Collections include the following:

- (a) payments of interest, principal, fees and other amounts under the Mortgage Loans, excluding any insurance premiums and related charges payable to Commonwealth Bank of Australia;

- (b) proceeds from the enforcement of the Mortgage Loans and mortgages and other securities relating to those Mortgage Loans;
- (c) amounts received under the Mortgage Insurance Policy in respect of Mortgage Loans which have the benefit of such Mortgage Insurance Policy;
- (d) amounts received from Commonwealth Bank of Australia for breaches of representations or undertakings; and
- (e) interest on amounts in the Collections Account (including the Extraordinary Expense Reserve), other than certain excluded amounts, and income received on Authorised Short-Term Investments of the Series Trust, other than certain excluded amounts.

The Trustee will make its payments on a monthly basis on each Distribution Date, including payments to Noteholders, from collections received during the preceding Collection Period and from amounts received under Support Facilities on or prior to the relevant Distribution Date and from accrued amounts retained or invested in Authorised Short-Term Investments. Certain amounts received by the Trustee are not available for application to Noteholders on any Distribution Date. These amounts include cash collateral or other posted collateral lodged with the Trustee by a Support Facility Provider (including any Interest Rate Swap Provider Deposit) and interest or other income earned on that cash collateral or other posted collateral.

#### 8.4 Key Dates and Periods

The following are the relevant dates and periods for the allocation of cashflows and their payments.

<b>Accrual Period</b>	<p>In relation to the Notes, means each monthly period commencing on and including a Distribution Date and ending on but excluding the next Distribution Date. However, the first and last Accrual Periods are as follows:</p> <ul style="list-style-type: none"> <li>(a) first: the period from and including the Issue Date of the relevant Notes to but excluding the first Distribution Date; and</li> <li>(b) last: the period from and including the Distribution Date immediately preceding the date upon which the relevant Notes are redeemed to but excluding the earlier of the date upon which the relevant Notes are redeemed or deemed to be redeemed (including upon the distributions following termination of the Series Trust or enforcement of the Charge).</li> </ul>
<b>Collection Period</b>	<p>With respect to each Determination Date, means the period commencing on and including the previous Determination Date and ending on but excluding that Determination Date. However, the first Collection Period is the period from and including the Cut-Off Date to but excluding the first Determination Date.</p>
<b>Determination Date</b>	<p>The first day of each calendar month in which a Distribution Date occurs. The first Determination Date is 1 October 2015.</p>
<b>Distribution Date</b>	<p>The 24th day of each calendar month, or if the 24th day is not a Business Day, the next Business Day. The first Distribution</p>

Date is 26 October 2015 (or if that day is not a Business Day, on the first Business Day thereafter).

### Example Calendar

The following example calendar assumes that all relevant days are Business Days:

Collection Period:	1 October 2015 to 31 October 2015
Determination Date:	1 November 2015
Accrual Period:	24 October 2015 to 23 November 2015
Distribution Date:	24 November 2015
Collection Period:	1 November 2015 to 30 November 2015
Determination Date:	1 December 2015
Accrual Period:	24 November 2015 to 23 December 2015
Distribution Date:	24 December 2015

## 8.5 Determination of the Available Income Amount

Payments of interest, fees and amounts otherwise of an income nature, including payments of interest on the Notes, are made from the Available Income Amount.

The “**Available Income Amount**” for a Determination Date and the following Distribution Date means the aggregate of (without double counting):

- (a) the “**Finance Charge Collections**” for the preceding Collection Period which are the following amounts received by or on behalf of the Trustee during that Collection Period:
  - (i) all amounts received in respect of interest, fees, government charges and other amounts due under or in respect of the Mortgage Loans (including proceeds of liquidation of the Mortgage Loan following enforcement) but not including principal and any insurance premiums and related charges payable to Commonwealth Bank of Australia;
  - (ii) all amounts of interest in respect of the Mortgage Loans to the extent that the obligation to pay is discharged by a right of set-off or right to combine accounts; and
  - (iii) break costs, but only to the extent that these are not paid to the Interest Rate Swap Provider under the relevant swap transaction;
- (b) the “**Mortgage Insurance Income Proceeds**” for that Determination Date. These are amounts received by the Trustee under the Mortgage Insurance Policies which the Manager determines should be accounted for on that Determination Date in respect of a loss of interest, fees, charges and certain property protection and enforcement expenses on a Mortgage Loan which has the benefit of a Mortgage Insurance Policy;

- (c) any Extraordinary Expense Reserve Draw due to be made on that Distribution Date in order to pay or reimburse Extraordinary Expenses incurred during the immediately preceding Collection Period;
- (d) any net amounts receivable by the Trustee under any Interest Rate Swap Agreement on the immediately following Distribution Date (other than, for avoidance of doubt, any Interest Rate Swap Provider Deposit or other collateral posted in accordance with an Interest Rate Swap Agreement and any interest or distributions earned on those funds or other collateral, as applicable);
- (e) any other amounts receivable by the Trustee from a Support Facility Provider under a Support Facility (other than under any Interest Rate Swap Agreement or the Liquidity Facility Agreement) on or prior to the immediately following Distribution Date which the Manager determines should be treated as income;
- (f) **“Other Income Amounts”** which means:
  - (i) certain damages or equivalent, including amounts paid by Commonwealth Bank of Australia in respect of breaches of representations or warranties in relation to the Mortgage Loans, in respect of interest or fees on the Mortgage Loans received from the Servicer or Commonwealth Bank of Australia during the preceding Collection Period;
  - (ii) other damages received by the Trustee during the preceding Collection Period from the Servicer, Commonwealth Bank of Australia or any other person and allocated by the Manager as Other Income Amounts;
  - (iii) amounts received upon a sale of the Mortgage Loans in respect of interest or fees if the Series Trust terminates as described under Section 9.1 (*“Termination of the Series Trust”*);
  - (iv) amounts received upon a sale of the Mortgage Loans by the Trustee on any relevant date falling after the Distribution Date immediately prior to the First Possible Class A1 Refinancing Date (as described in Section 8.18 (*“Sale of the Mortgage Loans to fund optional redemption of the Notes on or after the First Possible Class A1 Refinancing Date”*))) and which relate to accrued interest and fees on the Mortgage Loans;
  - (v) amounts received from the Seller upon a repurchase of the Mortgage Loans by the Seller on any Distribution Date falling on or after the Call Date (as described in Section 8.24 (*“Optional Redemption of the Notes – on or after the Call Date”*))) and which relate to accrued interest on the Mortgage Loans;
  - (vi) interest, if any, on the Collections Account (including the Extraordinary Expense Reserve), and amounts, if any, paid by the Servicer representing interest on collections retained by the Servicer for longer than 5 Business Days after receipt;
  - (vii) income earned on Authorised Short-Term Investments;
  - (viii) certain tax credits received by the Trustee during the preceding Collection Period; and
  - (ix) other receipts in the nature of income, as determined by the Manager, received during the preceding Collection Period,

in each case which have not been previously applied by the Trustee as described in this Section 8 (“*Description of the Notes*”);

- (g) any advance under the Liquidity Facility Agreement due to be made on that Distribution Date in order to meet a Net Income Shortfall or to be applied on that Distribution Date from a Cash Deposit Advance in accordance with the Liquidity Facility Agreement (“**Liquidity Facility Advance**”); and
- (h) any Principal Draws due to be made on that Distribution Date in order to meet a Gross Income Shortfall.

## 8.6 Principal Draw

- (a) If the Manager determines on any Determination Date that there is a Gross Income Shortfall, the Manager must direct the Trustee to apply a portion of the Available Principal Amount, to the extent that funds are available as described in Section 8.12 (“*Payment of the Available Principal Amount on a Distribution Date*”) to cover such Gross Income Shortfall in an amount equal to the lesser of (i) the Gross Income Shortfall; and (ii) the Preliminary Principal Amount.
- (b) Any application of the Available Principal Amount to cover the amount of a Gross Income Shortfall (a “**Principal Draw**”) will be reimbursed out of any Available Income Amount available for this purpose on subsequent Distribution Dates as described in Section 8.9 (“*Payment of the Available Income Amount on a Distribution Date*”).
- (c) A “**Gross Income Shortfall**”, in relation to a Determination Date, is the amount by which the aggregate payments to be made by the Trustee under Section 8.9(a) to 8.9(l) (“*Payment of the Available Income Amount on a Distribution Date*”) (inclusive) from the Available Income Amount on the immediately following Distribution Date (which, in respect of the first Distribution Date only, will also include any Accrued Interest Adjustment payable by the Trustee to the Seller on that Distribution Date) exceed the aggregate of the following:
  - (i) the Finance Charge Collections for the Collection Period ending on that Determination Date;
  - (ii) the Mortgage Insurance Income Proceeds for that Determination Date;
  - (iii) any Extraordinary Expense Reserve Draw to be made on the Distribution Date immediately following that Determination Date;
  - (iv) the net amounts receivable by the Trustee under any Interest Rate Swap Agreement on the immediately following Distribution Date (other than any Interest Rate Swap Provider Deposit or other collateral posted in accordance with an Interest Rate Swap Agreement and any interest or distributions earned on those funds or other collateral, as applicable);
  - (v) any other amounts receivable by the Trustee from a Support Facility Provider under any Support Facility (other than any Interest Rate Swap Agreement or the Liquidity Facility Agreement) which the Manager determines should be accounted for as income; and
  - (vi) any Other Income Amounts in respect of the Collection Period ending on that Determination Date.

## 8.7 Liquidity Facility Advance

- (a) If the Manager determines on any Determination Date (other than during a Cash Deposit Period) that there is a Net Income Shortfall, the Manager must direct the Trustee to make a drawing under the Liquidity Facility Agreement in an amount equal to the lesser of the amount of the Net Income Shortfall and the unutilised portion of the Liquidity Facility Limit, if any.
- (b) A “**Net Income Shortfall**” in relation to a Determination Date is the amount by which any Principal Draw to be made on the immediately following Distribution Date is insufficient to meet the Gross Income Shortfall.
- (c) If the Manager determines that the Liquidity Facility Provider does not have the Designated Credit Rating, the Manager must prepare and forward to the Trustee a drawdown notice for an amount equal to the Cash Deposit Advance in accordance with the Liquidity Facility Agreement.

## 8.8 Extraordinary Expense Reserve

- (a) The Seller agrees to lend to the Trustee an amount equal to the Extraordinary Expense Reserve Required Amount on the Closing Date. The Trustee, at the direction of the Manager, agrees to deposit the Extraordinary Expense Reserve Required Amount received from the Seller into the Collections Account as a sub-ledger known as the “Extraordinary Expense Reserve”. Further amounts may be deposited into the Extraordinary Expense Reserve from the Available Income Amount on each Distribution Date to the extent required under Section 8.9 (“*Payment of the Available Income Amount on a Distribution Date*”).
- (b) If, on any Determination Date, the Manager determines that there are any Extraordinary Expenses in respect of the immediately preceding Collection Period then the Manager must direct the Trustee to (and on such direction the Trustee must) withdraw an amount equal to the lesser of:
  - (i) the amount of such Extraordinary Expenses on that day; and
  - (ii) the balance of the Extraordinary Expense Reserve on that day,from the Extraordinary Expense Reserve on the following Distribution Date (“**Extraordinary Expense Reserve Draw**”) and apply such amount towards payment or reimbursement of those Extraordinary Expenses in accordance with Section 8.9 (“*Payment of the Available Income Amount on a Distribution Date*”).
- (c) Each Extraordinary Expense Reserve Draw made on any Distribution Date in accordance with paragraph (b) is to be repaid on subsequent Distribution Dates, but only to the extent that there are funds available for this purpose in accordance with Section 8.9 (“*Payment of the Available Income Amount on a Distribution Date*”).
- (d) Amounts will only be released from the Extraordinary Expense Reserve:
  - (i) on a Distribution Date for the purposes of making Extraordinary Expense Reserve Draws as described in paragraph (b) above;
  - (ii) on the Distribution Date on which all Notes are to be redeemed in full, by releasing any amounts standing to the balance of the Extraordinary Expense Reserve after any Extraordinary Expense Reserve Draw has been made in

accordance with paragraph (b), from the Extraordinary Expense Reserve and repaying those amounts to the Seller; and

- (iii) if an Event of Default is subsisting, to apply the balance of the Extraordinary Expense Reserve as described in Section 10.6(k) (“*Priorities under the Security Trust Deed*”).

## **8.9 Payment of the Available Income Amount on a Distribution Date**

Subject to the following, on each Distribution Date prior to the enforcement of the Charge, the Available Income Amount for that Distribution Date is allocated in the following order of priority:

- (a) first, at the Manager’s discretion, in or towards payment of A\$1 to the Income Unitholder to be dealt with, and held by, the Income Unitholder absolutely;
- (b) next, in payment of any taxes in relation to the Series Trust including government charges paid by the Servicer for the Trustee;
- (c) next, in payment to the Trustee of the Trustee’s fee due on that Distribution Date;
- (d) next, in payment to the Security Trustee of the Security Trustee’s fee due on that Distribution Date;
- (e) next, in payment to the Manager of the Manager’s fee due on that Distribution Date;
- (f) next, in payment to the Servicer of the Servicer’s fee due on that Distribution Date;
- (g) next, in payment to the Liquidity Facility Provider of the Liquidity Facility Commitment Fee payable under the Liquidity Facility Agreement;
- (h) next, in payment *pari passu* and rateably towards:
  - (i) any net amounts payable to the Interest Rate Swap Provider under an Interest Rate Swap Agreement due on that Distribution Date other than any Subordinated Termination Payment; and
  - (ii) interest payable under the Liquidity Facility Agreement on that Distribution Date plus any interest under the Liquidity Facility Agreement remaining unpaid from prior Distribution Dates;
- (i) next, in payment of or to make provision for all expenses of the Series Trust in respect of or due in the Accrual Period ending immediately prior to that Distribution Date, other than as detailed above or below;
- (j) next, in repayment of any outstanding Liquidity Facility Advance made on or prior to the previous Distribution Date;
- (k) next, *pari passu* and rateably as follows:
  - (i) if the Distribution Date occurs on or before the Class A1-R Issue Date, to the Class A1 Noteholders, in payment of interest in relation to the Class A1 Notes for that Distribution Date and unpaid interest in relation to the Class A1 Notes from prior Distribution Dates and interest on any unpaid interest;

- (ii) if the Distribution Date occurs after the Class A1-R Issue Date, to the Class A1-R Noteholders, in payment of interest in relation to the Class A1-R Notes for that Distribution Date and unpaid interest in relation to the Class A1-R Notes from prior Distribution Dates and interest on any unpaid interest; and
- (iii) to the Redraw Noteholders, in payment of interest in relation to the Redraw Notes for that Distribution Date and any unpaid interest in relation to the Redraw Notes from prior Distribution Dates and interest on any unpaid interest;
- (l) next, pari passu and rateably, to the Class B Noteholders in payment of interest in relation to the Class B Notes for that Distribution Date and any unpaid interest in relation to the Class B Notes from prior Distribution Dates and interest on any unpaid interest;
- (m) next, to reimburse any unreimbursed Principal Draws for the immediately preceding Distribution Date as an allocation to the Available Principal Amount on that Distribution Date;
- (n) next, to reimburse any unreimbursed Principal Chargeoffs for the immediately preceding Determination Date as an allocation to the Available Principal Amount on that Distribution Date;
- (o) next, to allocate an amount to the Extraordinary Expense Reserve until the balance of the Extraordinary Expense Reserve is equal to the Extraordinary Expense Reserve Required Amount;
- (p) next, in payment to the Liquidity Facility Provider of any other amounts owing under the Liquidity Facility Agreement;
- (q) next, in payment pari passu and rateably of any Subordinated Termination Payments payable to the Interest Rate Swap Provider in accordance with the Interest Rate Swap Agreement;
- (r) next, pari passu and rateably, to the Class C Noteholders in payment of interest in relation to the Class C Notes for that Distribution Date and any unpaid interest in relation to the Class C Notes from prior Distribution Dates and interest on any unpaid interest (unless the Trustee, at the direction of the Manager, is to redeem the Class C Notes on that Distribution Date without paying accrued interest on those Class C Notes);
- (s) next, in payment to the Manager of its monthly arranging fee due on that Distribution Date and any unpaid arranging fee from a prior Distribution Date; and
- (t) next, in payment of the balance of the Available Income Amount to the Income Unitholder.

The Trustee shall only make a payment as above to the extent that any Available Income Amount remains from which to make the payment after amounts with priority to that payment have been paid or provided for in the Collections Account.



## 8.10 Interest on the Notes

### (a) Calculation of interest payable on the Notes

The period that Notes accrue interest is divided into Accrual Periods.

The first Accrual Period in respect of a Note commences on and includes its Issue Date and ends on but excludes the following Distribution Date. Each subsequent Accrual Period commences on and includes a Distribution Date and ends on but excludes the following Distribution Date.

The final Accrual Period for the Notes ends on, but excludes, the earlier of:

- (i) the date upon which the Invested Amount of the relevant Notes is reduced to zero and all accrued interest in respect of the relevant Notes is paid in full;
- (ii) the Distribution Date on which the final distributions upon termination of the Series Trust are to be made, as described in Section 9.1 (*“Termination of the Series Trust”*); and
- (iii) the date upon which the relevant Notes are otherwise redeemed or are deemed to be redeemed (including following enforcement of the Charge).

Up to, but excluding, the First Possible Class A1 Refinancing Date, the interest rate for the Class A1 Notes for each Accrual Period will be equal to the Bank Bill Rate for that Accrual Period plus 0.90%. If the Trustee does not redeem all of the Class A1 Notes on the First Possible Class A1 Refinancing Date (by the issue of Class A1-R Notes, as described in Section 8.17 (*“Refinancing of Class A1 Notes with Class A1-R Notes”*)) or as part of the redemption of all Notes following a sale of the Mortgage Loans as described in 8.18 (*“Sale of the Mortgage Loans to fund optional redemption of the Notes on or after the First Possible Class A1 Refinancing Date”*)), then the interest rate for the Class A1 Notes for each Accrual Period commencing on or after that date will be equal to the Bank Bill Rate for that Accrual Period plus 1.15% (such margin, the **“Class A1 Stepped-Up Margin”**).

For each Accrual Period:

- (i) (after the Class A1-R Issue Date) the interest rate for the Class A1-R Notes (if any) will be equal to the Bank Bill Rate for that Accrual Period plus the Class A1-R Margin. The margin for the Class A1-R Notes will not increase after the Call Date or at any other time;
- (ii) the interest rate for the Class B Notes for each Accrual Period will be equal to the Bank Bill Rate for that Accrual Period plus the initial undisclosed margin. The margin for the Class B Notes will not increase after the First Possible Class A1 Refinancing Date, the Call Date or at any other time; and
- (iii) the interest rate for the Class C Notes for each Accrual Period will be equal to the Bank Bill Rate for that Accrual Period plus the initial undisclosed margin. The margin for the Class C Notes will not increase after the First Possible Class A1 Refinancing Date, the Call Date or at any other time.

If Redraw Notes are issued the interest rate applicable to them will be equal to the Bank Bill Rate plus a margin determined at the time of their issue. Different issues of Redraw Notes may have different margins.

With respect to any Distribution Date, interest on a Note will be calculated as the product of:

- (i) the Invested Amount of that Note as at the close of business on the first day of that Accrual Period, after giving effect to any payments of principal made with respect to such Note on such day;
- (ii) the interest rate for such Note for that Accrual Period; and
- (iii) a fraction, the numerator of which is the actual number of days in the Accrual Period and the denominator of which is 365 days.

Interest will accrue on any unpaid interest in relation to a Note at the interest rate that applies from time to time to that Note until that unpaid interest is paid.

(b) **Calculation of Bank Bill Rate**

On the first day of each Accrual Period, the Manager will determine the Bank Bill Rate for that Accrual Period.

## 8.11 Determination of the Available Principal Amount

Payments of principal, including repayment of principal on the Notes, are made from the Available Principal Amount. The Available Principal Amount for a Determination Date and the following Distribution Date means the aggregate of:

- (a) the “**Principal Collections**” for the preceding Collection Period which are all amounts received during the Collection Period in respect of principal on the Mortgage Loans, except as described below, and includes principal to the extent that an obligation to pay principal on a Mortgage Loan is discharged by a right of set-off or right to combine accounts;
- (b) the “**Other Principal Amounts**” which are amounts received in respect of principal on the Mortgage Loans including:
  - (i) all amounts received by the Trustee under a Mortgage Insurance Policy which the Manager determines should be accounted for on the Determination Date in respect of a loss of principal and certain property restoration expenses on a Mortgage Loan;
  - (ii) proceeds of the liquidation of a Mortgage Loan following enforcement, other than amounts included in Finance Charge Collections, received during the preceding Collection Period;
  - (iii) principal prepayments under the Mortgage Loans received during the preceding Collection Period;
  - (iv) certain damages or equivalent, including amounts paid by Commonwealth Bank of Australia in respect of breaches of representations or warranties in relation to the Mortgage Loans, in respect of principal received from the Servicer or Commonwealth Bank of Australia during the preceding Collection Period;
  - (v) other damages received by the Trustee during the preceding Collection Period from the Servicer, the Seller or any other person and allocated by the Manager as Other Principal Amounts;

- (vi) amounts received upon a sale of the Mortgage Loans in respect of principal if the Series Trust terminates as described under Section 9.1 (*“Termination of the Series Trust”*);
- (vii) amounts received upon a sale of the Mortgage Loans by the Trustee on any relevant date falling after the Distribution Date immediately preceding the First Possible Class A1 Refinancing Date (as described in Section 8.18 (*“Sale of the Mortgage Loans to fund optional redemption of the Notes on or after the First Possible Class A1 Refinancing Date”*)) and which relate to principal;
- (viii) in relation to the first Determination Date, the amount, if any, by which subscription proceeds of the Notes exceeds the aggregate of the principal outstanding on the Mortgage Loans as at the Cut-Off Date;
- (ix) any amount rounded down on payments of principal on the previous Distribution Date;
- (x) any amounts received by the Trustee pursuant to the exercise of its option to redeem the Notes on a Distribution Date falling on or after the Call Date which the Manager determines to represent amounts in respect of principal on the Mortgage Loans up to and including the following Distribution Date and which have not previously been applied as Available Principal Amount as described in Section 8.12 (*“Payment of the Available Principal Amount on a Distribution Date”*);
- (xi) in the case of the first Determination Date after the Class A1-R Issue Date, any surplus issuance proceeds of Class A1-R Notes remaining after the redemption in full of the Class A1 Notes; and
- (xii) any other receipts in the nature of principal as determined by the Manager which have been received by the Determination Date,

in each case which have not been previously applied by the Trustee as described in this Section 8 (*“Description of the Notes”*);

- (c) the **“Principal Chargeoff Reimbursement”** which is the amount of the Available Income Amount for the Determination Date available to be applied towards unreimbursed Principal Chargeoffs;
- (d) the **“Principal Draw Reimbursement”** which is the amount of the Available Income Amount for the Determination Date available to be applied towards unreimbursed Principal Draws; and
- (e) the **“Redraw Note Amount”** which is the total subscription proceeds of Redraw Notes issued on the Determination Date or during the Collection Period, but after the immediately preceding Determination Date and which have not already been applied to reimburse Commonwealth Bank of Australia for Seller Advances made during that Collection Period.

The Available Principal Amount available for repayment of (or provision for repayment of) principal to Noteholders will be reduced on any Distribution Date by the amount of any Principal Draw on that Distribution Date allocated to Available Income Amount and the amount of any unreimbursed Seller Advances by Commonwealth Bank of Australia as described in the following section.

## 8.12 Payment of the Available Principal Amount on a Distribution Date

On each Distribution Date prior to the enforcement of the Charge, the Available Principal Amount for that Distribution Date is allocated in the following order of priority:

- (a) first, to be applied as a Principal Draw in relation to the immediately preceding Determination Date and allocated to the Available Income Amount to meet any Gross Income Shortfall;
- (b) next, repayment to Commonwealth Bank of Australia of any redraws and further advances under the Mortgage Loans, other than further advances which cause the related Mortgage Loan to be removed from the Series Trust (“**Seller Advance**”), made during or prior to the Collection Period then ended and which are then outstanding;
- (c) next, pari passu and rateably amongst the Redraw Notes in order of their issue, until their Invested Amounts are reduced to zero;
- (d) next, to be applied as follows:
  - (i) to the Class A Noteholders, an amount of the Available Principal Amount equal to the Class A Principal Allocation to be applied as follows:
    - A. if the relevant Distribution Date occurs on or prior to the Class A1-R Issue Date, in or towards repayment of principal in respect of the Class A1 Notes, pari passu and rateably amongst the Class A1 Notes until the Invested Amount of the Class A1 Notes is reduced to zero; and
    - B. if the relevant Distribution Date occurs after the Class A1-R Issue Date, in or towards repayment of principal in respect of the Class A1-R Notes, pari passu and rateably amongst the Class A1-R Notes until the Invested Amount of the Class A1-R Notes is reduced to zero; and
  - (ii) to the Class B Noteholders, an amount of the Available Principal Amount equal to the Class B Principal Allocation, in or towards repayment of principal in respect of the Class B Notes, pari passu and rateably amongst the Class B Notes until the Invested Amount of the Class B Notes is reduced to zero;
- (e) next, to the Class B Noteholders in or towards repayment of principal in respect of the Class B Notes, pari passu and rateably amongst the Class B Notes until the Invested Amount of the Class B Notes is reduced to zero;
- (f) next, to the Class C Noteholders in or towards repayment of principal in respect of the Class C Notes, pari passu and rateably amongst the Class C Notes until the Invested Amount of the Class C Notes is reduced to zero; and
- (g) next, the balance (if any) is to be paid to the Capital Unitholder.

The Trustee shall only make a payment as above to the extent that any Available Principal Amount remains from which to make the payment after amounts with priority to that payment have been paid.

### 8.13 Step-Down Conditions

The Step-Down Conditions will be satisfied on any Determination Date if each of the following conditions are satisfied:

- (a) the Determination Date is at least two years after the Closing Date;
- (b) the aggregate Invested Amount of all Notes as at that Determination Date (expressed as a percentage of the aggregate Invested Amount of all Notes on the Closing Date) is greater than 10%;
- (c) the aggregate Invested Amount of all of the Class B Notes and Class C Notes as at that Determination Date expressed as a percentage of the aggregate Invested Amount of all of Class A Notes the Class B Notes and Class C Notes on that Determination Date is at least twice the percentage provided as at the Closing Date;
- (d) the aggregate Invested Amount of all Class C Notes as at that Determination Date expressed as a percentage of the aggregate Invested Amount of all Class A Notes, Class B Notes and Class C Notes on that Determination Date is at least twice the percentage provided as at the Closing Date;
- (e) the Delinquent Percentage in relation to the immediately preceding Collection Period is less than 4% of all Mortgage Loans then forming part of the Assets of the Series Trust on that Determination Date;
- (f) there are no Principal Chargeoffs which remain unreimbursed on any Note;
- (g) there are no unreimbursed Principal Draws as at that Determination Date; and
- (h) there are no Liquidity Facility Advances or interest in respect of such advances which remain outstanding under the Liquidity Facility Agreement.

### 8.14 Payments from Collections Account

The payments referred to in this Section 8 (“*Description of the Notes*”) are to be made by the Trustee out of the Collections Account.

### 8.15 Receipt of Funds

The Trustee is only taken to be in receipt of funds in relation to the Series Trust to the extent that those funds are cleared. Without limiting any other provision of any Transaction Document, the Trustee will not be taken to be fraudulent, negligent or in wilful default as a result of a failure to make any payments in accordance with a Transaction Document due to it not being in receipt of cleared funds at the time of payment. For the avoidance of doubt, such amounts will continue to be due and payable in accordance with the Transaction Documents.

### 8.16 Optional redemption on or after the First Possible Class A1 Refinancing Date

- (a) On any Distribution Date on or after the First Possible Class A1 Refinancing Date (if there are any Class A1 Notes outstanding on such date):
  - (i) the Trustee may (and must if so directed by the Manager) issue Class A1-R Notes and apply the proceeds to redeem all of the Class A1 Notes, as described in Section 8.17 (“*Refinancing of Class A1 Notes with Class A1-R Notes*”); or
  - (ii) if the Trustee has undertaken, at the direction of the Manager, a sale of all (and not some only) of the Mortgage Loans as described in Section 8.18

*(“Sale of the Mortgage Loans to fund optional redemption of the Notes on or after the First Possible Class A1 Refinancing Date”)*, the Trustee must apply the proceeds of such sale to redeem all of the Notes then outstanding (as described in that Section).

Subject to paragraph (b) below, the Manager has absolute discretion whether to direct the Trustee to take any action pursuant to (i) or (ii) above.

- (b) At any time on or before the Determination Date immediately before the First Possible Class A1 Refinancing Date, the Manager agrees to use its reasonable endeavours to arrange, on behalf of the Trustee, either of the following, as elected by the Manager:
- (i) the marketing of the issuance of Class A1-R Notes in accordance with Section 8.17 (*“Refinancing of Class A1 Notes with Class A1-R Notes”*), with such Class A1-R Notes to have:
    - A. an aggregate Initial Invested Amount equal to the Invested Amount of the Class A1 Notes as at that Determination Date (plus any additional amount necessary for parcels of Class A1-R Notes to be issued); and
    - B. the Issue Date occurring on the First Possible Class A1 Refinancing Date; or
  - (ii) the completion of a sale of all (and not some only) of the Mortgage Loans in accordance with Section 8.18 (*“Sale of the Mortgage Loans to fund optional redemption of the Notes on or after the First Possible Class A1 Refinancing Date”*) by no later than the First Possible Class A1 Refinancing Date.
- (c) If the Manager is unable to arrange for the issuance of Class A1-R Notes on the First Possible Class A1 Refinancing Date in accordance with Section 8.17 (*“Refinancing of Class A1 Notes with Class A1-R Notes”*) or the sale of all the Mortgage Loans in accordance with Section 8.18 (*“Sale of the Mortgage Loans to fund optional redemption of the Notes on or after the First Possible Class A1 Refinancing Date”*) on or before the First Possible Class A1 Refinancing Date, the Manager may (at its discretion) arrange, on behalf of the Trustee, for:
- (i) such issue of Class A1-R Notes on any Subsequent Class A1 Refinancing Date; or
  - (ii) the sale of all of the Mortgage Loans on or before any Subsequent Class A1 Refinancing Date to fund the redemption of all of the Notes on the relevant Subsequent Class A1 Refinancing Date,
- as elected by the Manager.
- (d) If the Call Date has occurred, or is expected to occur on the relevant Distribution Date, the Manager’s obligations and rights described in paragraphs (b) and (c) are subject to any rights the Seller may have under the Transaction Documents to repurchase the Mortgage Loans on the relevant Distribution Date as described in Section 10.11 (*“Clean-Up”*) and the corresponding right of the Trustee to redeem the Notes as described in Section 8.24 (*“Optional Redemption of the Notes – on or after the Call Date”*).

## 8.17 Refinancing of Class A1 Notes with Class A1-R Notes

- (a) The following paragraphs describe the process that is to apply if the Manager has elected to arrange for the marketing and issuance of Class A1-R Notes on the First Possible Class A1 Refinancing Date or on a Subsequent Class A1 Refinancing Date as outlined in Section 8.16 (“*Optional redemption on or after the First Possible Class A1 Refinancing Date*”).
- (b) The Manager may, at its cost, appoint such advisors, arrangers or dealers as it sees fit to assist with the issuance of the Class A1-R Notes. The Manager agrees to issue a Rating Affirmation Notice in respect of the Class A1-R Margin prior to the issuance of the Class A1-R Notes.
- (c) If the Manager is able to arrange for Class A1-R Notes to be issued by the Trustee on the First Possible Class A1 Refinancing Date or the relevant Subsequent Class A1 Refinancing Date (as applicable) (such date being the “**Class A1-R Issue Date**”):
  - (i) with an interest rate which results in a margin over the Bank Bill Rate that is less than the Class A1 Stepped-Up Margin;
  - (ii) with the same credit rating from each Rating Agency as the Class A1 Notes on the Class A1-R Issue Date;
  - (iii) with an aggregate Initial Invested Amount equal to the Invested Amount of the Class A1 Notes on the Determination Date immediately prior to the Class A1-R Issue Date (plus any additional amount necessary for parcels of Class A1-R Notes to be issued); and
  - (iv) in accordance with the public offer test outlined in Section 128F of the Income Tax Assessment Act 1936,

the Manager will direct the Trustee in writing (copied to each Rating Agency) to issue those Class A1-R Notes on the relevant Class A1-R Issue Date.

- (d) The Trustee (at the direction of the Manager) must give the Noteholders of the Class A1 Notes not less than 7 days notice of the proposed redemption of the Class A1 Notes on the relevant Class A1-R Issue Date (unless the relevant Class A1-R Issue Date is the First Possible Class A1 Refinancing Date).
- (e) On the Class A1-R Issue Date, the Trustee agrees to deposit the proceeds of the issuance of the Class A1-R Notes issued on that date into the Collections Account and apply the issuance proceeds of those Class A1-R Notes on the Class A1-R Issue Date towards redeeming the Class A1 Notes, with any surplus amount to be included in the Available Principal Amount for distribution on the next Distribution Date after the Class A1-R Issue Date.
- (f) The Trustee may not issue Class A1-R Notes (and the Manager must not direct the Trustee to issue Class A1-R Notes) unless the issue proceeds of those Class A1-R Notes are sufficient to redeem the Class A1 Notes in full and the conditions in paragraph (c) above are satisfied.

## 8.18 Sale of the Mortgage Loans to fund optional redemption of the Notes on or after the First Possible Class A1 Refinancing Date

- (a) The following paragraphs describe the process that is to apply if the Manager has elected to arrange for a sale of all of the Mortgage Loans on any day after the

Distribution Date immediately prior to the First Possible Class A1 Refinancing Date for the purpose of redeeming Notes, as outlined in Section 8.16 (“*Optional redemption on or after the First Possible Class A1 Refinancing Date*”).

- (b) The Manager may, on behalf of the Trustee, arrange for the relevant Mortgage Loan sale to occur on any day after the Distribution Date immediately prior to the First Possible Class A1 Refinancing Date, provided there are Class A1 Notes outstanding on that day. Any such sale may be by any means determined by the Manager, including transfer to another trust (which may be a trust under the Medallion Trusts Programme) and may be to one or more purchasers or transferees (provided each such person satisfies the requirements set out in paragraphs (c)(i), (ii) and (v) below). Except as described in paragraph (c) below, the Manager may negotiate the terms of the sale with prospective purchasers or transferees on behalf of the Trustee and such terms may be as the Manager determines. The Manager may, at its cost, appoint such advisors as it sees fit to advise or assist in relation to the sale.
- (c) The Manager must not direct the Trustee to sell or transfer its right, title and interest in and to any Mortgage Loans and related Mortgage Loan Rights in connection with a sale pursuant to this Section 8.18 unless:
  - (i) the purchaser or transferee is not the Seller or a related body corporate of the Seller;
  - (ii) the Manager has received no notice of any Insolvency Event in respect of the purchaser or transferee;
  - (iii) the proposed sale relates to all (and not some only) of the Mortgage Loans and Mortgage Loan Rights which are Assets of the Series Trust at that time;
  - (iv) the total consideration payable to the Trustee in connection with the Mortgage Loan sale is notified to the Trustee by the Manager and is:
    - A. at least the amount determined by the Manager (acting reasonably) to be the fair market price of the relevant Mortgage Loans at the relevant time; and
    - B. sufficient, together with all other funds available in respect of the Series Trust, to ensure, following payment of the consideration to the Trustee, that the Trustee would be in a position:
      - 1) to redeem the Notes in full in accordance with paragraph (d) below on the proposed sale date (if that date is also a Distribution Date) or on the immediately following Distribution Date (if the sale date is not also a Distribution Date) and to pay all other amounts ranking senior to or pari passu with the Notes on the relevant Distribution Date in accordance with Sections 8.9 (“*Payment of the Available Income Amount on a Distribution Date*”) and 8.12 (“*Payment of the Available Principal Amount on a Distribution Date*”); and
      - 2) unless otherwise agreed between the Trustee and the Manager, to pay or provide for any costs, expenses and Taxes required to be incurred by the Trustee in connection



with the sale (to the extent not paid or provided for under sub-paragraph (A)); and

- (v) the Manager is satisfied that the sale complies in all material respects with all applicable laws.
- (d) The Trustee must, at the direction of the Manager, deposit the proceeds of the sale of the Mortgage Loans into the Collections Account on the sale date and then apply those sale proceeds on the sale date (if the sale date is also a Distribution Date) or on the immediately following Distribution Date (if the sale date is not also a Distribution Date) to redeem all (but not some) of the Notes by repaying the then Invested Amount of all outstanding Notes together with all accrued but unpaid interest for those Notes up to but excluding the relevant Distribution Date. However, the Trustee may redeem the then outstanding Notes of a Class (other than the Class C Notes) at their Stated Amount, instead of at their Invested Amount, together with all accrued but unpaid interest for those Notes up to but excluding the relevant Distribution Date, if approved by an Extraordinary Resolution of the Noteholders of that Class. The Trustee may, at the direction of the Manager and without the need for any Noteholder approval, redeem the then outstanding Class C Notes at their Stated Amount, instead of their Invested Amount, and without payment of any accrued but unpaid interest up to but excluding the relevant Distribution Date.
- (e) The Manager will send notice of the proposed repayment to Noteholders and each Rating Agency in connection with a sale of the Mortgage Loans pursuant to this Section 8.18 not less than 5 Business Days prior to the relevant Distribution Date on which the Notes are to be redeemed and will also give prior notice of the sale of the Mortgage Loans to each Rating Agency.
- (f) For the purposes of the distribution of moneys in accordance with Sections 8.9 (“*Payment of the Available Income Amount on a Distribution Date*”) and 8.12 (“*Payment of the Available Principal Amount on a Distribution Date*”) and the related calculations, the proceeds of any sale undertaken in accordance with this Section 8.18 will be treated as Other Income Amounts or Other Principal Amounts (as applicable) in respect of the relevant Distribution Date on which the Notes are to be redeemed, even if such amounts were in fact received after the end of the preceding Collection Period.

## **8.19 Redraws and Further Advances**

Commonwealth Bank of Australia (as Seller) may make redraws and further advances to borrowers under the Mortgage Loans, provided those Mortgage Loans are not non-performing loans. Commonwealth Bank of Australia is entitled to be reimbursed by the Trustee for redraws and further advances which exceed the scheduled principal balance of the Mortgage Loan by no more than one scheduled monthly instalment on the Mortgage Loan. Where Commonwealth Bank of Australia makes further advances which exceed the scheduled principal balance of a Mortgage Loan by more than one scheduled monthly instalment, then Commonwealth Bank of Australia is required to repurchase the Mortgage Loan from the pool. If Commonwealth Bank of Australia makes a further advance on a Mortgage Loan that is a non-performing loan which does not exceed the scheduled principal balance of the Mortgage Loan by more than one scheduled monthly instalment on the Mortgage Loan, it is not required to repurchase the Mortgage Loan from the pool but must indemnify the Trustee for certain losses that are not recoverable by the Trustee pursuant to a Mortgage Insurance Policy.

If the Commonwealth Bank of Australia as Seller makes a redraw or further advance for which it is entitled to be reimbursed and notifies the Manager of the amount of that redraw or further advance:

- (a) if Commonwealth Bank of Australia is also the Servicer, Commonwealth Bank of Australia may apply an amount from collections held by it before depositing collections into the Collections Account; or
- (b) if Commonwealth Bank of Australia is not the Servicer or if Commonwealth Bank of Australia notifies the Manager that it cannot or chooses not to, apply collections to reimburse itself for redraws and further advances, the Manager must direct the Trustee to pay Commonwealth Bank of Australia that amount from collections held by the Trustee in the Collections Account,

in each case in reimbursement of any such redraw or further advance.

However, collections may be applied as described above if, and only if:

- (c) Commonwealth Bank of Australia or the Trustee, as applicable, has sufficient such collections to be able to make the reimbursement; and
- (d) the Manager confirms to the Trustee that it is satisfied on a reasonable basis that the estimated Principal Collections for the Collection Period in which the day of application falls exceed the aggregate of the amount of that reimbursement, any other reimbursement of redraws and further advances made to Commonwealth Bank of Australia and any Principal Draw anticipated by the Manager to be required on the Determination Date immediately following that Collection Period.

If the Trustee receives a direction from the Manager to apply collections to reimburse Commonwealth Bank of Australia for redraws and further advances as outlined above, the Trustee must pay Commonwealth Bank of Australia the amount so directed and will be entitled to assume that the Manager has complied with the above conditions in giving that direction.

If collections cannot be applied in respect of relevant redraws and further advances because the conditions above are not satisfied, the Manager may prepare and forward to the Trustee a notice directing the Trustee to issue Redraw Notes for a principal amount and on an Issue Date (which must, unless otherwise agreed by the Trustee, be no earlier than 5 Business Days from the date of receipt of the notice by the Trustee) specified in the notice.

The Manager must not direct the Trustee to issue Redraw Notes unless it considers that on the following Distribution Date, taking into account that issue of Redraw Notes and any repayments of principal and Principal Chargeoffs in respect of the Redraw Notes, the aggregate Stated Amount of all Redraw Notes will not exceed A\$50,000,000 or such other amount in respect of which the Manager has provided the Trustee with a Rating Affirmation Notice in relation to each Rating Agency.

Before issuing any Redraw Notes, the Trustee must have received a Rating Affirmation Notice from the Manager in respect of each Rating Agency in relation to the proposed issue of Redraw Notes. The Redraw Notes will be denominated in Australian dollars and issued only in Australia.

The Trustee must apply the issue proceeds of any Redraw Notes towards repaying outstanding redraws and relevant further advances by paying them to Commonwealth Bank directly. Any issue proceeds of Redraw Notes remaining after all outstanding Seller Advances have been repaid in full will be available for distribution in accordance with Section 8.12 (“*Payment of the Available Principal Amount of a Distribution Date*”) on the Distribution Date immediately following the Issue Date of those Redraw Notes.

To the extent that any Seller Advances made by Commonwealth Bank of Australia during a Collection Period remain unreimbursed as at the Distribution Date immediately following the end of that Collection Period, Commonwealth Bank of Australia will be entitled to be reimbursed from the Available Principal Amount in accordance with Section 8.12 (“*Payment of the Available Principal Amount of a Distribution Date*”).

## 8.20 Principal Chargeoffs

In certain circumstances the risk that amounts will be unrecoverable under a Mortgage Loan will be borne by the investors. In these circumstances, the Stated Amount of a Note will be reduced to the extent of amounts which are unrecoverable under a Mortgage Loan. That reduction of the Stated Amount of a Note is referred to as a Principal Chargeoff.

### (a) Application of Principal Chargeoffs

If on a Determination Date the Manager determines that a principal loss should be accounted for in respect of a Mortgage Loan, after taking into account proceeds of enforcement of that Mortgage Loan and its securities, any relevant payments under the Mortgage Insurance Policy or damages from the Servicer or Commonwealth Bank of Australia, that principal loss will be allocated in the following order:

- (i) first, pari passu and rateably amongst the Class C Notes until the Stated Amount of the Class C Notes is reduced to zero;
- (ii) next, pari passu and rateably amongst the Class B Notes until the Stated Amount of the Class B Notes is reduced to zero;
- (iii) next, pari passu and rateably as follows:
  - A. an amount equal to the Class A Chargeoff Percentage amongst the Class A Notes according to their Stated Amounts; and
  - B. an amount equal to the Redraw Note Chargeoff Percentage amongst the Redraw Notes according to their Stated Amounts,

until the Stated Amounts of the Class A Notes and the Redraw Notes (as applicable) are reduced to zero.

To the extent allocated, the principal loss will reduce the Stated Amount of the Notes as from the following Distribution Date, but may be reimbursed as described in the following paragraph.

### (b) Reimbursements of Principal Chargeoffs

Principal Chargeoffs may be reimbursed on a Distribution Date where there is any excess Available Income Amount after payment in accordance with the order of priority set out in paragraphs (a) to (m) of Section 8.9 (“*Payment of the Available Income Amount on a Distribution Date*”). Reimbursement of Principal Chargeoffs will only occur to the extent that there are unreimbursed Principal Chargeoffs and will be allocated in the following order:

- (i) first, pro rata amongst the following according to their unreimbursed Principal Chargeoffs:
  - A. the Class A Notes (pari passu and rateably); and

B. the Redraw Notes (pari passu and rateably),

in reduction of their unreimbursed Principal Chargeoffs until such unreimbursed Principal Chargeoffs are reduced to zero;

- (ii) next, pari passu and rateably amongst the Class B Notes until the unreimbursed Principal Chargeoffs of the Class B Notes are reduced to zero; and
- (iii) next, pari passu and rateably amongst the Class C Notes until the unreimbursed Principal Chargeoffs of the Class C Notes are reduced to zero.

If a Principal Chargeoff is determined by the Manger to arise on a Determination Date and there is insufficient excess Available Income Amount to reimburse that Principal Chargeoff on the immediately following Distribution Date in accordance with this paragraph, the remaining amount of the Principal Chargeoff will be carried forward until reimbursed on a subsequent Distribution Date as described in this paragraph. A reimbursement of a Principal Chargeoff on a Note will increase the Stated Amount of that Note but the actual funds allocated in respect of the reimbursement will be distributed as described in Section 8.12 (“*Payment of the Available Principal Amount on a Distribution Date*”) above.

#### **8.21 Partial Redemption of the Notes on Distribution Dates**

On each Distribution Date until the Stated Amount of the Notes is reduced to zero, the Trustee must apply the Available Principal Amount towards repayment of principal on the Notes in the order of priority described in Section 8.12 (“*Payment of the Available Principal Amount on a Distribution Date*”).

#### **8.22 Withholding or Tax Deductions**

All payments in respect of the Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatever nature unless the Trustee for the Notes is required by applicable law to make such a withholding or deduction. In that event the Trustee must account to the relevant authorities for the amount so required to be withheld or deducted. The Trustee will not be obliged to make any additional payments to holders of the Notes with respect to that withholding or deduction.

#### **8.23 Redemption of the Notes upon an Event of Default**

If an Event of Default occurs under the Security Trust Deed the Security Trustee must, upon becoming aware of the Event of Default and subject to certain conditions, in accordance with an Extraordinary Resolution of Voting Secured Creditors and the provisions of the Security Trust Deed, enforce the security created by the Security Trust Deed. That enforcement can include the sale of some or all of the Mortgage Loans. Any proceeds from the enforcement of the security will be applied in accordance with the order of priority of payments as set out in the Security Trust Deed. That enforcement can include the sale of some or all of the Mortgage Loans. Any proceeds from the enforcement of the security will be applied in accordance with the order or priority of payments as set out in the Security Trust Deed.

#### **8.24 Optional Redemption of the Notes – on or after the Call Date**

In addition to the optional rights of redemption described in Section 8.16 (“*Optional redemption on or after the First Possible Class A1 Refinancing Date*”), the Manager (at its option) may direct the Trustee to (and the Trustee must, when so directed) redeem all (but not some) of the outstanding Notes at their then Invested Amounts, subject to the following,

together with accrued but unpaid interest to, but excluding, the date of redemption, on any Distribution Date occurring on or after the Call Date.

The Trustee may in exercising its option to redeem all of the Notes redeem the then outstanding Notes of a Class at their Stated Amounts instead of at their Invested Amounts, together with accrued but unpaid interest to but excluding the date of redemption. However, for each Class of Notes, other than Class C Notes, redemption at the Stated Amount must be approved by an Extraordinary Resolution of Noteholders of the relevant Class. The Trustee may, in exercising its option to redeem all of the Notes, without the need for any Noteholder approval redeem the then outstanding Class C Notes at their Stated Amounts, instead of their Invested Amounts, and without payment of any accrued but unpaid interest in respect of the Class C Notes (and, for the avoidance of doubt, no Extraordinary Resolution of the Class C Noteholders is required for this purpose). However, the Trustee will not and the Manager will not direct the Trustee to redeem the Notes unless the Trustee is in a position on the relevant Distribution Date to repay the then Invested Amounts or the Stated Amounts, as required, of the Notes together with all accrued but unpaid interest to but excluding the date of redemption and to discharge all its liabilities in respect of amounts which are required under Sections 8.9 (“*Payment of the Available Income Amount on a Distribution Date*”) and 8.12 (“*Payment of the Available Principal Amount on a Distribution Date*”) be paid in priority to or equally with the Notes.

#### **8.25 Final Maturity Date**

Unless previously redeemed, the Trustee must redeem the Notes by paying the Invested Amount, together with all accrued and unpaid interest, in relation to each Note on or by the Distribution Date falling in October 2047.

#### **8.26 Redemption upon Final Payment**

Upon final payment being made in respect of any Notes following termination of the Series Trust or enforcement of the Charge, those Notes will be deemed to be redeemed and discharged in full and any obligation to pay any accrued but unpaid interest, the Stated Amount or the Invested Amount in relation to the Notes will be extinguished in full.

#### **8.27 No Payments of Principal in Excess of Invested Amount**

No amount of principal will be repaid in respect of a Note in excess of its Invested Amount or, in the circumstances described in Sections 8.18 (“*Sale of the Mortgage Loans to fund optional redemption of the Notes on or after the First Possible Class A1 Refinancing Date*”) or 8.24 (“*Optional Redemption of the Notes – on or after the Call Date*”), its Stated Amount.

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## 9 Termination of the Series Trust

### 9.1 Termination of the Series Trust

#### (a) Termination of Series Trust

Following the issue of the Notes, the Series Trust may only terminate prior to the redemption of the Notes if a Potential Termination Event occurs and:

- (i) the Trustee determines that in its reasonable opinion the Potential Termination Event has or will have an Adverse Effect, upon which it must promptly notify the Manager, the Servicer and the Security Trustee;
- (ii) the Servicer, the Trustee and the Manager consult and use their reasonable endeavours, in consultation with the Security Trustee and, if necessary, the Unitholders, to amend or vary the terms of the Series Supplement, any other relevant Transaction Documents and the Notes in such a way so as to cure the Potential Termination Event or its Adverse Effect; and
- (iii) such consultations do not result in the cure of the Potential Termination Event or its Adverse Effect, with the consent of the Servicer, the Trustee, the Manager and the Security Trustee, within 60 days of notice being given by the Trustee as described above.

If this occurs then the Trustee, in consultation with the Manager, must proceed to liquidate the Assets of the Series Trust in accordance with the Series Supplement.

#### (b) Sale of Mortgage Loans Upon Termination

Upon termination of the Series Trust, the Trustee in consultation with the Manager must sell and realise the Assets of the Series Trust within 180 days of the Termination Date. During this period the Trustee is not entitled to sell the Mortgage Loans and their related securities, Mortgage Insurance Policies and other rights (“**Mortgage Loan Rights**”) for less than the aggregate Fair Market Value of the Mortgage Loans. If the Trustee is unable to sell the Mortgage Loan Rights for Fair Market Value and on those terms during the 180 day period, it may then sell them free of the restrictions and may perfect its legal title if necessary to obtain Fair Market Value for the Mortgage Loans. However upon such a sale the Trustee must use reasonable endeavours to include as a condition of the sale that a purchaser will agree to Commonwealth Bank of Australia taking second mortgages in order to retain second ranking security for the other loans secured by the mortgage and to entering into a priority agreement to give Commonwealth Bank of Australia second priority for its second mortgage and to use reasonable endeavours to obtain the consent of the relevant borrowers and security providers to Commonwealth Bank of Australia’s second mortgage.

#### (c) Offer to Seller

On the Termination Date, the Trustee may, at the direction of the Manager, offer to extinguish in favour of the Seller, its entire right, title and interest in the Mortgage Loan Rights then forming part of the Assets of the Series Trust in return for a payment to the Trustee of an amount equal to at least the aggregate Fair Market Value of the Mortgage Loans.

(d) **Acceptance by Seller of Offer**

The Seller may verbally accept any offer to purchase any Mortgage Loan Rights in accordance with this Section 9.1 (“*Termination of the Series Trust*”) within 90 days after the Termination Date and, having accepted the offer, must pay to the Trustee, in immediately available funds, an amount equal to at least the aggregate Fair Market Value of the Mortgage Loans by the expiration of 180 days after the Termination Date. If the Seller accepts such offer, the Trustee must execute whatever documents the Seller reasonably requires to complete the extinguishment of the Trustee’s right, title and interest in the Mortgage Loan Rights then forming part of the Assets of the Series Trust.

(e) **Seller may not accept**

The Seller may not accept an offer to purchase any Mortgage Loan Rights in accordance this Section 9.1 (“*Termination of the Series Trust*”) unless the aggregate principal outstanding on the Mortgage Loans is on the last day of the preceding Collection Period, when expressed as a percentage of the aggregate principal outstanding on those Mortgage Loans at their Closing Date, at or below 10%.

(f) **Trustee must not sell**

The Trustee must not sell any Mortgage Loan Rights unless the Seller has failed to accept the offer referred to in paragraph (c) above within 90 days after the termination date or, having accepted the offer, has failed to pay the required amount by the expiration of 180 days after the termination date.

(g) **Payments**

The Trustee must deposit the proceeds of realisation of the Assets of the Series Trust into the Collections Account and, following the realisation of all the Assets of the Trust, must distribute them on a Distribution Date in accordance with the order of priority described in Section 8.9 (“*Payment of the Available Income Amount on a Distribution Date*”) and Section 8.12 (“*Payment of the Available Principal Amount on a Distribution Date*”). Upon final payment being made, the Notes will be deemed to be redeemed and discharged in full and the obligations of the Trustee with respect to the payment of principal, interest or any other amount on the Notes will be extinguished.

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## 10 Description of the Transaction Documents

The following summary describes the material terms of the Transaction Documents except as already described above. The summary does not purport to be complete and is subject to the provisions of the Transaction Documents. The Transaction Documents are governed by the laws of New South Wales (or the Australian Capital Territory, in the case of the Master Trust Deed).

### 10.1 Collections Account and Authorised Short Term Investments

The Trustee will establish and maintain the Collections Account with an Eligible Depository. The Collections Account will initially be established with Commonwealth Bank of Australia, which is described in Section 4.2 (*"The Seller"*). The Collections Account shall be opened by the Trustee in its name and in its capacity as trustee of the Series Trust. The Collections Account will not be used for any purpose other than for the Series Trust. The account will be an interest bearing account. Further, if the Servicer ceases to have certain minimum ratings, other requirements may apply as described further in Section 11.1(e) (*"Collections"*).

If the financial institution with which the Collections Account is held ceases to be an Eligible Depository the Trustee must establish a new account with an Eligible Depository as a replacement Collections Account.

The Collections Account and all rights to it and the funds standing to its credit from time to time is an asset of the Series Trust. At all times the Collections Account will be under the sole control of the Trustee. The Manager has the discretion to propose to the Trustee, in writing, the manner in which any moneys forming part of the Series Trust may be invested in Authorised Short Term Investments and what purchases, sales, transfers, exchanges, realisations or other dealings with Assets of the Series Trust shall be effected and when and how they should be effected. Provided that they meet certain requirements, the Trustee must give effect to the Manager's proposals. Each investment of moneys required for the payment of liabilities of the Series Trust shall be in Authorised Short Term Investments that will mature on or before the due date for payment of those liabilities.

### 10.2 Modifications of the Master Trust Deed and Series Supplement

The Trustee and the Manager, with respect to the Master Trust Deed, and the Trustee, the Manager, the Seller and the Servicer, with respect to the Series Supplement, may amend, add to or revoke any provision of the Master Trust Deed or the Series Supplement (as applicable), subject to the limitations described below, if the amendment, addition or revocation:

- (a) in the opinion of the Trustee is necessary to correct a manifest error or is of a formal, technical or administrative nature only;
- (b) in the opinion of the Trustee, or of a lawyer instructed by the Trustee, is necessary or expedient to comply with the provisions of any law or regulation or with the requirements of the government of any jurisdiction or any governmental agency;
- (c) in the opinion of the Trustee is required by, a consequence of, consistent with or appropriate or expedient as a consequence of an amendment to any law or regulation or altered requirements of the government of any jurisdiction or any governmental agency, including, an amendment, addition or revocation which in the opinion of the Trustee is appropriate or expedient as a result of an amendment to Australia's tax laws or any ruling by the Australian Commissioner or Deputy Commissioner of Taxation or any governmental announcement or statement, in any case which has or may have the effect of altering the manner or basis of taxation of trusts generally or of trusts similar to any of the Medallion Trust Programme trusts;



- (d) in the case of the Master Trust Deed, relates only to a Medallion Trust Programme trust not yet constituted;
- (e) in the opinion of the Trustee, will enable the provisions of the Master Trust Deed or the Series Supplement to be more conveniently, advantageously, profitably or economically administered; or
- (f) in the opinion of the Trustee is otherwise desirable for any reason.

Any amendment, addition or revocation referred to in the last two of the above paragraphs which in the opinion of the Trustee is likely to be prejudicial to the interests of:

- (i) a Class of Unitholders, may only be effected if those Unitholders pass a resolution by a majority of not less than 75% of the votes at a meeting approving the amendment, addition or revocation or all such Unitholders sign a resolution approving the amendment, addition or revocation, subject to the following paragraph;
- (ii) all Unitholders, may only be effected if the Unitholders pass a resolution by a majority of not less than 75% of the votes at a meeting approving the amendment, addition or revocation or all Unitholders sign a resolution approving the amendment, addition or revocation. A separate resolution will not be required in relation to any Class of Unitholders;
- (iii) a Class of Noteholders, may only be effected if those Noteholders pass a resolution by a majority of not less than 75% of the votes at a meeting approving the amendment, addition or revocation or all such Noteholders sign a resolution approving the amendment, addition or revocation, subject to the following paragraph; or
- (iv) all Noteholders, may only be effected if the Noteholders pass a resolution by a majority of not less than 75% of the votes at a meeting approving the amendment, addition or revocation or all Noteholders sign a resolution approving the amendment, addition or revocation. A separate resolution will not be required in relation to any Class of Noteholders.

The Manager must advise the Rating Agencies in respect of each Medallion Trust Programme trust affected by the amendment, addition or revocation no less than 10 Business Days prior to any amendment, addition or revocation of the Master Trust Deed or the Series Supplement and must provide the Trustee with a Rating Affirmation Notice in relation to the proposed amendment, addition or revocation. The Trustee may not amend, add to or revoke any provision of the Master Trust Deed or the Series Supplement if the consent of a party is required under a Transaction Document unless a Rating Affirmation Notice has been provided to the Trustee.

### **10.3 The Trustee**

#### **(a) General Duties of Trustee**

The Trustee is appointed as trustee of the Series Trust on the terms set out in the Master Trust Deed and the Series Supplement.

Subject to the provisions of the Master Trust Deed, the Trustee has all the powers in respect of the Assets of the Series Trust which it could exercise if it were the absolute and beneficial owner of the Assets. The Trustee agrees to act in the interests of the Unitholders and the Noteholders. If there is a conflict between the interests of the

Unitholders on the one hand and the Noteholders on the other hand, the Trustee must act in the interests of the Noteholders.

The Trustee must act honestly and in good faith in performance of its duties and in exercising its discretions under the Master Trust Deed, use its best endeavours to carry on and conduct its business in so far as it relates to the Master Trust Deed and the Series Supplement in a proper and efficient manner and exercise such diligence and prudence as a prudent person of business would exercise in performing its express functions and in exercising its discretions under the Master Trust Deed, having regard to the interests of Noteholders and the Unitholders.

The terms of the Master Trust Deed and Series Supplement provide, amongst other things, that:

- (i) the obligations of the Trustee to the Noteholders expressed in the Master Trust Deed or the Series Supplement are contractual obligations only and do not create any relationship of trustee or fiduciary between the Trustee and the Noteholders;
- (ii) the Trustee has no duty, and is under no obligation, to investigate whether a Manager Default, a Servicer Default or a Perfection of Title Event has occurred in relation to the Series Trust other than where it has actual notice;
- (iii) unless actually aware to the contrary, the Trustee is entitled to rely conclusively on, and is not required to investigate the accuracy of any calculation by the Seller, the Servicer or the Manager under the Series Supplement, the amount or allocation of collections or the contents of any certificate provided to the Trustee by the Servicer or Manager under the Series Supplement;
- (iv) the Trustee may obtain and act on the advice of experts, whether instructed by the Trustee or the Manager, which are necessary, usual or desirable for the purpose of enabling the Trustee to be fully and properly advised and informed and will not be liable for acting in good faith on such advice; and
- (v) the Trustee will only be considered to have knowledge or awareness of, or notice of, a thing or grounds to believe anything by virtue of the officers of the Trustee (or a related body corporate of the Trustee) who have day-to-day responsibility for the administration or management of the Trustee's (or a related body corporate of the Trustee's) obligations in relation to the Series Trust, having actual knowledge, actual awareness or actual notice of that thing, or grounds to believe that thing.

(b) **Annual Compliance Statement**

The Trustee in its capacity as trustee will not publish annual reports and accounts.

(c) **Delegation**

In exercising its powers and performing its obligations and duties under the Master Trust Deed, the Trustee may delegate any or all of the powers, discretions and authorities of the Trustee under the Master Trust Deed or otherwise in relation to the Series Trust, to a related body corporate of the Trustee or otherwise in accordance with the Master Trust Deed or Series Supplement. The Trustee at all times remains liable for the acts or omissions of such related company when acting as delegate.

(d) **Trustee Fees and Expenses**

The Trustee is entitled to a fee payable in arrears on each Distribution Date.

The fee payable to the Trustee may be varied as agreed between the Trustee and the Manager provided that each Rating Agency must be given 3 Business Days' prior notice of any variation and the Manager has first provided to the Trustee a Rating Affirmation Notice in respect of each Rating Agency in relation to the proposed variation.

If the Trustee becomes liable to remit to a governmental agency an additional amount of Australian goods and services tax or is otherwise disadvantaged by a change in the Australian goods and services tax legislation in connection with the Series Trust, the Trustee will not be entitled to any reimbursement from the Assets of the Series Trust. However, the fees payable to the Trustee may be adjusted, in accordance with the Series Supplement.

At any time within 12 months after the abolition of or a change in the goods and services tax laws becomes effective, the Trustee or the Manager may, by written notice to the other, require negotiations to commence to adjust the fees payable to the Trustee so that it is not economically advantaged or disadvantaged by the effect of the change in the goods and services tax. Any adjustment to fees will be subject to the Manager providing to the Trustee a Rating Affirmation Notice in respect of each Rating Agency in relation to the proposed adjustment.

The Trustee is entitled to be reimbursed out of the Assets of the Series Trust for costs, charges and expenses which it may incur in respect of and can attribute to the Series Trust including, amongst other costs, disbursements in connection with the Assets of the Series Trust, the auditing of the Series Trust, taxes payable in respect of the Series Trust, legal costs and other amounts in connection with the exercise of any power or discretion or the performance of any obligation in relation to the Series Trust approved by the Manager which approval is not to be unreasonably withheld.

(e) **Removal of the Trustee**

The Trustee is required to retire as Trustee following a Trustee Default. If the Trustee refuses to retire following a Trustee Default the Manager may remove the Trustee immediately, or, if the Trustee Default relates only to a change in ownership or merger without assumption of the Trustee, upon 30 days' notice in writing.

The Manager must, subject to any approval required by law, use reasonable endeavours to appoint a qualified substitute Trustee (in respect of which the Manager has given prior notice to the rating agencies of all the Medallion Trust Programme trusts established under the Master Trust Deed) within 30 days of the retirement or removal of the Trustee.

If after the 30 day period the Manager is unable to appoint a qualified substitute Trustee (in respect of which the Manager has given prior notice to the rating agencies of all the Medallion Trust Programme trusts established under the Master Trust Deed), the Manager must convene a meeting of all debt security holders, including the Noteholders, and all beneficiaries, including the Unitholders, of all the Medallion Trust Programme trusts under the Master Trust Deed at which a substitute Trustee may be appointed by resolution of not less than 75% of the votes at that meeting or by a resolution in writing signed by all debt security holders and beneficiaries. As an alternative to such a meeting, or if no substitute Trustee is approved at such a

meeting, the Manager may direct the Trustee to (and the Trustee must if so directed), or the Trustee may of its own volition, apply to court for the appointment of a replacement trustee in relation to the Series Trust alone or all of the Medallion Trust Programme trusts, as relevant. Until the appointment of a qualified substitute trustee is complete, the Trustee must continue to act as trustee of the Series Trust.

(f) **Voluntary Retirement of the Trustee**

The Trustee may resign on giving to the Manager not less than 3 months' notice in writing, or such lesser period as the Manager and the Trustee may agree, of its intention to do so.

Upon retirement, the Trustee must appoint a qualified substitute Trustee (in respect of which the Manager has given prior notice to the rating agencies of all the Medallion Trust Programme trusts established under the Master Trust Deed). If the Trustee does not propose a substitute Trustee at least one month prior to its proposed retirement, the Manager may appoint a qualified substitute Trustee in respect of which the Manager has given prior notice to each such rating agency.

If the Manager has not within 30 days prior to the date of the Trustee's proposed retirement appointed a qualified substitute Trustee (in respect of which the Manager has given prior notice to the rating agencies of all the Medallion Trust Programme trusts established under the Master Trust Deed), and a qualified substitute trustee has not otherwise been appointed by the Trustee, then the Manager must convene a meeting of all debt security holders, including the Noteholders, and all beneficiaries, including the Unitholders, of all the Medallion Trust Programme trusts under the Master Trust Deed at which a substitute Trustee may be appointed by resolution of not less than 75% of the votes at that meeting or by a resolution in writing signed by all debt security holders and beneficiaries. As an alternative to such a meeting, or if no substitute Trustee is approved at such a meeting, the Manager may direct the Trustee to (and the Trustee must if so directed), or the Trustee may of its own volition, apply to court for the appointment of a replacement trustee in relation to the Series Trust alone or all of the Medallion Trust Programme trusts, as relevant. Until the appointment of a qualified substitute trustee is complete, the Trustee must continue to act as trustee of the Series Trust.

The retiring Trustee must indemnify the Manager and the substitute Trustee in respect of all costs incurred as a result of its removal or retirement.

(g) **Limitation of the Trustee's Liability**

The Trustee acts as trustee and issues the Notes only in its capacity as trustee of the Series Trust and in no other capacity. A liability incurred by the Trustee acting as trustee of the Series Trust under or in connection with the Transaction Documents, except with respect to the following paragraph, is limited to and can be enforced against the Trustee only to the extent to which it can be satisfied out of the Assets of the Series Trust out of which the Trustee is actually indemnified for the liability. Except in the circumstances described in the following paragraph, this limitation of the Trustee's liability applies despite any other provisions of the Transaction Documents and extends to all liabilities and obligations of the Trustee in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to the Notes, the Master Trust Deed, the Series Supplement or any other Transaction Document. Noteholders, and the parties to the Transaction Documents may not sue the Trustee in respect of liabilities incurred by it acting as trustee of the Series Trust in any capacity other than as trustee of the Series Trust and

may not seek to appoint a liquidator or administrator to the Trustee or to appoint a receiver to the Trustee, except in relation to the Assets of the Series Trust and may not prove in any liquidation, administration or arrangements of or affecting the Trustee, except in relation to the Assets of the Series Trust.

The limitation in the previous paragraph will not apply to any obligation or liability of the Trustee to the extent that it is not satisfied because under a Transaction Document or by operation of law there is a reduction in the extent of the Trustee's indemnification out of the Assets of the Series Trust as a result of the Trustee's fraud, negligence or wilful default or the fraud, negligence or wilful default of its officers, employees or agents or any person for whom the Trustee is liable under the terms of the Transaction Documents. For these purposes a wilful default does not include a default which arises as a result of a breach of a Transaction Document by any other person, other than any person for whom the Trustee is liable under the terms of the Transaction Documents, or which is required by law or a proper instruction or direction of a meeting of Secured Creditors of the Series Trust or Noteholders or other debt security holders or beneficiaries of a Medallion Trust Programme trust or of any other person entitled to instruct or direct the Trustee under the Transaction Documents.

In addition, the Manager, the Servicer and other persons are responsible for performing a variety of obligations in relation to the Series Trust. An act or omission of the Trustee will not be considered to be fraudulent, negligent or a wilful default to the extent to which it was caused or contributed to by any failure by any such person to fulfil its obligations relating to the Series Trust or by any other act or omission of such a person.

(h) **Rights of Indemnity of Trustee**

The Trustee is indemnified out of the Assets of the Series Trust for any liability properly incurred by the Trustee in performing or exercising any of its powers or duties. This indemnity is in addition to any indemnity allowed to the Trustee by law, but does not extend to any liabilities arising from the Trustee's fraud, negligence or wilful default.

The Trustee is indemnified out of the Assets of the Series Trust against certain payments it may be liable to make under the Consumer Credit Legislation. Each of the Servicer and the Seller also indemnifies the Trustee in relation to such payments in certain circumstances and the Trustee is required to first call on the indemnity from the Servicer or the Seller (as applicable) before calling on the indemnity from the Assets of the Series Trust.

All costs incurred as a result of the removal or retirement of the Trustee must be borne by the outgoing Trustee.

## **10.4 The Manager**

(a) **Powers**

The Manager's general duty is to manage the Assets of the Series Trust which are not serviced by the Servicer. In addition, the Manager has a number of specific responsibilities including making all necessary determinations to enable the Trustee to make the payments and allocations required on each Distribution Date in accordance with the Series Supplement, directing the Trustee to make those payments and allocations, keeping books of account and preparing the tax returns of the Series Trust and monitoring Support Facilities. The Manager must act honestly and in good

faith in performance of its duties and in exercising its discretions under the Master Trust Deed, use its best endeavours to carry on and conduct its business in so far as it relates to the Master Trust Deed and the other Transaction Documents in a proper and efficient manner and exercise such prudence as a prudent person of business would exercise in performing its express functions and in exercising its discretions under the Master Trust Deed and the other Transaction Documents having regard to the interests of Noteholders and the Unitholders.

(b) **Delegation**

The Manager may, in carrying out and performing its duties and obligations in relation to the Series Trust, appoint any person as attorney or agent of the Manager with such powers as the Manager thinks fit including the power to sub-delegate provided that the Manager may not delegate a material part of its duties and obligations in relation to the Series Trust. The Manager remains liable for the acts or omissions of such attorneys or agents to the extent that the Manager would itself be liable.

(c) **Manager's Fees, Expenses and Indemnification**

The Manager is entitled to a management fee payable in arrears on each Distribution Date.

The management fee payable to the Manager by the Trustee out of the Available Income Amount may be varied as agreed between the Income Unitholder and the Manager provided that each Rating Agency must be given 3 Business Days' prior notice of any variation and the Manager has first provided to the Trustee a Rating Affirmation Notice in respect of each Rating Agency in relation to the proposed variation. The arranging fee payable to the Manager by the Trustee out of the Available Income Amount for the Series Trust is agreed between the Income Unitholder and the Manager prior to the date of the Series Supplement or as may otherwise be agreed by the Income Unitholder and the Manager.

The Manager will be indemnified out of the Assets of the Series Trust for any liability, cost or expense properly incurred by it in its capacity as Manager of the Series Trust.

(d) **Removal or Retirement of the Manager**

If the Trustee becomes aware that a Manager Default has occurred and is subsisting the Trustee must immediately terminate the appointment of the Manager and must appoint a substitute Manager in its place. The Manager indemnifies the Trustee in respect of all costs incurred as a result of its replacement by the Trustee.

The Manager may retire on giving to the Trustee 3 months', or such lesser period as the Manager and the Trustee may agree, notice in writing of its intention to do so. Upon its retirement, the Manager may appoint another corporation approved by the Trustee as Manager in its place. If the Manager does not propose a replacement by the date one month prior to the date of its retirement the Trustee may appoint a replacement Manager as from the date of the Manager's retirement.

Until a substitute Manager is appointed, the Trustee must act as Manager and will be entitled to receive the fee payable to the Manager.

(e) **Limitation of Manager's Liability**

The Manager is not personally liable to indemnify the Trustee or to make any payments to any other person in relation to the Series Trust except where arising from any fraud, negligence, wilful default or breach of duty by it in its capacity as Manager of the Series Trust. A number of limitations on the Manager's liability are set out in full in the Master Trust Deed and the other Transaction Documents. These include the limitation that the Manager will not be liable for any loss, costs, liabilities or expenses:

- (i) arising out of the exercise or non-exercise of its discretions under any Transaction Document or otherwise in relation to the Series Trust;
- (ii) arising out of the exercise or non-exercise of a discretion on the part of the Trustee, the Seller or the Servicer or any act or omission of the Trustee, the Seller or the Servicer; or
- (iii) caused by its failure to check any calculation, information, document, form or list supplied or purported to be supplied to it by the Trustee, the Seller, the Servicer or any other person,

except to the extent that they are caused by the Manager's own fraud, negligence or wilful default.

## **10.5 Limits on Rights of Noteholders**

Apart from the security interest granted under the Security Trust Deed, the Noteholders do not own and have no interest in the Series Trust or any of its Assets. In particular, no Noteholder is entitled to:

- (a) require the transfer to it of any Asset of the Series Trust;
- (b) interfere with or question the exercise or non-exercise of the rights or powers of the Seller, the Servicer, the Manager or the Trustee in their dealings with the Series Trust or any Assets of the Series Trust;
- (c) attend meetings or take part in or consent to any action concerning any property or corporation in which the Trustee has an interest;
- (d) exercise any rights, powers or privileges in respect of any Asset of the Series Trust;
- (e) lodge a caveat or other notice forbidding the registration of any person as transferee or proprietor of or any instrument affecting any Asset of the Series Trust or claiming any estate or interest in any Asset of the Series Trust;
- (f) negotiate or communicate in any way with any borrower or security provider under any Mortgage Loan assigned to the Trustee or with any person providing a Support Facility to the Trustee;
- (g) seek to wind up or terminate the Series Trust;
- (h) seek to remove the Servicer, Manager or Trustee;
- (i) take proceedings against the Trustee, the Manager, the Seller or the Servicer or in respect of the Series Trust or the Assets of the Series Trust. This will not limit the right of Noteholders to compel the Trustee, the Manager and the Security Trustee to comply with their respective obligations under the Master Trust Deed, the Series

Supplement and the Security Trust Deed, in the case of the Trustee and the Manager, and the Security Trust Deed, in the case of the Security Trustee;

- (j) have any recourse to the Trustee or the Manager in their personal capacity, except to the extent of fraud, negligence or wilful default on the part of the Trustee or the Manager respectively; or
- (k) have any recourse whatsoever to the Seller or to the Servicer in respect of a breach by the Seller or the Servicer of their respective obligations and duties under the Series Supplement.

## 10.6 The Security Trust Deed

### (a) General

P.T. Limited of Level 12, 123 Pitt Street, Sydney, Australia, a wholly owned subsidiary of Perpetual Trustee Company Limited, is the Security Trustee. The Trustee has appointed P.T. Limited to act as its authorised representative under its Australian Financial Services Licence (Authorised Representative Number 266797). The Trustee has granted a security interest (“**Charge**”), to be registered in accordance with the PPSA, over all of the Assets of the Series Trust in favour of the Security Trustee. The Charge secures the Secured Moneys owing to the Noteholders, the Servicer, the Seller, the Manager, the Liquidity Facility Provider, the Basis Swap Provider and the Fixed Rate Swap Provider. These secured parties are collectively known as the “**Secured Creditors**”.

### (b) Nature of the Charge

Under the Security Trust Deed, the Trustee grants a security interest over:

- (i) all the Assets of the Series Trust; and
- (ii) the benefit of all covenants, agreements, undertakings, representations, warranties and other choses in action in favour of the Trustee under the Transaction Documents,  
  
(together, the “**Collateral**”) (subject to the Prior Interest (as defined in the Security Trust Deed) relating to the Series Trust) in favour of the Security Trustee for:
  - (iii) due and punctual performance, observance and fulfilment of the Obligations (as defined in the Security Trust Deed); and
  - (iv) payment of Secured Moneys owing to the Secured Creditors of the Series Trust.

The Security Trustee holds the benefit of the Charge and certain covenants of the Trustee on trust for those persons who are Secured Creditors at the time the Security Trustee distributes any of the proceeds of the enforcement of the Charge (see Section 10.6(k) (“*Priorities under the Security Trust Deed*”)).

The character of the Charge and its effect on an Asset differs depending on whether or not that Asset is “personal property” as defined in the PPSA.

To the extent that the Collateral is “personal property” as defined in the PPSA, the Charge takes effect either as:



- (v) a security interest over Circulating Assets: these assets may circulate, changing from time to time, allowing the Trustee to deal with such assets and to give a third party title to those assets free from any encumbrance. The restrictions in relation to Circulating Assets generally allow the Trustee to continue to deal with these assets in the ordinary course of its business in relation to the Series Trust, as specifically permitted under the Transaction Documents in relation to the Series Trust or with the Security Trustee's consent; or
- (vi) a security interest over Restricted Assets. The restrictions in relation to Restricted Assets generally prevent the Trustee from dealing with these assets (including for example, the Trustee will not be allowed to dispose of these assets, or change the nature of the collateral or vary any interest in the collateral) otherwise than as permitted by the Transaction Documents in relation to the Series Trust or with the Security Trustee's consent. Under the Security Trust Deed, a Circulating Asset will become a Restricted Asset (so that the Trustee ceases to have the ability to deal with the asset as described in sub-paragraph (v) above) upon the Security Trustee notifying the Trustee that it may not deal with the asset except with the consent of the Security Trustee or as expressly permitted by the Transaction Documents. The Security Trustee may only give this notice in the circumstances specified in the Security Trust Deed. Further, any Collateral which is not a Restricted Asset will be immediately taken to be a Restricted Asset if the Trustee becomes insolvent or the Trustee deals with any Restricted Asset in a manner prohibited by the Security Trust Deed.

To the extent that the Collateral includes assets to which the PPSA does not apply (“**Non-PPSA Collateral**”), the Charge operates as a fixed charge over Collateral which is a Restricted Asset and a floating charge over Collateral which is a Circulating Asset. On the occurrence of certain events, the floating charge may take effect as a fixed charge. If the Charge operates as a fixed charge over any of the Collateral that is Non-PPSA Collateral, those assets may not be dealt with by the Trustee without the consent of the Security Trustee. In this way, the security is said to “fix” over the specific assets.

Unlike fixed charges, floating charges do not attach to specific assets but instead “float” over a class of Non-PPSA Collateral which may change from time to time, allowing the Trustee to deal with those assets in the ordinary course of its business and as permitted by the Transaction Documents and to give third party title to those assets free from any encumbrance. The Security Trust Deed provides that the Trustee may only deal with the Non-PPSA Collateral subject to the floating charge, subject to the restrictions described above for security interests over Circulating Assets.

(c) **The Security Trustee**

The Security Trustee is appointed to act as trustee on behalf of the Secured Creditors and holds the benefit of the Charge over the Assets of the Series Trust on trust for each Secured Creditor on the terms and conditions of the Security Trust Deed. If, in the Security Trustee's opinion, there is a conflict between the duties owed by the Security Trustee to any Secured Creditor or class of Secured Creditors and the interests of Noteholders as a whole, the Security Trustee must give priority to the interests of the Noteholders.

In addition, the Security Trustee must give priority to the interests of:

- (i) if the Class A Notes or the Redraw Notes remain outstanding, the Class A Noteholders and the Redraw Noteholders;
- (ii) if no Class A Notes and no Redraw Notes remain outstanding but Class B Notes remain outstanding, the Class B Noteholders; and
- (iii) if no Class A Notes, no Redraw Notes and no Class B Notes remain outstanding but Class C Notes remain outstanding, the Class C Noteholders,

if, in the Security Trustee's opinion, there is a conflict between the interests of Class A Noteholders, the Redraw Noteholders, the Class B Noteholders and the Class C Noteholders or other persons entitled to the benefit of the security.

(d) **Duties and Liabilities of the Security Trustee**

The Security Trustee's liability to the Secured Creditors is limited to the amount the Security Trustee is entitled to recover through its right of indemnity from the Assets held on trust by it under the Security Trust Deed. However, this limitation will not apply to the extent that the Security Trustee limits its right of indemnity as a result of its own fraud, negligence or wilful default.

The Security Trust Deed contains a range of other provisions regulating the scope of the Security Trustee's duties and liabilities. These include the following:

- (i) the Security Trustee is not required to monitor whether an Event of Default has occurred or compliance by the Trustee or Manager with the Transaction Documents or their other activities;
- (ii) the Security Trustee is not required to do anything unless its liability is limited in a manner satisfactory to it;
- (iii) the Security Trustee is not responsible for the adequacy or enforceability of any Transaction Documents;
- (iv) except as expressly stated in the Security Trust Deed, the Security Trustee need not give to the Secured Creditors information concerning the Trustee or the Series Trust which comes into the possession of the Security Trustee;
- (v) the Trustee gives wide ranging indemnities to the Security Trustee in relation to its role as Security Trustee; and
- (vi) the Security Trustee may rely on documents and information provided by the Trustee or Manager.

(e) **Events of Default**

Each of the following is an Event of Default under the Security Trust Deed:

- (i) the Trustee retires or is removed, or is required to retire or be removed, as trustee of the Series Trust and is not replaced within 60 days and the Manager fails within a further 20 days to convene a meeting of debt security holders and beneficiaries of the Medallion Trust Programme trusts established under the Master Trust Deed in accordance with the Master Trust Deed;
- (ii) the Security Trustee has actual notice or is notified by the Manager or the Trustee that the Trustee is not entitled for any reason to fully exercise its right

of indemnity against the Assets of the Series Trust to satisfy any liability to a Secured Creditor and the circumstances are not rectified to the reasonable satisfaction of the Security Trustee within 14 days of the Security Trustee requiring this;

- (iii) the Series Trust is not properly constituted or is imperfectly constituted in a manner or to an extent that is regarded by the Security Trustee acting reasonably to be materially prejudicial to the interests of any class of Secured Creditor and is incapable of being, or is not within 30 days of the discovery thereof, remedied;
- (iv) an Insolvency Event occurs in respect of the Trustee in its capacity as trustee of the Series Trust;
- (v) distress or execution is levied or a judgment, order or encumbrance is enforced, or becomes enforceable, over any of the Assets of the Series Trust for an amount exceeding A\$1,000,000, either individually or in aggregate, or can be rendered enforceable by the giving of notice, lapse of time or fulfilment of any condition and such action or event would have an Adverse Effect;
- (vi)
  - A. the Charge is or becomes wholly or partly void, voidable or unenforceable; or
  - B. the Trustee creates or consents to the creation or existence of another Security Interest over the Collateral (other than a Security Interest which is created by a Transaction Document or arises solely because of a transaction in accordance with a Transaction Document) or assigns or otherwise deals in any way with the Security Trust Deed or any interest in it, or allows any interest in it to arise or be varied, in breach of the Security Trust Deed where such breach will have an Adverse Effect;
- (vii)
  - A. all or any part of any Transaction Document is terminated or is illegal or, unenforceable or of no force or effect; or
  - B. any Transaction Document is terminated or becomes void, or any party becomes entitled to terminate, rescind or avoid all or a part of any Transaction Document,

and such action or event would have an Adverse Effect; and

- (viii) any Senior Secured Moneys are not paid within 10 days of when due.

The Security Trustee may, without the consent of the Secured Creditors, determine that any event that would otherwise be an Event of Default under the Security Trust Deed will not be treated as an Event of Default, where this will not in the opinion of the Security Trustee be materially prejudicial to the interests of the Secured Creditors. However, it must not do so in contravention of any prior directions in an Extraordinary Resolution of Voting Secured Creditors. Unless the Security Trustee has made such an election, and providing that the Security Trustee is actually aware of the occurrence of an Event of Default, the Security Trustee must:

- (ix) promptly and, in any event, within 2 Business Days, notify all Secured Creditors and each Rating Agency of the Event of Default and provide such

Secured Creditors and each Rating Agency with full details of the Event of Default; and

- (x) promptly convene a meeting of the Voting Secured Creditors at which it shall seek directions from the Voting Secured Creditors by way of Extraordinary Resolution regarding the action it should take as a result of that Event of Default.

(f) **Meetings of Voting Secured Creditors**

The Security Trust Deed contains provisions for convening meetings of the Voting Secured Creditors to enable the Voting Secured Creditors to direct or consent to the Security Trustee taking or not taking certain actions under the Security Trust Deed, including directing the Security Trustee to enforce the Security Trust Deed. Meetings may also be held of a class or classes of Voting Secured Creditors under the Security Trust Deed.

(g) **Voting Procedures**

Every question submitted to a meeting of Voting Secured Creditors shall be decided in the first instance by a show of hands. If a show of hands results in a tie, the chairman shall both on a show of hands and on a poll have a casting vote. A representative is a person or body corporate appointed as a proxy for a Voting Secured Creditor or a representative of a corporate Voting Secured Creditor under the Corporations Act. On a show of hands, every person holding, or being a representative holding or representing other persons who hold, Secured Moneys shall have one vote. If at any meeting a poll is demanded, every person who is present shall have one vote for every A\$10 of Secured Moneys owing to it.

A resolution of all the Voting Secured Creditors, including an Extraordinary Resolution, may be passed, without any meeting or previous notice being required, by an instrument or Notes in writing which have been signed by all of the Voting Secured Creditors.

(h) **Indemnification**

The Trustee has agreed to indemnify the Security Trustee and each person to whom duties, powers, trusts, authorities or discretions may be delegated by the Security Trustee from and against all losses, costs, liabilities, expenses and damages arising out of or in connection with the execution of their respective duties under the Security Trust Deed, except to the extent that they result from the fraud, negligence or wilful default on the part of such persons.

(i) **Enforcement of the Charge**

Upon a vote at a meeting of Voting Secured Creditors called following an Event of Default under the Security Trust Deed, or by a resolution in writing signed by all Voting Secured Creditors, the Voting Secured Creditors may direct the Security Trustee by Extraordinary Resolution to do any or all of the following:

- (i) declare all Secured Moneys immediately due and payable;
- (ii) appoint a receiver over the Assets of the Series Trust and determine the remuneration to be paid to that receiver;

- (iii) sell and realise the Assets of the Series Trust and otherwise enforce the Charge; or
- (iv) take any other action as the Voting Secured Creditors may specify in the terms of such Extraordinary Resolution.

Any enforcement action taken by the Security Trustee will only relate to the same rights in relation to the Assets of the Series Trust as are held by the Trustee. This means that even after an enforcement, the Security Trustee's interest in the Assets of the Series Trust will remain subject to the rights of Commonwealth Bank of Australia arising under the Master Trust Deed and the Series Supplement.

No Secured Creditor is entitled to enforce the Charge, or appoint a receiver or otherwise exercise any power conferred by any applicable law on charges, otherwise than in accordance with the Security Trust Deed.

(j) **Limitations of Actions by the Security Trustee**

If an Event of Default occurs, the Security Trustee must not declare the Secured Moneys immediately due and payable, appoint a receiver or otherwise enforce the Charge under the Security Trust Deed without being directed to do so by an Extraordinary Resolution of the Voting Secured Creditors in accordance with the Security Trust Deed, unless in the opinion of the Security Trustee the delay required to obtain such directions would be prejudicial to Secured Creditors as a class. The Security Trustee is not obligated to act unless it obtains an indemnity from the Voting Secured Creditors and funds have been deposited on behalf of the Security Trustee to the extent to which it may become liable for the relevant enforcement actions.

If the Security Trustee convenes a meeting of the Voting Secured Creditors, or is required by an Extraordinary Resolution to take any action under the Security Trust Deed, and advises the Voting Secured Creditors before or during the meeting that it will not act in relation to the enforcement of the Security Trust Deed unless it is personally indemnified by the Voting Secured Creditors to its reasonable satisfaction against all actions, proceedings, claims and demands to which it may render itself liable, and all costs, charges, damages and expenses which it may incur in relation to the enforcement of the Security Trust Deed and is put in funds to the extent to which it may become liable, including costs and expenses, and the Voting Secured Creditors refuse to grant the requested indemnity, and put the Security Trustee in funds, then the Security Trustee is not obliged to act in relation to that enforcement under the Security Trust Deed. In those circumstances, the Voting Secured Creditors may exercise such of those powers conferred on them by the Security Trust Deed as they determine by Extraordinary Resolution.

(k) **Priorities under the Security Trust Deed**

The proceeds from the enforcement of the Charge are to be applied in the following order of priority, subject to any statutory or other priority which may be given priority by law as described in the next paragraph:

- (i) first, pari passu and rateably to pay amounts owing or payable under the Security Trust Deed to indemnify the Security Trustee, the Manager, any experts or consultants appointed under the Security Trust Deed and the receiver against all loss and liability incurred by such parties in acting under the Security Trust Deed, except the receiver's remuneration, and in payment of the Prior Interest;

- (ii) next, to pay pari passu and rateably any fees and any liabilities, losses, costs, claims, expenses, actions, damages, demands, charges, stamp duties and other taxes due to the Security Trustee and the receiver's remuneration;
- (iii) next, to pay pari passu and rateably other outgoings and liabilities that the receiver or the Security Trustee have incurred in acting under the Security Trust Deed;
- (iv) next, to pay any security interests over the Assets of the Series Trust of which the Security Trustee is aware having priority to the Charge, other than the Prior Interest, in the order of their priority;
- (v) next, to pay the Seller any unpaid Accrued Interest Adjustment;
- (vi) next, to pay pari passu and rateably:
  - A. the Liquidity Facility Provider all of the Secured Moneys owing to the Liquidity Facility Provider under the Liquidity Facility; and
  - B. the Interest Rate Swap Provider all of the Secured Moneys owing to the Interest Rate Swap Provider under the Interest Rate Swap Agreement other than any Subordinated Termination Payments;
- (vii) next, pari passu and rateably:
  - A. to pay to the Class A Noteholders all of the Secured Moneys owing in relation to the Class A Notes (the Secured Moneys owing in respect of the principal component of the Class A Notes for this purpose will be calculated based on their Stated Amount), to be applied amongst them:
    - (aa) first, towards all interest accrued but unpaid on the Class A Notes at that time (to be distributed pari passu and rateably amongst the Class A Notes); and
    - (ab) next, in reduction of the Stated Amount in respect of the Class A Notes at that time (to be distributed pari passu and rateably amongst the Class A Notes);
  - B. to pay to the Redraw Noteholders all of the Secured Moneys owing in relation to the Redraw Notes (the Secured Moneys owing in respect of the principal component of the Redraw Notes for this purpose will be calculated based on their Stated Amount), to be applied amongst them:
    - (aa) first, towards all interest accrued but unpaid on the Redraw Notes at that time (to be distributed pari passu and rateably amongst the Redraw Notes); and
    - (ab) next, in reduction of the Stated Amount in respect of the Redraw Notes at that time (to be distributed pari passu and rateably amongst the Redraw Notes);
  - C. to pay to the Seller the amount of all then Seller Advances which have not been repaid to the Seller in accordance with the Series Supplement;

- (viii) next, pari passu and rateably:
  - A. to the Class A Noteholders of all unreimbursed Principal Chargeoffs in respect of the Class A Notes constituting the remaining Secured Moneys owing in respect of the Class A Notes (to be distributed pari passu and rateably amongst the Class A Notes); and
  - B. to the Redraw Noteholders of all unreimbursed Principal Chargeoffs in respect of the Redraw Notes constituting the remaining Secured Moneys owing in respect of the Redraw Notes (to be distributed pari passu and rateably amongst the Redraw Notes);
- (ix) next, to the Class B Noteholders of all Secured Moneys owing in relation to the Class B Notes to be applied amongst them:
  - A. first, towards all interest accrued but unpaid on the Class B Notes at that time (to be distributed pari passu and rateably amongst the Class B Notes); and
  - B. next, in reduction of the Invested Amount in respect of the Class B Notes at that time (to be distributed pari passu and rateably amongst the Class B Notes);
- (x) next, in or towards payment pari passu and rateably of any Secured Moneys constituting Subordinated Termination Payments payable by the Trustee to the Interest Rate Swap Provider in accordance with the Interest Rate Swap Agreement;
- (xi) next, in or towards repayment to the Seller of an amount equal to the Extraordinary Expense Reserve Required Amount;
- (xii) next, to the Class C Noteholders of all Secured Moneys owing in relation to the Class C Notes to be applied amongst them:
  - A. first, towards all interest accrued but unpaid on the Class C Notes at that time (to be distributed pari passu and rateably amongst the Class C Notes); and
  - B. next, in reduction of the Invested Amount in respect of the Class C Notes at that time (to be distributed pari passu and rateably amongst the Class C Notes);
- (xiii) next, to pay pari passu and rateably to each Secured Creditor any remaining amounts forming part of the Secured Moneys owing to that Secured Creditor and not satisfied under the preceding paragraphs;
- (xiv) next, to pay subsequent security interests over the Assets of the Series Trust of which the Security Trustee is aware, in the order of their priority; and
- (xv) finally, to pay any surplus to the Trustee to be distributed in accordance with the terms of the Master Trust Deed and the Series Supplement. The surplus will not carry interest as against the Security Trustee.

Upon enforcement of the security created by the Security Trust Deed, the net proceeds may be insufficient to pay all amounts due on redemption to the

Noteholders. Any claims of the Noteholders remaining after realisation of the security and application of the proceeds shall be extinguished.

(l) **Security Trustee's Fees and Expenses**

The Security Trustee is entitled to a fee payable in arrears on each Distribution Date. The fee payable to the Security Trustee by the Trustee out of the Available Income Amount may be varied as agreed between the Trustee, the Manager and the Security Trustee provided that each Rating Agency must be given 3 Business Days' prior notice of any variation and the Manager has first provided to the Trustee a Rating Affirmation Notice in respect of each Rating Agency in relation to the proposed variation.

The Trustee must reimburse the Security Trustee for all costs and expenses of the Security Trustee incurred in performing its duties under the Security Trust Deed. These costs and expenses form part of the expenses of the Series Trust.

(m) **Retirement and Removal of the Security Trustee**

The Security Trustee must retire if:

- (i) an Insolvency Event occurs with respect to it in its personal capacity or in respect of its personal assets (and not in its capacity as trustee of any trust or in respect of any assets it holds as trustee);
- (ii) it ceases to carry on business;
- (iii) the Trustee, where it is a related body corporate, retires or is removed from office and the Manager requires the Security Trustee by notice in writing to retire;
- (iv) the Voting Secured Creditors require it to retire by an Extraordinary Resolution;
- (v) it breaches a material duty and does not remedy the breach with 14 days notice from the Manager or the Trustee; or
- (vi) there is a change in ownership or effective control of the Security Trustee without the consent of the Manager.

If an event of the type referred to in paragraph (i) to paragraph (vi) above occurs and the Security Trustee does not retire immediately after that event, the Manager is entitled to, and must forthwith, remove the Security Trustee from office immediately by notice in writing to the Security Trustee. On the retirement or removal of the Security Trustee as a result of the occurrence of an event of the type referred to in paragraph (i) to paragraph (vi) above, the Manager must issue a Rating Affirmation Notice in relation to each Rating Agency in respect of such retirement or removal.

The Security Trustee may retire on 3 months' notice to the Trustee, the Manager and each Rating Agency or such lesser time as the Manager, the Trustee and the Security Trustee may agree.

If the Security Trustee is removed or retires as described in this Section 10.6(m), the Manager may appoint a replacement Security Trustee which is an authorised trustee corporation under the Corporations Act provided that the Manager issues a Rating



Affirmation Notice in respect of each Rating Agency in relation to such retirement or removal.

If a substitute Security Trustee has not been appointed within 30 days of the Manager receiving notice of the retirement or removal, the Manager must promptly convene a meeting of Voting Secured Creditors at which Voting Secured Creditors, holding or representing between them Voting Entitlements comprising in aggregate a number of votes which is not less than 75% of the aggregate number of votes comprised in the total Voting Entitlements at the time, appoint any person appointed by an Extraordinary Resolution passed at that meeting to act as Security Trustee.

Until the appointment of the substitute Security Trustee is complete, the existing Security Trustee must continue to act as the Security Trustee in accordance with the Transaction Documents. The Security Trustee has agreed to cooperate with the Manager with respect to the finding and appointment of a substitute Security Trustee.

None of Commonwealth Bank of Australia or any of its related bodies corporate may act as the Security Trustee.

(n) **Amendment**

The Trustee, the Manager and the Security Trustee, may alter, add to or revoke any provision of the Security Trust Deed, subject to the limitations described below, if the alteration, addition or revocation:

- (i) in the opinion of the Security Trustee is made to correct a manifest error or ambiguity or is of a formal, technical or administrative nature only;
- (ii) in the opinion of the Security Trustee, or of a lawyer instructed by the Security Trustee, is necessary or expedient to comply with the provisions of any law or regulation or with the requirements of any statutory authority;
- (iii) in the opinion of the Security Trustee is appropriate or expedient as a consequence of an alteration to any law or regulation or altered requirements of the government of any jurisdiction or any governmental agency or any decision of any court including an alteration, addition or revocation which is appropriate or expedient as a result of an alteration to Australia's tax laws or any ruling by the Australian Commissioner or Deputy Commissioner of Taxation or any governmental announcement or statement or any decision of any court, which has or may have the effect of altering the manner or basis of taxation of trusts generally or of trusts similar to the security trust created under the Security Trust Deed; or
- (iv) in the opinion of the Security Trustee is otherwise desirable for any reason.

Any alteration, addition or revocation must be notified to the Rating Agencies 5 Business Days in advance.

(o) **Indemnification**

The Trustee has agreed to indemnify the Security Trustee and each person to whom duties, powers, trusts, authorities or discretions may be delegated by the Security Trustee from and against all losses, costs, liabilities, expenses and damages arising out of or in connection with the execution of their respective duties under the Security

Trust Deed, except to the extent that they result from the fraud, negligence or wilful default on the part of such persons.

## **10.7 Principal Draws**

If there are insufficient income receipts of a Series Trust to be applied on a Distribution Date toward payment of interest on the Notes (other than the Class C Notes) and other expenses of the Series Trust, the Manager may direct the Trustee to allocate some or all of the principal collections on the Mortgage Loans and other principal receipts of the Series Trust towards meeting the shortfall. Such an application is referred to as a Principal Draw. Any Principal Draws will be reimbursed from Available Income Amount on subsequent Distribution Dates so as to be applied as part of the Available Principal Amount including towards repayment of the Notes.

## **10.8 The Liquidity Facility**

Liquidity enhancement may, in addition to Principal Draws, be provided by way of the Liquidity Facility.

### **(a) Advances and Facility Limit**

Under the Liquidity Facility Agreement, the Liquidity Facility Provider agrees to make advances to the Trustee for the purpose of meeting Net Income Shortfalls.

The Liquidity Facility Provider agrees to make advances to the Trustee up to the Liquidity Facility Limit. The Liquidity Facility Limit is equal to the lesser of:

- (i) A\$15,000,000 (equal to 0.75 per cent of the aggregate Invested Amount of the Notes on the Closing Date);
- (ii) if the Amortisation Conditions have ever been satisfied:
  - A. 0.75 per cent of the aggregate Invested Amount of the Notes on the Closing Date; multiplied by
  - B. the Performing Mortgage Loans Amount as at the Review Date prior to the most recent Distribution Date that the Amortisation Conditions were satisfied (following any payments on that date) divided by the Performing Mortgage Loans Amount as at the Closing Date, provided that if this results in a number less than 0.1, the result will be taken to be 0.1;
- (iii) the Performing Mortgage Loans Amount at that time; and
- (iv) the amount (if any) to which the Liquidity Facility Limit is reduced at that time by the Manager or the Trustee in accordance with the Liquidity Facility Agreement (one of the requirements for such a reduction is that the Manager has issued a Rating Affirmation Notice in respect of the proposed reduction in the Liquidity Facility Limit).

### **(b) Utilisation of the Liquidity Facility**

Following the occurrence of a Net Income Shortfall, an amount equal to the lesser of:

- (i) the un-utilised portion of the Liquidity Facility Limit; and
- (ii) the Net Income Shortfall,

may be available to be advanced or applied under the Liquidity Facility on each Distribution Date in or towards extinguishment of that Net Income Shortfall. The amount so claimed or applied is referred to as the “**Applied Liquidity Amount**”.

The necessary documentation for drawdowns or applications to be made under the Liquidity Facility Agreement must be prepared by the Manager and delivered to the Trustee for execution.

(c) **Conditions Precedent to Drawing**

The Liquidity Facility Provider is only obliged to make an advance if, amongst other conditions:

- (i) no Liquidity Event of Default exists or will result from the provision or continuation of the advance;
- (ii) the representations and warranties made or deemed to be made by the Trustee or the Manager in any Transaction Document are true and correct as of the date of the drawdown notice and the drawdown where such breach would have an Adverse Effect; and
- (iii) other than in respect of priorities granted by statute, none of the Liquidity Facility Provider, the Trustee or the Manager has received notice of any security interest ranking in priority to or equal with the security interest held by the Liquidity Facility Provider under the Security Trust Deed.

(d) **Interest and fees under the Liquidity Facility Agreement**

The duration that each Applied Liquidity Amount is outstanding is divided into interest periods. Interest accrues daily on each Applied Liquidity Amount advanced or applied under the Liquidity Facility to meet a Net Income Shortfall at the Bank Bill Rate for that period plus a margin (plus, if outstanding Applied Liquidity Amounts are not repaid in full on a Distribution Date, an overdue rate), calculated on the number of days elapsed and a 365 day year. Interest is payable on each Distribution Date to the extent that funds are available for this purpose in accordance with the Series Supplement.

Unpaid interest will be capitalised and will accrue interest from the date not paid.

A commitment fee accrues daily from the date of the Liquidity Facility Agreement and is calculated with respect to the unutilised portion of the Liquidity Facility Limit based on the number of days elapsed and a 365 day year. The commitment fee is payable monthly in arrears on each Distribution Date to the extent that funds are available for this purpose in accordance with the Series Supplement.

The interest rate and the commitment fee under the Liquidity Facility may be varied by agreement between the Liquidity Facility Provider, the Trustee (at the direction of the Manager) and the Manager provided that each Rating Agency is given not less than 3 Business Days prior notice by the Manager of any variation and the Manager has issued a Rating Affirmation Notice in respect of each Rating Agency in relation to such variation.

(e) **Repayment of Liquidity Advances**

Each Applied Liquidity Amount outstanding on any Distribution Date is repayable on the following Distribution Date but only to the extent there are funds available for this

purpose in accordance with the Series Supplement. Amounts so repaid may be redrawn by the Trustee in accordance with the terms of the Liquidity Facility Agreement.

It is not a Liquidity Event of Default if the Trustee does not have funds available to repay the Applied Liquidity Amounts outstanding under the Liquidity Facility on a Distribution Date. If outstanding Applied Liquidity Amounts are not repaid in full on a Distribution Date, any unpaid amounts will be carried forward (and accrue interest as described above) so that they are payable by the Trustee on each following Distribution Date to the extent that funds are available for this purpose in accordance with the Series Supplement until such amounts are paid in full.

(f) **Downgrade of Liquidity Facility Provider**

If the Liquidity Facility Provider ceases to have:

- (i) in respect of S&P:
  - A. a long term credit rating equal to or higher than BBB+; or
  - B. a long term credit rating equal to or higher than BBB, together with a short term credit rating equal to or higher than A-2; or
  - C. a short term credit rating equal to or higher than A-2 (if the Liquidity Facility Provider does not have any long term rating from S&P); and
- (ii) in respect of Fitch Ratings, a short term credit rating equal to or higher than F1 and a long term credit rating equal to or higher than A,

or such other credit rating or ratings by a Rating Agency as may be notified in writing by the Manager to the Trustee from time to time provided that the Manager has delivered to the Trustee a Rating Affirmation Notice in respect of each Rating Agency, it must deposit into an account in the name of the Trustee with an Eligible Depository (“**Liquidity Facility Reserve Deposit Account**”) an amount equal to the then un-utilised portion of the Liquidity Facility Limit (a “**Cash Deposit Advance**”). Thereafter, if the Manager determines that a Net Income Shortfall has occurred, the amount of such Net Income Shortfall must be satisfied from the Cash Deposit Advance in the Liquidity Facility Reserve Deposit Account (including amounts credited to the Liquidity Facility Reserve Deposit Account in repayment by the Trustee of Applied Liquidity Amounts, which shall form part of the Cash Deposit). On the termination of the Liquidity Facility, or if the Liquidity Facility Provider obtains the ratings referred to above, the un-utilised portion of the Cash Deposit (together with all accrued, but unpaid, interest on that amount) must be repaid to the Liquidity Facility Provider and (except in the case of the termination of the Liquidity Facility) any Net Income Shortfalls occurring thereafter will be satisfied by the Liquidity Facility Provider meeting a direct claim under the Liquidity Facility Agreement.

On each Distribution Date the Trustee, at the direction of the Manager, will pay the Liquidity Facility Provider any interest that has been earned on the Liquidity Facility Reserve Deposit Account or any other account held by the Trustee as trustee of the Series Trust in respect of the Cash Deposit.

The Cash Deposit will not form part of the Assets of the Series Trust, except to the extent it is available to the Trustee under the terms of the Liquidity Facility

Agreement, and will not form part of the Available Income Amount (except to the extent applied as described in paragraph (c) above) or Available Principal Amount for distribution on a Distribution Date or be available to Secured Creditors upon enforcement of the Charge.

(g) **Events of Default under the Liquidity Facility Agreement**

Each of the following is a Liquidity Event of Default (whether or not caused by any reason whatsoever outside the control of the Trustee or any other person):

- (i) the Trustee fails to pay to the Liquidity Facility Provider any amount owing to it under the Liquidity Facility Agreement where funds are available for this purpose in accordance with the order of priority under the Series Supplement and does not pay the amount within 10 days of its due date;
- (ii) the Trustee consents to amend or revoke the provisions of the Transaction Documents in manner which would alter the priority of payments under the Transaction Documents or have certain effects on the rights and obligations of the Liquidity Facility Provider without the prior written consent of the Liquidity Facility Provider; and
- (iii) an Event of Default occurs under the Security Trust Deed and any enforcement action is taken under the Security Trust Deed.

(h) **Consequences of an Event of Default**

At any time after a Liquidity Event of Default the Liquidity Facility Provider may do all or any of the following:

- (i) declare all moneys actually or contingently owing under the Liquidity Facility Agreement immediately due and payable; and
- (ii) terminate the Liquidity Facility.

(i) **Termination**

The Liquidity Facility will terminate, and the Liquidity Facility Provider's obligation to make any advances will cease, on the earlier to occur of:

- (i) 32 years after the date of the Liquidity Facility Agreement;
- (ii) the termination date appointed by the Liquidity Facility Provider if it becomes unlawful or impossible for the Liquidity Facility Provider to maintain or give effect to its obligations under the Liquidity Facility Agreement as a result of a change of law or its interpretation;
- (iii) the date on which the Liquidity Facility Provider declares all amounts due under the Liquidity Facility Agreement (as described in Section 10.8(h) ("*Consequences of an Event of Default*") above) or declares the Liquidity Facility terminated following a Liquidity Event of Default;
- (iv) the date one day after all Notes are redeemed in full;
- (v) the date on which the Liquidity Facility Limit is reduced to zero by agreement between the Liquidity Facility Provider and the Manager and in relation to which the Manager has issued a Rating Affirmation Notice; and

(vi) the Distribution Date declared by the Trustee as the date on which the Liquidity Facility Provider will be replaced by a substitute Liquidity Facility Provider, subject to the repayment by the Trustee of all amounts outstanding under the Liquidity Facility and the Manager issuing a Rating Affirmation Notice in relation to the termination of the Liquidity Facility Provider and the appointment of the proposed substitute Liquidity Facility Provider.

(j) **Increased Costs**

If, by reason of any change in law or its interpretation or administration or because of compliance with any request from any fiscal, monetary or other governmental agency, the Liquidity Facility Provider incurs new or increased costs, obtains reduced payments or returns or becomes liable to make any payment based on the amount of advances outstanding under the Liquidity Facility Agreement, the Trustee must pay the Liquidity Facility Provider an amount sufficient to indemnify it against that cost, increased cost, reduction or liability. However, the Trustee is not required to pay the Liquidity Facility Provider any additional amount to compensate the Liquidity Facility Provider for any withholding or deduction by the Trustee for or on account of FATCA.

## 10.9 Mortgage Insurance

(a) **General**

Certain Mortgage Loans have the benefit of mortgage insurance pursuant to an applicable high LTV master mortgage insurance policy (a “**High LTV Master Policy**”). The relevant Mortgage Loans are generally those which had a loan-to-value ratio of greater than around 80% at the time that they were originated. Some Mortgage Loans which had a loan to value ratio greater than 80% at the time of origination may not be covered by any mortgage insurance policy, but the Seller may charge the borrower a Low Deposit Premium.

Each High LTV Master Policy is entered into between the Seller and Genworth Financial Mortgage Insurance Pty Limited (“**Mortgage Insurer**”) and, together with each individual Mortgage Insurance Policy issued under the relevant High LTV Master Policy, represents a liability of the Mortgage Insurer. The Seller will equitably assign its rights under each applicable Mortgage Insurance Policy to the Trustee on the Closing Date.

Each High LTV Master Policy insures the Seller (and following assignment, the Trustee) against losses in respect of the Mortgage Loans insured under the relevant policy. Each borrower paid a single upfront premium for their respective Mortgage Loan to be insured under a Mortgage Insurance Policy (issued pursuant to a High LTV Master Policy) and no further premium is payable by an originator or the Trustee.

Each High LTV Master Policy contains terms and conditions that, if not complied with, may entitle the Mortgage Insurer to refuse to pay a claim in relation to a Mortgage Loan or to reduce the amount payable in relation to any such claim. Such circumstances include (but are not limited to) failure to pay premium payable under the relevant High LTV Master Policy, failure by the Seller or the Trustee to comply with applicable laws, the making of certain variations to a relevant Mortgage Loan which have not been consented to by the Mortgage Insurer or if the relevant Mortgage Loan is wholly or partly unenforceable (including where the relevant borrower has a right of set-off or a counterclaim in any proceedings taken by or on behalf of the Trustee in relation to the Mortgage Loan). In addition, each High LTV Master Policy

excludes coverage for any loss arising due to certain events, such as physical damage to the property, war or warlike activities, acts of terrorism or terrorist activities and other similar events.

(b) **Loans insured by Genworth Financial Mortgage Insurance Pty Limited**

Genworth Financial Mortgage Insurance Pty Limited ACN 106 974 305 (“**Genworth**”) is a proprietary company registered in Victoria and limited by shares. Genworth's principal activity is the provision of lenders mortgage insurance which it, and predecessor businesses, have provided in Australia since 1965.

Genworth's ultimate Australian parent company is Genworth Mortgage Insurance Australia Limited ACN 154 890 730, which is a public company listed on the Australian Securities Exchange and registered in Victoria. Genworth Financial, Inc. has ultimate control of the majority (approximately 52% as at 15 May 2015) of the fully paid ordinary shares of Genworth Mortgage Insurance Australia Limited.

Genworth Financial, Inc. (NYSE: GNW) (“**Genworth Financial**”) is a leading Fortune 500 insurance holding company. Genworth Financial operates through three divisions: U.S. Life Insurance, which includes life insurance, long term care insurance and fixed annuities; Global Mortgage Insurance, containing U.S. Mortgage Insurance and International Mortgage Insurance segments; and the Corporate and Other division, which includes the International Protection and Runoff segments. Genworth Financial, headquartered in Richmond, Virginia, traces its roots back to 1871 and became a public company in 2004.

The business address of Genworth is Level 26, 101 Miller Street, North Sydney, NSW, 2060, Australia.

## 10.10 The Interest Rate Swaps

(a) **Purpose of the Interest Rate Swaps**

Collections in respect of interest on the variable rate Mortgage Loans will be calculated based on Commonwealth Bank of Australia's administered variable rates.

Collections in respect of interest on the fixed rate Mortgage Loans will be calculated based on the relevant fixed rates.

However, the payment obligations of the Trustee on the Notes are calculated by reference to the relevant Bank Bill Rate.

To hedge these interest rate exposures, the Trustee has entered into a basis swap (“**Basis Swap**”) and a fixed rate swap in respect of mortgages charged a fixed rate (“**Fixed Rate Swap**”) with an Interest Rate Swap Provider.

The Basis Swap will apply in respect of interest received under any Mortgage Loan charged a variable rate of interest as at the Closing Date or which converts from a fixed rate to a variable rate after the Closing Date.

The Fixed Rate Swap will apply in respect of interest received under any Mortgage Loan charged a fixed rate as at the Closing Date or which converts from a variable rate to a fixed rate after the Closing Date.

Each of the Basis Swap and the Fixed Rate Swap is governed by a standard form ISDA Master Agreement, as amended by a supplementary schedule and confirmed by

written confirmations in relation to each swap (the “**Interest Rate Swap Agreement**”). The initial Interest Rate Swap Provider is Commonwealth Bank of Australia, Ground Floor, Darling Park, Tower 1, 201 Sussex Street, Sydney NSW 2000, Australia.

(b) **Basis Swap**

On each Distribution Date the Trustee will pay to the Interest Rate Swap Provider an amount calculated by reference to the interest payable by borrowers on the variable rate Mortgage Loans, during the relevant preceding Accrual Period and the income earned by the Series Trust on the Collections Account and any Authorised Short-Term Investments during that Accrual Period. In return, the Interest Rate Swap Provider will pay to the Trustee on each Distribution Date an amount calculated by reference to the aggregate principal amount outstanding of the relevant proportion of the variable rate Mortgage Loans at the last day of the Accrual Period preceding the previous Distribution Date and Bank Bill Rate plus a margin.

(c) **Fixed Rate Swap**

The Trustee has entered into the Fixed Rate Swap with the Interest Rate Swap Provider to enable the Trustee to hedge the interest rate mismatch between the interest rates being charged on Mortgage Loans at a fixed rate and the payment obligations of the Trustee under the Notes.

The Fixed Rate Swap will have a notional amount in respect of each Distribution Date equal to the principal amount outstanding on the Mortgage Loans being charged a fixed interest rate as at the Determination Date falling within the previous Accrual Period (“**Fixed Rate Swap Notional Amount**”).

Under the Fixed Rate Swap the Trustee will pay to the Interest Rate Swap Provider on each Distribution Date an amount calculated by reference to the product of the Fixed Rate Swap Notional Amount for that Distribution Date and the weighted average of the fixed rates charged on the fixed rate Mortgage Loans as at the Determination Date falling within the previous Accrual Period.

The Interest Rate Swap Provider will in turn pay to the Trustee on each Distribution Date an amount calculated by reference to the product of the Fixed Rate Swap Notional Amount for that Distribution Date, the Bank Bill Rate for the relevant period and a margin. The margin over the Bank Bill Rate payable by the Interest Rate Swap Provider is fixed for the life of the Fixed Rate Swap and is a market based margin determined at the time the Fixed Rate Swap was entered into.

(d) **Downgrade of the Interest Rate Swap Provider**

In respect of the Fixed Rate Swap, in the case of Fitch Ratings, if at any time a Fitch Replacement Event (as defined in the Interest Rate Swap Agreement) has occurred and is subsisting, the Interest Rate Swap Provider must, at its own cost and within 30 days of that event (or such longer period as may apply in accordance with the Interest Rate Swap Agreement):

- (i) novate all of the Interest Rate Swap Provider’s rights and obligations under the Interest Rate Swap Agreement to a Fitch Eligible Replacement (as defined in the Interest Rate Swap Agreement); or



- (ii) arrange for the Interest Rate Swap Provider's obligations under the Interest Rate Swap Agreement to be irrevocably guaranteed by a Fitch Eligible Replacement; or
- (iii) enter into such other arrangements in relation to its obligations under the Interest Rate Swap Agreement which the Manager is satisfied on a reasonable basis that will not result in a downgrade, withdrawal or qualification of the then rating of the Notes.

In respect of the Fixed Rate Swap, in the case of S&P, if an S&P Replacement Event (as defined in the Interest Rate Swap Agreement) has occurred and is subsisting, the Interest Rate Swap Provider must use commercially reasonable efforts to, at its own cost and within 60 days of that event (or such other period as may apply in accordance the Interest Rate Swap Agreement) either:

- (i) novate all of the Interest Rate Swap Provider's rights and obligations under the Interest Rate Swap Agreement to an S&P Eligible Replacement (as defined in the Interest Rate Swap Agreement); or
- (ii) arrange for the Interest Rate Swap Provider's obligations under the Interest Rate Swap Agreement to be irrevocably guaranteed by an S&P Eligible Replacement; or
- (iii) enter into such other arrangements in relation to its obligations under the Interest Rate Swap Agreement which the Manager is satisfied on a reasonable basis that will not result in a downgrade, withdrawal or qualification of the then rating of the Notes,

in accordance with the terms of the Interest Rate Swap Agreement.

If the Interest Rate Swap Provider lodges cash collateral or any other collateral in accordance with the Interest Rate Swap Agreement with the Trustee, any interest or income on that cash collateral or interest or other income earned on any other collateral posted in accordance with the Interest Rate Swap Agreement will be paid to the Interest Rate Swap Provider. Any cash collateral lodged by the Interest Rate Swap Provider or any other collateral posted by the Interest Rate Swap Provider in accordance with the Interest Rate Swap Agreement with the Trustee will not form part of the Assets of the Series Trust, except to the extent the cash collateral or other posted collateral is available to the Trustee under the terms of the Interest Rate Swap Agreement, and will not be applied as part of the Available Income Amount or Available Principal Amount on a Distribution Date or be available to the Secured Creditors upon the enforcement of the Charge.

(e) **Early Termination of the Interest Rate Swaps**

The Interest Rate Swap Provider and the Trustee may terminate the Basis Swap or the Fixed Rate Swap in the following circumstances:

- (i) if, in the case of the Interest Rate Swap Provider, there is a payment default by the Trustee which is not remedied by 10.00 a.m. (Sydney time) on the 10th day after receiving notice from the Interest Rate Swap Provider of such failure to pay;

- (ii) if, in the case of the Trustee, there is a payment default by the Interest Rate Swap Provider which is not remedied by 10.00 a.m. (Sydney time) on the 10th day after notice from the Trustee of such failure to pay;
- (iii) if, in the case of the Trustee, the Interest Rate Swap Provider fails to take the action described above following a downgrade of its credit ratings;
- (iv) if due to a change in or a change in interpretation of law it becomes illegal for either party to make or receive payments, perform its obligations under any credit support document or comply with any other material provision of the Basis Swap or the Fixed Rate Swap. In these circumstances, each party must make certain efforts to transfer their rights and obligations to avoid this illegality. If those efforts are not successful then both the Trustee and the Interest Rate Swap Provider will have the right to terminate; or
- (v) if the Charge under the Security Trust Deed is enforced.

If the Trustee is not paid an amount owing to it by the Commonwealth Bank of Australia (as Interest Rate Swap Provider) under the Interest Rate Swap Agreement within 20 Business Days of its due date for payment (or such longer period as the Trustee may agree) this may result in a Perfection of Title Event. The Trustee may also have the right to terminate the Interest Rate Swap Agreement in other circumstances, including if a credit support default occurs, if a force majeure event occurs or certain tax events occur.

(f) **Termination of Interest Rate Swaps**

Each of the Basis Swap and the Fixed Rate Swap terminates on the earlier of:

- (i) the date that all of the Notes have been redeemed in full; and
- (ii) the Termination Date for the Series Trust.

(g) **Replacement of terminated Interest Rate Swaps**

If the Basis Swap or the Fixed Rate Swap is terminated prior to its scheduled termination date, the Manager and the Trustee must endeavour to within 5 Business Days:

- (i) enter into one or more replacement swaps on terms and with a counterparty in respect of which the Manager has provided a Rating Affirmation Notice in relation to each Rating Agency; or
- (ii) enter into other arrangements in respect of which the Manager has provided a Rating Affirmation Notice in relation to each Rating Agency.

(h) **Other fixed rate swaps**

The Trustee and the Interest Rate Swap Provider may agree to enter into separate fixed rate swaps in relation to one or more of the Mortgage Loans under which, on each Distribution Date, the Trustee will pay to the Interest Rate Swap Provider an amount calculated by reference to the fixed interest payable by borrowers on those Mortgage Loans on a proportion of those Mortgage Loans. In return the fixed rate swap provider will pay to the Trustee an amount calculated by reference to the respective Bank Bill Rate plus a margin.

In addition, if the Servicer offers interest rate cap products to borrowers, the Trustee and the fixed rate swap provider will enter into swaps to hedge the Trustee's risks in relation to such interest rate caps.

(i) **Break Costs for fixed rate swaps**

If a borrower prepays a loan subject to a fixed rate of interest, or otherwise terminates a fixed rate period under a Mortgage Loan, the Trustee will normally be entitled to receive from the borrower a break cost.

A break cost is currently payable by the borrower to the Trustee where the terminated fixed rate under the Mortgage Loan is greater than the current equivalent fixed rate product offered by Commonwealth Bank of Australia for the remaining term of the Mortgage Loan. Under Commonwealth Bank of Australia's current policies and procedures, prepayments of up to A\$10,000 in any 12 month period may be made by a borrower without incurring break costs, see Section 7.4(e) ("*Special Features of the Mortgage Loans*").

The method for calculation of break costs may change from time to time according to the business judgment of the Servicer.

## 10.11 Clean-Up

Commonwealth Bank of Australia will have the right to extinguish the Trustee's interest in the Mortgage Loan Rights, or to otherwise regain the benefit of the Mortgage Loan Rights on any Distribution Date occurring on or after the Call Date ("**Clean-Up Settlement Date**").

Commonwealth Bank of Australia may only exercise such a right by paying to the Trustee on the Clean-Up Settlement Date the Fair Market Value (as at the last day of the Collection Period ending immediately before the Clean-Up Settlement Date) of each Mortgage Loan ("**Clean-Up Settlement Price**"). However, Commonwealth Bank of Australia may not exercise its rights described in this Section 10.11 ("*Clean-Up*") unless the Clean-Up Settlement Price together with any other Assets of the Series Trust available to the Trustee will be sufficient to redeem in full (after paying all amounts ranking in priority to the Notes in accordance with Section 8.9 ("*Payment of the Available Income Amount on a Distribution Date*") and Section 8.12 ("*Payment of the Available Principal Amount on a Distribution Date*")) the Invested Amount (or Stated Amount, if the Trustee is permitted to redeem Notes at their Stated Amount) of the Notes together with their accrued but unpaid interest to but excluding the Clean-Up Settlement Date.

## 10.12 Changes to Transaction Documents

Subject to the provisions described above in relation to amendments to the Master Trust Deed, the Series Supplement or the Security Trust Deed, the Trustee and the Manager may agree to amend any Transaction Document, and may enter into new Transaction Documents, after the relevant Notes have been issued and without the consent of Noteholders, provided that the Manager has provided a Rating Affirmation Notice in respect of each Rating Agency in relation to the proposed amendment or entry into a new Transaction Document (as applicable). In addition, the terms of the Interest Rate Swap Agreement allow the Manager and the Interest Rate Swap Provider (by agreement) to amend the credit support annexes to the Interest Rate Swap Agreement, which contain provisions relating to the lodgment of cash or other forms of collateral by the Interest Rate Swap Provider and the other action that the Interest Rate Swap Provider is required to take following a downgrade of its credit ratings by a Rating Agency, to reflect changes to the requirements of each relevant Rating Agency, provided the Manager has provided a Rating Affirmation Notice in relation to each relevant Rating Agency.



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## **11 The Servicer**

### **11.1 Servicing of the Mortgage Loans**

Under the Series Supplement, Commonwealth Bank of Australia is appointed as the initial Servicer of the Mortgage Loans with a power to delegate to related companies within the Commonwealth Bank of Australia group. The day to day servicing of the Mortgage Loans will be performed by the Servicer at Commonwealth Bank of Australia's Group Lending Services, presently located in Sydney, Brisbane and Perth, and at the retail branches and telephone banking, Internet, Online Applications and marketing centres of Commonwealth Bank of Australia. Servicing procedures undertaken by Group Lending Services include partial loan security discharges, loan security substitutions and consents for subsequent mortgages as well as other day to day loan maintenance activities. Arrears management is undertaken by the collections area of the Commonwealth Bank of Australia. Customer enquiries are dealt with by the retail branches and telephone banking and marketing centres of Commonwealth Bank of Australia.

#### **(a) Appointment and Obligations of Servicer**

The Servicer is required to administer the Mortgage Loans in the following manner:

- (i) in accordance with the Series Supplement;
- (ii) in accordance with the Servicer's procedures manual and policies as they apply to those Mortgage Loans, which are under regular review and may change from time to time in accordance with business judgment and changes to legislation and guidelines established by relevant regulatory bodies; and
- (iii) to the extent not covered by the preceding paragraphs, in accordance with the standards and practices of a prudent lender in the business of originating and servicing retail home loans.

The Servicer's actions in servicing the Mortgage Loans are binding on the Trustee, whether or not such actions are in accordance with the Servicer's obligations. The Servicer is entitled to delegate its duties under the Series Supplement. The Servicer at all times remains liable for the acts or omissions of any delegate to the extent that those acts or omissions constitute a breach of the Servicer's obligations.

#### **(b) Powers of Servicer**

The function of servicing the Mortgage Loans is vested in the Servicer and it is entitled to service the Mortgage Loans to the exclusion of the Trustee. The Servicer has a number of express powers, which include the power:

- (i) to release a borrower from any amount owing where the Servicer has written-off or determined to write-off that amount or where it is required to do so by a court or other binding authority;
- (ii) subject to the preceding paragraph, to waive any right in respect of the Mortgage Loans and their securities, except that the Servicer may not increase the term of a Mortgage Loan beyond 30 years from its settlement date unless required to do so by law or by the order of a court or other binding authority or if, in its opinion, such an increase would be made or required by a court or other binding authority;

- (iii) to release or substitute any security for a Mortgage Loan in accordance with the relevant Mortgage Insurance Policy;
- (iv) to consent to subsequent securities over a mortgaged property for a Mortgage Loan, provided that the security for the Mortgage Loan retains priority over any subsequent security for at least the principal amount and accrued and unpaid interest on the Mortgage Loan plus any extra amount determined in accordance with the Servicer's procedures manual and policies;
- (v) to institute litigation to recover amounts owing under a Mortgage Loan, but it is not required to do so if, based on advice from internal or external legal counsel, it believes that the Mortgage Loan is unenforceable or such proceedings would be uneconomical;
- (vi) to take other enforcement action in relation to a Mortgage Loan as it determines should be taken; and
- (vii) to compromise, compound or settle any claim in respect of a Mortgage Insurance Policy or a general insurance policy in relation to a Mortgage Loan or a mortgaged property for a Mortgage Loan.

(c) **Undertakings by the Servicer**

The Servicer has undertaken, among other things, the following:

- (i) upon being directed by the Trustee following a Perfection of Title Event, it will promptly take all action required or permitted by law to assist the Trustee to perfect the Trustee's legal title to the Mortgage Loans and related securities;
- (ii) to make reasonable efforts to collect all moneys due under the Mortgage Loans and related securities and, to the extent consistent with the Series Supplement, to follow such normal collection procedures as it deems necessary and advisable;
- (iii) to comply with its material obligations under each Mortgage Insurance Policy which is an Asset of the Series Trust;
- (iv) it will notify the Trustee if it becomes actually aware of the occurrence of any Servicer Default or Perfection of Title Event;
- (v) it will obtain and maintain all authorisations, filings and registrations necessary to properly service the Mortgage Loans;
- (vi) it will only consent to the creation of a security interest in favour of a party, other than the Trustee or the Seller, if by way of priority agreement or otherwise the Servicer ensures that the relevant mortgage will rank ahead in priority to the third party's interest on enforcement for an amount not less than the principal amount (plus accrued unpaid interest) outstanding on the mortgage loan plus such extra amount as is determined in accordance with the servicing guidelines; and
- (vii) subject to the provisions of the Australian Privacy Act and its duty of confidentiality to its clients, it will promptly make available to the Manager, the auditor of the Series Trust and the Trustee any books, reports or other oral or written information and supporting evidence of which the Servicer is

aware that they reasonably request with respect to the Series Trust or the Assets of the Series Trust or with respect to all matters in respect of the activities of the Servicer to which the Series Supplement relates.

(d) **Administer Interest Rates**

The Servicer must set the interest rates to be charged on the variable rate Mortgage Loans and the monthly instalment to be paid in relation to each Mortgage Loan. Subject to the next paragraph, while Commonwealth Bank of Australia is the Servicer, it must charge the same interest rates on the variable rate Mortgage Loans in the pool as it does for Mortgage Loans of the same product type which have not been assigned to the Trustee.

If a basis swap has been terminated while any Notes are outstanding then, unless the Trustee has entered into a replacement basis swap or other arrangements in respect of which the Manager has provided a Rating Affirmation Notice in relation to each Rating Agency, the Servicer must, subject to applicable laws, adjust the rates at which interest set-off benefits are calculated under the mortgage interest saver accounts and Everyday Offset accounts to rates which produce an amount of income which is sufficient to ensure that the Trustee has sufficient Finance Charge Collections and Other Income Amounts to enable it to pay the amounts referred to in Section 8.9(a) to (l) ("*Payment of the Available Income Amount on a Distribution Date*") as they fall due. If rates at which such interest set-off benefits are calculated have been reduced to zero and the amount of income produced by the reduction of the rates on the mortgage interest saver accounts and Everyday Offset accounts is not sufficient, the Servicer must ensure that the weighted average of the variable rates charged on the Mortgage Loans is subject to applicable laws, including the Consumer Credit Legislation, not lower than the Threshold Rate.

(e) **Collections**

The Servicer will receive collections on the Mortgage Loans from borrowers. The Servicer must deposit any collections into the Collections Account within:

- (i) if the Servicer has a short term rating from S&P of "A-1" or higher, 5 Business Days; or
- (ii) if a Concentrations Event (as defined below) is subsisting, 1 Business Day; or
- (iii) in any other case, 2 Business Days,

following its receipt. However if the Servicer is an Eligible Depository, the Collections Account is permitted to be maintained with the Servicer and if:

- (iv) the Servicer has a short term rating from S&P of "A-1" or higher, the Servicer is entitled to retain any Collections in respect of a Collection Period until 10.00am on the Business Day prior to the Distribution Date for that Collection Period; and
- (v) except where a Concentrations Event is subsisting, the Servicer does not have a short term rating from S&P of "A-1" or higher, the Servicer is entitled to retain any Collections in respect of a Collection Period until 10.00am on the second Business Day following its receipt of those Collections (or such other time as agreed between the Manager and the Servicer and in respect of which the Manager has issued a Rating Affirmation Notice),

at which time it must deposit such Collections into the Collections Account, to the extent those Collections have not been applied during that Collection Period to reimburse the Seller for redraws and further advances as described in Section 8.19 (“*Redraws and Further Advances*”).

After the applicable period referred to above, the Servicer must deposit the collections into the Collections Account.

If collections are retained by the Servicer as described above where the Collections Account is maintained with the Servicer, the Servicer may retain any interest and Other Income Amounts derived from those collections but must when depositing the collections into the Collections Account also deposit interest on the collections retained equal to the interest that would have been earned on the collections if they had been deposited in the Collections Account within 5 Business Days of their receipt by the Servicer.

A **Concentrations Event** occurs if:

- (a) the Servicer is not an Eligible Depository; and
- (b) the Manager gives a notice to the Trustee and the Servicer that, in the reasonable opinion of the Manager:
  - (i) the scheduled receipts on the Mortgage Loans are such that a significantly disproportionate amount of the Collections scheduled to be received during a Collection Period is due from Borrowers on one or more days during a Collection Period; and
  - (ii) such circumstances are likely to result in a downgrade, withdrawal or qualification of any rating then assigned to the Notes by a Rating Agency,

and will subsist until such time as the Servicer becomes an Eligible Depository or the Manager confirms to the Trustee and the Servicer (accompanied by a Rating Affirmation Notice in relation to each Rating Agency) that the Manager considers (acting reasonably) that the circumstances described in sub- paragraphs (b)(i) and (ii) no longer exist.

(f) **Servicing Compensation and Expenses**

The Servicer is entitled to a fee, payable monthly in arrears on each Distribution Date.

The Servicer’s fee may be varied by agreement between the Income Unitholder, the Manager and the Servicer provided that the Rating Agencies are notified and the Manager has first provided to the Trustee a Rating Affirmation Notice in respect of each Rating Agency in relation to the proposed variation.

The Servicer must pay from its own funds all expenses incurred in connection with servicing the Mortgage Loans except for certain specified expenses in connection with, amongst other things, the enforcement of any Mortgage Loan or its related securities, the recovery of any amounts owing under any Mortgage Loan or any amount repaid to a liquidator or trustee in bankruptcy pursuant to any applicable law, binding code, order or decision of any court, tribunal or the like or based on advice of the Servicer’s legal advisers, which amounts are recoverable from the Assets of the Series Trust.



(g) **Liability of the Servicer**

The Servicer will not be liable for any loss incurred by any Noteholder, any creditor of the Series Trust or any other person except to the extent that such loss is caused by a breach by the Servicer or any delegate of the Servicer or any fraud, negligence or wilful default by the Servicer. In addition, the Servicer will not be liable for any loss in respect of a default in relation to a Mortgage Loan in excess of the amount outstanding under the Mortgage Loan at the time of default less any amounts that the Trustee has received or is entitled to receive under a Mortgage Insurance Policy in relation to that Mortgage Loan.

(h) **Removal, Resignation and Replacement of the Servicer**

If the Trustee has determined that the performance by the Servicer of its obligations under the Series Supplement is no longer lawful and there is no reasonable action that the Servicer can take to remedy this, or a Servicer Default is subsisting, the Trustee must by notice to the Servicer immediately terminate the rights and obligations of the Servicer and appoint another bank or appropriately qualified organisation to act in its place.

A “**Servicer Default**” occurs if:

- (i) the Servicer fails to remit any collections or other amounts received within the time periods specified in the Series Supplement and that failure is not remedied within 5 Business Days (or such longer period as the Trustee may agree to and which the Manager has notified to each Rating Agency) of notice of that failure given to the Servicer by the Manager or the Trustee;
- (ii) the Servicer fails to prepare and transmit the information required by the Manager by the date specified in the Series Supplement and that failure is not remedied within 20 Business Days (or such longer period as the Trustee may agree to and which the Manager has notified to each Rating Agency), of notice of that failure given to the Servicer by the Manager or the Trustee and that failure has or will have an Adverse Effect as reasonably determined by the Trustee;
- (iii) a representation, warranty or certification made by the Servicer in a Transaction Document or in any certificate delivered pursuant to a Transaction Document proves incorrect when made and has or will have an Adverse Effect as reasonably determined by the Trustee and is not remedied within 60 Business Days after receipt by the Servicer of notice from the Trustee requiring remedy;
- (iv) an Insolvency Event occurs in relation to the Servicer;
- (v) if the Servicer is the Seller and is acting as custodian, it fails to deliver all the mortgage documents to the Trustee following a document transfer event in accordance with the Series Supplement and does not deliver to the Trustee the outstanding documents within 20 Business Days of receipt of a notice from the Trustee specifying the outstanding documents;
- (vi) the Servicer fails to adjust the rates on the mortgage interest saver accounts or Everyday Offset accounts or fails to maintain the required Threshold Rate on the Mortgage Loans following termination of a basis swap and that failure is not remedied within 20 Business Days of its occurrence; or

- (vii) the Servicer breaches its other obligations under a Transaction Document and that breach has or will have an Adverse Effect as reasonably determined by the Trustee and:
  - A. the breach is not remedied within 20 Business Days after receipt of notice from the Trustee or Manager requiring its remedy; and
  - B. the Servicer has not paid satisfactory compensation to the Trustee.

The Servicer will, within two Business Days after the Servicer becomes aware of any Servicer Default, give notice of such Servicer Default to the Trustee, the Manager and the Rating Agencies. The Manager will give notice or cause notice to be given of the Servicer Default to the Noteholders.

The Servicer indemnifies the Trustee in respect of all costs, damages, losses and expenses incurred by the Trustee as a result of any Servicer Default (including, without limitation, legal costs charged at the usual commercial rate of the relevant legal services provider and the costs of the transfer of the servicing functions to the new servicer) but excluding any costs, damages, losses and expenses which the Servicer is not liable or responsible for under the Series Supplement.

The Servicer may voluntarily retire if it gives the Trustee 3 months' notice in writing or such lesser period as the Servicer and the Trustee agree. Upon retirement the Servicer may appoint in writing any other corporation approved by the Trustee, acting reasonably. If the Servicer does not propose a replacement by one month prior to its proposed retirement, the Trustee may appoint a replacement.

Pending the appointment of a new Servicer, the Trustee will act as Servicer and will be entitled to the Servicer's fee.

The appointment of a new servicer is subject to:

- (i) the new servicer executing a deed under which it covenants to act as servicer in accordance with the Series Supplement and all other Transaction Documents to which the Servicer is a party;
- (ii) written notice by the Servicer to the Manager of the appointment; and
- (iii) the Manager first providing to the Trustee a Rating Affirmation Notice in relation to the proposed appointment of a new servicer.

Upon any retirement or termination of the Servicer, or appointment of a new servicer, the Trustee will give or cause to be given notice of that retirement, termination or appointment to the Manager, the Noteholders and the Rating Agencies.

The Servicer and the Manager agree to provide their full co-operation with the transfer of the servicing functions to a new servicer. The Servicer and Manager must, subject to Australian privacy legislation and the Servicer's duty of confidentiality to its customers under general law or otherwise, provide the new servicer with copies of all paper and electronic files, information and other materials as the Trustee or the new servicer may reasonably request within 90 days of the removal of the Servicer.

The Servicer's duties and obligations under the Series Supplement continue until the date of the Servicer's retirement or removal as Servicer under the Series Supplement.

## 11.2 Custody of the Mortgage Loan Documents

### (a) Document Custody

The Servicer will act as custodian in relation to all documents relating to the Mortgage Loans, the Seller's securities and, where applicable, the certificates of title to property subject to those securities, until a transfer of the Mortgage Loan documents to the Trustee as described below. The Servicer may appoint another party to hold documents relating to the Mortgage Loans on behalf of the Servicer ("**Sub-Custodian**"). If the Servicer appoints a Sub-Custodian, the Servicer will remain liable for the performance (or non-performance) of the Servicer's duties and responsibilities as custodian in relation to the Series Trust under the Transaction Documents. The Servicer (and not the Trustee) will also be solely responsible for the payment of the fees and expenses of any Sub-Custodian.

### (b) Responsibilities as Custodian

The Servicer's duties and responsibilities as custodian include:

- (i) holding the Mortgage Loan documents in accordance with its standard safe keeping practices and in the same manner and to the same extent as it holds its own documents;
- (ii) marking and segregating the security packages containing the Mortgage Loan documents in a manner to enable easy identification by the Trustee when the Trustee is at the premises where the Mortgage Loan documents are located with a letter provided by the Seller explaining how those security packages are marked or segregated;
- (iii) maintaining reports on movements of the Mortgage Loan documents;
- (iv) providing to the Trustee prior to the Closing Date and quarterly thereafter a file containing certain information in relation to the storage of the Mortgage Loan documents and the borrower, mortgaged property and Mortgage Loan account number in relation to each Mortgage Loan; and
- (v) curing any deficiencies noted by the auditor in a document custody audit report.

### (c) Audit

The Servicer will be audited by the auditor of the Series Trust on an annual basis in relation to its compliance with its obligations as custodian of the Mortgage Loan documents and will be instructed to provide a document custody audit report. The document custody audit report will grade the Servicer from "A" (good) to "D" (adverse). If the Servicer receives an adverse document custody audit report, the Trustee must instruct the auditor to conduct a further document custody audit report.

### (d) Transfer of Mortgage Loan Documents

If:

- (i) an adverse document custody audit report is provided by the auditor and a further report, conducted no earlier than one month nor later than two months after the first report, is also an adverse report; or

- (ii) the Trustee replaces Commonwealth Bank of Australia as the Servicer when entitled to do so,

the Servicer, upon notice from the Trustee, must transfer or procure transfer custody of the Mortgage Loan documents to the Trustee. This obligation will be satisfied if the Servicer delivers the Mortgage Loan documents in relation to 90% by number of the Mortgage Loans within 5 Business Days of that notice and the balance within 10 Business Days of that notice.

If the Servicer does not transfer or procure transfer custody of the Mortgage Loan documents as outlined above and the Trustee is not satisfied that the Servicer has used its best endeavours to do so, the Trustee must within a reasonable period:

- (i) execute and lodge caveats in respect of all land or mortgages for which all Mortgage Loan documents in respect of the Series Trust have not been delivered; and
- (ii) initiate legal proceedings to take possession of the Mortgage Loan documents that have not been delivered.

In addition, if:

- (i) the Trustee declares that a Perfection of Title Event has occurred other than a Servicer Default referred to in Section 11.1(h) (“*Servicing of the Mortgage Loans*”); or
- (ii) the Trustee considers in good faith that a Servicer Default has occurred as a result of a breach of certain of the Servicer’s obligations which has or will have an Adverse Effect which is not remedied within the required period, and the Trustee serves a notice on the Servicer identifying the reasons why it believes that has occurred,

the Servicer must, immediately following notice from the Trustee, transfer or procure transfer of custody of the mortgage documents to the Trustee. The Trustee may commence legal proceedings to obtain possession of the mortgage documents relating to the Series Trust.

The Servicer, as custodian, is not required to deliver Mortgage Loan documents that are deposited with a solicitor acting on behalf of the Servicer, a land titles office, a stamp duty office or a governmental agency or are lost but must provide a list of these to the Trustee and deliver them upon receipt or take steps to replace them, as applicable.

(e) **Reappointment of Servicer as Custodian**

The Trustee may, following a transfer of Mortgage Loan documents, reappoint the Servicer as custodian of the Mortgage Loan documents provided that the Rating Agencies confirm that this will not cause a reduction, qualification or withdrawal in the credit rating of any Note.

(f) **Indemnity**

The Servicer as custodian will indemnify the Trustee against all loss, costs, damages, charges and expenses incurred by the Trustee:

- (i) as a result of the Servicer as custodian (or any Sub-Custodian, as applicable) failing to transfer custody of the Mortgage Loan documents after the issuance of the further adverse audit report referred to above;
- (ii) in connection with the Trustee taking the action to lodge caveats and taking legal proceedings to take possession of the Mortgage Loan documents that have not been delivered;
- (iii) in connection with the Trustee taking legal proceedings to take possession of the Mortgage Loan documents following the failure of the Servicer as custodian (or any Sub-Custodian, as applicable) to deliver the Mortgage Loan documents as required after a Perfection of Title Event.

### **11.3 Commonwealth Bank of Australia - Collection and Enforcement Procedures**

Pursuant to the terms of the Mortgage Loans, borrowers must make the minimum repayment due under the terms and conditions of the Mortgage Loans, on or before each monthly instalment due date. A borrower may elect to make his or her repayments weekly or fortnightly so long as the equivalent of the minimum monthly repayment is received on or before the monthly instalment due date. Borrowers often select repayment dates to coincide with receipt of their salary or other income. In addition to payment to a retail branch by cash or cheque, Mortgage Loan repayments may be made by direct debit to a nominated bank account or direct credit from the borrower's salary by their employer.

A Mortgage Loan is subject to action in relation to arrears of payment whenever the monthly repayment is not paid by the monthly instalment due date. However, under the terms of the Mortgage Loans, borrowers may prepay amounts which are additional to their required monthly repayments to build up a "credit buffer", being the difference between the total amount paid by them and the total of the monthly repayments required to be made by them. If a borrower subsequently fails to make some or all of a required monthly repayment, the servicing system will apply the amount not paid against the credit buffer until the total amount of missed payments exceeds the credit buffer. The Mortgage Loan will be considered to be arrears only in relation to that excess.

Commonwealth Bank of Australia's automated collections system identifies all Mortgage Loan accounts which are in arrears and produces lists of those Mortgage Loans. The collection system allocates overdue loans to designated collection officers within Commonwealth Bank of Australia who take action in relation to the arrears.

Actions taken by Commonwealth Bank of Australia in relation to delinquent accounts will vary depending on a number of elements, including the following and, if applicable, with the input of a mortgage insurer:

- (a) arrears history;
- (b) equity in the property; and
- (c) arrangements made with the borrower to meet overdue payments.

If satisfactory arrangements cannot be made to rectify a delinquent Mortgage Loan, legal notices are issued and recovery action is initiated by Commonwealth Bank of Australia. This includes, if Commonwealth Bank of Australia obtains possession of the mortgaged property, ensuring that the mortgaged property supporting the Mortgage Loan still has adequate general home owner's insurance and that the upkeep of the mortgaged property is maintained. Recovery action is arranged by experienced collections staff in conjunction with internal or external legal advisers. A number of sources of recovery are pursued including the following:

- (a) voluntary sale by the mortgagor;
- (b) guarantees;
- (c) government assistance schemes;
- (d) mortgagee sale;
- (e) claims on mortgage insurance; and
- (f) action against the mortgagor/borrower personally.

It should be noted that the Commonwealth Bank of Australia reports all actions that it takes on overdue Mortgage Loans to the relevant mortgage insurer where required in accordance with the terms of the Mortgage Insurance Policies.

#### **11.4 Collection and Enforcement Process**

When a Mortgage Loan becomes delinquent a reminder letter is issued to the borrower to seek full and immediate clearance of all arrears. When this letter is sent depends on the risk profile of the account, but this will generally be in the first seven days. In the absence of successful contact, a phone call is made to the borrower. If the Mortgage Loans have a direct debit payment arrangement and there are sufficient funds available, a sweep of the nominated account is made to rectify the arrears.

If an arrangement has not been entered into to rectify the arrears, a default notice is sent advising the borrower that if the matter is not rectified within a period of 30 days, Commonwealth Bank of Australia is entitled to commence enforcement proceedings without further notice. The days delinquent that the notice is sent is dependent on the risk profile of the account. Generally, a default notice will be sent by day 60. Normally a further notice will be issued to a borrower on an account which is 90 days delinquent advising the borrower that failure to comply within 30 days will result in Commonwealth Bank of Australia exercising its power of sale. At 120 days delinquent, a letter of demand and notice to vacate is issued to the borrower, followed by a statement of claim at 150 days delinquent.

Service of a statement of claim is the initiating process in the relevant Supreme Court.

Once a borrower is served with a statement of claim, the borrower is given up to 40 days to file a notice of appearance and defence and, failing this, Commonwealth Bank of Australia will apply to the court to have judgment entered in its favour. Commonwealth Bank of Australia will then apply for a writ of possession whereby the sheriff will set an eviction date. Appraisals and valuations are ordered and a reserve price is set for sale by way of public auction, tender or private treaty. These time frames assume that the borrower has either taken no action or has not honoured any commitments made in relation to the delinquency to the satisfaction of the Commonwealth Bank of Australia and the mortgage insurer.

It should also be noted that Commonwealth Bank of Australia's ability to exercise its power of sale on the mortgaged property is dependent upon the statutory restrictions of the relevant state or territory as to notice requirements. In addition, there may be factors outside the control of the mortgagee such as whether the mortgagor contests the sale and the market conditions at the time of sale. These issues may affect the length of time between the decision of Commonwealth Bank of Australia to exercise its power of sale and final completion of the sale.

The collection and enforcement procedures may change from time to time in accordance with business judgment and changes to legislation and guidelines established by the relevant regulatory bodies.

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## 12 Taxation considerations

The following is a summary of the material Australian withholding tax consequences under the Income Tax Assessment Acts of 1936 and 1997 of Australia (together, “**Australian Tax Act**”), the Taxation Administration Act and any relevant rulings, judicial decisions or administrative practice, as at the time of this Information Memorandum of the purchase, ownership and disposition of the Class A1 Notes, the Class B Notes and the Class C Notes by Noteholders who purchase the Notes on original issuance at the stated offering price and do not hold the Notes as trading stock. It also sets out a summary of certain other Australian tax matters. It is not exhaustive and, in particular, does not deal with the position of certain classes of Noteholders (including, dealers in securities, custodians or other third parties who hold Class A1 Notes, Class B Notes or Class C Notes on behalf of any Noteholders).

The following is not, and should not be construed as, legal or tax advice. It is a general guide only and each prospective Noteholder should consult his or her own tax advisors concerning the tax consequences, in their particular circumstances, of the purchase, ownership and disposition of the Class A1 Notes, Class B Notes or Class C Notes.

### 12.1 Tax Issues for the Series Trust

The Series Trust will form part of a consolidated group for Australian income tax purposes. Under consolidation, the head company of the consolidated group has the liability to pay the income tax of the group. Further comments on consolidation are in Section 12.4(a) below.

### 12.2 Interest Withholding Tax

#### (a) Exemption in section 128F

An exemption from Australian interest withholding tax imposed under Division 11A of Part III of the Australian Tax Act (“**IWT**”) is available, in respect of the Notes issued by the Trustee under section 128F of the Australian Tax Act, if the following conditions are met:

- (i) the Trustee is a company as defined in section 128F(9) (which includes certain companies acting in their capacity as trustee) and a resident of Australia when it issues those Notes and when interest (as defined in section 128A(1AB) of the Australian Tax Act) is paid. Interest is defined to include amounts in the nature of, or in substitution for, interest and certain other amounts;
- (ii) those Notes are debentures or debt interests and are issued in a manner which satisfies the public offer test. There are five principal methods of satisfying the public offer test, the purpose of which is to ensure that lenders in capital markets are aware that the Trustee is offering those Notes for issue. In summary, the five methods are:
  - A. offers to 10 or more unrelated financiers, securities dealers or entities that carry on the business of providing finance, or investing or dealing in securities, in the course of operating in financial markets;
  - B. offers to 100 or more investors of a certain type;
  - C. certain offers of listed Notes;
  - D. certain offers via publicly available information sources; and



- E. offers to a dealer, manager or underwriter who offers to sell those Notes within 30 days by one of the preceding methods.
- (iii) the Trustee does not know or have reasonable grounds to suspect, at the time of issue, that those Notes or interests in those Notes were being, or would later be, acquired, directly or indirectly, by an “associate” of the Trustee, except as permitted by section 128F(5) of the Australian Tax Act (see below); and
- (iv) at the time of the payment of interest, the Trustee does not know, or have reasonable grounds to suspect, that the payee is an “associate” of the Trustee, except as permitted by section 128F(6) of the Australian Tax Act (see below).

(b) **Associates**

Since the Trustee is a trustee of a trust, the entities that are “associates” of the Trustee for the purposes of section 128F of the Australian Tax Act include:

- (i) any entity that benefits, or is capable of benefiting, under the trust (“**Beneficiary**”), either directly or through any interposed entities; and
- (ii) if the Beneficiary is a company, an “associate” of that Beneficiary, which would, for these purposes, include:
  - A. a person or entity that holds more than 50% of the voting shares in, or otherwise controls, the Beneficiary;
  - B. an entity in which more than 50% of the voting shares are held by, or which is otherwise controlled by, the Beneficiary;
  - C. a trustee of a trust where the Beneficiary is capable of benefiting (whether directly or indirectly) under that trust; and
  - D. a person or entity that is an “associate” of another person or entity that is an “associate” of the Beneficiary under sub-paragraph A above.

However, for the purposes of sections 128F(5) and (6) of the Australian Tax Act (see paragraphs (a)(iii) and (a)(iv) above), the issue of the Notes to, and the payment of interest to, the following “associates” may still qualify for the exemption from IWT under section 128F:

- (iii) onshore “associates” (ie Australian resident “associates” who do not hold the Notes in carrying on business at or through a permanent establishment outside Australia and non-resident “associates” who hold the Notes in carrying on business at or through a permanent establishment in Australia); or
- (iv) offshore “associates” (ie Australian resident “associates” that hold the Notes in carrying on business at or through a permanent establishment outside Australia and non-resident “associates” who do not hold the Notes in carrying on business at or through a permanent establishment in Australia) who are acting in the capacity of:

- A. in the case of section 128F(5), a dealer, manager or underwriter in relation to the placement of the relevant Notes or a clearing house, custodian, funds manager or responsible entity of a registered scheme; or
- B. in the case of section 128F(6), a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme.

(c) **Compliance with section 128F of the Australian Tax Act**

The Notes are “debentures” for the purposes of section 128F of the Australian Tax Act. Interest payable on the Notes would be “interest” for the purposes of the withholding tax provisions.

Unless otherwise specified in the Series Supplement (or another relevant supplement to this Information Memorandum), the Trustee intends to issue the Class A1 Notes, the Class B Notes and Class C Notes in a manner which will satisfy the requirements of section 128F of the Australian Tax Act.

(d) **Exemptions under recent Tax Treaties**

The Australian Government has signed new or amended double tax conventions with a number of countries (each a “**Specified Country**”) which contain certain exemptions from IWT.

In broad terms, those treaties prevent IWT being imposed on payments of interest derived by either:

- (i) the government of the relevant Specified Country and certain governmental authorities and agencies in the Specified Country; or
- (ii) a “financial institution” which is a resident of a “Specified Country” and which is unrelated to and dealing wholly independently with the Australian Trustee. The term “financial institution” refers to either a bank or any other form of enterprise which substantially derives its profits by carrying on a business of raising and providing finance. However, interest under a back-to-back loan or an economically equivalent arrangement will not qualify for this exemption.

Specified Countries include the United States, the United Kingdom, France, Finland Norway, Japan, New Zealand, South Africa and Switzerland.

The Australian Federal Treasury maintains a listing of Australia’s double tax conventions which provides details of country, status, withholding tax rate limits and Australian domestic implementation which is available to the public through the Federal Treasury’s Department’s website.

(e) **No payment of additional amounts**

Despite the fact that the Class A1 Notes, Class B Notes and Class C Notes are intended to be issued in a manner which will satisfy the requirements of section 128F of the Australian Tax Act, if the Trustee is at any time compelled or authorised by law to withhold or deduct an amount in respect of any Australian withholding taxes imposed or levied by the Commonwealth of Australia in respect of the Notes, the

Trustee is not obliged to pay any additional amounts in respect of such withholding or deduction.

### 12.3 Other tax matters that are relevant to Noteholders

Discussed below is a general discussion of certain matters that are relevant to Noteholders, under Australian laws as presently in effect.

#### (a) Other taxes

- (i) *death duties* - no Notes will be subject to death, estate or succession duties imposed by Australia, or by any political subdivision or authority therein having power to tax, if held at the time of death;
- (ii) *stamp duty and other taxes* - no ad valorem stamp, issue, registration or similar taxes are payable in Australia on the issue or transfer of any Notes;
- (iii) *supply withholding tax* - payments in respect of the Notes can be made free and clear of the “supply withholding tax” imposed under Section 12-190 of Schedule 1 to the Taxation Administration Act 1953 of Australia (“**Taxation Administration Act**”);
- (iv) *goods and services tax* - The receipt of the Notes will not give rise to a liability for GST in Australia on the basis that the supply of Notes will comprise either an input taxed financial supply or (in the case of an offshore non-resident subscriber) a GST-free supply; and
- (v) *garnishee directions* – The Commissioner of Taxation may give a direction under section 255 of the Australian Tax Act or section 260-5 of Schedule 1 to the Taxation Administration Act or any similar provision requiring the Trustee to deduct or withhold from any payment to any other party (including any Noteholder) any amount in respect of tax payable by that other party. If the Trustee is served with such a direction, the Trustee will comply with that direction and make any deduction or withholding required by that direction.

#### (b) Non-Australian Noteholders

- (i) *income tax* - assuming the requirements of section 128F of the Australian Tax Act are satisfied with respect to the Notes, payments of principal and interest (as defined in section 128A(1AB) of the Australian Tax Act) to a Noteholder of the Notes, who is a non-resident of Australia and who, during the taxable year, does not hold the Notes in carrying on business at or through a permanent establishment in Australia, will not be subject to Australian income taxes;
- (ii) *gains on disposal or redemption of Notes* - a Noteholder of the Notes, who is a non-resident of Australia and who, during the taxable year, does not hold the Notes in carrying on business at or through a permanent establishment in Australia, will not be subject to Australian income tax on gains realised during that year on sale or redemption of the Notes, provided such gains do not have an Australian source. A gain arising on the sale of Notes by a non-Australian resident Noteholder to another non-Australian resident where the Notes are sold outside Australia and all negotiations are conducted, and documentation executed, outside Australia would not be expected to have an Australian source. In certain cases, a non-resident Noteholder may be able to

claim a treaty exemption in relation to Australian sourced gains if there is a relevant double tax convention;

- (iii) *deemed interest* - there are specific rules that can apply to treat a portion of the purchase price of Notes as interest for IWT purposes when certain Notes originally issued at a discount or with a maturity premium or which do not pay interest at least annually are sold by a non-Australian Noteholder to an Australian resident (who does not acquire them in carrying on business at or through a permanent establishment outside Australia) or a non-resident who acquires them in carrying on business at or through a permanent establishment in Australia. If the Notes are not issued at a discount and do not have a maturity premium, these rules should not apply to the Notes. These rules also do not apply in circumstances where the deemed interest would have been exempt under section 128F of the Australian Tax Act if the Notes had been held to maturity by a non-resident; and
- (iv) *additional withholdings from certain payments to non-residents* - Section 12-315 of Schedule 1 to the Taxation Administration Act gives the Governor-General power to make regulations requiring withholding from certain payments to non-residents. However, Section 12-315 expressly provides that the regulations will not apply to interest and other payments which are treated as interest under the IWT rules or specifically exempt from those rules. Further, regulations may only be made if the responsible Minister is satisfied the specified payments are of a kind that could reasonably relate to assessable income of foreign residents. The regulations that have so far been promulgated under Section 12-315 prior to the date of this Information Memorandum are not applicable to any payments in respect of the Notes. Any further regulations also should not apply to repayments of principal under the Notes, as, in the absence of any issue discount, such amounts will generally not be reasonably related to assessable income. The possible application of any future regulations to the proceeds of any sale of the Notes will need to be monitored; and
- (v) *other withholding taxes on payments in respect of Notes:*
  - A. Section 12-140 of Schedule 1 to the Taxation Administration Act imposes a type of withholding tax (see paragraph (c)(iii) below for the rate of withholding tax) on the payment of interest on certain registered securities unless the relevant payee has quoted an Australian tax file number (“TFN”) or an Australian Business Number (“ABN”) (in certain circumstances) or provided proof of some other exemption (as appropriate). Assuming that the requirements of section 128F of the Australian Tax Act are satisfied with respect to the Notes, then the requirements of Section 12-140 do not apply to payments to a Noteholder of Notes in registered form who is not a resident of Australia and not holding those Notes in the course of carrying on business at or through a permanent establishment in Australia; and
  - B. Section 126 of the Australian Tax Act imposes a type of withholding tax on the payment of interest on debentures payable to bearer (other than certain promissory notes) where the issuer fails to disclose to the ATO the names and addresses of the holders. As the Notes are in registered form, any interest payable under the Notes would not be subject to tax under section 126 of the Australian Tax Act; and

- (vi) *debt/equity rules* – Division 974 of the Australian Tax Act contains tests for characterising debt (for all entities) and equity (for companies) for Australian tax purposes, including for the purposes of dividend withholding tax and IWT. The Trustee intends to issue Notes which should not be characterised as equity interests for the purposes of the tests contained in Division 974. Returns paid on the Notes are expected to be “interest” for the purpose of section 128F of the Australian Tax Act. Accordingly, Division 974 is unlikely to affect the Australian tax treatment of holders of Notes; and
- (vii) *mutual assistance in the collection of debts* - The Commissioner of Taxation has some powers to collect a taxation debt on behalf of certain foreign taxation authorities if formally requested to do so, or to take conservancy measures to ensure the collection of that debt. Conservancy is concerned with preventing a taxpaying entity from dissipating their assets when they have a tax related liability. The provisions also treat Australian tax debts collected and remitted to Australia by a foreign tax authority as tax debts collected in Australia. In certain circumstances, any foreign tax liabilities of a non-resident Noteholder of the Notes the subject of the measures may be collected by Australia on behalf of another country.

(c) **Australian Noteholders**

- (i) *income tax* - Australian residents or non-Australian residents who hold the Notes in carrying on business at or through a permanent establishment in Australia (“**Australian Noteholders**”), will be assessable for Australian tax purposes on income either received or accrued due to them in respect of the Notes. Whether income will be recognised on a cash receipts, accruals basis, or subject to the taxation of financial arrangements provisions (set out at paragraph (d) below) will depend upon the tax status of the particular Noteholder and the terms and conditions of the Notes. Special rules apply to the taxation of Australian residents who hold the Notes in carrying on business at or through a permanent establishment outside Australia which vary depending on the country in which that permanent establishment is located;
- (ii) *gains on disposal of Notes* - Australian Noteholders will be required to include any gain or loss on disposal of the Notes in their taxable income. Special rules apply to the taxation of Australian residents who hold the Notes in the course of carrying on business at or through a permanent establishment outside Australia which vary depending on the country in which that permanent establishment is located;
- (iii) *other withholding taxes on payments in respect of Notes* - Payments to Australian Noteholders of Notes in registered form may be subject to a withholding where the Noteholder does not quote a TFN or ABN or provide proof of an appropriate exemption (as appropriate). The rate of withholding tax is 49% for the 2015-16 and 2016-17 income years and, under current law, will be reduced to 47% following the 2016-17 income year; and
- (iv) *taxation of foreign exchange gains and losses* - Divisions 230, 775 and 960 of the Australian Tax Act, together with related regulations, contain rules to deal with the taxation consequences of foreign exchange transactions. As all payments under the Notes will be in Australian dollars, these rules should not apply to the Australian Noteholders.

(d) **Taxation of Financial Arrangements**

The Australian Tax Act contains tax-timing rules for certain taxpayers to bring to account gains and losses from “financial arrangements”. The rules do not alter the rules relating to the imposition of IWT nor override the IWT exemption available under section 128F of the Australian Tax Act.

In addition, the rules do not apply to certain taxpayers or in respect of certain short term “financial arrangements”. They should not, for example, generally apply to Noteholders which are individuals and certain other entities (eg certain superannuation entities and managed investment schemes) which do not meet various turnover or asset thresholds, unless they make an election that the rules apply to their “financial arrangements”. Potential Noteholders should seek their own tax advice regarding their own personal circumstances as to whether such an election should be made.

## **12.4 Other tax matters that are relevant to the Series Trust**

(a) **Tax Consolidation Rules**

Under the tax consolidation rules, the Series Trust will be a member of a consolidated group. Under consolidation, the transactions entered into by the members of the consolidated group are effectively ignored for certain income tax purposes and attributed to the head company. The head company has the liability to pay the income tax of the group. However, if the head company fails to make a relevant tax payment promptly, then there is (prima facie) joint and several liability on all group members to pay that tax. That joint and several liability can be avoided by allocating the relevant tax obligation to the group members on a reasonable basis under a tax sharing agreement. The Series Trust will be party to a tax sharing agreement and such agreement is expected to be considered to be a “valid” tax sharing agreement for these purposes.

(b) **Goods and Services Tax**

The issue of the Notes will not give rise to a liability for GST in Australia on the basis that the supply of Notes will comprise either an input taxed financial supply or (in the case of an offshore non-resident subscriber) a GST-free supply. Furthermore, neither the payment of principal or interest by the Series Trust, nor the disposal of the Notes, would give rise to any GST liability on the part of the Series Trust.

The supply of some services made to the Series Trust may give rise to a liability for GST on the part of the relevant service provider.

In relation to the acquisition of these taxable services by the Series Trust:

- (i) In the ordinary course of business, the service provider would charge the Series Trust an additional amount on account of GST unless the agreed fee is already GST-inclusive.
- (ii) The Series Trust would be entitled to full input tax credits to the extent that the acquisition relates to a GST-free supply (i.e. where the subscriber is an offshore non-resident) and, assuming that the Series Trust exceeds the financial acquisitions threshold for the purposes of Division 189 of the GST Act, which is likely to be the case, the Series Trust would not be entitled to a full input tax credit from the ATO to the extent that the acquisition relates to:

- A. the Series Trust's input taxed supply of issuing Notes (ie Notes issued to:
  - (aa) Australian residents; or
  - (bb) to non-residents acting through a fixed place of business in Australia); and
- B. the acquisition by the Series Trust of the Mortgage Loans.

In the case of acquisitions which relate to the making of supplies where the Series Trust would not be entitled to full input tax credits, the Series Trust may still be entitled to a "reduced input tax credit" ("RITC") in relation to certain acquisitions prescribed in the GST regulations, but only where the Series Trust is the recipient of the taxable supply and the Series Trust either provides or is liable to provide the consideration for the taxable supply. A RITC is equivalent to 75% of the value of a full input tax credit, except in respect of the acquisition of certain services made by trustees, in which case the reduced input tax credit will be 55% if the trust concerned is a "recognised trust scheme". A trust is not a "recognised trust scheme" if it is a "securitisation entity". On the basis that the Series Trust satisfies the definition of being a "securitisation entity", the Series Trust will not be a "recognised trust scheme" and the reduced input tax credits available to the Series Trust in respect of the acquisition of services from the Trustee and the Security Trustee will be 75% of the GST payable by the Trustee and Security Trustee respectively. The availability of RITCs will reduce the expenses of the Trust.

- (iii) Where services are provided to the Series Trust by an entity comprising an associate of the Series Trust for income tax purposes, those services are provided for nil or less than market value consideration, and the Series Trust would not be entitled to a full input tax credit, the relevant GST (and any input tax credit) would be calculated by reference to the market value of those services. The associate may be entitled to recover the GST calculated by reference to the market value of the services from the Series Trust. Depending on the nature of the services supplied the Series Trust, if the associate charges the Series Trust GST in relation to those services, the Series Trust may be entitled to partly recover the GST charged to it as a "reduced input tax credit".
- (iv) Where GST is payable on a taxable supply made to the Series Trust in respect of the Series but a full input tax credit is not available, this will mean that less money is available to pay interest on the Notes or other liabilities of the Series Trust.

In the case of supplies performed outside Australia for the purposes of the Series Trust's business, these may attract a liability for Australian GST if they are supplies of a kind which would have been taxable if they occurred in Australia and if the Series Trust would not have been entitled to a full input tax credit if the supply had been performed in Australia. This is known as the "reverse charge" rule. Where the rule applies, the liability to pay GST to the ATO falls not on the supplier, but on the Series Trust.

Where services are performed offshore for the Series Trust and the supplies relate solely to the issue of Notes by the Series Trust to Australian non-residents who

subscribe for the Notes through a fixed place of business outside Australia, the “reverse charge” rule should not apply to these offshore supplies. This is because the Series Trust would have been entitled to a full input tax credit for the acquisition of these supplies if the supplies had been performed in Australia, as the supplies would be GST-free and not taxable.

(c) **Proposed reforms to taxation of trusts**

On 16 December 2010, the Assistant Treasurer to the former Government issued Media Release No. 0.25 of 2010 in relation to the taxation of trusts. As a follow on from this release, a consultation paper was released on options for modernising the taxation of trusts on 21 November 2011 (refer to the Assistant Treasurer’s Media Release No. 155 of 2011). The consultation paper explored the impediments to the effective operation of the trust income tax provisions in Division 6 of Part III of the Australian Tax Act and highlighted options for reform.

In July 2012, the former Government announced that the proposed start date for the reform/rewrite of the trust taxation rules in Division 6 would be 1 July 2014 (rather than 1 July 2013).

The former Government released an options paper for the proposed reforms to the scope of the trust taxation rules on 24 October 2012. The options paper contained proposed models for how trust taxation will operate, and posed questions to stakeholders regarding how certain aspects of those models should operate. The options paper did not provide any further guidance with respect to the timing of the reforms.

On 6 November 2013, the current Government announced its approaches to a number of tax measures proposed by the former Government (see Media Release dated 6 November 2013, titled "Restoring integrity in the Australian tax system"). The announcement did not, however, specifically address any proposed measures identified above.

An update on the status of the tax measures provided by the Assistant Treasurer of the current Government in a media release dated 14 December 2013 also did not provide further guidance on the position of the proposed rewrite.

As at the time of writing, the current Government has released draft legislation concerning the taxation of managed investment trusts (“MITs”). The draft legislation proposes an entirely different regime for the taxation of income derived by MITs than currently applies. In particular, it imposes the liability for income tax upon unit holders of certain MITs by reference to fair and reasonable allocations made by the trustee. The draft legislation also proposes the repeal of Division 6B of the Australian Tax Act and the amendment of the definition of exempt entities for the purposes of identifying a public unit trust for the purposes of Division 6C of the Australian Tax Act. It is proposed that the legislation will, if enacted, operate from 1 July 2016. It is not anticipated that the draft legislation will have any substantial impact upon trusts that are members of a tax consolidated group, such as the Series Trust.

It is not currently expected that the outcome of the reforms of the taxation of trusts should adversely affect the tax treatment of the Series Trust. However, the development of any new laws should be monitored.





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## 13 Ratings of the Notes

The issuance of the Class A1 Notes will be conditioned on obtaining ratings of AAA(sf) by S&P and AAAsf by Fitch Ratings. The issuance of the Class B Notes will be conditioned on obtaining ratings of AA- (sf) by S&P and AA- sf by Fitch Ratings. You should independently evaluate the security ratings of each Class of Notes from similar ratings on other types of securities. A security rating is not a recommendation to buy, sell or hold securities. A rating does not address the market price or suitability of the Notes for an investor. A rating may be subject to revision or withdrawal at any time by the Rating Agencies. The rating does not address the expected schedule of principal repayments other than to say that principal will be returned no later than the Final Maturity Date of the Notes. None of the Rating Agencies have been involved in the preparation of this Information Memorandum.

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## 14 Selling Restrictions

### 14.1 Introduction

No action has been taken by the Trustee or the Dealers which would or is intended to permit a public offer of the Class A1 Notes, the Class B Notes or the Class C Notes (together the “**Relevant Notes**”) in any country or jurisdiction where action for that purpose is required. Neither this Information Memorandum nor any other circular, prospectus, form of application, advertisement or other material may be distributed in or from or published in any country or jurisdiction except under circumstances which will result in compliance with applicable laws and regulations.

### 14.2 US Selling Restrictions

The Relevant Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (“**Securities Act**”) and the Trustee has not been and will not be registered as an investment company under the United States Investment Company Act of 1940, as amended (“**Investment Company Act**”). An interest in the Relevant Notes may not be offered or sold within the United States or to, or for the account or benefit of, a “U.S. person” (as defined in Regulation S under the Securities Act (“**Regulation S**”)) at any time except in accordance with Regulation S or pursuant to an exemption from the registration requirements of the Securities Act.

### 14.3 Australia

No prospectus or other disclosure document (as defined in the Corporations Act) in relation to the Relevant Notes has been or will be lodged with ASIC and:

- (a)
  - (i) no invitation or offer, directly or indirectly, of the Relevant Notes has been or will be made for issue or sale in Australia (including an offer or invitation which is received by a person in Australia); and
  - (ii) no Information Memorandum or any other offering material or advertisement relating to any Relevant Notes in Australia may be distributed or published; and
- (b) any person to whom Relevant Notes (or an interest in them) are issued or sold must not, make such an offer or distribute or publish any such document,

unless, in either case:

- (i) either (x) the minimum aggregate consideration payable by each offeree or invitee on acceptance of the offer is at least A\$500,000 (or its equivalent in an alternate currency) (disregarding monies lent by the offeror or its associates), (y) the offer is to a professional investor for the purposes of section 708 of the Corporations Act, or (z) the offer does not otherwise require disclosure to investors under Part 6D.2 or Part 7.9 of the Corporations Act;
- (ii) the offer or invitation does not constitute an offer to a Retail Client;
- (iii) such action complies with other applicable laws and directives in Australia (including, without limitation the financial services licensing requirements of the Corporations Act); and
- (iv) such action does not require any document to be lodged with ASIC or any other regulatory authority in Australia.

#### 14.4 European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) no person may make an offer of Relevant Notes to the public in that Relevant Member State other than:

- (a) to any legal entity which is a “qualified investor” as defined in the Prospectus Directive;
- (b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant dealer or dealers nominated by the Trustee for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Relevant Notes shall require the Trustee or any dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Relevant Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Relevant Notes to be offered so as to enable an investor to decide to purchase or subscribe the Relevant Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments hereto, including the 2010 PD Amending Directive, to the extent implemented in that Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU. The expression “**European Economic Area**” means the European Union. The expression “**Member State of the European Economic Area**” means any Member State of the European Union plus Iceland, Norway and Liechtenstein.

#### 14.5 The Republic of Ireland

No person may:

- (a) offer or sell any Relevant Notes, except in accordance with the provisions of the Prospectus (Directive 2003/71/EC) Regulations 2005 (“**Prospectus Regulations**”) and the provisions of the Irish Companies Act 1963-2005 (as amended) and any rules issued under section 51 of the Irish Investment Funds, Companies and Miscellaneous Provisions Act 2005 by the Central Bank of Ireland;
- (b) offer or sell any Relevant Notes other than in compliance with the provisions of the Market Abuse (Directive 2003/6/EU) Regulations 2005 (Ireland) and any rules issued under section 34 of the Irish Investment Funds, Companies and Miscellaneous Provisions Act 2005 by the Central Bank of Ireland;
- (c) it will not underwrite the issue of, or place, the Relevant Notes in the Republic of Ireland, otherwise than in conformity with the provisions of the Central Bank Acts 1942-2011 (Ireland) (as amended) and any codes of conduct made under Section 117(1) thereof; and

- (d) underwrite the issue or place the Relevant Notes otherwise than in accordance with the provisions of the Irish Investment Intermediaries Act 1995 (as amended), including without limitation section 9, 23 (including any advertising restrictions made under that section), 50 and 37 (including any codes of conduct issued under that section) and the provisions of the Irish Investor Compensation Act 1998, including without limitation, section 21.

#### 14.6 The United Kingdom

In relation to each Class of Relevant Notes, each person subscribing for the Relevant Notes:

- (a) may only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (“**FSMA**”)) received by it in connection with the issue or sale of any Relevant Notes in circumstances in which section 21(1) of the FSMA does not apply to the Trustee; and
- (b) must comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Relevant Notes in, from or otherwise involving the United Kingdom.

#### 14.7 Hong Kong

No person may:

- (a) offer or sell and in the Hong Kong Special Administrative Region of the People’s Republic of China (“**Hong Kong**”), by means of any document, any Relevant Notes other than (i) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) as amended (“**SFO**”) and any rules made under the SFO; or (ii) in circumstances which do not result in the document being a “prospectus” within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (“**CWMO**”) or which do not constitute an offer to the public within the meaning of the CWMO; and
- (b) unless permitted to do so under the laws of Hong Kong, issue or have in its possession for the purpose of issue (in each case whether in Hong Kong or elsewhere), any advertisement, invitation, offering material or document relating to the Relevant Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong other than with respect to the Relevant Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the SFO and any rules made under that Ordinance.

#### 14.8 Japan

The Relevant Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended and reviewed) (the “**Financial Instruments and Exchange Act**”) and, accordingly, no person may offer or sell any Relevant Notes, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan (which term as used herein means any person resident in Japan or a juridical person having its main office in Japan as defined in Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act of Japan (Act No. 228 of 1949), including any corporation having its principal office in or other entity organised under the laws of Japan. Any branch or office in Japan of a non-resident will be deemed to be a resident for the purpose whether such branch or office has the power to represent such non-resident), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except

pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and ordinances promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time.

#### **14.9 New Zealand**

On and from 1 December 2014, when both Part 3 and Schedule 1 to the Financial Markets Conduct Act 2013 of New Zealand (the “FMCA”) came into force, no person may offer for sale or transfer or directly or indirectly offer for sale or transfer any Relevant Notes in a manner that makes the Relevant Notes the subject of a regulated offer for the purposes of the FMCA and the minimum subscription requirements below have been or will be complied with in connection with any direct or indirect offer for sale or transfer of the Relevant Notes. In particular, the Relevant Notes have and will only be offered or transferred either:

- (a) to persons who are “wholesale investors” as that term is defined in clauses 3(2)(a), (c) and (d) of Schedule 1 to the FMCA, being a person who is:
  - (i) an “investment business”
  - (ii) “large”, or
  - (iii) a “government agency”

in each case as defined in Schedule 1 to the FMCA; or

- (b) in other circumstances where there is no contravention of the FMCA, provided that (without limiting paragraph (a) above) Relevant Notes may not be offered or transferred to any “eligible investors” (as defined in the FMCA) or any person that meets the investment activity criteria specified in clause 38 of Schedule 1 to the FMCA.

No person must distribute this Information Memorandum, any series supplement or other Transaction Document, terms or any information or other material that may constitute an advertisement (as defined in the FMCA) in relation to any offer of the Relevant Notes in New Zealand other than to any such persons as referred to in the applicable paragraphs above.

#### **14.10 Switzerland**

This Information Memorandum does not constitute a prospectus within the meaning of Article 652A of the Swiss Code of Obligations and Article 1156 et seq. of the Swiss Code of Obligations. The Relevant Notes may not be publicly offered or distributed in or from Switzerland, and neither the preliminary Information Memorandum, the final Information Memorandum nor any other offering materials relating to any of the Relevant Notes may be publicly distributed in connection with any such offering or distribution.

This Information Memorandum does not constitute a public offering prospectus as that term is understood pursuant to Article 1156 et seq. of the Code of Obligations. The Trustee has not applied for a listing of the Relevant Notes on the SIX Swiss Exchange and as a result, the information set out in this Information Memorandum does not necessarily comply with the information standards set out in the relevant listing rules. The Relevant Notes will not be publicly offered or sold in Switzerland. No person may publicly offer or distribute the Relevant Notes in or from Switzerland, and neither the preliminary Information Memorandum, the final Information Memorandum nor any other offering materials relating to any of the Relevant Notes may be publicly distributed in connection with any such offering or distribution.

## 14.11 Singapore

This Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore, as amended (the “**Securities and Futures Act**”) and the Relevant Notes will be offered pursuant to exemptions. The Relevant Notes must not be offered or sold or made the subject of an invitation for subscription or purchase nor may this Information Memorandum or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Relevant Notes be circulated or distributed, whether directly or indirectly, to the public or any member of the public in Singapore other than (a) to an institutional investor pursuant to section 274 of the Securities and Futures Act, (b) to a relevant person pursuant to Section 275(1) of the Securities and Futures Act, or any person pursuant to section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in section 275 of the Securities and Futures Act, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Where the Relevant Notes are subscribed or purchased in reliance on an exemption under Section 274 or 275 of the Securities and Futures Act, the Relevant Notes must not be sold within the period of six months from the date of the initial acquisition of the Relevant Notes, except to any of the following persons:

- (a) an institutional investor (as defined in Section 4A of the Securities and Futures Act);
- (b) a relevant person (as defined in Section 275(2) of the Securities and Futures Act); or
- (c) any person pursuant to an offer referred to in Section 275(1A) of the Securities and Futures Act,

unless expressly specified otherwise in Section 276(7) of the Securities and Futures Act or Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Each of the following relevant persons specified in section 275 of the Securities and Futures Act which has subscribed or purchased Relevant Notes from and through that person, namely a person who is:

- (a) a corporation (which is not an accredited investor as defined in section 4A of the Securities and Futures Act) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

should note that shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interest in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Relevant Notes under section 275 of the Securities and Futures Act except:

- (ii) to an institutional investor (for corporations, under section 274 of the Securities and Futures Act) or to a relevant person as defined in section 275(2) of the Securities and Futures Act and in accordance with the conditions specified in section 275 of the Securities and Futures Act;

- (iii) (in the case of a corporation) where the transfer arises from an offer referred to in section 276(3)(i)(B) of the Securities and Futures Act or (in the case of a trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the Securities and Futures Act;
- (iv) where no consideration is or will be given for the transfer;
- (v) where the transfer is by operation of law; or
- (vi) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

#### **14.12 Republic of China**

The Relevant Notes may not be sold or offered in the Republic of China and may only be offered and sold to Republic of China resident investors from outside the Republic of China in such a manner as complies with securities laws and regulations applicable to such cross border activities in the Republic of China.

#### **14.13 General**

These selling restrictions may be modified by agreement between the Dealers following a change in or clarification of a relevant law, regulation, directive, request or guideline having the force of law or compliance with which is in accordance with the practice of responsible financial institutions in the country concerned or any change in or introduction of any of them or in interpretation or administration.



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## **15 Listing on a stock exchange**

### **15.1 Application for Listing**

As at the Preparation Date, Securitisation Advisory Services Pty Limited, as Manager, intends to apply to list the Class A1 Notes on the Australian Securities Exchange. However, if such an application is made, there can be no assurance that approval will be granted and accordingly the issuance and settlement of the Notes on the Closing Date is not conditional on the listing of the Class A1 Notes on the Australian Securities Exchange or on any other stock exchange. If any such application for listing and/or trading is made, Perpetual Trustee Company Limited will not be taken to have authorised or made the application. The Class B Notes, the Class C Notes, the Class A1-R Notes (if any) and the Redraw Notes (if any) have not been, and will not be, admitted to listing or to trading on any stock exchange.

### **15.2 Additional Information**

If and for so long as any the Class A1 Notes are listed on a stock exchange and the rules of that stock exchange so require, copies of notices to holders of the listed Class of Notes must be forwarded in final form to the appropriate office of that stock exchange, no later than the day of dispatch and copies of any Transaction Documents required to be made publicly available will be made available during normal business hours at the registered office of the Manager or any listing agent appointed by the Manager for the purposes of listing on that stock exchange.

If any application is made for listing of the Class A1 Notes on a stock exchange, the Manager will undertake that, for as long as the Class A1 Notes are listed on the stock exchange, it will, if required under the rules of the relevant stock exchange, notify that stock exchange of any material amendment to any Transaction Document and if any party to any Transaction Document resigns or is replaced, together with details of any relevant replacement party.

Except for the transactions described in this Information Memorandum relating to the issuance of the Notes, as at the date of this Information Memorandum the Series Trust has not commenced operations and no financial statements relating to the Series Trust have been prepared.

The Series Trust was established on 4 September 2015 in the State of New South Wales, Australia by the Trustee, the Manager, Commonwealth Bank of Australia as the Servicer and the Seller, executing a series supplement and the Manager settling A\$100 on the Trustee. The Series Trust is governed by the laws of New South Wales, Australia. The Series Trust is a special purpose entity established to issue Notes, to apply the proceeds thereof to acquire the Mortgage Loans from the Seller and to hold the Mortgage Loans in accordance with the Transaction Documents.

As at the date of this Information Memorandum, the Series Trust has no borrowings or indebtedness and there has been no change in the capitalisation of the Series Trust since it was established.

The Trustee is not involved in any litigation, arbitration or governmental proceedings which may have, or have had during the 12 months preceding the date of this Information Memorandum, a significant effect on the Trustee's financial position nor, as far as the Trustee is aware, are any such litigation, arbitration or governmental proceedings pending or threatened.

From the date of creation of the Series Trust, to the date of issue of the Class A1 Notes, the Trustee will not, in its capacity as trustee of the Series Trust, carry on any business. The

Series Trust is not required by Australian law and does not intend to publish annual reports and accounts, and no accounts with respect to the Series Trust have been prepared prior to the date of this Information Memorandum.

The Manager is the administrator of the Series Trust. The Manager can be contacted on +61 2 9118 7214. The Trustee can be contacted on + 61 2 9229 9000.

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## 16 Transaction Documents

The documents referred to below are the Transaction Documents in respect of the Series Trust:

- (a) the Master Trust Deed between the Trustee and the Manager, dated 8 October 1997 (as amended);
- (b) the Series Supplement between the Trustee, the Manager and Commonwealth Bank of Australia (as the Seller and the Servicer), dated 4 September 2015;
- (c) the Security Trust Deed between the Trustee, the Manager and the Security Trustee, dated 4 September 2015;
- (d) the Liquidity Facility Agreement between the Trustee, the Manager and the Liquidity Facility Provider, dated 4 September 2015;
- (e) the basis swaps and fixed rate swaps between the Trustee, the Manager, the Basis Swap Provider and the Fixed Rate Swap Provider dated 4 September 2015, entered into pursuant to the ISDA Master Agreement, related schedule and each credit support annex between the Trustee, the Manager, the Basis Swap Provider and the Fixed Rate Swap Provider dated as of 4 September 2015; and
- (f) the Dealer Agreement between the Trustee, the Manager, the Arranger and each Dealer dated 4 September 2015.

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## 17 Glossary

<b>Accrual Period</b>	This is described in Section 8.4 (“ <i>Key Dates and Periods</i> ”).
<b>Accrued Interest Adjustment</b>	means the amount of interest accrued on the Mortgage Loans for, and any fees in relation to the Mortgage Loans falling due for payment during, the period commencing on and including the date on which interest is debited to the relevant Mortgage Loan accounts by the Servicer for that Mortgage Loan immediately prior to the Cut-Off Date and ending on but excluding the Closing Date and any accrued interest and fees due but unpaid in relation to the Mortgage Loan prior to the date that interest is debited to the relevant Mortgage Loan accounts.
<b>Acquiring Trust</b>	This is described in Section 5.3 (“ <i>Transfer of assets between Trusts</i> ”).
<b>ADI</b>	means an “authorised deposit-taking institution” under the Banking Act 1959 (Cth).
<b>Adjustment Advance</b>	in relation to Assigned Assets and an Assignment Date, means an amount, as determined by the Manager and specified in the corresponding Transfer Proposal, not exceeding an amount equal to the accrued and unpaid interest in respect of the Assigned Assets (less any accrued and unpaid costs and expenses in respect of the Assigned Assets) during the period up to (but not including) that Assignment Date.
<b>Adverse Effect</b>	means any event which, determined by the Manager unless specifically provided otherwise, materially and adversely affects the amount or timing of any payment of any Senior Secured Money.
<b>Amortisation Conditions</b>	(a) no Liquidity Shortfall Advance has been made under the Facility on the prior Distribution Date;  (b) the Stated Amount of each Note is equal to the Invested Amount of each Note on that Distribution Date; and  (c) there are no outstanding Principal Draws on a Distribution Date.
<b>Assets</b>	means all assets and property, real and personal (including choses in action and other rights), tangible and intangible, present and future, held by the Trustee as trustee of the Series Trust, from time to time.
<b>Assigned Assets</b>	in relation to a Transfer Proposal and a Disposing Trust, means the Trustee’s entire right, title and interest (including

the beneficial interest of each Unitholder in relation to the Disposing Trust) as trustee of the Disposing Trust in:

- (a) the assets of the Disposing Trust insofar as they relate to the Mortgage Loans referred to in that Transfer Proposal; and
- (b) unless otherwise specified in that Transfer Proposal, the benefit of all representations and warranties given to the Trustee by the seller of the Mortgage Loans referred to in that Transfer Proposal, the Servicer or any other person in relation to those assets.

<b>Assignment Date</b>	in relation to a Transfer Proposal, means the date specified as such in that Transfer Proposal on which the Mortgage Loans are transferred from the Disposing Trust to the Acquiring Trust.
<b>Austraclear</b>	means Austraclear Services Limited ABN 28 003 284 419.
<b>Austraclear Regulations</b>	means the regulations and related operating procedures established from time to time by Austraclear.
<b>Australian Credit Licence</b>	has the meaning given to that term in the NCCP.
<b>Australian Privacy Act</b>	means the Privacy Act 1988 of Australia.
<b>Australian Tax Act</b>	This is described in Section 12 (“ <i>Taxation considerations</i> ”).
<b>Authorised Short-Term Investments</b>	means: <ul style="list-style-type: none"><li>(a) any debt securities;</li><li>(b) deposits with, or the acquisition of certificates of deposit issued by, an ADI; and</li><li>(c) bills of exchange, which at the time of acquisition have a maturity date of not more than 200 days and which have been accepted, drawn on or endorsed by an ADI and provide a right of recourse against that institution by a holder in due course who purchases them for value,</li></ul> in each case denominated in Australian Dollars and provided such investments must: <ul style="list-style-type: none"><li>(i) be held in the name of the Trustee;</li><li>(ii) have a Required Credit Rating;</li><li>(iii) not give rise to a requirement for withholding or deduction under FATCA;</li></ul>

- (iv) mature on or before the next Distribution Date or be capable of being converted to immediately available funds in an amount at least equal to the aggregate outstanding principal amount of that investment plus any accrued interest on or before the next Distribution Date; and
- (iv) not constitute a securitisation exposure or a resecuritisation exposure (as defined in Prudential Standard APS 120 issued by the Australian Prudential Regulation Authority including any amendment or replacement of that Prudential Standard).

<b>Available Income Amount</b>	This is described in Section 8.5 (“ <i>Determination of the Available Income Amount</i> ”).
<b>Available Principal Amount</b>	This is described in Section 8.11 (“ <i>Determination of the Available Principal Amount</i> ”).
<b>Bank Bill Rate</b>	<p>in relation to an Accrual Period, means the rate appearing at approximately 10.00 am Sydney time on the first day of that Accrual Period on the Reuters Screen page “BBSW” as being the average of the mean buying and selling rates appearing on that page for a bill of exchange having a tenor of one month and rounded upwards to 4 decimal places. If:</p> <ul style="list-style-type: none"> <li>(a) on the first day of an Accrual Period fewer than 4 banks are quoted on the Reuters Screen page “BBSW”; or</li> <li>(b) for any other reason the rate for that day cannot be determined in accordance with the foregoing procedures,</li> </ul> <p>then the Bank Bill Rate means the rate as is specified by the Manager having regard to comparable indices then available, provided that the Bank Bill Rate for the first Accrual Period in respect of the Notes issued on the Closing Date will be determined by the Manager by straight line interpolation between the bank bill rate determined as above for a bill of exchange having a tenor of one month and a bill of exchange having a tenor of two months and rounded upwards to 4 decimal places.</p>
<b>Basis Swap</b>	means the basis swap entered into under the Interest Rate Swap Agreement in the form of the Annexure 1 to the Interest Rate Swap Agreement between the Trustee, the Manager and the Seller dated prior to the Closing Date or on the terms of any other Interest Rate Swap Agreement that replaces that Interest Rate Swap Agreement.

<b>Basis Swap Provider</b>	This is described in Section 2.1 (“ <i>Parties to the Transaction</i> ”).
<b>Business Day</b>	means any day on which banks are open for business in Sydney which is also a day other than a Saturday, a Sunday or a public holiday in Sydney.
<b>Call Date</b>	means the first Distribution Date on which the aggregate principal outstanding on the Mortgage Loans which are then part of the Assets of the Series Trust is less than 10% of the aggregate principal outstanding on the Mortgage Loans that were part of the Assets of the Series Trust as at the Closing Date.
<b>Capital Unit</b>	means the unit in the Series Trust which is designated as a “Capital Unit” for the Series Trust.
<b>Capital Unitholder</b>	means the Unitholder of the Capital Unit.
<b>Cash Deposit</b>	means the amount credited to the Liquidity Facility Reserve Deposit Account by the Liquidity Facility Provider to meet a Cash Deposit Advance (after taking into account any application of, allocation to and repayment of the Cash Deposit in accordance with the Liquidity Facility Agreement).
<b>Cash Deposit Advance</b>	means an advance made by the Liquidity Facility Provider to the Trustee under the Liquidity Facility Agreement during a Cash Deposit Period.
<b>Cash Deposit Period</b>	means each period commencing immediately following the date that the Liquidity Facility Provider makes a Cash Deposit and ending on the earliest of the following dates which occur after the making of that Cash Deposit: <ul style="list-style-type: none"> <li>(a) any date on which the Liquidity Facility Provider obtains the Designated Credit Rating; and</li> <li>(b) the Liquidity Facility Termination Date.</li> </ul>
<b>CBA Trust</b>	This is described in Section 6.4 (“ <i>Transfer and Assignment of the Mortgage Loans</i> ”).
<b>Charge</b>	This is described in Section 10.6(a) (“ <i>General</i> ”).
<b>Circulating Asset</b>	means each Series Asset of the Series Trust which is not a Restricted Asset.
<b>Citi</b>	means Citigroup Global Markets Australia Pty Limited (ABN 64 003 114 832).
<b>Citigroup</b>	means Citi and its related bodies corporate.

**Class** means, depending upon the context, the Redraw Notes, the Class A Notes, the Class B Notes, the Class C Notes, the Capital Unit or the Income Unit (or any of them).

**Class A Chargeoff Percentage** in relation to a Determination Date, means the amount (expressed as a percentage) calculated as follows:

$$CACP = \frac{CASA}{CASA + RNSA}$$

where:

CACP = the Class A Chargeoff Percentage in relation to that Determination Date;

CASA = the aggregate Stated Amount of the Class A Notes on that Determination Date; and

RNSA = the aggregate Stated Amount of the Redraw Notes on that Determination Date.

**Class A Note** means the Class A1 Notes and the Class A1-R Notes (or any of them).

**Class A Noteholders** means the Class A1 Noteholders and the Class A1-R Noteholders (or any of them).

**Class A Principal Allocation** means, on any Distribution Date, the lesser of:

(a) the aggregate Invested Amount of the Class A Notes on the immediately preceding Determination Date; and:

(b)

(i) if the Step-Down Conditions have not been satisfied on the immediately preceding Determination Date, the Remaining Available Principal Amount in respect of that Distribution Date;

(ii) if the Step-Down Conditions have been satisfied on the immediately preceding Determination Date:

$$CAPA = (A / Z) \times RAPA$$

where:

CAPA is the Class A Principal Allocation;

A is the aggregate Invested Amount of the Class A Notes, on the



	immediately preceding Determination Date;
	Z is the aggregate Invested Amount of the Class A Notes, the Class B and the Class C Notes on the immediately preceding Determination Date; and
	RAPA is the Remaining Available Principal Amount in respect of that Distribution Date.
<b>Class A1 Interest Amount</b>	in relation to a Distribution Date and an Accrual Period ending on a Distribution Date, means the aggregate interest accrued on each Class A1 Note during that Accrual Period.
<b>Class A1 Note</b>	means a debt security issued by the Trustee, in its capacity as trustee of the Series Trust, and described as a “Class A1 Note”.
<b>Class A1 Noteholder</b>	means, at any time, the person recorded at that time in the Register as the holder of a Class A1 Note.
<b>Class A1 Stepped-Up Margin</b>	this is described in Section 8.10(a) (“ <i>Interest on the Notes</i> ”).
<b>Class A1-R Interest Amount</b>	in relation to a Distribution Date and an Accrual Period ending on a Distribution Date, means the aggregate interest accrued on each Class A1-R Note during that Accrual Period.
<b>Class A1-R Issue Date</b>	has the meaning given to it in Section 8.17 (“ <i>Refinancing of Class A1 Notes with Class A1-R Notes</i> ”).
<b>Class A1-R Note</b>	means a debt security issued by the Trustee, in its capacity as trustee of the Series Trust, and described as a “Class A1-R Note”.
<b>Class A1-R Noteholder</b>	means, at any time, the person recorded at that time in the Register as the holder of a Class A1-R Note.
<b>Class B Interest Amount</b>	in relation to a Distribution Date and an Accrual Period ending on a Distribution Date, means the aggregate interest accrued on each Class B Note during that Accrual Period.
<b>Class B Note</b>	means a debt security issued by the Trustee, in its capacity as trustee of the Series Trust, and described as a “Class B Note”.
<b>Class B Noteholder</b>	means, at any time, the person recorded at that time in the Register as the holder of a Class B Note.
<b>Class B Principal Allocation</b>	means, on any Distribution Date, the lesser of:

- (a) the aggregate Invested Amount of the Class B Notes on the immediately preceding Determination Date; and
- (b) if the Step-Down Conditions have not been satisfied on the immediately preceding Determination Date, zero; or
- (c) if the Step-Down Conditions have been satisfied on the immediately preceding Determination Date:

$$CBPA = (B+C) / Z \times RAPA$$

where:

CBPA is the Class B Principal Allocation;

B is the aggregate Invested Amount of the Class B Notes on the immediately preceding Determination Date;

C is the aggregate Invested Amount of the Class C Notes on the immediately preceding Determination Date;

Z is the aggregate Invested Amount of the Class A Notes, the Class B Notes and the Class C Notes on the immediately preceding Determination Date; and

RAPA is the Remaining Available Principal Amount in respect of that Distribution Date.

**Class C Interest Amount** means in relation to a Distribution Date and an Accrual Period ending on a Distribution Date, means the aggregate interest accrued on each Class C Note during that Accrual Period, provided that if the Trustee, at the direction of the Manager is to redeem the Class C Notes without paying accrued interest on those Notes, the Class C Interest Amount on the Distribution Date on which the Class C Notes are redeemed (or deemed to be redeemed, as applicable) will be taken to be zero.

**Class C Note** means a debt security issued by the Trustee, in its capacity as trustee of the Series Trust, and described as a “Class C Note”.

**Class C Noteholder** means at any time the person recorded at that time in the Register as the holder of a Class C Note.

**Clean-Up Settlement Date** This is described in Section 10.11 (“*Clean-Up*”).

**Clean-Up Settlement Price** This is described in Section 10.11 (“*Clean-Up*”).

<b>Closing Date</b>	This is described in Section 2.2 (“ <i>Summary of the Notes</i> ”).
<b>Collateral</b>	This is described in Section 10.6(b) (“ <i>Nature of the Charge</i> ”).
<b>Collateral Security</b>	This is described in Section 6.1(d) (“ <i>Assets of the Series Trust</i> ”).
<b>Collections Account</b>	means each bank account opened in accordance with the Transaction Documents in respect of the Series Trust.
<b>Collection Period</b>	This is described in Section 8.4 (“ <i>Key Dates and Periods</i> ”).
<b>Co-Manager</b>	This is described in Section 2.1 (“ <i>Parties to the Transaction</i> ”).
<b>Commonwealth Bank of Australia</b>	means the Commonwealth Bank of Australia ABN 48 123 123 124.
<b>Concentrations Event</b>	This is described in Section 11.1(e) (“ <i>Servicing of the Mortgage Loans</i> ”).
<b>Consumer Credit Legislation</b>	means, as applicable: <ul style="list-style-type: none"> <li>(a) the NCCP;</li> <li>(b) the National Consumer Credit Protection (Fees) Act 2009 (Cth);</li> <li>(c) the National Consumer Credit Amendment Act 2010 (Cth);</li> <li>(d) the National Consumer Credit Protection (Transitional and Consequential Provisions) Act 2009 (Cth);</li> <li>(e) any acts or other legislation enacted in connection with any of the acts set out in paragraphs (a) to (d) above and any regulations made under any of the acts set out in paragraphs (a) to (d) above; and</li> <li>(f) Division 2 of Part 2 of the Australian Securities and Investments Commission Act 2001 (Cth), so far as it relates to the obligations of the Servicer, the Seller or the Trustee as the holder of an Australian Credit Licence or “credit activities” (as defined in the NCCP) engaged in by the Manager, the Servicer, the Seller or the Trustee; and</li> <li>(g) any other Commonwealth, State or Territory legislation that covers conduct relating to credit activities (whether or not it also covers other conduct), but only in so far as it covers conduct relating to credit activities.</li> </ul>

<b>Corporations Act</b>	means the Corporations Act 2001 (Cth).
<b>CRR</b>	This is described in Section 1.15 (“European Union Capital Requirements Regulation – securitisation exposure rules and other regulatory initiatives”).
<b>Credit Support Notes</b>	This is described in Section 2.4(d) (“ <i>Allocation of losses</i> ”).
<b>Cut-Off Date</b>	This is described in Section 2.2 (“ <i>Summary of the Notes</i> ”).
<b>Dealer</b>	means the Arranger, the Lead Manager and each Co-Manager or any of them, as the context requires.
<b>Dealer Agreement</b>	This is described in Section 16 (“ <i>Transaction Documents</i> ”).
<b>Delinquent Percentage</b>	<p>in relation to a Collection Period, means the amount (expressed as a percentage) calculated as follows:</p> $DP = \frac{DMLP}{AMLP}$ <p>where:</p> <p>DP = the Delinquent Percentage;</p> <p>DMLP = the aggregate, on the last day of the Collection Period, of the principal outstanding with respect to those Mortgage Loans in relation to which a payment due from the borrower has been in arrears (on that day) by more than 60 days; and</p> <p>AMLP = the aggregate principal outstanding in relation to the Mortgage Loans on the last day of the Collection Period.</p>
<b>Designated Credit Rating</b>	This is described in Section 10.8(f) (“ <i>Downgrade of Liquidity Facility Provider</i> ”).
<b>Determination Date</b>	This is described in Section 8.4 (“ <i>Key Dates and Periods</i> ”).
<b>Disposing Trust</b>	This is described in Section 5.3 (“ <i>Transfer of assets between Trusts</i> ”).
<b>Distribution Date</b>	means each date referred to as such in the table in Section 2.2 (“ <i>Summary of the Notes</i> ”).
<b>Eligible Depository</b>	<p>means a financial institution which has assigned to it the following ratings from each of S&amp;P and Fitch Ratings:</p> <p>(a) in respect of S&amp;P:</p>

- (i) a long term credit rating equal to or higher than BBB+;
  - (ii) a long-term credit rating equal to or higher than BBB, together with a short-term credit rating equal to or higher than A-2; or
  - (iii) if the relevant entity does not have a long term credit rating from S&P, a short-term credit rating equal to or greater than A-2; and
- (b) in respect of Fitch Ratings, a short term credit rating of F1, together with a long term credit rating of A,

or such other credit rating or ratings as may be notified in writing by the Manager to the Trustee and in respect of which the Manager has issued a Rating Affirmation Notice in respect of each Rating Agency.

<b>Event of Default</b>	This is described in Section 10.6(e) (“ <i>The Security Trust Deed</i> ”).
<b>Extraordinary Expense Reserve</b>	This is described in Section 8.8 (“ <i>Extraordinary Expense Reserve</i> ”).
<b>Extraordinary Expense Reserve Draw</b>	This is described in Section 8.8(b) (“ <i>Extraordinary Expense Reserve</i> ”).
<b>Extraordinary Expense Reserve Required Amount</b>	means A\$150,000.
<b>Extraordinary Expenses</b>	means, in relation to a Collection Period, any out of pocket Expenses properly and reasonably incurred by the Trustee in relation to the Series Trust in respect of that Collection Period but which are not incurred in the ordinary course of business of the Series Trust.
<b>Extraordinary Resolution</b>	in relation to Voting Secured Creditors or a class of Voting Secured Creditors (including any Class of Noteholders), means a resolution passed at a duly convened meeting of the Voting Secured Creditors or a class of Voting Secured Creditors under the Security Trust Deed by a majority consisting of not less than 75% of the votes of such Voting Secured Creditors or their representatives present and voting or, if a poll is demanded, by such Voting Secured Creditors holding or representing between them Voting Entitlements comprising in aggregate not less than 75% of the aggregate number of votes comprised in the Voting Entitlements held or represented by all the persons present and voting at the meeting or a written resolution signed by all the Voting Secured Creditors or the class of Voting Secured Creditors (as the case may be).

<b>FATCA</b>	means sections 1471 to 1474 of the United States of America Internal Revenue Code of 1986 or any consolidation, amendment, re-enactment or replacement of those provisions and including any regulations or official interpretations issued, agreements (including, without limitation, intergovernmental agreements) entered into or non-United States laws enacted with respect thereto.
<b>FATCA Withholding</b>	means any withholding or deduction imposed under FATCA.
<b>Fair Market Value</b>	in relation to a Mortgage Loan means the fair market value for that Mortgage Loan as agreed between the Trustee (acting on expert advice taken pursuant to the Master Trust Deed, if necessary) and the Seller (or, in the absence of agreement, determined by the Seller's external auditors) and which value reflects the performance status and underlying nature of that Mortgage Loan. If the price offered to the Trustee in respect of a Mortgage Loan is equal to, or more than, the principal outstanding plus accrued interest in respect of that Mortgage Loan, the Trustee is entitled to assume that this price represents the Fair Market Value in respect of that Mortgage Loan.
<b>Final Maturity Date</b>	This is described in Section 2.2 ( <i>"Summary of the Notes"</i> ).
<b>Finance Charge Collections</b>	This is described in Section 8.5(a) ( <i>"Determination of the Available Income Amount"</i> ).
<b>First Possible Class A1 Refinancing Date</b>	This is described in Section 2.2 ( <i>"Summary of the Notes"</i> ).
<b>Fitch Ratings</b>	means Fitch Australia Pty Ltd ABN 93 081 339 184.
<b>Fixed Rate Swap</b>	means the fixed rate swap entered into under the Interest Rate Swap Agreement in the form of the Annexure 2 to the Interest Rate Swap Agreement or on the terms of any other Interest Rate Swap Agreement that replaces that Interest Rate Swap Agreement provided the Manager has issued a Rating Affirmation Notice in relation to each Rating Agency in respect of the entering into of that fixed rate swap.
<b>Fixed Rate Swap Notional Amount</b>	This is described in Section 10.10(c) ( <i>"Fixed Rate Swap"</i> ).
<b>Fixed Rate Swap Provider</b>	This is described in Section 2.1 ( <i>"Parties to the Transaction"</i> ).
<b>Genworth</b>	Genworth Financial Mortgage Insurance Pty Limited ABN 60 106 974 305.
<b>Gross Income Shortfall</b>	This is described in Section 8.6 ( <i>"Principal Draw"</i> ).
<b>GST</b>	has the meaning provided in the GST Act.

<b>GST Act</b>	means A New Tax System (Goods and Services Tax) Act 1999.
<b>High LTV Master Policy</b>	This is described in Section 10.9(a) (“ <i>Mortgage Insurance</i> ”).
<b>Income Unit</b>	means the unit in the Series Trust which is designated as an “Income Unit” for the Series Trust.
<b>Income Unitholder</b>	means the Unitholder of an Income Unit.
<b>Initial Invested Amount</b>	means, in respect of a Note, A\$100,000.
<b>Insolvency Event</b>	means, in relation to: <ul style="list-style-type: none"> <li>(a) the Trustee in its capacity as trustee of the Series Trust, the occurrence of any of the following events in relation to the Trustee in that capacity (and not in any other capacity): <ul style="list-style-type: none"> <li>(i) an application is made and not dismissed or stayed on appeal within 30 days or an order is made that the Trustee be wound up or dissolved;</li> <li>(ii) an application for an order is made and not dismissed or stayed on appeal within 30 days appointing a liquidator, a provisional liquidator, a receiver or a receiver and manager in respect of the Trustee or one of them is appointed;</li> <li>(iii) except on terms approved by the Security Trustee, the Trustee enters into, or resolves to enter into, a scheme of arrangement, deed of company arrangement or composition with, or assignment for the benefit of, all or any class of its creditors, or it proposes a reorganisation, moratorium or other administration involving any of them;</li> <li>(iv) the Trustee resolves to wind itself up, or otherwise dissolve itself, or gives notice of intention to do so, except to reconstruct or amalgamate while solvent on terms approved by the Security Trustee or is otherwise wound up or dissolved;</li> <li>(v) the Trustee is or states that it is unable to pay its debts when they fall due;</li> <li>(vi) as a result of the operation of section 459F(1) of the Corporations Act, the</li> </ul> </li> </ul>

Trustee is taken to have failed to comply with a statutory demand;

- (vii) the Trustee is, or makes a statement from which it may be reasonably deduced by the Security Trustee that the Trustee is, the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act;
  - (viii) the Trustee takes any step to obtain protection or is granted protection from its creditors, under any applicable legislation or an administrator is appointed to the Trustee or the board of directors of the Trustee propose to appoint an administrator to the Trustee or the Trustee becomes aware that a person who is entitled to enforce a charge on the whole or substantially the whole of the Trustee's property proposes to appoint an administrator to the Trustee; or
  - (ix) anything analogous or having a substantially similar effect to any of the events specified above happens under the law of any applicable jurisdiction; and
- (b) any other body corporate and the Trustee in its personal capacity, each of the following events:
- (i) an order is made that the body corporate be wound up;
  - (ii) a liquidator, provisional liquidator, controller or administrator is appointed in respect of the body corporate or a substantial portion of its assets whether or not under an order;
  - (iii) except to reconstruct or amalgamate on terms reasonably approved by the Trustee (or in the case of a reconstruction or amalgamation of the Trustee in its personal capacity or the Security Trustee, on terms reasonably approved by the Manager), the body corporate enters into, or resolves to enter into, a scheme of arrangement, deed of company arrangement or composition with, or assignment for the benefit of, all or any class of its creditors;
  - (iv) the body corporate resolves to wind itself up, or otherwise dissolve itself, or gives notice of its intention to do so, except to



reconstruct or amalgamate on terms reasonably approved by the Trustee (or in the case of a reconstruction or amalgamation of the Trustee in its personal capacity or the Security Trustee, except on terms reasonably approved by the Manager) or is otherwise wound up or dissolved;

- (v) the body corporate is or states that it is insolvent;
- (vi) as a result of the operation of section 459F(1) of the Corporations Act, the body corporate is taken to have failed to comply with a statutory demand;
- (ix) the body corporate takes any step to obtain protection or is granted protection from its creditors, under any applicable legislation;
- (x) any writ of execution, attachment, distress or similar process is made, levied or issued against or in relation to a substantial portion of the body corporate's assets and is not satisfied or withdrawn or contested in good faith by the body corporate within 21 days; or
- (xi) anything analogous or having a substantially similar effect to any of the events specified above happens under the law of any applicable jurisdiction.

**Insurance Policy**

means any insurance policy (whether present or future) under which the improvements on the land the subject of a mortgage or a collateral security are insured against destruction or damage by events which include fire.

**Interest Amount**

in relation to a Note and the relevant Accrual Period, means the aggregate interest accrued on that Note during that Accrual Period.

**Interest Rate Swap Agreement**

This is described in Section 10.10 ("*The Interest Rate Swaps*").

**Interest Rate Swap Provider**

means initially Commonwealth Bank of Australia and includes any other person that subsequently enters into an Interest Rate Swap Agreement with the Trustee and the Manager.

**Interest Rate Swap Provider Deposit**

means any amount deposited by the Interest Rate Swap Provider into a collateral account under an Interest Rate Swap Agreement by way of prepayment or collateral in

respect of the Interest Rate Swap Provider's payment obligations under the Interest Rate Swap Agreement.

<b>Invested Amount</b>	in relation to a Note, means the principal amount of that Note upon issue less the aggregate of all principal payments made on that Note.
<b>Issue Date</b>	in relation to a Note, means the day on which the Note is issued by the Trustee.
<b>Lead Manager</b>	This is described in Section 2.1 ( <i>"Parties to the Transaction"</i> ).
<b>Liquidity Event of Default</b>	This is described in Section 10.8(g) ( <i>"Events of Default under the Liquidity Facility Agreement"</i> ).
<b>Liquidity Facility</b>	means the facility provided to the Series Trust under the Liquidity Facility Agreement.
<b>Liquidity Facility Advance</b>	This is described in Section 8.5 ( <i>"Determination of the Available Income Amount"</i> ).
<b>Liquidity Facility Agreement</b>	This is described in Section 16 ( <i>"Transaction Documents"</i> ).
<b>Liquidity Facility Commitment Fee</b>	in relation to a Determination Date and the immediately following Distribution Date, means the commitment fee payable to the Liquidity Facility Provider on that Distribution Date pursuant to the Liquidity Facility Agreement.
<b>Liquidity Facility Interest</b>	in relation to a Distribution Date, means the interest due on that Distribution Date pursuant to the terms of the Liquidity Facility Agreement.
<b>Liquidity Facility Limit</b>	This is described in Section 10.8(a) ( <i>"Advances and Facility Limit"</i> ).
<b>Liquidity Facility Provider</b>	This is described in Section 2.1 ( <i>"Parties to the Transaction"</i> ).
<b>Liquidity Facility Reserve Deposit Account</b>	This is described in Section 10.8(f) ( <i>"Downgrade of Liquidity Facility Provider"</i> ).
<b>Liquidity Facility Termination Date</b>	means the date on which the Liquidity Facility will terminate, as described in Section 10.8(i) ( <i>"Termination"</i> ).
<b>Macquarie</b>	means Macquarie Bank Limited (ABN 46 008 583 542).
<b>Manager</b>	This is described in Section 2.1 ( <i>"Parties to the Transaction"</i> ) and Section 10.4 ( <i>"The Manager"</i> ).
<b>Manager Default</b>	means:

- (a) an Insolvency Event occurs in relation to the Manager;
- (b) the Manager does not instruct the Trustee to pay the required amounts to the Noteholders within the time periods specified in the Series Supplement and that failure is not remedied within 10 Business Days, or such longer period as the Trustee may agree, of notice of such failure being delivered to the Manager by the Trustee;
- (c) the Manager does not prepare and transmit to the Trustee the monthly or quarterly certificates or any other reports required to be prepared by the Manager and such failure is not remedied within 10 Business Days, or such longer period as the Trustee may agree, of notice being delivered to the Manager by the Trustee. However, such a failure by the Manager does not constitute a Manager Default if it is as a result of a Servicer Default referred to in the second paragraph of the definition of that term provided that, if the Servicer subsequently provides the information to the Manager, the Manager prepares and submits to the Trustee the outstanding monthly or quarterly certificates or other reports within 10 Business Days, or such longer period as the Trustee may agree to, of receipt of the required information from the Servicer;
- (d) any representation, warranty, certification or statement made by the Manager in a Transaction Document or in any document provided by the Manager under or in connection with a Transaction Document proves to be incorrect when made or is incorrect when repeated, in a manner which as reasonably determined by the Trustee has an Adverse Effect and is not remedied to the Trustee's reasonable satisfaction within 60 Business Days of notice to the Manager by the Trustee;
- (e) the Manager has breached its other obligations under a Transaction Document or any other deed, agreement or arrangement entered into by the Manager relating to the Series Trust or the Notes, other than an obligation which depends upon information provided by, or action taken by, the Servicer and the Manager has not received the information, or the action has not been taken by the Servicer, and that breach has had or, if continued, will have an Adverse Effect as reasonably determined by the Trustee, and either:
  - (i) such breach is not remedied so that it no longer has or will have to such an Adverse

Effect, within 20 Business Days of notice delivered to the Manager by the Trustee; or

- (ii) the Manager has not, within 20 Business Days of receipt of such notice, paid compensation to the Trustee for its loss from such breach in an amount satisfactory to the Trustee acting reasonably.

The Trustee must, in such notice, specify the reasons why it believes an Adverse Effect has occurred, or will occur, as the case may be.

<b>Master Trust Deed</b>	This is described in Section 16 (“ <i>Transaction Documents</i> ”).
<b>Mortgage Insurance Income Proceeds</b>	This is described in Section 8.5 (“ <i>Determination of the Available Income Amount</i> ”).
<b>Mortgage Insurance Policy</b>	in relation to a Mortgage Loan, means any primary mortgage insurance policy issued by the Mortgage Insurer in relation to that Mortgage Loan pursuant to a High LTV Master Policy.
<b>Mortgage Insurance Principal Proceeds</b>	in relation to a Determination Date, means all amounts received by the Trustee pursuant to any Mortgage Insurance Policy in relation to any Mortgage Loan then forming part of the Assets of the Series Trust which has the benefit of the Mortgage Insurance Policy and which the Manager determines should be accounted for on that Determination Date in respect of a Principal Loss.
<b>Mortgage Insurer</b>	This is described in Section 2.1 (“ <i>Parties to the Transaction</i> ”).
<b>Mortgage Loan</b>	means each mortgage loan assigned or to be assigned (as the context requires) to the Trustee.
<b>Mortgage Loan Rights</b>	This is described in Section 9.1(b) (“ <i>Sale of Mortgage Loans Upon Termination</i> ”).
<b>NCCP</b>	means the National Consumer Credit Protection Act 2009 (Cth).
<b>Net Income Shortfall</b>	This is described in Section 8.7(b) (“ <i>Liquidity Facility Advance</i> ”).
<b>Note</b>	means, as the context requires, a Class A Note, a Class B Note, a Class C Note, a Redraw Note or all or any of the foregoing.
<b>Noteholder</b>	means, as the context requires, a Class A Noteholder, a Class a Class B Noteholder, a Class C Noteholder, a Redraw Noteholder or all or any of the foregoing.

<b>Offshore Associate</b>	<p>in relation to the Trustee or Commonwealth Bank of Australia, means an associate (as defined in section 128F(9) of the Australian Tax Act) of the relevant entity (other than an associate acquiring the Notes or an interest in the Notes in the capacity of dealer, manager or underwriter in relation to the placement of the Notes, or in the capacity of a clearing house, custodian, funds manager or responsible entity of a registered scheme), that is either:</p> <ul style="list-style-type: none"> <li>(a) a non-resident of Australia that does not acquire the Notes or an interest in the Notes in carrying on a business in Australia at or through a permanent establishment of the associate in Australia; or</li> <li>(b) a resident of Australia that acquires the Notes or an interest in the Notes in carrying on a business in a country outside Australia at or through a permanent establishment of the associate in that country.</li> </ul>
<b>Other Income Amounts</b>	This is described in Section 8.5 (“ <i>Determination of the Available Income Amount</i> ”).
<b>Other Principal Amounts</b>	This is described in Section 8.11 (“ <i>Determination of the Available Principal Amount</i> ”).
<b>Perfection of Title Event</b>	<p>means:</p> <ul style="list-style-type: none"> <li>(a) the Seller makes any representation or warranty under a Transaction Document that proves to be incorrect when made, other than a representation or warranty in respect of which damages have been paid or for which payment is not yet due, for breach, or breaches any covenant or undertaking given by it in a Transaction Document, and that has or, if continued will have, an Adverse Effect and: <ul style="list-style-type: none"> <li>(i) the same is not satisfactorily remedied so that it no longer has or will have, an Adverse Effect, within 20 Business Days of notice being delivered to the Seller by the Manager or the Trustee; or</li> <li>(ii) if the preceding paragraph is not satisfied, the Seller has not within 20 Business Days of such notice paid compensation to the Trustee for its loss from that breach in an amount satisfactory to the Trustee acting reasonably. Such compensation cannot exceed the aggregate of the principal amount outstanding in respect of the corresponding Mortgage Loan and any accrued or unpaid interest in respect of the</li> </ul> </li> </ul>

Mortgage Loan, calculated in both cases at the time of payment of the compensation.

The Trustee must, in such notice, specify the reasons why it believes an Adverse Effect has occurred, or will occur;

- (b) if the Seller is also the Servicer, a Servicer Default occurs;
- (c) an Insolvency Event occurs in relation to the Seller;
- (d) if the Seller is also the swap provider under the Fixed Rate Swap, or a basis cap, the Seller fails to make any payment due under any such swap or cap and that failure:
  - (i) has or will have an Adverse Effect as reasonably determined by the Trustee; and
  - (ii) is not remedied by the Seller within 20 Business Days, or such longer period as the Trustee agrees, of notice to the Seller by the Manager or the Trustee; or
- (e) a downgrading in the long term credit rating of the Seller below BBB by S&P or a long term credit rating of BBB+ by Fitch Ratings together with a short term credit rating of F2 by Fitch Ratings or such other rating in respect of the Seller as is agreed between the Manager and the Seller and in respect of which the Manager has issued a Rating Affirmation Notice in respect of the relevant Rating Agency.

means the aggregate of the following:

**Performing Mortgage Loans Amount**

- (a) the amount outstanding under Mortgage Loans under which no payment due from the borrower has been in arrears by more than 90 days; and
- (b) the amount outstanding under Mortgage Loans under which a payment due from the borrower has been in arrears by more than 90 days and which are insured under the Mortgage Insurance Policy.

**Potential Termination Event**

means:

- (a) as a result of the introduction, imposition or variation of any law it is or becomes unlawful for the Trustee, and would also be unlawful for any new Trustee, to carry out any of its obligations under the Series Supplement, the Master Trust

Deed (in so far as it relates to the Series Trust), or the Security Trust Deed; or

- (b) all or any part of the Series Supplement, the Master Trust Deed (in so far as it relates to the Series Trust) or the Security Trust Deed is or has become void, illegal, unenforceable or of limited force and effect.

**Preliminary Principal Amount**

in relation to Determination Date, means an amount calculated as follows:

$$PPA = PC + PCOR + OPA + RNA - RC$$

where:

PPA = the Preliminary Principal Amount as at that Determination Date;

PC = the Principal Collections for the Collection Period ending on that Determination Date;

PCOR = the Principal Chargeoff Reimbursement as at that Determination Date;

OPA = the Other Principal Amounts as at that Determination Date;

RNA = the Redraw Note Amount as at that Determination Date; and

RC = the amount of any Collections applied during the Collection Period ending on that Determination Date towards reimbursement of Seller Advances in accordance with Section 8.19 (“Redraws and Further Advances”).

**Preparation Date**

This is described in Section 1.5 (“Date of this Information Memorandum”).

**Prescribed Period**

This is described in Section 6.6 (“Breach of Representations and Warranties”).

**Principal Chargeoff**

in relation to a Determination Date, means an amount calculated as follows:

$$PCO = PL - MIPP - PD$$

where:

PCO = the Principal Chargeoff as at that Determination Date;

PL = the total of the Principal Loss on each Mortgage Loan for which the Manager determines a Principal Loss should be accounted for over the preceding Accrual Period on that Determination Date (provided that the Manager must not account for a Principal Loss on a Mortgage Loan until the Servicer reasonably believes that no further amounts in respect of the Mortgage Loan constituting Mortgage Insurance Principal Proceeds or damages which are to be treated as Other Principal Amounts will be received);

MIPP = the total Mortgage Insurance Principal Proceeds with respect to such Mortgage Loans that benefit from the Mortgage Insurance Policy determined over the preceding Accrual Period ending immediately prior to the following Distribution Date; and

PD = any damages received by the Trustee from the Commonwealth Bank of Australia as described in Section 3.10 (“*Breach of Representation and Warranty*”) or from the Commonwealth Bank of Australia or the Servicer in respect of the servicing of the Mortgage Loans which are determined to be Other Principal Amounts.

**Principal Chargeoff Reimbursement**

This is described in Section 8.11 (“*Determination of the Available Principal Amount*”).

**Principal Collections**

This is described in Section 8.11 (“*Determination of the Available Principal Amount*”).

**Principal Draw**

This is described in Section 8.6 (“*Principal Draw*”).

**Principal Draw Reimbursement**

This is described in Section 8.11 (“*Determination of the Available Principal Amount*”).

**Prior Interest**

means the Trustee’s lien over, and right of indemnification from, the Assets of the Series Trust calculated in accordance with the Master Trust Deed for fees and expenses payable to the Trustee, other than the Secured Moneys and the arranging fees payable to the Manager, which are unpaid, or paid by the Trustee but not reimbursed to the Trustee from the Assets of the Series Trust.

**Principal Loss**

in respect of a Mortgage Loan, means an amount determined in accordance with the following formula as at the date on which that Mortgage Loan is liquidated:

$$PL = MLP + RE - BC - LP$$

where:



- PL = the Principal Loss on that date;
- MLP = the principal outstanding of that Mortgage Loan on that date;
- RE = the restoration expenses reasonably and necessarily incurred up to and including that date;
- BC = the break costs as at that date provided that break costs will only be included in the calculation of Principal Loss if the Trustee is then a party to a Fixed Rate Swap; and
- LP = any liquidation proceeds received up to and including that date provided that for the purposes of this paragraph, liquidation proceeds will not include any liquidation proceeds which have been, or are to be, applied against any loss attributable to income on that Mortgage Loan on that date.

- Privacy Act** means the Privacy Act (1988) (Cth).
- Rating Affirmation Notice** in relation to an event or circumstances and a Rating Agency, means a notice in writing from the Manager to the Trustee confirming that it has notified that Rating Agency of the event or circumstances and that the Manager is reasonably satisfied following discussions with that Rating Agency that the event or circumstances, as applicable, will not result in a reduction, qualification or withdrawal of any of the ratings then assigned by that Rating Agency to the Notes.
- Rating Agencies** means, as the context requires, Fitch Ratings, S&P or all or any of the foregoing.
- Redraw Interest Amount** in relation to a Distribution Date and an Accrual Period ending on a Distribution Date, means the aggregate interest accrued on each Redraw Note during that Accrual Period.
- Redraw Note** means a debt security issued by the Trustee, in its capacity as trustee of the Series Trust, and described as a “Redraw Note”.
- Redraw Note Amount** in relation to a Determination Date, means the proceeds (if any) received by the Trustee from any issue of Redraw Notes on that Determination Date or during the Collection Period ending on that Determination Date (but excluding the immediately preceding Determination Date).
- Redraw Note Chargeoff Percentage** in relation to a Determination Date means the amount (expressed as a percentage) calculated as follows:

$$RNCP = \frac{RBSA}{RBSA + CASA}$$

where:

RNCP = the Redraw Note Chargeoff Percentage in relation to that Determination Date;

RBSA = the aggregate Stated Amounts of the Redraw Notes on that Determination Date; and

CASA = the aggregate Stated Amount of the Class A Notes on that Determination Date.

**Redraw Noteholder**

means at any time the person recorded at that time in the Register as the holder of a Redraw Note.

**Register**

means the register of Notes maintained by the Trustee in accordance with the Transaction Documents.

**Relevant Notes**

This is described in Section 14.1 (“*Introduction*”).

**Remaining Available Principal Amount**

in relation to a Distribution Date, means the Available Principal Amount remaining following distributions under Section 8.12 (“*Payment of the Available Principal Amount on a Distribution Date*”) (a) to (c) (inclusive) on that Distribution Date.

**Required Credit Rating**

means, in respect of Authorised Short-Term Investments:

- (a) in relation to S&P:
  - (i) for investments which have remaining maturities at the time of purchase of less than or equal to 60 days, a short term credit rating of A-1; and
  - (ii) for investments which have remaining maturities at the time of purchase of more than 60 days, but less than or equal to 365 days, a short term credit rating of A-1+; and
- (b) in relation to Fitch Ratings:
  - (i) for debt securities whose remaining maturities at the time of purchase are less than or equal to 30 days, a short term credit rating by Fitch Ratings of F1 or a long term credit rating by Fitch Ratings of A;
  - (ii) for debt securities whose remaining maturities at the time of purchase are more than 30 days but less than or equal to 365 days, a short term credit rating by Fitch Ratings of F1+ or a long term credit rating by Fitch Ratings of AA-,

or such other rating as is notified by the Manager to Trustee and in respect of which the Manager has issued a Rating Affirmation Notice in relation to each Rating Agency.

<b>Restricted Asset</b>	means each Asset of the Series Trust which has become a “Restricted Asset” in accordance with the Security Trust Deed as described in Section 10.6(b)(vi) (“ <i>Nature of the Charge</i> ”).
<b>Retail Client</b>	This has the meaning given in section 761G of the Corporations Act.
<b>Retention Rules</b>	This is described in Section 1.15 (“European Union Capital Requirements Regulation – securitisation exposure rules and other regulatory initiatives”).
<b>Review Date</b>	means 30 June 2016 and each anniversary of that date.
<b>S&amp;P</b>	means Standard & Poor’s (Australia) Pty Ltd ABN 62 007 324 852.
<b>Secured Creditor</b>	This is described in Section 10.6(a) (“ <i>The Security Trust Deed</i> ”).
<b>Secured Moneys</b>	means the aggregate of all moneys owing to the Security Trustee or to a Secured Creditor under any of the Transaction Documents whether such amounts are liquidated or not or are contingent or presently accrued due, and including rights sounding in damages only, provided that the amount owing by the Trustee in relation to the principal component of a Note is to be calculated by reference to the Invested Amount of that Note.
<b>Security Certificate</b>	This is described in Section 8.2(a) (“ <i>Form of the Notes</i> ”).
<b>Security Interest</b>	means any: <ul style="list-style-type: none"><li>(a) security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power or title retention or flawed deposit arrangement and any “security interest” as defined in sections 12(1) or (2) of the PPSA; or</li><li>(b) right, interest or arrangement which has the effect of giving another person a preference, priority or advantage over creditors including any right of set-off; or</li><li>(c) right that a person (other than the owner) has to remove something from land (known as a <i>profit à prendre</i>), easement, public right of way, restrictive or positive covenant, lease, or licence to use or occupy; or</li></ul>

(d) third party right or interest or any right arising as a consequence of the enforcement of a judgment,

or any agreement to create any of them or allow them to exist.

<b>Security Transfer</b>	This is described in Section 8.2(c) ( <i>“Form of the Notes”</i> ).
<b>Security Trust</b>	means the trust created under the Security Trust Deed, as described in Section 10.6(b) ( <i>“Nature of the Charge”</i> ).
<b>Security Trust Deed</b>	This is described in Section 16 ( <i>“Transaction Documents”</i> ).
<b>Security Trustee</b>	This is described in Section 2.1 ( <i>“Parties to the Transaction”</i> ).
<b>Seller</b>	Commonwealth Bank of Australia.
<b>Seller Advance</b>	This is described in Section 8.12 ( <i>“Payment of the Available Principal Amount on a Distribution Date”</i> ).
<b>Senior Secured Moneys</b>	means any obligation of the Trustee in relation to the Secured Money: <ul style="list-style-type: none"><li>(a) owing in respect of the Class A Notes and any obligations ranking equally or senior to the Class A Notes (as determined in accordance with the order of priority set out in Section 8.9 (<i>“Payment of the Available Income Amount on a Distribution Date”</i>))), at any time while the Class A Notes are outstanding;</li><li>(b) owing in respect of the Class B Notes and any obligations ranking equally or senior to the Class B Notes (as determined in accordance with the order of priority set out in Section 8.9 (<i>“Payment of the Available Income Amount on a Distribution Date”</i>))), at any time while the Class B Notes are outstanding but no Class A Notes are outstanding;</li><li>(c) owing in respect of the Class C Notes and any obligations ranking equally or senior to the Class C Notes (as determined in accordance with the order of priority set out in Section 8.9 (<i>“Payment of the Available Income Amount on a Distribution Date”</i>))), at any time while the Class C Notes are outstanding but no Class A Notes or Class B Notes are outstanding; and</li><li>(d) under the Transaction Documents generally, at any time while no Notes are outstanding.</li></ul>
<b>Series Supplement</b>	This is described in Section 16 ( <i>“Transaction Documents”</i> ).

<b>Series Trust</b>	This is described in Section 1.2 (“ <i>Purpose</i> ”).
<b>Servicer</b>	This is described in Section 11.1 (“ <i>Servicing of the Mortgage Loans</i> ”).
<b>Servicer Default</b>	This is described in Section 11.1(h) (“ <i>Removal, Resignation and Replacement of the Servicer</i> ”).
<b>Stated Amount</b>	for a Note, means: <ul style="list-style-type: none"> <li>(a) the principal amount of that Note upon issue; less</li> <li>(b) the aggregate of principal payments previously made on that Note; less</li> <li>(c) the aggregate of all then unreimbursed Principal Chargeoffs on that Note.</li> </ul>
<b>Step-Down Conditions</b>	This is described in Section 8.13 (“ <i>Step-Down Conditions</i> ”).
<b>Subordinated Termination Payment</b>	means any termination payment due from the Trustee under the Interest Rate Swap Agreement: <ul style="list-style-type: none"> <li>(a) following an Event of Default (as defined in the Interest Rate Swap Agreement) and where the Interest Rate Swap Provider is the Defaulting Party or the sole Affected Party (each as defined in the Interest Rate Swap Agreement); or</li> <li>(b) where the termination payment arises as a result of a transaction being terminated due to the prepayment of any related Mortgage Loan and there are insufficient break costs or early termination amounts (without double counting) recovered from the relevant borrowers to pay such termination payment.</li> </ul>
<b>Subsequent Class A1 Refinancing Date</b>	This is described in Section 2.2 (“ <i>Summary of the Notes</i> ”).
<b>Support Facility</b>	means the basis swaps, the interest rate swaps, the Liquidity Facility and the Mortgage Insurance Policy.
<b>Support Facility Provider</b>	means the Liquidity Facility Provider, the Basis Swap Provider, the Fixed Rate Swap Provider, and any provider of a Mortgage Insurance Policy.
<b>Taxation Administration Act</b>	This is described in Section 12.3(a)(iii) (“ <i>Other tax matters that are relevant to Noteholders</i> ”).
<b>Termination Date</b>	means the earliest of the following dates to occur: <ul style="list-style-type: none"> <li>(a) if Notes have been issued by the Trustee, the date appointed by the Manager as the Termination Date</li> </ul>

by notice in writing to the Trustee (which must not be a date earlier than:

- (i) the date that all Notes have been redeemed or deemed to be redeemed in full in accordance with the Transaction Documents; or
- (ii) if an Event of Default has occurred, the date of the final distribution by the Security Trustee under the Security Trust Deed);
- (b) if Notes have not been issued by the Trustee, the date appointed by the Manager as the Termination Date by notice in writing to the Trustee;
- (c) the date which is 80 years after the date of the constitution of the Series Trust in accordance with the Series Supplement and the Master Trust Deed; and
- (d) the date on which the Trustee is required under the Series Supplement to liquidate the Assets of the Series Trust following a Potential Termination Event.

**Threshold Rate**

means, at any time, the minimum rate of interest that must be set on all Mortgage Loans (where permitted by the terms of the Mortgage Loan and corresponding loan agreement) which will be sufficient (assuming that all relevant parties comply with their obligations at all times under the Transaction Documents and the mortgage documents), when aggregated with the income produced by the rate of interest on all other Mortgage Loans and the income from Authorised Short-Term Investments and available for distribution under the Series Supplement, to ensure that the Trustee will have available to it sufficient Finance Charge Collections and Other Income Amounts to enable it to pay the amounts referred to in Sections 8.9(a) to 8.9(l) (“*Payment of the Available Income Amount on each Distribution Date*”) as they fall due.

**Transaction Documents**

These are described in Section 16 (“*Transaction Documents*”).

**Transfer Amount**

in relation to a Transfer Proposal, means the amount specified as such in that Transfer Proposal, as determined by the Manager, which must be:

the aggregate principal outstanding of the Assigned Assets in relation to that Transfer Proposal as at close of business on the Business Day immediately preceding the cut-off date in relation to that Transfer Proposal; or

such other amount as is agreed between the Trustee and the Manager provided that the Manager has given written confirmation to the Trustee that the Manager has received confirmation from each Rating Agency in relation to the Acquiring Trust that the transfer of the Assigned Assets in relation to that Transfer Proposal for that amount will not result in a reduction, qualification or withdrawal of any ratings then assigned by it in relation to any Note in relation to the Acquiring Trust or the Disposing Trust.

**Transfer Proposal**

means a proposal from the Manager to the Trustee given in accordance with the Master Trust Deed, for the Trustee to transfer Assigned Assets from one series trust under the Master Trust Deed to another series trust under the Master Trust Deed.

**Trustee**

This is described in Section 2.1 (“*Parties to the Transaction*”) and Section 10.3 (“*The Trustee*”).

**Trustee Default**

means:

- (a) the Trustee fails within 20 Business Days, or such longer period as the Manager may agree to, after notice from the Manager to carry out or satisfy any material duty or obligation imposed by the Master Trust Deed or any other Transaction Document in respect of a Medallion Trust Programme trust established under the Master Trust Deed;
- (b) an Insolvency Event occurs with respect to the Trustee in its personal capacity;
- (c) the Trustee ceases to carry on business;
- (d) the Trustee merges or consolidates into another entity, unless approved by the Manager, which approval will not be withheld if, in the Manager’s reasonable opinion, the commercial reputation and standing of the surviving entity will not be less than that of the Trustee prior to such merger or consolidation, and unless the surviving entity assumes the obligations of the Trustee under the Transaction Documents in respect of a Medallion Trust Programme trust established under the Master Trust Deed; or
- (e) there is a change in the ownership of 50 per cent or more of the issued equity share capital of the Trustee from the position as at the date of the Master Trust Deed, or effective control of the Trustee alters from the position as at the date of the Master Trust Deed, unless in either case approved by the Manager, which approval will not be withheld if, in the Manager’s reasonable opinion, the change in ownership or control of the Trustee

will not result in a lessening of the commercial reputation and standing of the Trustee.

- Unit** means a unit in the Series Trust.
- Unitholder** means at any given time means the person then appearing in the Register as a holder of a Unit.
- Voting Entitlements** on a particular date, means the number of votes which a Voting Secured Creditor would be entitled to exercise if a meeting of Voting Secured Creditors were held on that date, being the number calculated by dividing the Secured Moneys owing to that Voting Secured Creditor by 10 and rounding the resultant figure down to the nearest whole number.
- Voting Secured Creditors** means:
- (a) while any Class A Notes or Redraw Notes then remain outstanding, the Class A Noteholders or the Redraw Noteholders; and
  - (b) if no Class A Notes or Redraw Notes then remain outstanding, the Class B Noteholders; and
  - (c) if no Class A Notes, Redraw Notes or Class B Notes then remain outstanding, the Class C Noteholders; and
  - (d) if no Class A Notes, Redraw Notes, Class B Notes, or Class C Notes remain outstanding, each other Secured Creditor.



## Directory

<b>Trustee</b>	Perpetual Trustee Company Limited Level 12, 123 Pitt Street Sydney NSW 2000
<b>Security Trustee</b>	P.T. Limited Level 12, 123 Pitt Street Sydney NSW 2000
<b>Manager</b>	Securitisation Advisory Services Pty. Limited Ground Floor Darling Park Tower 1 201 Sussex Street Sydney NSW 2000
<b>Liquidity Facility Provider and Interest Rate Swap Provider</b>	Commonwealth Bank of Australia Ground Floor Darling Park Tower 1 201 Sussex Street Sydney NSW 2000
<b>Seller</b>	Commonwealth Bank of Australia Ground Floor Darling Park Tower 1 201 Sussex Street Sydney NSW 2000
<b>Servicer</b>	Commonwealth Bank of Australia Ground Floor Darling Park Tower 1 201 Sussex Street Sydney NSW 2000
<b>Lead Manager</b>	Commonwealth Bank of Australia Ground Floor Darling Park Tower 1 201 Sussex Street Sydney NSW 2000
<b>Arranger and Bookrunner</b>	Commonwealth Bank of Australia Ground Floor Darling Park Tower 1 201 Sussex Street Sydney NSW 2000

**Co-Manager**

Macquarie Bank Limited  
Level 1  
50 Martin Place  
Sydney NSW 2000

**Co-Manager**

Citigroup Global Markets Australia Pty  
Limited  
Level 23  
2 Park Street  
Sydney NSW 2000

**Solicitors to Commonwealth Bank of  
Australia and Securitisation Advisory  
Services Pty. Limited**

King & Wood Mallesons  
Level 61  
Governor Phillip Tower  
1 Farrer Place  
Sydney NSW 2000

## Appendix A

### Mortgage Loan Information

#### Pool Profile by Origination Channel

Origination Channel	No. of Loans	Total Loan Balance (A\$)	% by Loan Balance	Weighted Average Interest Rate (%)	Weighted Average Current LTV (%)	Weighted Average Term to Maturity (in months)
Commonwealth Bank	5,154	1,313,432,773	65.67%	4.72%	57.39%	315
Commonwealth Bank approved mortgage-broker originated (Colonial Brand)	2,454	686,558,119	34.33%	4.70%	62.19%	319
<b>Total</b>	<b>7,608</b>	<b>1,999,990,892</b>	<b>100.00%</b>	<b>4.71%</b>	<b>59.04%</b>	<b>316</b>

#### Pool Profile by Year of Origination (Quarterly)

<u>Year of Origination</u>	<u>No. of Loans</u>	<u>Total Security Valuations (A\$)</u>	<u>Total Loan Balance (A\$)</u>	<u>Weighted Average Current LTV (%)</u>	<u>Average Loan Balance (A\$)</u>	<u>% by Loan Balance</u>
2002Q1	12	10,985,535	1,442,705	15.52%	120,225	0.07%
2002Q2	14	10,775,173	1,607,427	32.26%	114,816	0.08%
2002Q3	12	9,138,254	1,762,144	25.42%	146,845	0.09%
2002Q4	19	18,186,850	2,516,174	27.77%	132,430	0.12%
2003Q1	9	6,991,847	1,530,542	28.86%	170,060	0.08%
2003Q2	13	9,045,780	1,625,193	30.84%	125,015	0.08%
2003Q3	15	11,097,014	2,151,556	40.71%	143,437	0.11%
2003Q4	16	10,802,831	1,900,502	30.65%	118,781	0.09%
2004Q1	18	13,272,760	2,180,941	29.98%	121,163	0.11%
2004Q2	28	23,355,550	3,921,536	29.91%	140,055	0.20%
2004Q3	25	15,541,040	2,926,649	31.75%	117,066	0.15%
2004Q4	23	17,804,735	4,562,860	43.46%	198,385	0.23%
2005Q1	31	17,374,074	4,197,657	36.91%	135,408	0.21%
2005Q2	31	20,387,898	4,003,609	33.74%	129,149	0.20%
2005Q3	21	13,163,974	3,110,385	35.27%	148,114	0.15%
2005Q4	31	17,280,143	4,248,159	43.86%	137,037	0.21%

<u>Year of Origination</u>	<u>No. of Loans</u>	<u>Total Security Valuations (A\$)</u>	<u>Total Loan Balance (A\$)</u>	<u>Weighted Average Current LTV (%)</u>	<u>Average Loan Balance (A\$)</u>	<u>% by Loan Balance</u>
2006Q1	37	19,984,337	4,770,377	41.31%	128,929	0.24%
2006Q2	41	36,055,276	6,211,575	30.99%	151,502	0.31%
2006Q3	56	33,346,000	9,319,097	44.53%	166,412	0.46%
2006Q4	52	28,954,167	8,149,956	45.93%	156,730	0.41%
2007Q1	63	35,714,905	10,611,871	48.70%	168,442	0.53%
2007Q2	64	38,060,211	11,739,950	54.29%	183,437	0.59%
2007Q3	68	37,924,119	10,663,801	46.45%	156,821	0.53%
2007Q4	84	48,730,963	14,955,526	53.63%	178,042	0.75%
2008Q1	65	41,292,991	10,193,850	48.87%	156,828	0.51%
2008Q2	63	35,456,850	9,525,271	49.14%	151,195	0.48%
2008Q3	65	35,205,564	12,986,462	57.95%	199,792	0.65%
2008Q4	112	52,465,648	24,582,248	64.82%	219,484	1.23%
2009Q1	162	70,043,179	35,825,715	67.35%	221,146	1.79%
2009Q2	163	79,733,612	39,734,592	66.84%	243,771	1.99%
2009Q3	138	75,520,622	32,419,724	61.42%	234,926	1.62%
2009Q4	84	45,943,643	20,132,040	61.46%	239,667	1.01%
2010Q1	73	43,282,545	17,532,635	60.84%	240,173	0.88%
2010Q2	68	39,362,741	15,899,573	59.77%	233,817	0.79%
2010Q3	70	37,959,560	17,164,857	64.87%	245,212	0.86%
2010Q4	91	54,889,761	20,140,671	58.35%	221,326	1.01%
2011Q1	93	51,832,352	20,526,146	60.64%	220,711	1.03%
2011Q2	124	70,232,941	29,486,577	60.59%	237,795	1.47%
2011Q3	174	100,324,420	46,416,048	63.87%	266,759	2.32%
2011Q4	214	123,922,598	53,692,259	62.48%	250,898	2.68%
2012Q1	146	72,687,422	35,912,214	66.20%	245,974	1.79%
2012Q2	146	84,699,744	33,360,556	58.17%	228,497	1.67%
2012Q3	251	124,926,013	58,802,916	62.97%	234,275	2.94%
2012Q4	313	174,808,536	86,614,294	64.39%	276,723	4.33%
2013Q1	286	160,723,155	74,538,252	63.37%	260,623	3.73%

<u>Year of Origination</u>	<u>No. of Loans</u>	<u>Total Security Valuations (A\$)</u>	<u>Total Loan Balance (A\$)</u>	<u>Weighted Average Current LTV (%)</u>	<u>Average Loan Balance (A\$)</u>	<u>% by Loan Balance</u>
2013Q2	378	210,297,452	101,828,170	62.61%	269,387	5.09%
2013Q3	816	480,996,457	239,129,330	58.86%	293,051	11.96%
2013Q4	849	528,059,136	261,684,045	58.81%	308,226	13.08%
2014Q1	831	531,348,479	251,661,910	57.62%	302,842	12.58%
2014Q2	848	560,984,125	266,559,133	57.77%	314,339	13.33%
2014Q3	202	136,753,304	63,531,212	57.23%	314,511	3.18%
<b>Total</b>	<b>7,608</b>	<b>4,527,726,286</b>	<b>1,999,990,892</b>	<b>59.04%</b>	<b>262,880</b>	<b>100.00%</b>

## Pool Profile by Geographic Distribution

<u>Region</u>	<u>No. of Loans</u>	<u>Total Security Valuations (A\$)</u>	<u>Total Loan Balance (A\$)</u>	<u>Weighted Average Current LTV (%)</u>	<u>Average Loan Balance (A\$)</u>	<u>% by Loan Balance</u>
<b>Australian Capital Territory</b>						
Metro.....	92	59,561,328	27,303,772	58.18%	296,780	1.37%
<b>New South Wales</b>						
Inner City.....	9	7,472,000	3,271,927	57.05%	363,547	0.16%
Metro.....	1,504	1,154,976,842	462,864,929	55.72%	307,756	23.14%
Non Metro....	755	352,735,078	166,076,792	60.52%	219,969	8.30%
<b>Northern Territory</b>						
Metro.....	41	24,865,044	13,892,705	63.64%	338,846	0.70%
Non Metro...	29	14,799,000	9,139,193	68.07%	315,145	0.46%
<b>Queensland</b>						
Inner City...	12	7,974,200	3,488,412	67.87%	290,701	0.17%
Metro.....	658	356,430,743	174,395,362	62.67%	265,039	8.72%
Non Metro...	686	319,004,632	165,451,332	64.14%	241,183	8.27%
<b>South Australia</b>						
Inner City....	5	2,831,000	896,782	50.38%	179,356	0.04%
Metro.....	327	170,301,418	71,865,345	57.65%	219,772	3.59%
Non Metro...	95	36,019,147	18,664,301	66.76%	196,466	0.93%
<b>Tasmania</b>						
Inner City...	3	1,737,900	843,332	69.74%	281,111	0.05%
Metro.....	81	33,187,721	15,229,798	61.55%	188,022	0.76%
Non Metro...	52	15,439,139	8,318,507	67.26%	159,971	0.42%
<b>Victoria</b>						
Inner City...	51	27,726,825	16,147,497	63.29%	316,618	0.81%
Metro.....	1,860	1,165,761,191	490,172,812	56.76%	263,534	24.51%
Non Metro...	380	149,547,423	75,592,079	63.49%	198,927	3.78%

<u>Region</u>	<u>No. of Loans</u>	<u>Total Security Valuations (A\$)</u>	<u>Total Loan Balance (A\$)</u>	<u>Weighted Average Current LTV (%)</u>	<u>Average Loan Balance (A\$)</u>	<u>% by Loan Balance</u>
<b>Western Australia</b>						
Inner City....	27	18,687,628	8,826,303	62.45%	326,900	0.44%
Metro.....	803	540,678,984	236,554,198	59.61%	294,588	11.83%
Non Metro...	138	67,989,043	30,995,514	61.15%	224,605	1.55%
<b>Total for all Regions</b>	<b>7,608</b>	<b>4,527,726,286</b>	<b>1,999,990,892</b>	<b>59.04%</b>	<b>262,880</b>	<b>100.00%</b>

## Pool Profile by Balance Outstanding

<u>Current Loan Balance (A\$)</u>	<u>No. of Loans</u>	<u>Total Security Valuations (A\$)</u>	<u>Total Loan Balance (A\$)</u>	<u>Weighted Average Current LTV (%)</u>	<u>Average Loan Balance (A\$)</u>	<u>% by Loan Balance</u>
50,000.00 < \$A <= 100,000.00	1,324	747,472,878	95,818,094	17.59%	72,370	4.79%
100,000.00 < \$A <=150,000.00	785	454,731,582	98,548,585	34.38%	125,540	4.93%
150,000.00 < \$A <= 200,000.00	823	388,709,549	145,050,252	51.79%	176,246	7.25%
200,000.00 < \$A <= 250,000.00	1,052	482,772,995	237,776,263	59.38%	226,023	11.89%
250,000.00 < \$A <= 300,000.00	1,003	488,408,232	275,609,151	64.27%	274,785	13.78%
300,000.00 < \$A <= 350,000.00	808	459,221,862	262,365,522	64.30%	324,710	13.12%
350,000.00 < \$A <= 400,000.00	566	361,979,384	211,575,050	65.18%	373,808	10.58%
400,000.00 < \$A <= 450,000.00	379	271,660,604	160,301,057	64.92%	422,958	8.02%
450,000.00 < \$A <= 500,000.00	279	230,398,348	132,144,260	63.43%	473,635	6.61%
500,000.00 < \$A <= 550,000.00	169	148,361,406	88,575,657	65.00%	524,116	4.43%
550,000.00 < \$A <= 600,000.00	117	113,179,878	67,248,267	64.05%	574,772	3.36%
600,000.00 < \$A <= 650,000.00	79	84,136,907	49,276,957	62.76%	623,759	2.46%
650,000.00 < \$A <= 700,000.00	53	60,424,588	35,874,603	63.85%	676,879	1.79%
700,000.00 < \$A <= 750,000.00	49	62,093,012	35,281,155	61.99%	720,024	1.76%
750,000.00 < \$A <= 800,000.00	37	47,542,732	28,626,256	63.55%	773,683	1.43%
800,000.00 < \$A <= 850,000.00	23	31,518,118	19,026,253	63.07%	827,228	0.95%
850,000.00 < \$A <= 900,000.00	27	37,566,984	23,635,655	65.28%	875,395	1.18%
900,000.00 < \$A <= 950,000.00	18	29,744,091	16,721,959	58.68%	928,998	0.84%
950,000.00 < \$A <= 1,000,000.00	17	27,803,136	16,535,896	62.75%	972,700	0.83%
<b>Total</b>	<b>7,608</b>	<b>4,527,726,286</b>	<b>1,999,990,892</b>	<b>59.04%</b>	<b>262,880</b>	<b>100.00%</b>



## Pool Profile by Current Loan to Value Ratio (LTV)

<u>Current LTV (%)</u>	<u>No. of Loans</u>	<u>Total Security Valuations (A\$)</u>	<u>Total Loan Balance (A\$)</u>	<u>Weighted Average Current LTV (%)</u>	<u>Average Loan Balance (A\$)</u>	<u>% by Loan Balance</u>
0 < LVR <= 5.00	11	17,847,265	668,462	3.87%	60,769	0.03%
5.00 < LVR <= 10.00	377	400,609,555	31,409,545	8.09%	83,314	1.57%
10.00 < LVR <= 15.00	698	522,232,293	65,543,905	12.71%	93,902	3.28%
15.00 < LVR <= 20.00	537	366,319,720	63,160,627	17.36%	117,618	3.16%
20.00 < LVR <= 25.00	247	185,008,881	41,499,647	22.52%	168,015	2.07%
25.00 < LVR <= 30.00	250	187,297,358	51,213,595	27.42%	204,854	2.56%
30.00 < LVR <= 35.00	222	175,472,603	57,457,604	32.81%	258,818	2.87%
35.00 < LVR <= 40.00	250	173,922,737	65,476,404	37.70%	261,906	3.28%
40.00 < LVR <= 45.00	288	193,677,983	82,351,758	42.56%	285,944	4.12%
45.00 < LVR <= 50.00	300	192,262,616	91,648,003	47.71%	305,493	4.58%
50.00 < LVR <= 55.00	358	222,276,430	117,237,932	52.78%	327,480	5.86%
55.00 < LVR <= 60.00	405	243,534,457	140,082,063	57.56%	345,882	7.01%
60.00 < LVR <= 65.00	539	287,277,305	179,965,571	62.68%	333,888	9.00%
65.00 < LVR <= 70.00	699	341,973,659	231,466,970	67.71%	331,140	11.57%
70.00 < LVR <= 75.00	980	430,863,859	313,207,833	72.72%	319,600	15.66%
75.00 < LVR <= 80.00	1,006	423,710,685	328,132,056	77.47%	326,175	16.41%
80.00 < LVR <= 85.00	223	84,638,306	69,579,397	82.24%	312,015	3.48%
85.00 < LVR <= 90.00	154	54,909,551	48,029,805	87.49%	311,882	2.40%
90.00 < LVR <= 95.00	64	23,891,023	21,859,715	91.51%	341,558	1.09%
<b>Total</b>	<b>7,608</b>	<b>4,527,726,286</b>	<b>1,999,990,892</b>	<b>59.04%</b>	<b>262,880</b>	<b>100.00%</b>

## Pool Profile by Year of Maturity

<u>Maturity Year</u>	<u>No. of Loans</u>	<u>Total Security Valuations (A\$)</u>	<u>Total Loan Balance (A\$)</u>	<u>Weighted Average Current LTV (%)</u>	<u>Average Loan Balance (A\$)</u>	<u>% by Loan Balance</u>
2019	2	2,068,000	125,155	9.52%	62,578	0.01%
2020	4	3,748,260	393,394	10.55%	98,348	0.02%
2021	3	2,674,200	228,018	9.04%	76,006	0.01%
2022	7	6,129,818	675,606	12.12%	96,515	0.03%
2023	8	5,299,080	610,567	13.04%	76,321	0.03%
2024	18	10,927,485	1,717,228	30.78%	95,402	0.09%
2025	28	15,477,614	3,309,618	39.88%	118,201	0.17%
2026	34	23,005,045	4,542,665	30.96%	133,608	0.23%
2027	44	28,446,480	5,291,316	29.53%	120,257	0.27%
2028	57	36,198,188	8,996,841	42.37%	157,839	0.45%
2029	58	36,745,830	8,591,171	36.10%	148,124	0.43%
2030	35	22,027,410	6,044,229	44.04%	172,692	0.30%
2031	46	27,446,759	6,218,013	42.45%	135,174	0.31%
2032	86	59,081,246	12,377,814	37.81%	143,928	0.62%
2033	139	85,133,428	22,864,436	44.32%	164,492	1.14%
2034	141	89,113,430	25,288,410	45.27%	179,350	1.26%
2035	130	77,077,655	21,997,864	47.63%	169,214	1.10%
2036	191	116,463,298	32,297,799	45.75%	169,098	1.61%
2037	280	158,205,209	51,748,044	52.76%	184,814	2.59%
2038	357	203,493,421	75,806,234	57.73%	212,342	3.79%
2039	585	314,193,932	141,386,906	61.25%	241,687	7.07%
2040	289	165,331,733	73,084,809	62.07%	252,889	3.65%
2041	522	294,539,143	132,579,605	62.75%	253,984	6.63%
2042	729	384,271,163	188,254,432	64.41%	258,237	9.41%
2043	1,826	1,073,281,039	541,494,297	61.04%	296,547	27.07%
2044	1,894	1,233,051,415	602,121,744	58.56%	317,910	30.11%
2045	95	54,296,005	31,944,677	67.15%	336,260	1.60%

<u>Maturity Year</u>	<u>No. of Loans</u>	<u>Total Security Valuations (A\$)</u>	<u>Total Loan Balance (A\$)</u>	<u>Weighted Average Current LTV (%)</u>	<u>Average Loan Balance (A\$)</u>	<u>% by Loan Balance</u>
Total	7,608	4,527,726,286	1,999,990,892	59.04%	262,880	100.00%

### Pool Profile by Loan Purpose

<u>Loan Purpose</u>	<u>No. of Loans</u>	<u>Total Security Valuations (A\$)</u>	<u>Total Loan Balance (A\$)</u>	<u>Weighted Average Current LTV (%)</u>	<u>Average Loan Balance (A\$)</u>	<u>% by Loan Balance</u>
Owner Occupied	5,842	3,364,569,018	1,522,990,115	60.21%	260,697	76.15%
Investment	1,766	1,163,157,268	477,000,777	55.31%	270,102	23.85%
<b>Total</b>	<b>7,608</b>	<b>4,527,726,286</b>	<b>1,999,990,892</b>	<b>59.04%</b>	<b>262,880</b>	<b>100.00%</b>

### Pool Profile by Amortisation

<u>Payment Type</u>	<u>No. of Loans</u>	<u>Total Security Valuations (A\$)</u>	<u>Total Loan Balance (A\$)</u>	<u>Weighted Average Current LTV (%)</u>	<u>Average Loan Balance (A\$)</u>	<u>% by Loan Balance</u>
Principal and Interest	6,514	3,748,572,735	1,624,040,889	58.73%	249,315	81.20%
Interest Only	1,094	779,153,551	375,950,003	60.40%	343,647	18.80%
<b>Total</b>	<b>7,608</b>	<b>4,527,726,286</b>	<b>1,999,990,892</b>	<b>59.04%</b>	<b>262,880</b>	<b>100.00%</b>

### Pool Profile by Mortgage Insurer

<u>Mortgage Insurer</u>	<u>No. of Loans</u>	<u>Total Security Valuations (A\$)</u>	<u>Total Loan Balance (A\$)</u>	<u>Weighted Average Current LTV (%)</u>	<u>Average Loan Balance (A\$)</u>	<u>% by Loan Balance</u>
No Insurance	6,349	4,026,418,089	1,671,239,637	56.46%	263,229	83.56%
Genworth	1,259	501,308,197	328,751,255	72.15%	261,121	16.44%
<b>Total</b>	<b>7,608</b>	<b>4,527,726,286</b>	<b>1,999,990,892</b>	<b>59.04%</b>	<b>262,880</b>	<b>100.00%</b>

## Pool Profile by Loan Type

<u>Loan Type</u> <u>(fixed term</u> <u>remaining)</u>	<u>No. of</u> <u>Loans</u>	<u>Total Security</u> <u>Valuations (A\$)</u>	<u>Total Loan</u> <u>Balance (A\$)</u>	<u>Weighted</u> <u>Average</u> <u>Current</u> <u>LTV (%)</u>	<u>Average</u> <u>Loan</u> <u>Balance</u> <u>(A\$)</u>	<u>% by Loan</u> <u>Balance</u>
Variable	6,433	3,918,558,157	1,706,931,222	58.65%	265,340	85.34%
Fixed < 12 months	417	227,605,998	111,726,891	60.56%	269,930	5.59%
1yr Fixed	579	281,775,585	131,823,126	61.80%	227,674	6.59%
2yr Fixed	59	32,280,106	16,389,520	62.43%	277,788	0.82%
3yr Fixed	57	33,117,258	16,943,806	62.92%	297,260	0.85%
4yr Fixed	55	30,275,182	14,707,039	61.63%	267,401	0.73%
5yr Fixed	1	220,000	76,469	34.76%	76,469	0.00%
6yr Fixed	4	1,709,000	570,150	51.25%	142,538	0.03%
7yr Fixed	2	1,730,000	506,451	30.46%	253,225	0.03%
12yr Fixed	1	435,000	316,218	72.69%	316,218	0.02%
<b>Total</b>	<b>7,608</b>	<b>4,527,726,286</b>	<b>1,999,990,892</b>	<b>59.04%</b>	<b>262,880</b>	<b>100.00%</b>

## Pool Profile by Current Interest Rates

<u>Current Interest Rate</u> <u>(%)</u>	<u>No. of</u> <u>Loans</u>	<u>Total Security</u> <u>Valuations</u> <u>(A\$)</u>	<u>Total Loan</u> <u>Balance (A\$)</u>	<u>Weighted</u> <u>Average</u> <u>Current</u> <u>LTV (%)</u>	<u>Average</u> <u>Loan</u> <u>Balance</u> <u>(A\$)</u>	<u>% by</u> <u>Loan</u> <u>Balance</u>
4.00 < rate <= 4.50	1,271	985,819,379	458,873,400	58.40%	361,033	22.94%
4.50 < rate <= 5.00	5,339	3,010,909,153	1,350,582,121	59.88%	252,965	67.53%
5.00 < rate <= 5.50	882	465,356,914	166,556,977	54.45%	188,840	8.33%
5.50 < rate <= 6.00	85	49,526,647	18,515,081	56.74%	217,824	0.93%
6.50 < rate <= 7.00	4	1,037,000	793,741	76.60%	198,435	0.04%
7.00 < rate <= 7.50	2	1,815,000	478,696	26.41%	239,348	0.02%
7.50 < rate <= 8.00	21	11,602,093	3,671,219	52.51%	174,820	0.18%
8.00 < rate <= 8.50	3	626,100	402,879	71.95%	134,293	0.02%
9.00 < rate <= 9.50	1	1,034,000	116,778	11.29%	116,778	0.01%
<b>Total</b>	<b>7,608</b>	<b>4,527,726,286</b>	<b>1,999,990,892</b>	<b>59.04%</b>	<b>262,880</b>	<b>100.00%</b>

## Profile by Debtor Category – First Home Loan or non-First Home Loan

<u>Debtor category</u>	<u>No. of Loans</u>	<u>Total Security Valuations (A\$)</u>	<u>Total Loan Balance (A\$)</u>	<u>Weighted Average Current LTV (%)</u>	<u>Average Loan Balance (A\$)</u>	<u>% by Loan Balance</u>
Non-First Home Loan	6,441	4,064,548,422	1,701,882,294	56.99%	264,226	85.09%
First Home Loan	1,167	463,177,864	298,108,598	70.76%	255,449	14.91%
<b>Total</b>	<b>7,608</b>	<b>4,527,726,286</b>	<b>1,999,990,892</b>	<b>59.04%</b>	<b>262,880</b>	<b>100.00%</b>

## Profile by Debtor Category - Employment

<u>Employment category</u>	<u>No. of Loans</u>	<u>Total Security Valuations (A\$)</u>	<u>Total Loan Balance (A\$)</u>	<u>Weighted Average Current LTV (%)</u>	<u>Average Loan Balance (A\$)</u>	<u>% by Loan Balance</u>
Farmers, Fishermen, Miners	124	53,486,198	24,797,602	63.77%	199,981	1.24%
Independent means	202	122,932,252	44,978,052	52.37%	222,664	2.25%
PAYE Employees	3,673	2,061,825,725	929,943,817	59.80%	253,184	46.50%
Professional	2,859	1,854,433,254	804,219,771	58.56%	281,294	40.21%
Sales	457	232,281,730	103,100,188	59.74%	225,602	5.15%
Self-employed	293	202,767,127	92,951,462	56.77%	317,240	4.65%
<b>Total</b>	<b>7,608</b>	<b>4,527,726,286</b>	<b>1,999,990,892</b>	<b>59.04%</b>	<b>262,880</b>	<b>100.00%</b>